



27<sup>th</sup>

twenty seventh  
annual report  
2013-14

NOESIS INDUSTRIES LIMITED

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# Noesis Industries Limited

## BOARD OF DIRECTORS

Mr. Prem Adip Rishi	<b>Chairman &amp; Managing Director</b>
Mr. Rakesh Gupta	<b>Director</b>
Mr. Rajesh Galhotra	<b>Director</b>
Mr. Vijay Kumar Sood	<b>Director</b>
Ms. Kalpana Gupta	<b>Director</b>
Mr. Kamal KumarJain	<b>Director</b>

## Statutory Auditors

M/s Arun Kishore & Co.  
Chartered Accountants, New Delhi

## Bankers

Punjab National Bank  
UCO Bank  
Allahabad Bank  
Punjab & Sind Bank  
Standard Chartered Bank  
IDBI Bank Limited  
State Bank of Mysore

## Registered Office

1201 B, 12<sup>th</sup> Floor,  
Hemkunt Chamber,  
89 Nehru Place,  
New Delhi-110019

## Registrars and Share Transfer Agents

Alankit Assignments Limited,  
205-208, Anarkali Complex,  
Jhandewalan Extension,  
New Delhi-110055  
Ph: 42541234, 23541234  
Fax: 91-11-42541967  
E-mail: [info@alankit.com](mailto:info@alankit.com)

## Works

A-785, RIICO Industrial Area  
Bhiwadi, Distt. Alwar, Rajasthan.

## DIRECTORS' REPORT

### To the Members

Your Directors are presenting the 27<sup>th</sup> Annual Report and Audited Statement of Accounts of the Company for the period ended 31<sup>st</sup> March, 2014.

### 1. FINANCIAL RESULTS

(Rs. In lacs)

Particulars	Period ended	Year ended
	31.03.2014	30.06.2013
Revenue from operations & Other Income	273.97	325.49
Profit/(Loss) Before Exceptional & Extraordinary Items and Tax	(3811.41)	(6131.25)
Exceptional Items	22.58	18021.58
Profit/(Loss) Before Tax	(3540.78)	(24152.83)
Provision for Taxation-		
- Income Tax	(-)	(-)
- Deferred Tax	(-)	(16.11)
Profit/(Loss) After Tax	(3540.78)	(24136.72)

### 2. FINANCIAL / OPERATION PERFORMANCE REVIEW

During the year under review, the Company recorded a turnover of Rs. 273.97 lacs and loss of Rs. (3540.78) lacs. The Company has incurred business losses arising out of product obsolescence, under cutting from unorganized sector, high interest rates and write off of pending claims. Over the past few years, the consumer electronic sector has faced changes in the consumer preferences as well as the demand patterns. The company was trying to diversify to add new products to mitigate these risks, but due to general slow down in the economy; lack of capital and high interest costs, these plans could not get materialized. The company had to write off/revalue some of its obsolete /irrecoverable current assets resulting into business losses.

However, the company is looking at the current reforms in the economy which may bring positive turnaround in the business confidence and investment. Based upon this assessment, the company is hopeful to come forward with a new revival plan during the FY 2014-15 through diversification in new product lines.

### 3. CHANGE OF NAME OF COMPANY

During the year under review, the Company has changed its name from MVL Industries Limited to Noesis Industries Limited. The change of name was approved by the Members of the Company in last Annual General Meeting and the Registrar of Companies, National Capital Territory of Delhi and Haryana has issued Fresh Certificate of Incorporation on 17<sup>th</sup> January, 2014 to give effect to above change.

### 4. ACCOUNTING YEAR

During the year under review, the Company has vide Board resolution dated 02.01.2014 reduced its accounting period by three months i.e. from 30<sup>th</sup> June to 31<sup>st</sup> March. As a consequence of the said change in this period the statement of profit and loss figures are for nine months ending 31.03.2014, whereas the comparative figures for previous year are for twelve months ending 30.06.2013.



## 5. DIVIDEND

Keeping in view the business losses, the directors of your Company do not recommend any dividend for the year under review.

