

# **52<sup>nd</sup> Annual Report**

**2012-2013**



***Neycer***  
**INDIA LIMITED**



## **NEYCER INDIA LIMITED**

### **BOARD OF DIRECTORS**

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

### **WORKS**

#### **SANITARYWARE DIVISION**

Neycer India Limited  
Vadalur - 607 303  
Cuddalore District, Tamilnadu

### **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  
Mr. B.S. Shailendra

### **AUDITORS**

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

### **LEGAL ADVISORS**

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

### **BANKERS**

Bank of India  
Indian Overseas Bank

### **REGISTERED OFFICE**

No. 33/24A, Ranjith Road  
Kotturpuram  
Chennai - 600 085

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## **NOTICE OF FIFTY SECOND ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 52<sup>nd</sup> Annual General Meeting of the members of Neycer India Limited will be held on Monday, the 30<sup>th</sup> day of September 2013, at 10.00 AM at the Registered Office of the Company at New No. 33/24A, 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 31<sup>st</sup> March, 2013 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Director's and Auditor's thereon.
2. To appoint a Director in place of Mr. Y. Mohan Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. Suri & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modifications, the following Ordinary Resolution:

"RESOLVED THAT, pursuant to the Provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded for the appointment of Mr. Krishna Prasad, as the Whole Time Director of the Company on non-rotational basis for a period of 5 years on a remuneration payable on a period of three years with effect from 6<sup>th</sup> September 2013 on such terms and conditions, detailed in the explanatory statement attached with this Notice, as recommended by the Remuneration Committee and as approved by the Board of Directors at their Meeting held on 6<sup>th</sup> September 2013.

FURTHER RESOLVED THAT the authority be and is hereby granted to the Board of Directors to alter and vary the terms and conditions of the said remuneration, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. Krishna Prasad, in such manner as may be agreed to between the Board of Directors and Mr. Krishna Prasad provided, however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof as provided in new Company Law Bill 2013.

RESOLVED FURTHER THAT the information provided above and in the explanatory statement attached herewith shall be treated as an Abstract under section 302 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to this resolution.

Place: Chennai  
Date : 6th September 2013

By Order of the Board  
For Neycer India Limited

**T. Krishna Prasad**  
Director

**NOTES:**

1. A Member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf and such proxy need not be a member of the company (proxy form is annexed herewith)
2. Proxy forms in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the company not later than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the company will remain closed from Friday, 27<sup>th</sup> Day of September, 2013 to Monday, 30<sup>th</sup> Day of September, 2013 both days inclusive).
4. For effecting reduction of share capital, members are requested to surrender their old share certificates to the Registrar & Share Transfer Agent of the Company M/s Cameo Corporate Services Ltd, #1 Club House Road, Chennai 600002 in exchange of new share certificates bearing the reduced share. Shares held in De-mat, shall be reduced automatically by their respective Depositories A/c and under separation from their ID's.
5. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
6. The explanatory statement pursuant to section 173 of the Companies Act, 1956 is annexed hereto.
7. Information pursuant to clause 49(IV)(G) of the Listing Agreement entered into by the company with the Stock Exchanges, in respect of Directors seeking re-appointment are furnished below.

Shri Mohan Prasad, aged 70 years, is the Non-Executive Director of the Company and he has been on the Board since 14<sup>th</sup>, February 2006. He has completed his matriculation. He possesses versatile experience in the area of logistics and construction sectors. He is in the field of sanitary ware/Ceramics Tiles industries for more than 10 years. During his tenure, he has taken many innovative steps in the growth of the Company.

He is on the Board of following Companies and also Chairman/Member of Committees of Board of such Companies:

Sl. No.	Name of the Public Limited Company in which he is a Chairman/Director	Chairman / Director	Position held in Audit Committee	No. of Shares held
1.	Spartek Ceramics India Limited	Director	Member	NIL



**Annexure to the Notice:**

**EXPLANATORY STATEMENT FOR ITEM NO 4, PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 4, of the Notice to members**

The Board and the Remuneration Committee at its Meeting held on 6<sup>th</sup> September 2013 had approved, subject to the approval of shareholders, the appointment of Mr. Krishna Prasad, as Whole Time Director of the Company with immediate effect on the same terms and conditions of remuneration as set out herein below.

In view of the growth in the business activities and having regard to his qualifications, the Remuneration Committee and subsequently the Board of Directors considered it just, fair and reasonable for paying his remuneration. The Board felt that the appointment is in the best interests of the Company. The necessary Resolution for the approval of the same is covered in the Notice convening the Annual General Meeting.

**A. Remuneration: (for three years period)**

Section I : Remuneration payable to Mr. Krishna Prasad, if the Company generates, adequate profits in future.

Salary, D.A., perquisites, commission and other allowances – Not exceeding 5% of its net profits.

Section II : Remuneration payable to Mr. Krishna Prasad, if the Company is having, inadequate profits

Where, in any financial year during the currency of tenure of the managerial person, a company has no profits or its profits are inadequate, the Whole Time Director shall be paid remuneration @ Rs.2,00,000/- by way of salary, dearness allowance, perquisites and any other allowances

**B. Perquisites**

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the I.T. Act, 1961,

(b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and

As per Section 269 read with Schedule XIII of the Companies Act, 1956 the appointment shall be approved by the Shareholders at a General Meeting. Hence, the resolution is placed before the members for their approval and consideration.

Details as required under Schedule XIII, Part II, Section II (B) of the Companies Act, 1956

**General Information:**

a) Nature of the Industry : Manufacturers of Sanitarywares and Trading of other related items.

b) Date of commencement  
of business : 17-07-1960



**c) Financial performance:**

<b>PARTICULARS</b>	<b>YEAR ENDED 31<sup>st</sup> MARCH 2013</b>
Gross revenue	2722.18
Less: excise duty	263.04
Net revenue	2459.14
Other Income	254.74
Income	2713.88
Expenditure	2439.50
EBITDA	274.38
Less: Interest & Depreciation	401.88
Profit before taxation and extraordinary items	(127.50)
Less: Extraordinary items	-
Profit before taxation	(127.50)
Less provision for taxation	-
<b>Profit/Loss after taxation</b>	<b>(127.50)</b>

d) Export performance and net foreign exchange collaborations (if any) : NIL

e) Foreign Investments or collaborators, if any : NIL

**Information about Mr. Krishna Prasad (the appointee)**

- 1) Back ground details : Mr. Krishna Prasad, possess a Bachelors degree in Engineering from Andhra University and MS from Illinois Institute of Technology, U.S.A.
- 2) Past remuneration : NIL
- 3) Recognition or awards : Nil
- 4) Remuneration proposed : As per Schedule V Part II of the Companies Act, 2013 remuneration payable at Rs.2,00,000/- per month inclusive of all perquisites and other allowance
- 5) Comparative remuneration : Minimum remuneration to managerial personnel profile with respect to industry, and is lower than any other company in the size of the company: IT Industry same industry

**Other Information:**

- 1) Reasons for inadequate profits : The Company is a Sick Industrial Company under Section 3(1) of SICA and due to non-profitable Tiles Division and was incurring losses.





- 2) Steps taken or proposed to be: The company's rehabilitation scheme has been taken for improvement approved by BIFR and the Company has started increasing its turnover and the company's Networth is expected to become positive by 31.3.2014.

**Disclosures**

The company shall ensure the disclosures to be made to the shareholders regarding the remuneration package of the Managerial Personnel and the disclosures to be made in the Corporate Governance report as required under section II Part II of Schedule XIII.

Since the payment of remuneration payable to the Managerial personnel requires the approval of the Share Holders at the General Meeting by way of special resolution. Accordingly the said resolution is being put forth for the approval of the share holders.

Except Mr. Krishna Prasad, none of the other directors are interested or concerned in the above resolution.

Place: Chennai  
Date : 6th September 2013

By Order of the Board  
For Neycer India Limited  
Sd/-  
**T. Krishna Prasad**  
Director



## DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present their Fifty-second Annual Report together with Audited Financial Statements of your Company for the year ended March 31, 2013

### FINANCIAL RESULTS:

Parameters	(Rs. In Lakhs)	
	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
Gross revenue	2722.18	2442.98
Less: excise duty	263.04	203.66
Net revenue	2459.14	2239.32
Other Income	254.74	95.22
Income	2713.88	2334.54
Expenditure	2439.50	2106.16
EBITDA	274.38	228.38
Less: Interest & Depreciation	401.88	214.46
Profit before taxation and extraordinary items	(127.50)	13.92
Less: Extraordinary items	-	-
Profit before taxation	(127.50)	13.92
Less provision for taxation	-	-
<b>Profit/Loss after taxation</b>	<b>(127.50)</b>	<b>13.92</b>

### REVIEW OF OPERATIONS:

During the year under review, the company's turnover has increased to Rs.2722 lakhs from Rs.2443 lakhs, thus registering an increase of 11.43%.

