

# **SOUTHERN LATEX LIMITED**

**32<sup>nd</sup> ANNUAL REPORT  
2020-2021**

## Boards of Directors

Managing Director	<b>Mr. N. Neelakanda Pillai</b>
Non Executive & Independent Director	<b>Mr. V K Balaji</b>  <b>Ms. Santhi</b> Woman Director
Non Executive & Non Independent Director	<b>Mr. Muralikrishnan</b>
Company Secretary & Compliance officer	<b>Ms. Kavitha. C</b>

Auditors	Secretaries & Auditor
<b>KANNAN AND ALAMELU</b> Chartered Accountants, Flat No. 6, First Floor, "A" Block, Durgamba Apartments, No. 29, Padmavathiar Road, Gopalapuram, Chennai - 600086.	<b>Span &amp; Co., Company Secretaries LLP</b> No.95/7, Arcot Road, Virugambakkam, Chennai- 600 092

Bankers	Registered Office
Union Bank of India, Triplicane Branch, Chennai - 600005.	B-11/W, SIPCOT Industrial Complex, Gummidipoondi, Tiruvalluvar District - 601201. Phone : 04119 322334 Email id : <a href="mailto:southernlatexltd@yahoo.com">southernlatexltd@yahoo.com</a> Website : <a href="http://www.southernlatex.in">www.southernlatex.in</a>

**CIN - L25199TN1989PLC017137**

Annual General Meeting  
on Wednesday, 29th September, 2021 at 3.30 P.M.  
at Video Conferencing("VC")/ Other Audio Visual Means ("OVAM")

Listing	Registrar & Share Transfer Agent
BSE Ltd Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001	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 : <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a>
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, 2021.

### FINANCIAL RESULTS:

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.

(In Rs.)		
Particulars	2020-21	2019-20
Total Income	46,46,220	49,36,427
Less : Expenses	20,70,037	23,57,260
EBITDA	25,76,183	25,79,167
Less: Depreciation	2,11,695	2,57,944
Profit after depreciation but before tax( PBT)	23,64,489	23,21,222
Less: Taxes	4,55,164	4,46,603
Net profit/(Loss)for the period	19,09,324	18,74,619
No. of Shares	73,59,200	73,59,200
EPS	0.26	0.25
Proposed Dividend	-	-
Dividend Tax	-	-
Balance of Profit Carried to B/S	19,09,324	18,74,619

### OPERATIONS AND STATE OF COMPANY AFFAIRS

The year to which this report relates to thirty second 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. 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. 19.09 lakh as compared with the previous year as Rs. 49.36 lakh and Rs. 18.74 lakh respectively.

Your Directors are exploring all options to bring new business to Company and make the Company on back

### DIVIDEND

Owing to conserve the resources of the company, your Directors do not recommend any Dividend for the Financial Year ended at 31st March, 2021.

### 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.

**CORPORATE GOVERNANCE**

As per pursuant to the provision of Regulation 15(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 the Company is Not Required To Comply with the Corporate Governance Provisions as specified in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V.

**DETAILS OF SUBSIDIARY**

There are no subsidiaries and Joint Ventures Companies.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Company has appointed Mr. Balakrishnan Sreenath as a Chief Financial officer effective from 12th November, 2020.

Mr. Neelakanda Pillai, Managing Director, of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The present term of Mr. Neelakanda Pillai as Managing Director comes to an end on 31st March, 2022. The Board has proposed, upon recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, the re-appointment of Mr. Neelakanda Pillai as Managing Director for a further period of five years ending on 31st March 2027.

The Board of Directors at their meeting held on 12th February, 2020 re-appointed Ms.Santhi as Independent Director for a period of five years till March, 2025, subject to the approval of the Share holder. The Board recommends the appointment of the Director.

**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 2020-21 (in Rs.)	% increase of remuneration in 2021 as compared to 2020 previous year	Ratio/ Times per Median of employee Remuneration
Mr. V K Balaji	Independent Director	NIL	NA	NA
Mr. N Neelakanda Pillai	Managing Director	NIL	NA	NA
Mr. MuraliKrishnan	Director	NIL	NA	NA
Mr. Santhi	Independent Director	NIL	NA	NA
Ms. Kavitha.C	Company Secretary	3,60,000	NA	NA

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.

- Number of permanent employees on the rolls as on 31st March 2021 is 4.
- The Board confirms that the remuneration paid to the directors is as per the remuneration policy.

**CODE OF CONDUCT**

The members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct as formulated by the Company.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received from its Independent Directors the necessary declaration that they meet the criteria of Independence as provided.

