

naga

Limited



27th ANNUAL REPORT
2017 - 2018

CORPORATE INFORMATION

<p>Board of Directors:</p> <p>Sri. K.S.Kamalakaran, Chairman & Managing Director</p> <p>Smt. Mageswari Kannan, Joint Managing Director</p> <p>Sri. Sounder Kannan, Whole-Time Director</p> <p>Sri. D. Vijay Anand Technical Director</p> <p>Sri. L.A.Irudayaraj, Independent Director</p> <p>Dr. K. Venkatachalam, Independent Director</p> <p>Sri. S. Ramesh, Independent Director</p> <p>Sri. S. Neelakantan, Independent Director</p> <p>Chief Financial Officer Sri. T.R. Sivaraman</p> <p>Company Secretary Sri. V. Marikannan</p> <p>Statutory Auditors M/s. D. Sampathkumar & Co., Chartered Accountants, Chennai.</p> <p>Internal Auditor Sri.R.Balakrishnan, B.Com., F.C.A.,</p> <p>Secretarial Auditors M/s. GSR & Co., Practising Company Secretaries, Chennai.</p> <p>Registrar and Share Transfer Agent: M/s. Cameo Corporate Services Ltd., “Subramanian Building”, No.1, Club House Road, Chennai - 600 002.</p>	<p>Registered Office: No.1, Anna Pillai Street, Chennai - 600001. CIN : L24246TN1991PLC020409 Telephone/fax : 044-25363535 Website : www.nagamills.com email : marikannanv@nagamills.com</p> <p>Factories:</p> <ol style="list-style-type: none"> 1) Naga Limited - Foods (Unit - I), No.1, Trichy Road, Dindigul - 624 005. 2) Naga Limited - Foods (Unit - II), No.133, Trichy Road, Dindigul - 624 005. 3) Naga Limited - Foods Aruppukottai, 3/315, Melakandamanagalam Village, Aruppukottai, Virudhunagar, Tamil Nadu-626 101. 4) Naga Limited - Retail, No.4/213, Padiyur, Dindigul - 624 005. 5) Naga Limited - Minerals, No.9, Trichy Road, Dindigul - 624 005. 6) Naga Limited - Detergents, No.1, Oddanchatram Road, Vedasandur-624710. 7) Naga Limited - Bakery Dindigul, No.1, Seelapadi Road, Seelapadi Post, Dindigul, Tamil Nadu - 624 005. 8) Naga Limited - Bakery Bengaluru, No.1, Chikka Tirupathi Road, Thindlu Village, Sarjapura Hobli, Anekal Taluk, Bengaluru, Karnataka - 562 125. 9) Naga Limited - Bakery Chennai, No.48, Poonamalle Bye Pass Road, Senneerkuppam, Poonamalle, Chennai, Tamil Nadu - 600 056. <p>Bankers: Axis Bank Ltd, Dindigul HDFC Bank Ltd, Dindigul State Bank of India, Dindigul Standard Chartered Bank, Mumbai ICICI Bank Ltd, Dindigul IDBI Bank, Dindigul Indusind Bank, Chennai.</p>
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Request	27th Annual General Meeting
In order to save paper, hard copies of Annual Report may not be distributed at the AGM. Desiring Shareholders may carry their copy while attending the meeting.	<p>Date & Time : 28.09.2018, 12.10 P.M.</p> <p>Venue : The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008.</p>

CHAIRMAN'S SPEECH

DEAR STAKEHOLDERS OF NAGA,

I and my colleagues in the Board extend a warm welcome to all of you to this 27th Annual General Meeting of the Company. The Annual Report and Audited Accounts of the Company for the year ended March 31, 2018 have been with you for some time and I take them as read. I am sure that you would have observed with satisfaction the good performance turned out by your Company.

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

Global growth is firming and contributing to an improvement in confidence as per recent World Bank Report. A recovery in industrial activity has coincided with a pick-up in global trade after a few years of marked weakness. Against this improving international back drop, growth prospects of EMDE (Emerging Markets and Developing Economies) have strengthened from a low 3.5% in 2016 to 4% in 2017 and projected to reach 4.5% in 2018.

It is with pleasure that you would have observed the increase in operating revenue to Rs. 902.87 Cr during the year under review as against Rs. 668.52 Cr achieved during the last year. Due to culmination of various factors like increase in price of raw materials, increased employee cost consequent upon the increased volume, increase in finance cost with increased availment of limits to cope with increased production and increase in depreciation due to addition of fixed assets, the profitability has come down marginally.

The combined production of all units of your Company got increased to 4.81 Lakhs MT as against 4.07 Lakhs MT achieved during last year.

The strategy of the Company in sustaining the growth with profitable operations has driven us to concentrate more on the research and development activities which has been in existence for the past many years in your Company. Further strengthening of the R&D Division of your Company is already in progress. Your Company's aim is to "Delight the Customers, Reward the Investors, Govern Responsibly and Remain Socially relevant."

I now present the performance of the divisions as below:

FOODS :

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

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Production (MT)	257280	179416	156199	162161	146749
Growth (%)	44	15	(4)	10	9

DETERGENTS :

This division has completed 28 years of operations during the year under review. As you are aware we are the third largest manufacturer of detergents for M/s. Hindustan Unilever Limited. As compared to earlier year, we have improve the production during the year under review. The comparative table for the past 5 years is given below for your review.

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Production (MT)	120735	106220	112024	111624	128077
Growth (%)	14	(5)	-	(13)	10

MINERALS :

On a comparison of the 5 years details given below, you will observe that the Minerals Division established 21 years ago, has improved the production marginally in the year under review as compared to the earlier two years. While the market was not favourable in Poultry segment, the glass industry segment supported our efforts, thereby we could maintain the small growth.

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Production (MT)	102740	97950	104750	114106	108991
Growth (%)	5	(6)	(8)	5	5

WINDMILLS :

The Energy division has grown from its simple beginning of 2 windmills of a capacity of 1500 KW in 2003 to 12 windmills of a capacity of 11125 KW including solar power during the year under review. The Division has generated power of 178 Lakh Units during the year under review as against 159 Lakh Units in the previous year. This division has met nearly 99% of the power consumption of the Company. This has resulted in reduction of power purchased from Electricity Board and there by reduced the cost of production.

(Units in lakhs)

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Units Generated	178	159	96	111	120
Units Consumed	190	196	199	200	174
Excess / Short Consumption	12	37	103	89	54

BAKERY :

As a result of the years of continuous research undertaken by the Company to reimagine, reinvent and reinforce the various activities culminated into Bakery vertical. To this end, your Company has bought a Plant in Bengaluru and is in the process of establishing a manufacturing unit for production and sale of ready to eat Bakery products which is the attraction of the day by public in India. Meanwhile the Company is exploring the opportunities in ready-to-eat market and is setting up a factory in Chennai. The commercial production in both factories will start in the current financial year 2018-19.

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 maximizing the wealth of the shareholders.

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Per Share Value	77.13	62.62	44.89	47.70	43.41

DIVIDEND POLICY :

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

ACKNOWLEDGMENT :

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

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

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

I am grateful to all our Shareholders, Customers, Suppliers and Service Providers for their wholehearted support and cooperation.

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

GOD BE WITH NAGA FAMILY.

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

LAST 10 YEARS FINANCIAL HIGHLIGHTS

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

	PARTICULARS	CAGR	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
PROFIT & LOSS	Operating Income / Turnover		893.92	652.47	432.74	463.53	423.30	366.69	297.81	267.83	205.79	184.58
	Other Income		8.95	2.70	2.91	2.22	1.37	3.58	4.37	3.96	2.59	2.02
	Total Income	17%	902.87	655.17	435.65	465.75	424.67	370.27	302.18	271.79	208.38	186.60
	Operating Expenses	17%	808.61	572.56	389.69	418.02	371.81	322.97	269.93	246.00	185.49	169.93
	EBDITA	19%	94.26	82.61	45.96	47.73	52.86	47.30	32.25	25.79	22.89	16.67
	Depreciation		25.29	21.41	18.88	17.46	16.44	13.78	9.26	6.31	4.46	3.30
	Interest	12%	31.98	22.98	18.23	19.95	22.74	15.34	14.44	9.76	9.01	10.35
	Profit Before Tax (PBT)		36.99	38.22	8.86	10.32	13.68	18.17	8.55	9.72	9.42	3.03
	Profit After Tax (PAT)		22.15	25.76	5.12	7.62	10.13	14.04	6.05	7.32	7.16	2.10
	Cash Profit (Post Tax)	24%	47.44	47.17	23.99	25.09	26.58	27.82	15.31	13.63	11.62	5.40
	Equity Dividend (%)		8%	8%	8%	8%	6%	6%	6%	6%	6%	5%
	Dividend Payout		1.1	1.1	1.1	1.1	0.9	0.9	0.9	0.8	0.8	0.7
BALANCE SHEET	Dividend Payout Ratio (%)		5%	4%	22%	15%	8%	6%	14%	11%	11%	31%
	No of Equity Shares		1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.32	1.32	1.32
	Face Value of Equity Shares (Rs)		10	10	10	10	10	10	10	10	10	10
	Equity Share Capital		14	14	14	14	14	14	14	13	13	13
	Reserves and Surplus	35%	96	75	50	54	48	38	24	17	11	5
	Shareholders Funds/Networth	20%	110	89	64	68	62	53	38	30	24	18
	Long Term Debt	15%	124	78	80	81	87	86	61	57	42	29
	Gross Fixed Assets	18%	223	309	262	249	229	211	149	123	103	72
RATIOS	Net Fixed Assets	16%	176	166	140	146	143	141	96	80	65	39
	Earning Per Share (Rs.)	26%	15.55	18.08	3.59	5.35	7.11	9.85	4.25	5.54	5.43	1.59
	Book Value Per Share (Rs.)	19%	77.13	62.62	44.89	47.70	43.41	37.00	26.62	23.08	18.26	13.53
	Debt (Longterm) Equity Ratio		1.13	0.87	1.24	1.18	1.40	1.64	1.61	1.88	1.74	1.65
	Interest Coverage Ratio		2.95	3.67	2.52	2.39	2.32	3.08	2.23	2.64	2.54	1.61
	Leverage : TOL/TNW		3.04	3.76	2.63	2.53	3.12	3.55	3.22	3.73	2.70	4.12
	EBDITA/Turnover (%)		10.54%	12.66%	10.62%	10.30%	12.49%	12.90%	10.83%	9.63%	11.12%	9.03%
	RONW (%)	4%	16.78%	25.74%	7.13%	11.21%	16.38%	26.63%	15.95%	24.02%	29.72%	11.75%



NAGA LIMITED



Registered 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 OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of NAGA LIMITED will be held at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai-600008 on Friday the 28th day of September, 2018 at 12.10 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, 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, 2018, together with the Report of Auditors thereon.

2. To declare a dividend on equity shares for the financial year ended 31st March 2018.

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.

“RESOLVED THAT Sri. 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.”

SPECIAL BUSINESS:

4. Appointment of Sri. S. Neelakantan (DIN 01474064) as an Independent 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 an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as per the SEBI (LODR) Regulations, 2015, Sri. S. Neelakantan (DIN 01474064), who was appointed as an Independent Director of the Company w.e.f 21st August, 2017 by the Board of Directors at their meeting held on 19th August, 2017, be and is hereby appointed as an Independent Directors of the Company for a term of five years from 21st August, 2017, not liable to retire by rotation.”

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

5. Appointment of Sri. D. Vijay Anand (DIN 07400565) as Technical Director of the Company, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Sections 152, 160, 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on 19th August 2017, Sri. D. Vijay Anand (DIN 07400565) who was appointed as an Additional Director (Technical) w.e.f 21st August 2017 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Technical Director of the Company, liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded for the appointment of Sri. D. Vijay Anand (DIN 07400565) as “Technical Director” of the Company for a period of Three years from 21st August, 2017 to 20th August, 2020, on the terms and conditions of appointment and remuneration as set out below and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Sri. D. Vijay Anand.”

The details of remuneration are as follows:

Salary	Rs. 4 Lakhs per month (Rupees Four Lakhs only)
Commission	At the rate of 1% on the Net Profits of the Company computed in the manner laid down in the Companies Act.
Perquisites	a) Company’s contribution to Provident Fund as per the rules of the Company: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and (b) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service.

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

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.

RESOLVED FURTHER THAT the remuneration and perquisites stated as above, shall be subject to the overall ceiling under Section 196, 197 and Schedule V to the Companies Act. In the event of absence or inadequacy of profit in any financial year during the tenure of the above Director, salary and perquisites would be paid as above, subject to the 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, as may be recommended by Nomination & Remuneration Committee and the Board of Directors.

6. To approve the remuneration of the Cost Auditor for the Financial year 2018-19 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable for the year 2018-19 to Dr. I.Ashok, CMA (M. No.11929), Cost Accountant appointed by the Board of Directors of the Company on 30th May, 2018 to conduct the audit of cost records for Minerals Division of the Company for the financial year 2018-19, amounting to Rs.35,000/- (Rupees Thirty Five Thousand Only) plus GST as applicable and reimbursement of conveyance on actual basis as incurred by them in connection with the aforesaid audit be and is hereby approved and confirmed.”

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

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

“RESOLVED THAT in partial modification to the Resolution No. 6 passed by the Members at the 26th Annual General Meeting held on August 19th, 2017 approving the reappointment and terms of remuneration of Smt. Mageswari Kannan (DIN 02107556) as Joint Managing Director in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013 and subject to the overall ceiling limit, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director from Rs. 4 Lakhs to Rs.5.50 Lakhs per month and provision of rent free accomodation for the remaining period of her tenure of office, with effect from 1st October, 2018, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

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

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

“RESOLVED THAT in partial modification to the Resolution No. 7 passed by the Members at the 26th Annual General Meeting held on August 19th, 2017 approving the reappointment and terms of remuneration of Sri. Sounder Kannan (DIN 01603823) as Whole-Time Director in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. Sounder Kannan (DIN 01603823), Whole-Time Director from Rs. 4 Lakhs to Rs. 5 Lakhs per month for the remaining period of his tenure of office, with effect from 1st October, 2018, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri. Sounder Kannan (DIN 01603823) as 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 resolution”

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


“RESOLVED THAT in partial modification to the Resolution No. 5 passed by the Members at the 27th Annual General Meeting to be held on 28th September, 2018 approving the appointment and terms of remuneration of Sri. D. Vijay Anand (DIN 07400565) as Technical Director in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. D. Vijay Anand (DIN 07400565), Technical Director from Rs. 4 Lakhs to Rs. 5 Lakhs per month for the remaining period of his tenure of office, with effect from 1st October, 2018, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment Sri. D. Vijay Anand (DIN 07400565) as Technical 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 resolution”

Place : Dindigul
Date : 30th May, 2018

BY ORDER OF THE BOARD
For NAGA LIMITED


V. MARIKANNAN
COMPANY SECRETARY
M. No.A30767

Note:

1. The Dividend of Rs. 0.80 paise per share has been recommended by the Board of Directors for the year ended March 31, 2018, subject to approval of shareholders. Dividend, if approved at the Annual General Meeting (AGM), shall be paid, within the due date.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

3. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder. 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.

4. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Item Nos. 4 to 9 of the Notice is annexed hereto and forms part of this Notice.

5. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22th September, 2018 to 28th September 2018 (both days inclusive).

6. Pursuant to Section 124(5) of the Companies Act, 2013, unclaimed dividends for the year ended 31st March, 2010 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 who have not encashed their dividend warrants towards the Dividend for the year ended 31st March, 2011 or thereafter are requested to write to the Company Secretary. Members are requested to note that the Dividend for the year ended 31st March, 2011 declared at the Annual General Meeting held in 25th July, 2011 is due to be transferred to the IEPF on 31st August, 2018. For the financial year ended March 31, 2017, the information on unclaimed dividend as on the date of the last AGM, i.e., August 19, 2017 was filed with the MCA and hosted on the website of the Company.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company has sent individual notices to all the shareholders whose dividends are lying unpaid/unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. Shareholders are requested to claim the same as per procedure laid down in the Rules. In case the dividends are not claimed by the due date(s), necessary steps will be initiated by the Company to transfer shares held by the members to IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5. Shareholders can file only one consolidated claim in a financial year as per the IEPF Rules.

7. 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.22. 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 the resolutions are cast by the Members, 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.

8. 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.

9. 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 Agent and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.

10. Members who are holding shares in more than one folio under physical form may approach the Company's share Transfer Agent for consolidation with respective details.

11. 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 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.

12. 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.

13. Electronic copy of the Annual Report for the financial period ended 31st March, 2018 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 e-mail address, physical copy of the Annual Report is being sent in the permitted mode.

14. Electronic copy of the Notice of the 27th 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 e-mail 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 e-mail address, physical copy of the Notice of the 27th 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.

15. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for the financial period ended on 31st March, 2018 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 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

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

17. 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.

18. 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 A.M to 5.00 P.M) on all working days, up to and including the date of the Annual General Meeting of the Company.

19. 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.

20. Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting. i.e. Friday, September 28, 2018.

21. A Route map showing directions to reach the venue of the 27th Annual General Meeting is given at the end of this 27th AGM Notice as per the requirement of the Secretarial Standards - 2 on "General Meeting".

22. 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 27th 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 25th September, 2018(10.00A.M.)and ends on 27th September, 2018 (05.00P.M.) . During this period Shareholders' of the Company, holding shares either in physical form or indematerialized form, as on the cut-off date of 21st September2018may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The Shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.

- Now Enter your User ID.
- For CDSL: 16 digits beneficiary ID.
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
- Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

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

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant Naga Limited on which you choose to vote.
- On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- If demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be voting by show of hands on any of the agenda items at the Meeting and the Company will conduct voting at the Meeting.
- The Scrutinizer shall submit his report, to the Chairman, on the votes cast in favour or against, if any, within a period of three working days from the date of conclusion of the e- voting period.
- The results declared along with the Consolidated Scrutinizer’s report shall be placed on the website of the Company www.nagamills.com. The results shall simultaneously be communicated to the Stock Exchange.

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

Item No.4

The Board of Directors of the Company at their meeting held on 19th August, 2017 appointed Sri.S.Neelakantan (DIN01474064) as an Independent Director of the Company w.e.f 21st August, 2017 pursuant to the provisions of Section 152 of the Companies Act, 2013 (Act) and Article 119 of the Articles of Association of the Company. Sri. S. Neelakantan (DIN 01474064) will hold office upto the date of this Annual General Meeting. The Company has received a declaration from Sri.S.Neelakantan (DIN01474064) that he meets the criteria of independence as prescribed both under sub-section (6) of Section149 of the Act and under SEBI Listing Regulations. In the opinion of the Board, Sri. S. Neelakantan (DIN01474064) fulfills the conditions for his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations. Sri. S. Neelakantan(DIN 01474064) is independent of the management and possesses appropriate skills, experience and knowledge.

Brief resume of Sri. S. Neelakantan (DIN 01474064)

Sri. S. Neelakantan, a graduate in Commerce from the Madras University and a Fellow Member of the Institute of Chartered Accountants of India (ICAI), who commenced professional practice in the year 1990, as a sole proprietor firm, has grown the audit & assurance practice to the present CNGSN & Associates LLP, one of the leading firms in South India. He, with over 25 years of experience in the profession has been providing comprehensive Audit, Assurance, Taxation & Advisory services. Being the Senior Partner of CNGSN, he handles the Consulting Practice in the firm. An expert in private equity, reorganization and Capital Markets, Sri. S. Neelakantan has developed one of the largest management consulting practices in South India.

Sri. S. Neelakantan does not hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. The Board based on the experience/expertise declared by Sri. S. Neelakantan, is of the opinion that Sri. S. Neelakantan has the requisite qualification to act as an Independent Director of the Company.

Accordingly, the Board recommends the resolution for the appointment of Sri. S. Neelakantan as an Independent Director, for the approval by the shareholders of the Company. Sri.S.Neelakantan is a Director of Mars Capital Private Limited.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Sri. S. Neelakantan.

Item No.5

Sri. D. Vijay Anand was appointed as an Additional Director of the Company with effect from 21st August 2017. In terms of Section 161 of the Companies Act, 2013, Sri. D. Vijay Anand holds office only upto the date of this annual general meeting. The Directors recommend the said resolution to be approved as an ordinary resolution by the shareholders.

The Board of Directors of the Company at the meeting held on 19th August, 2017 have co-opted Sri.D.Vijay Anand (DIN 07400565) as Additional Director designated as “Technical Director”of the Company for a period of Three years and approved the remuneration package based on the recommendation of the Nomination and Remuneration Committee. Now the approval of the members is being sought to the terms, conditions and stipulations for the appointment of Sri. D. Vijay Anand as Technical Director and remuneration payable to him as contained in the resolution.

Brief resume of Sri. D. Vijay Anand (DIN 07400565)

Sri. D. Vijay Anand a graduate in Master of Business Administration from University of Wales, Cardiff, UK, who had been the Managing Director of Sakthi Hospital, then went on to become Managing Director of Sakthi Water Tech. He started his career in Naga Limited - Minerals in 2008 as a Project trainee and with technical skills and planning expertise became the Project Head. With the solid knowledge in minerals, with advance expertise in planning, scheduling and geo-technical procedure as well as strong leadership, determination, financial nous and business management skills he became a Business Head in the Year 2010. Being Business head he reviewed the overall milling operations and standard operating procedures.

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

Item No.6:

The Board of Directors of the Company, at their meeting held on 30th May, 2018 on the recommendation of the Audit Committee, approved the appointment and remuneration of Dr. I.Ashok, CMA (M.No.11929), Cost Accountant, to conduct the audit of the cost records for Minerals Division of the Company for the financial year 2018-19 on a remuneration of Rs.35,000/- plus GST and reimbursement of conveyance at actuals, subject to approval by shareholders.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditor for the year 2018-19 as set out in the Resolution for the aforesaid services to be rendered by them.

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

Item No. 7, 8 & 9

During the financial year 2017-18, the Company's growth in terms of production and sales surpassed the earlier years performance. Also during the current financial year 2018-19, the Company is planning to achieve a higher growth and hence undertaking various projects in this regard. Considering all the above and the excellent contribution made by Smt.Mageswari Kannan, JMD, Sri.Sounder Kannan,WTD, and Sri.D.VijayAnand, TD to achieve the above results,it is felt that adequate reward has to be considered. Hence, it is proposed to revise the Salary Scale (subject to approval of Members at ensuing AGM) of Smt.Mageswari Kannan, JMD from present remuneration of Rs. 4 Lakhs p.m. to a revised remuneration of Rs. 5.50 Lakhs p.m and provisions of rent free residential accomodation and for Sri. Sounder Kannan, WTD & Sri. D. Vijay Anand, Technical Director (Technical) from present remuneration of Rs. 4 Lakhs p.m. to a revised remuneration of Rs. 5 Lakhs p.m. w.e.f.1st October,2018.However, all other terms and conditions of the limits as approved earlier by the Members under section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V Part II Section II subject to such approvals as may be necessary shall remain unchanged.

The details of revised remuneration are as follows:

Name	Smt. Mageswari Kannan Joint Managing Director (DIN 02107556)	Sri. Sounder Kannan Whole-Time Director (DIN 01603823)	Sri. D. Vijay Anand Technical Director (DIN 07400565)
Salary	Rs. 5,50,000/- per month (Rupees Five Lakhs and Fifty Thousand Only)	Rs. 5,00,000/- per month (Rupees Five Lakhs Only)	Rs. 5,00,000/- per month (Rupees Five Lakhs Only)
Perquisites	a) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and b) Provisions of rent free residential accommodation	a) Company's contribution to Provident Fund as per the rules of the Company: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.	
Commission	At the rate of 1% on the Net Profits of the Company computed in the manner laid down in the Companies Act for the each of the above person.		

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

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

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

ANNEXURE

A) GENERAL INFORMATION

- 1) Nature of Industry : Manufacturing of Wheat products & Bakery Products, Detergents, Minerals and Generation of Wind Power.
- 2) Date of Incorporation/ Commencement of Commercial Production : 01.03.1991
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions approving in the prospectus : N.A
- 4) Financial performance based on given indicators : Profit before Tax : 36.99 Crore
Net Profit : 22.15 Crore
Current Ratio : 1 : 1.22
- 5) Export performance and Net foreign exchange collaborations : Rs. 0.93 Cr
- 6) Foreign Investments or collaborations, if any : Rs. 0.49 Cr

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 Directors who are proposed to be re-appointed at this meeting are given below:

1	Name of Director	Sri. SOUNDER KANNAN	Sri. S. NEELAKANTAN	Sri. D. VIJAY ANAND
2	Director Identification Number (DIN)	DIN 01603823	DIN 01474064	DIN 07400565
3	Date of Birth	11th April, 1981	2nd May, 1967	30th August, 1976
4	Nationality	Indian	Indian	Indian
5	Date of Reappointment	27th March, 2017	21st August, 2017	21st August, 2017
6	Relationship with other Directors	Son of Sri. K.S. Kamalakannan and Smt. Mageswari Kannan & Brother-in-law of Sri. D. Vijay Anand	-	Son-in-law of Sri. K.S. Kamalakannan and Smt. Mageswari Kannan and Brother-in-law of Sri. Sounder Kannan
7	Qualification	B.E., (Mechanical)	B.Com., F.C.A.,	B.E., M.B.A.,
8	Expertise in specific functional areas	Experience in Flour Milling, Minerals, Detergents & Power Industries for the past 13 years.	Experience in audit & assurance practice for the past 25 years.	Experience in Flour Milling & Minerals Industries for the past 10 Years.
9	Number of shares held in the Company	8,17,855	Nil	Nil
10	List of Directorship held in other public Companies	1. Naga Mills Ltd	Nil	Nil
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	Nil	Nil
12	No. of Board meetings attended during the financial year 2016-17	Held - 4 Attended - 4	Held - 4 Attended - 1	Held - 4 Attended - 2

Place : Dindigul
Date : 30th May, 2018

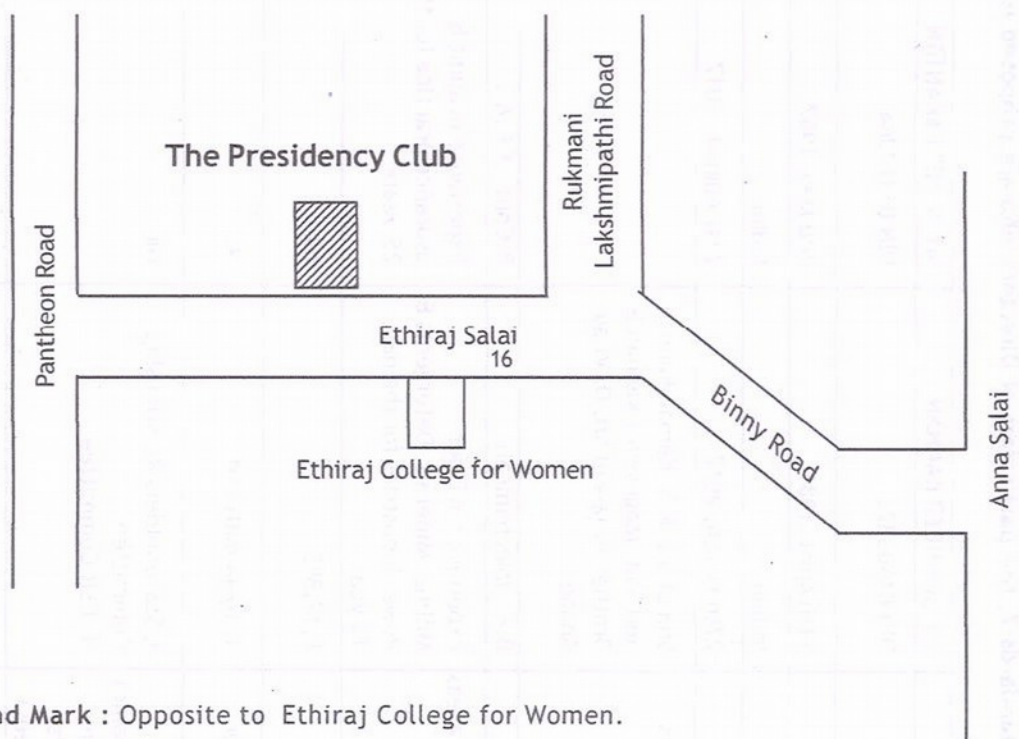
BY ORDER OF THE BOARD
For NAGA LIMITED

V. Marikannan

V. Marikannan
Company Secretary
M.No. A30767

Route Map to the AGM Venue

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



Land Mark : Opposite to Ethiraj College for Women.

