

53rd Annual Report

2013-2014



Neycer

INDIA LIMITED

Neycer India Limited

NEYCER INDIA LIMITED

BOARD OF DIRECTORS

Mr. Krishna Prasad Tripuraneni
Mr. Y. Mohan Prasad
Mr. B. S. Shailendra
Mr. Ramakrishnan Chittibabu
Mr. Bachiam Ramasamy Naidu
Mr. G. Krishnamoorthy

AUDIT COMMITTEE

Mr. Krishna Prasad Tripuraneni
Mr. Y. Mohan Prasad
Mr. B. S. Shailendra

INVESTORS' GRIEVANCE COMMITTEE

Mr. Krishna Prasad Tripuraneni, Chairman
Mr. Y. Mohan Prasad

AUDITORS

M/s. Suri & Co.
Chartered Accountants,
Chennai

LEGAL ADVISORS

Mr. T. Raghavan, Chennai
Mr. Murari, Chennai
Mr. R. Sankar Raman

BANKERS

BANK OF INDIA
INDIAN OVERSEAS BANK

REGISTERED OFFICE

33/24 A, RANJITH ROAD
KOTTURPURAM,
CHENNAI - 600 085



WORKS

SANITARYWARE DIVISION

Neycer India Limited
Vadalur-607303
Cuddalore District,
Tamilnadu

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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the **53rd Annual General Meeting** of the Company will be held on Tuesday, 30th September, 2014 at 10.00 A.M, at its registered office at **33/24 A, Ranjith Road Kotturpuram, Chennai -600 085**, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 and the Statement of profit & loss account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. B.S Shailendra (holding DIN 01066968), who opts to retire pursuant to Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To reappoint M/s. Suri & Co, Chartered Accountants (Firm Regn. No. 004283S), as statutory auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the fifty third consecutive AGM and to fix their remuneration and to pass the following resolution thereof.

"RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013, rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. Suri & Co., Chartered Accountants (Firm Registration No. 004283S) be and hereby appointed as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of fifty sixth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors"

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Ramakrishnan Chittibabu, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14 Aug 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Ramakrishnan Chittibabu, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company up to 13 Aug 2019, not liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Bachiam Ramasamy Naidu, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14 Aug 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Bachiam Ramasamy Naidu, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company up to 13 Aug 2019, not liable to retire by rotation."



6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, Mr. G. Krishnamoorthy, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14Aug 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. G. Krishnamoorthy, as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company up to 13 Aug 2019, not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013, the Rules made there under and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors ('hereinafter referred to as the Board') of the Company for borrowing any sum or sums of money from time to time whether in Indian Rupees or foreign currency (including external Commercial Borrowings in foreign denominated currencies from any foreign source /countries as prescribed by guidelines if any in this respect) from any one or Company's bankers and or from anyone or more persons, firms, Bodies Corporate, Financial institutions, Banks or other acceptable source whether by way of advances, deposits, loans, debentures, bonds or other securities whether convertible into equity/ preference shares and or securities with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe for equity or preference shares to Bank(s), Financial or other institutions, Mutual Funds, Non resident Indians, Foreign Institutional Investors or any other person(s), Body(ies) Corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate paid up capital of the Company or free reserves, that is to say reserves not set apart for any specific purposes, provided such excess amount so borrowed by the Board shall not exceed the limit of Rs. 100 crores (Rupees One Hundred Crores only)."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowings aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient."

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects".

By Order of the Board of Directors

For Neycer India Limited

Place: Chennai
Date: 14th August 2014

Sd/-
Y Mohan Prasad
Director



NOTES:

1. 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.
2. The instrument appointing proxy (duly completed, stamped and signed) in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the 53rd Annual General Meeting of the company.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorized signatory and / or duly notarized Power of Attorney, authorizing their representatives to attend and vote on their behalf at the Meeting.
4. With effect from 1st April 2014, inter alia, provisions of Section 149 of Companies Act, 2013 has been brought into force. In terms of the said section read with section 152 (6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Profile of directors seeking re-appointment as stipulated in terms of Clause 49 of the listing agreement with the stock exchanges is provided in the report on corporate governance, which forms an integral part of this annual report.
5. **The Register of Members and Share Transfer books of the Company will remain closed from 27th September, 2014 to 30th September 2014 (both days inclusive).**
6. The Explanatory Statement as required under section 102 of the Companies Act, 2013 in respect of Special Business(s) is attached herewith.

