CAUTIOUS OPTIMISM

NITCO LIMITED | Annual report 2013-14

Forward-looking statements

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Corporate identity 02

Over the years... 04

MD's statement 06

Key corporate strengths 09

Management discussion and analysis 14

Business segment review 16

Business drivers 18

Financial review 20

Risk management 22

Directors' Report 26

Report on corporate governance 34

Financial statements 46

Corporate information

Board of Directors
Mr. Vivek Talwar, *Managing Director*

Mr. Pradeep Saxena, *Director*

Mr. Vishal Malik, *Director*

Mr. Rohan Talwar, *Director*

Mr. Rakesh Kumar, *Nominee Director*

Chief Executive Officer
Mr. Ashok Goyal

Chief Finance Officer
Mr. B.G. Borkar

Company Secretary and Compliance Officer
Mrs. Reena Raje

Auditors
A. Husein Noumanali & Co., Chartered Accountant

Corporate Office
Nitco Limited
Nitco House, Station Road
Kanjur Marg (East)
Mumbai – 400042, Maharashtra
Tel: 91 22 67521555
Fax: 91 22 67521500

Registered office
Nitco House
Recondo Compound
S.K. Ahire Marg, Worli,
Mumbai 400 030
Tel: 91 22 66164555
Fax: 91 22 66164657

Works
Ceramic tile division
Village Shrigaon, Taluka Alibaug,
Post Poynad,
District Raigad, Maharashtra

Marble division (Mumbai)
Nitco Marble Land,
Plot no. 3, Kanjur village Road
Kanjur Marg (East),
Mumbai 400 042, Maharashtra

Marble division (Silvassa)
Survey No. 176, Village Silli,
Silvassa 330 396

About us

Nitco (Northern India Tiles Corporation) Limited was established in 1966 by Mr. Pran Nath Talwar, a first generation entrepreneur. The Company is engaged in providing floor and wall solutions with a portfolio comprising a comprehensive range of tiles, marbles and mosaic. The Company has also forayed into real estate development.

The Company's equity shares are listed on the Bombay and National Stock Exchanges. The promoters held 69.54% of the Company's equity as on 31st March 2014.

Presence

Nitco is headquartered in Mumbai and possesses a pan-India distribution network comprising 1,100 dealers and more than 5,000 retail outlets (at the close of 2013-14).

The Company's manufacturing units are strategically located in various locations; its ceramic tiles division is located in Alibag (in Maharashtra); its joint venture for manufacturing tiles is located at Morbi (Gujarat); its marbles division is located in Mumbai (Maharashtra) and Silvassa (Dadra and Nagar Haveli).

Clientele

Apart from catering to domestic demand, the Company enjoys a sizeable global client base serviced overseas through exports to Bahrain, Oman, Qatar, Taiwan, Saudi Arabia, Europe and Africa, among others.

Awards

- Thirteen Capexil awards for exports
- Two Construction World awards
- Economic Times 'Design Wall' award
- Best SAP Implementation award
- Ranked 20th among the 'Dream companies to work for' category at the World HRD Congress

Certifications

Nitco is certified with world-class credentials comprising ISO 9001:2008, 14001:2004 and 18001:2007.

Key corporate highlights, 2013-14

- The Company entered the digital wall tiles segment in 2013-14.
- The Company entered into a joint venture, which commissioned a new plant at Morbi with a capacity of 8 million sqm per annum.

Product portfolio

The Company manufactures a vast portfolio of tiles (floor and wall), marble and mosaico.

Product	Portfolio
Floor tiles	Ceramic tiles, vitrified tiles – soluble salt, ultra/double charged, gres porcelain tiles (Naturoc) and HD digital tiles
Wall tiles	HD digital tiles – Base tiles and highlighters
Marble	Natural marble and engineered marble
Mosaico	Signature collection, magnum opus collection, décor collection, solitaire collection, crest collection, frame collection, step risers and skirtings

Innovation at Nitco

Nitco manufactures a range of innovative products, comprising the following;

- Rustic tiles utilising a unique 'dry powder application' technology which imparts a natural 'stone' feel with undulated surfaces embellished using a special glaze
- 600x600 mm glazed vitrified tiles of which the Company is among the largest manufacturers in India.
- Super gloss floor tiles with an enhanced aesthetic finish similar to natural stone
- 100% matte finish tiles in satin and rustic finishes with anti-skid properties, addressing medium to heavy footfall traffic
- Dirt-free tiles leveraging unique sharp-edge technology and cut into a perfect square with minimal joints; besides, micro-porosity keeps tiles dirt-free and impervious to bacterial decay
- Rectangular wood strips that reconcile the texture and colours of natural wood with the durability of superior quality porcelain

Premium wall tiles (size: 300x600 mm, 300x900 mm, 300x450 mm), (finish: gloss, matte and satin matte) with 101 SKUs.