## 6. DIRECTORS

The Company had pursuant to the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges, appointed Mr. Vijay Kumar Sood, Mr. Kamal Kumar Jain and Mrs. Kalpana Gupta as Independent Directors of the Company.

As per Section 149(4) of the Companies Act, 2013 which came into effect from April 1, 2014, every listed public company is required to have at least 1/3<sup>rd</sup> of the total number of directors as Independent Directors. In accordance with the provisions of Section 149 of the Companies Act, 2013, these directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting of the Company.

Mr. Rajesh Galhotra, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Rakesh Gupta ceased to be the Whole Time Director of the Company w.e.f. 30<sup>th</sup> November, 2013 but has continued as Director.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state and confirm as under:

- a) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) That appropriate accounting policies have been selected and applied consistently and have 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 as on 31<sup>st</sup> March, 2014 and the Loss of the Company for that period;
- c) That proper and sufficient care has been taken 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;
- d) That the annual accounts have been prepared on a going concern basis.

## 8. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## 9. CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

A detailed report on corporate governance of the Company is enclosed. Mr. R.S. Bhatia, Practicing Company Secretary has certified compliance with requirement of corporate governance in relation to clause 49 of the Listing Agreement.

## 10. FIXED DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

## 11. AUDITORS

M/s. Arun Kishore & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and Rules framed thereunder, it is proposed to appoint M/s. Arun Kishore & Co., Chartered Accountants as



# Noesis Industries Limited

Statutory Auditors of the Company from the conclusion of forthcoming Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every Annual General Meeting).

The Company has received letter from M/s. Arun Kishore & Co., Chartered Accountants, to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

## 12 AUDITORS' REPORT

- a. The Auditors' Report to the members together with Audited Accounts for the period ended 31<sup>st</sup> March, 2014 and notes thereon are attached, which are self-explanatory *except their remark regarding leave encashment*, to which the Board explains that provision of leave encashment are made by the Company of its own estimates, rather than on actuarial valuation basis in terms of Accounting Standard AS-15.
- b. Point no. 6 of Auditor Report per se is the opinion of the Auditor on certain points of notes to accounts attached to the financial statement for the period ended 31.03.2014. Since notes to accounts are part of financial statement prepared by the Company, the Company in the relevant points has explained the each situation which has arisen this time. The relevant clauses of notes to accounts alongwith Board's response is as follows:-
  - i. *Note No. 27.18 Regarding the financial statements of the company being prepared on a going concern basis notwithstanding the fact that operations have been discontinued, Loss of Rs. 3540.78 Lacs has been incurred during the period, net worth is minus Rs.25155.92 Lacs and defaults towards repayment of dues to banks and financial institution are of Rs. 24494.83 Lacs with no activity for revival:* The Board is of the opinion that the company can revive if loans are restructured and new product lines are introduced.
  - ii. *Note No. 27.12 regarding non availability of confirmations in respect of debit and/or credit balances of loans, advances, deposits, trade receivables and trade payable:* The Board is of the opinion that due to closure of business line, a wide nature of consequential claims have arisen against the company, therefore, it would not be possible to obtain such confirmations of debit/credit balances.
  - iii. *Note No. 27.19 regarding non provision of penal interest on recalled banks loans declared as NPA:* The Board is of the opinion that liability for penal interest payable has not been quantified on account of uncertainty and discretionary nature of lending banks on this matter.

## 13. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 does not form part of this Report, as no employee of your Company is covered as per provisions contained therein.

## 14. PERSONNEL

The employer-employee relations throughout the year were very cordial. The Company enjoys a healthy working atmosphere that inspires the employees to put their best foot forward in achieving a high-sustainable growth. The Directors also wish to place on record the support and confidence reposed in the management by the employees.

## 15. CONSERVATION OF ENERGY

Disclosure of particulars with respect to conservation of energy and technology absorption are not applicable to the Company.



