

SRI NACHAMMAI COTTON MILLS LIMITED



42ND ANNUAL REPORT 2021-2022

SRI NACHAMMAI COTTON MILLS LIMITED

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

CIN No. L17115TZ1980PLC000916 Phone No. 0427-2330847

E-Mail: sncm@rediffmail.com , Website: 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 Director

Non Executive Director

STATUTORY AUDITORS

SECRETARIAL AUDITOR

INTERNAL AUDITOR

CIN

BANKERS

REGISTRAR AND SHARE TRANSFER AGENTS

COMPANY SECRETARY

CHIEF FINANCIAL OFFICER

Sri P.Palaniappan

Smt P.Umayal

Sri A.Alagappan

Sri PL.Subbiah

Sri S.Ravichandran

Smt Sujatha Sivakumar

Sri A.Annamalai

Smt C.Renuka

M/s. V.V. Soundararajan & Co.,

Chartered Accountants, Salem – 636 007.

CS M.R.L. Narasimha,

Practicing Company Secretary,

Coimbatore – 641 038.

CA H.Venugopal,

Chartered Accountants, Salem – 636 006.

L17115TZ1980PLC000916

Indian Overseas Bank,

Salem Main Branch, Salem – 636 001.

M/s. Cameo Corporate Services Limited,

'Subramanian Building',

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

CS M.Harish

Sri A.Subramanian

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Contact Details

Registered Office: Door No. 181, 'VASANTHAM',
4th Cross Street, New Fairlands,
Salem – 636016.

Mills at : Near Railway Station,
Chettinad – 630 102,
Sivaganga District.

Phone Number : 0427-2330847

E-Mail : sncm@rediffmail.com

Website : www.sncmindia.com



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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 42nd Annual General Meeting will be held on Friday, the 16th day of September, 2022 at 11.30 A.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 31st March, 2022, 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.Renuka (DIN.02209915) Director retires by rotation and being eligible, offers herself for re-appointment.

3. To appoint Statutory Auditors and to fix their remuneration

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

RESOLVED THAT pursuant to provision of Section 139,142 and other applicable provisions of the Companies Act, 2013 (as amended or reenacted from time to time), M/s. Gopalaier and Subramanian., Chartered Accountants, Coimbatore be and are hereby appointed as the Statutory Auditors of the Company for the period of 2022-2027, i.e., from the conclusion of this 42nd Annual General Meeting till the conclusion of 47th Annual General Meeting, at a remuneration to be decided in consultation with it.

SPECIAL BUSINESS

4. Ratification of remuneration of Cost Auditors for the Financial Year 2022-2023

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 CMA 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 2022-2023 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”.

5. Revision in terms of appointment and remuneration of Mr. P. Palaniappan 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 Mr. P Palaniappan (DIN: 01577805) Chairman cum Managing Director of the Company, designated as Chairman cum Managing Director, who has attained the age of 70 years in December 2014, with effect from 19th December, 2022 till his remaining tenure ending on 18th December, 2025”.

RESOLVED FURTHER THAT the remuneration paid/payable to Mr. P. Palaniappan (DIN: 01577805) Chairman cum Managing Director with effect from 19th December, 2022, as approved by the Nomination and Remuneration Committee shall be as under:



SRI NACHAMMAI COTTON MILLS LIMITED

1. Term of Appointment:

With effect from 19th December 2022 upto 18th December 2025.

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 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 Chairman cum 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.

6. Revision in terms of appointment and remuneration of Mrs. P.Umayal 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) Managing Director of the Company, designated as Managing Director, who has attained the age of 70 years in March 2019, with effect from 19th December 2022 upto 18th December 2025".



SRI NACHAMMAI COTTON MILLS LIMITED

RESOLVED FURTHER THAT the remuneration paid/payable to Mrs. P.Umayal (DIN: 00110260) Managing Director with effect from 19th December, 2022, as approved by the Nomination and Remuneration Committee shall be as under:

1. Term of Appointment:

With effect from 19th December 2022 upto 18th December 2025.

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 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 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.

By Order of the Board,
For Sri Nachammai Cotton Mills Limited,

Place: Salem
Date: 08th August 2022.

SD/-
P.Palaniappan,
Chairman cum Managing Director,
Din.01577805.



Notes:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at www.sncmindia.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.



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THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
- (i) The voting period begins on 13.09.2022 and ends on 15.09.2022. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 09.09.2022 of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
- (iv) In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

In terms of SEBI circular no. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



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Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp



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	<p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30



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Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(iv) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	<p>Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	<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> <ul style="list-style-type: none"> 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.

- (v) After entering these details appropriately, click on “SUBMIT” tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 on 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 person and take utmost care to keep your password confidential.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.