Small wall tiles (size: 200x300 mm, 225x330 mm), (finish: gloss, matte and satin matte) with 83 SKUs.

Wall grandeur (size: 600x300), (finish: gloss).

Over the years...

1966

- Incorporated as NITCO Tiles Pvt Limited.
- Commenced cement tiles manufacture at Thane (Mumbai).

1984

- Commenced marble processing at Kanjurmarg.

2007

- *Best SAP* Project Implementation award from SAP India Ltd
- Received marble import license by the DGFT.
- Entered real estate development through Nitco Realties (subsidiary) with 100% shareholding
- Launched 16 exclusive showrooms under the Le Studio brand

2008

- First *Construction World* award win
- Embarked on the creation of exclusive franchised showrooms under Le Studio Express.

2009

- Second *Construction World* award win
- Received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications
- GAIL commenced RLNG supplies at the Alibaug unit

2010

- Launched premium category porcelain tiles under the Naturoc brand

1997

- Commissioned the Alibaug ceramic tiles unit

2002

- Received the *Quality Excellence* award for the Alibaug unit from the Institute of Trade and Industrial Development

2004

- Upgraded the Alibaug plant for manufacturing porcelain tiles

2006

- Mobilised Rs.168 crore through IPO
- Listed on the BSE and NSE
- Expansion of ceramic tiles capacity at Alibaug
- Installed six windmills (7.5 MW) at Dhule (Maharashtra)

2011

- Commissioned a 5.5 MW cogeneration gas-based power plant at Alibaug
- Completed the construction of the Biz Park at Thane, spread across 2 lac ft

2012

- Commenced commercial operations of marble processing plant at Silvassa
- Installed automatic pelletiser and polishing line at the ceramic tiles plant at Alibaug

2013

- Ranked 20th among *'Dream companies to work for'* by the World HRD Congress
- Acquired 51% stake in the equity of New Vardhman Vitrified Private Limited

2014

- Commenced production through the joint venture
- Launched digital wall tiles

Q&A with the Managing Director

For the last several years, Nitco had selected to remain simply a floor tiles company. One of the things that we had noticed during the years was growing customer willingness to buy the entire complement of their requirement – walls and floors which we could not address because we did not possess any wall tile capacity.

Q: Were you pleased with the Company's performance in the last financial year?

A: Yes and no. Yes, because despite exigent circumstances, the Company reported only a slight decrease in revenues to Rs 757 crore in FY14 against Rs. 769 crore in FY 13, indicating that the Nitco brand enjoyed popular acceptance in the tiles market. No, because of an EBIDTA loss of Rs 26 crore, which took some sheen off from what was a creditable performance.

Q: What were some of the positives that the Company emerged with during this challenging year?

A: Shareholders need to appreciate the manner in which the Company evolved its revenue mix to deal with a rapidly changing marketplace. A few years ago, the Company imported nearly 70% of its product mix with the conviction that it was more prudent to remain asset-light by sourcing high-end vitrified tiles than commission greenfield capacities.

However, two things happened since that adversely affected the viability of this approach: one, the Indian currency weakened considerably, which not only made imports more expensive but also resulted in a significant loss, the effect of which continues to this day. The result is that during the year under review, imports from China were moderated to a mere 5% of our overall mix, which was well within our risk profile.

Concurrently, the Company raised the proportion of domestic outsourcing from near-nil a few years ago to 66%, the other 29% being contributed by our existing Alibaug operations. So even as this may not be visible in our financials of 2013-14, the reality is that from an operations and sourcing perspective, Nitco arrived at a point of comfort during the year under review.

Q: What were some of the positives to emerge that were not easily visible in the financials?

A: If shareholders see the figure alongside inventories in our Balance Sheet, they will see a reduction from Rs 232.71 crore in 2012-13 to Rs 200.35 crore in 2013-14. This is the result of tighter inventory control over our pan-India operations. Earlier, we had six mother warehouses across India that provided material to regional warehouses that, in turn, addressed the growing needs of dealers. While the establishment of this network was justified on the grounds that this made it quicker for us to respond to marketplace requirements, we recognised that the cost of doing business this way was higher than what would have been considered ideal.

