

SOUTHERN LATEX LIMITED

27th ANNUAL REPORT
2015 – 2016

Boards of Directors

Managing Director	Mr. N. Neelakanda Pillai
Non Executive & Independent Director	Mr. Muralikrishnan Mr. V. K . Balaji Ms. Santhi Women Director
Company Secretary & Compliance officer	Mr. Soubhagya Mohakhud

<u>Auditors</u> KANNAN AND ALAMELU Chartered Accountants, Flat No. 6, First Floor, “A” Block, Durgamba Apartments, No.29, Padmavathiar Road, Gopalapuram, Chennai- 600086	
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<u>Bankers</u> Union Bank of India, Triplicane Branch, Chennai-600005	<u>Registered Office</u> B-11/W, SIPCOT Industrial Complex, Gummidipoondi, Tiruvalluvar District- 601201. Phone : 04119 322334 Email id : southernlatexltd@yahoo.com Website : www.southernlatex.in
CIN:L25199TN1989PLC017137	
Annual General Meeting on 07th September 2016 @ 10.30 A M @ Sri Mini Kamakodi Thirumana Maligai, Agaththiar Nagar, Villivakkam, Chennai-600049	

<u>Listing</u> BSE Ltd Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001	<u>Registrar & Share Transfer Agent</u> M/s.Cameo Corporate Services Limited “Subramanian Building” No.1, Club House Road, Chennai-600002 Phone: +91 44 – 2846 0390-94 Fax: +91 44 – 2846 0129 E-mail: cameo@cameoindia.com
Stock Code : 514454	ISIN Number : INE410M01018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report on the working of the Company along with the audited Balance Sheet and Profit Loss Account for the year ended 31st March 2016.

FINANCIAL RESULTS

OPERATIONS as STATE OF COMPANY'S AFFAIRS

During the year under review, your company had made a turnover of Rs. 56.70 lakhs and resulting Net profit of Rs. 13.13 lakhs as compared with the previous year as Rs.83.16 lakhs and Rs. 11.21 lakhs respectively.

(In Rs.)		
Particulars	2015-2016	2014-2015
Total Income	56,70,000	83,15,500
Less : Depreciation	5,68,576	26,87,340
Profit after depreciation but before tax (PBT)	21,90,755	37,29,509
Less : Taxes	0	2,63,896
Net profit / (loss) for the period	13,13,073	11,21,020
No. of Shares	7359200	7359200
EPS	0.18	0.15
Proposed Dividend	0	0
Dividend tax	0	0
Balance of Profit Carried to B/S	13,13,073	11,21,020

DIVIDEND

During the year even though the Company has made profit, your directors felt that the same may be carried forward to the Balance Sheet so as to improve financial stability of the Company and hence have not recommended any dividend for the year.

TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013

The board does not proposed any amount to carry to any specific reserves.

CHANGES IN NATURE OF BUSINESS

There is no significant change in the core business activity of the company during the financial year

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF AUDIT REPORT

No significant material changes and commitments have occurred between the date of the balance sheet and the date of this report

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS/ COURTS/ TRIBUNALS

There are no significant and material orders passed by Regulators/Court/Tribunals against the company.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure liability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired & economically used.

FUTURE PLAN

The Company is planning to start new business in highly potential market for which it has augmented efforts with core team. All development in this aspect shall be placed for the information of the shareholders through the Stock Exchange filing system and the Company website.

Subsidiaries / Joint Ventures

There are no subsidiaries and Joint venture Companies.

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

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Energy conservation is being given top priority and the Company monitors the energy costs and reviews the consumption of energy on a regular basis.

B. FOREIGN EXCHANGE EARNING AND OUTGO

There was no foreign exchange expenses and income during the year.

