

## TRANSCRIPT OF THE 29<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ON AUGUST 14, 2020 AT 12:10 PM

Ladies and Gentlemen, Good Afternoon, It is 12.20 P.M. time to start the meeting.

It is my pleasure to welcome you all for the 29<sup>th</sup> Annual General Meeting of the Company. This meeting is held through Video Conferencing and Other Audio Visual Means due to the Lockdown on account of COVID 19. This is in compliance with the circulars issued by the Ministry of Corporate Affairs, the Government of India and the Securities and Exchange Board of India. The Company has taken all effective steps to ensure that the shareholders are provided the opportunity to participate in the AGM and vote. Adequate video conferencing facility for conducting the proceedings of this meeting has been provided. The requisite quorum is present and therefore, I call the meeting to order.

The Register of Directors and KMP's and their shareholding and Register of contracts or arrangements in which Directors are interested are available. Members who wish to access the specific inspection documents kindly drop the request mail to [marikannanv@nagamills.com](mailto:marikannanv@nagamills.com).

I now call all the Directors who are in the video conference to introduce themselves.

**Mr. Irudayaraj** - Good Afternoon, this is L.A. Irudayaraj, Independent Director joining the AGM from Chennai and I am also the Chairman of Audit Committee.

**Dr. K. Venkatachalam** - Good Afternoon, this is K. Venkatachalam, Independent Director joining the AGM from Dindigul and I am also the Chairman of CSR Committee.

**Mr. S. Ramesh** - Good Afternoon, this is S. Ramesh, Independent Director joining the AGM from Dindigul and I am also the Chairman of Stakeholders Relationship Committee.

**Mr. S. Neelakantan** - Good Afternoon, this is S. Neelakantan, Independent Director joining the AGM from Chennai.

**Mrs. Mageswari Kannan** - Good Afternoon, this is Mageswari Kannan, Joint Managing Director joining the AGM from Dindigul.

**Mr. Sounder Kannan** - Good Afternoon, this is Sounder Kannan, Whole-time Director joining the AGM from Dindigul.

**Mr. D. Vijay Anand** - Good Afternoon, this is D. Vijay Anand, Technical Director joining the AGM from Dindigul.

All the Directors of the Company are present at this meeting. Sri. T.R. Sivaraman, Chief Financial Officer, Sri. V. Marikannan, Company Secretary and the representatives of the Statutory Auditors and Secretarial Auditors are also present at this meeting.

Ladies and Gentlemen, the Notice dated 29.06.2020 convening this AGM and a copy of the Annual Report for the FY ended 31<sup>st</sup> March, 2020 has already been circulated to the members of the Company electronically.

With your permission, I shall take them as read.

The Auditors Report on the Standalone and Consolidated Financial Statements and the Secretarial Audit Report of the Company for the FY ended 31<sup>st</sup> March, 2020 do not contain any qualification, reservation, adverse remark or disclaimer. Accordingly, the reports are not required to be read out as provided in the Companies Act, 2013.

Now, with your permission, I wish to present the highlights of the year 2019-20. The Chairman's speech is already annexed in the Annual report and assuming the Shareholders had a glance on the report now I only narrate the synopsis.

Before the year got concluded the world suffered a huge setback in terms the epidemic COVID 19 which completely changed the atmosphere. Endless suffering was caused to the humanity and the trivial still continues. Despite the setback your company could start the production within a few days immediately after lockdown being the essential nature of your company viz Food Products. Based on the excellent assistance received from the Governmental authorities your company could manage the movement of people and goods even though we faced initial problems then and there.

The year was a modest year in terms of Production, Sales and Profitability. While in terms of value the turnover got increased, the Profitability came down due to expenses incurred in consolidating the activities, higher interest outgo on account of increased capital expenditure towards capacity increase and more specifically on account of new acquisition. Your company always aims to achieve regular growth in terms of turnover and profitability to sustain and serve all the stakeholders.

Your Company sensing the volatility and the depressed economic scenario has already initiated necessary steps to consolidate its various related divisions in one roof for effective management, cost reduction and continual growth. These steps along with expansions undertaken in other divisions of your Company will helps us to achieve growth in terms of turnover and profitability.