During the year under review, the Company implemented a factory-to-dealer distribution linkage, which helped rationalise the in-pipeline material lying across the country. The benefits of this inventory rationalisation enhanced our fiscal efficiency; we also moved to the 'customer-pays-freight' arrangement that helped us save nearly Rs 30 crore in transportation costs during the year. The aggregated value of these savings was sizeable in 2013-14 even though the effect of this could not become visible due to legacy problems and a relentless increase in fuel costs by GAIL.

Q: Through what other initiatives did the Company strengthen its working?

A: For the last several years, Nitco had selected to remain simply a floor tiles company. One of the things that we had noticed during the years was a growing customer willingness to buy the entire complement of requirements – walls and floors which we could not address because we did not possess any wall tile capacity. During the year under review, we made a significant tweak in our business model by commissioning the production of wall tiles at our Morbi joint venture (installed capacity 10,000 SQM a day) in June 2013. I am pleased to state that the output was well-received by our primary (dealers) and secondary customers.

Q: Shareholders will be keen to know whether the health of the Nitco brand was protected during this challenging year.

A: This is something that we are particularly proud of. The strength of our brand was visibly showcased in various exhibitions like ACETEC, CAPEXIL and Times Property Expo etc. We enjoyed the continuing loyalty of as many as 1,100 dealers; if one goes by the health of our principal asset – the Nitco brand – then I am happy to state that we continued to be robustly healthy despite several constraints.

Q: What were some of the principal challenges encountered by the Company during the year under review?

A: The principal challenge was clearly an unprecedented increase in the cost of fuel (gas). This cost accounted for 8% of our overall expenditure (not including interest). However, over the last two years, there has been a significant increase in the price of RLNG: from Rs 496 per MMBTU in March 2012 to Rs 768 per MMBTU in March 2013, rising to Rs. 1005 per MMBTU in November 2013 and Rs 950 per MMBTU in March 2014. The result is that of the manufacturing cost incurred directly by us, there was net increase in our outgo on power and fuel cost by Rs 13 crore at our Alibaug plant. Further, our procurement costs from vendors increased by Rs. 6.40 crore to compensate for the fuel cost increase by the respective units. Without this impact, I have no hesitation in stating that we would have been in a better position during the year under review. However, it would be relevant to state that the impact would have been worse but for the proactive use of coal in our spray driers and other areas which ushered considerable savings. Due to adverse market conditions, the real estate assets could not be monetised, which resulted in a high debt and interest burden.

Q: How does the Company expect to perform in 2014-15?

A: We are cautiously optimistic of the Company's prospects in the current financial year. For one, we expect to report a double-digit growth in revenues with stronger organisational efficiency (management of dealers, inventory, fuel, product portfolio and franchisee outlets).

To address this encouraging reality, the Nitco team has broken targets down into categories – products, markets and dealers – with periodic monitoring and timely corrective action in the event of short-term deviations. In view of these realities, we expect to break even at the EBIDTA level by the end of the current financial year.

Q: The Company's market capitalisation stood at Rs 82.87 crore as on 31 March 2014, way below industry peers. How does the Company expect to enhance shareholder value?

A: At Nitco, we recognise that the only way to accelerate profitable growth is through an asset-light approach. In view of this, we will continue to increase the proportion of outsourcing and even look for more joint venture alliances.

One of the initiatives high on the Company's priorities is the proposed disposal of our real estate assets with the objective to moderate debt on the Company's books, which will liberate it for faster growth.

With steps being taken for the monetisation of real estate assets and expected improvement at the EBITDA level, the Company is hopeful of a turnaround in the near future.

Business model

Distribution network
With a strong distribution network, Nitco caters to demand from across India. Widening its presence further, the Company has built a loyal global client base as well. The Company has increased its distribution network in North and East Zone to catalyze offtake.

Brand equity
The Nitco brand stands for pioneering innovation in glazed vitrified tiles and ceramic floor tiles, of which the Company is among the largest manufacturers in India. The Company also manufactures rustic tiles utilising a unique 'dry powder application' technology, which imparts a natural 'stone' feel with undulated surfaces, embellished using a special glaze.

Asset-light
Nitco re-oriented its operating model to a joint-venture led approach, whereby much of its incremental capacity is deployed through the latter.

Multi-segment
Although a major segment of the Company's business comprises tiles, Nitco also has interests in marble and digital wall tiles, enabling it to offer complete flooring solutions. Besides, the Company is also engaged in real estate development.