27TH DIRECTORS' REPORT

TO THE MEMBERS OF NAGA LIMITED

Your Directors hereby present the 27th Annual Report together with the Audited Accounts for the year ended 31st March, 2018.

WORKING RESULTS

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

Working Results	Standalone		Consolidated	
	March 31,2018	March 31,2017	March 31,2018	March 31,2017
Sales and other operating Income	893.92	652.47	893.92	652.47
Other Income	8.95	2.70	8.95	2.70
Total Income	902.87	655.17	902.87	655.17
Profit before Interest, Depreciation and Tax	94.26	82.61	94.15	82.61
Financial Cost	31.98	22.98	31.98	22.98
Depreciation	25.29	21.41	25.29	21.41
Profit before Tax	36.99	38.22	36.88	38.22
Provision for Current Tax	12.15	12.60	12.15	12.60
Provision for deferred Tax	2.69	(0.14)	2.69	(0.14)
Net Profit	22.15	25.76	22.04	25.76
Other Comprehensive Income				
Remeasurement of Defined Benefit Plans (Net of Taxes)	(0.11)	(0.16)	(0.12)	(0.16)
Total OCI for the year	22.04	25.60	21.92	25.60
Appropriations				
Total OCI for the year	22.04	25.60	21.92	25.60
Add: Surplus from Previous Year	71.00	45.95	71.04	45.98
Total	93.04	71.71	92.96	71.58
Dividend paid during the year	1.14	0.27	1.14	0.27
Tax on Dividend Distribution	0.23	0.06	0.23	0.06
Transfer to General Reserve	0.21	0.21	0.21	0.21
Balance carried forward	91.46	71.00	91.38	71.04

During the year under review the Company's Operational Revenue was Rs. 902.87 Crore as compared to the Operational Revenue of Rs. 655.17 Crore achieved during the previous year. Increased volume of production and sales in the Divisions helped the Company to achieve a higher revenue.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.80 per equity share of Rs. 10/- each, for the year ended 31st March, 2018.

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

TRANSFER TO RESERVE

Your Board propose to transfer Rs. 0.21 Cr to the General Reserve. An amount of Rs. 2.71 Cr is proposed to be retained in the General Reserve Account.

COMPANY PERFORMANCE

Your Directors are pleased to inform that your Company has achieved an excellent performance and the revenue from operations for the year under review stood at Rs. 893.92 Cr as against Rs. 652.47 Cr achieved during the corresponding previous year. The profit for the year before tax stood at Rs. 36.99 Cr as against Rs.38.22 Cr in the previous year.

The profitability has come down marginally despite increase in turnover on account of increased material consumption due to increase in prices of certain raw materials, increase in employee cost consequent upon increase in employee strength to meet increased volume of production and sales, increase in finance cost on account of increased borrowings to cope up with increased volume, increase in depreciation owing to increase in additions to fixed assets for maintaining the increase in volume of activity.

FOOD AND RETAIL

We are glad to inform that your company achieved on all time high turnover of Rs. 822.18 Cr during the year under the review as against Rs. 595.60 Cr achieved in the corresponding period of last year. It is also pertinent to inform that the division has improved the profitability during the year under review as compared to the earlier year.

DETERGENTS

A turnover of Rs. 32.14 Cr was achieved by this division during the year under review as against a turnover of Rs. 31.05 Cr achieved during the previous year. There is a slight deduction in profitability in the year under review. Increase in employee cost, increased depreciation and increase in other expenses resulted in decreased profits.

MINERALS

The division has achieved a turnover of Rs.37.02 Cr during the year under review as against Rs.27.84 Cr achieved in the corresponding previous year. There is a marginal increase in profitability during the year under review as compared to earlier year.

WIND & SOLAR POWER

The division has grown from its simple beginning of 2 windmills in 2003 in the capacity of 1500 KW to 12 windmills and a capacity 11125 KW including Solar Power during the year under review. The Division has generated power of 178 Lakh Units during the year under review as against 159 Lakhs Units in the previous year. This division has met nearly 99% of the power consumption of the Company. This has resulted in reduction of power purchased from Electricity Board and there by reduced the cost of production and increased the margins of the Division.

BAKERY BUSINESS

As explained elsewhere in the Report under the heading Research and Development, the years of continuous research undertaken by the Company to reimagine, reinvent and reinforce the various activities culminated into Bakery vertical. To this end, your Company has bought a Plant in Bengaluru and is in the process of establishing a manufacturing unit for production and sale of ready to eat Bakery products which is the attraction of the day by public in India. Meanwhile the Company is exploring the opportunities in ready to eat market and is setting up a factory in Chennai. The commercial production in both factories will start in the current year 2018-19.



FINANCE

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

ACCREDITATIONS

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

SUBSIDIARIES AND ASSOCIATES

Your Company has 2 Wholly Owned Subsidiaries and 2 Associates as at March 31, 2018. The consolidated financial statements of the Company & its wholly owned subsidiaries & associates which form part of Annual Report have been prepared in accordance with section 129(3) of the Companies Act, 2013. Further, a statement containing the salient features of the Financial Statement of Subsidiary Companies & Associate Companies in the prescribed format AOC-1 is annexed with Consolidated Financial Statements. The statement also provides the details of performance and financial position of the Wholly Owned Subsidiary Companies & Associate Companies.

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

The Consolidated net profit of the Company and its subsidiary amounted to Rs. 22.04 Cr for the financial year ended 31st March 2018 as compared to Rs. 25.76 Cr for the previous financial year ended 31st March 2017. Additional details regarding performance of the Associate Companies & Subsidiary Companies have been mentioned in the succeeding paragraphs.

During the year under review, Naga Far East Private Limited (Singapore) and Naga Mills Private Limited (Bangladesh) are created as wholly owned subsidiaries of the Company pursuant to their incorporation in September 13, 2017 and February 6, 2018 respectively.

Your Company acquired 26% stake in Nagalakshmi Energy Private Limited, an energy generating Company in Tamil Nadu w.e.f. March 17, 2018.

ASSOCIATE COMPANIES

Annai Power Private Limited

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

This Company recorded a loss of Rs. 0.31 Cr for the year ended 31st March, 2018 (Previous year: Profit of Rs.0.04 Cr).

Nagalakshmi Energy Private Limited

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

This Company recorded a loss of Rs. 0.03 Cr for the year ended 31st March, 2018 (Previous year: Rs. 0.003 Cr).



SUBSIDIARY

Naga Far East Private Limited (Singapore)

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

This Company recorded a loss of US\$ 4,044/- (equivalents to Rs. 0.03 Cr) for the year ended 31st March, 2018 (Previous year: Nil).

Naga Mills Private Limited (Bangladesh)

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

This Company recorded a loss of Taka 2,25,416/- (equivalents to Rs. 0.02 Cr) for the year ended 31st March, 2018 (Previous year: Nil).

MATERIAL SUBSIDIARY

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

CURRENT YEAR PERFORMANCE 2018-19

The Company is gearing itself to maintain the level of performance achieved in the earlier years. Efforts are made to reduce the cost of operations and maximise the profitability. The Company is hopeful to achieve the targetted performance.

ENVIRONMENTAL PROTECTION

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

RESEARCH AND DEVELOPMENT

Recognizing the unique construct of your Company in terms of its strong presence in Agri branded packaged food articles, a convergence of R&D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. Advances in biosciences are creating a convergence of these areas and it is likely that several future developments in these businesses and their products are heavily influenced by this trend.

In this context your company has created an R&D Centre way back in 1999 along with a team of Engineers and professionals to design and develop several long term research platforms evolving multi generation product concepts that are fully backed by scientific evidence for the branded, packaged products of the Company. Multiple value propositions have been identified in the area of functional foods, which are being processed/progressed to products of the future with strongly validated laboratory trials.

The Company's inhouse R&D Centre got the approval of Ministry of Science & Technology till 31.03.2014. Fresh approval is in the final stages.

Your R&D Centre has clear vision and road map for a long term research backed by well-crafted strategies. With scale, speed, science and sustainability considerations, the R&D Centre now, is poised to deliver long term competitive advantage for your Company. With all the above in mind your Company's R&D Centre's focus is to continue delivering significantly superior and organoleptically advantaged innovations renovating the core to deliver superior taste, experience, value engineering of the product and packaging, building healthier product portfolio backed with solid nutrition and building deep understanding on core areas of Bakery while building capacity for future.

ADOPTION OF THE INDIAN ACCOUNTING STANDARDS (Ind AS)

The Company hitherto was following IGAAP notified under the Companies (Accounting Standards) Rules, 2006. It has now adopted the Indian Accounting Standards (Ind AS) from FY 2017-18 as mandated and restated the financial statements for FY 2016-17 for presenting the comparative information. Accordingly, the financial statements for current year including comparative figures of previous year are based on Ind AS and in accordance with the recognition and measurement principles stated therein.

IMPLEMENTATION OF SAP

The Company has implemented SAP a leading ERP solution with effect from 1st April 2018 by switching over from existing ERP. The implementation of SAP shall integrate all the business process across the organisation. The new Regime of SAP shall bring discipline by transforming the work culture thereby bringing transparency & structured information system. The SAP implementation is under stabilization process & shall soon get established across all the activities. After full stabilization of the same it will enhance the productivity and improve efficiency of the organization in the entire gamut of activities.

MANAGEMENT DISCUSSION & ANALYSIS

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

CORPORATE GOVERNANCE

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

DISCLOSURE U/S 134(3) OF THE ACT

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

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return in Form MGT-9 as on March 31, 2018 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards referred to in Section 129 (1) of the Companies Act, 2013 read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a "going concern" basis;

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company didn't provide any loan, guarantee or security to any person or Body Corporate pursuant to Section 186 of the Companies Act. However, the Company had made investment in the following Companies during the year under review:

S.No	Company Name	No. of Shares	Value(in Cr)
	Investment in Associate Company :		
1	Nagalakshmi Energy Private Limited	26000	0.02
	Investment in Subsidiary Company :		
2	Naga Far East Private Limited	10000	0.49
3	Naga Mills Private Limited	1000	0.01

LOAN FROM DIRECTORS

During the Company has obtained loan from Executive Director as below :

S.No.	Name	Designation	Amount (Rs. in Cr)
1.	Sri.K.S.Kamalakaran	Chairman & Managing Director	19.95
2.	Smt. Mageswari Kannan	Joint Managing Director	0.82
3.	Sri. Sounder Kannan	Whole-Time Director	1.97

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

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

PARTICULARS OF EMPLOYEES

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

CORPORATE SOCIAL RESPONSIBILITY

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

Since your Company falls within the minimum threshold limits, constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report forming part of this Report, is furnished in “Annexure - F”. As regard, the CSR spending an amount of Rs. 0.22 Cr was unspent out of the total CSR to be spent of Rs. 0.39 Cr due to delayed take off identified projects

SECRETARIAL STANDARDS

The Company complies with Secretarial Standards to the extent applicable.

MATERIAL CHANGES AND COMMITMENTS

During the year under review, there was no change in the nature of business of the Company. There are no material changes and commitments in the business operations of the Company since the close of the financial year as on 31st March 2018 to the date of this report.

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

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

CASH FLOW STATEMENT AND CONSOLIDATED ACCOUNTS

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

INTERNAL FINANCIAL CONTROL

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

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

INDUSTRIAL RELATIONS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Sri. S. Neelakantan was appointed as an Independent Director of the Company w.e.f. August 21, 2017. He holds office upto the date of the forthcoming Annual General Meeting (“AGM”) of the Company.

During the year, Sri. D. Vijay Anand was appointed as an Additional Director (Technical) of the Company w.e.f. August 21, 2017. He holds office upto the date of the forthcoming Annual General Meeting (“AGM”) of the Company.

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 as Director and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.



During the year, Sri. T. Nagarajan resigned from the office of Chief Financial Officer w.e.f 25th January, 2018 while Sri. T.R. Sivaraman was appointed as Chief Financial Officer w.e.f 19th February, 2018.

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

AUDITORS

a) Statutory Auditors

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

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

The Auditors Report to the Shareholders on the Standalone and Consolidated Financials for the year ended March 31, 2018 does not contain any qualification, reservation or adverse comment.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. G.S.R. & Co., Practising Company Secretaries, Chennai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2017-2018 in Form MR - 3 is annexed in "Annexure - H ". The report does not contain any qualification, reservation or adverse remark.

Your Board has decided to appoint M/s. G.S.R. & Co., Practising Company Secretaries, Chennai as Secretarial Auditors of your Company for the FY 2018-19 based on the recommendations of Audit Committee.

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 2018-19. The audit is in progress and report will be filed with the Ministry of Corporate affairs with in the prescribed period.

ACKNOWLEDGEMENT

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

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - A TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Strategic Location :

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

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

Industry Structure and development :

The growth rate of the Indian Economy which was at 6.5% in 2017 is expected to grow at 7.3% in 2018. The historical GST was implemented by India in July 2017 after passage of the relevant bills by Lok Sabha. India remains the second biggest producer of Wheat after China, hiked the import duty twice last fiscal. On March 2017 a duty of 10% was imposed at the time harvesting of the crops. Again in November 2017, the rate was hiked to 20%. This has been done to protect the local prices as India produced bumper crops in 2017. While Farm Ministry forecasted a production of 96.64 million tonnes for 2017, the actual production was 98.51 million tonnes. Also while the estimate for 2018 stand at 97.11 million tonnes, the experts feel that production will cross 100 million tonnes in 2018.

Opportunities :

Food accounts for about 70% of India's \$ 600 billion retail market and Government is looking to tripling this over the next 5 years. Nearly 45% of the average Indian households' consumption is on food according to World Bank data. India allows 100% investment by foreign wholesalers but if they want to access retail market, 100% holding is only allowed. India may ease foreign food retail in FY 2018-19. Your Company is well poised to take these opportunities in Food and Retail space.

Threat :

Allowing 100% FDI in Food Industry may cripple the Indian companies. However with a farsighted planning and effective research on product quality, cost reduction and improved features your company is well placed to face the competition / threats and come out successfully.

Standalone Financial Performance

Your Company achieved a new landmark in total revenue in FY 2017-18 of Rs. 902.87 Cr as against Rs.655.17 Cr in the previous year. EBITDA for the year is Rs. 94.26 Cr as against Rs. 82.61 Cr in the previous year.

(Rupees in Cr)

Particulars	Current year 31.03.2018	Previous year 31.03.2017
Sales From Operations	893.92	652.47
Other Income	8.95	2.70
Total Income	902.87	655.17
Profit before Interest, Depreciation, Tax & Amortisation (EBIDTA)	94.26	82.61
Finance Cost	31.98	22.98
Depreciation	25.29	21.41
Taxation	14.84	12.46
Profit after Tax	22.15	25.76
EBITDA Margin %	10.54%	12.66%
Return on Average Capital Employed %(Before Interest and Tax)	27.04%	32.95%
Current Asset Ratio	1.22	1.04
Debt Equity Ratio	1.27	0.96

However increase in Finance Cost due to increased usage of working capital funds and increase in depreciation on account of increase in additions to Fixed Assets to cope up with increased production and sales resulted in a drop in profitability.

Presently your Company's debt have been rated by India Rating and Research (formerly known as FITCH India Ratings). During December 2017, your Company financial rating has been enhanced from 'BBB' (Stable) in previous year to 'BBB+' (Positive) for the year. During the year, the Company has serviced all its debt obligations on time. The efforts made by the Company in streamlining the debt and the good performance of the year resulted in improved current ratio for the year.

Segment-wise and Product-wise performance:

The Company reports the operation in two reporting segments viz. Foods & Windmill and Minerals & Detergents. The details of the segment revenue, results and capital employed are enclosed in Note 44 under 'Segment Reporting' which forms part of the Consolidated Accounts.

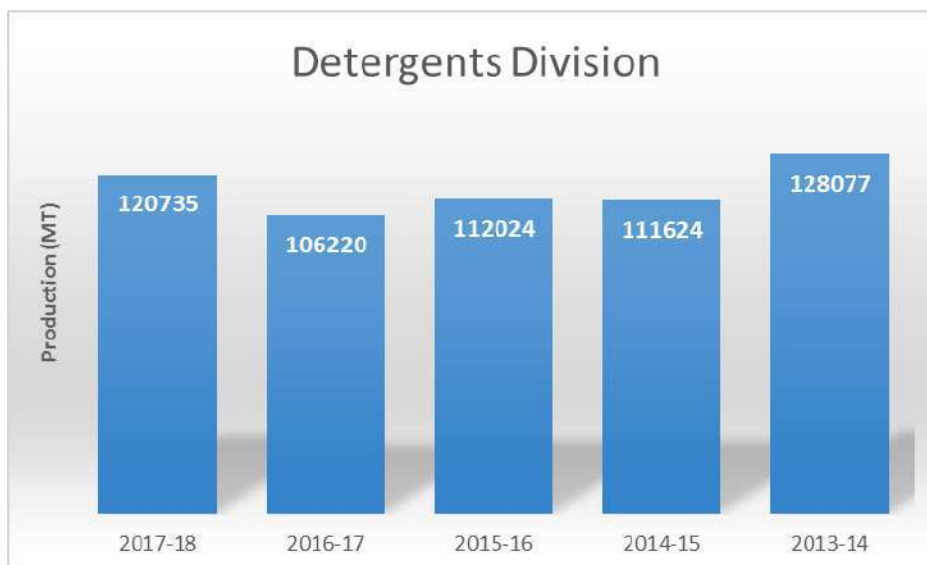
Foods Division:

The volume of production recorded an increase of 43.48% during the year under review as compared to the earlier year. This was matched by an increase in volume of sales also.



Detergents Division:

The Company is the third largest manufacturer of detergents for M/s Hindustan Unilever Limited. The Production during the FY 2017-18 increased by 13.67% over previous year.



Minerals Division:

This division recorded a marginal increase in volume of product by 4.89% in the year under review as compared to the earlier year.



Energy:

Presently, the Energy division has 12 windmills. This division has generated 178 Lakh units in the year 2017-18 as compared to 159 Lakh units in the earlier year.



Risk Management:

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

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

Internal Control System and their adequacy

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

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN

Chairman & Managing Director

DIN 01601589

ANNEXURE - B TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance has several claimants, viz shareholders and other stakeholders which include suppliers, customers, creditors, bankers, employees of the Company, the Government and the Society at large. The three key aspects of Corporate Governance are accountability, transparency and equality of treatment for all stakeholders. The fundamental objective of Corporate Governance is the "enhancement of Shareholder value, keeping in view the interest of other stakeholders". In the above context, the Company's philosophy on Corporate Governance is

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

A. BOARD OF DIRECTORS

i) Board Composition:

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

b) As at March 31, 2018, the Company's Board consists of 8 directors. All except, the Chairman and Managing Director, Joint Managing Director, Whole Time Director and Technical Director are Non-Executive Directors and thus constitute one half of the total number of Directors. The Board also consists of a Woman Director who is the Executive Director.

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

d) No Director holds membership of more than 10 Committees of the Board nor is Chairman of more than 5 such Committees, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Name	Date of appointment	Category of Director	No. of other Directorship	No. of Board Chairman / Committees in which	
				Chairman	Member
Sri. K.S. Kamalakannan 01601589	01.08.1998	Promoter/ Chairman and Managing Director	4	1	1
Smt. Mageswari Kannan 02107556	01.08.1998	Promoter/ Joint Managing Director	5	NIL	4
Sri. Sounder Kannan 01603823	08.03.2006	Promoter/ Whole-Time Director	4	NIL	3
Sri. D. Vijay Anand 07400565	21.08.2017	Promoter/ Director (Technical)	NIL	NIL	NIL
Sri. L.A. Irudayaraj 01973946	06.07.2007	Independent Director	NIL	2	2
Sri. S. Ramesh 01620265	08.03.2006	Independent Director	NIL	1	3
Dr. K. Venkatachalam 01062171	13.01.2012	Independent Director	2	1	2
Sri. S. Neelakantan 01474064	21.08.2017	Independent Director	1	NIL	NIL

In terms of Schedule V(C)(2)(e) of the Companies Act, 2013 and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that Sri.K.S.Kamalakannan, Smt. Mageswari Kannan, Sri. Sounder Kannan and Sri. D. Vijay Anand are related to each other. The age of every Director, including Independent Director is above 21. Brief profiles of all the Directors are available on the Company's website: www.nagamills.com

ii) Independent Directors:

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

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

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

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

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

Attendance of each Director at the Board Meetings held during the financial year 2017-18 and the last Annual General Meeting is furnished hereunder:

S. No.	Name of Directors	No. of Board Meeting attended	Attendance at the AGM held on August 19, 2017
1	Sri. K.S. Kamalakannan	4 of 4	Present
2	Smt. Mageswari Kannan	4 of 4	Present
3	Sri. Sounder Kannan	4 of 4	Present
4	Sri. D. Vijay Anand*	2 of 2	NA
5	Sri. L.A. Irudayaraj	4 of 4	Present
6	Sri. S. Ramesh	4 of 4	Present
7	Dr. K. Venkatachalam	4 of 4	Present
8	Sri. S. Neelakantan**	1 of 2	NA

* Appointed as Director (Technical) w.e.f. August 21, 2017.

** Appointed as an Independent Director w.e.f. August 21, 2017.

B. BOARD PROCESS

i) Board Meetings:

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

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

During the financial year 2017-18, four Board Meetings were held on May 08, 2017, August 19, 2017, December 11, 2017 and February 14, 2018. The Annual General Meeting was held on August 19, 2017. Interval between any two Board Meetings was not more than 120 days. No Board Meetings were conducted through video conferencing or other audio visual means.

ii) Board Proceedings:

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

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

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

iii) Board Minutes:

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

C. BOARD COMMITTEES

i) Audit Committee:

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

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

During the year, the Audit Committee met four times on May 08, 2017, August 19, 2017, December 11, 2017 and February 14, 2018.

Its composition and attendance during 2017-18 is given hereunder:

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

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

ii) Nomination and Remuneration Committee:

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

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

The role includes:

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

The Committee met three times during the year on May 08, 2017, August 19, 2017 and February 14, 2018.

Its composition and attendance during 2017-18 is given hereunder:

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

iii) Stakeholders Relationship Committee:

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

The Committee currently comprises of 3 Directors, out of which one is Non-Executive Independent Director who also heads the Committee. The Members of the Stakeholders Relationship Committee are Sri. S. Ramesh, Chairman, Non-Executive Independent Director, Smt. Mageswari Kannan, Executive Promoter Director and Sri. Sounder Kannan, Executive Promoter Director.

iv) Corporate Social Responsibility (CSR) Committee:

The Company has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Act. The policy on CSR formulated by the Company is uploaded on the website of the Company: www.nagamills.com. The Committee has met four times in the year 2017-18 on May 08, 2017, August 19, 2017, December 11, 2017 and February 14, 2018. The Members of the Committee and their attendance are detailed below:

S. No.	Name of the Directors	Position	Category	No. of Meetings Attended
1	Dr. K. Venkatachalam	Chairman	Non Executive Independent Director	4 of 4
2	Sri. Mageswari Kannan	Member	Executive Promoter Director	4 of 4
3	Sri. Sounder Kanna	Member	Executive Promoter Director	4 of 4

v) Other Committees:

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

The Committee met 19 times during the year on April 12, 2017, May 11, 2017, June 23, 2017, July 21, 2017, August 02, 2017, August 14, 2017, August 26, 2017, September 19, 2017, September 25, 2017, October 5, 2017, October 21, 2017, November 8, 2017, November 25, 2017, December 12, 2017, January 4, 2018, January 24, 2018, February 12, 2018, February 28, 2018 and March 17, 2018.

The composition and attendance is as listed below:

S. No.	Name of the Directors	Position	Category	No. of Meetings Attended
1	Sri. K.S. Kamalakannan	Chairman	Promoter Executive Director	19 of 19
2	Smt. Mageswari Kannan	Member	Promoter Executive Director	19 of 19
3	Sri. Sounder Kannan	Member	Promoter Executive Director	19 of 19

vi) Committee Minutes:

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

vii) Circular Resolution:

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board/ Committee Meetings. During the year no circular resolution was passed.

D. GOVERNANCE PROCESS AND POLICIES

i) Policy on Directors' Appointment and Remuneration:

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

1. Criteria for selection of Non-Executive Directors:

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

2. Remuneration policy:

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

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

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

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

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

The Chairman and Managing Director, Joint Managing Director, Whole-Time Director and Technical Director are the only Executive Directors entitled for managerial remuneration. Their remuneration for the financial year 2017-18 is disclosed under note No. 49 of the Financial Statements.

Certain relatives of the Executive Directors are working as employees in the Company. This has been specifically disclosed in the Financial Statements pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014. Other than sitting fees and direct equity holding, there is no pecuniary relationship or transaction between the Company and its Non-Executive Directors. No stock option has been issued by the Company to Executive Directors.

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

4. (i) Remuneration of Non-Executive Directors for 2017-18:

S. No.	Name of the Non-Executive Director	Sitting Fees Paid
1	Sri. L.A. Irudayaraj	Rs. 60,000/-
2	Sri. S. Ramesh	Rs. 60,000/-
3	Dr. K. Venkatachalam	Rs. 60,000/-
4	Sri. S. Neelakantan	Rs. 15,000/-

(ii) Performance Evaluation:

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

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

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

The Independent Directors in their exclusive meeting held on February 14, 2018 did the evaluation on the performance of Chairperson, Non-Independent Directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All except one Independent Directors were present at the meeting.

The Board, at its meeting held on 14th February, 2018, evaluated the performance and the functioning of each of the Independent Directors (excluding the Independent Directors being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading:

The Company had framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code was applicable to all Directors and designated employees. It is hereby affirmed that all Directors and designated employees have complied with this Code during the financial year 2017-18 and a confirmation to this effect has been obtained from them.

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

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

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

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results.

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

(iv) Code of Conduct:

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its Website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the financial year 2017-18.

Further, the Senior Management Personnel have declared to the Board that no material financial or commercial transactions were entered into by them during the financial year 2017-18 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions:

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

All RPTs during the financial year 2017-18 were on arm's length basis and were in ordinary course of business. They have been disclosed in reference to Accounting Standard 18 in Note No. 49 in the Financial Statements. None of these transactions are likely to have a conflict with the Company's interest.

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

(vi) Risk Management:

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

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

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

(vii) Whistle Blower Policy:

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

No Complaints under this facility was received in the financial year 2017-18.

(vii) Anti Sexual Harassment Policy:

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

No complaints on sexual harassment was received during the financial year 2017-18.

E. OTHER COMPLIANCES

(i) Management Discussion and Analysis:

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

(ii) Quarterly Financial Results:

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

(iii) Quarterly Compliance Report:

The Company has submitted for each of the four quarters during the year 2017-18 the Compliance Report on Corporate Governance to Stock Exchange in the prescribed format within 15 days from the close of each quarter.

(iv) Online Filing - SCORES:

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

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

(v) Reconciliation of Share Capital Audit:

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

For the Quarter Ended	Furnished on
30.06.2017	13.07.2017
30.09.2017	06.10.2017
31.12.2017	11.01.2018
31.03.2018	10.04.2018

(vi) Accounting Treatment:

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

(vii) Cost Auditor:

Cost Audit was applicable to one of the Division of your Company for the financial year 2017-18.

(viii) Secretarial Auditor:

Pursuant to Section 204(1) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. GSR & Co, Practising Company Secretaries (CP No.4966), to undertake the Secretarial Audit of the Company for the Financial year 2017-18. The Secretarial Audit Report was placed before the Board on 30th May, 2018 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor:

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed Sri.R.Balakrishnan, B.Com, FCA (M.No.23300), Dindigul, to conduct Internal Audit of the functions and activities of the Company for the financial year 2017-18. The Internal Auditor reports directly to the Chairman and attends all Audit Committee Meetings to provide clarification, if any, that may be required by Directors.

(x) CEO/CFO Certificate:

CEO Certification by Sri K.S. Kamalakannan, Chairman and Managing Director and CFO Certification by Sri T. R. Sivaraman, CFO as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were placed before the Board at its meeting on 30th May, 2018.

(xi) Review of Directors' Responsibility Statement:

The Board in its Report has confirmed that the annual accounts for the year ended 31st March, 2018 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditors' Certificate on Corporate Governance:

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

(xiii) Subsidiary Companies:

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

(xiv) Deposits:

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

(xv) Peer Review of Auditors:

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

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

F. COMPLIANCE OF NON-MANDATORY REQUIREMENTS

(i) Shareholders' Rights:

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

(ii) Abridged Accounts:

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

(iii) Green Initiative:

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

(iv) Audit Qualifications:

The Company continues to remain in the regime of unqualified financial statements. SEBI, vide its circular dated 13th August, 2012, has evolved a system to monitor audit qualifications covered in the Auditors' Report. Accordingly, listed Companies, while submitting Annual Report under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are required to submit Form A in case of unqualified Auditors Report and Form B in case of Qualified Auditor's Report.