The change on account of interest and depreciation for the year was higher at Rs. 401.88 lacs as against Rs. 214.46 lacs during the corresponding previous year. It

is because of this higher interest and depreciation, the operations for the year has resulted in loss of Rs.127.50 lakhs as against a profit of Rs.13.92 lakhs during the corresponding previous year ended 31st March 2012.

The production during the year was marginally lower during the year under review at 4234 tonnes as against 4582 tonnes during the corresponding previous year. The production would have been higher but for the stoppage of operations for a period of 40 days due to non-availability of gas continuously and frequent breakdown of machinery. The company has taken necessary steps to set right plant and machinery and the operations are now consistent. The production remained under pressure throughout the year due to increase in various cost of inputs and competitive pressure rising from continuing creation/ expansion of more capacities.

With the above steps and final re-engineering contemplated coupled with the positive outlook for the industry, your Directors are hopeful of achieving better results and are confident of a good profitable year ending 31st March 2014.

### DIVIDEND:

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

### SHARE CAPITAL:

During the year under review, there were no capital issues and hence no funds raised through share capital. The restructuring of capital as per the BIFR scheme will be effect in the next financial year 2013- 2014.





### **IMPLEMENTATION OF REHABILITATION SCHEME SANCTIONED BY BIFR**

As reported earlier, the rehabilitation scheme of your company approved by the Board for Industrial and Financial Reconstruction on 06<sup>th</sup> October 2008 has been implemented in full letter and spirit. Necessary steps for restructuring of capital are being taken. Once the capital restructuring is completed coupled with current years working the net worth of the company would be positive. During this current period, the company had already effected the Reduction of Capital and allotment which shall be reported in next financial year.

Your directors are also pleased to inform you that the permission has been accorded by both The Bombay Stock Exchange and Madras Stock Exchange to trade in company's shares.

### **BOARD OF DIRECTORS**

Mr.Y. Mohan Prasad, Director retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Krishna Prasad, Director is appointed as a Whole Time Director with effect from w.e.f 6<sup>th</sup> September 2013 on remuneration recommended by Remuneration Committee is placed before the share-holders for their approval for appointment and payment of remuneration as detailed in the Explanatory Statement attached in the notice.

### **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, 2013, 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, 2013 on a going concern basis.

### **AUDITORS AND THEIR OBSERVATIONS**

The Statutory Auditors, **M/s. Suri & Co.,** Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for the current financial year.

The Company has received confirmation that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee



of the Board has recommended their appointment. The necessary resolution is being placed before the shareholders for approval.

Items under which auditors have commented in their report are suitably explained by the Director's forms a part of this report.

**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 on going 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.

**D) 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 sanitaryware 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.

**NON MANDATORY CLAUSE:**

- a. **Chairman of the Board:** The Company maintains the office of the Chairman at its Corporate Office .
- b. The Board has duly constituted a Remuneration Committee under the Chairmanship of Mr.B.S.Shailendra, which determines the remuneration package for Executive Directors.



**c. Shareholder Rights:** The quarterly financial results are usually published in the Trinity Mirror (English) and Makal Kural (Tamil).

**d. Whistle Blower Policy:** Though whistle blower policy is not applicable to the company, the employees of the Company are given access to the Audit Committee to report any unethical behaviour.

During the Financial Year, there was no such incident that necessitated the Audit Committee to investigate according to the Whistle Blower Policy.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed analysis of the Company's progress and future outlook is separately discussed in the Management Discussion and Analysis Report, is appended to and forms a part of the Annual Report.

#### **DIRECTORS REPLY TO AUDITORS QUALIFICATIONS:**

With regard to the observation of the auditors in notes to accounts no .29 relating

to non-provision of interest on the Term Loan and Loan from Body Corporate, the Board wish to state that the subject matter forms part of the Scheme approved by the BIFR and hence not provided.

With regard to the observation of the auditor in notes to accounts no. 28 which is self explanatory.

With regard to observation of Auditors in their report Annexure Clause "IX", the statutory dues mentioned are payable over a period of 2 years as per the BIFR directives.

#### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to express grateful appreciation for the valuable support and co-operation received from Financial Institutions, Bankers, Shareholders, Creditors, various departments of Governments and all other stakeholders. Your Directors also place on record the wholehearted commitments from the employees of the Company and their combined efforts to turn around the Company.

For and on behalf of the Board

**T. Krishna Prasad** **Y. Mohan Prasad**  
Director Director

Place: Chennai  
Date : 6th September 2013



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY:

We at Neycer India Limited believe that Corporate Governance is a systematic process by which companies are directed and controlled to achieve long term corporate goals and enhance stakeholders' value. Your Company is committed to adopt best governance practices and envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business.

Your Company needs to leverage resources to translate opportunities into reality; to infuse people with a vision, which sparks dynamism and entrepreneurship, creates a system of succession which combines stability with flexibility and continuity with change.

Above all else, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Achieving this balance depends upon how accountable and transparent companies are. Accountability improves decision making. Transparency helps to explain the rationale behind decisions, and thereby builds stakeholder confidence.

Your Company's Corporate Governance compliances are as follows:

### 2. BOARD OF DIRECTORS

- a) Composition/Category of Directors / Attendance at Meetings/ Directorships & Committee Memberships in other Companies as on March 31, 2013:

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board comprising of Non- Executive Directors. The Company has three Directors on its Board, of which two directors are independent.

None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement

Details of composition of the Board, Shares held by Directors, Board / Annual General Meeting Attendance & Committee Memberships as on March 31, 2013 are provided herein below;

Name of the Director	Category	Designation	Date of appointment	As on 31st March 2013		Attendance		*No. of other Directorships	**Committee position of other Companies	
				No. of Shares held	%age of Holding	Board Meeting	Last AGM		Memberships	Chairman ships
Mr. Krishna Prasad Tripuraneni***	Promoter Executive Director	Whole-time Director	30 <sup>th</sup> September 1989	Nil	Nil	4	Yes	Nil	Nil	Nil
Mr.Y.Mohan Prasad	Independent Non-executive	Chairman	14 <sup>th</sup> February 2006	Nil	Nil	4	Yes	1	2	1
Mr.B.S.Shailendar	Independent Non-executive	Director	15 <sup>th</sup> July 2006	Nil	Nil	4	Yes	2	2	1

\* This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in associations, private, foreign and Section 25 companies.

\*\* Represents Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee, whether listed or not.

\*\*\* Mr. Krishna Prasad Tirupuraneni has been appointed as Whole-time Director w.e.f 1<sup>st</sup> April, 2013.



Four Board meetings were held during the year 2012-13. The dates on which the Board meetings were held were as follows:

- > May 15, 2012
- > August 14, 2012
- > November 12, 2012
- > February 11, 2013

### 3) Committees of the Board

#### a) AUDIT COMMITTEE

##### (i) Terms of reference:

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 and inter-alia include the following:

- 1) Review of Company's financial reporting process
- 2) Reviewing the Company's financial and risk management policies

- 3) Review of quarterly, half-yearly and annual financial statements before submission to the Board.
- 4) Review with Internal Auditors on significant observations
- 5) Recommending appointment of Internal Auditor and fixation of fees
- 6) Review of adequacy of internal audit function and internal audit plan for the year
- 7) Review of adequacy of internal control system

##### (ii) Composition, name of members & Chairman, meetings held during the year and attendance at meetings:

The Audit Committee comprised of one Promoter executive director and two Independent Non-Executive Directors. The Committee met four times during the Financial Year ended March 31, 2013 on 15<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 12<sup>th</sup> November 2012, 11<sup>th</sup> February 2013. Required quorum was present at all meetings.

Name of the Director	Status in Committee	Number of committee meetings	
		Held	Attended
Mr Krishna Prasad Tripuraneni	Member	4	4
Mr Y Mohan Prasad	Chairman	4	4
Mr B S Shailendra	Member	4	4

#### 4) REMUNERATION COMMITTEE:

The Company has constituted Remuneration Committee of the Board of Directors. None of the Directors draw any remuneration. The Sitting Fees of Rs.250/- per meeting for attending the Board and Committee Meetings which is within the permitted limits under the Companies Act, 1956 has also been waived by the directors. The actual travel and incidental expenses incurred for attending meetings are only reimbursed.

The details of the remuneration/sitting fees paid to the Directors during the financial year 01.04.2012 to 31.03.2013 are given below:

Names of Directors	Basic Salary (Rs.)	Perquisites/ Allowances (Rs.)	Sitting Fees (Rs.)
Mr. Krishna Prasad	Nil	Nil	Nil
Mr Y Mohan Prasad	Nil	Nil	Nil
Mr B S Shailendra	Nil	Nil	Nil



**5) SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE**

**Scope of the committee:**

The Shareholders/ Investors' Grievances and Share Transfer Committee has been formulated to oversee, review and monitor all matters connected with transfer/ transmission/ transposition of shares, non-receipt of Annual Report issue of duplicate share certificates, consolidation, splitting, issue of share certificates in exchange of sub-divided / consolidated, this committee will also service the issues concerned with re-materialization/dematerialization of shares and overseeing the performance of Registrar & Transfer Agents and looking into the redressal of share holders' complaints.