Customer-focused
Nitco's products are sold across the retail and institutional channels, enabling it to enhance its customer base, drive volumes and margins

Key corporate strengths

Marketing network

Over 5,000 retail outlets mark Nitco's pan-India presence in the country. The Company possesses over 1,100 direct dealers, backed by depots powering the distribution network. It also operates 13 exclusive showrooms called *Le Studio,* pan-India, for displaying its exquisite range of tiles, mosaico and marbles. The Company also has around 101 showrooms operating as franchisees under the *Le Studio Express (LSE)* and *Nitco Look* formats

Technology

Nitco deploys world-class manufacturing technologies with fully-automated production lines, enabling the delivery of globally-benchmarked products. Stringent quality standards were also maintained at the marble division with the Breton equipment in Silvassa being the only one of its kind in India.

International expertise

Nitco leverages Italian know-how to gain an edge over peers. Superior marble is sourced from select quarries in Italy and other global locations, thereafter cut and smoothened with finesse, resulting in the supply of international standard products.

Innovative design

Nitco introduced rectangular wooden strips for the first time in India, reconciling wood textures and colours. The Company also introduced super gloss scratch-proof floor tiles (resistant to dirt and bacteria); it introduced 600x600mm tiles by amalgamating roto and digital printing technology which provides different textures and finishes. Moreover, the Company's 100% matte finished tiles possessed anti-skid properties, widening their applicability. Nitco also ventured into digital tiles, providing attractive designs. The Company introduced the first-ever heavy duty 20mm tiles-for India for export market.

Nitco.
Digital tiles. Value-addition.

At Nitco, one of our most decisive initiatives to strengthen revenues and margins comprised our extension into digital tiles.

Over the last couple of years, digital tiles have emerged as one of the most attractive tile options for their ability to customise complex designs, produce short batches in line with specific customer needs and their sharp impression. These tiles represent a significant break in an industry otherwise accustomed to large volumes of well-designed tiles generally becoming commodity due to their being used in various locations.

In line with this emerging customer requirement, Nitco invested in digital manufacturing equipment at its Alibaug plant with the objective to manufacture premium digital wall tiles (300x600 mm, 300x900 mm, 300x450 mm) with glossy, matte and satin matte finishes across 101 SKUs. The Company also manufactured small digital wall tiles (200x300 mm and 250x330 mm) in glossy, matte and satin matte finish across 83 SKUs; its wall grandeur segment (600x300) was provided in a glossy finish.

Nitco.

Outsourcing.
Asset-lightness.

■ **At Nitco, we strengthened the viability of our business by selecting to outsource a growing proportion of our business from regional manufacturers respected for their quality and competitiveness.**

The outsourced proportion of the business has gone up, providing the Company with a widening product basket and an attractive platform to scale the business without stretching the Balance Sheet.

The Company strengthened the asset-lightness of its business model by acquiring stakes in joint ventures and partnering with competent local manufacturers. The Company invested in a joint venture for a relatively lower sum than what it would have spent in creating a greenfield facility; besides, this investment helped the Company capitalise on prevailing market trends quicker, strengthening overall effectiveness.

Management discussion analysis

Global economy

The global GDP growth decelerated for the third year on the trot – 3.9% in 2011 to 3.1% in 2012 and 3% in 2013. In the aftermath of the financial crisis, most developed economies continued to address challenges by taking appropriate remedial actions in terms of fiscal policies. Besides, a number of emerging economies, which had already experienced a slowdown in the past two years, encountered new domestic and international headwinds.

Indian economy

India's economic growth rate in 2013-14 stood at 4.70%, higher than the 4.50% growth reported in the previous fiscal, mainly on account of an improved performance in the agriculture and allied sectors.

According to the CSO's advance estimates, the electricity, gas and water supply segment grew 5.9 per cent, more than double the 2.3 per cent growth in 2012-13. Trade, hotels, transport and communication increased three per cent, against 5.1 per cent in 2012-13., as against 5.1 per cent in the previous financial year. Community, social and personal services, largely supported by the government, grew 5.6 per cent, against 5.3 per cent in 2012-13.