Stock Exchanges will initiate further steps, as specified in circular, in case of Companies where Form B has been filled.

Your Company will comply with this SEBI Circular while filing the Annual Reports for the financial year ended 31st March, 2018.

G. DISCLOSURES

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

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

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

H. MEANS OF COMMUNICATION

Board Meeting/ Financial Results:

The Company publishes Notice of Board Meeting to consider financial results in "News Today" in English and "Malai Sudar" in Tamil and the financial results in "Business Line/ Business Standard" in English and "Malai Sudar" in Tamil.

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

Financial Results are:

- a) e-mailed to Stock Exchange immediately after the conclusion of the Board Meeting.
- b) posted on the Company's website: www.nagamills.com.
- c) No presentation was made during the year to Institutional Investors or Analysts. The Company has no agreement with any media Company for public dissemination of its corporate information.

Chairman's Communique:

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

Website:

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

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

J. GENERAL SHAREHOLDERS INFORMATION

i) Details of Twenty Seventh Annual General Meeting:

Date and Time	Friday, the 28 th September, 2018 12.10 P.M.
Venue	The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008.
Financial Year	2017-18
Book Closure dates	Saturday the 22 nd September, 2018 to Friday the 28 th September, 2018 (both days inclusive)
Dividend	Rs. 0.80 per Equity Share (Proposed)
Dividend Payment Date	30 days from 28 th September, 2018

ii) Particulars of past three Annual General Meetings:

AGM/Year	Venue	Date & Time	Special Resolution Passed	% of Total valid votes cast in favour of the Resolution
24th AGM 2014-15	Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008	27.07.2015 & 10.00 A.M.	1. Remuneration to Cost Auditor. 2. Amendment of Articles.	100% 100%
25th AGM 2015-16	- As above -	12.09.2016 & 05.00 P.M.	1. Revision of remuneration to CMD. 2. Revision of remuneration to JMD. 3. Revision of remuneration to WTD. 4. Revision of remuneration to VP, Food Division. 5. Ratification of remuneration paid to CMD. 6. Ratification of remuneration paid to JMD.	100% 100% 100% 100% 100% 100%
EGM 2015-16	No. 1, Trichy Road, Dindigul - 624 005.	29.11.2016 & 11.00 A.M.	1. Increasing borrowing power of the Board of Directors. 2. Approval for material RPT for FY 2016-17. 3. Re-appointment of Independent Director for 2 nd term.	100% 100% 100%
26th AGM 2016-17	Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008	19.08.2017 & 01.00 P.M.	1. Re-appointment of CMD. 2. Re-appointment of JMD. 3. Re-appointment of WTD. 4. Revision of remuneration to WTD.	100% 100% 100% 100%
EGM 2017-18	No. 1, Trichy Road, Dindigul - 624 005.	23.03.2018 & 10.00 A.M.	1. Approval for material RPT for FY 2018-19. 2. Revision of remuneration to Mrs. Lakshmi Vijayanand, Business Head 3. Revision of remuneration to Mrs. Monaa Kannan, Business Head 4. Revision of remuneration to Ms.M. Jayalalitha, Business Head 5. Revision of remuneration to Mr. M. Sukumar, Business Head	100% 100% 100% 100% 100%

iii) Postal Ballot

No Special Resolution was required to be passed by postal ballot at the last Annual General Meeting. The Company extended e-voting option to all the Shareholders for the 26th Annual General Meeting, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

iv) Financial Calendar

Unaudited results for the quarter ending June 30, 2018	- 2nd week of August, 2018
Unaudited results for the quarter / half year ending September 30, 2018	- 2nd week of November, 2018
Unaudited results for the quarter ending December 31, 2018	- 2nd week of February, 2019
Audited results for the year ending March 31, 2019	- Before end of May, 2019

v) Listing in Stock Exchange

The Company's Equity Shares are listed on the Metropolitan Stock Exchange of India Limited (MSEI), 4th Floor, Vibgyor Towers, Plot No. C - 62, Opp. Trident Hotel, Bandra Kurla Complex, Bandra East, Mumbai - 400098.

vi) Payment of Annual Listing Fees to the Stock Exchanges

Listing Fee has been paid to the above Stock Exchange, in which the Company's Equity Shares are listed, up to March 31, 2018.

vii) Stock Code

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

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

viii) Dematerialisation of Shares

As on March 31, 2018, 51 Shareholders are holding their shares in Demat form and 1,41,94,155 shares have been dematerialised, representing 99.62% of the total Equity Share Capital.

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

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

Nil.

x) Permanent Account Number (PAN) Requirement

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

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

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

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

Investors are advised to take note of the same.

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

M/s. Cameo Corporate Services Ltd.

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

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

xii) Share Transfer System

After due deliberations and consideration by Stakeholders Relationship Committee of the Board and consideration by Share Transfer Agents (RTA), share transfers are registered and returned within the statutory time limit, if the documents are clear in all respects. The particulars of movement of shares in the dematerialised mode are also placed before the Stakeholders Relationship Committee.

xiii) Unclaimed Dividend

Pursuant to Section 124(5) of the Companies Act, 2013, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

Pursuant to the above, the unpaid/ unclaimed dividend for the financial year 2009-10 pertaining to 428 investors and aggregating to Rs. 0.41 Lakhs was transferred on 11.09.2017.

The unpaid/ unclaimed amount for the financial year 2010-11 will be transferred during August 2018. Shareholders are, therefore, advised to contact the Company immediately in case of non-receipt or non-encashment of dividend.

xiv) Investor Education and Protection Fund (IEPF)

Upon Section 124(5) of the Companies Act, 2013 coming into force, Companies while transferring the dividend remaining unclaimed for a period of more than seven years will also have to transfer the underlying equity shares. Accordingly, the unclaimed dividend for the year 2008-09 and 2009-10, as well as the underlying shares have already been transferred to IEPF. The list of Shareholders whose unclaimed dividend/ underlying shares have been transferred to IEPF is put on the website of the Company. Shareholders may take specific note of the same and claim the said unclaimed dividend and the underlying shares from the IEPF Authority.

Particulars of unclaimed dividend as on 31.03.2018

Year	Dividend (Rs. Per share)	Date of Declaration of Dividend	Unclaimed		Due date for transferring to IEPF
			No. of warrants	Rs. in Lakh	
2010-11	0.60	25.07.2011	416	0.37	31.08.2018
2011-12	0.60	02.08.2012	417	0.38	07.09.2019
2012-13	0.60	03.08.2013	398	0.38	08.09.2020
2013-14	0.60	01.08.2014	247	0.26	06.09.2021
2014-15	0.80	27.07.2015	390	0.45	02.09.2022
2015-16 Interim	0.20	11.03.2016	387	0.30	17.04.2023
2015-16 Final	0.60	12.09.2016	426	0.11	19.10.2023
2016-17	0.80	19.08.2017	431	0.44	10.11.2024

Disclosure with respect to demat suspense account/unclaimed suspense account as required under Schedule V(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, 2017.	15	4875 equity shares
b)	Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	0	0 equity shares
c)	Number of Shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year.	0	0 equity shares
d)	Number of Shareholders whose shares were transferred from the Unclaimed Suspense Account to Investor Education & Protection Fund Account during the year.	11	4075 equity shares
e)	Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2018.	4	800 equity shares

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

xv) Market Price Data

High/Low and volume during each month in the financial year 2017-18 (reported at the MSEI)

Month	High	Low
April 2017 to March 2018	55	55

xvi) Distribution of shareholding as on March 31, 2018

Shares	Shares or Debentures holding			
	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
10 - 5000	464	95.68	84595	0.60
5001 - 10000	2	0.41	13000	0.09
10001 - 20000	3	0.62	47200	0.33
20001 - 30000	2	0.41	51760	0.36
30001 - 40000	2	0.41	72500	0.50
40001 - 50000	0.00	0.00	0.00	0.00
50001 - 100000	7	1.44	2518530	17.68
100001 - and above	5	1.03	11460415	80.44
Total	485	100.00	14248000	100.00

xvii) Shareholding Pattern

Sl. No.	Category	No. of Shares	% Shares
A)	Promoters		
	Individuals & HUF	8816145	61.88
	Corporate Bodies	1468500	10.31
	Directors/ relative	357690	2.51
	(A)	10642335	74.70
B)	Public		
	Central Government - IEPF	28610	0.20
	Corporate Bodies	2828732	19.85
	Clearing Member	10	-
	Resident Individuals	748313	5.25
	(B)	3605665	25.30
	Total (A+B)	14248000	100.00

xviii) Units & Locations :

- No.1, Trichy Road, Dindigul - 624 005.
- No.133, Trichy Road, Dindigul - 624 005.
- No. 3/315, Melakandamangalam Village, Aruppukottai, Virudhunagar - 626 101.
- No.4/213, Padiyur, Puthupatti, Padiyur Post, Veda sandur Taluk, Dindigul - 624 005.
- No.9, Trichy Road, Dindigul - 624 005.
- No.1, Oddanchatram Road, Veda sandur - 624 710.
- No.1, Seelapadi Road, Seelapadi Post, Dindigul - 624005.
- No.1, Chikka Tirupathi Road, Thindlu Village, Sarjapura Hobli, Anekal Taluk, Bangalore, Karnataka - 562125.
- No.48, Poonamalle Bye Pass Road, Senneerkuppam, Poonamalle, Chennai - 600056.
- Windmills: Coimbatore, Dharapuram, Theni & Tirunelveli.



Address for Correspondence

M/s. Cameo Corporate Services Ltd,

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

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

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

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

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

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

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN

Chairman & Managing Director

DIN 01601589

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, 2018.

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN

Chairman & Managing Director

DIN 01601589

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

TO THE MEMBERS OF NAGA LIMITED

We have examined the compliance of conditions of corporate governance by Naga Limited ("the Company") for the year ended on 31st March 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchange.

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

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

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

Place : Dindigul
Date : 30th May, 2018

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



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

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

CERTIFICATION BY CMD/CEO & CFO TO THE BOARD

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

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

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

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

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

C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit Function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of adequacy and effectiveness. Internal 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 or other employees who have significant role in the Company's internal control system over the financial reporting.

Place : Dindigul
Date : 30th May, 2018



K.S. KAMALAKANNAN
CEO/CMD
DIN 01601589



T.R. SIVARAMAN
CFO
FCA023228

ANNEXURE - C TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

(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	90.19 %
2	Manufacturing of high quality Detergents powder and Bar.	99884260	4.16 %
3	Minerals : Grinding of calcite, dolomite, china clay, feldspar, limestone and other minerals.	99611991	4.22 %
4	Wind & Solar Power.	99833243	1.43 %

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 : No. 1, Anna Pillai Street, Chennai - 600001.	U40103TN2003PTC051006	Associate	26.00 %	2(6)
2	Nagalakshmi Energy Private Limited Address : No. 1, Anna Pillai Street, Chennai - 600001.	U40105TN2015PTC099932	Associate	26.00 %	2(6)
3	Naga Far East Private Address : 77, High Street, #03-10, High Street Plaza, Singapore - 179433.	201726071D	Subsidiary	100.00 %	2(87)
4	Naga Mills Private Limited Address : Navana Obaid Eternia, 28-29 Kakrail, (Level #12-13), VIP Road, Dhaka-1000, Bangladesh	C-142979/2018	Subsidiary	99.70 %	2(87)

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

i) Category - wise Share Holding

Category of Shareholders	No.of Shares held at the beginning of the year [As on 31.03.2017]				No.of Shares held at the end of the year [As on 31.03.2018]				% 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 Gov t.	-	-	-	-	-	-	-	-	-
(c) State Govt(s).	-	-	-	-	-	-	-	-	-
(d) Body Corp.	1468500	-	1468500	10.31%	1468500	-	1468500	10.31%	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	357690	-	357690	2.51%	357690	-	357690	2.51%	-
(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 31.03.2017]				No.of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	28610	-	28160	0.20%	0.20%
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)Insurance Companies	-	-	-	-	-	-	-	-	-
(g)FIIs	-	-	-	-	-	-	-	-	-
(h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(g)Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	28610	-	28160	0.20%	0.20%
2. Non - Institutions									
(a) Body Corporates									
(i) Indian	2661752	-	2661752	18.68%	2828732	-	2828732	19.85%	1.17%
(ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No.of Shares held at the beginning of the year [As on 31.03.2017]				No.of Shares held at the end of the year [As on 31.03.2018]				% 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.	33260	82965	116225	0.81%	38010	53835	91845	0.65%	(0.16%)
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lac.	827668	-	827668	5.81%	655958	-	655958	4.60%	(1.21%)
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	10	-	10	0.0001%	10	-	10	0.0001%	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
HUF	-	10	10	0.0001%	-	10	10	0.0001%	-
Sub-Total (B)(2)	3522690	82975	3605665	25.31%	3523210	53845	3577055	25.10%	-
Total Public Shareholding (B=B(1)+B(2))	3522960	82975	3605665	25.31%	3551820	53845	3605665	25.31%	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% 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)	14165025	82975	14248000	100.00%	14194155	53845	14248000	100.00%	-

(ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year [As on 31.03.2017]			Shareholding at the end of the year [As on 31.03.2018]			% Change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares pledged / encumbered to total shares	
1.	K.S. Kamala kannan	6070570	42.61%	-	6070570	42.61%	-	-
2.	K.S. Kamala kannan (HUF)	34700	0.24%	-	34700	0.24%	-	-
3.	Mageswari Kannan	1855220	13.02%	-	1855220	13.02%	-	-
4.	Sounder Kannan	817855	5.74%	-	817855	5.74%	-	-
5.	Sounder Kannan (HUF)	37800	0.27%	-	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	10	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 01.04.2017		Change in Shareholding during the year		Shareholding at the end of the year as on 31.03.2018	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Lakme Investment and Finance Limited	1245965	8.74%	166980	1.18%	1412945	9.92%
2	Pluris Global Holding (India) Limited	1410567	9.90%	-	-	1410567	9.90%
3	Manoharan. A	462778	3.25%	(166710)	(1.17%)	296068	2.08%
4	Sathiyamoorthy. L	289540	2.03%	-	-	289540	2.03%
5	Riaz Ahmed Khatri	23150	0.16%	-	-	23150	0.16%
6	Rabia Ahmed Khatri	18000	0.13%	-	-	18000	0.13%
7	Mariam Riaz Khatri	15200	0.11%	-	-	15200	0.11%
8	Santosh Gupta	19000	0.13%	(5000)	0.03%	14000	0.10%
9	Kamala Kumari Daga	7000	0.05%	-	-	7000	0.05%
10	M Kanchan Khatod	6000	0.04%	-	-	6000	0.04%

Note : The above details are given as on 31 March, 2018. The Company is listed and 99.62% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. 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 01.04.2017		Change in Shareholding during the year		Shareholding at the end of the year as on 31.03.2018	
		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	83.08	9.23	-	92.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	83.08	9.23	-	92.31
Change in Indebtedness at the end of the financial year				
. Addition	68.11	-	--	68.11
. Reduction	(14.57)	(4.40)	-	(18.97)
. Transfer (Secure to Unsecure)	-	-	-	-
Net Change	53.54	(4.40)	-	49.14
Indebtedness at the end of the financial year				
i) Principal Amount	136.62	4.83	-	141.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	136.62	4.83	-	141.45

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		K.S. Kamala kannan, CMD	Mageswari Kannan, JMD	Sounder Kannan, WTD	D. Vijay Anand, TD	
1.	Gross Salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0.70	0.46	0.46	0.29	1.91
	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	0.78	0.39	0.39	0.23	1.79
5.	-as % of profit	0.09	0.08	0.04	0.02	0.23
	Others, specify: Gratuity Fund* & PF					
	Total (A)	1.57	0.93	0.89	0.54	3.93
	Ceiling as per the Act					3.95

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

B. REMUNERATION TO OTHER DIRECTORS

(Rs. in Lakhs)

S.No.	Particulars of Remuneration	Name of Directors				Total Amount
		S. Ramesh	L.A.Irudaya Raj	K. Venkata chalam	S. Neela kantan	
1.	Independent Directors					
	Fee for attending board committee meetings	0.60	0.60	0.60	0.15	1.95
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	0.60	0.60	0.60	0.15	1.95
2.	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1 + 2)	-	-	-	-	-
	Total Managerial Remuneration	0.60	0.60	0.60	0.15	1.95
	Overall Ceiling as per the Act #					

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

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

(Rs.in Cr)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		C.E.O	Company Secretary	C.F.O		
				* Mr. T.Nagarajan	** Mr. T.R.Sivaraman	
1.	Gross Salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	-	0.09	0.20	0.02	0.31
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	-as % of profit	-	-	-	-	-
5.	-others, specify :	-	-	-	-	-
	Total	-	0.09	0.20	0.02	0.31

* Resigned w.e.f. 25.01.2018

** Appointed w.e.f. 19.02.2018

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other Officers in default, if any, during the financial year.

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - D TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil

2. Details of contracts or arrangements or transactions at Arm's length basis:

S.No.	Particulars	Details	
a)	Name(s) of the related party	M.M. Detergents Company Pvt. Ltd.,	Annai Power Private Limited
b)	Nature of relationship	Two of the directors are interested	Three of the Directors are interested
c)	Nature of contracts / arrangements / transactions	By Agreement	By Agreement
d)	Duration of contracts / arrangements / transactions	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
e)	Salient terms of contracts or arrangements or transactions Including the value, if any	1. Purchase of Wheat by Naga Ltd., Rs.41.02 Cr. 2. Sale of Wheat by Naga Ltd., Rs. 25.18 Cr. 3. Processing charges paid by M.M Detergents Company Pvt. Ltd., to Naga Ltd., Rs. 0.08 Cr. 4. Hiring of CAT by Naga Ltd., Rs.0.08 Cr. 5. Rent received by Naga Ltd., Rs. 0.04 Cr. 6. Reimbursement of expenses by Naga Ltd., Rs. 1.85 Cr.	1. Purchase of Windmill Energy Rs.0.21 Cr. 2. Lease of Wheat Flour Milling Unit to Naga Ltd Rs. 1.67 Cr.
f)	Justification for entering into such contracts or arrangements or transactions	In the ordinary course of business	In the ordinary course of business
g)	Date of approval by the Board and Shareholders	06.02.2017 & 11.12.2017	06.02.2017 & 19.08.2017
h)	Amount paid as advances, if any,	Nil	Nil

S.No	Particulars	Details			
a)	Name(s) of the related party	Naga Marine Industries Limited	Naga Mills Limited	Nagalakshmi Energy Private Limited	Mrs. Andar Gopinath
b)	Nature of relationship	One of the director is interested	Three of the directors are interested	Three of the directors are interested	One of the Director is interested
c)	Nature of contracts / arrangements / transactions	By Agreement	By Agreement	By Agreement	By Agreement
d)	Duration of contracts / arrangements / transactions	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
e)	Salient terms of contracts or arrangements or transactions Including the value, if any	Lease of Godown to Naga Ltd., Rs. 0.12 Cr.	Lease of office from Naga Ltd., Rs. 0.003 Cr.	Lorry freight paid by Naga Ltd., Rs. 0.014 Cr.	Commission payment by Naga Ltd., Rs. 0.02 Cr.
f)	Justification for entering into such contracts or arrangements or transactions	In the ordinary course of business	In the ordinary course of business	In the ordinary course of business	In the ordinary course of business
g)	Date of approval by the Board / Shareholders	06.02.2017	06.02.2017	11.12.2017	06.02.2017
h)	Amount paid as advances, if any,	Nil	Nil	Nil	Nil

S.No	Particulars	Details			
a)	Name(s) of the related party	K.S.Kamalakannan	Mageswari Kannan	Sounder Kannan	A.M. Gopinath (Prop. of Anugraha International)
b)	Nature of relationship	Director	Director	Director	One Director is interested
c)	Nature of contracts / arrangements / transaction	By Agreement	By Agreement	By Agreement	By Agreement
d)	Duration of the contracts / arrangements / transaction	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
e)	Salient terms of the contracts or arrangements or transactions	1. Remuneration paid by Naga Ltd., Rs. 1.48 Cr. 2. Provision for Gratuity* Rs.0.09 Cr. 3. Lease of Godown to Naga Ltd., Rs. 0.55 Cr. 4. Lease of Office to Naga Limited Rs. 0.004 Cr. 5. Unsecured Loan received by Naga Ltd., Rs.19.95 Cr. 6. Interest payment for unsecured loan given to Naga Ltd., Rs. 1.34 Cr. 7. Dividend Paid by Naga Ltd., Rs. 0.49 Cr.	1. Remuneration paid by Naga Ltd., Rs. 0.85 Cr. 2. Provision for Gratuity* Rs.0.08 Cr. 3. Unsecured Loan received by Naga Ltd., Rs.0.82 Cr. 4. Interest payment for unsecured loan given to Naga Ltd., Rs.0.12 Cr. 5. Dividend Paid by Naga Ltd., Rs. 0.15 Cr.	1. Remuneration paid by Naga Ltd., Rs. 0.85 Cr 2. Provision for Gratuity* Rs.0.04 Cr. 3. House Rent Rs.0.09 Cr 4. Unsecured Loan received by Naga Ltd., Rs.1.97 Cr. 5. Interest payment for unsecured loan given to Naga Ltd., Rs.0.11 Cr. 6. Dividend Paid by Naga Ltd., Rs. 0.07 Cr.	Commission payment by Naga Ltd., Rs. 0.08 Cr.
f)	Justification for entering into such contracts or arrangements or transactions	In the ordinary course of business	In the ordinary course of business	In the ordinary course of business	In the ordinary course of business
g)	Date of approval by the Board / Shareholders	06.02.2017 & 19.08.2017	06.02.2017	06.02.2017	06.02.2017
h)	Amount paid as advances, if any,	Nil	Nil	Nil	Nil

S.No.	Particulars		Details			
	Name(s) of the related party		Sri. D. VijayAnand	Smt. Lakshmi VijayAnand	Smt. Monaa Kannan	Ms. M. Jayalalitha
a)						
b)	Nature of relationship		Relative of KWP	Relative of KWP	Relative of KWP	Relative of KWP
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
d)	Duration of contracts / arrangements / transactions		From the Date of appointment to 20.08.2017	From the Date of appointment	From the Date of appointment	From the Date of appointment
e)	Salient terms of the contracts / arrangements / transactions Including the value, if any		Service Agreement Salary paid by Naga Ltd., Rs. 0.17 Cr	Service Agreement Salary paid by Naga Ltd., Rs. 0.24 Cr	Service Agreement Salary paid by Naga Ltd., Rs. 0.24 Cr	Service Agreement Salary paid by Naga Ltd., Rs. 0.15 Cr
f)	Justification for entering into such contracts / arrangements transactions		In the ordinary course of business	In the ordinary course of business	In the ordinary course of business	In the ordinary course of business
g)	Date of approval by the Board and Shareholders		06.02.2017 and 12.09.2016	06.02.2017 and 23.03.2018	06.02.2017 and 23.03.2018	06.02.2017 and 23.03.2018
h)	Amount paid as advances, if any, (Rs. in Lacs)		Nil	Nil	Nil	Nil

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K. S. KAMALAKANNAN

Chairman & Managing Director

DIN 01601589

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

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

S. No.	Description			Note No.
1.	The ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year.	Chairman and Managing Director Joint Managing Director Whole-Time Director Director (Technical)	38:1 25:1 25:1 11:1	1
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year.	Chairman and Managing Director Joint Managing Director Whole-Time Director Director (Technical) Chief Financial Officer (Mr. T. Nagarajan)* Chief Financial Officer (Mr. T. R. Sivaraman)** Company Secretary	11% 13% 18% NA 7.69% NA 6%	2
3.	The percentage increase in the median remuneration of employees in the financial year.		6%	-
4.	The number of permanent employees on the roll of the Company.		813	-
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and the comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase of salary of employees other than managerial persons Managerial Remuneration	10% 47%	-
6.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes. Remuneration is as per the Remuneration Policy of the Company.	-	-

* Resigned w.e.f. 25.01.2018 & ** Appointed w.e.f. 19.02.2018.

Notes:

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

Particulars of Employees as per Section 197(12) of the Companies Act, 2013 read with the Rules relating thereto for the year ended on 31st March 2018
Top 10 employees in terms of remuneration drawn and employees in receipt of remuneration not less than Rs.1.02 crores p.a.

(Rs in Lakhs)

S.No.	Name	Designation Nature of Duties	Qualification	Age	Date of Joining	Remuneration Received	Experience (in years)	Particulars of last Employment held-Organisation & Designation
1	Jayalalitha.M	Business Head Detergent Division	M.Com	53	01.05.2004	22.42	14	M.M.Detergents Company Pvt Ltd., Managing Director
2.	Monaa Kannan	Business Head Retail Division	MBBS	35	01.09.2007	22.42	11	Nil
3.	Lakshmi Vijayanand	Business Head Foods Division	MBA	40	01.11.2011	22.42	7	Sakthi Hospital & Research Centre General Manager
4.	Kausik Datta	Senior Manager Detergent Division	B.E., (E.T.E)	56	10.09.2012	15.65	18	Pioneer Packaging General Manager
5.	Sukumar.M	Business Head Minerals Division	B.Sc., BL	62	01.04.2005	14.19	13	M.M.Detergents Company Pvt Ltd., Manager
6.	Pius Thomas Puduchery	General Manager Aruppukottai	B.Com	60	01.09.2016	13.00	35	BMW Industries Ltd., Plant Manager
7.	Mohan Kumar	Head - Technical Foods Division	M.Sc., FM Tech.,	52	01.04.2010	12.74	30	Rohini Poultry Feeds Pvt Ltd., Quality Head

Employees employed for part of year and in receipt of remuneration of not less than Rs.8.50 Lakhs p.m

S.No.	Name	Designation Nature of Duties	Qualification	Age	Date of Joining	Remuneration Received	Experience (in years)	Particulars of last Employment held-Organisation & Designation
8.	Nagarajan.T	Chief Finance Officer	CA,CS,CWA	47	01.06.2016	20.00	22	HLL Biotech Ltd., Chief Financial Officer
9.	Puthan Purayil Venugopal Kurup	General Manager Detergent Division	M.Com.,	73	01.01.2009	16.83	35	Hindustan Unilever Limited General Manager
10.	Karthikeyan Gandhi	General Manager Retail Division	B.Com., MBA	39	09.06.2017	11.00	19	Danupe Home, Dubai. Branch Head

Notes:

1. The appointment is as per the terms of contract/letter of appointment and other terms of conditions as per Company's rules.

2. Gross remuneration includes salary, perquisites and Company contribution to retirement benefits.

3. There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or alongwith his spouse or dependent children two percent of the Equity Shares of the Company.

4. Except for Ms.M. Jayalalitha, Smt.Monaa Kannan, Smt. Lakshmi Vijayanand & Sri. M. Sukumar, none of other employees mentioned above are related to any Director of the Company.

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE

BOARD OF DIRECTORS

K.S. KAMALAKANNAN

Chairman & Managing Director

ANNEXURE - F 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 water conservation project, maintenance of tree plantation and tree sampling, eradication of hunger and malnutrition and imparting employability skills to women.

A) A brief outline of the Company's Corporate Social Responsibility (CSR) programs:

- The CSR Committee has contributed for water conservation project under Self Sufficiency Scheme of Government of Tamil Nadu.
- Contribution towards maintenance of tree plantation and tree sampling through a registered trust.
- Contribution towards eradication of Hunger and Malnutrition through a registered trust.
- Conducting skill development programme to empower women for developing Employment Skills

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

B) A summary of the programs which are being implemented is detailed below:

1. Water conservation project under Self Sufficiency Scheme.

The Company has completed water conservation project under Self Sufficiency Scheme of Government of Tamil Nadu for improving Sirumalai Odai from Koovanuthu to Balakrishnapuram, Periyakulam via Rengasamudrapatty, Alagarnaickenpatty, Thottanuthu and Atcharajakkapattu which includes desilting and deepening of the supply channel along with removal of heavy jungle using earth moving machinery at a cost of Rs. 11.13 Lakhs.

2. Contribution towards maintaining Tree Plantation and Tree Sampling.

A sum of Rs. 1.25 Lakhs was contributed towards maintenance of tree plantation and tree sampling to Arimavanam Trust, a registered trust in Dindigul.

