



28TH ANNUAL REPORT
2014-2015

NOESIS INDUSTRIES LIMITED

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BOARD OF DIRECTORS

Mr. Prem Adip Rishi	Chairman & Managing Director
Mr. Rajesh Galhotra	Director & Chief Financial Officer
Mr. Rakesh Gupta	Director
Mr. Vijay Kumar Sood	Independent Director
Ms. Kalpana Gupta	Independent Director
Mr. Kamal Kumar Jain	Independent Director
Ms. Pandey Pooja Manish	Company Secretary

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, 12th 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

Works

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

DIRECTORS' REPORT

To the Members

Your Directors are presenting the Twenty-Eighth Annual Report and the Company's Audited Financial Statement for the Financial Year ended 31st March, 2015.

1. FINANCIAL RESULTS (Rs. In lacs)

Particulars	Year ended 31.03.2015	Period ended 31.03.2014
Total Income	2.04	273.97
Profit/(Loss) from Ordinary activities before Exceptional Item	(974.73)	(3,811.41)
Profit/(Loss) from Ordinary activities before Tax	(1,074.30)	(3,833.98)
Less: Provision for Tax		
Current Tax	—	—
Deferred Tax	—	—
Profit/(Loss) from Ordinary activities after Tax	(1,074.30)	(3,833.98)
Add: Write back of Excess Provisions	(5.42)	(293.20)
Net Profit for the period from Ordinary activities after Tax	(1,068.88)	(3,540.78)
Net Profit for the period	(1,068.88)	(3,540.78)

2. FINANCIAL/ OPERATION PERFORMANCE REVIEW

During the year under review, the Company recorded a turnover of Rs. 2.04 lacs and loss of Rs. (1,068.88) 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. The Company's activities and operations stand discontinued since middle of Financial Year 2012-13. Previous year figures of 9 months are not comparable to current year figures of 12 months period.

However, in view of heavy Losses in the past and loss during the current year, operations have been virtually discontinued. Lenders had declared Loans as N.P.A, which stand recalled. Lenders have issued notices under the SARFAESI Act, 2002 and have also filed suits for recovery with Debts Recovery Tribunal. Management is hopeful of further capital raisin from promoters & group support, settlement /re-structuring of loans and starting of activity for revival. As per management's said perception, these accounts have been prepared on a going concern basis. However in the opinion of statutory auditors, looking at the continuous losses during the current year & last 3 years leading to erosion of net worth to minus Rs. 23611.26 Lacs, defaults of Rs. 21925.20 Lacs towards repayment of dues to banks and financial Institutions, and with no activity for revival. It is not feasible for the company to continue as going concern.

3. PRESENT STATUS OF BANK LOANS

- Punjab National Bank as the Lead Bank under the Consortium Lending arrangement for itself and for 6 other Banks has issued notice dated 10.12.2013 u/s 13 (4) of Chapter III of Securitization And Reconstruction of Financial Assets &

Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) claiming dues of the value of Rs.17,948.67 lacs along with further interest up to the date of payment. Symbolic possession of immovable's in pursuance of the said notice was taken over on 22.01.2014.

- UCO Bank had filed application u/s 19(4) of the Recovery of Debts Due to Banks & Financial Institutions Act, 1993 before the Debts Recovery Tribunal Delhi vide application dated 26.03.2013 along with interest up to the date of payment.
- Standard Chartered Bank had filed application u/s 19 (4) of the RDDB Act & Financial Institutions Act, 1993 before the Debts Recovery Tribunal Delhi vide application dated 20.05.2013 claiming recovery of debts of Rs. 1857.79 lacs along with interest up to the date of payment.
- Punjab National Bank has filed application u/s 19(4) of the RDDB Act, before the Debts Recovery Tribunal Delhi vide application dated 19.09.2013 claiming dues on behalf of 5 Lending Banks namely Punjab National Bank itself, Allahabad Bank, State Bank of Mysore, IDBI Bank Ltd. & Punjab & Sind Bank of the value of Rs.13,259.55 lacs along with interest up to the date of payment.

4. DIVIDEND

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

5. 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.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Kamal Kumar Jain and Mrs. Kalpana Gupta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year under review, Mr. Rajesh Galhotra has been re- designated as Director & Chief Financial Officer of the Company with effect from 1st February, 2015. Further, Ms. Pandey Pooja Manish be appointed as Company Secretary of the Company w.e.f. 1st February, 2015.

In terms of Section 149(7) of the Companies Act, 2013, Mr. Kamal Kumar Jain and Mrs. Kalpana Gupta, Independent Directors of the Company have given declarations to the Company to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Brief resumes of Directors proposed to be so appointed or re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and their memberships/ chairmanships on Board Committees of various Companies, have been provided in the Corporate Governance Report. However, brief resume of Mr. Rajesh Galhotra re- designated as Director & Chief Financial Officer of the Company, as required under Clause 49 of the Listing Agreement and Companies Act 2013, forms part of the Notice convening the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;



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- b) the Directors have 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 as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. **POLICIES OF THE COMPANY**

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.mvlindustries.in.

The following policies of the Company are attached herewith marked as **Annexure I** and **Annexure II**:

- a) Policy for selection of Directors and determining Directors independence; and
- b) Remuneration Policy for Directors, Key Managerial Personnel and other employees.