No meeting was held under this committee for the Financial Year ended 31<sup>st</sup> March 2013.

The composition of Shareholders/ Investors' Grievances and Share Transfer Committee

as on March 31, 2013 during the financial year 2012-13 were as follows.

NAME OF DIRECTOR	STATUS IN COMMITTEE
Mr. B.S. Shailendra	Chairman
Mr. Krishna Prasad	Member
Mr Y Mohan Prasad	Member

During the Financial Year 2012-2013, 3 complaints were received from shareholders and were replied / redressed to the satisfaction of the investors.

There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31<sup>st</sup> March 2013.

Investors are requested to address their complaints if any to the below mentioned e-mail id: [investorsupport@neycer.in](mailto:investorsupport@neycer.in)

Mr. T. Mani is the Compliance Officer of the Company.

**6) Details of General Body Meetings:**

**i) The last three Annual General Meetings were held as under:**

Financial Year	Date	Time	Venue
2011-2012	September 28, 2012	10.00 A.M	At Registered Office 33/23A Ranjith Road, Kotturpuram Chennai – 600 085
2010 – 2011	September 29, 2011	10.00 A.M	At Registered Office 33/23A Ranjith Road, Kotturpuram Chennai – 600 085
2009 - 2010	September 29, 2010	10.00 A.M	At Registered Office 33/23A Ranjith Road, Kotturpuram Chennai – 600 085



**(ii) Special Resolutions passed at the Annual General Meetings held during last three financial years:**

No Special Resolutions passed at the Annual General Meeting was passed during last three financial years.

**(iii) Postal Ballot:**

During the Financial year, there were no Ordinary or Special Resolution passed by the Members through Postal Ballot.

**(iv) Extraordinary General Meeting during the last three years:**

No Extra Ordinary General Meeting was held during last three financial years.

**7. DISCLOSURES**

**i. Accounting Treatment:**

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. During the financial year, no differential accounting treatment was followed.

**ii. Related Party Transactions:**

During the financial year 2012-13, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, subsidiaries or relatives that may have potential conflict with the interests of the Company at large. Further, details of related party transactions form part of notes to the accounts of the Annual Report.

**iii. Strictures / Penalties**

No strictures / penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**iv. Proceeds from public issues, right issues, preferential issues:**

During the year 2012-13, the Company did not raise money from public issue and right issue.

**8. MEANS OF COMMUNICATION**

**a) Results:**

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with Listing Agreement. Further the quarterly / half yearly / annual results in the prescribed format along with press release are published within 48 hours in daily newspapers i.e. Trinity Mirror (English) and Makkal Kural (vernacular newspaper).

All vital information of the performance of the Company including Financial Results, Annual Reports of last three years and Shareholding Pattern have been posted on the Company's website [www.neycer.in](http://www.neycer.in).

**b) Official News Releases:**

No financial presentations are made to Institutional Investors/analysts.

**9. GENERAL SHAREHOLDER INFORMATION**

**a) 52<sup>nd</sup> Annual General Meeting:**

Date : 30<sup>th</sup> September 2013

Time : 10.00 a.m

Venue: No.33/24A, Ranjit Road, Kotturpuram, Chennai-600 085

**b) Financial Year:**

The financial year covers the period from April 1<sup>st</sup>, 2012 to March 31<sup>st</sup>, 2013.

**c) Book Closure Date:**

27<sup>th</sup> September 2013 to 30<sup>th</sup> September 2013 (Both days inclusive)

**d) Dividend Payment Date:**

No dividend has been recommended by the Board of Directors of the Company.





**e) Listing on Stock Exchanges:**

The Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes are:

Bombay Stock Exchange Ltd. (BSE): 502255

Madras Stock Exchange of Ltd. (MSE): NEYCER

ISIN of Company's equity shares having face value of Rs. 10 each is INE 275N0103. The Company has paid till date, appropriate listing fee to both the stock exchanges where the Company's Equity Shares are listed.

**f) Tentative Financial Calendar:**

1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014

Results for the quarter ending June 30, 2013	Within 45 days from the end of the quarter
Results for the quarter ending September 30, 2013	Within 45 days from the end of the quarter
Results for the quarter ending December 31, 2013	Within 45 days from the end of the quarter
Results for the quarter ending March 31, 2014	Audited Results within 60 days from the end of the quarter
Annual General Meeting	September 2013

**g) Contact Information**

*Registered Office:*

No.33/24A, Ranjit Road,  
Kotturpuram, Chennai-600 085  
email: [hsilinvestors@hindware.co.in](mailto:hsilinvestors@hindware.co.in)

*Plant Location:*

Vadalur - 607 303, Cuddalore  
District, Tamil Nadu

**h) Registrar and Transfer Agent:**

M/s.Cameo Corporate Services Limited is Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are:

M/s. Cameo Corporate Services Ltd,  
Subramanian Building,  
No.1 Club House Road,  
Chennai- 600 002

Telephone: 91-44-2846 0390,

Fax: 91-44-28460129,

E-mail: [cameo@cameoindia.net](mailto:cameo@cameoindia.net)

**i) Share Transfer System:**

Share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of

receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries by the depositories.

**10.MARKET PRICE MOVEMENT**

Since shares are not traded till March 2013, the same are not provided.

**11. DISTRIBUTION OF SHAREHOLDING as on 31st March 2013**

Category	No of Holders	% of Holders	Shares in Rs.	% of Shares
10 - 5000	543	83.5384	820600	1.3431
5001-10000	64	9.8461	595400	0.9745
10001- 20000	15	2.3076	270400	0.4425
20001-30000	7	1.0769	186300	0.3049
30001-40000	4	0.6153	141000	0.2307
40001-50000	2	0.3076	100000	0.1636
50001-100000	2	0.3076	168700	0.2761
100001 - And Above	13	2.0000	58813400	96.2642
<b>TOTAL</b>	<b>650</b>	<b>100.00</b>	<b>6109580</b>	<b>100.00</b>


**12. SHAREHOLDING PATTERN AS ON 31.03.2013.**

Category	No. of Shares Held	Percentage of Share holding
<b>A. PROMOTER HOLDING</b>		
1. Promoters		
Indian Promoters	4764800	79.99
Foreign Promoters	NIL	
2. Persons acting in concert	NIL	
<b>Sub-Total</b>	<b>4764800</b>	<b>79.99</b>
<b>B. Non-Promoters Holding</b>		
3. Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	NIL	NIL
b. Banks, financial Institutions, Insurance Companies (central/state Govt. Institutions /Non-government Institutions)	645845	10.57
c. FIIs	NIL	NIL
<b>Sub-Total</b>	<b>645845</b>	<b>10.57</b>
<b>4. a. Body Corporates</b>	247315	4.05
b. Indian Public	451620	7.39
c. Clearing Member	NIL	NIL
d. Hindu Undivided Family	NIL	NIL
e. NRI	NIL	NIL
f. Non-Resident Indians	NIL	NIL
<b>Sub-Total</b>	<b>698935</b>	<b>11.44</b>
<b>Grand Total</b>	<b>6109580</b>	<b>100</b>

**13. DEMATERIALISATION OF SHARES**

The detail of shares dematerialised and those held in physical form as on 31 March 2013

Particulars of Shares	Shares		Shareholders	
	Number	% of Total	Number	% of Total
<b>Dematerialised Form</b>				
National Securities Depository Ltd. (NSDL)	618925	10.13	4	0.62
Central Depository Services (India) Ltd. (CDSL)	4000000	65.47	1	0.15
<b>Physical Form</b>	1490655	24.40	645	99.23
<b>Total</b>	<b>6109580</b>	<b>100.00</b>	<b>650</b>	<b>100</b>



**14. Outstanding GDR / ADRs / Warrants or any Convertible Instrument, as on 31<sup>st</sup> March 2013 :**

As on date, the Company has not issued GDRs, ADRs, or any other Convertible Instruments which are pending for conversion

**15. Compliance with Clause 49**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. The Company has also adopted the non-mandatory requirement of Clause 49 to the extent of Remuneration Committee which has been discussed in the earlier section of this Report.

**16. CODE OF CONDUCT**

The Board of Directors of the Company has framed a Code of Conduct for applicable to all Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the website of the Company. The Board members and

Senior Management Personnel have affirmed their compliance with the Code of Conduct for the year 2011-12. A declaration signed by the Directors of the Company to this effect is enclosed at the end of this report.