3. Contribution to Akshaya Patra Foundation towards eradication of Hunger and Malnutrition.

A sum of Rs. 4.00 Lakhs was contributed to Akshaya Patra Foundation, a registered trust in Bengaluru towards eradication of hunger and malnutrition by implementing the Mid-Day Meal Scheme in the government schools and government-aided schools.

4. Naga Life Skills Training program to empower Women

The Company has initiated skill development program (Naga Life Skills Training Program) to empower women for developing Employment Skills such as to get jobs and build their career, to lead a successful personal and professional life and to develop their personality and build a positive attitude.

To implement the above CSR activities, the Company has conducted Skill development training program classes in 7 batches at Madurai and Dindigul Colleges at a cost of Rs. 0.36 Lakhs.

C) 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

D) Average net profit before tax of the Company for the last three financial years: Rs. 29.29 Cr

E) Prescribed CSR expenditure (2% of the amount as above): Rs. 0.59 Cr

F) Details of CSR spent during the financial year 2017-18

(a) CSR amount brought forward	:	Rs. 0.44 Cr
(b) Total amount to be spent for the financial year 2017-18	:	Rs. 0.39 Cr
(c) Amount spent for the financial year 2017-18	:	Rs. 0.17 Cr
(d) Amount unspent, if any	:	Rs. 0.66 Cr
(e) Reason for unspent the balance amount	:	

During the year under review, your Company falls within the minimum threshold limits, constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report forming part of this Report, As regard, the CSR spending an amount of Rs. 0.22 Cr was unspent out of the total CSR to be spent of Rs. 0.39 Cr due to delayed take off identified projects.

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

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise	Amount spent on the projects or programs sub heads : (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto reporting period	Amount spent Directly or through implementing agency
1	"Self Sufficiency Scheme (SSS)"- For improvement of Sirumalai Odai from Koovanuthu to Balakrishnapuram, Periyakulam via Rengasamudrapatty, Alagarnaickenpatty, Thottanuthu and Atcharajakkapattu by desilting and deepening of the supply channel along with removal of heavy jungle using earth moving machinery.	Environment	Dindigul	0.11	Nil	0.11	Direct
2	Contribution towards maintaining Tree Plantation and Tree Sampling with Tree Guard	Environment	Dindigul	0.01	NIL	0.01	Arimavanam Trust
3	Contribution to Akshaya Patra Foundation towards eradication of Hunger and Malnutrition.	Eradiction of Hunger and Malnutrition.	Bengaluru, Karnataka	0.04	NIL	0.04	Akshaya Patra Foundation
4	Naga Life Skills Training program to empower Women	Special Education	Dindigul	0.004	NIL	0.004	Direct
	Total			0.17		0.17	

Responsibility Statement:

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

Place : Dindigul

Date : 30th May, 2018

MAGESWARI KANNAN

Joint Managing Director

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FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

Dr. K. VENKATACHALAM

Chairman - CSR Committee

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

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

(A) Conservation of energy:

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

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

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

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

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

3. Future plan of Action:

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

4. Expenditure on R & D during the year:

	Rs. in Cr	
	As at 31.03.2018	As at 31.03.2017
Capital	0.43	0.00
Recurring	0.11	0.08

5. Technology Absorption:

During the year under review, no overseas technology was acquired.

(C) Foreign exchange earnings and Outgo:

	Rs. in Cr	
	As at 31.03.2018	As at 31.03.2017
Earnings	0.93	0.00
Outgo	242.54	358.09

Place : Dindigul

Date : 30th May, 2018

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS


K.S. KAMALAKANNAN

Chairman & Managing Director

DIN 01601589

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2018

[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, 2018, 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as applicable to the Company;
- (vi) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company viz.:



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

- (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.

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

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

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

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

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



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

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- (a) The Company was required to spend a sum of Rs.39.44 Lakhs during the financial year, being 2% of the average net profits of the Company made during the immediately preceding three financial years towards activities as per Corporate Social Responsibility Policy of the Company under Section 135 of the Companies Act, 2013. However, the Company has spent a sum of Rs.16.74 Lakhs towards CSR activities during the financial year.

We further report that during the audit period:

- (i) The Company has passed ordinary resolutions at the Extra Ordinary General Meeting held on 23.03.2018 under Section 188 of the Companies Act, 2013 granting approval for entering into material related party transactions with various related parties.
- (ii) The Company has passed ordinary resolution at the Extra Ordinary General Meeting held on 23.03.2018 under Section 188 of the Companies Act, 2013 granting approval for revision of remuneration payable to relatives of Key Managerial Personnel who are occupying the Office or Place of profit.
- (iii) The Company has passed special resolutions during the financial year at the Annual General Meeting held on 19.08.2017 approving the re-appointment of Chairman and Managing Director, Joint Managing Director and Whole-time Director.



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

- (iv) During the financial year, the Company had appointed two Additional Directors to the Board with effect from 21st August, 2017.
- (v) During the financial year, Key Managerial Personnel (CFO) resigned from the Company with effect from 25.01.2018 and the Company had appointed new Key Managerial Personnel (CFO) with effect from 19.02.2018 as required under Section 203 of the Companies Act, 2013.
- (vi) During the financial year under review, the Company has declared final dividend @8% (Rs.0.80 per equity share) on its paid-up equity share capital at the Annual General Meeting held on 19.08.2017.
- (vii) During the financial year, the Company had filed compounding applications before the Hon'ble National Company Law Tribunal / Regional Director in response to Show Cause Notice issued by the Registrar of Companies for non-compliance of certain provisions of the Companies Act, 1956/2013 with reference to Inspection of Books and other records conducted under the provisions of Section 206(5) of the Companies Act, 2013 vide Letter No.ROC/CHN/20409/2016, dated 13th January, 2016.
- (viii) The Company had also received Show Cause Notice vide F.No.13(7)/2016 dated 05.04.2018 on 09.04.2018 from the Regional Director, Southern Region, Chennai seeking reply from the Company for non-compliance of certain provisions of the Companies Act, 1956/2013 with reference to Inspection Notice issued vide Letter No.ROC/CHN/20409/2016, dated 13th January, 2016 and the Company had submitted replies for the above notice on 17.04.2018.



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

G. Sreenivasa Rao
G. SREENIVASA RAO
(M.No.FCS-5691; C.P. No.4966)

Place: Dindigul
Date : 30th May, 2018

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: Dindigul
Date : 30th May, 2018



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

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



D. Sampathkumar & Co.,
Chartered Accountants

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NAGA LIMITED REPORT ON THE 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, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements")

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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and the statement of changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 standalone 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 there under.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone 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, 2018, and its profit including Other Comprehensive Income, its cash flows and the statement of changes in equity 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 purpose of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity 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 the Companies (Indian Accounting Standards) Rules, 2015 as amended.

e) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report. 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 standalone financial statements as referred to in Note 43 to the standalone financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Dindigul
Date: May 30, 2018



For D Sampathkumar & Co.,
Chartered Accountants
Firm Registration No. 03556S)
M K Ravindran (Partner)
M.No. 020887

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, 2018)

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

i) In respect of its fixed assets:

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us by the management of the Company, the title deeds of immovable properties, as disclosed in Note 4 to the standalone financial statements, are held in the name of the Company.

ii) In respect of its inventories:

- a) In our opinion the inventories have been physically verified during the year by the management at reasonable intervals.

- b) As per the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv) The Company has not granted any loans or 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) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Accordingly paragraph 3(v) of the Order is not applicable to the Company.
- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of Cost Records under sub-section 1 of Section 148 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examinations of the records.
- vii) In respect of statutory dues:
- 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.
 - 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 March 31, 2018 for a period of more than six months from the date they became payable.
 - 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, 2018 on account of disputes are given below:

Sl. No	Name of the Statute	Nature of Dues	Amount (Rs. in Cr.)	Period to which the amount relates	Forum where dispute is pending
1	The Tamil Nadu Tax on Consumption or sale of Electricity Act, 2003	Electricity Tax	0.56	2012-13 to 2016-17	Hon'ble Supreme Court of India
2	The Electricity Act 2003	Windmill banking adjustment	0.53	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) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) In our opinion and according to the information and explanations given to us the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions the Sections 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause 3(xiv) of the Order is not applicable.
- xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi) of the Order is not applicable to the Company.

Place : Dindigul
Date : May 30, 2018

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



M K Ravindran
(Partner)
M.No. 020887

**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 2018 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.

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, 2018, 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.

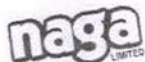
Place : Dindigul

Date : May 30, 2018

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 035565)



M K Ravindran
(Partner)
M.No. 020887



Standalone Balance Sheet as at March 31, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	174.78	165.69	139.77
Intangible Assets	4	1.51	-	-
Capital work in progress	5	24.14	1.73	6.27
Financial assets				
Investments	6	2.14	0.57	0.62
Other financial assets	7	1.35	2.89	4.09
Other non-current assets	8	5.21	3.94	4.45
Total non-current assets		209.13	174.82	155.20
Current assets				
Inventories	9	147.27	172.78	53.42
Financial assets				
Trade receivables	10	50.89	34.10	27.15
Cash and cash equivalents	11	5.52	9.39	2.52
Bank balances other than above	12	21.25	17.65	5.70
Loan	13	0.33	0.33	0.45
Other financial assets	14	0.00	0.00	1.28
Other current assets	15	28.56	31.80	2.96
Total current assets		253.82	266.05	93.48
Total Assets		462.95	440.87	248.68
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	14.25	14.25	14.25
Other equity	17	95.64	74.97	49.71
Total equity		109.89	89.22	63.96
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	123.69	77.93	79.53
Other financial liabilities	19	1.05	1.04	0.98
Provisions	20	1.67	1.38	0.00
Deferred Tax Liabilities (net)	21	18.70	16.08	16.31
Other non-current liabilities	22	0.00	0.07	0.07
Total non-current liabilities		145.11	96.50	96.89
Current liabilities				
Financial liabilities				
Borrowings	23	136.33	172.62	52.60
Trade payables	24	13.53	22.73	10.49
Other financial liabilities	25	20.50	18.46	21.00
Other current liabilities	26	35.95	36.88	3.70
Short Term Provisions	27	1.64	4.46	0.04
Total current liabilities		207.95	255.15	87.83
Total liabilities		353.06	351.65	184.72
Total Equity and Liabilities		462.95	440.87	248.68

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

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

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

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

Place : Dindigul
Date : May 30, 2018

As per our report of even date

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

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767





Standalone Statement of Profit & Loss for the year ended 31st March, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	28	893.92	652.47
Other income	29	8.95	2.70
Total income		902.87	655.17
B Expenses			
Cost of materials consumed	30	455.10	354.47
Purchases of stock in trade	31	248.10	146.82
Changes in inventories	32	(2.32)	(2.20)
Employee benefits expense	33	32.47	25.14
Depreciation and amortisation expense	34	25.29	21.41
Other expenses	35	75.26	48.33
Finance costs	36	31.98	22.98
Total expenses		865.88	616.95
C Profit before exceptional items and tax		36.99	38.22
Exceptional items		-	-
D Profit before tax from continuing operations		36.99	38.22
Income tax expense	37		
Current tax		12.15	12.60
Deferred tax charge/ (credit)		2.69	(0.14)
Profit for the year		22.15	25.76
E Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(0.18)	(0.25)
Income tax relating to these items		0.07	0.09
Other comprehensive income for the year, net of tax		(0.11)	(0.16)
Total comprehensive income for the year		22.04	25.60
Earnings per share	38		
Basic earnings per share		15.55	18.08
Diluted earnings per share		15.55	18.08

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

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

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

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

Place : Dindigul
Date : May 30, 2018

As per our report of even date

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

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767

Firm Regn. No.
003556 S
2434 1189
4264 1189

Standalone Cash Flow Statement for the year ended 31st March, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit before income tax	36.99	38.22
Adjustments for		
Bad debts written off	0.15	0.32
Depreciation and amortisation expense	25.29	21.41
(Profit)/ Loss on sale of fixed assets	(0.50)	(0.10)
Profit on sale of investments	(0.33)	(0.05)
Interest income	(1.60)	(0.65)
Finance costs	31.98	22.98
	<u>91.98</u>	<u>82.13</u>
Change in operating assets and liabilities		
(Increase)/ decrease in loans given	-	0.12
(Increase)/ decrease in other financial assets	1.54	1.15
(Increase)/ decrease in inventories	25.51	(119.38)
(Increase)/ decrease in trade receivables	(16.95)	(7.27)
(Increase)/ decrease in other assets	3.23	(29.10)
Increase/ (decrease) in provisions and other liabilities	1.32	31.82
Increase/ (decrease) in trade payables	(9.20)	12.24
Cash generated from operations	<u>97.43</u>	<u>(28.29)</u>
Less : Income tax paid (net of refunds)	<u>(14.90)</u>	<u>(7.57)</u>
Net cash from operating activities (A)	<u>82.53</u>	<u>(35.86)</u>
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(59.90)	(42.71)
Sale proceeds of PPE	0.63	0.18
(Purchase)/ disposal proceeds of investments	(1.23)	0.09
(Investments in)/ Maturity of fixed deposits with banks	(3.62)	(10.59)
Interest received	1.60	0.65
Net cash used in investing activities (B)	<u>(62.52)</u>	<u>(52.38)</u>



Standalone Cash Flow Statement for the year ended 31st March, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flows From Financing Activities		
Proceeds from issue of equity share capital (net of share application money)	-	-
Proceeds from/ (repayment of) long term borrowings	45.76	(1.59)
Proceeds from/ (repayment of) short term borrowings	(35.61)	117.60
Finance costs paid	(31.98)	(22.98)
Dividend paid (Including dividend distribution tax)	(1.37)	(0.34)
Net cash from/ (used in) financing activities (C)	(23.20)	92.68
Net decrease in cash and cash equivalents (A+B+C)	(3.19)	4.44
Cash and cash equivalents at the beginning of the financial year	6.14	1.70
Cash and cash equivalents at end of the year	2.95	6.14

Notes:


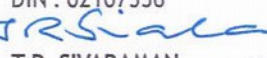
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".

2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	5.35	9.23
Cash on hand	0.17	0.16
Book Overdraft with Banks	(2.57)	(3.25)
	2.95	6.14

For and on behalf of the Board



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


MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

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

Place : Dindigul
Date : May 30, 2018

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

(Firm Registration No : 003556S)


M.K. RAVINDRAN
Partner

M.No: 020887


V. MARIKANNAN

Company Secretary

M.No. A30767



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Notes to the Financial statements

Company Background

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

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

2. Significant Accounting Policies and key accounting estimates and judgments

Significant Accounting Policies

2.1 Statement of Compliance

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

Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of the previous Indian Generally Accepted Accounting Principles (IGAAP) that includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01.04.2016. Please refer Note no 2.19 and Note No 50 for the details of exceptions and optional exemptions availed by the Company and principal adjustments along with related reconnections.

2.2 Basis of Preparation and Compliance

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

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

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

2.3 Current/Non-Current Classification

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

- (a) The asset / liability is expected to be realized / settled in the Company's normal operating cycle;

- (b) The asset is intended for sale or consumption;
- (c) The asset / liability is held primarily for the purpose of trading;
- (d) The asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (e) The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (f) In case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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

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

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

2.4 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

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

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

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

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

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as on April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises of purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

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

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

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

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

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

- (vi) Depreciation is recognized so as to write off the cost of assets (Other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

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

Asset	Years
Factory Buildings	30
Buildings (Other than factory buildings)	60
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power	8
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power (Other than continuous process plants)	15
Furniture and Fixtures	10
Vehicles - Motor Cycles, Scooter and Mopeds	10
Other vehicles	8
Office Equipment	5
IT Hardware -Server	6
-Other than Server	3

2.5 De-recognition of tangible and intangible assets

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

2.6 Impairment of tangible and intangible assets

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

to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

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

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

2.7 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for supply of goods or services net of returns, discounts, rebates and allowances.

(a) Sale of products

Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, and retains continuing neither managerial involvement nor effective control over the products sold and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(b) Dividend and Interest Income

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

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

(c) Insurance Claims

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

(d) Rental Income / Warehousing Charges

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

2.8 Ind AS 115- Revenue from contracts with customers

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

2.9 Inventories

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

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

2.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.11 Employee Benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service.

(b) Post-employment benefits

(i) Defined Contribution Plan

Contribution to Provident Fund(Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognized as expenses in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner.

(ii) Defined Benefit Plans

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

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurement of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit s liability / asset) , are recognized in Other Comprehensive Income and taken to retained earnings. (Such re-measurements are not classified to the Statement of Profit and Loss in the subsequent periods).

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

2.12 Provisions

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

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

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

2.13 Financial Instruments

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

2.14 Financial Assets

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

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

(a) Classification of financial Assets

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

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

All other financial assets are subsequently measured at fair value.

(b) Effective Interest Method

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

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

(c) Investment in Equity Instruments at FVTOCI

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

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

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Equity Instruments as Fair Value through Statement of Profit and Loss.

(d) Impairment of Financial Assets

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

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

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

For Trade receivable, Company applies “simplified approach” which requires expected life time losses to be recognized from initial recognition of these receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.

(e) Derecognition of Financial Assets:

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

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

- (a) Amortised cost, the gain or loss is recognized in the Statement of Profit and Loss.

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

2.15 Financial Liabilities and Equity Instruments

- (a) Classification as Debt or Equity

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

- (b) Equity Instruments

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

- (c) Financial Liabilities

All financial liabilities are initially recognized at the value of respective contractual obligations. Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the "Finance costs" line item.

- (d) De-recognition of Financial Liabilities

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

2.16 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

2.17 Foreign Currency Transactions

(a) Initial Recognition

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

(b) Measurement of foreign currency items at reporting date

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

(c) Recognition of exchange difference

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

2.18 Cash Flow Statement

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

2.19 First time adoption - Mandatory Exceptions, optional Exemptions

(a) Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

(b) Materiality

The Company has applied the Standards only to items / transactions which are material.

(c) Classification of Debt Instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(d) Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increase in credit risk

since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instrument in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(e) Deemed Cost for Property, Plant and Equipment

The Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognized as of April 1, 2016 (transition date) measured as per the previous IGAAP and use that carrying value as its deemed cost as of the transition date.

(f) Business Combinations

The Company elected not to apply “Ind As 103- Business Combinations” retrospectively for past business combinations.

2.20 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

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

(c) Current and Deferred Tax for the year

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

2.21 Events after reporting period

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

2.22 Financial and Management Information System

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

2.23 Segment Reporting

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

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

2.24 Earnings Per Share (EPS)

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

3. Key Accounting Estimates and Judgements

3.1 Use of Estimates

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

3.2 Key sources of estimation uncertainty

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

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

(a) Fair value measurement and valuation processes

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

(b) Useful life of Property, Plant and Equipment

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

(c) Cash Discounts

In accordance with Ind AS 18, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

(d) Actuarial Valuation

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

(e) Claims, Provisions and Contingent Liabilities

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

(f) Tax expense

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

Standalone Statement of Changes in Equity for the year ended 31st March, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	14.25
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	14.25
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	14.25

(B) Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	OCI	Total
Balance as at April 1, 2016	0.11	1.36	2.29	45.95	-	49.71
Additions/ (deductions) during the year	-	-	0.21	(0.21)	-	-
Total Comprehensive Income for the year	-	-	-	25.76	(0.16)	25.60
Dividend and tax thereon paid	-	-	-	(0.34)	-	(0.34)
Balance as at March 31, 2017	0.11	1.36	2.50	71.16	(0.16)	74.97
Additions/ (deductions) during the year	-	-	0.21	(0.21)	-	-
Total Comprehensive Income for the year	-	-	-	22.15	(0.11)	22.04
Dividend and tax thereon paid	-	-	-	(1.37)	-	(1.37)
Balance as at March 31, 2018	0.11	1.36	2.71	91.73	(0.27)	95.64

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board


K.S. KAMALAKANNAN

Chairman & Managing Director

DIN : 01601589


MAGESWARI KANNAN

Joint Managing Director

DIN : 02107556


T.R. SIVARAMAN

Chief Financial Officer

M.No:023228

Place : Dindigul

Date : May 30, 2018

As per our report of even date

For D Sampathkumar & Co.,

Chartered Accountants

(Firm Registration No : 003556S)


M.K. RAVINDRAN

Partner

M.No: 020887


V. MARIKANNAN

Company Secretary

M.No. A30767



Notes to Financial Statements for the year ended March 31, 2018
(All amounts are in Crores Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible							Intangible Software	Total
	Land	Buildings	Plant and Equipment	Electrical Installation	Furniture and fixture	Computer	Vehicles	Windmill /Solar	
Deemed Cost as at April 1, 2016									
Additions	9.26	23.40	65.75	7.00	0.15	2.56	3.55	28.10	139.77
Disposals	0.31	2.17	25.57	1.70	0.02	0.50	6.96	10.19	47.42
	-	-	-	-	-	-	(0.08)	-	(0.08)
Cost as at March 31, 2017	9.57	25.57	91.32	8.70	0.17	3.06	10.43	38.29	187.11
Additions	5.98	2.71	13.71	1.98	0.21	0.60	9.27	-	36.00
Disposals	-	-	-	-	-	-	(0.12)	-	(0.12)
Cost as at March 31, 2018	15.55	28.28	105.03	10.68	0.38	3.66	19.58	38.29	222.99
Depreciation/Amortisation									
Charge for the year	-	1.40	15.37	1.42	0.02	0.45	1.00	1.76	21.42
Ind AS Adjustments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	1.40	15.37	1.42	0.02	0.45	1.00	1.76	21.42
Charge for the year	-	1.47	16.88	1.63	0.08	0.69	2.30	2.20	25.28
Ind AS Adjustments	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	2.87	32.25	3.05	0.10	1.14	3.30	3.96	46.70
Net Block									
As at April 1, 2016	9.26	23.40	65.75	7.00	0.15	2.56	3.55	28.10	139.77
As at March 31, 2017	9.57	24.17	75.95	7.28	0.15	2.61	9.43	36.53	165.69
As at March 31, 2018	15.55	25.41	72.78	7.63	0.28	2.52	16.28	34.33	176.29

1. The Company has availed borrowings from Banks which carry charge over the assets of the Company (Refer Note No 47, towards Security)

2. Refer Note No.43 for Disclosure of Contractual Commitments for the acquisition of Property, Plant and Equipments.

3. The amount of borrowing costs capitalised during the year ended 31st March, 2018 was Rs.1.50 Cr. The Company has applied capitalisation rate of 9.75 % which is the effective rate of interest (EIR) of the specific borrowing.

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5 Capital Work-in-progress			
Capital Work in progress	24.14	1.73	6.27
	<u>24.14</u>	<u>1.73</u>	<u>6.27</u>
6 Non-current investments			
Trade Quoted			
Investments in Equity instruments Others FVTPL			
480 (Previous Year 480) Equity Shares of Rs. 10/- each in Indian Overseas Bank	0.00	0.00	0.00
1,500 (Previous Year 1,500) Equity Shares of Rs. 10/- each in Vijaya Bank	0.00	0.01	0.00
Investments in Mutual Funds FVTPL			
194490 (Previous Year 3,65,700) Units of Rs. 10/- each in Reliance Equity -Advantage Fund	0.02	0.46	0.52
Trade Unquoted			
Investments in Associate Companies* (At Cost)			
10,400 (Previous Year 10,400) Equity Shares of Rs. 100/- each in Annai Power Private Limited	0.10	0.10	0.10
26,000 (Previous Year Nil) Equity Shares of Rs. 10/- each in Nagalakshmi Energy Private Limited	0.02	-	-
Investments in Subsidiary Companies* (At Cost)			
10000 (Previous Year Nil) Equity Shares of SGD 10/- each in Naga Far East Private Limited	0.49	-	-
1000 (Previous Year Nil) Equity Shares of BDT 10/- each in Naga Mills Private Limited	0.00	-	-
Share Application Money in Naga Mills Private Limited	0.01	-	-
Investments in Equity instruments Others FVTPL			
21960 Class A Equity Shares of Rs. 10/- each in Mojro Technologies Private Limited	1.50	-	-
*Refer note 50 A (2) for information about valuation of investment in associates			
Total non-current investments	<u>2.14</u>	<u>0.57</u>	<u>0.62</u>
Aggregate amount of quoted investments	0.02	0.47	0.52
Aggregate market value of quoted investments	0.02	0.47	0.52
Aggregate cost of unquoted investments	2.12	0.10	0.10
Aggregate amount of impairment in value of investments	-	-	-
Category wise Non-Current investments			
Financial Assets measured at amortized cost	-	-	-
Financial Assets measured at cost	0.62	0.10	0.10
FVTPL	1.52	0.47	0.52
FVOCI	-	-	-
7 Other non-current financial assets			
(Unsecured, considered good)			
Security Deposits	1.35	2.89	2.76
Bank deposits maturing after 12 months from the reporting date	-	-	1.33
	<u>1.35</u>	<u>2.89</u>	<u>4.09</u>
8 Other non-current assets			
(Unsecured, considered good)			
Deferred Trade Receivable	-	-	-
Capital advances	4.15	2.73	2.90
Advance income-tax and Tax Deducted at Source	-	0.16	0.76
Rent deposits	0.95	0.33	0.14
Statutory and other deposits	0.11	0.72	0.65
	<u>5.21</u>	<u>3.94</u>	<u>4.45</u>

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9 Inventories *			
Raw Materials	129.04	158.88	42.76
Finished products and Stock-In-Progress	8.99	6.68	4.47
Packing materials	3.10	2.89	2.19
Stores and spares	6.14	4.33	4.00
	<u>147.27</u>	<u>172.78</u>	<u>53.42</u>
* For method of valuation please refer note no 2.9			
Please refer Note 23 for security created on Inventories			
10 Trade receivables			
(Unsecured, considered good)			
Outstanding for a period exceeding six months from the due date of Payment	0.54	1.06	1.33
Other debts	<u>50.35</u>	<u>33.04</u>	<u>25.82</u>
	<u>50.89</u>	<u>34.10</u>	<u>27.15</u>
Less : Allowance for expected Credit loss	-	-	-
	<u>50.89</u>	<u>34.10</u>	<u>27.15</u>
11 Cash and cash equivalents			
Cash- on- Hand	0.17	0.16	0.26
Balances with Banks			
In Current Account	<u>5.35</u>	<u>9.23</u>	<u>2.26</u>
	<u>5.52</u>	<u>9.39</u>	<u>2.52</u>
12 Other Bank Balances			
In fixed deposits	-	-	-
In Margin money with Banks			
Maturing within 12 months from the reporting date	21.23	17.62	5.66
More than 12 months	-	-	-
In Earmarked Accounts			
Unpaid Dividend Account	<u>0.02</u>	<u>0.03</u>	<u>0.04</u>
	<u>21.25</u>	<u>17.65</u>	<u>5.70</u>
13 Current assets: Financial assets - Loans			
(Unsecured, considered good)			
Loans and advances to employees	<u>0.33</u>	<u>0.32</u>	<u>0.45</u>
	<u>0.33</u>	<u>0.32</u>	<u>0.45</u>
14 Other current financial assets			
(Unsecured, considered good)			
Forward contract receivable	-	-	1.28
	<u>-</u>	<u>-</u>	<u>1.28</u>
15 Other current assets			
(Unsecured, considered good)			
Conversion charges receivable	-	2.48	0.57
Income receivable	-	-	-
Service Tax receivable	-	0.18	0.14
Modvat receivable	-	0.43	0.20
Advance recoverable in cash or in kind	28.52	28.70	2.04
Advances to Subsidiaries/Associate Companies *	<u>0.04</u>	<u>0.01</u>	<u>0.01</u>
* Loans are given for business purpose			
	<u>28.56</u>	<u>31.80</u>	<u>2.96</u>

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16 Capital			
Authorised Share Capital			
2,75,00,000 Equity Shares of Rs 10/- each	27.50	27.50	27.50
	<u>27.50</u>	<u>27.50</u>	<u>27.50</u>
Issued, Subscribed and fully paid up Share Capital			
1,42,48,000 Equity Shares of Rs10/- each fully paid (Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash)	14.25	14.25	14.25
	<u>14.25</u>	<u>14.25</u>	<u>14.25</u>

Notes:

(a) **Reconciliation of number of equity shares subscribed**

At the Beginning and at the End	<u>14248000</u>	<u>14248000</u>	<u>14248000</u>
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(b) **Shareholders holding more than 5% of the total share capital**

