

SURI & CO.,
CHARTERED ACCOUNTANTS



Offices :
Chennai, Thiruvananthapuram,
Madurai, Coimbatore,
Bengaluru and Kochi

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No. 4, (Old No. 55-A)
Chevaliar Sivaji Ganesan Road,
(South Boag Road), Thyagarayanagar,
Chennai - 600 017.

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE
GOVERNANCE UNDER THE LISTING AGREEMENT**

To
The Members of NEY CER INDIA LIMITED, CHENNAI

We have examined the compliance of conditions of corporate governance by NEY CER INDIA LIMITED., CHENNAI for the year ended on 31st March 2017, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange(s) for the period 1st April 2016 to 31st March 2017 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulations 15(2) of the Listing Regulations.

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 Corporate Governance. It is neither an audit nor an expression of opinion on 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/Listing Regulations, as applicable.

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.

For Suri & Co.
Chartered Accountants
Firm Registration No. 0042835

Place : Chennai
Date : 30-05-2017



R. Mahesh
Partner
M.No.024775

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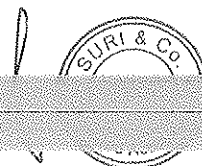
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NEYCER INDIA LIMITED, CHENNAI - 18**

Report on the Financial Statements

We have audited the accompanying financial statements of Neycer India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.



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 term loan, cash credit and funded interest term loan from bank amounting to Rs. 7.66 crores and interest of Rs.4.46 crores on loan from Body corporate referred to in Note No.28 of notes to financial statements, resulting in the LOSS for the year understated by Rs.12.12 crores, the aforesaid 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, of the state of affairs of the company as at 31st March 2017, and its loss and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure 'A' statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



(d) In our opinion, the financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

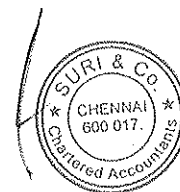
(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in the financial statements- Refer Note 24 and Note 25(d) to 25(i) to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.



SURI & CO.

To.....

Date.....

Contn. Sheet.....

iv. The Company has provided requisite disclosures in its financial statements in Note No. 38 as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

Place : Chennai

Date : 30-05-2017



For Suri & Co.
Chartered Accountants
Firm Regn. No. 004283S

A handwritten signature in black ink, appearing to read "R. Mahesh".

R. Mahesh
Partner
M.No.024775

**ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NEYCER INDIA LIMITED**

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the Company.
- ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) The Company has not given any loans or made any investments, given any guarantees or provided any securities and accordingly compliance with the provisions of Section 185 and 186 of the Companies Act, 2013 does not arise.
- v) The Company has not accepted any deposits from the public during the year within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. As per information furnished, the Company has not received any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.



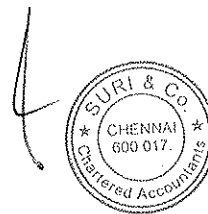
SURI & CO.

To.....

Date.....

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- vi) We have broadly reviewed the cost records maintained by the Company in respect of products where the Central Government has prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) The Company is depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities belatedly and there are no 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.



- b) According to the information and explanations furnished to us, the details of disputed statutory dues are as under:

Name of the Statute	Nature of dues	Amount disputed (Rs.)	Amount Paid (Rs.)	Forum where dispute is pending
Tamil Nadu General Sales Tax Act	Sales Tax	93,20,618	Nil	Deputy Commercial Tax Officer
TNGST Act	Sales Tax	3,44,15,091	NIL	Appellate Assistant Commissioner(CT)
CST Act	CST	50,56,861	Nil	Appellate Assistant Commissioner (CT)
TN VAT	VAT	57,93,862	Nil	Honorable High Court of Madras
ESI Act	ESI	6,47,330	1,61,890	ESI Labour Court
PF Act	PF	47,22,090	Nil	Employees Provident Fund Appellate Tribunal, Delhi

- viii) 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.7,11,17,000 and that of interest was Rs.7,01,70,253 as detailed in Note No.4 and Note No.28 of the notes to the financial statements. The company has no outstanding debentures.
- ix) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year.



- x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi) The appointment of managerial personnel is without any remuneration and hence the Company has not paid or provided for any managerial remuneration during the year.
- xii) The Company is not a Nidhi company and hence paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The Company is not required to be registered under 45-IA of the Reserve Bank of India Act 1934.

Place : Chennai

Date : 30-05-2017



For Suri & Co.
Chartered Accountants
Firm Registration No. 004283S

A handwritten signature in black ink, appearing to read "R. Mahesh".

R. Mahesh
Partner
M.No.024775

SURI & CO.

To.....

Date.....

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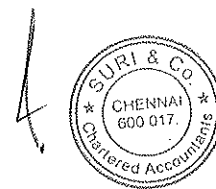
**ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NEYCER INDIA LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Neycer India Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



SURI & CO.

To.....

Date.....

