

## DIRECTORS' REPORT

### For the Financial Year Ended 31st March 2015

Your Directors submit their Report for the financial year ended 31st March 2015.

#### STANDALONE FINANCIAL RESULTS

| PARTICULARS                                 | Year ended<br>31.03.2015<br>(Rs. in Lakhs) | Year ended<br>31.03.2014<br>(Rs. in Lakhs) |
|---|--|--|
| GROSS REVENUE                               | 11040                                      | 24948                                      |
| PROFIT BEFORE FINANCE COST AND DEPRECIATION | 117  | 1546                                       |
| LESS : FINANCE COST                         | 4348                                       | 4212                                       |
| LESS : DEPRECIATION                         | 415  | 618  |
| PROFIT BEFORE TAX                           | (4646)                                     | (3284)                                     |
| LESS : PROVISION FOR TAX                    | —  | —  |
| PROFIT AFTER TAX                            | (4646)                                     | (3284)                                     |

#### STATE OF COMPANY AFFAIRS AS ON 31ST MARCH, 2015

Primary activity of the Company is manufacturing and selling of Speciality Power Cables. The Cable Division registered a gross sales turnover of Rs 92 crores during the year as compared to Rs 205 crores of previous year. The performance badly suffered on account of non-availability of required working capital finance. Due to acute shortage of working capital the Division focused on the business with higher margins with a view to ensure best possible operating results within its available means through its Shyamnagar Plant.

In line with BIFR approval, the sale of the project division had been concluded on 17th June, 2014.

As reported in earlier years, pursuant to BIFR order in its hearing on 23rd August, 2011, your Company had been declared a Sick Industrial Company in terms of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR had appointed Allahabad Bank as an Operating Agency (OA). As per decision in the Joint Lenders' Meeting dated 5th September, 2012 Ernst & Young (E&Y) was appointed for economic viability assessment and development of Draft Rehabilitation Scheme (DRS).

By the year end ie by 31st March,2015, in principle approval of DRS as prepared and circulated by Ernst & Young in May 2013 had been received representing around 85% of the value of the exposures of Secured Lenders. The last approval was received on 17th March 2015. The following developments have since taken place:-

- i) Invocation of bank guarantees worth Rs 65 Crores contributed to enhancement of fund based exposure of Banks.
- ii) L/C devolvement amount have gone up by Rs 27 Crores vis-a-vis projected at DRS on account of in-sufficient cash generation and virtually no production / sales from January 2015.

The above two developments had necessitated revision of DRS. In terms of direction of BIFR at its hearing on 1st July, 2015 revised DRS after incorporating the actual financial results of the company upto the year ended on 31st March, 2015 and additional liability arising out of devolvement of L/C & BG as stated above have been prepared and submitted to the Operating Agency enabling them to take the same forward.

In the meanwhile the Company had to resort to temporary Suspension of Work at both the manufacturing units at Baripada and Shyamnagar wef 23rd April, 2015 due to acute fund constraint.

#### DIVIDEND

In view of the loss suffered by the Company and the accumulated losses of the previous years, your Directors cannot recommend any dividend on Preference or Equity Shares.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchange is enclosed in Annexure A forming part of this Report.

#### FINANCE

The overall financial result of the Company during the year under review was adversely affected due to working capital constraint which was prevalent throughout the year. The operations suffered for want of funds. The working capital has virtually dried compelling the Company to resort to temporary suspension of work as stated above. It is therefore necessary to get the revised DRS approved by all the lenders and finally by BIFR for its implementation at the earliest and your Company's management is at right earnest striving in this direction.

Status of Defaults in Financing Obligations as on 31st March 2015

1) Redemption of Preference shares:

3,37,000 Preference Shares of Rs.100/- each aggregating to Rs. 3,37,00,000/- issued and allotted by the Company to WBIDC had fallen due. In addition, 18,46,000 Preference Shares of Rs. 100/- each for Rs.18,46,00,000/- issued to TDB had also fallen due. In view of the critical financial position of the Company and as per provisions of Section 55 of Companies Act 2013 (relevant to Section 80 of the Companies Act 1956) the Preference Shares were not redeemed.