**17. CEO / CFO CERTIFICATION**

A certificate as stipulated in clause 49(v) of the Listing Agreement duly signed by the Compliance Officer, on financial statements of the Company is enclosed to this report.

**18. CERTIFICATION BY AUDITORS**

As required under Clause 49 of the Listing Agreement, the Statutory Auditors of the Company, M/s Suri & Co., have verified the compliances of the Corporate Governance and the Company has obtained a Certificate affirming the compliance from them and the same is annexed to this Report and forms a part of the Annual Report.

**DECLARATION UNDER COMPLIANCE WITH CODE OF CONDUCT**

In accordance with sub clause 1(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, we hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct as applicable to them, for the year ended on 31<sup>st</sup> March 2013.

Place: Chennai

Date : 6th September 2013

For and on behalf of the Board

**Y. Mohan Prasad**  
Chairman



## CEO / CFO CERTIFICATION

To  
The Board of Directors  
Neycer India Limited  
Chennai

I, T. Mani, Chief Financial Officer of Neycer India Limited to the best of my knowledge and belief hereby certify that:

1. I have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements for the year ended, 31st March 2013.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statement were made, not misleading with respect to the statements made.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respect, a true and fair view of affairs of the company, the financial condition, results, of operation and cash flows of the company as of, and for, the period presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the code of conduct of the company.
5. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal controls, if any, of which I am aware and the steps have been taken or propose to take to rectify these deficiencies.
6. I have disclosed based on my most recent evaluation, wherever applicable, to the company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions)
  - a. Significant changes in internal controls over financial reporting during the year, if any, and that the same have been disclosed in the notes of financial statements.
  - b. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - c. Instances of significant fraud of which have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal controls systems over financial reporting.

Place: Chennai  
Date: 6th September 2013

For Neycer India Limited  
**T. Mani**  
Chief Financial Officer



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To

The Members of Neycer India Limited

We have examined the compliance of conditions of Corporate Governance by Neycer India Limited, for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the guidance note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, there were no investor grievances remaining pending for more than 30 days as per the records maintained by the Company as at 31<sup>st</sup> March, 2013.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: 6<sup>th</sup> September 2013

**For SURI & CO.,**  
Chartered Accountants  
Regn. No.: 004283S  
Sd/-  
**R. MAHESH**  
Partner  
Membership No: 02477



## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NEYCER INDIA LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of Neycer India Limited, which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and each flows of the Company in accordance with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, subject to non provision of interest on the Term Loan and Funded Interest Term Loan from bank amounting to Rs. 7.04 crores and interest of Rs. 2.49 crores on Loan from Body Corporate referred to in Note No. 29 of Notes to Financial Statements, resulting in the LOSS for the year under state by Rs. 9.53 crores, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.



- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2013;
- (b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act.
  - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - f. Since the Central Government has not issued any notification as to the rate of which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Chennai  
Date: 30-05-2013

**For Suri & Co**  
Chartered Accountants  
Firm Regn. No. 004283S  
**Sd/-**  
**R. Mahesh**  
Partner  
Membership. No 024775





**ANNEXURE TO INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
Neycer India Limited**

- I) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- b) Physical verification of major items of these assets has been conducted by the management during the financial year and as explained to us, no material discrepancies were noticed on such verification.
- c) The Company has not disposed of substantial part of fixed assets.
- II) a) Physical verification of Inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification as compared to the book records.
- III) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties, covered in the Register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties, covered in the Register maintained under Section 301 of the Companies Act, 1956.
- IV) The Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- V) a) The transactions that need to be entered in the register maintained under section 301 of the Act have been so entered.
- b) According to the information and explanations furnished to us these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the Rules framed there under.
- VII) The Company has an internal audit system commensurate with the size and the nature of its business.
- VIII) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- IX) a) The Company is depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors' Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues with the appropriate authorities belatedly and there are



outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable. The extent of the

outstanding are as under:

Nature of the dues	Amount Due (Rs.)
Central Sales Tax	64,55,758
Tax Collected at Source	2,375

b) There are disputed dues of tax which have not been deposited and the amount involved and the forum where disputes are pending are as under:

Name of the Statute	Nature of Dues	Amount Disputed (Rs.)	Amount paid (Rs.)	Forum where dispute is pending
Sales Tax Act	Sales Tax	1,04,10,808	Nil	Assessing authorities and Appellate Authorities

- X) The Company has accumulated losses exceeding fifty per cent of its net worth and has not incurred cash loss in the current financial year or in the immediately preceding financial year.
- XI) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks. The default in respect of principal amount of loan was Rs.1,03,60,000 and interest was Rs. 2,05,79,424 as detailed in Note No.4 of the Notes to financial statements.
- XII) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The Company is not engaged in the business of nidhi / mutual benefit fund/society and hence the question regarding application of special statute does not arise.
- XIV) The Company is not dealing or trading in shares, securities, debentures and other investments.
- XV) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI) The Company has applied the term loan for the purpose for which the same was obtained.
- XVII) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the company has not used funds raised on short-term basis for long term investment.
- XVIII) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- XIX) The Company has not issued any debentures.
- XX) The Company has not raised any money by public issues during the year.
- XXI) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place: Chennai  
Date: 30-05-2013

**For Suri & Co**  
Chartered Accountants  
Firm Regn No: 004283S  
Sd/-  
**R. Mahesh**  
Partner  
Membership No 024775



**NEYCER INDIA LIMITED**  
**BALANCE SHEET AS AT 31-03-2013**

	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2	6 12 45 800 ✓	6 12 45 800
(b) Reserves and surplus	3	(13 29 42 161) ✓	(12 36 51 218)
		<b>(7 16 96 361)</b>	<b>(6 24 05 418)</b>
<b>(2) Share application money pending allotment</b>		6 00 00 000 ✓	6 00 00 000
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	13 57 99 817 ✓	15 79 34 459
(b) Other Long term liabilities	5	1 01 21 294 ✓	96 76 294
(c) Long-term provisions	6	2 42 84 356 ✓	1 28 35 435
		<b>17 02 05 467</b>	<b>18 04 46 188</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	7	7 72 46 720 ✓	8 18 18 338
(b) Trade payables		5 59 93 566 ✓	5 43 92 305
(c) Other current liabilities	8	7 57 62 260	6 76 23 906
(d) Short-term provisions	9	1 28 14 108	1 93 99 979
		<b>22 18 16 655</b>	<b>22 32 34 528</b>
		<b>38 03 25 760</b>	<b>40 12 75 299</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	18 58 38 123	19 72 45 420
(ii) Capital work-in-progress		28 13 191	28 13 191
(b) Non-current investments	11	18 86 51 314	20 00 58 611
(c) Deferred tax assets (net)	12	1 50 000	1 50 000
(d) Long term loans and advances	13	4 54 39 091	4 19 80 067
		20 83 421	25 16 664
		<b>23 63 23 826</b>	<b>24 47 05 342</b>
<b>(2) Current Assets</b>			
(a) Inventories	14	7 51 89 831	9 14 45 828
(b) Trade receivables	15	4 24 97 417	4 60 39 705
(c) Cash and cash equivalents	16	21 53 318	22 40 596
(d) Short-term loans and advances	17	2 41 61 368	1 68 43 828
		<b>14 40 01 934</b>	<b>15 65 69 957</b>
		<b>38 03 25 760</b>	<b>40 12 75 299</b>

See accompanying notes to financial statements.

Vide our report of even date attached

For **Suri & Co.,**  
Chartered Accountants  
Firm Reg. No. 004283S

**Sd/-**  
**R. Mahesh**  
Partner  
Membership No.024775

**Sd/-**  
**Krishna Prasad Tripuraneni**  
Director

**Sd/-**  
**Y.Mohan Prasad**  
Director

Place : Chennai  
Date : 30-05-2013



**NEYCER INDIA LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2013**

	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
<b>I. REVENUE FROM OPERATIONS</b>			
Sales and Other Operating Income	18	27 22 17 636	24 42 98 006
Less: Excise Duty		2 63 03 350	2 03 65 518
<b>II. OTHER INCOME</b>	19	24 59 14 106	22 39 32 488
<b>III. TOTAL REVENUE (I+II)</b>		2 54 74 313	95 22 275
<b>IV. EXPENSES</b>		<b>27 13 88 419</b>	<b>23 34 54 763</b>
Cost of materials consumed		3 50 00 455	3 46 29 589
Purchases of stock-in-trade		2 01 46 518	2 22 35 306
Changes in inventories of finished goods, work in progress and stock-in-trade	20	1 79 07 855	(2 17 96 261)
Employee benefits expense	21	7 50 98 805	6 60 35 144
Finance Costs	22	2 57 21 606	81 56 167
Depreciation and amortization expense		1 44 66 306	1 32 89 966
Other expense	23	9 57 96 844	10 95 12 437
<b>Total Expenses</b>		<b>28 41 38 389</b>	<b>23 20 62 349</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		(1 27 49 970)	13 92 415
<b>VI. Exceptional Items</b>		NIL	NIL
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		(1 27 49 970)	13 92 415
<b>VIII. Extraordinary Items</b>		NIL	NIL
<b>IX. Profit before Tax (VII-VIII)</b>		(1 27 49 970)	13 92 415
<b>X. Tax Expense:</b>			
Current Tax		NIL	NIL
Deferred Tax		(34 59 024)	(4 19 80 067)
<b>XI. Profit/(loss) for the period (IX-X)</b>		(92 90 946)	4 33 72 482
<b>XII. Earnings per equity share of face value Rs. 10 each Basic and diluted</b>		(1.52)	7

See accompanying notes to financial statements.