The Management is aware that being in the intensively competitive area of business there is always the need to concentrate on the quality and growth to remain in the business to modestly serve the stakeholders. In this process I whole heartedly express my thanks to my Colleagues in the Board, Employees, Shareholders, Banks, Financial Institutions, State and Central Governments for their continued support.

I now request Sri. Sounder Kannan, Whole-Time Director to deliver his address.

**Address by Sri. Sounder Kannan, Whole-Time Director:**

Dear Shareholders,

Chairman has explained in detail the performance as well as the strategy for the future of your company. I wish to elaborate the steps taken by your company during the trying period of COVID 19.

COVID 19 is an unprecedented pandemic for the world, for India and for humanity. These are difficult times, and you may be feeling anxious, but please remember you are not alone. Your Company considering the enormity of the situation has tried its best to respond to the situation to the best of its ability.

Your company has contributed to the cause in the following manner;

- Contribution of Rs. 50 Lakhs towards PMCARES Fund.
- Contribution of Rs. 50 Lakhs to Tamilnadu CM Relief Fund.
- Distribution of foods in various ways to the persons connected with COVID 19 operations in around your factory area- Rs. 100 Lakhs.
- Insurance cover (especially for Corona) to all Employees and other stockists and wholesale dealers.

While the Industries and Governments have done tremendously well so far, we cannot rest until India has fully conquered the coronavirus calamity. The public health crisis is daunting alone, but the economic and humanitarian crises on our hands must also be addressed. Each one of you in the Naga family has the power to make India safer, healthier and stronger.

Let us continue to practise safe social distancing, report daily on the systems checked, stay positive, productive and optimistic through these times.

Now I am handling over the stage to Chairman.

**Address by Chairman:**

I would like to mention that as per Companies Act, 2013 and SEBI Listing Regulations we have provided for electronic voting. The Company had provided its members facility to cast their vote through the remote electronic voting system administered by CDSL. Facility for voting at the meeting is also provided to members present in the meeting and those who have not yet voted. Members may please go to the voting page of CDSL Evoting website and cast your vote while at the same time watch the proceedings of the Meeting.

Sri. G. Sreenivasa Rao, Proprietor of M/s. G.S. R. & Co., Company Secretaries, Chennai has been appointed as the Scrutinizer to scrutinise the votes cast at the meeting and through the remote evoting. Since the AGM is held through Video Conference or Other Audio Visual Means and the resolution mentioned in the notice convening this AGM have been already put to vote through remote evoting there will be no proposing and seconding of resolutions.

**I now invite speakers who were registered to elaborate their points:**

**Firstly, Sri. S. Thamaraiselvan, representative of M/s. Lakme Investment and Finance Limited**

Kindly refer Page 93 Standalone Profit and Loss Account- **1. Qus: -The Turnover got increased to Rs. 1003 Cr as against Rs. 837 Cr in 2019-20. However, the Profit before tax has come down to Rs. 8.77 Cr from Rs. 25.62 Cr. What are the reasons? -**

At this stage, Chairman has requested Sri. T.R. Sivaraman, Chief Financial Officer to answer the query.

**Ans:** Dear Shareholder this point is to be answered in two parts.

➤ Major portion of the Increase in Turnover is on account of Change of Model in our Detergents Division where as against the existing model of billing only conversion charges, the customer has now changed the method into billing of full-fledged turnover including cost of raw materials. This change got into effect from December, 2019 and this contributed to nearly Rs. 120 Cr to the increase in turnover. The balance increase in turnover is from other Divisions.

➤ Correspondingly, the consumption also included raw materials cost of Detergents Division from December to March turnover. Thus, the profitability has come down on account of increase in materials consumption, increase in Employee cost, increase in Depreciation and increase in Finance cost. The increased borrowings on account of additions to fixed assets for regular operations as well as towards new acquisition resulted in increased finance costs. This is also the reason for increase in depreciation as new assets are capitalized during the year. Increase in other expenses represents increase on account of various professional charges on account of acquisition as well as quality and sales excellence consultations.

Refer page number 93 again - **2. Qus:- What is the reason for deferred tax shown as minus.**

**Ans:-** The Central Government vide an Ordinance passed in 2019, has given an option to companies to opt for lower rate of taxes. Even though, your Company yet to exercise the option, the Company has applied lower tax rates for deferred tax considering the future where we may be subjected to lower rates.