**EVALUATION OF THE BOARD AND ITS COMMITTEE**

The Board has made a formal Annual evaluation of its own performance and that of its individual directors and Committees.

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 B
- (b) Remuneration policy for Directors, Key Managerial Personnel and other Employees- Annexure C.

**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 2020-21 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 2020-21 contains adverse remark. The Secretarial

Auditors' Report is enclosed as Annexure D to the Board's report in this Annual Report. The remarks and the reply of the Board are as follows

The Company has not passed the Special Resolution approving the appointment made by the Board of Mrs. Santhi as Independent Director.

**Reply:** The Company pursuant to the provisions of section 149 of Companies Act, 2013 had appointed Ms Santhi, as the Independent Director of the Company. Her period of appointment was till 31st March 2020 and the Board at its meeting held on 12th February 2020 has reappointed her for another 5 years as Independent and Woman Director. Her said appointment was required to be approved by the shareholders at the AGM held in 2020. However due to Covid pandemic and lock down, the situation everywhere was uncertain. Hence the Company is passing the resolution of approval and ratification in the present meeting.

**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**

During the year four Meetings of the Board of Directors were held. The details of the Meetings are furnished below.

The mandatory requirement to hold the meetings within a time gap of 120 days was relaxed by MCA general Circular dated 11/2020 dated 24th March, 2020. And vide SEBI Circulars dated March 19, 2020 and June 24, 2020.

The dates on which the said meetings were held are as follows: 15th June, 2020, 3rd August, 2020, 11th November, 2020, and 10th February, 2021.

**The Name and Categories of the Directors on the Board their attendance at the Board meeting held during the year and the number of directorships and committee positions held by them during the financial year 2020-21 are as follows:**

Sl. No	Name(s) of Director(s)	Executive/ Non-executive/ Independent	Number of Board Meetings during the Year		Whether attended last AGM held on 19th September, 2019	Number of Directorship in other Public Companies		Number of Committee positions in other Public Companies	
			Held	Attended		Member	Chairman	Member	Chairman
1	Mr. Neelakanda Pillai	MD	4	4	Yes	Nil	Nil	Nil	Nil
2	Mr. V.K. Balaji	ID/ NED	4	4	Yes	Nil	Nil	Nil	Nil
3	Mr. Muralikrishnan	NED	4	4	Yes	Nil	Nil	Nil	Nil
4.	Mrs.Santhi	ID/ NED	4	4	Yes	Nil	Nil	Nil	Nil

### COMMITTEES OF THE BOARD AND MEETINGS

As on March 31, 2021, the Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee.

During the year 2018-19 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.

#### A. Audit Committee

Terms of Reference: The Company has constituted a qualified independent Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits. The brief description of the terms of reference of the Committee is given below

- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any, in accounting policies and reasons for the same.

- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any, arising out of auditing findings
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any, in the draft audit report.
- Review of adequacy of internal control systems, internal audit function and discussion on internal audit reports.
- to have full access to information contained in the records of the company and external professional advice, necessary.

To oversee the Company's financial process and the disclosure of its financial information to ensure that the financial statements are true and fair.

**The composition of the Audit Committee and the details of meetings attended by its members are given below:**

Sl. No.	Name	Designation	Meeting Attended
1	Mr. V K Balaji	Chairman	4
2	Mr. Neelakanda Pillai	Member	4
3	Mrs.Santhi	Member	4

Mr. Muralikrishnan ceased to be an Independent Director from 15th July, 2020. And, hence the Audit Committee was reconstituted accordingly to fulfill the provisions of Section 177 of the Companies Act, 2013.

Four Audit Committee meetings were held during the year. The mandatory requirement to hold the meeting within a time gap of 120 days was relaxed by MCA general Circular dated 11/2020 dated 24th March, 2020. And vide Sebi Circulars dated March 19, 2020 and June, 24, 2020. The dates on which the said meetings were held are as follows: 15th June, 2020, 3rd August, 2020, 11th November, 2020, and 10th February, 2021. The necessary quorum was present at all the meetings. All the members of the Committee have wide exposure and possess sound knowledge in the area of Accounts, finance, audit, internal control etc.

### **B. Nomination and Remuneration Committee**

The Company has a Nomination and Remuneration Committee (NRC) constituted pursuant to the provisions of Regulation 19, read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Act.