# Noesis Industries Limited

## 16. RESEARCH AND DEVELOPMENT

Since the market scenario and technologies are changing rapidly, Research and Development (R&D) is important to ensure that Company increases its market share. The Company has always attempted to use the latest and advanced technology for its product lines, but keeping pace with current technological developments is becoming difficult for want of capital. The slow down in the economy and higher interest costs has also deterred the further research and development activities of the company to keep it abreast with the current technological changes.

## 17. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Foreign Exchange Earnings	Rs. Nil
b) Foreign Exchange Outgo	Rs. Nil

## 18. ACKNOWLEDGEMENT

During the current difficult times where the company is facing all the challenges, your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, business associates, bankers, vendors as well as regulatory and government authorities. Your Directors also thank the employees at all levels who, through their dedication and co-operation have always supported the company.

**By Order of the Board of Directors  
For Noesis Industries Limited**

Place: New Delhi  
Date : 25<sup>th</sup> August, 2014

**Sd/-  
(Prem Adip Rishi)  
Chairman & Managing Director**

**Registered Office:**  
1201B, 12<sup>th</sup> Floor, Hemkunt Chamber,  
89 Nehru Place,  
New Delhi-110019  
Tel: +91-11-41662674  
E-mail: coporates@yahoo.com  
Website: www.mvlindustries.in  
CIN: L32109DL1986PLC026273



## MANAGEMENT DISCUSSION AND ANALYSIS

The management is presenting this Report as a part of Director's Report in compliance to the Corporate Governance Code of Securities and exchange Board of India under Clause 49(F) of the listing Agreement.

### 1. Industrial Structure

The consumer electronics industry is going through tough times due to rapid technological changes. The margins on the products are declining and the companies are facing cut throat competition. The products are being sold at hefty discounts resulting into erosion in bottom line, and business losses also. The slowdown in the economy has also added fuel to the problem. Companies are cutting corners to stay afloat as rising input cost and costlier borrowing have forced them to defer investment plans, thus offering fewer jobs. The industrial and agricultural growth index is also declining; and the disposable income in the hands of the consumer is not increasing due to high inflation. There is shift in demand patterns and the consumer is inclined to defer its purchase decision unless it becomes a necessity; thus reducing demand for goods.

### 2. Business Outlook

In the backdrop of two years of sub five percent growth of the Indian economy, there is a new hope of revival on account of host of new ideas and initiatives of the new Government. Thrust to infrastructure, boosting entrepreneurship and private public partnership and measures to push up savings in the economy would be the three key factors for new business outlook in the country. As per IMF, the world economy is projected to grow at 3.6% in 2014 vis-à-vis 3% in 2013. These are the good signals for revival of economy, but some factors such as crisis in West-Asia may affect the oil prices; below average monsoon predictions by IMD may again fuel the inflation which may not allow softening of interest rates. These factors may deter growth in the economy. Therefore, the business outlook is still cautious and is looking for more initiatives from the Government for revival.

### 3. SWOT Analysis

#### Strengths

- More than two decades old, professionally managed Company.
- Experienced, committed and forward-looking Management Team.
- Reputed "MEDIA" Brand in general masses.

#### Weaknesses

- Dependence on single product line.
- Low margins on products because of severe competition.
- High debts and their servicing costs.
- Higher working capital cycle.

#### Opportunities

- Continued growth in the consumer electronics market.
- Rising disposable income.
- Availability of financing Scheme.

#### Threats

- Risk of technical obsolescence.
- Competition in consumer electronic industry and also from unorganized/grey market.
- Government policy on Taxation has significant impact on the price and thus demand for the Company's products.
- Slowdown in economy.
- High interest costs.
- Cheaper imports from the overseas market.





#### 4. Financial and Operational Performance

During the period under Review, the company has suffered losses due to closure of business line. The debtors have adjusted their dues towards the company against their past claims and future liabilities towards the customers. The realizable value of stocks has become negligible because of their non saleability. Due to these reasons, the debtors and stocks are written off resulting into business loss from operational activities.