Name of the share holder	March 31, 2018		March 31, 2017		April 1, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Sri. K.S. Kamalakannan	60,70,570	43%	60,70,570	43%	60,70,570	43%
Smt. Mageswari Kannan	18,55,220	13%	18,55,220	13%	18,55,220	13%
M/s. Pluris Global Holding (India) Ltd.,	14,10,567	10%	14,10,567	10%	13,50,725	9%
M/s. Lakme Investment & Finance Ltd.,	12,45,965	9%	12,45,965	9%	11,72,975	8%
M/s. M.M.Detergents Company (P) Ltd.,	10,24,000	7%	10,24,000	7%	10,24,000	7%
Sri. Sounder Kannan	8,17,855	6%	8,17,855	6%	8,17,855	6%

Terms/Rights attached to Equity Shares

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

17 Other Equity

Capital Reserves	0.11	0.11	0.11
Securities Premium Account	1.36	1.36	1.36
General Reserve	2.71	2.50	2.29
Profit and Loss Account	91.73	71.16	45.95
Other Comprehensive Income	(0.27)	(0.16)	-
Total	<u>95.64</u>	<u>74.97</u>	<u>49.71</u>

a) **Capital Reserve**

Balance at the beginning and end of the year	<u>0.11</u>	<u>0.11</u>	<u>0.11</u>
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b) **Securities Premium Reserve**

Balance at the beginning and end of the year	<u>1.36</u>	<u>1.36</u>	<u>1.36</u>
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c) **General Reserve**

Balance at the beginning of the year	2.50	2.29	2.29
Additions during the year	0.21	0.21	-
Deductions/Adjustments during the year	-	-	-
Balance at the end of the year	<u>2.71</u>	<u>2.50</u>	<u>2.29</u>

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
d) Retained earnings			
Balance at the beginning of the year	71.16	45.95	53.73
Net profit for the period	22.15	25.75	-
Transfers to General Reserve	(0.21)	(0.21)	-
Dividend paid during the year	(1.14)	(0.27)	-
Tax paid on proposed dividend	(0.23)	(0.06)	-
Ind AS adjustments	-	-	(7.78)
Balance at the end of the year	<u>91.73</u>	<u>71.16</u>	<u>45.95</u>
e) Other Comprehensive Income			
Balance at the beginning of the year	(0.16)	-	-
Additions during the year	(0.11)	(0.16)	-
Deductions/Adjustments during the year	-	-	-
Balance at the end of the year	<u>(0.27)</u>	<u>(0.16)</u>	<u>-</u>
18 Long Term Borrowings*			
Secured - At Amortized Cost			
Term loans from Banks	115.70	63.66	51.05
Term loans from Financial Institutions	3.16	0.04	0.15
Unsecured - At Amortized Cost			
Term loans from Banks	-	-	9.71
Term loans from Financial Institutions	2.82	7.82	-
Loans and Advances from Related Parties	2.01	6.41	18.62
	<u>123.69</u>	<u>77.93</u>	<u>79.53</u>
* Refer Note 47 for repayment terms and security details			
19 Other non current financial liabilities			
Rental and Lease Advances	1.05	1.04	0.98
	<u>1.05</u>	<u>1.04</u>	<u>0.98</u>
20 Provisions (Non-current)			
Provision for gratuity - Directors	1.51	1.19	-
Provision for gratuity - Employees	0.16	0.19	-
	<u>1.67</u>	<u>1.38</u>	<u>-</u>
21 Deferred Tax Liability/ (Asset) - Net			
	As at March 31, 2017	Recognised in P&L during 2017-18	OCI 2017-18
As at March 31, 2018			As at March 31, 2018
Deferred Tax Liabilities			
Difference between written down value /			
Capital Work in Progress of Fixed			
Assets as per books of accounts	16.17	2.69	-
and Income Tax Act, 1961.			
Total	16.17	2.69	-
Deferred Tax Assets			
Expenses allowed on payment	0.09	-	0.07
Total	0.09	-	0.16
Deferred Tax Liabilited (Net)	<u>16.08</u>	<u>2.69</u>	<u>(0.07)</u>
			<u>18.70</u>

Notes to Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2017	Recongnised in P&L during 2016-17	OCI 2016-17	As at March 31, 2017
As at 31.03.2017				
Deferred Tax Liabilites				
Difference between written down value/ Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961.	16.31	(0.14)	-	16.17
Total	16.31	(0.14)	-	16.17
Deferred Tax Assets				
Expenses allowed on payment	-	-	0.09	0.09
Total	-	-	0.09	0.09
Deferred Tax Liabilited (Net)	16.31	(0.14)	(0.09)	16.08
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
22 Other Non-current Liabilities				
Payable in respect of Fixed Assets	-	0.07	0.07	
	<u>-</u>	<u>0.07</u>	<u>0.07</u>	
23 Current liabilities - Financial Liabilities: Borrowings				
a) Secured - At Amortised Cost				
From banks *	136.33	167.62	47.60	
b) Unsecured - At Amortised Cost				
From banks **	-	5.00	5.00	
	<u>136.33</u>	<u>172.62</u>	<u>52.60</u>	
* Secured by pari-passu charge on inventories and trade receivables and are repayable on demand				
** Secured by personal guarantees of some of the Directors of the Company				
24 Trade payables				
Trade payables **	13.53	22.73	10.49	
	<u>13.53</u>	<u>22.73</u>	<u>10.49</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 disclosure have been made in the accounts.				
25 Other current financial liabilities				
Forward contract payable	0.18	0.84	-	
Current maturities of long-term borrowings	17.75	14.37	20.18	
Book Overdraft with Banks	2.57	3.25	0.82	
	<u>20.50</u>	<u>18.46</u>	<u>21.00</u>	
26 Other current liabilities				
Unclaimed /Unpaid dividends	0.02	0.03	0.04	
Statutory Dues Payable to government authorities	3.92	-	-	
Advances received for supply of goods	26.70	32.83	0.67	
Expenses Payable	-	1.24	1.35	
Commission Payable	1.79	0.40	0.14	
Statutory Dues Payable to government authorities	3.52	2.38	1.50	
	<u>35.95</u>	<u>36.88</u>	<u>3.70</u>	
27 Provisions (Current)				
Provision for gratuity *	0.13	0.04	0.04	
Provision for taxation (Net of Advance Tax)	1.51	4.42	-	
* Refer Note No.48	<u>1.64</u>	<u>4.46</u>	<u>0.04</u>	

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
28 Revenue from operations		
Sale of Products		
Manufactured Products		
Wheat and Wheat Products	564.48	425.36
Minerals	37.08	27.39
Traded Goods		
Wheat and Minerals	<u>251.43</u>	<u>161.18</u>
	<u>852.99</u>	<u>613.93</u>
Sale of services		
Grinding Charges	3.37	0.64
Conversion Charges	31.85	30.85
Warehousing Charges	1.92	1.86
Weighbridge Income	0.48	0.56
Lorry Income	<u>2.47</u>	<u>2.09</u>
	<u>40.09</u>	<u>36.00</u>
Other Operating Income		
Sale of scrap	<u>0.84</u>	<u>2.54</u>
	<u>893.92</u>	<u>652.47</u>
29 Other income		
Interest Income	1.60	0.65
Profit on sale of fixed assets (net)	0.50	0.10
Profit on sale of Investments (net)	0.33	0.05
Gain on fair valuation of investments	-	0.10
Rent Receipts	3.86	1.64
Others - miscellaneous receipts	2.00	0.16
MTM gain on forward contracts	<u>0.66</u>	<u>-</u>
	<u>8.95</u>	<u>2.70</u>
30 Cost of materials consumed		
Wheat	433.08	336.38
Minerals	<u>22.02</u>	<u>18.09</u>
	<u>455.10</u>	<u>354.47</u>
31 Purchases of Stock in Trade		
Wheat	247.58	146.82
Minerals	<u>0.52</u>	<u>-</u>
	<u>248.10</u>	<u>146.82</u>
32 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Stock		
Wheat Products	5.10	3.63
Minerals	<u>1.58</u>	<u>0.84</u>
	<u>6.68</u>	<u>4.47</u>
Closing Stock		
Wheat Products	8.13	5.09
Minerals	<u>0.87</u>	<u>1.58</u>
	<u>9.00</u>	<u>6.67</u>
Total changes in inventories	<u>(2.32)</u>	<u>(2.20)</u>

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
33 Employee benefits expense		
Salaries, wages and bonus	25.27	18.50
Contribution to provident and other funds *	2.23	3.16
Staff Welfare Expenses	1.45	1.32
Directors' Remuneration	3.52	2.16
* Refer Note No.48(1)		
	<u>32.47</u>	<u>25.14</u>
34 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	25.29	21.41
Amortization of Intangible assets	-	-
	<u>25.29</u>	<u>21.41</u>
35 Other expenses		
Manufacturing Expenses		
Production Expenses	8.52	7.51
Power and Fuel	8.60	5.91
Repairs to Machinery	8.88	6.36
Laboratory Expenses	0.09	1.06
(A)	<u>26.09</u>	<u>20.84</u>
Selling and Distribution Expenses		
Advertisement	1.38	1.69
Brokerage and Commission	0.72	0.31
Discount & Claims and Settlement	0.87	1.16
Sales Promotion	2.30	2.14
Freight and Handling	12.34	2.56
(B)	<u>17.61</u>	<u>7.86</u>
Establishment Expenses		
Annual Maintenance Charges	1.71	1.67
Bank Charges and Commission	2.22	2.69
Foreign Currency Fluctuation	0.09	-
Bad Debts	0.15	0.32
Repairs to Buildings	1.44	0.73
Printing & Stationery	0.29	0.24
Subscription	0.04	0.02
Telephone	0.30	0.33
Professional Charges	2.08	1.10
Payments to auditors [refer note 35 (a)]	0.04	0.05
Directors' Sitting Fees	0.02	0.01
Security Charges	1.07	0.79
Legal Expenses	0.11	0.04
Donations	0.42	0.10
Travelling & Vehicle Maintenance	12.17	6.51
Insurance	0.96	0.72
Rates, Licence and Taxes	1.11	0.69
Pooja Expenses	0.08	0.07
Postage	0.03	0.04
Computer Maintenance	0.30	0.10
Rent & Electricity	4.84	0.81
CSR Expenses [refer note 35 (b)]	0.17	0.14
Windmill Expenses	1.34	0.33
R & D Expenses	0.03	-
MTM loss on forward contract	-	2.12
Loss on fair valuation of investments	0.30	-
Other expenses	0.25	0.01
(C)	<u>31.56</u>	<u>19.63</u>
Total Other Expenses (A+B+C)	<u>75.26</u>	<u>48.33</u>

Notes to Financial Statements for the year ended March 31, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
35(a) Payment to auditors		
As Auditors	0.03	0.04
Taxation Matters	0.01	0.01
	<u>0.04</u>	<u>0.05</u>
35(b) Expenditure on Corporate Social Responsibility		
Gross amount required to be spent on Corporate Social Responsibility during the year	<u>0.39</u>	<u>0.22</u>
Amount spent during the year on		
(i) Construction and/ or acquisition of any asset	-	-
(ii) Other purposes [other than (i) above]	<u>0.17</u>	<u>0.14</u>
	<u>0.17</u>	<u>0.14</u>
Amount unspent during the year	<u>0.22</u>	<u>0.08</u>
36 Finance Cost *		
Interest Paid - Banks	28.80	21.56
- Others	3.18	1.42
* Finance Cost is net of interest capitalised of Rs. 1.50 Cr	<u>31.98</u>	<u>22.98</u>
37 Income tax expense		
(a) Major Components of Income Tax Expenses		
Current tax		
Current tax on the Taxable Income for the year	<u>12.15</u>	<u>12.60</u>
	<u>12.15</u>	<u>12.60</u>
Deferred tax Comprises		
Deferred Tax Liabilities on account of Depreciation	<u>2.69</u>	<u>(0.14)</u>
	<u>2.69</u>	<u>(0.14)</u>
Income tax expense	<u>14.84</u>	<u>12.46</u>
b) Reconciliation of Tax Expense and the Accounting Profit for the year is as under :		
Enacted income tax rate in India applicable to the Company	34.61%	34.61%
Profit Before Tax	<u>36.99</u>	<u>38.22</u>
Current tax expense on profit before tax at the enacted Income Tax rate in India	<u>12.80</u>	<u>13.22</u>
Tax effect of the amounts which are not deductible/ (taxable) in calculated taxable income	<u>(0.65)</u>	<u>(0.62)</u>
Income tax expense	<u>12.15</u>	<u>12.60</u>
Effective Rate of Tax	32.84%	32.97%
38 Earnings per share		
Profit for the year attributable to owners of the Company	22.15	25.76
Weighted average number of ordinary shares outstanding	14248000	14248000
Basic earnings per share (Rs)	15.55	18.07
Diluted earnings per share (Rs)	15.55	18.07
39 Earnings in foreign currency		
FOB value of exports	<u>0.93</u>	<u>-</u>
	<u>0.93</u>	<u>-</u>
40 Expenditure in foreign currency		
Interest	2.41	1.06
Professional / Technical Fees	0.15	-
Investment in subsidiaries	<u>0.50</u>	<u>-</u>
	<u>3.06</u>	<u>1.06</u>

Notes to Financial Statements for the year ended March 31, 2018

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

41 Value of Imports (on C.I.F basis)

Raw Materials	235.02	348.50
Component and Spares	0.65	0.91
Capital Goods	4.31	7.62
	<u>239.98</u>	<u>357.03</u>

42 Value of imported and indigenous Raw materials, Packing materials consumed and Consumable Spares during the financial year and the percentage of each to the total consumption

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs.in Crores	Percentage (%)	Rs.in Crores	Percentage (%)
Value of raw materials consumed				
Imported	278.55	61.21	215.81	60.88
Indigenous	176.55	38.79	138.65	39.12
	<u>455.10</u>	<u>100.00</u>	<u>354.46</u>	<u>100.00</u>

43 Contingent liabilities and Commitments

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Contingent Liability		
1. Counter Guarantees	99.50	125.69
2. Disputed Electricity Tax-Pending before Hon'ble Supreme Court	0.56	0.39
3. Disputed Windmill banking adjustments pending before Hon'ble High Court of Madras	0.53	0.53
b) Commitments		
1. Estimated amount of Contracts remaining to be executed on Capital account not provided for	2.81	-
c) Commitments		
1. The Company has filed compounding applications and representations before NCLT/ RD, ROC in response to Show Cause Notices issued by the ROC for non-compliance of certain provisions of the Companies Act, 1956/ 2013, based on inspection conducted u/s 209(A)/206(5) of the Companies Act 1956/2013.	0.02	-

44 Operating Segments

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

45 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessor		
The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Total lease income recognised in the Statement of Profit and Loss	3.86	1.64

Notes to Financial Statements for the year ended March 31, 2018

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

46 Financial Instruments

Capital Management

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

The Following table summarises the capital of the Company:

	March 31, 2018	March 31, 2017	April 1, 2016
Equity	109.89	89.22	63.96
Debt	277.77	264.92	152.30
Cash and Cash Equivalents	26.77	27.04	8.22
Net Debt	251.00	237.88	144.08
Total Equity(Equity + Net Debt)	360.89	327.10	208.04
Net Debt to Capital Ratio (No of Times)	0.70	0.73	0.69

Categories of Financial Instruments	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets			

a. Measured at amortised cost

Other non-current financial assets	1.35	2.89	4.09
Trade receivables	50.89	34.10	27.15
Cash and cash equivalents	5.52	9.39	2.52
Bank balances other than above	21.25	17.65	5.70
Loans given (current)	0.33	0.33	0.45

b. Mandatorily measured at fair value through profit or loss (FVTPL)

Investments (non-current)	2.14	0.57	0.62
Derivative instruments	-	-	1.28

Financial liabilities

a. Measured at amortised cost

Borrowings (Non-current)	123.69	77.93	79.53
Other non-current financial liabilities	1.05	1.04	0.98
Borrowings (Current)	136.33	172.62	52.60
Trade payables	13.53	22.73	10.49

b. Mandatorily measured at fair value through profit or loss (FVTPL)

Derivative instruments	0.18	0.84	-
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Notes to Financial Statements for the year ended March 31, 2018

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

Financial risk management

Objectives and Policies

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

1. Market Risk

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

a) Interest rate exposure

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant Rupee Term Loan at floating rate of interest. The Company has not entered into any of the interest rate swaps and hence is exposed to interest rate risk

Interest rate sensitivity Analysis

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

Impact on Profits before Tax	March 31, 2018	March 31, 2017
Interest rates - Increase by 25 basis points	(0.35)	(0.21)
- Decreased by 25 basis points	0.35	0.21

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

b) Foreign Currency risk exposure

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

Notes to Financial Statements for the year ended March 31, 2018

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

c) Other price risk

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

Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2018 (all amounts are in Crores)

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

As on March 31, 2017 (all amounts are in Crores)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged Using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged Using derivatives	Net asset exposure on the currency	
USD	0.19	0.19	-	-	-	-	-
CHF	0.08	0.08	-	-	-	-	-
EUR	0.02	0.02	-	-	-	-	-
In INR	19.08	19.08	-	-	-	-	-

As on March 31, 2016 (all amounts are in Crores)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged Using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged Using derivatives	Net asset exposure on the currency	
USD	0.13	0.13	-	-	-	-	-
GBP	-	-	-	-	-	-	-
EUR	0.02	0.02	-	-	-	-	-
In INR	9.71	9.71	-	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2018

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

2 Credit Risk

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

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

3 Liquidity Risk

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

Financial arrangements

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

	Rs. In Crores	
	March 31, 2018	March 31, 2017
Expiring within one year	89.67	108.38
Expiring beyond one year	-	-

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

Notes to Financial Statements for the year ended March 31, 2018

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

47 Details of Long Term Borrowings

Repayment Terms and Security Details of Long Term Borrowings

- (i) Term loan from The Standard Chartered Bank amounting to Rs.41.48 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs.12.10 Crores) 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 Vendasandur and personal assets of some of the Executive Directors. External commercial borrowings is fully hedged.
- (ii) Term loan from The ICICI Bank Limited amounting to Rs.7.82 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 0.34 Crores) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (iii) Term loan from The HDFC Bank Limited amounting to Rs. 34.88 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 30.49 Crores) is primarily secured on the assets purchased under the loan and personal assets of some of the Executive Directors.
- (iv) Term loan from The IDBI Bank Limited amounting to Rs.18.66 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year - Nil) is primarily secured on the land and building situated at No.133, Trichy Road, Dindigul-624005.
- (v) Term loan from The Karur Vysya Bank Limited amounting to Rs.3.75 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 6.75 Crores) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.
- (vi) Term loan from The Canara Bank amounting to Nil outstanding as at 31.03.2018 (Previous year Rs. 2.12 Crores) is primarily secured by hypothecation of the assets purchased under the loan and collaterally secured on the personal assets of some of the Executive Directors.
- (vii) Term loan from The State Bank of India amounting to Rs.16.42 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs.16.78 Crores) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.
- (viii) Term loan from IndusInd Bank Ltd amounting to Rs.8.87 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 9.34 Crores) is primarily secured by hypothecation on the assets purchased under the loan and land at Seelapadi Village, Dindigul.
- (ix) Term loan from Daimler Benz amounting to Rs.0.04 Crores outstanding as at 31.03.2018 (Previous year Rs. 0.15 Crores) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (x) Term loan from Fullerton India Credit Company Limited amounting to Rs. 4.70 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 5.00) is secured on the personal assets of some of the Executive Directors.
- (xi) Term loan from Bajaj Finance Limited amounting to Rs.2.82 Crores outstanding as at 31.03.2018 (Previous year Rs.2.82 Crores) is secured on the personal assets of some of the Executive Directors.

Note:

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

Notes to Financial Statements for the year ended March 31, 2018

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

48 Retirement benefit plans

1. Defined contribution plans

The Company makes Provident Fund which is defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the pay roll costs to fund the benefit. The Company recognised Rs 2.23 Cr (year ended 31.03.2017 Rs 3.16 Cr) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

2. Defined benefit plans

a) Gratuity

Gratuity to employees (funded) and Gratuity to Directors(non funded), the most recent actuarial valuation of the plan assets and in respect gratuity to employees and directors scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan (Employees) and Gratuity(Directors) of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the Gratuity (Employees) benefit through annual contribution and provision is made annually for Gratuity to Directors. The risks are as follows:

b) Compensated Absense

As per the policy of the Company the Compensated Absense is not accumulated

Investment risk	The probability or likelihood of occurrence of losses relating to the expected return on any particular investment.
Interest risk	The Plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of liability. (as shown in financial statements). A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan particulars in future, based on past experience. Deviation in the rate increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plans liability.
Demographic Risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions.

Notes to Financial Statements for the year ended March 31, 2018

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

Sl No	Particulars	Post Employment Benefit			
		Gratuity-Employees		Gratuity-Directors	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
i	Changes in Defined Benefit Obligation				
	Present Value-Opening Balance	1.71	1.26	1.28	-
	Current Service Cost	0.25	0.22	0.23	-
	Interest Cost	0.11	0.10	-	-
	Past services cost	0.08	-	-	1.28
	Actuarial (Gains) Losses	0.17	0.24	-	-
	Benefits Paid	(0.25)	(0.11)	-	-
	Present Value- Closing Balance	2.07	1.71	1.51	1.28
ii	Changes in Fair value of Plan Assets				
	Opening Balance	1.47	1.16	-	-
	Expected Return	0.15	0.12	-	-
	Actuarial (Gain) /Loss	(0.01)	(0.01)	-	-
	Contributions by Employer	0.42	0.31	-	-
	Benefits Paid	(0.25)	(0.11)	-	-
	Closing Balance	1.78	1.47	-	-
iii	Amount recognised in the Balance Sheet (as at the Year end)				
	Present Value of Obligations	2.07	1.71	1.51	1.28
	Fair Value of Plan Assets	1.78	1.47	-	-
	Net Asset/(Liability) Recognised	0.29	0.24	1.51	1.28
iv	Expenses recognised in the Statement of Profit and Loss				
	Current Service Cost	0.25	0.22	0.23	1.28
	Interest on Obligation	0.15	(0.11)	-	-
	Total included in Employee Benefit Expenses	0.40	0.11	0.23	1.28
v	Expenses recognised in other Comprehensive Income				
	Remeasurement on the net defined benefit Liability	(0.18)	(0.25)		
	Actuarial gains and losses arising from changes in financial assumptions	-	-		
	Actuarial gains and losses arising from changes in experience adjustments	-	-		
	Return on Plan assets	-	-		
	Net Cost in other comprehensive Income	(0.18)	(0.25)		
	Asset Information				
	Insurer Managed	100%	100%	NA	NA
	Principal Actuarial Assumptions				
	Discount Rate(%)	7.71%	7.20%		
	Future Salary Increase(%)	5.00%	5.00%		
	Expected Rate of Return on Plan Assets(%)	7.50%	9.30%		
	Expected average remaining life of employees Years	14.70	16.80		
	Expected Contribution(Rs in Cr)	-	-		

Notes to Financial Statements for the year ended March 31, 2018

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

49 Related party disclosure

a) List of parties having significant influence

Holding company The Company does not have any holding company

Subsidiaries and joint ventures Naga Far East Private Limited
Naga Mills Private Limited

Associate Companies Annai Power Private Limited
Nagalakshmi Energy Private Limited

Key management personnel

Sri. K.S. Kamalakannan	Chairman and Managing Director
Smt. Mageswari Kannan	Joint Managing Director
Sri. Sounder Kannan	Whole Time Director
Sri. D. Vijay Anand	Director (Technical) (w.e.f 21.08.2017)
Sri. T.Nagarajan	Chief Financial Officer (upto 25.01.2018)
Sri. T.R.Sivaraman	Chief Financial Officer (from 19.02.2018)
Sri. V. Marikannan	Company Secretary

Directors

Sri. L.A.Irudayaraj	Independent Director
Dr. K.Venkatachalam	Independent Director
Sri. S.Ramesh	Independent Director
Sri. S.Neelakantan	Independent Director (w.e.f 21.08.2017)

Relatives of Key Managerial Personnel

Smt. Lakshmi Vijayanand
Smt. Monaa Kannan
Ms. M. Jayalalitha
Sri. M. Sukumar
Sri. A.M. Gopinath (Prop. Anugraha International)
Smt. Andal Gopinath

Enterprises over which key managerial are able to exercise significant influence

Rohini Enterprises
Nagalakshmi Charitable Trust
Naga Marine Industries Limited
M.M. Detergents Company Private Ltd.,
Naga Mills Limited

Notes to Financial Statements for the year ended March 31, 2018

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

b) Transaction during the year

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	M/s. Annai Power Private Limited Wind Power Charges paid Rent Paid	0.21 1.67	0.15 -
2	Sri. K.S. Kamalakannan Remuneration Provision for gratuity * Rent Paid Interest Paid Dividend Paid Unsecured Loan - Received - Paid	1.48 0.09 0.56 1.34 0.49 19.95 24.39	0.88 0.64 0.28 1.04 0.49 12.46 24.35
3	Smt. Mageswari Kannan Remuneration Provision for gratuity * Interest Paid Dividend Paid Unsecured Loan - Received - Paid	0.85 0.08 0.12 0.15 0.82 0.25	0.65 0.42 0.19 0.15 1.30 2.30
4	Sri. Sounder Kannan Remuneration Dividend Paid Provision for gratuity * Rent Paid Interest Paid Unsecured Loan - Received - Paid	0.85 0.07 0.04 0.09 0.11 1.97 2.48	0.64 0.07 0.22 0.09 0.11 1.86 1.19
5	Sri. T.Nagarajan Remuneration	0.20	0.19
6	Sri. T.R. Sivaraman Remuneration	0.02	-
7	Sri. V. Marikannan Remuneration	0.09	0.07
8	Sri. D. Vijayanand Salary Remuneration Provision for gratuity *	0.17 0.51 0.02	0.32 - -
9	Smt. Lakshmi Vijay Anand Salary Dividend Paid	0.24 0.03	0.20 0.03
10	Smt. Monaa Kannan Salary	0.24	0.20
11	Ms. M. Jayalalitha Salary	0.24	0.20
12	Sri. M. Sukumar Salary	0.15	0.12
13	Sri. A.M.Gopinath (Prop. Anugraha International) Commission Paid	0.08	0.02

Notes to Financial Statements for the year ended March 31, 2018

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

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
14	Smt.Andal Gopinath Commission Paid	0.02	0.01
15	Naga Mills Limited Rental Income	0.00	0.00
16	Naga Marine Industries Limited Rent Paid	0.12	0.05
17	Nagalakshmi Charitable Trust Donation	0.40	0.09
18	Nagalakshmi Energy Private Limited Freight Charges Paid	0.01	-
19	M.M. Detergents Company Private Limited Purchases	41.02	34.02
	Sales	25.18	-
	Rental Income	0.04	-
	Reimbursement of Expenses	1.85	-
	Plant and Machinery rent and maintenance expenses	0.08	0.01
	Processing Income	0.08	0.05

* Gratuity entitlement is provided but not drawn by the Managerial persons.

c) Balances at the end of the year

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Sri. K.S. Kamalakannan Unsecured Loans	0.18	4.62
	Remuneration payable	1.51	0.88
2	Smt. Mageswari Kannan Unsecured Loans	1.18	0.61
	Remuneration payable	0.89	0.66
3	Sri. Sounder Kannan Unsecured Loans	0.65	1.16
	Remuneration payable	0.65	0.47
4	Sri. D. Vijay Anand Remuneration payable	0.25	-
5	Naga Mills Private Limited Other Receivables	0.02	-
6	Naga Far East Private Limited Other Receivables	0.02	-
7	M.M. Detergents Company Private Limited Debtors & Others Receivables	17.81	0.01
	Creditors & other payables	-	9.77

Notes to Financial Statements for the year ended March 31, 2018

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

D) Transaction summary with related parties

Particulars	Subsidiaries	Associate Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises Over Key Managerial are able to exercise	Total
Sales	- -	- -	- -	- -	25.18 -	25.18 -
Purchases	- -	- -	- -	- -	41.02 34.02	41.02 34.02
Wind Power Charges paid	- -	0.21 0.15	- -	- -	- -	0.21 0.15
Processing income	- -	- -	- -	- -	0.08 0.05	0.08 0.05
Lease rent (Plant & Machinery)	- -	- -	- -	- -	0.08 0.01	0.08 0.01
Remuneration/Salary	- -	- -	4.00 2.43	1.04 1.04	- -	5.04 3.47
Provision for gratuity	- -	- -	0.21 1.30	- -	- -	0.21 1.30
Rental Income	- -	- -	- -	- -	0.04 -	0.04 -
Rent Paid	- -	1.67 -	0.65 0.37	- -	0.12 0.05	2.44 0.42
Freight charges paid	- -	0.01 -	- -	- -	- -	0.01 -
Interest Paid on loan	- -	- -	1.57 1.34	- -	- -	1.57 1.34
Commission paid	- -	- -	- -	0.10 0.03	- -	0.10 0.03
Dividend paid	- -	- -	0.71 0.71	0.03 0.03	- -	0.74 0.74
Donation	- -	- -	- -	- -	0.40 0.09	0.40 0.09
Investment in equity shares	0.49 -	0.12 0.10	- -	- -	- -	0.61 0.10
Share application money pending allotment	0.01 -	- -	- -	- -	- -	0.01 -
Loan received during the year	- -	- -	22.74 15.62	- -	- -	22.74 15.62
Loan paid during the year	- -	- -	27.12 27.84	- -	- -	27.12 27.84
Debtors & Other Receivables	0.04 -	- -	- -	- -	17.81 0.01	17.85 0.01
Creditors & Other Payables	- -	- -	3.30 2.01	- -	- 9.77	3.30 11.78

Note : Figures in italics represent previous year's amounts

Notes to Financial Statements for the year ended March 31, 2018

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

50 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

For all periods up to and including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounts) Rules, 2014 (previous GAAP). This note explains the principle adjustments made by the Company in restating its financial statements prepared under previous GAAP for the following:

- a. Balance Sheet as at 1st April, 2016 (transition date)
- b. Balance Sheet as at 31st March, 2017 and
- c. Statement Profit and Loss for the year ended 31st March, 2017

A Exemptions availed

1. The Company has elected to consider the carrying value of all items of Plant, Property and Equipment recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.
2. The carrying amounts of the Company's investments in Associate Companies as per the financial statements of the Company prepared under previous GAAP are considered as the deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

B Non Current Investments

Under Ind AS, the Company has recognised Non Current investments at FVTPL.