Vide our report of even date attached

**Sd/-**  
**Krishna Prasad Tripuraneni**  
Director  
Place : Chennai  
Date : 30-05-2013

**Sd/-**  
**Y.Mohan Prasad**  
Director

For **Suri & Co.,**  
Chartered Accountants  
Firm Reg. No. 004283S  
**Sd/-**  
**R. Mahesh**  
Partner  
Membership No.024775



**NEYCER INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013**

	31.03.2013 Rs.	31.03.2012 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) Before tax	(1 27 49 970)	13 92 415
Add: Depreciation	1 44 66 306	1 32 89 966
Fixed asset written off	—	15
Provisions	1 23 65 059	—
Interest and finance charges	2 57 21 606	81 56 167
Less: Interest received	(3 40 078)	(4 28 462)
Provision written back	—	(89 86 571)
	<b>3 94 62 923</b>	<b>1 34 23 530</b>
Adjustment for changes in working capital		
(Increase)/ Decrease in inventories	1 62 55 997	(2 30 10 270)
(Increase)/ Decrease in sundry debtors	35 42 288	(82 03 467)
(Increase) /Decrease in loans and advances	(70 37 151)	(21 61 629)
Increase/ (Decrease) in current liabilities	(33 34 604)	1 98 71 540
Increase/ (Decrease) in Provisions	(75 02 009)	(43 25 663)
	<b>4 13 87 444</b>	<b>(44 05 959)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(30 59 008)	(5 19 595)
Capital Work in Progress	—	—
	<b>(30 59 008)</b>	<b>(5 19 595)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Availment /(Repayment) of Secured loans	(1 36 32 041)	16 19 092
Availment /(Repayment) of Unsecured loans	4 45 000	6 50 000
Interest received	3 40 078	4 28 462
Interest and Finance Charges paid	(2 57 21 606)	( 81 56 167)
	<b>(3 85 68 568)</b>	<b>(54 58 612)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(2 40 131)</b>	<b>(1 03 84 166)</b>
Cash and cash equivalents as at 31.03.2012 (Opening Balance)	4 62 717	37 44 119
Cash and cash equivalents as at 31.03.2013 (Closing Balance)	2 22 586	4 62 717

Vide our report of even date attached

**Sd/-**  
**Krishna Prasad Tripuraneni**  
 Director  
 Place : Chennai  
 Date : 30-05-2013

**Sd/-**  
**Y.Mohan Prasad**  
 Director

For **Suri & Co.,**  
 Chartered Accountants  
 Firm Reg. No. 0042835  
**Sd/-**  
**R. Mahesh**  
 Partner  
 Membership No.024775



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31.03.2013**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**a) BASIS OF ACCOUNTING:**

The accompanying financial statements have been prepared on the assumption that the company is a going concern and in accordance with the historical cost convention, generally accepted accounting principles and the Accounting Standards under the Companies Accounting Standards Rules, 2006

**b) FIXED ASSETS AND CAPITAL WORK IN PROGRESS:**

Fixed Assets are stated at historical cost less accumulated depreciation. Cost of the fixed asset is inclusive of freight, installation, duties and other incidental expenses but excludes taxes and duties that are recoverable subsequently from the taxing authorities.

Capital work in progress comprise of cost of fixed assets that are not ready for their intended use as at the balance sheet date.

**c) DEPRECIATION:**

Buildings, Plant and Machinery and electrical installations are depreciated on Straight Line Method and other assets on Written Down Value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**d) INVESTMENTS:**

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made if such decline is other than temporary in the opinion of the management.

**e) INVENTORIES:**

Inventories are valued at lower of cost and net realizable value. Cost is determined based on monthly weighted average. Cost includes taxes, duties and other incidental expenses but excludes taxes and duties that are recoverable subsequently from the taxing authorities.

**f) FOREIGN CURRENCY TRANSACTIONS:**

The foreign currency transactions are accounted for at the exchange rates prevailing on the date of transactions. The fluctuation variation in respect of foreign currency transactions remaining unsettled as at the end of the year are translated at the rates prevailing on the last day of the year. Foreign exchange differences are recognized in the profit and loss statement to the period in which they arise.



**g) INCOME AND EXPENDITURE RECOGNITION:**

Income is recognized and expenditure is accounted for on their accrual. Revenue from sale is recognized on transfer of significant risk and reward. Sales are inclusive of excise duty and net of sales returns and trade discounts.

**h) INTANGIBLE ASSET:**

Intangible assets are recognized only if there is any Future Economic Benefit. Research expenses are charged to revenue.

**i) EMPLOYEE COST:**

Short term employee benefits, in respect of leave salary, leave travel allowance and reimbursement of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the schemes in force.

The contribution to provident fund ( Defined Contribution Plan ) as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 is recognized and charged to revenue.

The company's liability towards retirement benefits, in the form of gratuity, and other retirement benefits (Defined Benefit Plans) is worked out on actuarial basis at the end of the year and is provided.

**j) BORROWING COST:**

Borrowing costs that are attributable to the qualifying assets are capitalized till the date of commissioning, as part of the cost of such assets. All other borrowing costs are charged to revenue.

**k) TAXES ON INCOME**

- i) Taxes on income are accrued in the same period as the revenue and expenses to which they relate and are reckoned as Current tax and Deferred tax.
- ii) Current Taxes are measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.
- iii) Deferred tax on account of Tax effect on the accumulated timing differences that arises between the Accounting income and Taxable income is measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.
- iv) Deferred Tax Asset is recognized on reasonable certainty that sufficient future taxable income will be available.

**l) IMPAIRMENT OF ASSETS:**

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine the extent of recognition of provision for impairment loss, if any, required or the reversal, if any, required of impairment loss recognised in previous periods. Where the carrying amount of an asset exceeds its recoverable amount, such excess is recognised as impairment loss and charged to revenue.





**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31.03.2013**

**(A) Authorised, Issued, Subscribed, Paid-up share capital and par value per share**

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
<b>2. SHARE CAPITAL</b>		
Authorised:		
2,97,00,000 Equity Shares of Rs.10/- each	29 70 00 000	29 70 00 000
3,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each	30 00 000	30 00 000
Issued:		
61,66,315 Equity shares of Rs.10/- each	6 16 63 150	6 16 63 150
15,000 9.5% Cumulative Redeemable Preference Shares of Rs.10/- each	1 50 000	1 50 000
Subscribed and Paid-up:		
61,09,580 Equity shares of Rs.10/- each	6 10 95 800	6 10 95 800
15,000 9.5% Cumulative Redeemable Preference Shares of Rs.10/- each	1 50 000	1 50 000
<b>Total</b>	<b>6 12 45 800</b>	<b>6 12 45 800</b>

**(B) (i) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
<b>Outstanding as at the beginning of the year</b>	61 09 580	61 09 580
Changes during the year	NIL	NIL
<b>Outstanding as at the end of the year</b>	<b>61 09 580</b>	<b>61 09 580</b>

**(ii) Reconciliation of 9.5% Cumulative Redeemable preference shares outstanding at the beginning and at the end of the year**

Particulars	31.03.2013 Rs.	31.03. 2012 Rs.
<b>Outstanding as at the beginning of the year</b>	15 000	15 000
Changes during the year	NIL	NIL
<b>Outstanding as at the end of the year</b>	<b>15 000</b>	<b>15 000</b>



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31-03-2013**

**(C) Shares held by the Holding Company: Spartek Ceramics India Limited**

Class of Shares	Number of Shares held	
	31.03.2013 Rs.	31.03.2012 Rs.
Equity Shares	47 64 800	47 64 800

**(D) Shares in the company held by each shareholder holding more than 5% of equity shares**

Name of the shareholder	31.03. 2013 Rs.		31.03. 2012 Rs.	
	Number of shares	% holding	Number of shares	% holding
Spartek Ceramics India Limited	47 64 800	77.99	47 64 800	77.99
Life Insurance Corporation of India	5 68 675	9.31	5 68 675	9.31