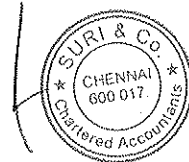
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Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



SURI & CO.

To.....

Date.....

Conrn. Sheet.....

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March,2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Suri & Co.
Chartered Accountants
Firm Registration No. 0042835



R. Mahesh
Partner

M.No.024775

Place : Chennai

Date : 30-05-2017

NEYCER INDIA LIMITED
BALANCE SHEET AS AT 31.03.2017

	Note No.	31.03.2017 Rs.	31.03.2016 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	10 16 69 160	10 16 69 160
(b) Reserves and surplus	3	(14 66 49 620)	(13 04 55 338)
		(4 49 80 460)	(2 87 86 178)
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	4 93 45 018	6 41 95 677
(b) Other Long term liabilities	5	1 08 11 294	1 07 61 294
(c) Long-term provisions	6	1 75 16 011	2 58 30 067
		7 76 72 323	10 07 87 038
(3) Current Liabilities			
(a) Short-term borrowings	7	5 40 95 569	6 20 78 247
(b) Trade payables			
Total Outstanding dues of micro enterprises and small enterprises			
Total Outstanding dues of creditors other than micro enterprises and small enterprises		3 68 35 236	3 50 15 057
(c) Other current liabilities	8	18 64 11 450	16 18 22 359
(d) Short-term provisions	9	2 12 98 869	1 37 97 920
		29 86 41 124	27 27 13 583
		33 13 32 987	34 47 14 443
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Property, Plant and Equipment	10	14 50 71 061	15 35 00 402
(b) Non-current investments	11	1 50 000	1 50 000
(c) Deferred tax assets (net)	12	4 64 34 994	4 64 34 994
(d) Long term loans and advances	13	38 52 987	37 27 200
		19 55 09 042	20 38 12 596
(2) Current Assets			
(a) Inventories	14	7 22 57 663	7 81 36 010
(b) Trade receivables	15	3 29 02 532	3 51 50 348
(c) Cash and cash equivalents	16	27 66 320	26 16 948
(d) Short-term loans and advances	17	2 78 97 430	2 49 98 541
		13 58 23 944	14 09 01 847
		33 13 32 987	34 47 14 443

See accompanying notes to financial statements

B.S. Shailendra
B.S. Shailendra
Whole Time Director

Y. Mohan Prasad
Y. Mohan Prasad
Director

G. Raghavan
G. Raghavan
Company Secretary

P. Thirukalathiappan
P. Thirukalathiappan
Chief Financial Officer

Vide our report of even date attached
For Suri & Co
Chartered Accountants
Firm Regn. No:0042835

R. Mahesh
R. Mahesh
Partner

Membership No: 024775

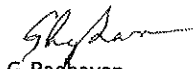
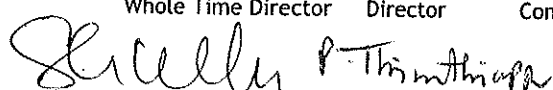


Place: Chennai
Date: 30-05-2017

NEYCER INDIA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

	Note No.	31.03.2017 Rs.	31.03.2016 Rs.
I. Revenue from Operations			
Sales and Other Operating Income	18	19 49 67 023	22 69 43 510
Less: Excise Duty		1 79 96 931	2 15 91 219
		17 69 70 092	20 53 52 291
II. Other Income	19	64 33 634	17 07 082
III. Total Revenue (I+II)		18 34 03 726	20 70 59 372
IV. EXPENSES			
Cost of materials consumed		1 72 49 685	2 24 56 780
Purchases of stock-in-trade		2 09 42 067	2 16 97 907
Changes in inventories of finished goods, work in progress and stock-in-trade	20	58 14 576	1 61 443
Employee benefits expense	21	4 62 28 831	5 24 49 712
Finance Costs	22	1 62 00 653	1 79 61 202
Depreciation and amortization expense	10	1 08 24 064	1 09 61 080
Other expenses	23	8 23 38 132	9 61 59 151
Total Expenses		19 95 98 009	22 18 47 275
V. Profit before exceptional and extraordinary items and tax (III-IV)		(1 61 94 283)	(1 47 87 903)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		(1 61 94 283)	(1 47 87 903)
VIII. Extraordinary Items		-	-
IX. Profit before Tax (VII-VIII)		(1 61 94 283)	(1 47 87 903)
X. Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
XI. Profit/(loss) for the period (IX-X)		(1 61 94 283)	(1 47 87 903)
XII. Earnings per equity share of face value Rs. 10 each			
Basic and diluted		(1.60)	(1.46)

See accompanying notes to financial statements


 B.S.Shailendra Y.Mohan Prasad G.Raghavan
 Whole Time Director Director Company Secretary

 P.Thirukalathiappan
 Chief Financial Officer

Vide our report of even date attached

For Suri & Co
 Chartered Accountants
 Firm Regn. No:0042835




 R.Mahesh
 Partner
 Membership No: 024775

Place: Chennai
 Date: 30-05-2017