MANAGERIAL REMUNERATION

1. Details of Managerial Remuneration required to be Disclosed in Boards Report as per Section 197(2) of the Companies Act 2013 and read with Rule 5(1) of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

Name of the Director	Designation	Remuneration Paid in FY 2015-2016 (in Rs)	Remuneration Paid in FY 2014-2015	% increase of Remuneration in 2016 as compared to 2015 previous year	Ratio/Times per Median of employee Remuneration
V K Balaji	Independent Director	NIL	NIL	N A	NA
N Neelakanda Pillai	Managing Director	NIL	NIL	NA	NA
Muralikrishnan	Independent Director	NIL	NIL	NA	NA
Santhi	Independent Director	NIL	NIL	NA	NA
*Mr.Guruswami Raj G	Company Secretary	1,20,000/-	NIL	NIL	NIL
**Mr. Sathish Kumar A S	Company Secretary	60,000/-	NIL	NIL	NIL
*** Mr. Soubhagya Mohakhud	Company Secretary	1,20,000/-	NIL	NIL	NIL

*Mr. Guruswami Raj G resigned from the post of Company Secretary on 09th April 2015.

** Mr. Sathish Kumar A S resigned from the post of Company Secretary on 10th June 2015.

***Mr. Soubhagya Mohakhud was appointed as Company Secretary on 21st December 2015.

There is no employee who is withdrawing remuneration more than One Crore and Two Lakhs per annum, more than Eight Lakhs and Fifty Thousand per month and more than remuneration of Managing Director or Whole Time Director

- No of permanent employees on the rolls as on 31st March 2016 is 5.
- The board confirms that the remunerations paid to the directors is as per the remuneration policy.

2. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) And RULE 5 (3) of COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs. 1.00 Crore and Two Lakhs per annum

---- None ----

- B. Employed for part of the year and in receipt of remuneration of more than Rs. 08 Lakhs and 50 thousand per month

---- None ----

- C. If employed throughout the FY or part thereof, was is in receipt of remuneration in excess of that drawn by the Managing Director or WTD or Manager and holds himself or along with his spouse and dependent children, not less than 2% of equity shares of the Company.

---- None ----

RISK MANAGEMENT POLICY

As per The risk management policy of the company rectifies the risk and controlling mitigating Factors. The risk as identified by the company does not threaten the existence of the company and the Board is taking all steps to minimize the risk.

OTHER LAWS

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under, your Company has constituted an Internal Complaints Committee (ICC).

During the year under review, there were no cases received /filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of Annual Accounts for the year ending 31st March 2016, the applicable Accounting Standards have been followed and no material departures have been made from the same.
2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for that period.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the company preventing and detecting fraud and other irregularities.

4. That they have prepared the annual accounts on the 'going concern' basis
5. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively
6. The Directors had devised proper system to ensure that systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DETAILS OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 8 (Eight times) on the following dates during the financial year 2015 -16, on the following dates. The details of such meetings and attendance is provided in the section, Report on Corporate Governance.

Date of Board meeting
30 th May 2015
28 th July 2015
18 th September 2015
30 th October 2015
27 th November 2015
31 st December 2015
30 th January 2016
25 th March 2016

SECRETARIAL STANDARDS

The Company is generally complying with the Secretarial Standards SS1 and SS2 from the date of implementation till the date of this report.

CORPORATE GOVERNANCE:

A report on Corporate Governance, pursuant to clause 27 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) Regulations, 2015, is annexed hereto and forms part of this report. A certificate from M/s. Kannan & Alamelu, Chartered Accountants, Statutory Auditors of the Company regarding compliance of conditions of corporate governance stipulated by the stock exchanges is annexed to this report and forms part of this report for all compliances.

ANNUAL RETURN

An extract of Annual Return as on 31st March 2016 pursuant to Section 92 (3) of the Companies Act, 2013 and forming part of the report is attached separately as **Annexure-A**

CODE OF CONDUCT

The Company has adopted a code of conduct for the Board of Directors and senior management of the Company and all of them have affirmed compliance of the same.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

In accordance with the listing agreement, the Management Discussion and Analysis Report is annexed hereto and forms part of this report and forms part of this report for all compliances.

AUDIT COMMITTEE

Your company has complied with the provisions of Section 177 of the Companies Act, 2013 as to constitution of Audit Committee with Mr. MuraliKrishnan, Mr. N. Neelakanda Pillai and Ms. Santhi are being members of the said committee. Mr. V K Balaji being the Chairman of the committee. The committee met 07(Seven) times during the year.