#### **Terms of Reference**

The brief description of the terms of reference of the Committee is given below:

- Formulate Remuneration Policy and a policy on Board Diversity.
- Formulate criteria for evaluation of Directors and the Board.
- Identifying 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
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

### **Composition of the Nomination and Remuneration Committee and Attendance of each member in the Committee Meetings are given below.**

During the financial year 2020–21, One meeting was held in 03rd August, 2020.

#### **Composition:**

Sl. No.	Name(s) of Director (s)	Designation	Meeting Attended
1	Mr. Muralikrishnan	Chairman	1
2	Mr. V.K. Balaji	Member	1
3	Mr. Neelakanda Pillai	Member	1
4	Mrs. Santhi	Member	1

During the year concerned, none of the Directors have been paid any remuneration but they have been reimbursed their actual expenses i.e., Conveyance & Food etc for attending the Board & other Committee Meetings.

### **C. Stakeholders Relationship committee:**

#### **Terms of Reference**

The Committee oversees performance of Registrars and Share Transfer Agents of the Company and recommends remedial measures to improve quality of investors' services and reviews all matters connected with transfer/transmission of securities of the Company and approves issue of duplicate certificates. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividend etc.

The composition of the Stakeholders Relationship Committee and attendance of each member in the Committee Meetings is given below:

During the year two meetings were held, 03rd August, 2020 and 10th February 2021.

Sl. No.	Name(s) of Director (s)	Designation	Meeting Attended
1	Mr. Muralikrishnan	Chairman	2
2	Mr. V.K. Balaji	Member	2
3	Mr. Neelakanda Pillai	Member	2
4	Mrs. Santhi	Member	2



## 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, 2021, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) for the financial year ended March 31, 2021, 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, 2021;
- (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 guarantees 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 2020-21.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant transactions with

Related Parties during the financial year 2020-21 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 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.

## 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, 2021.

## 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 A 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 the Board of Directors

**N.Neelakanda Pillai**  
Managing Director

**MuraliKrishnan**  
Director

Place: Chennai  
Date: 02.09.2021

## ANNEXURE A

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OUTLOOK

### OVERVIEW

The global economy faced an unprecedented crisis in during the Financial year 2020-21, forcing governments to enforce lockdowns of all economic activity, thereby plunging the world economy into a deep recession. For the Company the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services of all employees, and on minimizing disrupting to services to all our customers globally. Economic activities were heavily hit and the uncertainties about the post pandemic situations and discouraged investment.

### GLOBAL MARKET

Global industries are expected to flourish at high speed. Analysts are anticipating more expansion with latest technologies in manufacturing. But the Covid 19 pandemic, during the year has affected the market in the same manner as numerous disrupted industries across the globe. During the pandemic, several countries including India, have declared complete lockdown. This further led to the shutdown of production facilities and raw material transportation. After many ups and downs, the world is on a new corridor of industrial revolutions.

The niche products and delivery model is becoming important and Indian Industrial Rubber providers will need to adapt themselves in this prevailing situation obtained all over the world. From a growth perspective, the future is still bright and has been impacted by the after effects of recession, witnessed by everyone.

### BUSINESS OVERVIEW

A significant proportion of all Indian businesses fall under the small and medium enterprise segment. So, a broad-based, sustainable growth in the Indian economy

can emerge only if the country's SMB enterprises record a healthy growth as they attempt to improve productivity, adopt best practices and bring innovative products to market. Again Indian SMBs are undergoing rapid transformation and are looking for greater flexibility to meet market changes. The need to grow revenues and reach their full potential in the shortest possible time span is going to increase their dependence on technology and managed by automation in production.

### OPERATIONS OVERVIEW:

During the year under review, your Company had earned Rs. 46.46 lakh and resulting net profit of Rs.19.09 lakh as compared with the previous year as Rs.49.36 lakh and Rs.18.74 lakh respectively.

The Company is planning to venture into new business opportunities and diversify its operations, but due to COVID and post pandemic situations, we still experience sluggishness in the investment and hence the Company is facing difficulties to diversify its operations. But the Company is looking for a strong future ahead and targeting the growth in the coming years. Accordingly the financial position would also improve considerably.

### THREATS, RISKS & CONCERNS

#### Competition

As the industry is poised for considerable growth, a lot of Companies are entering this arena and the cost efficient competitors are increasing. Also in the global scenario, there is a huge advent of companies in similar kind of businesses in China, Korea, Philippines, Malaysia and Singapore. These Countries also have a huge cost advantage like India. Over and above that, the Government in such countries is actively supporting the growth of the concerned Industry. The pandemic has also caused a threat for the medium and small sized Industry.