By Order of the Board of Directors

Place: Chennai
Date: 14th August 2014

For Neycer India Limited

Sd/-
Y Mohan Prasad
Director



EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 to 6

Mr. Ramakrishnan Chittibabu, Mr. Bachiam Ramasamy Naidu and Mr. G. Krishnamoorthy were appointed as an Additional Director by the Board with effect from 14 Aug 2014 and holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a Member of the Company along with requisite deposit proposing his candidature for the office of Director of the Company.

Your Board is of the opinion that all of the Independent Directors fulfill the conditions specified in the Act for appointment as independent Directors of the Company. Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, the directors being eligible and offering themselves for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 13 Aug 2019 and shall not be liable to retire by rotation. A notice has been received from members proposing the above candidates for the office of Director of the Company **along with the Refundable Deposit of Rs.1,00,000/- each.**

Based on the declaration received from the appointee directors and in the opinion of the Board, the above directors, fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and they are independent of the management. Copy of the draft letter for appointment of all the directors, as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Accordingly the Board has recommended for approval of the shareholders, under agenda item nos. 4 to 6 of the accompanying notice, the classification of the aforementioned Directors also as independent directors pursuant to Section 149 of the Companies Act, 2013 read with rules made thereunder.

Concerned Directors are interested in their respective resolutions being related to their own appointments. Other than the aforesaid, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions as set out in item No.s 4 to 6 of the accompanying notice. None of the Directors are related interse to each other.

This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange

**Details of Directors Seeking Appointment at the Annual General Meeting**

Particulars	Ramakrishnan Chittibabu	Bachiam Ramasamy Naidu	G. Krishnamoorthy
Date of Birth	22-03-1976	18-06-1970	15-06-1951
Date of Appointment	14-08-2014	14-08-2014	14-08-2014
Qualification	Msc., M.B.A.	B.Com.,	M.A., B.Ed.,
Expertise in specific functional areas	-	-	-
Directorships held in other companies (excluding foreign companies)	-	-	-
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	-	-	-
Number of shares held in the Company	-	-	-
Inter se relationship with any Director	-	-	-

Item No: 7

Section 180 of the Companies Act, 2013 (notified as on September 12, 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution passed in the meeting of shareholders as compared to the requirement of ordinary resolution under the previous Act. Further the Ministry of Corporate Affairs vide its circular no. 04 /2014 dated 25/03/2014 have stated that the resolution passed under section 293 of the Companies Act, 1956 , prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Act. Consequently, the Board recommends to the shareholders to pass a special resolution under Section 180(1)(c) of the Companies Act, 2013, without altering the borrowing limits already approved by way of resolution passed earlier.

Accordingly, the proposed resolution is placed before the shareholders for their approval. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

By Order of the Board of Directors

Place: Chennai
Date: 14th August 2014

For Neycer India Limited

Sd/-
Y Mohan Prasad
Director



DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present the Fifty-Third Annual Report and Audited Financial Statements of your Company for the year ended March 31, 2014

FINANCIAL HIGHLIGHTS:

PARAMETERS	(Rupees in Lakhs)	
	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Gross revenue	2796.99	2722.18
Less: excise duty	256.30	263.04
Net revenue	2540.68	2459.14
Other Income	11.71	254.74
Income	2552.39	2713.88
Expenditure	2760.26	2841.38
Profit before taxation and extraordinary items	(207.87)	(127.50)
Less: Extraordinary items	-	-
Profit before taxation	(207.87)	(127.50)
Less provision for taxation	(99.59)	(34.59)
Profit/Loss after taxation	(197.91)	(92.90)

REVIEW OF OPERATIONS:

During the year under review, the company's turnover has increased from Rs.2722 lakhs to Rs.2796 lakhs, thus registering an increase of Rs.74 lakhs.

DIVIDEND:

In view of the accumulated losses, the Directors express their inability to declare dividend.