C Proposed Dividend

In the financial statements prepared under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue was recognised as a liability in the financial statements in the reporting period to which the dividend was proposed. Under the Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

D Fair valuation of financial assets

The Company has valued financial assets- Trade receivables/Loans at fair value as mandated by As 109-Financial Instruments

E Borrowings-EIR Working

In the financial statements prepared under previous GAAP processing charges paid for borrowings is debitted to CWIP/Finance Costs. However, under Ind AS, processing charges are debitted loan account and Effective Rate of Interest is applied

Notes to Financial Statements for the year ended March 31, 2018

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

F Revenue from sale of Products

In the Financial statements prepared under previous GAAP, revenue from sale of products was presented net of excise duty. However, under Ind As, revenue from sale of products includes excise duty. In the financial prepared under previous GAAP, cash discounts, trade discount and sales promotion expenses were shown as part of other expenses. However, under Ind AS, such expenses are have been reduced from revenue from sale of products.

G Actuarial gain and losses

Under previous GAAP, actuarial gains and losses were recognised in the Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset and is recognised in other Comprehensive Income. Consequently the tax effect of the same has also been recognised in the Other Comprehensive Income under Ind As instead of Profit and Loss.

H Deferred Tax

In the financial statements prepared under previous GAAP, Deferred tax was accounted as per the Income Tax approach, which required creation of deferred tax asset/liability on timing differences between taxable profit and accounting profit. Under Ind AS deferred tax is accounted as per Balance Sheet approach which requires creation of deferred tax asset/liability on the temporary differences between the carrying amount of an asset /liability in the Balance Sheet and its corresponding tax base. The Application of Ind AS has resulted in recognition of Deferred Tax on new temporary differences which were not required to be recognised under previous GAAP. In addition the above mentioned transitional adjustments have also led to temporary differences and creation of deferred tax there on.

I Fair Value of Forward contract

In previous GAAP, the exchange difference on forward contracts not intended for speculation were recognised on the reporting period in which the exchange rate changes. Under Ind As such forward contract are treated as hedging instruments and fair value gain or loss is recognised in the Statement of Profit and Loss.

J Effect of Ind AS adoption on Statement of cash flow for the year ended 31st March, 2018

In the financial statements prepared under previous GAAP, interest received was grouped under financing activity. However, the same is now grouped under investing activity in line with Ind AS

K Leases

In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been identified. All lease agreements are cancellable at the option of the Company.

Notes to Financial Statements for the year ended March 31, 2018

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

50. A. Opening Ind As Balance Sheet as at April 1, 2016

Particulars	Previous IGAAP April 01, 2016	Effect of Transition to Ind AS	Ind As April 1, 2016
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	139.77	-	139.77
(b) Capital work in progress	6.27	-	6.27
(c) Intangible assets	-	-	-
(d) Investment Property	-	-	-
(e) Biological assets other than bearer plants	-	-	-
(f) Financial Assets			
(i) Investments	0.62	-	0.62
(ii) Loans	-	-	-
(iii) Other Financial Assets	4.09	-	4.09
(e) Other non-current assets	3.69	0.76	4.45
Non-current assets	154.44	0.76	155.20
Current assets			
(a) Inventories	53.42	-	53.42
(b) Financial Assets	-	-	-
(i) Investments	-	-	-
(ii) Trade receivables	27.15	-	27.15
(iii) Cash and cash equivalents	2.52	-	2.52
(iv) Bank balances other than (iii) above	5.70	-	5.70
(v) Loans	0.45	-	0.45
(vi) Other financial assets	-	1.28	1.28
(d) Non current assets held for sale	-	-	-
(e) Other current assets	3.72	(0.76)	2.96
Current assets	92.96	0.52	93.48
TOTAL ASSETS	247.40	1.28	248.68
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14.25	-	14.25
(b) Other Equity	57.49	(7.78)	49.71
	71.74	(7.78)	63.96
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	79.53	-	79.53
(ii) Other financial liabilities (other than those specified in (c) below)	0.98	-	0.98
(b) Provisions	-	-	-
(c) Deferred tax liabilities (Net)	6.91	9.40	16.31
(d) Other non-current liabilities	0.07	-	0.07
Non-Current Liabilities	87.49	9.40	96.89
Current liabilities			
Financial Liabilities			
(a) Borrowings	52.60	-	52.60
(i) Trade payables	10.49	-	10.49
(ii) Other financial liabilities (other than those specified in (c) below)	21.00	-	21.00
(iii) Other current liabilities	3.70	-	3.70
(b) Provisions	0.38	(0.34)	0.04
Current liabilities	88.17	(0.34)	87.83
TOTAL EQUITY AND LIABILITIES	247.40	1.28	248.68

Notes to Financial Statements for the year ended March 31, 2018

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

50. B. Balance Sheet as at March 31, 2017

Particulars	Previous IGAAP March 31, 2017	Effect of Transition to Ind AS	Ind As March 31, 2017
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	165.69	-	165.69
(b) Capital work in progress	1.73	-	1.73
(c) Intangible assets	-	-	-
(d) Investment Property	-	-	-
(e) Biological assets other than bearer plants	-	-	-
(f) Financial Assets			
(i) Investments	0.47	0.10	0.57
(ii) Loans	-	-	-
(iii) Other Financial Assets	2.89	-	2.89
(e) Other non-current assets	3.78	0.16	3.94
Non-current assets	174.56	0.26	174.82
Current assets			
(a) Inventories	172.78	-	172.78
(b) Financial Assets	-	-	-
(i) Investments			
(ii) Trade receivables	34.10	-	34.10
(iii) Cash and cash equivalents	9.39	-	9.39
(iv) Bank balances other than (iii) above	17.65	-	17.65
(v) Loans	0.33	-	0.33
(vi) Other financial assets	-	-	-
(d) Non current assets held for sale	-	-	-
(e) Other current assets	31.96	(0.16)	31.80
Current assets	266.21	(0.16)	266.05
TOTAL ASSETS	440.77	0.10	440.87
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14.25	-	14.25
(b) Other Equity	80.51	(5.54)	74.97
Non-Current Liabilities	94.76	(5.54)	89.22
(a) Financial Liabilities			
(i) Borrowings	77.93	-	77.93
(ii) Other financial liabilities (other than those specified in (c) below)	1.04	-	1.04
(b) Provisions	1.38	-	1.38
(c) Deferred tax liabilities (Net)	9.91	6.17	16.08
(d) Other non-current liabilities	0.07	-	0.07
Non-Current Liabilities	90.33	6.17	96.50
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	172.62	-	172.62
(ii) Trade payables	22.73	-	22.73
(iii) Other financial liabilities (other than those specified in (c) below)	17.62	0.84	18.46
(b) Other current liabilities	36.88	-	36.88
(c) Provisions	5.83	(1.37)	4.46
Current liabilities	255.68	(0.53)	255.15
TOTAL EQUITY AND LIABILITIES	440.77	0.10	440.87

Notes to Financial Statements for the year ended March 31, 2018

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

50. C. Statement of Profit and Loss for the period ended March 31, 2017

Particulars	Previous IGAAP March 31, 2017	Effect of Transition to Ind AS	Ind As March 31, 2017
I Revenue from Operations	665.92	(13.45)	652.47
II Other Income	2.59	0.11	2.70
III Total Income (I+II)	668.51	(13.34)	655.17
IV EXPENSES			
Cost of materials consumed	354.47	-	354.47
Purchase of stock-in-trade - Traded goods	146.82	-	146.82
Changes in inventories of raw material, work-in-progress, stock-in-trade and finished goods	(2.20)	-	(2.20)
Employee benefit expenses	25.39	(0.25)	25.14
Finance costs	22.98	-	22.98
Depreciation and amortization expense	21.41	-	21.41
Other expenses	59.66	(11.33)	48.33
Total Expenses (IV)	628.53	(11.58)	616.95
V Profit / (loss) before exceptional items and tax (III-IV)	39.98	(1.76)	38.22
VI Exceptional Items	-	-	-
VII Profit / (loss) before tax (V+VI)	39.98	(1.76)	38.22
VIII Tax expense:			
(1) Current tax	12.60	-	12.60
(2) Deferred tax	3.00	(3.14)	(0.14)
IX Profit (loss) for the period from continuing operations (VII-VIII)	24.38	1.38	25.76
X Profit (loss) from discontinued operations	-	-	-
XI Tax expense of discontinued operations	-	-	-
XII Profit / (loss) from discontinued operations (X-XI)	-	-	-
XIII Profit / (loss) for the period (IX+XII)	24.38	1.38	25.76
XIV Other Comprehensive Income (Net of Taxes)			
A (i) Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	-	(0.25)	(0.25)
Income Tax relating to the above	-	0.09	0.09
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising profit (loss) and other comprehensive income)	24.38	1.22	25.60
XI Earnings per equity share (for continuing and discontinuing operation):			
(1) Basic	17.11	-	18.08
(2) Diluted	17.11	-	18.08

Notes to Financial Statements for the year ended March 31, 2018

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

51 Results - Power Generation (Captive Power)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Operating Income	12.94	9.43
Profit Before Interest and Tax	7.85	5.49
Less : Interest Expenses	1.62	0.31
Profit Before Tax	6.24	5.18

52 Expenditure on Scientific Research

Nature	As at 31-Mar-18	As at 31-Mar-17
a) Revenue	0.11	0.08
b) Capital	0.43	0.00

53 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity

	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	94.75	71.74
Ind AS Adjustments		
Reversal of proposed dividends and taxes thereto	1.37	0.34
Fair valuation of financial assets and liabilities	(0.74)	1.28
Deferred Tax impacts	(6.16)	(9.40)
Total equity/ shareholders' funds as per Ind AS	89.22	63.96

(b) Reconciliation of Profits

	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	24.38
Ind AS Adjustments	
Fair valuation of financial assets and liabilities	(2.02)
Deferred Tax impacts	3.23
Total comprehensive income as per Ind AS	25.59

54 Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors at their meeting held on 30th May, 2018.

For and on behalf of the Board

K.S. KAMALAKANNAN

Chairman & Managing Director

DIN : 01601589

MAGESWARI KANNAN

Joint Managing Director

DIN : 02107556

T.R. SIVARAMAN

Chief Financial Officer

M.No:023228

As per our report of even date

For D Sampathkumar & Co.

Chartered Accountants

(Firm Registration No: 003556S)

M.K. RAVINDRAN

Partner

M.No: 020887

V. MARIKANNAN

Company Secretary

M.No. A30767

Place : Dindigul

Date : May 30, 2018



D. Sampathkumar & Co.,
Chartered Accountants

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

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, ("hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together her referred to as "the Group") and its associates comprising of Consolidated Balance Sheet as at March 31, 2018, the consolidated statement of Profit and Loss (including Other Comprehensive income), the consolidated Cash Flow Statement, the Consolidated Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (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 (including other comprehensive income), consolidated cash flow statement and the consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the group and of its associates are for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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, 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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 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, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, 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 and its associates as at March 31, 2018, and their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements and other financial information, in respect of two associates which reflect Group's share of net loss of Rs. 0.08 Cr for the year ended on March 31, 2018. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's report have been furnished to us by the management. Our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of such other auditors.

The consolidated financial statements includes two subsidiaries, whose financials statements reflect total assets of Rs. 0.50 Cr as March 31, 2018, total revenue of Rs. Nil and net cash outflow of Rs. 0.04 Cr for the year then ended which are certified by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information are not material to the group.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditor and the financial statements and other financial information certified by the management.

Report on other Legal and Regulatory Requirements

1. As required by sub-section (3) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associates as referred in the other matters paragraph, we report to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the statement of other comprehensive income, the Consolidated Cash Flow Statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors who are appointed under section 139 of the Act, of its associate company, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- f) With respect to adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its associate company refer to our separate report in "Annexure A" to this report.
- 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 and based on consideration of the report of the other auditor on separate financial statements as also the other financial information of the associates, as noted in the other matters paragraph.
 - i. The Consolidated financial statements disclose the impact of pending litigations as at March 31, 2018 on the consolidated financial position of the Group, its associates - Refer Note No. 43 to the consolidated financial statements ;
 - 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, 2018 ; and
 - iii. There has been no delay in transferring amounts, 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, 2018.

Place : Dindigul

Date : 30th May, 2018

FOR D SAMPATHKUMAR & CO.,
Chartered Accountants
(Firm Registration No. 035565)



**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, 2018, 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 detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over 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 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 to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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, 2018, 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.

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 in so far 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.

Place : Dindigul

Date : 30th May, 2018

FOR D SAMPATHKUMAR & CO.,
Chartered Accountants
(Firm Registration No. 035565)



M K Ravindran
(Partner)
M.No. 020887



Consolidated Balance Sheet as at March 31, 2018

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

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	174.78	165.69	139.77
Intangible Assets	4	1.51	-	-
Capital work in progress	5	24.14	1.73	6.27
Financial assets				
Investments	6	1.61	0.62	0.66
Other financial assets	7	1.35	2.89	4.09
Other non-current assets	8	5.21	3.95	4.45
Total non-current assets		208.60	174.87	155.24
Current assets				
Inventories	9	147.27	172.78	53.42
Financial assets				
Trade receivables	10	50.89	34.10	27.15
Cash and cash equivalents	11	6.01	9.38	2.51
Bank balances other than above	12	21.25	17.65	5.70
Loans	13	0.33	0.33	0.45
Other financial assets	14	-	-	1.28
Other current assets	15	28.52	31.80	2.96
Total current assets		254.27	266.04	93.47
Total Assets		462.87	440.91	248.71
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	14.25	14.25	14.25
Other equity	17	95.57	75.01	49.74
Total equity		109.82	89.26	63.99
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	123.69	77.93	79.53
Other financial liabilities	19	1.05	1.04	0.98
Provisions	20	1.67	1.38	-
Deferred Tax Liabilities (net)	21	18.70	16.08	16.31
Other non-current liabilities	22	-	0.07	0.07
Total non-current liabilities		145.11	96.50	96.89
Current liabilities				
Financial liabilities				
Borrowings	23	136.33	172.62	52.60
Trade payables	24	13.53	22.73	10.49
Other financial liabilities	25	20.50	18.46	21.00
Other current liabilities	26	35.94	36.88	3.70
Short Term Provisions	27	1.64	4.46	0.04
Total current liabilities		207.94	255.15	87.83
Total liabilities		353.05	351.65	184.72
Total Equity and Liabilities		462.87	440.91	248.71

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

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

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556
T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

Place : Dindigul
Date : May 30, 2018

As per our report of even date

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 35563556 S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767



Consolidated Statement of Profit & Loss for the year ended 31st March, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	28	893.92	652.47
Other income	29	8.95	2.70
Total income		902.87	655.17
B Expenses			
Cost of materials consumed	30	455.10	354.47
Purchases of stock in trade	31	248.09	146.82
Changes in inventories	32	(2.32)	(2.21)
Employee benefits expense	33	32.47	25.14
Depreciation and amortisation expense	34	25.29	21.41
Other expenses	35	75.38	48.34
Finance costs	36	31.98	22.98
Total expenses		865.99	616.95
C Profit before exceptional items and tax		36.88	38.22
Exceptional items		-	-
D Profit before tax from continuing operations		36.88	38.22
Income tax expense	37		
Current tax		12.15	12.60
Deferred tax charge/ (credit)		2.69	(0.14)
Profit for the year		22.04	25.76
E Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(0.18)	(0.25)
Income tax relating to these items		0.07	0.09
Other comprehensive income for the year, net of tax		(0.12)	(0.16)
Total comprehensive income for the year		21.92	25.60
Earnings per share	38		
Basic earnings per share		15.47	18.08
Diluted earnings per share		15.47	18.08

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

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

Place : Dindigul
Date : May 30, 2018

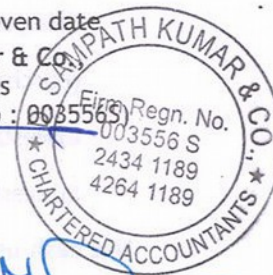
MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556
T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

As per our report of even date

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

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767



Consolidated Cash Flow Statement for the year ended 31st March, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit before income tax	36.88	38.22
Adjustments for		
Bad debts written off	0.15	0.32
Depreciation and amortisation expense	25.29	21.41
(Profit)/ Loss on sale of fixed assets	(0.50)	(0.10)
Profit on sale of investments	(0.33)	(0.05)
Interest income	(1.60)	(0.65)
Finance costs	31.98	22.98
	<u>91.87</u>	<u>82.13</u>
Change in operating assets and liabilities		
(Increase)/ decrease in loans given	-	0.12
(Increase)/ decrease in other financial assets	1.54	1.15
(Increase)/ decrease in inventories	25.51	(119.39)
(Increase)/ decrease in trade receivables	(16.95)	(7.27)
(Increase)/ decrease in other assets	3.27	(29.10)
Increase/ (decrease) in provisions and other liabilities	1.32	31.82
Increase/ (decrease) in trade payables	(9.20)	12.24
Cash generated from operations	<u>97.36</u>	<u>(28.30)</u>
Less : Income tax paid (net of refunds)	<u>(14.90)</u>	<u>(7.57)</u>
Net cash from operating activities (A)	<u>82.46</u>	<u>(35.87)</u>
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(59.90)	(42.71)
Sale proceeds of PPE	0.63	0.18
(Purchase)/ disposal proceeds of investments	(0.66)	0.08
(Investments in)/ Maturity of fixed deposits with banks	(3.62)	(10.59)
Interest received	1.60	0.65
Net cash used in investing activities (B)	<u>(61.95)</u>	<u>(52.39)</u>

Consolidated Cash Flow Statement for the year ended 31st March, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flows From Financing Activities		
Proceeds from issue of equity share capital (net of share application money)	-	-
Proceeds from/ (repayment of) long term borrowings	45.76	(1.59)
Proceeds from/ (repayment of) short term borrowings	(35.61)	117.60
Finance costs paid	(31.98)	(22.98)
Dividend paid (Including dividend distribution tax)	(1.37)	(0.34)
Net cash from/ (used in) financing activities (C)	(23.20)	92.69
Net decrease in cash and cash equivalents (A+B+C)	(2.69)	4.43
Cash and cash equivalents at the beginning of the financial year	6.13	1.70
Cash and cash equivalents at end of the year	3.44	6.13

Notes:

- The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
- Components of cash and cash equivalents

Balances with banks		
- in current accounts	5.84	9.22
Cash on hand	0.17	0.16
Bank Overdraft with Banks	(2.57)	(3.25)
	3.44	6.13

For and on behalf of the Board


K.S. KAMALAKANNAN

Chairman & Managing Director

DIN : 01601589


MAGESWARI KANNAN

Joint Managing Director

DIN : 02107556


T.R. SIVARAMAN

Chief Financial Officer


M.No:023228

As per our report of even date

For D Sampathkumar & Co.,

Chartered Accountants

(Firm Registration No : 003556 S)


M.K. RAVINDRAN

Partner

M.No: 020887


V. MARIKANNAN

Company Secretary

M.No. A30767



Place : Dindigul

Date : May 30, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to the Financial statements

Company Background

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

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

2. Significant Accounting Policies and key accounting estimates and judgments

Significant Accounting Policies

2.1 Statement of Compliance

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

Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of the previous Indian Generally Accepted Accounting Principles (IGAAP) that includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01.04.2016. Please refer Note no 2.19 and Note No 50 for the details of exceptions and optional exemptions availed by the Company and principal adjustments along with related reconnections.

2.2 Basis of Preparation and Compliance

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

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

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

2.3 Current/Non-Current Classification

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

- (a) The asset / liability is expected to be realized / settled in the Company's normal operating cycle;
- (b) The asset is intended for sale or consumption;
- (c) The asset / liability is held primarily for the purpose of trading;

- (d) The asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (e) The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (f) In case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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

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

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

2.4 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

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

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

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

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

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as on April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises of purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

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

- (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.
- (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at Cost. Costs in nature of repairs and maintenance are recognized in the statement of Profit and Loss as and when incurred. All up gradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

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

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

(vi) Depreciation is recognized so as to write off the cost of assets (Other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

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

Asset	Years
Factory Buildings	30
Buildings (Other than factory buildings)	60
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power	8
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power (Other than continuous process plants)	15
Furniture and Fixtures	10
Vehicles - Motor Cycles, Scooter and Mopeds	10
Other vehicles	8
Office Equipment	5
IT Hardware -Server	6
-Other than Server	3

2.5 De-recognition of tangible and intangible assets

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

2.6 Impairment of tangible and intangible assets

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

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

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

2.7 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for supply of goods or services net of returns, discounts, rebates and allowances.

(a) Sale of products

Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, and retains continuing neither managerial involvement nor effective control over the products sold and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(b) Dividend and Interest Income

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

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

(c) Insurance Claims

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

(d) Rental Income / Warehousing Charges

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

2.8 Ind AS 115- Revenue from contracts with customers

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

2.9 Inventories

Inventories are valued at lower of cost and net realizable value. Materials and other items intended for use in the production of inventories are not written -down below cost if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input tax credit is available), freight and other direct

expenses. Stocks of Raw materials, Stores & Spares and chemicals are valued at cost on First in First Out. Finished Goods / Stock-in-Progress are valued at lower of cost and net realisable value and cost includes material, direct labour, overheads (other than selling and administrative overheads). Net realizable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

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

2.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.11 Employee Benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service.

(b) Post-employment benefits

(i) Defined Contribution Plan

Contribution to Provident Fund(Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognized as expenses in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner.

(ii) Defined Benefit Plans

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

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurement of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability / asset), are recognized in Other Comprehensive Income and taken to retained earnings. (Such re-measurements are not classified to the Statement of Profit and Loss in the subsequent periods).

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

2.12 Provisions

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

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

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

2.13 Financial Instruments

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

2.14 Financial Assets

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

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

(a) Classification of financial Assets

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

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

All other financial assets are subsequently measured at fair value.

(b) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or

discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

(c) Investment in Equity Instruments at FVTOCI

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

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

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Equity Instruments as Fair Value through Statement of Profit and Loss.

(d) Impairment of Financial Assets

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

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

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

For Trade receivable, Company applies “simplified approach” which requires expected life time losses to be recognized from initial recognition of these receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.

(e) Derecognition of Financial Assets:

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

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

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

2.15 Financial Liabilities and Equity Instruments

(a) Classification as Debt or Equity

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

(b) Equity Instruments

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

(c) Financial Liabilities

All financial liabilities are initially recognized at the value of respective contractual obligations. Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the "Finance costs" line item.

(d) De-recognition of Financial Liabilities

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

2.16 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

2.17 Foreign Currency Transactions

(a) Initial Recognition

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

(b) Measurement of foreign currency items at reporting date

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

(c) Recognition of exchange difference

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

2.18 Cash Flow Statement

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

2.19 First time adoption - Mandatory Exceptions, optional Exemptions

(a) Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

(b) Materiality

The Company has applied the Standards only to items / transactions which are material.

(c) Classification of Debt Instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(d) Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increase in credit risk

since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instrument in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(e) Deemed Cost for Property, Plant and Equipment

The Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognized as of April 1, 2016 (transition date) measured as per the previous IGAAP and use that carrying value as its deemed cost as of the transition date.

(f) Business Combinations

The Company elected not to apply “Ind As 103- Business Combinations” retrospectively for past business combinations.

2.20 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

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

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

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

(c) Current and Deferred Tax for the year

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

2.21 Events after reporting period

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

2.22 Financial and Management Information System

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

2.23 Segment Reporting

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

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

2.24 Earnings Per Share (EPS)

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

3. Key Accounting Estimates and Judgements

3.1 Use of Estimates

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

3.2 Key sources of estimation uncertainty

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

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

(a) Fair value measurement and valuation processes

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

(b) Useful life of Property, Plant and Equipment

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

(c) Cash Discounts

In accordance with Ind AS 18, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

(d) Actuarial Valuation

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

(e) Claims, Provisions and Contingent Liabilities

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

(f) Tax expense

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

Consolidated Statement of Changes in Equity for the year ended 31st March, 2018
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	14.25
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	14.25
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	14.25

(B) Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	OCI	Total
Balance as at April 1, 2016	0.11	1.36	2.29	45.98	-	49.74
Additions/ (deductions) during the year	-	-	0.21	(0.21)	-	-
Total Comprehensive Income for the year	-	-	-	25.77	(0.16)	25.61
Dividend and tax thereon paid	-	-	-	(0.34)	-	(0.34)
Balance as at March 31, 2017	0.11	1.36	2.50	71.20	(0.16)	75.01
Additions/ (deductions) during the year	-	-	0.21	(0.21)	-	-
Total Comprehensive Income for the year	-	-	-	22.04	(0.11)	21.93
Dividend and tax thereon paid	-	-	-	(1.37)	-	(1.37)
Balance as at March 31, 2018	0.11	1.36	2.71	91.66	(0.27)	95.57

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board


K.S. KAMALAKANNAN

Chairman & Managing Director

DIN : 01601589


MAGESWARI KANNAN

Joint Managing Director

DIN : 02107556


T.R. SIVARAMAN

Chief Financial Officer

M.No:023228

Place : Dindigul

Date : May 30, 2018

As per our report of even date

For D Sampathkumar & Co.,

Chartered Accountants

(Firm Registration No. 003556S)


Firm Regn. No. 003556 S
2434 1189
4264 1189


M.K. RAVINDRAN

Partner

M.No: 020887


V. MARIKANNAN

Company Secretary

M.No. A30767

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)
(All amounts are in Crores Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible								Intangible Software	Total
	Land	Buildings	Plant and Equipment	Electrical Installation	Furniture and fixture	Computer	Vehicles	Windmill /Solar		
Deemed Cost as at April 1, 2016	9.26	23.40	65.75	7.00	0.15	2.56	3.55	28.10	-	139.77
Additions	0.31	2.17	25.57	1.70	0.02	0.50	6.96	10.19	-	47.42
Disposals	-	-	-	-	-	-	(0.08)	-	-	(0.08)
Cost as at March 31, 2017	9.57	25.57	91.32	8.70	0.17	3.06	10.43	38.29	-	187.11
Additions	5.98	2.71	13.71	1.98	0.21	0.60	9.27	-	1.54	36.00
Disposals	-	-	-	-	-	-	(0.12)	-	-	(0.12)
Cost as at March 31, 2018	15.55	28.28	105.03	10.68	0.38	3.66	19.58	38.29	1.54	222.99
Depreciation/Amortisation										
Charge for the year	-	1.40	15.37	1.42	0.02	0.45	1.00	1.76	-	21.42
Ind AS Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	1.40	15.37	1.42	0.02	0.45	1.00	1.76	-	21.42
Charge for the year	-	1.47	16.88	1.63	0.08	0.69	2.30	2.20	0.03	25.28
Ind AS Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	2.87	32.25	3.05	0.10	1.14	3.30	3.96	0.03	46.70
Net Block										
As at April 1, 2016	9.26	23.40	65.75	7.00	0.15	2.56	3.55	28.10	-	139.77
As at March 31, 2017	9.57	24.17	75.95	7.28	0.15	2.61	9.43	36.53	-	165.69
As at March 31, 2018	15.55	25.41	72.78	7.63	0.28	2.52	16.28	34.33	1.51	176.29

1. The Company has availed borrowings from Banks which carry charge over the assets of the Company (Refer Note No 47, towards Security)

2. Refer Note No.43 for Disclosure of Contractual Commitments for the acquisition of Property, Plant and Equipments.

3. The amount of borrowing costs capitalised during the year ended 31st March, 2018 was Rs.1.50 Cr. The Company has applied capitalisation rate of 9.75 % which is the effective rate of interest (EIR) of the specific borrowing.