2) Overdue Loan (including interest: Term Loan, Sales Tax Loan, Cash Credit etc.)

|   | Rs.<br>(in Lakhs) |
|---|-------------------|
| a) IPICOL —                             | 290.98            |
| b) TDB — Loan                           | 544.30            |
| Royalty                                 | 232.87            |
| c) India SME Asset Reconstruction Co. — | 630.76            |
| d) SREI —                               | 1289.29           |
| e) WB Govt.                             | 1304.48           |
| f) WBIDC                                | 299.41            |
| g) ARCIL                                | 966.86            |
| h) Consortium Banks                     | 9914.41           |
| i) REL Utility Engineers Ltd            | 185.33            |
|   | 15658.69          |

All categories of employees of the Company are continuing to subscribe in Equity Shares of the Company through Nicco Restructuring Employees' Trust Fund (NRETF) by deduction of 10% of their Salary.

Allotment of 50,00,000 Equity Shares of Rs 2/- each for cash at par aggregating to Rs 1,00,00,000/- to NRETF is pending approval of Stock Exchange.

**BOARD AND COMMITTEE MEETINGS**

Five Board Meetings were convened and held during the year.

The Board has constituted an Audit Committee with Mr Narottam Das as Chairman and Mr Prabir Chakravarti, Mr Sujit Poddar and Mr Manash Chakraborty as Members. However the nomination of Mr Manash Chakraborty by Asset Reconstruction Company (India) Ltd., as Nominee Director of the Company and consequently as member of the Audit Committee has been withdrawn with effect from 10th April, 2015. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to clause (c) of sub-section (3) and sub-section (5) of section 134 of the Companies Act, 2013, your Directors confirm that—

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATUTORY AUDITORS, THEIR REPORT AND NOTES TO THE FINANCIAL STATEMENTS**

Your Company's Statutory Auditors, Messrs G Basu & Co., Chartered Accountants, Kolkata, were appointed at the 31st Annual General Meeting held on 29th September, 2014 and shall hold office until the conclusion of the forthcoming Annual General Meeting and being eligible are recommended for re-appointment at the forthcoming Annual General Meeting and the authority be given to the Board to fix their remuneration.



The Company has received the consent/confirmation of Messrs G Basu & Co for their re-appointment as statutory auditors and a certificate from them to the effect that their re-appointment, if made, would be in accordance with all the conditions prescribed under the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 and that they are not disqualified for re-appointment.

As required under clause 41 of the Listing Agreement, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The notes on accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

#### **SECRETARIAL AUDIT**

Pursuant to Section 204 of the Companies Act, 2013, and the rules made there under, Mr. P.V. Subramanian (C.P. No.- 2077; ACS-4585), Company Secretary in Whole-time Practice, was appointed as the Secretarial Auditor of the Company for the Financial Year 2014-15. The report of the Secretarial Auditor is enclosed as Annexure I. The report is self-explanatory and do not call for any further comments.

#### **RELATED PARTY TRANSACTION**

All transactions entered with Related Parties during the financial year were on an arm's length basis and were in the ordinary course of business and the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in Form AOC-2 is not required. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and may be accessed at the link <http://www.niccogroup.com/related-party-transactions-policy>.

#### **RISK MANAGEMENT & MITIGATION**

The Company has identified various risks faced by the Company from different areas. The Company already has a Risk Management Framework for laying down procedures to inform the Board members about the risk assessment and minimization procedures. The Board has adopted a risk management policy for identification of elements of risk in consultation with various functional heads to identify, assess and mitigate the major areas of risk associated with the business of the Company. Appropriate structures are present so that risks are inherently monitored and controlled. Risk identification, risk assessment and risk treatment procedures for all functions of the Company are reviewed on an ongoing basis.

The Audit Committee and the Board reviews the Risk Management Framework on regular basis.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

Mr. Narottam Das, Mr. Prabir Chakravarti, Mr. Sujit Poddar, Dr Dilip Kumar Datta, Mr. Tapan Chaki, Mr Sanjay Kumar Bansal and Dr Sourendranath Ghosal, Independent Directors of the Company have confirmed that they fulfill all the conditions of Independent Directorship as laid down in section 149 of the Companies Act, 2013 and the rules made there under and the same have been noted by the Board at its meeting held on 19th May, 2015.

#### **INTERNAL FINANCIAL CONTROLS**

Your company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal control and other regulatory and statutory compliances. Internal Financial Control systems and procedures are commensurate with the company's size and nature of business. The objective of these procedures is to ensure efficient use and protection of the company's resources, accuracy in financial reporting and compliance of statutes and company procedures.

The existing system ensures orderly and efficient conduct of its business including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The Internal Financial Control systems and procedures and their effectiveness are monitored by the Audit Committee of the Board of Directors of the Company on a periodic basis.

