

# SRI NACHAMMAI COTTON MILLS LIMITED



**40<sup>TH</sup> ANNUAL REPORT 2019-2020**

## **SRI NACHAMMAI COTTON MILLS LIMITED**

Registered Office: Door No. 181, 'VASANTHAM', 4<sup>th</sup> Cross Street, New Fairlands, Salem 636016

CIN No. L17115TZ1980PLC000916 Phone No. 0427-2330847

E-Mail: [sncm@rediffmail.com](mailto:sncm@rediffmail.com) , Website: [www.sncmindia.com](http://www.sncmindia.com)

### **BOARD OF DIRECTORS**

**Chairman cum Managing Director**

**Managing Director**

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Director

Non Executive Director

**STATUTORY AUDITORS**

**SECRETARIAL AUDITOR**

**INTERNAL AUDITOR**

**CIN**

**BANKERS**

**REGISTRAR AND SHARE TRANSFER AGENTS**

**COMPANY SECRETARY**

**CHIEF FINANCIAL OFFICER**

**Smt P.Umayal**

**Shri P.Palaniappan**

**Shri A.Alagappan**

**Shri PL.Subbiah**

**Shri S.Ravichandran**

**Smt Sujatha Sivakumar**

**Smt Shantha Radhakrishnan (Upto 10.12.2019)**

**Shri A.Annamalai**

**Smt C.Renuka**

**M/S. V.V. Soundararajan & Co.,**

**Chartered Accountants, Salem – 636 007**

**Mr. M.R.L. Narasimha,**

**Practicing Company Secretary,**

**Coimbatore – 641 038**

**Shri H.Venugopal**

**Chartered Accountants, Salem – 636 006**

**L17115TZ1980PLC000916**

**Indian Overseas Bank**

**Salem Main Branch, Salem – 636 001**

**Cameo Corporate Services Limited**

**'Subramanian Building'**

**No. 1, Club House Road, Chennai – 600 002**

**CS M.Harish**

**Shri A.Subramanian**

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<b>Contact Details</b>	
<b><u>Registered Office:</u></b> Door No. 181, 'VASANTHAM', 4 <sup>th</sup> Cross Street, New Fairlands, Salem – 636016	
<b><u>Mills at</u></b>	: Near Railway Station Chettinad – 630 102 Sivaganga District
<b><u>Phone Numbers</u></b>	: 0427-2330847
<b><u>E-Mail</u></b>	: <a href="mailto:sncm@rediffmail.com">sncm@rediffmail.com</a>
<b><u>Website</u></b>	: <a href="http://www.sncmindia.com">www.sncmindia.com</a>



# SRI NACHAMMAI COTTON MILLS LIMITED

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E-mail: [sncm@rediffmail.com](mailto:sncm@rediffmail.com) Website: [www.sncmindia.com](http://www.sncmindia.com)

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting will be held on Monday, the 19<sup>th</sup> day of October, 2020 at 12.15 P.M through video conferencing or other audio visual means to transact the following business. The Shareholders are requested to attend the same.

## ORDINARY BUSINESS

1. To consider and adopt the audited Annual Financial Statements including Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss Account and Cash Flow Statement for the year ended as on that date and the Report of the Board of Directors and Auditors thereon.
2. C.Reuka (DIN.02209915) Director retires by rotation and being eligible, offers herself for re-election.

## SPECIAL BUSINESS

### 3. Ratification of remuneration of Cost Auditors for the Financial Year 2020-2021

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 including any statutory amendments and modifications thereof or re-enactment thereof for the time being in force, the remuneration payable to Sri B.VENKATESWAR, Cost Accountant, Coimbatore having the Membership No.27622 appointed by the Board of Directors to conduct the Audit of the Cost accounting records of the Company for the Financial Year 2020-2021 amounting to Rs.25,000/- per annum exclusive of GST as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved and ratified”.