IMPLEMENTATION OF REHABILITATION SCHEME SANCTIONED BY BIFR/PREFERENTIAL ISSUE/LISTING WITH BOMBAY STOCK EXCHANGE:

As reported EARLIER, THE REHABILITATION SCHEME OF YOUR Company approved by the Board for Industrial and Financial Reconstruction on 06th October 2008 has been implemented full in letter and spirit. Necessary steps for restructuring the share capital of the Company are being taken. The capital after restructuring shall be Rs.101519160. w.e.f.06.09.2013 During this current period, the Company had already effected the reduction of capital and further allotment.

The Company had submitted necessary documents to the BSE for effecting the above. However the effect of the same shall be reflected only after BSE's approval.

BOARD OF DIRECTORS

Your Board pursuant to the provisions of clause 49 of the Listing Agreement entered into with the Stock Exchange has appointed Mr. **Ramakrishnan Chittibabu**, Mr. **Bachiam Ramasamy Naidu** and Mr. **G. Krishnamoorthy** as Independent Directors of the Company with effect from. They hold the



office upto the date of ensuing Annual General Meeting. The Company has received declarations from the appointee independent directors, that they meet the criteria of independence, as prescribed both under sub-section (6) of Section 149 of the Companies Act 2013 and under the said clause 49 and also received from the Members of the Company signifying their intention to propose the above appointees as a candidate for the office of Directors of the Company under Section 160(1) of the Companies Act, 2013.

Mr. B.S,Shailendra Director of the Company retires by rotation and being eligible, offers himself for reappointment, in accordance with the requirements of Companies Act, 2013.

FIXED DEPOSIT:

Your Company did not invite or accept any fixed deposit pursuant to provisions of Section 58A of the Companies Act, 1956, during the year. As on date there is no deposit which has matured and pending for payment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors' to the best of their knowledge and belief confirm that:

1. In the preparation of the Profit and Loss Account for the Financial Year ended March 31, 2014, and the Balance Sheet as at that date ("Annual Accounts"), the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors' had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a True and Fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the Annual Accounts for the Financial Year ended March 31, 2014 on a going concern basis.

AUDITORS AND THEIR OBSERVATIONS

The Auditors, M/s. **Suri & Co.**, Chartered Accountants, Chennai hold office up to the date of the ensuing Annual General Meeting and are eligible for re-appointment. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. **Suri & Co.**, that their appointment, if made, would be in conformity with the limits specified in the said section.

DIRECTORS REPLY TO AUDITORS QUALIFICATIONS:

The Auditor in his report vide Point no. XI has stated that the Company has defaulted in repayment of dues to Bank.

The Director would like to furnish their reply as under:

Since the Company is in the process of reviving their liquidity position and are of the hope that situation will improve in the upcoming years.



Particulars as required under Section 217(1) (E) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A) Conservation of Energy

Your Company continues to be committed to energy conservation in its manufacturing operations. All the kilns in the sanitary ware Division are being fired with natural gas thereby increasing fuel efficiency and reducing costs. The power was economically and optimally utilised during the year. As the power costs are mounting from the Electricity Board, your company is exploring the possibility of installing captive generation.

B) Technology Absorption

Your company is planning to adopt improved technology for better quality improvement, energy saving, material consumption and reduction of wastages.

C) Research and Development

The Company has a continuous ongoing R & D Program which during the period under review introduced various designs of sanitary wares. In addition to development of new products, the R & D Department also instituted a comprehensive policy on cost reduction and improved production efficiency in line with modern trends so as to differentiate the brand positioning of "Neycer" from other competitors brands.

Similarly, the composition of body & glaze are constant improvement so as to control cost without compromising on quality. The reuse of fired reject materials in the body not only reduces the body cost but also takes care of solid pollution.

C) Foreign Exchange Earnings and Outgo

Foreign Exchange earned during the year: Rs. Nil (PY Rs. Nil)
Foreign Exchange used during the year : Rs. Nil (PY Rs. Nil)

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of the Company are in receipt of total remuneration exceeding the limits prescribed under Provisions of Section 217(2A) of the Companies Act, 1956. Hence no reporting is furnished under the heading.

The industrial relations at the sanitary ware division was by and large cordial and the labour agreement has been implemented in full.

CORPORATE GOVERNANCE REPORT

Your Company has been practicing the principles of good Corporate Governance. A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are annexed in a separate section in this Annual Report.