3. Refer page number 19 of the Annual report - **Qus:- Kindly elucidate about Bakery business.**

**Ans:** Dear Shareholder you may recall that in the last year Annual report we had mentioned the start of two new Bakery units at Chennai and Bangalore. During the year under review your Company, taking into consideration the long term growth prospects took the decision to acquire two existing manufacturing units of noodles and pasta near our existing factories after getting approval from the Board. In one of the units acquired plenty of land space was available. Considering the need to consolidate the various retail activities to strengthen the Management control and reduction of cost, your Company decided to shift both the factory units to the new place at Dindigul. The decision proved right as COVID 19 completely made movement's impossible strangulating industrial operations all over India.

**The second shareholder Sri. A. Manoharan raised two questions as below for which Chairman himself answered.**

**Qus:- Nearly three decades of business in Food processing. What is your future strategy?**

**Ans:** Being in the Food Industry and having earned a brand name for best products supplied, your Company now entering into the phase of consolidation and looks out to stabilize the growth path to remain in the field for a fairly long period. With the latest acquisition of units and the bringing together of related retail divisions in one place your Company will now concentrate enlarging the markets and try to achieve reasonably good results to the satisfaction of all stake holders. Considering the present COVID 19 scenario and the economic slowdown it is essential for your Company to stay afloat to take care of all business stake holders.

**Qus:- Outlook for the current year.**

**Ans:** As explained for the previous question your Company is gearing up to stay stable in the present scenario and concentrate on achieving reasonably good performance in terms of turnover and profitability. Despite the various challenges faced due to COVID 19, your Company could perform reasonably well in the current year. However in view of the decisions taken/to be taken by the Government the situation may change like fixing prices of commodities like wheat etc. This may adversely affect all the Food processing industries. Also the pandemic COVID 19 is still not over and we may not be able to exactly quantify the effects. Your Company is looking at all options to ensure that it effectively manages the situation and emerges stronger.

**Finally, third shareholder Sri. Rajkumar raised two queries for which Sri. T.R. Sivaraman, Chief Financial Officer answered as below.**

Refer page no 119 of the Annual Report - **Qus: In note number 22 Rs 7.92 Cr was indicated as Assumed liability in 31.03.2020. Kindly explain.**

**Ans:** Shareholders may note that in the Directors report it was explained that during the year Your Company has acquired two existing units in Dindigul manufacturing noodles and pasta. One unit was purchased as direct purchase of the entire unit. The other unit was purchased by Means of a Business Transfer Agreement (BTA) where the assets and liabilities were taken over. Accordingly the liability of the selling company towards a Bank was taken over. Since the Bank has not changed the name as at 31.03.2020 as the registration is not complete. The registration has been completed during the current year and the liability is freely settled in our favour this liability is shown as assumed liability with a foot note explaining the details.

Kindly refer page 117 of the annual report - **Qus: The total outstanding of the term loans was given as Rs. 212 Cr. But referring to schedules I could not tally the same.**

**Ans:** Please refer note 18 and note 24. The total of Rs 180. 85 in note 18 and the first line in note 24 of Rs 32.73 Cr will be Rs 213.58 Cr. However Loans from related parties amounting to Rs. 1.58 Cr in Note 18 is not Term Loan from Banks and hence it is to be deducted. Thus, Term Loan from Banks will be Rs. 212 Cr.

**Now, Chairman took over and continued with the meeting.**

I wish to thank all our Directors for joining the meeting and now I authorise Sri. V. Marikannan, Company Secretary to conduct the voting procedure and conclude the meeting. The evoting facility will remain open for the next 15 minutes to enable those of the members who have not voted or casted their vote. The results will be announced on or before 16<sup>th</sup> August, 2020 and the same will be intimated to the stock exchange and uploaded in the website of the Company and CDSL. Now, the meeting got concluded and all the persons who have joined the video conference may leave the conference. I wish all of you a healthy and safety future.

I thank all the Shareholders of the Company for their continued support to the Company at all points of time.

I extend my heartfelt thanks to all my colleagues on the Board both executive and independent directors for their excellent guidance, support and encouragement to run the Company at critical times.

I am very much thankful to employees at all levels of the Company whose contribution helped the Company to achieve best results.

I convey my thanks to Customers, Suppliers and Service Providers for their best support and cooperation.

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

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