### 4. Revision in terms of appointment and remuneration of Mrs. P Umayal Chairman cum Managing Director of the company

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196,197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with Part I and Section II of Part II of Schedule V (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals as may be necessary in this regard, approval of the members of the Company be and is hereby accorded for variation in terms of appointment and remuneration of Mrs. P Umayal (DIN: 00110260) Chairman cum Managing Director of the Company, designated as Chairman and Managing Director, who has attained the age of 70 years in March 2019, with effect from 19th December 2019 upto 18th December 2022”.

**RESOLVED FURTHER THAT** the remuneration paid/payable to Mrs. P Umayal (DIN: 00110260) Chairman cum Managing Director with effect from March 8, 2019, as approved by the Nomination and Remuneration Committee shall be as under:

#### 1. Term of Appointment:

With effect from 19th December 2019.upto 18th December 2022.

#### 2. Remuneration:

##### I Salary

Rs.1,25,000/- p.m.( Rupees One Lakh Twenty Five Thousand Only)

##### II Commission

Commission computed on the basis of 5% of the net profit of the Company as reduced by their aggregate remuneration by way of salary and perquisites (exclusive of perquisites not to be included in the computation of ceiling on remuneration in Paragraph 2 of Section II of Part II of Schedule V)

##### III Perquisites

- a. The Chairman cum Managing Director shall be eligible to the following perquisites, which are not to be included in the computation of the ceiling on remuneration specified in paragraph 2 of Section II of Part II of Schedule V to the Companies Act, 2013.



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- i) Contribution to Provident Fund and Superannuation Fund to the extent these either singly or part together are not taxable under the Income Tax Act, 1961.
- ii) Encashment of leave at the end of tenure.
- b. Housing**  
The Chairman cum Managing Director shall be entitled to house rent allowance subject to the ceilings of Sixty percent of the salary, over and above ten percent payable by the Chairman cum Managing Director.
- c. Gas, Electricity, Water and Furnishings**  
The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Act, 1961. This shall however, be subject to a ceiling of 10% of the salary of the Managing Director.
- d. Medical Reimbursement**  
Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- e. Leave Travel Concession**  
For self and family once in a year incurred in accordance with the rules of the Company.
- f. Club Fees**  
Fees of clubs, subject to a maximum of two clubs, excluding admission and life membership fees.
- g. Personal Accident Insurance**  
Premium not to exceed Rs.10, 000/- per annum.
- h. Car**  
Car with driver for use on Company's business and Telephone at residence. Personal long distance calls and use of car for private purpose shall be billed by the Company.
- i. Other Terms and Conditions**
  - (a) The salary, commission and perquisites shall be subject to the overall ceiling under Sections 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.
  - (b) In the event of loss or inadequacy of profits in any financial year during the tenure of Chairman cum Managing Director, he shall be paid the salary and perquisites as specified above as the minimum remuneration, in terms of the provisions of Schedule V to the Companies Act, 2013 as modified from time to time and subject further to the perquisites for the purpose of ceiling being reckoned exclusive of the specified perquisites in Paragraph 2 of Section II as aforesaid.

### **5. Revision in terms of appointment and remuneration of Mr. Palaniappan Managing Director of the company**

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with Part I and Section II of Part II of Schedule V (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals as may be necessary in this regard, approval of the members of the Company be and is hereby accorded for variation in terms of appointment and remuneration of Mr. P Palaniappan (DIN: 01577805) Managing Director of the Company, designated as Managing Director, who has attained the age of 70 years in December 2014, with effect from 19<sup>th</sup> December, 2019 till his remaining tenure ending on 18<sup>th</sup> December, 2022".

**RESOLVED FURTHER THAT** the remuneration paid/payable to Mr. P Palaniappan (DIN: 01577805) Managing Director with effect from 19<sup>th</sup> December, 2019, as approved by the Nomination and Remuneration Committee shall be as under:

#### **1. Term of Appointment:**

With effect from 19th December 2019. upto 18th December 2022.