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5 Capital Work-in-progress			
Capital Work in progress	24.14	1.73	6.27
	<u>24.14</u>	<u>1.73</u>	<u>6.27</u>
6 Non-current investments			
Trade Quoted			
Investments in Equity instruments Others FVTPL			
480 (Previous Year 480) Equity Shares of Rs. 10/- each in Indian Overseas Bank	0.00	0.00	0.00
1,500 (Previous Year 1,500) Equity Shares of Rs. 10/- each in Vijaya Bank	-	0.01	-
Investments in Mutual Funds FVTPL			
194490 (Previous Year 3,65,700) Units of Rs. 10/- each in Reliance Equity -Advantage Fund	0.02	0.46	0.53
Trade Unquoted			
Investments in Associate Companies* (At Cost)			
10,400 (Previous Year 10,400) Equity Shares of Rs. 100/- each in Annai Power Private Limited	0.07	0.15	0.13
26,000 (Previous Year Nil) Equity Shares of Rs. 10/- each in Nagalakshmi Energy Private Limited	0.02	-	-
21,960 Class A Equity Shares of Rs.10 each in Mojro Technologies Private Limited	1.50	-	-
	<u>1.61</u>	<u>0.62</u>	<u>0.66</u>
*Refer note 50 A (2) for information about valuation of investment in associates			
Total non-current investments			
Aggregate amount of quoted investments	0.02	0.47	0.53
Aggregate market value of quoted investments	0.02	0.47	0.53
Aggregate cost of unquoted investments	1.59	0.15	0.13
Aggregate amount of impairment in value of investments	-	-	-
Category wise Non-Current investments			
Financial Assets measured at amortized cost	-	-	-
Financial Assets measured at cost	1.59	0.15	0.13
FVTPL	0.02	0.47	0.53
FVOCI	-	-	-
7 Other non-current financial assets			
(Unsecured, considered good)			
Security Deposits	1.35	2.89	2.76
Bank deposits maturing after 12 months from the reporting date	-	-	1.33
	<u>1.35</u>	<u>2.89</u>	<u>4.09</u>
8 Other non-current assets			
(Unsecured, considered good)			
Deferred Trade Receivable	-	-	-
Capital advances	4.15	2.74	2.90
Advance income-tax and Tax Deducted at Source	-	0.16	0.76
Rent Deposits	0.95	0.33	0.14
Statutory and other advances	0.11	0.72	0.65
	<u>5.21</u>	<u>3.95</u>	<u>4.45</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9 Inventories *			
Raw Materials	129.04	158.88	42.76
Finished products and Stock-In-Progress	8.99	6.68	4.47
Packing materials	3.10	2.89	2.19
Stores and spares	6.14	4.33	4.00
	<u>147.27</u>	<u>172.78</u>	<u>53.42</u>
* For method of valuation please refer note no 2.9			
Please refer Note 23 for security created on Inventories			
10 Trade receivables			
(Unsecured, considered good)			
Outstanding for a period exceeding six months from the due date of Payment	0.54	1.06	1.33
Other debts	50.35	33.04	25.82
	<u>50.89</u>	<u>34.10</u>	<u>27.15</u>
Less : Allowance for expected Credit loss	-	-	-
	<u>50.89</u>	<u>34.10</u>	<u>27.15</u>
11 Cash and cash equivalents			
Cash- on- Hand	0.17	0.16	0.27
Balances with Banks	5.84	9.22	2.24
In Current Account	<u>6.01</u>	<u>9.38</u>	<u>2.51</u>
12 Other Bank Balances			
In Fixed Deposits			
In Margin money with Banks	-	-	-
Maturing within 12 months from the reporting date	21.23	17.62	5.66
More than 12 months	-	-	-
In Earmarked Accounts			
Unpaid Dividend Account	0.02	0.03	0.04
	<u>21.25</u>	<u>17.65</u>	<u>5.70</u>
13 Current assets: Financial assets - Loans			
(Unsecured, considered good)			
Loans and advances to employees	0.33	0.33	0.45
	<u>0.33</u>	<u>0.33</u>	<u>0.45</u>
14 Other current financial assets			
(Unsecured, considered good)			
Forward contract receivable	-	-	1.28
	<u>-</u>	<u>-</u>	<u>1.28</u>
15 Other current assets			
(Unsecured, considered good)			
Conversion charges receivable	-	2.48	0.57
Income receivable	0.00	-	-
Service Tax receivable	-	0.18	0.14
Modvat receivable	-	0.43	0.20
Advance recoverable in cash or in kind	28.52	28.70	2.04
Advance to Subsidiaries / Associate Companies *	-	0.01	0.01
* Loans are given for business purpose	<u>28.52</u>	<u>31.80</u>	<u>2.96</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16 Capital			
Authorised Share Capital			
2,75,00,000 Equity Shares of Rs 10/- each	27.50	27.50	27.50
	<u>27.50</u>	<u>27.50</u>	<u>27.50</u>
Issued, Subscribed and fully paid up Share Capital			
1,42,48,000 Equity Shares of Rs.10/- each fully paid (Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash)	14.25	14.25	14.25
	<u>14.25</u>	<u>14.25</u>	<u>14.25</u>

Notes:

(a) Reconciliation of number of equity shares subscribed

At the Beginning and at the End	<u>1,42,48,000</u>	<u>1,42,48,000</u>	<u>1,42,48,000</u>
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(b) Shareholders holding more than 5% of the total share capital

Name of the Share Holder	March 31, 2018		March 31, 2017		April 1, 2016	
	Number of shares held	% of	Number of shares held	% of	Number of shares held	% of
Sri. K.S. Kamalakannan	60,70,570	43%	60,70,570	43%	60,70,570	43%
Smt. Mageswari Kannan	18,55,220	13%	18,55,220	13%	18,55,220	13%
M/s. Pluris Global Holding (India) Ltd.,	14,10,567	10%	14,10,567	10%	13,50,725	9%
M/s. Lakme Investment & Finance Ltd.,	12,45,965	9%	12,45,965	9%	11,72,975	8%
M/s. M.M.Detergents Company (P) Ltd.,	10,24,000	7%	10,24,000	7%	10,24,000	7%
Sri. Sounder Kannan	8,17,855	6%	8,17,855	6%	8,17,855	6%

(c) Terms/Rights attached to Equity Shares

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17 Other Equity			
Capital Reserves	0.11	0.11	0.11
Securities Premium Account	1.36	1.36	1.36
General Reserve	2.71	2.50	2.29
Profit and Loss Account	91.66	71.20	45.98
OCI	(0.27)	(0.16)	-
Total	<u>95.57</u>	<u>75.01</u>	<u>49.74</u>
a) Capital Reserve			
Balance at the beginning and end of the year	<u>0.11</u>	<u>0.11</u>	<u>0.11</u>
b) Securities Premium Reserve			
Balance at the beginning and end of the year	<u>1.36</u>	<u>1.36</u>	<u>1.36</u>
c) General Reserve			
Balance at the beginning of the year	2.50	2.29	2.29
Additions during the year	0.21	0.21	-
Deductions/Adjustments during the year			
Balance at the end of the year	<u>2.71</u>	<u>2.50</u>	<u>2.29</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017	
d) Retained earnings				
Balance at the beginning of the year	71.20	45.98	53.76	
Net profit for the period	22.04	25.77	-	
Transfers to General Reserve	(0.21)	(0.21)	-	
Dividend paid during the year	(1.14)	(0.28)	-	
Tax paid on proposed dividend	(0.23)	(0.06)	-	
Ind AS adjustments	-	-	(7.78)	
Balance at the end of the year	<u>91.66</u>	<u>71.20</u>	<u>45.95</u>	
e) Other Comprehensive Income				
Balance at the beginning of the year	(0.16)	-	-	
Additions during the year	(0.11)	(0.16)	-	
Deductions/Adjustments during the year	-	-	-	
Balance at the end of the year	<u>(0.27)</u>	<u>(0.16)</u>	<u>-</u>	
18 Long Term Borrowings*				
Secured - At Amortised Cost				
Term loans from Banks	115.70	63.66	51.05	
Term loans from Financial Institutions	3.16	0.04	0.15	
Unsecured - At Amortised Cost				
Term loans from Banks	-	-	9.71	
Term loans from Financial Institutions	2.82	7.82	-	
Loans and Advances from Related Parties	2.01	6.41	18.62	
	<u>123.69</u>	<u>77.93</u>	<u>79.53</u>	
* Refer Note 48 for repayment terms and security details				
19 Other non current financial liabilities				
Rental and Lease Advances	1.05	1.04	0.98	
	<u>1.05</u>	<u>1.04</u>	<u>0.98</u>	
20 Provisions (Non-current)				
Provision for gratuity - Directors	1.51	1.19	-	
Provision for gratuity - Employees	0.16	0.19	-	
	<u>1.67</u>	<u>1.38</u>	<u>-</u>	
21 Deferred Tax Liability/ (Asset) - Net				
	As at March 31, 2017	Recognised in P&L during 2017-18	OCI 2017-18	As at March 31, 2018
As at March 31, 2018				
Deferred Tax Liabilites				
Difference between written down value/ Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961.	16.17	2.69	-	18.86
Total	<u>16.17</u>	<u>2.69</u>	<u>-</u>	<u>18.86</u>
Deferred Tax Assets				
Expenses allowed on payment	0.09	-	0.07	0.16
Total	<u>0.09</u>	<u>-</u>	<u>0.07</u>	<u>0.16</u>
Deferred Tax Liabilited (Net)	<u>16.08</u>	<u>2.69</u>	<u>(0.07)</u>	<u>18.70</u>
	As at March 31, 2016	Recognised in P&L during 2016-17	OCI 2016-17	As at March 31, 2017
As at 31.03.2017				
Deferred Tax Liabilites				
Difference between written down value/ Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961.	16.31	(0.14)	-	16.17
Total	<u>16.31</u>	<u>(0.14)</u>	<u>-</u>	<u>16.17</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017
Deferred Tax Assets			
Expenses allowed on payment	-	-	0.09
Total	-	-	0.09
Deferred Tax Liabilited (Net)	16.31	(0.14)	(0.09)
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
22 Other Non-current Liabilities			
Payable in respect of Fixed Assets	-	0.07	0.07
	-	0.07	0.07
23 Current liabilities - Financial Liabilities: Borrowings			
a) Secured - At Amortised Cost			
From banks *	136.33	167.62	47.60
b) Unsecured - At Amortised Cost			
From banks **	-	5.00	5.00
	136.33	172.62	52.60
* Secured by pari-passu charge on inventories and trade receivables and are repayable on demand			
** Secured by personal guarantees of some of the Directors of the Company			
24 Trade payables			
Trade payables **	13.53	22.73	10.49
	13.53	22.73	10.49
** 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 disclosure have been made in the accounts.			
25 Other current financial liabilities			
Forward contract payable	0.18	0.84	-
Current maturities of long-term borrowings	17.75	14.37	20.18
Book Overdraft with Banks	2.57	3.25	0.82
	20.50	18.46	21.00
26 Other current liabilities			
Unclaimed /Unpaid dividends	0.02	0.03	0.04
Statutory Dues Payable to government authorities	3.92	-	-
Advances received for supply of goods	26.70	32.83	0.67
Expenses Payable	-	1.24	1.35
Commission Payable	1.79	0.40	0.14
Statutory Dues Payable to government authorities	3.51	2.38	1.50
	35.94	36.88	3.70
27 Provisions (Current)			
Provision for gratuity *	0.13	0.04	0.04
Provision for taxation (Net of Advance Tax)	1.51	4.42	-
* Refer Note No.48	1.64	4.46	0.04

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
28 Revenue from operations		
Sale of Products		
Manufactured Products		
Products	564.48	425.36
Minerals	37.08	27.39
Traded Goods		
Wheat and Minerals	<u>251.43</u>	<u>161.18</u>
	<u>852.99</u>	<u>613.93</u>
Sale of services		
Grinding Charges	3.37	0.64
Conversion Charges	31.85	30.85
Warehousing Charges	1.92	1.86
Weighbridge Income	0.48	0.56
Lorry Income	<u>2.47</u>	<u>2.09</u>
	<u>40.09</u>	<u>36.00</u>
Other Operating Income		
Sale of scrap	<u>0.84</u>	<u>2.54</u>
	<u>893.92</u>	<u>652.47</u>
29 Other income		
Interest Income	1.60	0.64
Profit on sale of fixed assets (net)	0.50	0.10
Profit on sale of Investments (net)	0.33	0.05
Gain on fair valuation of investments	-	0.10
Rent Receipts	3.86	1.64
Share on Profit of Associate	-	0.01
Others - miscellaneous receipts	2.00	0.16
MTM gain on forward contracts	<u>0.66</u>	<u>-</u>
	<u>8.95</u>	<u>2.70</u>
30 Cost of materials consumed		
Wheat	433.08	336.38
Minerals	<u>22.02</u>	<u>18.09</u>
	<u>455.10</u>	<u>354.47</u>
31 Purchases of Stock in Trade		
Wheat	247.58	146.82
Minerals	<u>0.51</u>	<u>-</u>
	<u>248.09</u>	<u>146.82</u>
32 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Balance		
Wheat Products	5.10	3.63
Minerals	<u>1.58</u>	<u>0.84</u>
	<u>6.68</u>	<u>4.47</u>
Closing Balance		
Wheat Products	8.13	5.10
Minerals	<u>0.87</u>	<u>1.58</u>
	<u>9.00</u>	<u>6.68</u>
Total changes in inventories	<u>(2.32)</u>	<u>(2.21)</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
33 Employee benefits expense		
Salaries, wages and bonus	25.10	18.50
Contribution to provident and other funds *	2.23	3.16
Staff Welfare Expenses	1.45	1.31
Directors' Remuneration	3.69	2.16
* Refer Note No.48(1)	<u>32.47</u>	<u>25.14</u>
34 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	25.29	21.41
Amortization of Intangible assets	-	-
	<u>25.29</u>	<u>21.41</u>
35 Other expenses		
Manufacturing Expenses		
Production Expenses	8.52	7.51
Power and Fuel	8.60	5.91
Repairs to Machinery	8.88	6.36
Laboratory Expenses	0.10	1.06
(A)	<u>26.11</u>	<u>20.84</u>
Selling and Distribution Expenses		
Advertisement	1.38	1.69
Brokerage and Commission	0.71	0.31
Discount & Claims and Settlement	0.87	1.16
Sales Promotion	2.30	2.14
Freight and Handling	12.34	2.56
(B)	<u>17.60</u>	<u>7.86</u>
Establishment Expenses		
Annual Maintenance Charges	1.71	1.69
Bank Charges and Commission	2.22	2.69
Foreign Currency Fluctuation	0.08	-
Bad Debts	0.15	0.32
Repairs to Buildings	1.44	0.73
Printing & Stationery	0.29	0.24
Subscription	0.04	0.02
Telephone	0.30	0.33
Professional Charges	2.11	1.10
Payments to auditors [refer note 35 (a)]	0.04	0.05
Directors' Sitting Fees	0.02	0.01
Security Charges	1.07	0.79
Legal Expenses	0.11	0.04
Donations	0.42	0.10
Travelling & Vehicle Maintenance	12.17	6.51
Insurance	0.96	0.72
Rates, Licence and Taxes	1.11	0.69
Pooja Expenses	0.08	0.07
Postage	0.03	0.04
Computer Maintenance	0.30	0.10
Rent & Electricity	4.84	0.81
CSR Expenses [refer note 35 (b)]	0.17	0.14
Windmill Expenses	1.34	0.33
R & D Expenses	0.03	-
MTM loss on forward contract	-	2.12
Loss on fair valuation of investments	0.30	-
Other expenses	0.25	0.01
Share of Loss of Associates	0.08	-
(C)	<u>31.67</u>	<u>19.65</u>
Total Other Expenses (A+B+C)	<u>75.38</u>	<u>48.34</u>

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
35(a) Payment to auditors		
As Auditors	0.03	0.04
Taxation Matters	0.01	0.01
	0.04	0.05
35(b) Expenditure on Corporate Social Responsibility		
Gross amount required to be spent on Corporate Social Responsibility during the year	0.39	0.22
Amount spent during the year on		
(i) Construction and/ or acquisition of any asset	-	-
(ii) Other purposes [other than (i) above]	0.17	0.14
	0.17	0.14
Amount unspent during the year	0.22	0.08
36 Finance Cost *		
Interest Paid - Banks	28.80	21.56
- Others	3.18	1.42
	31.98	22.98
* Finance Cost is net of interest capitalised of Rs. 1.50 Cr		
37 Income tax expense		
(a) Major Components of Income Tax Expenses		
Current tax		
Current tax on the Taxable Income for the year	12.15	12.60
	12.15	12.60
Deferred tax		
Deferred Tax Liabilities on account of Depreciation	2.69	(0.14)
	2.69	(0.14)
Income tax expenses	14.83	12.46
b) Reconciliation of Tax Expense and the Accounting		
Profit for the year is as under :		
Enacted income tax rate in India applicable to the Company	34.608%	34.608%
Profit Before Tax	36.99	38.22
Current tax expense on profit before tax	12.80	13.22
at the enacted Income Tax rate in India		
Tax effect of the amounts which are not deductible/ (taxable) in calculated taxable income	(0.66)	(0.62)
Income tax expense	12.15	12.60
Effective Rate of Tax	32.84%	32.97%
38 Earnings per share		
Profit for the year attributable to owners of the Company	22.04	25.76
Weighted average number of ordinary shares outstanding	14248000	14248000
Basic earnings per share (Rs)	15.47	18.08
Diluted earnings per share (Rs)	15.47	18.08
39 Earnings in foreign currency		
FOB value of exports	0.93	-
	0.93	-

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

40 Expenditure in foreign currency

Interest	2.41	1.06
Professional / Technical Fees	0.15	-
Investment in subsidiaries	0.50	-
	<u>3.06</u>	<u>1.06</u>

41 Value of Imports (on C.I.F basis)

Raw Materials	235.02	348.50
Component and Spares	0.65	0.91
Capital Goods	4.31	7.62
	<u>239.98</u>	<u>357.03</u>

42 Value of imported and indigenous Raw materials, Packing materials consumed and Consumable Spares during the financial year and the percentage of each to the total consumption

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs.in Crores	Percentage (%)	Rs.in Crores	Percentage (%)
Value of raw materials consumed				
Imported	278.56	61.21	215.79	60.88
Indigenous	176.54	38.79	138.68	39.12
	<u>455.10</u>	<u>100.00</u>	<u>354.47</u>	<u>100.00</u>

43 Contingent liabilities and Commitments

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Contingent Liability		
1. Counter Guarantees	99.50	125.69
2. Disputed Electricity Tax-Pending before Hon'ble Supreme Court	0.56	0.39
3. Disputed Windmill banking adjustments pending before Hon'ble High Court of Madras	0.53	0.53
b) Commitments		
1. Estimated amount of Contracts remaining to be executed on Capital account not provided for	2.81	-
c) Commitments		
1. The Company has filed compounding applications and representations before NCLT/ RD, ROC in response to Show Cause Notices issued by the ROC for non-compliance of certain provisions of the Companies Act, 1956/ 2013, based on inspection conducted u/s 209(A)/206(5) of the Companies Act 1956/2013.	0.02	-

44 Operating Segments

The Company is engaged in the business of 'Wheat Products, Minerals, Detergents and in Generation of Power' and has two reportable segment, as per Ind As 108 "Operating Segments"

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Particulars	Year ended March 31, 2018 (unaudited)	Year ended March 31, 2017 (unaudited)
Segment Revenue		
a) Foods and Windmill	839.76	606.43
b) Minerals and Detergent	63.11	48.74
Revenue from operations (Net)	<u>902.87</u>	<u>655.17</u>
Segment Results		
Profit (+) / Loss (-) before tax and finance cost		
a) Foods and Windmill	58.56	51.20
b) Minerals and Detergent	10.30	10.00
Total	68.86	61.20
Less : Finance Cost	31.98	22.98
Profit before tax	36.88	38.22
Segment Assets		
a) Foods and Windmill	360.11	356.21
b) Minerals and Detergent	102.76	84.70
c) Other unallocable corporate assets	-	-
Total assets	<u>462.87</u>	<u>440.91</u>
Segment Liabilities		
a) Foods and Windmill	349.62	351.52
b) Minerals and Detergent	3.44	0.14
c) Other unallocable corporate liabilities	-	-
Total liabilities	<u>353.06</u>	<u>351.66</u>
Capital Employed (Segment assets-Segment liabilities)		
a) Foods and Windmill	10.49	4.69
b) Minerals and Detergent	99.32	84.56
Total capital employed in segments	109.81	89.25
Unallocable corporate assets less corporate liabilities	-	-
Total Capital Employed	<u>109.81</u>	<u>89.25</u>

Information about major customers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of external customers each contribution more than 10% of total revenue	Nil	Nil
Total revenue from the above		
Total	-	-

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

45 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessor		
The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Total lease income recognised in the Statement of Profit and Loss	3.86	1.64

46 Basis of Consolidation

The Consolidated Financial Statements relate to Naga Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute the Group), and its associates.

Principles of consolidation

- The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS 110) "Consolidated Financial Statements", Indian Accounting Standard 28 (IND AS 28) "Investments in Associates and Joint Ventures prescribed under Section 133 of the Companies Act, 2013.
- The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.
- The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.
- Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- In case of foreign subsidiaries, revenue items are consolidated at the average rate are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rate prevailing at the end of the year. An exchange difference arising on consolidation is recognized in the foreign currency translation reserve. The audited/unaudited financial statements of foreign subsidiaries/ associates have been prepared in accordance with Generally Accepted Accounting Principal of its Country of Incorporation or Ind As.
- The following subsidiaries are considered in the Consolidated Financial Statements:

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Name of the Subsidiary	Principal Activity	Country of Incorporation and operation	Percentage of Ownership Interest	
			Year ended March 31, 2018	Year ended March 31, 2017
Naga Mills Private Limited	Job Work	Bangladesh	97%	NIL
Naga Far East Private Limited	Trading	Singapore	100%	NIL

(g) The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Indian Accounting Standard (IND AS) 28 “Investments in Associates and Joint Ventures”:

Name of the Associate	Principal Activity	Country of Incorporation and operation	Percentage of Ownership Interest	
			Year ended March 31, 2018	Year ended March 31, 2017
Annai Power Private Limited	Power Generation & Leasing	India	26%	26%
Nagalakshmi Energy Private Ltd	Power Generation & Leasing	India	26%	NIL

(e) Additional information as required under Schedule III to the Companies Act, 2013 of entities as Subsidiaries and Associates

Name of Company	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Other Comprehensive Income	
	%	Amount in Rs.	%	Amount in Rs.	%	Amount in Rs.	%	Amount in Rs.
Naga Limited (Parent)	100.07%	10988.2	100.52%	2,215.64	100.00%	(11.70)	100.53%	2,203.94
Subsidiaries (Foreign)								
Naga Far East Private Limited	(0.02%)	(2.63)	(0.08%)	(1.79)	0.00%	0	(0.08%)	(1.79)
Naga Mills Private Limited	(0.02%)	(1.73)	(0.08%)	(1.73)	0.00%	0	(0.08%)	(1.73)
Associates								
M/s. Annai Power Private Ltd	(0.04%)	(4.94)	(0.32%)	(7.12)	0.00%	0	(0.32%)	(7.12)
Nagalakshmi Energy Private Ltd	0.02%	1.70	(0.04%)	(0.89)	0.00%	0	(0.04%)	(0.89)
		10,980.60		2,204.11	-	(11.70)		2,192.41

47 Financial Instruments

Capital Management

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

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

The Following table summarises the capital of the Company:

	March 31, 2018	March 31, 2017	April 1, 2016
Equity	109.82	89.26	63.99
Debt	277.77	264.92	152.30
Cash and Cash Equivalents	27.26	27.03	8.21
Net Debt	250.51	237.89	144.09
Total Equity(Equity + Net Debt)	360.33	327.15	208.08
Net Debt to Capital Ratio (No of Times)	0.70	0.73	0.69

Categories of Financial Instruments

Financial assets

a. Measured at amortised cost

Other non-current financial assets	1.35	2.89	4.09
Trade receivables	50.89	34.10	27.15
Cash and cash equivalents	6.01	9.38	2.51
Bank balances other than above	21.25	17.65	5.70
Loans given (current)	0.33	0.33	0.45

b. Mandatorily measured at fair value through profit or loss (FVTPL)

Investments (non-current)	1.61	0.62	0.66
Derivative instruments	-	-	1.28

Financial liabilities

a. Measured at amortised cost

Borrowings (Non-current)	123.69	77.93	79.53
Other non-current financial liabilities	1.05	1.04	0.98
Borrowings (Current)	136.33	172.62	52.60
Trade payables	13.53	22.73	10.49

b. Mandatorily measured at fair value through profit or loss (FVTPL)

Derivative instruments	0.18	0.84	-
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Financial risk management

Objectives and Policies

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

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

1. Market Risk

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

a) Interest rate exposure

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant Rupee Term Loan at floating rate of interest. The Company has not entered into any of the interest rate swaps and hence is exposed to interest rate risk

Interest rate sensitivity Analysis

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

Impact on Profits before Tax	March 31, 2018	March 31, 2017
Interest rates - Increase by 25 basis points	(0.35)	(0.21)
- Decreased by 25 basis points	0.35	0.21

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

b) Foreign Currency risk exposure

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

c) Other price risk

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

Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2018 (all amounts are in Crores)

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

As on March 31, 2017 (all amounts are in Crores)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged Using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged Using derivatives	Net asset exposure on the currency	
USD	0.19	0.19	-	-	-	-	-
CHF	0.08	0.08	-	-	-	-	-
EUR	0.02	0.02	-	-	-	-	-
In INR	19.08	19.08	-	-	-	-	-

As on March 31, 2016 (all amounts are in Crores)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged Using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged Using derivatives	Net asset exposure on the currency	
USD	0.13	0.13	-	-	-	-	-
GBP	-	-	-	-	-	-	-
EUR	0.02	0.02	-	-	-	-	-
In INR	9.71	9.71	-	-	-	-	-

2 Credit Risk

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

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

3 Liquidity Risk

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

Financial arrangements

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

Rs. In Crores

	March 31, 2018	March 31, 2017
Expiring within one year	89.67	108.38
Expiring beyond one year	-	-

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

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

48 Details of Long Term Borrowings

Repayment Terms and Security Details of Long Term Borrowings

- (i) Term loan from The Standard Chartered Bank amounting to Rs.41.48 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 12.10 Crores) 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 Vendasandur and personal assets of some of the Executive Directors. External commercial borrowings is fully hedged.
- (ii) Term loan from The ICICI Bank Limited amounting to Rs.7.82 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 0.34 Crores) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (iii) Term loan from The HDFC Bank Limited amounting to Rs. 34.88 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 30.49 Crores) is primarily secured on the assets purchased under the loan and personal assets of some of the Executive Directors.
- (iv) Term loan from The IDBI Bank Limited amounting to Rs.18.66 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year - Nil) is primarily secured on the land and building situated at No.133, Trichy Road, Dindigul-624005.
- (v) Term loan from The Karur Vysya Bank Limited amounting to Rs.3.75 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 6.75 Crores) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.
- (vi) Term loan from The Canara Bank amounting to Nil outstanding as at 31.03.2018 (Previous year Rs. 2.12 Crores) is primarily secured by hypothecation of the assets purchased under the loan and collaterally secured on the personal assets of some of the Executive Directors.
- (vii) Term loan from The State Bank of India amounting to Rs.16.42 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs.16.78 Crores) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.
- (viii) Term loan from IndusInd Bank Ltd amounting to Rs.8.87 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 9.34 Crores) is primarily secured by hypothecation on the assets purchased under the loan and land at Seelapadi Village, Dindigul.
- (ix) Term loan from Daimler Benz amounting to Rs.0.04 Crores outstanding as at 31.03.2018 (Previous year Rs. 0.15 Crores) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (x) Term loan from Fullerton India Credit Company Limited amounting to Rs. 4.70 Crores (Including Current maturities) outstanding as at 31.03.2018 (Previous year Rs. 5.00) is secured on the personal assets of some of the Executive Directors.
- (xi) Term loan from Bajaj Finance Limited amounting to Rs.2.82 Crores outstanding as at 31.03.2018 (Previous year Rs.2.82 Crores) is secured on the personal assets of some of the Executive Directors.