#### **DIRECTORS**

##### **Appointment & Cessation**

Dr Tridibesh Mukherjee resigned from the Board of Directors with effect from 15th September, 2014. Your Directors place on record their appreciation for the valuable services rendered to the Company by Dr Tridibesh Mukherjee during his tenure as Director of the Company.

Mr Sanjoy Bhattachaya resigned from the Board of Directors with effect from 15th September, 2014. Your Directors place on record their appreciation for the valuable services rendered to the Company by Mr Sanjoy Bhattachaya during his tenure as Director of the Company.

On account of health grounds, Mr Swapan Kumar Mukherjee has resigned as Managing Director of the Company at the Board

Meeting of the Company held on 19th May, 2015 and he would be released on the close of business hours of 30th September, 2015. Your Directors place on record their appreciation for the valuable services rendered to the Company by Mr Swapan Kumar Mukherjee during his tenure as Managing Director of the Company.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its Meeting held on 13th August, 2015 has appointed Mr Kartick Kumar Chatterjee as an Additional Director of the Company with effect from 28th September, 2015. Mr Kartick Kumar Chatterjee holds Office as a Director of the Company till the date of the ensuing Annual General Meeting. The Company has received a Notice in writing with the requisite deposit from a Member in terms of Section 161 of the Companies Act, 2013, signifying his intension to propose the appointment of Mr Kartick Kumar Chatterjee as a Director of the Company at the forthcoming Annual General Meeting.

The Board of Directors of the Company at its Meeting held on 13th August, 2015 has appointed Mr Kartick Kumar Chatterjee as a Managing Director & CEO of the Company for a period of three years with effect from 1st October, 2015 to 30th September, 2018 subject to the approval of the Members of the Company in General Meeting and such other approvals / clearances as may be required.

The Board of Directors of the Company at its Meeting held on 29th September, 2014 appointed Mr Sanjay Prakash Bansal as an Additional Director designated as Independent Director of the Company with effect from 29th September, 2014 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and Article 124 of the Articles of Association of the Company.

Mr Sanjay Prakash Bansal resigned from the Board of Directors with effect from 12th August, 2015. Your Directors place on record their appreciation for the valuable services rendered to the Company by Mr Sanjay Prakash Bansal during his tenure as Director of the Company.

The Board of Directors of the Company at its Meeting held on 29th September, 2014 appointed Dr Sourendra Nath Ghosal as an Additional Director designated as Independent Director of the Company with effect from 29th September, 2014 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and Article 124 of the Articles of Association of the Company Dr Ghosal holds Office as Director of the Company upto the date of the ensuing Annual General Meeting.

The Company has received a Notice in writing along with the requisite deposit from a Member in terms of Section 160(1) of the Companies Act, 2013, signifying his intension to propose the appointment of Dr Sourendra Nath Ghosal as a Director of the Company at the forthcoming Annual General Meeting.

Dr Ghosal is an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange.

Sub-section (10) of Section 140 of the Companies Act, 2013, provides that Independent Directors shall hold office for a term of five consecutive years on the Board of a company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the company.

Sub-section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in sub sections (6) and (7) of Section 152 shall not apply to such Independent Directors.

Accordingly, Dr Sourendra Nath Ghosal being eligible is proposed to be appointed as Non-Executive (Independent) Director for a term of five consecutive years on the Board of Directors of the Company.

Asset Reconstruction Company (India) Limited (ARCIL) had withdrawn the Nomination of Mr Manash Chakraborty as its Nominee Director with effect from 10th April, 2015. Your Directors place on record their appreciation for the valuable services rendered to the Company by Mr Manash Chakraborty during his tenure as Director of the Company.

Mr Niraj Kela and Ms Pallavi Priyadarshini Kaul, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas and names of Companies in which they hold Directorships and Memberships / Chairmanships of Board / Committees, as stipulated under clause 49(VIII)(E) of the Listing Agreement with the Stock Exchange, are provided in the Notice convening the 32nd Annual General Meeting of the Company.

## **COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The remuneration policy of the Company, inter alia, includes the aims and objectives, principles of remuneration, guidelines for remuneration to Executive Directors and Non-Executive Directors, fixed and variable components in the remuneration package, criteria for identification of the Board Members and appointment of senior. management.

The remuneration policy is in consonance with the requirements of section 178 of the Companies Act, 2013 and Rules thereto and the existing industry practice

The criteria for identification of the Board Members including that for determining qualification, positive attributes, independence etc., are summarily given hereunder :

- The Board Member shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, governance, academics, technology, human resources, social responsibilities, finance, law etc., and in such other areas as may be considered relevant or desirable to conduct the Company's business in a holistic manner.