#### **2. Remuneration:**

##### **I Salary**

Rs.1,25,000/- p.m.( Rupees One Lakh Twenty Five Thousand Only)

##### **II Commission**

Commission computed on the basis of 5% of the net profit of the Company as reduced by their aggregate remuneration by way of salary and perquisites (exclusive of perquisites not to be included in the computation of ceiling on remuneration in Paragraph 2 of Section II of Part II of Schedule V)



## III Perquisites

- a. The Chairman cum Managing Director shall be eligible to the following perquisites, which are not to be included in the computation of the ceiling on remuneration specified in paragraph 2 of Section II of Part II of Schedule V to the Companies Act, 2013.
  - i) Contribution to Provident Fund and Superannuation Fund to the extent these either singly or part together are not taxable under the Income Tax Act, 1961.
  - ii) Encashment of leave at the end of tenure.
- b. **Housing**  
The Chairman cum Managing Director shall be entitled to house rent allowance subject to the ceilings of Sixty percent of the salary, over and above ten percent payable by the Managing Director.
- c. **Gas, Electricity, Water and Furnishings**  
The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Act, 1961. This shall however, be subject to a ceiling of 10% of the salary of the Managing Director.
- d. **Medical Reimbursement**  
Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- e. **Leave Travel Concession**  
For self and family once in a year incurred in accordance with the rules of the Company.
- f. **Club Fees**  
Fees of clubs, subject to a maximum of two clubs, excluding admission and life membership fees.
- g. **Personal Accident Insurance**  
Premium not to exceed Rs.10,000/- per annum.
- h. **Car**  
Car with driver for use on Company's business and Telephone at residence. Personal long distance calls and use of car for private purpose shall be billed by the Company.
- i. **Other Terms and Conditions**
  - (a) The salary, commission and perquisites shall be subject to the overall ceiling under Sections 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.
  - (b) In the event of loss or inadequacy of profits in any financial year during the tenure of Chairman cum Managing Director, he shall be paid the salary and perquisites as specified above as the minimum remuneration, in terms of the provisions of Schedule V to the Companies Act, 2013 as modified from time to time and subject further to the perquisites for the purpose of ceiling being reckoned exclusive of the specified perquisites in Paragraph 2 of Section II as aforesaid.

Place: Salem

Date: 10<sup>th</sup> September, 2020.

By Order of the Board,  
For Sri Nachammai Cotton Mills Limited,  
**P.Umayal,**  
Chairman cum Managing Director,  
Din.00110260.

## Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and the Securities and Exchange Board of India (SEBI) vide its circular dated May 12, 2020, have allowed companies to conduct Annual General Meeting ('AGM') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') during the calendar year 2020 subject to compliance with requirements mentioned therein. Accordingly, the 40<sup>th</sup> AGM of the Company is being conducted in an electronic mode through VC / OAVM.
2. Since the 40<sup>th</sup> AGM is being conducted through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the 40<sup>th</sup> AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. The Company has enabled VC / OAVM facility for participation of members in the AGM. Instructions for participation in the AGM through VC / OAVM are provided in 'instructions to members' section given in the Notice.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Please read the instructions printed overleaf the



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Proxy Form attached to this notice before using the Form. The right of remote e-voting shall not be exercised by a Proxy.

5. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Companies Act, 2013 will be available for inspection for the members at the AGM.
6. The Register of Members and Share Transfer books of the Company shall remain closed from **13<sup>th</sup> October, 2020 to 19<sup>th</sup> October, 2020** (both days inclusive).
7. Additional information pursuant to regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment(s).
8. Members holding shares in Physical form are requested to contact M/S. Cameo Corporate Services Limited, Registrars and Share Transfer Agents of the Company, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or to contact the Company Secretary at the Registered Office of the Company. In case of shareholders holding shares in demat form, all such intimation are to be sent to their respective Depository Participants (DP).
9. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA/Depository Participants.
10. Members who hold shares in physical form in multiple folios and/or in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the RTA, Cameo Corporate Services Limited., at 'Subramanian Building', No.1 Club House Road, Chennai 600 002.
12. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the company and also member's communication to the Company. Members may register their e-mail ID with the company and also keep the Company informed of any changes in their e-mail ID.
13. Members are advised to dematerialise the shares held in Physical form. As per LODR amendments from April 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
14. The Notice along with the Annual Report 2019-2020 are being sent by the permitted mode. Members may note that this Notice and Annual Report 2019-2020 will also be available on the Company's website [www.sncmindia.com](http://www.sncmindia.com).
15. A member requiring clarification on account or operations of the Company shall write to the Chief Financial Officer/Company Secretary at least 7 days before the meeting, so that the information required can be provided.
16. A Statement pursuant to Section 102 of the Companies Act 2013 in the respect of business set out under Item No.3, 4 and 5 of the notice is annexed.
17. Since 40<sup>th</sup> AGM is being held in an electronic mode through VC/OAVM, the route map is not provided.

### 18. Voting through Electronic Means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015, the Company is pleased to provide its members, facility to exercise their right to vote at the 40th Annual General Meeting by Electronic means and the business may be transacted through remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

**The instructions for members for voting electronically are as under:**

- (i) The e-voting period begins on **16<sup>th</sup> October, 2020 (9.00a.m)** and ends on **18<sup>th</sup> October, 2020 (5.00 p.m.)** During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of **12.10.2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on "Shareholders" tab.
- (iv) Enter your User ID.





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- a) For CDSL: 16 digits beneficiary ID.
- b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
- c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Enter the image verification as displayed and click on Login.
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) 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/RTA/DP / are requested to use the first two letters of their name and the sequence number in the PAN field. The Sl. No. Printed on your address slip pasted on the Annual Report envelope added with sufficient 0s in between the first two letters of your name and the Sl.No. to fill the ten digit PAN field for this purpose. Example: If your name is Ramesh Kumar with Sl.No. 1 then enters RA00000001 in the "PAN field".</p>
Date of Birth (DOB) Dividend Bank Detail	<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 (iv)</p>

After entering these details appropriately, click on "SUBMIT" tab.

- (viii) 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 in 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 personal take utmost care to keep your password confidential.
- (ix) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of "Sri Nachammai Cotton Mills Limited".
- (xi) On the voting page, there will be "RESOLUTION DESCRIPTION" and against the same the option YES/NO" for voting. Select the option YES or NO as desired. The option YES implies assent to the Resolution and option NO implies dissent to the resolution
- (xii) Click on the "RESOLUTIONS FILE LINK" to view the Resolution details.
- (xiii) After selecting the resolution to vote on, click on "SUBMIT". A confirmation box will be displayed. To confirm the vote, click on "OK", else to change the vote, click on "CANCEL" and accordingly modify the vote.
- (xiv) Once the vote on the resolution is "CONFIRM", shall not be allowed to modify the vote.
- (xv) A print of the votes cast can be taken by clicking on "Click here to print" option.
- (xvi) If a Demat account holder has forgotten the login password then Enter User ID and the image verification code a and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Institutional Shareholders, Custodians and Non- individual shareholders
  - \* Non- individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evoting.com](http://www.evoting.com) and register themselves as Corporate.
  - \* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.