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31-03-2013**

	<b>31.03.2012 Rs.</b>	<b>31.03.2011 Rs.</b>
<b>3. RESERVES AND SURPLUS</b>		
1. Capital Reserve		
As per last Balance Sheet	32 468	32 468
2. Central Subsidy		
As per last Balance Sheet	25 00 000	25 00 000
3. Share Premium Account		
As per last Balance Sheet	74 400	74 400
4. General Reserve		
As per last Balance Sheet	2 53 61 450	2 53 61 450
5. Surplus/(Deficit) in Profit and Loss Statement		
As per last Balance Sheet	(15 16 19 534)	(19 49 92 917)
Add: Profit/(Loss) for the year	(92 90 945)	4 33 72 482
	<b>(16 09 10 479)</b>	<b>(15 16 19 535)</b>
	<b>(13 29 42 161)</b>	<b>(12 36 51 218)</b>



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013 Rs.</b>	<b>31.03.2012 Rs.</b>
<b>4. LONG TERM BORROWINGS</b>		
(A) TERM LOANS		
From Banks - Secured		
(i) Term Loan	3 04 20 000	3 85 32 000
Terms of Repayment:		
Repayable in 45 equal monthly installments of Rs.6.76 lakhs from April 2014 to December 2017		
<b>Period and Amount of continuing default -</b>		
Current maturities of long term debt given in Note No.8 includes principal amount of Rs.52,22,000/- for the period Aug. 2012 to Mar 2013 and interest of Rs.60,64,703 from Jan 2012 to Mar 2013.		
(ii) Term Loan	3 64 95 000	4 62 27 000
Terms of Repayment:		
Repayable in 45 equal monthly installments of Rs.8.11 lakhs from April 2014 to December 2017		
<b>Period and Amount of continuing default -</b>		
Current maturities of long term debt give in Note No. 8 includes principal amount of Rs. 51,38,000/- for the period Oct. 2012 to Mar.2013 and interest of Rs. 56,59,281/- from Apr. 2012 to March 2013.		
Unprovided Interest of Rs.88 55 440 for the period Nov.2010 to Mar 2012.		
(iii) Working Capital Term Loan	59 40 000	75 24 000
Terms of Repayment:		
Repayable in 45 equal monthly installments of Rs.1.32 lakhs from April 2014 to December 2017		
<b>Period and Amount of continuing default- NIL</b>		
(iv) Hire Purchase loan	4 44 817	6 51 459
(Secured by vehicles purchased under hire purchase scheme)		
Terms of Repayment:		
Repayable in Monthly installments till November 2017		
<b>Period and Amount of continuing default - NIL</b>		



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013 Rs.</b>	<b>31.03.2012 Rs.</b>
<b>From Others - Secured</b>		
Body Corporate	6 00 00 000	6 00 00 000
<b>Terms of Repayment:</b> To commence after repayment of borrowings from banks.		
<b>Period and Amount of continuing default - NIL</b>		
Note: Term loans from Banks and Body Corporate are secured by a First charge on the fixed assets and movables of the company, present and future, subject to prior charge created in favour of company's bankers, of stock of raw materials, finished goods, stores etc and shall rank pari passu among themselves.		
<b>(B) OTHER LOANS AND ADVANCES</b>		
Interest Free Excise Loan	25 00 000	50 00 000
<b>Terms of Repayment:</b> Repayable in one installments in 2014-15		
<b>Period and Amount of continuing default -</b> Four equal annual installments of Rs.25 Lakhs each from 2009-10 to 2013-14 included in Current Maturities of long term debt given in Note No.8		
	<b>13 57 99 817</b>	<b>15 79 34 459</b>
<b>5. OTHER LONG TERM LIABILITIES</b>		
Trade Deposits	1 00 72 000	96 12 000
Deposit from Contractors	49 294	64 294
	<b>1 01 21 294</b>	<b>96 76 294</b>
<b>6. LONG-TERM PROVISIONS</b>		
Provision for Gratuity	2 25 44 620	1 18 53 286
Provision for Leave Salary	17 39 736	9 82 149
	<b>2 42 84 356</b>	<b>1 28 35 435</b>


**NEYCER INDIA LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013 Rs.</b>	<b>31.03.2012 Rs.</b>
<b>7. SHORT-TERM BORROWINGS</b>		
<b>(A) OTHER LOANS AND ADVANCES</b>		
<b>Cash Credit Account - Secured</b>	7 72 46 720	8 18 18 338
(Secured by hypothecation of stores & spares, raw materials, stock-in-process, finished goods and book debts and Second charge on the fixed assets of the company.)		
<b>Period and Amount of default - NIL</b>		
	<b>7 72 46 720</b>	<b>8 18 18 338</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt		
Term Loan ✓	2 98 00 000	2 14 53 094
Hire Purchase loan ✓	7 45 412	5 89 716
Interest Free Excise Loan ✓	1 25 00 000	1 00 00 000
Interest accrued and due on borrowings ✓	1 17 23 984	12 78 059
Advance from Customers ✓	50 17 167 ✓	51 82 528
Other Payables		
Excise Duty Payable ✓	70 54 894	93 78 826
Sales Tax Payable ✓	85 30 466	1 94 92 033
TDS Payable ✓	1 90 230	1 63 602
TCS Payable ✓	20 623	5 462
Others ✓	1 79 484	80 586
	<b>7 57 62 260</b>	<b>6 76 23 907</b>
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits	1 17 47 303	1 83 33 174
Provision for Fringe Benefit Tax	10 66 805	10 66 805
	<b>1 28 14 108</b>	<b>1 93 99 979</b>

**NEYCER INDIA LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

**10. TANGIBLE ASSETS**  
**FIXED ASSETS**

S. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2012	Additions	Deletions	As at 31.3.2013	As at 1.4.2012	for the year	With-drawn	As at 31.3.2013	As at 31.3.13	As at 31.3.12
1	Land	527255	—	—	527255	—	—	—	—	527255	527255
2	Buildings	12026489	—	—	12026489	10950753	10347	—	10961100	1065389	1075736
3	Plant & Machinery	269026839	2315643	—	271342482	75567555	13763265	—	89630820	181711663	193159285
4	Furniture & Fittings	1423702	65500	—	1489202	1302012	24256	—	1326268	162934	121690
5	Vehicles	5173873	677865	—	5851738	2840240	662356	—	3502596	2349142	2333633
6	Research & Development:										
	A. Buildings	325535	—	—	325535	325534	—	—	325534	1	1
	B. Plant & Machinery	3365974	—	—	3365974	3338154	6082	—	3344236	21738	27820
	C. Electrical Installation	80481	—	—	80481	80480	—	—	80480	1	1
	<b>TOTAL</b>	<b>291950148</b>	<b>3059008</b>	<b>—</b>	<b>295009156</b>	<b>94704728</b>	<b>14466306</b>	<b>—</b>	<b>109171034</b>	<b>185838123</b>	<b>197245420</b>
	<b>Previous Year</b>	<b>301258074</b>	<b>2838920</b>	<b>12146846</b>	<b>291950148</b>	<b>93561593</b>	<b>13289966</b>	<b>12146831</b>	<b>94704728</b>	<b>197245420</b>	<b>207696481</b>





**NEYCER INDIA LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013 Rs.</b>	<b>31.03.2012 Rs.</b>
<b>11. NON-CURRENT INVESTMENTS</b>		
Investments in Neycer Employees co-operative society	1 50 000	1 50 000
	<b>1 50 000</b>	<b>1 50 000</b>
<b>12. DEFERRED TAX ASSET / (LIABILITIES)</b>		
Related to Fixed assets	(2 01 05 506)	(1 78 14 210)
On account of Unabsorbed Depreciation	6 55 44 597	5 97 94 277
	<b>4 54 39 091</b>	<b>4 19 80 067</b>
<b>13. LONG - TERM LOANS AND ADVANCES</b>		
Security Deposits		
Unsecured, Considered good	20 83 421	25 16 664
	<b>20 83 421</b>	<b>25 16 664</b>
<b>14. INVENTORIES</b>		
(Valued at lower of Cost and Net Realisable Value)		
Raw Materials	53 44 552	43 88 231
Work-in-progress	12 27 904	44 76 446
Finished Goods	5 45 93 300	6 84 01 419
Stock-in-trade	40 55 043	49 06 237
Stores and spares	99 69 032	92 73 495
	<b>7 51 89 831</b>	<b>9 14 45 828</b>
<b>15. TRADE RECEIVABLES</b>		
<b>Secured - Considered good</b>		
(a) Exceeding six months	13 85 077	31 15 368
(b) Other debts	13 72 253	12 57 647
<b>Unsecured</b>		
(a) Exceeding six months-Considered good	3 21 18 884	1 83 27 161
(b) Considered doubtful	3 79 73 099	3 79 73 099
Less: Provision for Doubtful Debts	(3 79 73 099)	(3 79 73 099)
(c) Other debts-Considered good	76 21 203	2 33 39 528
	<b>4 24 97 417</b>	<b>4 60 39 705</b>



