

SOUTHERN LATEX LIMITED

30th ANNUAL REPORT
2018 - 2019

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	Ms. Kavitha.C

<u>Auditors</u> KANNAN AND ALAMELU Chartered Accountants, Flat No. 6, First Floor, "A" Block, Durgamba Apartments, No. 29, Padmavathiar Road, Gopalapuram, Chennai - 600086.	<u>Secretaries & Auditor</u> S Praharaj & Associates Practicing Company Secretaries 2nd Floor, No. 157/60, Rangarajapuram Main Road, Kodambakkam, Chennai - 600024.
--	--

<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 19th September, 2019 at 3.30P.M. at Sivam G. R. Thirumana Mandapam, Sivanandhapuram, Rettambedu Salai, Gumidipoondi -601201	

<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 Members,

The Board of Directors hereby submits the report of the business and operations of your Company, along with the audited financial statements, for the financial year ended March 31, 2019.

The Company has retained earnings on which interest is earned. During the year under review, your Company had earned Rs. 46.46 lakh and resulting net profit of Rs.18.63 lakh as compared with the previous year as Rs.46.46 lakh and Rs.15.47 lakh respectively.

FINANCIAL RESULTS

Your Directors are exploring all options to bring
(In Rs.)

Particulars	2018 - 19	2017 - 18
Total Income	46,462,20	46,46,220
Less : Expenses	20,15,488	23,52,511
EBITDA	26,30,732	22,93,709
Less: Depreciation	3,14,298	3,82,963
Profit after depreciation but before tax(PBT)	23,16,434	19,10,746
Less: Taxes	4,52,863	3,64,093
Net profit/(Loss)for the period	18,63,571	15,46,653
No. of Shares	73,59,200	73,59,200
EPS	0.25	0.21
Proposed Dividend	-	-
Dividend Tax	-	-
Balance of Profit Carried to B/S	18,63,571	15,46,653

OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The year to which this report relates to thirtieth year of incorporation/operation. Your Company was incorporated to carry on the business of manufacturing, processing and selling of rubberized coir products. However with the change in policy and demand of market the business went down and the Company has not been able to grow.

Your Company is not having any commercial operation or operative income during the year.

new business to Company and make the Company on back on growth track. The Board will give all efforts to give the shareholders all the value.

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.

DIVIDEND

Owing to conserve the resources of the company, your Directors do not recommend any

Dividend for the Financial Year ended at 31st March, 2019.

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no significant material changes and commitment affecting the financial position of the company between the end of the financial year and the date of this report.

TRANSFER TO RESERVE

The Board does not propose any amount to carry to any specific reserves.

CHANGES IN NATURE OF BUSINESS

There is no significant change in the business activity of the company during the financial year although the Sale of rubberized coir has been stopped by our company in the year 2017.

CORPORATE GOVERNANCE

Your Company is committed to maintain the standard of Corporate Governance and adhere to Corporate Governance guidelines, as laid out in SEBI Listing Regulations. All the Directors and the Senior Management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company. The annual report of the Company contains a certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and Senior Management personnel. The Company has obtained a certificate from the auditor of the company confirming compliance, as per SEBI Listing Regulations. The Certificate

in this regard is attached as Annexure A to this Report. The Chief Executive Officer/Chief Financial Officer (CEO/CFO) certification as required under the SEBI Listing Regulations is attached as Annexure A to this Report.

DETAILS OF SUBSIDIARY

There are no subsidiaries and Joint Ventures Companies.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company Secretary Mr. Sowbhagya Mohakhud resigned in September, 2018. The Company was in search of a new Company Secretary and was not able to appoint one till the end of the year. However the Company has appointed Ms. C Kavitha as whole time company secretary in the month of April 2019.

MANAGERIAL REMUNERATION

The information required under Section 197 of the Act and rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Name of the Director	Designation	Remuneration Paid in FY 2018-2019 (in Rs)	% increase of remuneration in 2019 as compared to 2018 previous year	Ratio/Times per Median of employee Remuneration
V K Balaji	Independent Director	NIL	NA	NA
N Neelakanda Pillai	Managing Director	NIL	NA	NA
Muralikrishnan	Independent Director	NIL	NA	NA
Santhi	Independent Director	NIL	NA	NA
Mr. Soubhagya Mohakhud	Company Secretary	4,08,167	NA	NIL

There is no employee who is drawing remuneration more than One Crore and Two Lakhs per annum, more than Eight Lakhs and Fifty Thousand per month and more than the remuneration of Managing Director or whole time Director.

- No. of permanent employees on the rolls as on 31st March 2019 is 4.
- The board confirms that the remunerations paid to the directors is as per the remuneration policy.

Performance Evaluation of the Board and its Committee

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 Report on Corporate Governance which is attached as Annexure A in this report.

The following policies relating to Appointment of Directors, payment of Managerial Remuneration, Directors Qualification, positive attributes, independence of Directors and other related matters as provided under the 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.

AUDITORS

STATUTORY AUDITORS

The Statutory Auditors M/s Kannan & Alamelu were appointed at the 29th Annual General Meeting held on 24th September, 2018 as Statutory Auditors for a period of 5 Years.

SECRETARIAL AUDITOR

As required under Section 204 of the Companies Act, 2013 and Rules there under, the Board has appointed, M/S SPAN & Co Company Secretaries LLP, as Secretarial Auditor of the Company for a period of five years from the financial year 2018-19 to 2022-23.