9. **CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE**

The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report and attached as **Annexure III**. The requisite certificate from Mr. V. Ramasamy, Proprietor of V. Ramasamy & Co., a firm of Practicing Company Secretary (Membership No. FCS 6191 and CP No. 6618) confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

10. **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.

11. **RELATED PARTY TRANSACTIONS**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Your Directors draw attention of the members to Note 25.19 to the financial statement which sets out related party disclosures.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

13. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

14. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

15. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate Internal Financial Controls with reference to Financial Statements. The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

16. PARTICULARS OF EMPLOYEES

Information as per section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not given in this Report, as no employee of your Company is covered as per provisions contained therein.

17. AUDITORS

M/s. Arun Kishore & Co., Chartered Accountants, who are the Statutory Auditors of the Company, holds office till the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment. They have confirmed their eligibility 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. Your Board recommends ratification of their appointment for the Financial Year 2015-16.

18. AUDITORS' REPORT

- a. The Auditors' Report to the members together with Audited Accounts for the period ended 31st March, 2015 and notes thereon are attached, which are self-explanatory *except their remark regarding leave encashment and gratuity*, to which the Board explains that provision of leave encashment and gratuity 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. 4 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 31.03.2015. 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. 26.12 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. 1,068.88 Lacs has been incurred during the year, net worth is minus Rs. 23,611.26 Lacs and defaults towards repayment of dues to banks and financial institution are of Rs. 21,925.19 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.*



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- ii. *Note No. 26.09 regarding non availability of confirmations in respect of debit and/or credit balances of loans, advances, deposits, 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. 26.13 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.
- iv. *Note No. 26.17 regarding Non-provision of interest on recalled banks loans declared as NPA to the extent of Rs. 32.57 crores:* The lender banks are not booking interest income on the NPA Accounts as per prudential norms issued by Reserve Bank of India. On the similar footing, the Board is also of the opinion that interest provision on NPA/recalled accounts be not made, as the Settlement proposals are under consideration of the lender banks.

19. SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

The Board has appointed Mr. Manoj Sharma, Partner, RSMV & Co., Company Secretaries (Membership No. FCS 7516 and C.P. No. 11571), to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith and marked as **Annexure IV** to this Report.

The observations of Secretarial Auditor are self-explanatory except their remark on the below points alongwith Board's response is as follows:-

- i. *Appointment of Company Secretary:* The Board explains that the Company Secretary of the company had resigned w.e.f. 31st October 2013. The company made efforts to appoint a company secretary immediately. The company could appoint company secretary w.e.f. 1st February 2015 only. However, the company had designated Mr. Rakesh Gupta, Whole Time Director of the company as compliance officer for the period from 1st November, 2013 to 31st January, 2015. Further, the company had designated Mr. Uday Sharma, a semi-qualified person, as Compliance Officer in compliance of Clause 47(f) of the Listing Agreement with the Stock Exchanges at its Board Meeting held on 13/02/2015 and intimated the Stock Exchanges on 13/02/2015.
- ii. *The Lenders to the Company (consortium of bankers) have recalled the loans and issued notice under SARFAESI Act 2002:* The Board is of the opinion that the company can revive if loans are restructured and new product lines are introduced.
- iii. *Present Status of Bank Loans:* The Board is of the opinion that observation on this point is based on the facts and need no comments from the Board.
- iv. *The Report of the Statutory Auditors on the Financial Statement for the Financial Year 2014-15 is qualified on the basis of the Notes on Accounts (26.12, 26.09, 26.13 and 26.17):* The Board is giving their explanation to the same in their report to the shareholders at S. No. 18.b.i to 18.b.iv above.

20. MEETINGS OF THE BOARD

Nine (9) meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

21. EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 furnished in **Form MGT-9** is annexed herewith as **Annexure V**.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

As per the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, the Audit Committee consists of the following members:

- a. Mrs. Kalpana Gupta
- b. Mr. Rajesh Galhotra
- c. Mr. Kamal Kumar Jain

The above composition of the Audit Committee consists of Independent Directors viz., Mrs. Kalpana Gupta and Mr. Kamal Kumar Jain who form the majority.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

23. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has set up a Stakeholders Relationship Committee comprising of Mrs. Kalpana Gupta (Chairman), Mr. Rajesh Galhotra and Mr. Rakesh Gupta as other Members. The details of the Committee are furnished at S.No. 3(b) of Report of Corporate Governance of this Annual Report.

24. NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has set up a Nomination and Remuneration Committee comprising of Mrs. Kalpana Gupta (Chairman), Mr. Kamal Kumar Jain and Mr. Rajesh Galhotra as other Members. The details of the Committee are furnished at S.No. 3(c) of Report of Corporate Governance of this Annual Report.

25. CONSERVATION OF ENERGY

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

26. 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.

27. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

28. RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

29. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board.

30. SIGNIFICANT AND MATERIAL ORDERS BY ANY COURTS OR TRIBUNALS

No significant and material orders have been passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.

31. 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 : 25th August, 2015**

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

**Registered Office:
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89 Nehru Place,
New Delhi-110019
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