- Independent director shall be person of integrity and possess expertise and experience and/or someone who the Committee/ Board believes could contribute to the growth/philosophy/strategy of the Company.
- In evaluating the suitability of individual Board Members, the Nomination & Remuneration Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements.
- Director should possess high level of personal and professional ethics, integrity and values. He should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. He must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.

#### **FIXED DEPOSITS**

Your Company has not accepted any deposits from the public.

#### **PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES**

Your Company has no employee of the category as specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014. Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure – B.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not given any loan or guarantee or has not made any investments under section 186 of the Companies Act, 2013 during the year under review.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under provisions of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure - C, which is annexed hereto and forms part of the Directors' Report.

#### **RESEARCH AND DEVELOPMENT**

The R&D Centre of the Company has been focussing on development of products and cost effective compounds for specialized cables and Electron Beam Irradiated Cables. The Company has successfully developed Air Craft Carrier Cable and Pressure Tight Cable for the Submarine Development Programme for Indian Navy. Besides the above the cable for solar energy has been taken up for development. Also battery cable for automobile has been developed pending final approval from the relevant authority.

#### **CORPORATE GOVERNANCE**

Your Company has strictly observed the principles of good Corporate Governance through accountability and transparency.

A separate report on Corporate Governance as prescribed in the Listing Agreement of the relevant Stock Exchange forms part of the Annual Report 2014-15 along with the Auditors' statement on its compliance (Annexure D).

#### **COMPLAINTS RECEIVED BY THE SEXUAL HARASSMENT COMMITTEE**

The Company has in place a policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. No complaints received during the year and no complaints were pending to be resolved as on 31.03.2015.

#### **ANNUAL EVALUATION OF BOARD'S PERFORMANCE**

In compliance with the Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors of the Company was held on 11th February, 2015 to review and evaluate the performance of the Non-Independent Directors, the Board as a whole and of the Chairman of the Company taking into account the views of the executive directors and non-executive Directors; to assess the quality, quantity and timeliness of flow of information between the Company management and the Board and also to review the overall performance of the Board.

The Board of Directors of the Company at its Meeting held on 13th February, 2015 has evaluated the performance of all Independent Directors individually and found them un-biased, constructive, beneficial and adding value to the cause of the Company.

**WHISTLE BLOWER POLICY (Vigil Mechanism)**

Pursuant to section 177(9) of the Companies Act, 2013, read with rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and clause 49 of the Listing Agreement, the Company has adopted a Whistle Blower Policy (Vigil mechanism) for Directors and Employees of the Company to report their genuine concerns or grievances to deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The policy was approved by the Board of Directors of the Company at its meeting held on 14th August, 2014 and the Audit Committee was empowered by the Board of Directors to monitor the same and to report to the Board about the complaints in an unbiased manner. The policy has also been uploaded on the website of the Company at the link <http://www.niccogroup.com/Financial Results/Nicco Corporation Limited/ Vigil Mechanism>.

**FUTURE PROSPECTS**

Your Directors are confident that through revised DRS a suitable restructuring scheme would be worked out for the revival of the Company under the auspices of BIFR.

**KEY MANAGERIAL PERSONNEL**

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:-

Mr Swapan Kumar Mukherjee, Managing Director, Mr Prasanta Pandit, CFO and Mr Indranil Mitra, General Manager & Company Secretary.

**EXTRACT OF ANNUAL RETURN**

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in the Form MGT – 9 forms part of this report in Annexure – II.

**CAUTIONARY STATEMENT**

Statements in the Directors' Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Industry information contained in this Report, have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

**COST AUDITORS**

Pursuant to the directives of the Central Government M/s S Roy Choudhury & Co., Cost Accountants, have been appointed to conduct Cost Audits relating to cables manufactured by the Company.

**ACKNOWLEDGEMENT**

Your Directors wish to record their sincere appreciation of the efforts put in by all the employees and their commitment during the year in a very difficult and uncertain time which the Company is passing through. Your Directors also take this opportunity to acknowledge the cooperation and assistance of Banks, Financial Institutions, Technology Development Board, Government of India, Government of West Bengal, WBIDC and BIFR. Finally, your Directors owe their gratitude to all the Shareholders and Debenture Holders for their continued support to the Company.

On behalf of the Board of Directors

Place : Kolkata  
Dated, the 13th day of August, 2015

RAJIVE KAUL  
Chairman

SWAPAN KUMAR MUKHERJEE  
Managing Director