Audit Reports

- The Auditors' Report for the Financial Year 2018-19 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors' Report for Financial Year 2018-19 contains adverse remark. The Secretarial Auditors' Report is enclosed as Annexure C to the Board's report in this Annual Report. The remarks and the reply of the Board is provided below.
- As required by the Listing Regulations, the Auditors' certificate on corporate governance is enclosed as Annexure A to the Board's report. The Auditors' Certificate for the financial year 2018-19 contains qualification, reservation or adverse remark and the reply of the Board provided below.

Adverse Remark in Secretarial Audit Report and Boards' Reply thereon:

- (a) The Company has submitted belatedly the Report on Corporate Governance under regulation 27 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for 2nd and 3rd Quarter.

Reply: The Corporate Governance pursuant to reg 27 is not applicable to Company. However to ensure good governance company has not exercised its option to forego it last year. The Company Secretary of the Company, resigned

from the Company in the month of September 2018 and and Next two quarters i.e. September 2018 and December 2018 missed filing before the due date. However the Company filed subsuequently and paid the amount levied by the Stock Exchange.

- (b) The Company has submitted belatedly the Report on Corporate Governance under regulation 13 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for 2nd and 3rd Quarter.

Reply: There is Investor Complaints neither pending at the beginning of the quarter nor received during the quarters mentioned. Hence the applicability of the regulation was not known and the Company missed the filings. However after discussing with stock exchange, the company filed the same.

- (c) The Company has not appointed the Chief Financial Officer and Company Secretary as at the end of the year. However as on date of this report, the company has appointed all the Key Managerial Persons and in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Reply: The Company was in search of the Key Managerial Personnel and appointed them subsequently.

The Board believes that it is a genuine difficulty of a small company and the Company is applying to Stock Exchange to waive the fees levied.

EXTRACT OF THE ANNUAL RETURN

As required under Section 134(3)(a) of the Act, the Annual Return is put up on the Company's website.

BOARD OF DIRECTORS

The Details of the Composition of the Board of Directors is provided in the Report on Corporate Governance which is attached as Annexure A in this report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Five Meetings of the Board of Directors were held during the Year. The details of the Meetings are furnished the Report on Corporate Governance which is attached as Annexure A in this report.

COMMITTEES

As on March 31, 2019, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee.

During the year the Board has dissolved the Risk Management Committee and Corporate Social Responsibility Committee as the provisions relating to maintenance of such committees is not applicable to the Company.

Detailed note on the composition of the Committees are provided in the Report on Corporate Governance is attached as Annexure A to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of

the Act the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In the preparation of the Annual Financial Statements for the year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) For the financial year ended March 31, 2019, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the financial year ended March 31, 2019;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual financial statements have been prepared on a going concern basis;
- (e) That proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) That proper systems have been devised to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

The Company has not made any loans or investment and has not given any guarantee as per the provisions of section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2018-19

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant transactions with Related Parties during the financial year 2018-19 which were in conflict with the interest of the Company. Accordingly the details in the Form AOC 2 is not applicable.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

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 Regulation 22 of the SEBI Listing Regulations and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading)

(Amendment) Regulations, 2018, 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. Brief details about the policy are provided in the Report on Corporate Governance attached as Annexure A to this Report.

DEPOSITS

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 for the financial year ended March 31, 2019.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has designed a proper and adequate internal control system to ensure adherence to the Company's policies, the assets are safeguarded, and that transactions are accurate, complete and properly authorised prior to recording. Details are provided in Management Discussion and Analysis Report in Annexure B to this report.

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.

Acknowledgments

We thank our customers, vendors, investors, bankers, employee for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels to achieve its growth plan.

On behalf of Board of Directors

-Sd/-

N. Neelakanda Pillai
Managing Director

-Sd/-

Murali Krishnan
Director

DATE : 08.08.2019

PLACE : CHENNAI

ANNEXURE A

**REPORT ON CORPORATE
GOVERNANCE FOR THE YEAR ENDED
31ST MARCH 2019**

A. Philosophy on Code of Governance:

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. It ensures fairness, transparency and integrity of the management. It further inspires and strengthens investor's confidence and commitment to the company.

Your company's policy on governance has been

1. To enhance the long-term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques, compliance with the statutory requirements and thereby safeguarding the interest of shareholders, creditors, investors and employees; and
2. To identify and recognize the Board of Directors and the Management of our company as the principal instrument through which corporate governance principles are articulated and implemented. Further to identify and recognize accountability, transparency and equality of treatment for stakeholders, as central tenets of good corporate governance

In compliance with the disclosure requirements of Clause 27 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) Regulations, 2015,

executed with the stock exchanges, the details are set out below:

2. Board of Directors:

- (i) The Board is the supreme authority constituted by the shareholders of the Company for managing the entire affairs of the Company. The Board provides and evaluates the policies, targets and performance, and ensures the interests of all the stakeholders. The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors which includes independent professionals.
- (ii) The number of directorship, committee membership / chairmanship of all the Directors is within the respective limits prescribed under the Act and SEBI Listing regulation. Necessary disclosure regarding board and Committee position in other Public Companies as on March 31, 2019 have been made by all the Directors of the Company.
- (iii) In the opinion of the Board, the Independent Directors and those who are proposed to be re-appointed at the Annual General Meeting, fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management.
- (iv) The Board presently consists of four Directors as on March 31, 2019. Of the four directors, one (25%) is executive Directors and three (75%) are Independent Directors including a woman director