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- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) , under help section or write an email to helpdesk [evoting@cdslindia.com](mailto:evoting@cdslindia.com).
- (xix) In case of members receiving the Physical copy and person who acquire shares of the Company and become a member of the Company as on the Cut -off date.
- a) Please follow all steps from Sl. Nos. (i) To (xv) above to cast vote.
- b) In case of any queries or issues regarding e-voting, members may refer to Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### General Instructions

1. The cut – off date for the purpose of e-voting has been fixed as 12<sup>th</sup> October, 2020. Members holding shares as on this cut off date should endeavour to cast their vote.
2. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of 12<sup>th</sup> October, 2020.
3. In case a Shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode shall be taken as final and valid.
4. Mr. M.R.L. Narasimha, Company Secretary in Practice, Coimbatore (Membership No. 2851 CP No. 799) has been appointed as Scrutinizer to scrutinize the e-voting.
5. The Scrutinizer shall after the conclusion of voting at the AGM.
  - (i) Count the votes cast at the Meeting through polling paper.
  - (ii) Thereafter unlock the votes cast through remote e-voting which will be done in the presence of two witnesses, not in the employment of the Company.
  - (iii) The Scrutinizer not later than two days of the conclusion of the AGM shall submit a consolidated scrutinizer report of the total votes cast through remote e-voting process and poll cast at the AGM to the Chairman.
  - (iv) The Chairman or a person authorised by him in writing shall declare the result of the voting based on Scrutiniser’s Report.
  - (v) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.
  - (vi) The results declared along with the Scrutiniser’s report will be placed on the company’s website [www.sncmindia.com](http://www.sncmindia.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) immediately after the result is declared and also communicated to BSE.

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

#### ITEM No.3

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration Sri B.Venkateswar, Cost Accountant as Cost Auditor of the Company for audit of Cost Accounts of the Company for the FY 2020-2021. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014 with subsequent amendments thereto, remuneration payable to the cost auditor shall be ratified by the Members of the company.

Accordingly, consent of the Members is sought for passing and Ordinary Resolution as set out in this item of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2020-2021.

The Company has received a Certificate from the Cost Auditor confirming his independence and his willingness to act as the Cost Auditor of the Company.

#### ITEM No.4

Mrs. P Umayal (DIN - 00110260), who was re-appointed as Chairman and Managing Director by the members through special resolution at 39<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> September, 2019, to hold office for a period of 3 years commencing from 19<sup>th</sup> December, 2019 to 18 December, 2022. She has attained the age of 70 years in March, 2019 and hence continuation of his employment as Chairman and Managing Director requires the approval of members by way of a special resolution.

Section 196(3) of the Companies Act, 2013, inter alia, provides that no company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager unless it is





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approved by the members by passing a special resolution. Part 1 of Schedule V to the Act contains a similar relaxation.

Keeping in view that Mrs.P Umayal (DIN - 00110260) has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue the employment of Mrs. P Umayal (DIN - 00110260) as Chairman and Managing Director.

The Board of Directors on the recommendation of Nomination and Remuneration Committee has also decided to revise remuneration paid/payable to Mrs.P Umayal (DIN - 00110260), subject to the approval of members/shareholders by way of special resolution.

### Item No.5

Mr.P Palaniappan (DIN - 01577805), who was re-appointed as Managing Director by the members through special resolution at the 39<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> September, 2019, to hold office for a period of 3 years commencing from 19<sup>th</sup> December, 2019 to 18 December, 2022. He has attained the age of 70 years in December, 2014 and hence continuation of his employment as Managing Director requires the approval of members by way of a special resolution.

Section 196(3) of the Companies Act, 2013, inter alia, provides that no company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager unless it is approved by the members by passing a special resolution. Part 1 of Schedule V to the Act contains a similar relaxation.

Keeping in view that Mr.P Palaniappan (DIN - 01577805) has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue the employment of Mr.P Palaniappan (DIN – 01577805) as Managing Director.

The Board of Directors on the recommendation of Nomination and Remuneration Committee has also decided to revise remuneration paid/payable to Mr.P Palaniappan (DIN - 01577805), subject to the approval of members/shareholders by way of special resolution.

By Order of the Board,  
For Sri Nachammai Cotton Mills Limited,  
**P.Umayal,**  
Chairman cum Managing Director,  
Din.00110260.

Place: Salem

Date: 10<sup>th</sup> September, 2020.