#### 5. Adequacy of Internal Control Systems

The Company has set up internal control procedures commensurate with its size and nature of the business and periodically reviews the internal control system and procedures leading to the orderly and efficient conduct of its business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well defined policies, guidelines, authorization and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

The Audit Committee of the Board, Statutory Auditors and the Management are regularly apprised of internal audit findings. The Audit Committee of the Company consisting of Non-Executive and Independent Directors.

#### 6. Material Development in Human Resources

The company lays lot of importance on manpower rationalization and efficiency improvement. The company believes that human resources are vital resources for giving the company a competitive edge in the current business environment. The Company strictly follows the philosophy of congenial work environment, performance oriented work culture, knowledge, skill building, creativity and responsibility and performance based compensation. Action has been taken to develop and enhance the skills of human resource.

#### 7. Risks and Concerns

The company was reeling under the pressure of negative cash flows from operating activities since the last 7-8 years. It tried to diversify into new product lines to mitigate the losses but economic slowdown, inadequate capital and high cost of capital acted as deterrent for such diversification plans. Presently, the major concern for the company is to revive its business activity and to repay the borrowings. The Company is exploring all avenues to come out of these bad times which it will be able to do with the help of its business associates and lending institutions.

#### 8. Cautionary Statement

The statements in the Directors' and Management Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the Company.

**By Order of the Board of Directors  
For Noesis Industries Limited**

Place: New Delhi

Date : 25<sup>th</sup> August, 2014

**Sd/-  
(Prem Adip Rishi)  
Chairman & Managing Director**

#### Registered Office:

1201B, 12<sup>th</sup> Floor, Hemkunt Chamber,

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## Report on Corporate Governance

### 1. The Company's philosophy on code of Governance

Corporate Governance provides a framework within which stakeholders pursue the objectives of the organization most effectively and signifies acceptance by management of the inalienable rights of the shareholders as the true owners of the organization and of their own role as trustees on behalf of them. Corporate Governance has been a high priority for us both in the letter and in spirit. Our commitment to ethical and lawful business conduct is a fundamental shared value of our Board of Directors, senior management personnel and employees and is critical to the Company's success. Our standards for business conduct provide that we will uphold ethical and legal standards vigorously as we pursue our financial objectives. We believe that good governance brings about sustained corporate growth and long-term benefits to the stakeholders by the adopting the following business philosophy:

- Fairness, transparency, accountability and fair to all stakeholders;
- Without compromising on the ethics and principles creating value for all stakeholders;
- Compliance with the law of land.
- Clear communication of significant information leading to high degree of disclosures and transparency in the conduct of management and the business.

### 2. Board of Directors

The present strength of the Board of Directors of the Company is six comprising of Chairman & Managing Director, Executive Director and four non-executive Directors. The Composition of the Board is in conformity with the Listing Agreement. No Director is a member of more than 10 committees or acts as Chairman of more than 5 committees across all companies in which he/she is a Director.

#### a) Composition of the Board of Directors

Name of the Directors	Designation	Category (Independent/ Non-executive/ Executive)	Number of Directorships held in other Companies*	Number of Board Committee membership/ chairmanship held in other companies**	
				Chairman	Member
Mr. Prem Adip Rishi	Chairman & Managing Director	Promoter Director	9	—	3
Mr. Rakesh Gupta***	Director	Executive Director	4	2	1
Mr. Rajesh Galhotra	Director	Non-Executive Director	3	—	—
Mr. Vijay Kumar Sood	Director	Non-Executive Independent Director	2	—	—
Mrs. Kalpana Gupta	Director	Non-Executive Independent Director	7	2	—
Mr. Kamal Kumar Jain	Director	Non-Executive Independent Director	1	—	2

\* Number of directorships in other companies excludes alternate directorships, directorships held in private limited companies, foreign companies and in companies under section 25 of the Companies Act, 1956.

\*\* The Committees considered for the purpose are those prescribed under Clause 49 of the Listing Agreement(s).

\*\*\* Mr. Rakesh Gupta ceased as Whole Time Director of the Company w.e.f. 30th November, 2013 but has continued as Director.