Notes:

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

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

49 Retirement benefit plans

1. Defined contribution plans

The Company makes Provident Fund which is defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the pay roll costs to fund the benefit. The Company recognised Rs 2.23 Cr (year ended 31.03.2017 Rs 3.16 Cr) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

2. Defined benefit plans

a) Gratuity

Gratuity to employees (funded) and Gratuity to Directors(non funded), the most recent actuarial valuation of the plan assets and in respect gratuity to employees and directors scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan (Employees) and Gratuity(Directors) of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the Gratuity (Employees) benefit through annual contribution and provision is made annually for Gratuity to Directors. The risks are as follows:

b) Compensated Absence

As per the policy of the Company the Compensated Absence is not accumulated

Investment risk	The probability or likelihood of occurrence of losses relating to the expected return on any particular investment.
Interest risk	The Plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of liability. (as shown in financial statements). A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan particulars in future, based on past experience. Deviation in the rate increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plans liability.
Demographic Risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions.

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

Sl No	Particulars	Post Employment Benefit			
		Gratuity-Employees		Gratuity-Directors	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
i	Changes in Defined Benefit Obligation				
	Present Value-Opening Balance	1.71	1.26	1.28	-
	Current Service Cost	0.25	0.22	0.23	-
	Interest Cost	0.11	0.10	-	-
	Past services cost	0.08	-	-	1.28
	Actuarial (Gains) Losses	0.17	0.24	-	-
	Benefits Paid	(0.25)	(0.11)	-	-
	Present Value- Closing Balance	2.07	1.71	1.51	1.28
ii	Changes in Fair value of Plan Assets				
	Opening Balance	1.47	1.16	-	-
	Expected Return	0.15	0.12	-	-
	Actuarial (Gain) /Loss	(0.01)	(0.01)	-	-
	Contributions by Employer	0.42	0.31	-	-
	Benefits Paid	(0.25)	(0.11)	-	-
	Closing Balance	1.78	1.47	-	-
iii	Amount recognised in the Balance Sheet (as at the Year end)				
	Present Value of Obligations	2.07	1.71	1.51	1.28
	Fair Value of Plan Assets	1.78	1.47	-	-
	Net Asset/(Liability) Recognised	0.29	0.24	1.51	1.28
iv	Expenses recognised in the Statement of Profit and Loss				
	Current Service Cost	0.25	0.22	0.23	1.28
	Interest on Obligation	0.15	(0.11)	-	-
	Total included in Employee Benefit Expenses	0.40	0.11	0.23	1.28
v	Expenses recognised in other Comprehensive Income				
	Remeasurement on the net defined benefit liability	(0.18)	(0.25)		
	Actuarial gains and losses arising from changes in financial assumptions	-	-		
	Actuarial gains and losses arising from changes in experience adjustments	-	-		
	Return on Plan assets	-	-		
	Net Cost in other comprehensive Income	(0.18)	(0.25)	-	-
	Asset Information				
	Insurer Managed	100%	100%	NA	NA
	Principal Actuarial Assumptions				
	Discount Rate(%)	7.71%	7.20%		
	Future Salary Increase(%)	5.00%	5.00%		
	Expected Rate of Return on Plan Assets(%)	7.50%	9.30%		
	Expected average remaining life of employees Years	14.70	16.80		
	Expected Contribution(Rs in Cr)	-	-		

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

49 Related party disclosure

a) List of parties having significant influence

Holding company The Company does not have any holding company

Subsidiaries and joint ventures Naga Far East Private Limited
Naga Mills Private Limited

Associate Companies Annai Power Private Limited
Nagalakshmi Energy Private Limited

Key management personnel

Sri. K.S. Kamalakannan	Chairman and Managing Director
Smt. Mageswari Kannan	Joint Managing Director
Sri. Sounder Kannan	Whole Time Director
Sri. D. Vijay Anand	Director (Technical) (w.e.f 21.08.2017)
Sri. T.Nagarajan	Chief Financial Officer (upto 25.01.2018)
Sri. T.R.Sivaraman	Chief Financial Officer (from 19.02.2018)
Sri. V. Marikannan	Company Secretary

Directors

Sri. L.A.Irudayaraj	Independent Director
Dr. K.Venkatachalam	Independent Director
Sri. S.Ramesh	Independent Director
Sri. S.Neelakantan	Independent Director (w.e.f 21.08.2017)

Relatives of Key Managerial Personnel

Smt. Lakshmi Vijay Anand
Smt. Monaa Kannan
Ms. M. Jayalalitha
Sri. M. Sukumar
Sri. A.M.Gopinath (Prop. Anugraha International)
Smt. Andal Gopinath

Enterprises over which key managerial are able to exercise significant influence

Rohini Enterprises
Nagalakshmi Charitable Trust
Naga Marine Industries Limited
M.M. Detergents Company Private Ltd.,
Naga Mills Limited

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

b) Transaction during the year

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	M/s. Annai Power Private Limited Wind Power Charges paid Rent Paid	0.21 1.67	0.15 -
2	Sri. K.S. Kamalakannan Remuneration Provision for gratuity * Rent Paid Interest Paid Dividend Paid Unsecured Loan - Received - Paid	1.48 0.09 0.56 1.34 0.49 19.95 24.39	0.88 0.64 0.28 1.04 0.49 12.46 24.35
3	Smt. Mageswari Kannan Remuneration Provision for gratuity * Interest Paid Dividend Paid Unsecured Loan - Received - Paid	0.85 0.08 0.12 0.15 0.82 0.25	0.65 0.42 0.19 0.15 1.30 2.30
4	Sri. Sounder Kannan Remuneration Dividend Paid Provision for gratuity * Rent Paid Interest Paid Unsecured Loan - Received - Paid	0.85 0.07 0.04 0.09 0.11 1.97 2.48	0.64 0.07 0.22 0.09 0.11 1.86 1.19
5	Sri. T.Nagarajan Remuneration	0.20	0.19
6	Sri. T.R. Sivaraman Remuneration	0.02	-
7	Sri. V. Marikannan Remuneration	0.09	0.07
8	Sri. D. Vijayanand Salary Remuneration Provision for gratuity *	0.17 0.51 0.02	0.32 - -
9	Smt. Lakshmi Vijay Anand Salary Dividend Paid	0.24 0.03	0.20 0.03
10	Smt. Monaa Kannan Salary	0.24	0.20
11	Ms. M. Jayalalitha Salary	0.24	0.20
12	Sri. M. Sukumar Salary	0.15	0.12
13	Sri. A.M.Gopinath (Prop. Anugraha International) Commission Paid	0.08	0.02

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
14	Smt.Andal Gopinath Commission Paid	0.02	0.01
15	Naga Mills Limited Rental Income	0.00	0.00
16	Naga Marine Industries Limited Rent Paid	0.12	0.05
17	Nagalakshmi Charitable Trust Donation	0.40	0.09
18	Nagalakshmi Energy Private Limited Freight Charges Paid	0.01	-
19	M.M. Detergents Company Private Limited Purchases	41.02	34.02
	Sales	25.18	-
	Rental Income	0.04	-
	Reimbursement of Expenses	1.85	-
	Plant and Machinery rent and maintenance expenses	0.08	0.01
	Processing Income	0.08	0.05

* Gratuity entitlement is provided but not drawn by the Managerial persons.

c) Balances at the end of the year

S.No	Nature of transactions	As at March 31, 2018	As at March 31, 2017
1	Sri. K.S. Kamalakannan Unsecured Loans	0.18	4.62
	Remuneration payable	1.51	0.88
2	Smt. Mageswari Kannan Unsecured Loans	1.18	0.61
	Remuneration payable	0.89	0.66
3	Sri. Sounder Kannan Unsecured Loans	0.65	1.16
	Remuneration payable	0.65	0.47
4	Sri. D. Vijay Anand Remuneration payable	0.25	-
5	Naga Mills Private Limited Other Receivables	0.02	-
6	Naga Far East Private Limited Other Receivables	0.02	-
7	M.M. Detergents Company Private Limited Debtors & Others Receivables	17.81	0.01
	Creditors & other payables	-	9.77

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

d) Transaction summary with related parties

Particulars	Subsidiaries	Associate Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises Over Key Managerial are able to exercise	Total
Sales	- -	- -	- -	- -	25.18 -	25.18 -
Purchases	- -	- -	- -	- -	41.02 34.02	41.02 34.02
Wind Power Charges paid	- -	0.21 0.15	- -	- -	- -	0.21 0.15
Processing income	- -	- -	- -	- -	0.08 0.05	0.08 0.05
Lease rent (Plant & Machinery)	- -	- -	- -	- -	0.08 0.01	0.08 0.01
Remuneration/Salary	- -	- -	4.00 2.43	1.04 1.04	- -	5.04 3.47
Provision for gratuity	- -	- -	0.21 1.30	- -	- -	0.21 1.30
Rental Income	- -	- -	- -	- -	0.04 -	0.04 -
Rent Paid	- -	1.67 -	0.65 0.37	- -	0.12 0.05	2.44 0.42
Freight charges paid	- -	0.01 -	- -	- -	- -	0.01 -
Interest Paid on loan	- -	- -	1.57 1.34	- -	- -	1.57 1.34
Commission paid	- -	- -	- -	0.10 0.03	- -	0.10 0.03
Dividend paid	- -	- -	0.71 0.71	0.03 0.03	- -	0.74 0.74
Donation	- -	- -	- -	- -	0.40 0.09	0.40 0.09
Investment in equity shares	- -	0.09 0.15	- -	- -	- -	0.09 0.15
Share application money pending allotment	- -	- -	- -	- -	- -	- -
Loan received during the year	- -	- -	22.74 15.62	- -	- -	22.74 15.62
Loan paid during the year	- -	- -	27.12 27.84	- -	- -	27.12 27.84
Debtors & Other Receivables	0.04 -	- -	- -	- -	17.81 0.01	17.85 0.01
Creditors & Other Payables	- -	- -	3.30 2.01	- -	- 9.77	3.30 11.78

Note : Figures in italics represent previous year's amounts

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

50 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

For all periods up to and including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounts) Rules, 2014 (previous GAAP). This note explains the principle adjustments made by the Company in restating its financial statements prepared under previous GAAP for the following:

- a. Balance Sheet as at 1st April, 2016 (transition date)
- b. Balance Sheet as at 31st March, 2017 and
- c. Statement Profit and Loss for the year ended 31st March, 2017

A Exemptions availed

1. The Company has elected to consider the carrying value of all items of Plant, Property and Equipment recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.
2. The carrying amounts of the Company's investments in Associate Companies as per the financial statements of the Company prepared under previous GAAP are considered as the deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

B Non Current Investments

Under Ind AS, the Company has recognised Non Current investments at FVTPL.

C Proposed Dividend

In the financial statements prepared under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue was recognised as a liability in the financial statements in the reporting period to which the dividend was proposed. Under the Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

D Fair valuation of financial assets

The Company has valued financial assets- Trade receivables/Loans at fair value as mandated by As 109-Financial Instruments

E Borrowings-EIR Working

In the financial statements prepared under previous GAAP processing charges paid for borrowings is debitted to CWIP/Finance Costs. However, under Ind AS, processing charges are debitted loan account and Effective Rate of Interest is applied

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

F Revenue from sale of Products

In the Financial statements prepared under previous GAAP, revenue from sale of products was presented net of excise duty. However, under Ind As, revenue from sale of products includes excise duty. In the financial prepared under previous GAAP, cash discounts, trade discount and sales promotion expenses were shown as part of other expenses. However, under Ind AS, such expenses are have been reduced from revenue from sale of products.

G Actuarial gain and losses

Under previous GAAP, actuarial gains and losses were recognised in the Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset and is recognised in other Comprehensive Income. Consequently the tax effect of the same has also been recognised in the Other Comprehensive Income under Ind As instead of Profit and Loss.

H Deferred Tax

In the financial statements prepared under previous GAAP, Deferred tax was accounted as per the Income Tax approach, which required creation of deferred tax asset/liability on timing differences between taxable profit and accounting profit. Under Ind AS deferred tax is accounted as per Balance Sheet approach which requires creation of deferred tax asset/liability on the temporary differences between the carrying amount of an asset /liability in the Balance Sheet and its corresponding tax base. The Application of Ind AS has resulted in recognition of Deferred Tax on new temporary differences which were not required to be recognised under previous GAAP. In addition the above mentioned transitional adjustments have also led to temporary differences and creation of deferred tax there on.

I Fair Value of Forward contract

In previous GAAP, the exchange difference on forward contracts not intended for speculation were recognised on the reporting period in which the exchange rate changes. Under Ind As such forward contract are treated as hedging instruments and fair value gain or loss is recognised in the Statement of Profit and Loss.

J Effect of Ind AS adoption on Statement of cash flow for the year ended 31st March, 2018

In the financial statements prepared under previous GAAP, interest received was grouped under financing activity. However, the same is now grouped under investing activity in line with Ind AS

K Leases

In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been identified. All lease agreements are cancellable at the option of the Company.

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

51. A. Opening Ind As Balance Sheet as at April 1, 2016

Particulars	Previous IGAAP March 31, 2017	Effect of Transition to Ind AS	Ind As March 31, 2017
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	139.77	-	139.77
(b) Capital work in progress	6.27	-	6.27
(c) Intangible assets	-	-	-
(d) Investment Property	-	-	-
(e) Biological assets other than bearer plants	-	-	-
(f) Financial Assets			
(i) Investments	0.66	-	0.66
(ii) Loans	-	-	-
(iii) Other Financial Assets	4.09	-	4.09
(e) Other non-current assets	3.69	0.76	4.45
Non-current assets	154.48	0.76	155.24
2 Current assets			
(a) Inventories	53.42	-	53.42
(b) Financial Assets			
(i) Investments	-	-	-
(ii) Trade receivables	27.15	-	27.15
(iii) Cash and cash equivalents	2.51	-	2.51
(iv) Bank balances other than (iii) above	5.70	-	5.70
(v) Loans	0.45	-	0.45
(vi) Other financial assets	-	1.28	1.28
(d) Non current assets held for sale	-	-	-
(e) Other current assets	3.72	(0.76)	2.96
Current assets	92.95	0.52	93.47
TOTAL ASSETS	247.43	1.28	248.71
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14.25	-	14.25
(b) Other Equity	57.52	(7.78)	49.74
	71.77	(7.78)	63.99
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	79.53	-	79.53
(ii) Other financial liabilities (other than those specified in (c) below)	0.98	-	0.98
(b) Provisions	-	-	-
(c) Deferred tax liabilities (Net)	6.91	9.40	16.31
(d) Other non-current liabilities	0.07	-	0.07
2 Non-Current Liabilities	87.49	9.40	96.89
Current liabilities			
Financial Liabilities			
(a) Borrowings	52.60	-	52.60
(i) Trade payables	10.49	-	10.49
(ii) Other financial liabilities (other than those specified in (c) below)	21.00	-	21.00
(iii) Other current liabilities	3.70	-	3.70
(b) Provisions	0.38	(0.34)	0.04
(c) Current liabilities	88.17	(0.34)	87.83
TOTAL EQUITY AND LIABILITIES	247.43	1.28	248.71

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

50. B. Balance Sheet as at March 31, 2017

Particulars	Previous IGAAP March 31, 2017	Effect of Transition to Ind AS	Ind As March 31, 2017
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	165.69	-	165.69
(b) Capital work in progress	1.73	-	1.73
(c) Intangible assets	-	-	-
(d) Investment Property	-	-	-
(e) Biological assets other than bearer plants	-	-	-
(f) Financial Assets			
(i) Investments	0.52	0.10	0.62
(ii) Loans	-	-	-
(iii) Other Financial Assets	2.89	-	2.89
(e) Other non-current assets	3.79	0.16	3.95
Non-current assets	174.62	0.26	174.87
Current assets			
(a) Inventories	172.78	-	172.78
(b) Financial Assets	-	-	-
(i) Investments			
(ii) Trade receivables	34.10	-	34.10
(iii) Cash and cash equivalents	9.38	-	9.38
(iv) Bank balances other than (iii) above	17.65	-	17.65
(v) Loans	0.33	-	0.33
(vi) Other financial assets	-	-	-
(d) Non current assets held for sale	-	-	-
(e) Other current assets	31.96	(0.16)	31.80
Current assets	266.20	(0.16)	266.04
TOTAL ASSETS	440.81	0.10	440.91
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14.25	-	14.25
(b) Other Equity	80.55	(5.54)	75.01
Non-Current Liabilities	94.80	(5.54)	89.26
(a) Financial Liabilities			
(i) Borrowings	77.93	-	77.93
(ii) Other financial liabilities (other than those specified in (c) below)	1.04	-	1.04
(b) Provisions	1.38	-	1.38
(c) Deferred tax liabilities (Net)	9.91	6.17	16.08
(d) Other non-current liabilities	0.07	-	0.07
Non-Current Liabilities	90.33	6.17	96.50
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	172.62	-	172.62
(ii) Trade payables	22.73	-	22.73
(iii) Other financial liabilities (other than those specified in (c) below)	17.62	0.84	18.46
(b) Other current liabilities	36.88	-	36.88
(c) Provisions	5.83	(1.37)	4.46
Current liabilities	255.68	(0.53)	255.15
TOTAL EQUITY AND LIABILITIES	440.81	0.10	440.91

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

51. C. Statement of Profit and Loss for the period ended March 31, 2017

Particulars	Previous IGAAP March 31, 2017	Effect of Transition to Ind AS	Ind As March 31, 2017
I Revenue from Operations	665.92	(13.45)	652.47
II Other Income	2.60	0.10	2.70
III Total Income (I+II)	668.52	(13.35)	655.17
IV EXPENSES			
Cost of materials consumed	354.47	-	354.47
Purchase of stock-in-trade - Traded goods	146.82	-	146.82
Changes in inventories of raw material, work-in-progress,	(2.21)	-	(2.21)
Employee benefit expenses	25.39	(0.25)	25.14
Depreciation and amortization expense	22.98	(1.57)	21.41
Other expenses	21.41	26.93	48.34
Finance costs	59.66	(36.68)	22.98
Total Expenses (IV)	628.53	(11.58)	616.95
V Profit / (loss) before exceptional items and tax (III-IV)	39.99	(1.77)	38.22
VI Exceptional Items	-	-	-
VII Profit / (loss) before tax (V+VI)	39.99	(1.77)	38.22
VIII Tax expense:			
(1) Current tax	12.60	-	12.60
(2) Deferred tax	3.00	(3.14)	(0.14)
IX Profit (loss) for the period from continuing operations (VII-VIII)	24.39	1.37	25.76
X Other Comprehensive Income (Net of Taxes)			
A (i) Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations	-	(0.25)	(0.25)
Income Tax relating to the above	-	0.09	0.09
X1 Total Comprehensive Income for the period (Comprising profit (loss) and other comprehensive income)	24.39	1.21	25.60
XII Earnings per equity share (for discontinuing operation):			
(1) Basic	17.11	-	18.08
(2) Diluted	17.11	-	18.08



Consolidated Balance Sheet as at March 31, 2018

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

52 Information relating to subsidiaries

A. Information relating to non-wholly owned subsidiaries with material non-controlling interests

Name of Subsidiary	Proportion of ownership and voting rights held by non-controlling interest		Total Other Comprehensive allocated to non-controlling interest		Accumulated non-controlling interest	
	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
Naga Far East Private Limited	NIL	NIL	NIL	NIL	NIL	NIL
Naga Mills Private Limited	NIL	3%	NIL	(0.05)	NIL	3%
Both the Companies have been incorporated during 17-18 and yet to commence its operations.						

Summarised financial information in respect of each of the Groups subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

(Values represented in the table are in INR/USD/BDT)

Details	NAGA FAR EAST PRIVATE LTD		NAGA MILLS PRIVATE LIMITED	
	Year ended March 31, 2018		Year ended March 31, 2018	
	in INR	in USD	in INR	in BDT
Current assets	48,99,317	75,323	75,945	96,133
Non-current assets	-	-	-	-
Total assets	48,99,317	75,323	75,945	96,133
Current liabilities	2,34,744	3,609	1,77,625	2,24,842
Non-current liabilities	-	-	-	-
Total liabilities	2,34,744	3,609	1,77,625	2,24,842
Equity attributable to owners of the Company	46,64,573	71,714	(98,630)	(124,848)
Non-controlling interests	-	-	(3,050)	(3,861)
Revenue	-	-	-	-
Expenses (including tax)	2,63,038	4,044	1,78,079	2,25,416
Profit for the year	(2,63,038)	(4,044)	(1,78,079)	(2,25,416)
Attributable to owners of the company	(2,63,038)	(4,044)	(1,72,737)	(2,18,654)
Attributable to non-controlling interests	-	-	(5,342)	(6,762)
Profit for the year	(2,63,038)	(4,044)	(1,78,079)	(2,25,416)
OCI attributable to owners of the company	-	-	-	-
OCI attributable to non-controlling interests	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income attributable to Owners of the company	-	-	-	-
Total Comprehensive Income attributable to non-controlling interests	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-
Net cash from operating activities	(2,63,038)	(4,044)	(1,78,079)	(2,25,416)
Net cash from investing activities	-	-	-	-
Net cash from financing activities	-	-	-	-
Net Cash (outflow)/ Inflow	(2,63,038)	(4,044)	(1,78,079)	(2,25,416)

Consolidated Balance Sheet as at March 31, 2018

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

B Goodwill on consolidation

Particulars	Year ended	
	March 31, 2018(unaudited)	March 31, 2017(unaudited)
Goodwill at the beginning of the year	0.00	0.00
Add: Goodwill recognised during the year	0.00	0.00
Goodwill at the end of the year	-	-
Less: Impairment during the year	0.00	0.00
Carrying amount of goodwill	-	-

Allocation of goodwill to cash generating units

Each of the subsidiaries is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to these cash-generating units.

Particulars	Year ended	
	March 31, 2018(unaudited)	March 31, 2017(unaudited)
Naga Far East Private Limited	0.00	0.00
Naga Mills Private Limited	0.00	0.00
	-	-

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

53 Information relating to associates

There are no associates which are individually material and thus, only aggregate information of associates that are not individually material is given below

Aggregate information of the associates	Year ended	
	March 31, 2018 (unaudited)	March 31, 2017 (unaudited)
The Group's Share of profit / (loss) from continuing operations	(8.01)	1.08
The Group's Share of other comprehensive income	0.00	0.00
The Group's Share of other comprehensive income	(8.01)	1.08
Aggregate carrying amount of the Group's interests in these associates	8.92	14.49
Unrecognised share of loss of an associate for the year*	-	-
Cumulative share of profit/ loss of an associate	(8.01)	1.08

* consequent to investment being nil under equity accounting

Notes to Financial Statements for the year ended March 31, 2018 (Consolidated)

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

54 Results - Power Generation (Captive Power)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Operating Income	12.94	9.43
Profit Before Interest and Tax	7.85	5.49
Less : Interest Expenses	1.62	0.31
Profit Before Tax	6.24	5.18

52 Expenditure on Scientific Research

Nature	As at 31-Mar-18	As at 31-Mar-17
a) Revenue	0.11	0.08
b) Capital	0.43	0.00

53 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity

	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	94.75	71.74
Ind AS Adjustments		
Reversal of proposed dividends and taxes thereto	1.37	0.34
Fair valuation of financial assets and liabilities	(0.74)	1.28
Deferred Tax impacts	(6.16)	(9.40)
Total equity/ shareholders' funds as per Ind AS	89.22	63.96

(b) Reconciliation of Profits

	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	24.38
Ind AS Adjustments	
Fair valuation of financial assets and liabilities	(2.02)
Deferred Tax impacts	3.23
Total comprehensive income as per Ind AS	25.60

57 Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors at their meeting held on 30th May, 2018.

For and on behalf of the Board

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

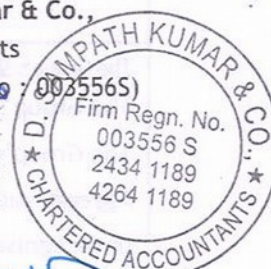
MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556
T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

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

Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767



Place : Dindigul
Date : May 30, 2018

ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENT

FORM AOC-1

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

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

Part “A”: Subsidiaries

(Rs. in Lakhs)

1	Name of the subsidiary	Naga Far East Private Limited, Singapore	Naga Mills Private Limited, Bangladesh
2	The date since when subsidiary was acquired	13 th September 2017	06 th February 2018
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April to March	July to June
4	Reporting currency and Exchange rate as on the last date of the Financial year	United States Dollar 1 USD = 65.0441 INR	Bangladeshi Taka (BDT) 1 BDT = 0.797 INR
5	Share Capital (including Share Application)	49.28	0.77
6	Reserves and surplus	(2.63)	(1.80)
7	Total assets	48.99	0.77
8	Total Liabilities	48.99	0.77
9	Investments	0.00	0.00
10	Turnover	0.00	0.00
11	Profit/ (loss) before taxation	(2.63)	(1.80)
12	Provision for taxation	0.00	0.00
13	Profit/ (loss) after taxation	(2.63)	(1.80)
14	Proposed Dividend	0.00	0.00
15	% of shareholding	100.00%	99.70%

Part “B”: Associates and Joint Ventures

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

(Rs. in Lakhs)

Name of associates	Annai Power Private Limited	Nagalakshmi Energy Private Limited
Latest audited Balance Sheet Date	31st March, 2018	31st March, 2018
Shares of Associate held by the company on the year end: No :	10400 Equity Shares of Rs.100 each	26,000 Equity Shares of Rs.10 each
Amount of Investment in Associate / Joint Venture	10.40	2.60
Extent of Holding %	26%	26%
Description of how there is significant influence	Equity holding	Equity holding
Reason why the associate is not consolidated	Not applicable	Not applicable
Net worth attributable to shareholding as per latest audited Balance Sheet	(1.02)	(1.54)
Profit Loss for the year: Considered in Consolidation	(8.01)	(0.89)
Not Considered in Consolidation	(22.81)	(2.54)

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

ENTITIES FORMED/ ACQUIRED AND CEASED DURING THE FINANCIAL YEAR 2017 - 18 :

S. No.	Name of the Subsidiary/ Associate Company
A	<p>Formed/ Acquired:</p> <p>Subsidiary</p> <p>1. Naga Far East Private Limited, Singapore</p> <p>2. Naga Mills Private Limited, Bangladesh</p> <p>Associate</p> <p>3. Nagalakshmi Energy Private Limited, India</p>
B	Ceased: Nil



**FORM NO. MGT 11
PROXY FORM**

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

NAGA LIMITED

(CIN L24246TN1991PLC020409)

Registered Office : No.1, Anna Pillai Street, Chennai - 600 001.
E-mail : marikannanv@nagamills.com, Website : www.nagamills.com
Phone/Fax : 044-25363535

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

I/We, being the member(s) holding _____ shares of the above named Company, hereby appoint :

1) Name _____ E Mail : _____

Address : _____

_____ Signature _____ Or failing him / her

2) Name _____ E Mail : _____

Address : _____

_____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27th Annual General Meeting of the Company, to be held on Friday, 28th day of September, 2018 at 12.10 P.M. at Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai-600 008 and at any adjournment thereof in respect of such resolutions, as are indicated below :

Resolution No.	Description	Type of Resolution	* Optional	
			For	Against
Ordinary Business :				
1.	Adoption of Audited Financial Statements and Reports of the Board of Directors and Auditors for the financial period ended on 31st March 2018.	Ordinary		
2.	To declare a final dividend on the equity shares for the financial year ended 31st March 2018.	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		
Special Business :				
4.	Appointment of Sri. S. Neelakantan (DIN 01474064) as an Independent Director of the Company for a period of 5 years upto 20.08.2022.	Ordinary		
5	Appointment of Sri. D. Vijay Anand (DIN 07400565) as Technical Director of the Company for a period of 3 years.	Ordinary		
6	To approve the remuneration of the Cost Auditor for the Financial year 2018-2019.	Ordinary		
7	To approve the revision of remuneration of Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director of the Company.	Special		



Affix Re.1
revenue
stamp

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 27th 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.

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