### Details of Director seeking appointment/ and re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

Name	C.Renuka	P Umayal	P Palaniappan
DIN No.	02209915	00110260	01577805
Date of Birth & Age	16.07.1949 (71 years)	07.03.1949 (71 years)	22.12.1944 (76 years)
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	30.05.2018	10.08.1981	15.10.1984
Relation with other Director	Nil	Wife of Managing Director P.Palaniappan	Husband of P.Umayal (Chairman cum Managing Director)
Qualification	B.A. Expert in Account and Finance	B.Sc.,	B.E, M.S(USA)
Experience	548	39 years in Business	43 years in Business
No. of Shares held	548	1036343	198505
List of Directorships held in other Companies	Nil	Supreme Yarn Spinners Limited	NIL
Chairman/Member of the Committees of the Board of other companies in which he/she is Director	Nil	Stakeholders Relationship Committee and Share Transfer Committee	Stakeholders Relationship Committee and Share Transfer Committee



# SRI NACHAMMAI COTTON MILLS LIMITED

## REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company is pleased to present the 40<sup>th</sup> Annual Report on the business of the Company along with summary of financial statements for the year ended 31st March, 2020. The report is prepared in accordance with the provisions of the Companies Act, 2013.

### Financial Highlights

During the year under review, performance of your company is as under:

Particulars	31.03.2020 (Rs in lakhs)	31.03.2019 (Rs in lakhs)
<b>Profit before finance costs and depreciation</b>	<b>744.51</b>	688.53
Finance costs	<b>631.67</b>	494.35
Depreciation	<b>239.98</b>	126.29
<b>Profit / (loss) before taxation</b>	<b>(127.14)</b>	67.89
Less: Current tax (MAT)	-	2.34
MAT Credit Entitlement	-	(2.34)
Deferred tax	<b>29.97</b>	55.34
<b>Profit/(Loss) after tax</b>	<b>(97.17)</b>	12.55
<b>Add: Other comprehensive income</b>		
Remeasurement of post employment benefit obligations	<b>(11.13)</b>	2.00
Gain on fair valuation of investments	<b>(0.83)</b>	(0.41)
Income tax relating to these items	<b>2.98</b>	(0.10)
Total other comprehensive income for the year	<b>(8.98)</b>	1.49
Total comprehensive income / (loss) for the year	<b>(106.15)</b>	14.04
Earnings per share Basic / Diluted	<b>(2.26)</b>	0.29

### Dividend

The Company is unable to declare any Dividend on account of losses.

### Review of Operations

During the year, the company has made a turnover of Rs. 14366.49(in lakhs) as against Rs. 15986.23(in lakhs) in the previous year. The Company has incurred a loss of Rs.106.15 Lakhs during the current year as compared to Net Profit of Rs.14.04 Lakhs last year.

### Management's Discussion and Analysis

As per the Regulation 34(1) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report on "Management Discussion and Analysis" forms an integral part of Annual Report as **Annexure-I**

### Deposits

Company has not accepted any deposits from public.

### Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Smt C.Renuka retire by rotation and being eligible offers herself for reappointment and the resolution is placed before the Shareholders for approval.

A brief resume, expertise, shareholding in the company and details of other entities in which the Director is interested as stipulated under Regulation 36(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard is provided in the Notice attached.

The tenure of Smt. P. Umayal, Chairman cum Managing Director and Sri P. Palaniappan, Managing Director expired on 18<sup>th</sup> of December 2019. The shareholders at their meeting held on 24<sup>th</sup> September 2019, approved their reappointment as Chairman cum Managing Director and Managing Director for a period of three years effective from 19.12.2019 to 18.12.2022.

The Shareholders at their meeting held on 24<sup>th</sup> September 2019, approved the reappointment of independent Directors Sri A.Alagappan, Sri S.Ravichandran and Sri PL.Subbiah for a second term of five consecutive years from 10<sup>th</sup> December, 2019 to 9th December, 2024.