INTERNAL AUDIT

There are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit no major weakness has been noticed in the internal control system.”

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 22 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism / Whistle Blower and the same was hosted on the website of the Company.

This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Brief details about the policy are provided in the Corporate Governance Report

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not made any loans and Investments and has not given any guarantees as per the provisions of section 186 of the Companies Act, 2013 during the financial year:-

S.No	Loan/Guarantee/ Investment	Date of Transaction
NIL	NIL	NIL
Name of Company		Amount
NIL		NIL

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES.

All Contracts/arrangements/transactions entered by the company during the financial year 2015-16 with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contracts/arrangements/transactions with related parties which would be considered material. Details given in the **Annexure-E**

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.

The Companies Act, 2013 lays down a mandatory provision wherein every company having

- Net worth of rupees five hundred crore or more, or
- Turnover of rupees one thousand crore or more or
- Net profit of rupees five crore or more during any financial year, shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. As the said provisions are not applicable to the company, it has not developed and implemented any Corporate Social Responsibility initiatives.

During the year the Company was not covered under said provision and hence the Company has not taken up any activity on this aspect..

FORMAL ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD AND ITS COMMITTEES

The manner in which the formal evaluation of the members of both the board and various committees constituted by the company has been covered in the “Corporate Governance Report” to this report.

The following policies relating to appointment of Directors, payment of Managerial remuneration, Directors’ qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 of the company are attached for

(a) Policy relating to selection of directors appointment. -Annexure -C

(B) Remuneration Policy for directors, Key Managerial Personnel and other employees.-
Annexure-D

LISTING

The Shares of your company is presently listed in the Bombay Stock Exchange (BSE) and details of listing is provided in the section, Report on Corporate Governance. **DIRECTORS**

a. Resignation:

No Director of the Company had resigned from the Board during the year.

b. Appointment

There is no Change in composition of the Board during the year.

COMPANY SECRETARIES

On 21st December 2015, Mr. Soubhagya Mohakhud as a Company Secretary cum Compliance officer of the Company pursuant to the provisions of Section 203 of the Companies Act, 2013 and read with Rules 8 (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 and if any amendments thereto, Mr. Soubhagya Mohakhud (ACS- 31246) is an Associate Member of the Institute of Company Secretaries of India, who possess the requisite qualification as prescribed under the Companies (Appointment and Qualifications of Secretary) Rules, 1988 and was appointed as company secretary cum compliance officer of the Company.

AUDITORS

The Statutory Auditor M/s. Kannan & Alamelu were appointed at the 25th Annual General Meeting held on 18th December 2014 as Statutory Auditor for the period of 4 years which will be ratified by the Members at the ensuing Annual General Meeting.

The Board has appointed M/s S Praharaj & Associates, Practicing Company Secretaries to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit report for the financial year ended March 31, 2016 is annexed herewith in **Annexure-B**.

AUDITORS REPORT

Auditors had not made any qualification or did not make any adverse remark in their report regarding financial statements. Therefore, there is no need for any clarification or any comment on Auditors report.

The observations mentioned in the Secretarial Audit Report by the Secretarial Auditor are self explanatory.

SHARE CAPITAL

During the financial year, the Company had not issued any Equity Shares with Differential rights, any Sweat Equity Shares and any Employee Stock Options.

ENVIRONMENT COMPLIANCE:

India is the seventh largest country in the world by geographical area. While progress in the environmental front is being made, India still faces some major challenges. Despite highly evolved environmental laws and regulations in some areas, many environmental practices such as regulation of air pollutants using model seen in western countries are still at a very rudimentary stage in India. Increased environmental regulations will likely become a key area of concern in the near future.

The increasing desire of Indian companies to meet world class standards has caused established companies in India to take on sustainable initiatives as a means of improving their global brand and reputation and the environmental sector is expected to be at the forefront of India's evolving story in the coming years.

The Company has already considered the prerequisites of environment compliance long way back and is doing new initiative every year. Some of the major initiatives of regular basis are:

Slogan of the Company – “One planet, one earth, one nature which propagates Save the earth for better tomorrow”.