**NEYCER INDIA LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013 Rs.</b>	<b>31.03.2012 Rs.</b>
<b>16. CASH AND CASH EQUIVALENTS</b>		
<b>(A) Balances with banks</b>		
(a) In Current Accounts	2 03 272	2 21 193
Cash on hand	19 314	2 41 524
	2 22 586	4 62 717
<b>(B) Margin money deposit for LC/Guarantee</b>	19 30 732	17 77 879
	<b>21 53 318</b>	<b>22 40 596</b>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
Tax payments pending Adjustments (Net)	7 80 736	7 47 913
Service Tax credit receivable	49 741	3 88 945
Advance to Suppliers	1 48 43 012	1 21 01 516
Other Advances:		
Unsecured -Considered good	84 87 879	36 05 454
Unsecured -Considered doubtful	14 51 537	14 51 537
Less: Allowance for bad and doubtful advances	(14 51 537)	(14 51 537)
<b>Total</b>	<b>2 41 61 368</b>	<b>1 68 43 828</b>


**NEYCER INDIA LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013</b> <b>Rs.</b>	<b>31.03.2012</b> <b>Rs.</b>
<b>18. REVENUE FROM OPERATIONS</b>		
(i) Sale of Products		
Sale of Manufactured goods	23 93 09 911	21 54 19 458
Sale of Trading goods	3 17 74 198	2 85 14 455
(ii) Other Operating Revenue		
Scrap Sales	11 33 527	3 64 093
	<b>27 22 17 636</b>	<b>24 42 98 006</b>
<b>19. OTHER INCOME</b>		
Interest Income	3 40 078	4 28 462
Miscellaneous Income	87 380	1 07 242
Provision no longer required written back:		
For Gratuity actuarially valued	—	78 70 636
For Leave Salary actuarially valued	—	11 15 935
Insurance claim received	2 50 46 855	—
	<b>2 54 74 313</b>	<b>95 22 275</b>
<b>20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock :		
Finished Stock including Merchandise fitting	7 33 07 656	5 05 35 821
Add : Work-in-Progress	44 76 446	54 52 021
	<b>7 77 84 102</b>	<b>5 59 87 842</b>
Closing Stock :		
Finished Stock including Merchandise fitting	5 86 48 243	7 33 07 656
Add : Work-in-Progress	12 27 904	44 76 446
	<b>5 98 76 247</b>	<b>7 77 84 103</b>
	<b>1 79 07 855</b>	<b>(2 17 96 261)</b>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	5 28 15 882	5 56 08 496
Contribution to provident and other funds	55 02 276	61 71 557
Staff Welfare Expenses	44 15 588	42 55 091
Provision for Gratuity	1 16 49 909	NIL
Provision for Leave Salary	7 15 150	NIL
	<b>7 50 98 805</b>	<b>6 60 35 144</b>



**NEYCER INDIA LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2013**

	<b>31.03.2013</b> <b>Rs.</b>	<b>31.03.2012</b> <b>Rs.</b>
<b>22. FINANCE COSTS</b>		
Interest Expense	2 49 66 878	59 03 352
Bank Charges	7 54 728	22 52 815
	<b>2 57 21 606</b>	<b>81 56 167</b>
<b>23. OTHER EXPENSES</b>		
Consumption of stores and spare parts	✓ 63 07 586	88 40 909
Power and fuel	✓ 4 50 84 582	5 43 64 893
Rent	✓ 16 55 236	14 75 792
Repairs to buildings	✓ 8 05 790	12 33 411
Repairs to machinery	✓ 77 12 284	1 03 24 110
Professional Charges	✓ 28 32 163	42 62 807
Insurance	✓ 3 55 163	3 83 058
Rates and Taxes	✓ 26 29 513	9 63 536
Travelling and conveyance	✓ 1 14 81 217	1 25 90 578
Payment to statutory auditors		
- For Audit	✓ 85 000	85 000
- For Certification	✓ 15 000	18 000
- Reimbursement of expenses	✓ 18 500	16 500
- For Service Tax	✓ 14 646	12 309
Selling Expenses	58 18 048	55 63 750
Increase/ (-) Decrease in Excise Duty on Closing Stock	6 81 129	8 74 181
Miscellaneous expenses	1 03 00 987	85 03 588
Old kiln and Dry Grinding Plant, discarded written off	—	15
	<b>9 57 96 844</b>	<b>10 95 12 437</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013

	31 <sup>st</sup> Mar. 2013 Rs.	31 <sup>st</sup> Mar. 2012 Rs.
<b>24. Other Notes:</b>		
a) Claims against the Company not acknowledged as debts	1 04 10 808	1 04 10 808
b) Disputed award granted in arbitration proceedings for which steps are being taken to set aside the award	11 69 62 910	11 69 62 910
<b>25. Contingent liability in respect of:</b>		
a) Outstanding letter of credit	86 44 157	35 87 369
b) As a subscriber to a company limited by guarantee not having share capital	500	500
c) Arrears of dividend on cumulative preference shares	92 030	92 030
d) Guarantee given by banks for export obligations	67 76 202	71 63 647
26. The company has been declared sick industrial company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.		
27. The Company's Promoters' friends /associates have invested an amount of Rs. 6 Crores. Out of this equity shares and OCCPS allotment will be considered in accordance with the approved BIFR Scheme.		
28. According to the provisions of Sections 80A of The Companies Act, 1956, the 9.5% Cumulative Redeemable Preference Shares of the Company, ought to have been redeemed before 15th June 1993. Since the Company is a sick industrial Company within the meaning of the Sick Industrial Companies (Special Provisions ) Act , 1985, the company, based on legal opinion, had filed a petition, before BIFR, seeking leave for redemption of the Preference Shares and the same is pending.		
29. As in earlier years, the company has not recognized interest dues on loans from bank and body corporate and the arrears of interest aggregating to Rs.6.38 Crores subject to reconciliation has been converted by the bank during the year 2011-12 into Funded Interest Term Loan, of which Rs.23.25 Lakhs paid during the year has been recognised. In respect of Term Loan II, the company has not recognized interest dues from Nov.2010 to Mar.2012 amounting to Rs.88 55 440. The repayment of FITL in EMI terms scheduled to commence from January 2012 has not been made and the same will be recognized as and when the funded interest is serviced. The Company has not recognized interest dues on loans from Viz Projects, a body corporate upto 31-03-		



- 2012 to an extent of Rs.1.89 Crores and for the period amounting to Rs. 60 Lakhs. The interest is for the period from 2009-10 with a right to recompense from the date of debt restructuring and the same will be recognized as and when it is serviced.
30. Excise duty liability on Finished Goods held in stock amounting to Rs.60,05,457/- has been provided for. However this will have no bearing on the working results of the Company since the value of closing stock has been adjusted by like amount.
31. On 30th December 2011, Cyclone Thane hit the factory, which caused extensive damage to the inventories. The insurance claim of Rs. 2.50 Crores received during the year has been accounted and included in 'Other Income'.
32. The company declared lay-off on 31st October 2012 due to annual maintenance work being carried out by Gas Authority of India Limited of their pipe lines leading to the Plant. The company resumed operations on 26th November 2012.
33. **Managerial Remuneration:**  
No Remuneration has been provided during the year.
34. No provision for taxation is considered necessary as the taxable income for the year ended 31st March 2013 is negative. During the year the company has recognized deferred tax asset considering reasonable certainty of future taxable income on a conservative basis.
35. In the opinion of the management, current assets, loans & advances have value in realization to the extent they are stated in the accounts.

**36. EMPLOYEE BENEFITS:**

**i) DEFINED BENEFIT SCHEMES:**

	(i) GRATUITY		(ii) EARNED LEAVE	
	31.03.13	31.03.12	31.03.13	31.03.12
<b>(a) Assumptions (Weighted Average)</b>				
Discount Rate	8.05%	8.00%	8.05%	8.00%
Salary escalation Rate	6.00%	5.00%	5.00%	5.00%
Attrition rate	5.00%	3.00%	5.00%	3.00%
<b>(b) Table showing changes in present value of obligations (Amounts in Rs.)</b>				
Present value of obligations as at beginning of year	1 69 67 103	3 03 55 154	12 77 908	27 32 361
Interest Cost	13 65 852	22 27 801	1 02 872	2 05 309
Current Service Cost	12 84 661	5 67 676	7 92 531	2 22 890
Past service cost (Non vested Benefits)	—	—	—	—
Past service cost (Vested Benefits)	—	—	—	—
Benefits Paid	—	51 13 660	—	—
Actuarial (Gain) / Loss on obligation	89 99 396	(1 10 69 868)	(1 80 253)	(15 44 134)
Present value of obligations as at end of year	2 86 17 102	1 69 67 103	19 93 058	12 77 908


**(c) Table showing changes in the fair value of plan assets**

	(i) GRATUITY		(ii) EARNED LEAVE	
	31.03.13	31.03.12	31.03.13	31.03.12
Fair value of plan assets at beginning of year	—	—	—	—
Expected return on plan assets	—	—	—	—
Contributions	—	—	—	—
Benefits paid	—	—	—	—
Actuarial gain / (loss) on plan assets	—	—	—	—
Fair value of plan assets at the end of the period	—	—	—	—

	(i) GRATUITY		(ii) EARNED LEAVE	
	31.03.13	31.03.12	31.03.13	31.03.12
<b>(d) Actual return on plan assets</b>	—	—	—	—
Expected return on plan assets	—	—	—	—
Actuarial Gain (Loss) on plan assets	—	—	—	—
Actual return on plan assets	—	—	—	—

**(e) Actuarial Gain / Loss recognized (Amounts in Rs.)**

Actuarial gain / (loss) for the period - Obligation	(89 99 396)	1 10 69 868	1 80 253	15 44 134
Actuarial (gain)/ loss for the period - Plan assets				
Total (gain)/ loss for the year	89 99 396	(1 10 69 868)	(1 80 058)	(15 44 134)
Actuarial (gain)/ loss recognized in the period.	89 99 396	(1 10 69 868)	(1 80 058)	(15 44 134)
Unrecognized Actuarial (gain) /loss at the end of the year				

**(f) Amounts recognized in the Balance Sheet (Amounts in Rs.)**

Present value of obligation	2 86 17 012	1 69 67 103	19 93 058	12 77 908
Fair value of plan assets				
Difference	2 86 17 102	1 69 67 103	19 93 058	12 77 908
Unrecognized transitional liability	-	-	-	-
Unrecognized past service cost - non vested benefits	-	-	-	-
Liability recognized in the balance sheet	2 86 17 102	1 69 67 103	19 93 058	12 77 908

**(g) Amounts Recognized in statement of Profit & Loss (Amounts in Rs.)**

Current Service cost	12 84 661	5 67 676	7 92 531	2 22 890
Interest Cost	13 65 852	22 27 801	1 02 872	2 05 309
Expected return on plan assets	-	-	-	-
Net Actuarial (gain) / loss recognized in the year	89 99 396	(1 10 69 868)	(1 80 253)	(15 44 134)
Transitional liability recognized during the year	-	-	-	-
Past service cost(Non vested Benefits)	-	-	-	-
Past service cost(Vested Benefits)	-	-	-	-
Expenses Recognized in statement of Profit & Loss	1 16 49 909	(82 74 391)	7 15 150	(11 15 935)



**(h) Statement Showing Movement in amounts of obligations and value of plan assets**

	<b>(i) GRATUITY (Amounts in Rs.)</b>			
	<b>2012-2013</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Defined benefit obligations	2 86 17 012	1 69 67 103	1 69 67 103	2 52 02 627
Plan assets				
Surplus/(deficit)	(2 86 17 102)	(1 69 67 103)	(1 69 67 103)	(2 52 02 627)
Experience adjustments on benefit obligations	89 99 396	1 10 69 868	1 10 69 868	25 83 386
Experience adjustments on plan assets				

	<b>(ii) EARNED LEAVE (Amounts in Rs.)</b>			
	<b>2012-2013</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Defined benefit obligations	19 93 058	12 77 908	27 32 361	23 46 477
Plan assets				
Surplus/(deficit)	(19 93 058)	(12 77 908)	(27 32 361)	(23 46 477)
Experience adjustments on benefit obligations	1 80 253	15 44 134	55 965	2 64 724
Experience adjustments on plan assets				

**ii) DEFINED CONTRIBUTION PLANS:**

The company makes contribution towards employees provident fund, family pension fund, and employees state insurance scheme. Under the rules of these schemes the company is required to contribute a specified percentage of payroll cost. The company during the year recognized Rs. 50,54,727/- as expenses towards contributions to these plans.

**36. ADDITIONAL NOTES**

**a. Capacity & Production**

	<b>31-Mar-2012</b>	<b>31-Mar-2011</b>
	<b>Tons</b>	<b>Tons</b>
(i) Licensed Capacity		
Vitreous China Sanitary ware	10000	* 10000
Ceramic Floor Tiles	25000	25000
(ii) Installed Capacity		
(As Certified by the Management)		
Vitreous China Sanitary ware	8750	12500
(iii) Actual Production		
Vitreous China Sanitary ware	4324	4582

**b. Turnover**

	<b>2012-2013</b>		<b>2011-2012</b>	
	<b>Qty in Mts.</b>	<b>Value in Rs.</b>	<b>Qty in Mts.</b>	<b>Value in Rs.</b>
i. Vitreous China Sanitary ware	4 147	21 30 06 381	4 368	19 50 53 940
ii. Traded items		3 17 74 198		2 85 14 455
		<b>24 47 80 579</b>		<b>22 35 68 395</b>





		2012-2013		2011-2012	
		Qty in Mts.	Value in Rs.	Qty in Mts.	Value in Rs.
<b>c. Opening Stock &amp; Closing Stock of Goods</b>					
<b>Opening Stock</b>					
i. Vitreous China Sanitary ware	1142*	6 84 01 419	1807	4 73 73 204	
ii. Traded items	—	49 06 237	-	31 62 617	
		<b>7 33 07 656</b>		<b>5 05 35 821</b>	
<b>Closing Stock</b>					
i. Vitreous China Sanitary ware	1319	5 45 93 300	1142	6 84 01 419	
ii. Traded items		40 55 043	-	49 06 237	
		<b>5 86 48 343</b>		<b>7 33 07 656</b>	
*excludes 879 Mts. Destroyed due to Cyclone Thane.					
<b>d. Purchase of Traded Goods</b>					
(Various items)		2 01 46 518		2 22 35 306	
<b>e. Raw Materials Consumed:</b>					
Clay	4 220	1 37 40 797	5 137	1 25 37 858	
Quartz & Feldspar	1 918	53 89 477	2 530	62 12 963	
Zirconium Opacifier	61	95 14 056	67	89 73 966	
Glazes, Fritz and Stains	4	30 59 757	4	33 19 775	
Chemicals & Others	170	32 96 369	193	35 85 026	
	<b>6 373</b>	<b>3 50 00 455</b>	<b>7 930</b>	<b>3 46 29 589</b>	
<b>f. Value of Imports on CIF basis</b>					
Raw Materials		—		9 56 314	
<b>g. Expenditure incurred in foreign currency:</b>					
Travelling Expenses		1 33 816		16 72 980	
<b>h. Consumption of imported, indigenous Raw Materials Stores &amp; Spares</b>					
<b>Raw Materials:</b>	<b>%</b>	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>	
Imported	—	—	0.24	84 026	
Indigenous	100.00	3 50 00 455	99.76	3 45 45 563	
	<b>100.00</b>	<b>3 50 00 455</b>	<b>100.00</b>	<b>3 46 29 589</b>	
<b>Stores &amp; Spares:</b>					
Imported	—	—	—	—	
Indigenous	100	63 07 586	100	88 40 909	
	<b>100</b>	<b>63 07 586</b>	<b>100</b>	<b>88 40 909</b>	



**31.03.2013**  
Rs.

**31.03.2012**  
Rs.

38. Contracts remaining to be executed on Capital Account and not provided for
39. Segment wise Revenue, results and Capital employed:  
The company operates only one segment viz. Sanitary Ware
40. In the absence of information from the Company's Creditors with regard to submission of memorandum with the Specified Authority, as required under the Micro, Small and Medium Enterprise Development Act, 2006 the Company is unable to furnish the information under the said Act and The Companies Act 1956.
41. Related Party Disclosure:

I) Associates:

- a) Holding Company : Spartek Ceramics India Limited  
b) Fellow Subsidiary : Stiles India Limited

II) Key Management personnel : Mr. Krishnaprasad Tripuraneni

S. No	Particulars	Associates	Key Management Personnel
		Rs.	Rs.
1	Purchases	—	—
2	Interest paid	—	—
3	Other services rendered	—	—
4	Sales	—	—
5	Remuneration	—	—
6	Sitting Fees paid to Directors	—	—

Vide our report of even date attached

For **Suri & Co.,**  
Chartered Accountants  
Firm Reg. No. 004283S

**Sd/-**  
**R. Mahesh**  
Partner  
Membership No.024775

**Sd/-**  
**Krishna Prasad Tripuraneni**  
Director  
Place : Chennai  
Date : 30-05-2013

**Sd/-**  
**Y.Mohan Prasad**  
Director

Book-Post

To

If undelivered, please return to:

**NEYCER INDIA LIMITED**

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