Global ceramic tiles industry

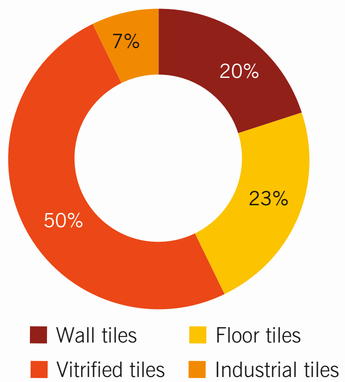
The global ceramic tiles industry was valued at USD 55.79 billion in 2011 and is expected to reach USD 102.79 billion by 2018, growing at a 9.2% CAGR. In terms of volumes, demand for ceramic tiles stood at 10,370 million m in 2011 and is expected to reach 18,154 million m by 2018, growing at a CAGR of 8.4% *(Source: Transparency Market Research).*

Demand for ceramic tiles was driven by the growing construction and infrastructure industries, mainly in the Asian economies of China, India and Indonesia. There was a discernible shift towards replacing paints, metal slabs, marble floors and other home decorative products with ceramic tiles. However, volatility in raw material prices and tightening of regulatory guidelines to address growing environmental concerns increased production costs for ceramic tiles manufacturers.

Floor tiles are expected to be the fastest growing segment of the ceramic tiles market, growing at an estimated CAGR of 9.4% over the next five years. The wall tiles segment is expected to lose its pole position to floor tiles by 2018.

Indian ceramic tiles industry

The Indian ceramic tiles industry grew by around 11% in 2013-14. The industry is expected to reach a size of Rs. 301 billion by 2016, growing at a 15% CAGR *(Source: PWC report, 2013)*. The Indian ceramic tiles



Source: "Ceramic tiles market India" – Netscribes, PwC analysis market was ranked third globally and accounted for over 6% of the total global production. The organised segment made up approximately 50% of the sector; the top eight manufacturers constituted over 75% of the organised market.

Trends in the ceramic tiles market in India

- **Introduction of nanotechnology:** Use of nanotechnology helped enhance shelf life and tile strength, making tiles resistant to dirt and bacteria. These tiles are gaining popularity in areas where hygiene is important - hospitals, laboratories and food processing plants, among others.

- **Eco-friendly tiles:** Use of eco-friendly tiles is expected to increase as consumers become more environment-conscious. Eco-friendly tiles are usually made from natural and renewable substances.

- **Designer tiles and introduction of 3D tiles:** Tiles are becoming a style statement and used in bedroom and living room walls as well. 3D tiles are also being used for outdoor cladding, wall cladding and elevations, among others.

- **Shift towards vitrified tiles:** Vitrified tiles, comprising nearly 50% of the ceramic tiles market, witnessed increasing growth over the past five years due to durability and easy maintenance.

Demand drivers

The ceramic tiles market is driven by rapid urbanisation, a taste for high-end tiles, the increasing share of pucca houses in India and a growing share of tiles as flooring material. The share of *pucca* households is expected to increase from 63% in 2011 to 79% in 2021. The share of tiles used in flooring material has increased from 7% in 2001 to over 10% in 2011 and expected to reach 16% by 2021. Some of the other demand drivers include:

- **Increasing population:** India's current population of 1.27 billion is growing annually at a rate of 1.58%.

- **Urbanisation:** The 2011 census states that there are 53 million-plus cities accounting for 43% of India's urban population. The number of towns in India increased from 5,161 in 2001 to 7,935 in 2011. India's current urban population of 410 million people is expected to grow to 814 million by 2050.

- **Real estate sector growth:** The market size of the Indian real estate sector stood at USD 55.6 billion in 2010-11 and expected to touch USD 180 billion by 2020, with Tier-I cities expected to account for about 40% of this growth.

- **Rising incomes:** India's per capita income is projected to soar by 10.4% to Rs 74,920 in 2013-14 from Rs 68,748 in 2012-13.

- **Rising middle class segment:** India's middle-class segment could swell to 250 million or 20% of the country's population by 2015 *(Source: McKinsey)*. The growth in this segment will spur the demand for tiles in the country.

- **Hospitality industry:** The size of the hospitality industry stood at USD 117.70 billion in 2014. The industry grew at a CAGR of 36.50% during the last five years and is expected to grow at a forecasted CAGR of 15.15% to a size of USD 418.90 billion by 2022.

- **Organised retail sector:** The organised retail industry is estimated to grow at a CAGR of 24% and attain 10.2% share of the total retail market by 2016-17.

Outlook

The Indian ceramic tiles industry is likely to invest in enhancing production capacities; production is likely to grow at a 12.7% CAGR to cross the 1,000 million m mark by 2015.

Business segment review

01 Tiles

Overview

At Nitco, this segment accounted for 87% of the Company's revenues in 2013-14, by far its biggest revenue driver. The segment comprised three products – ceramic floor and wall tiles, vitrified tiles. The Company's Alibaug plant possessed an annual tiles production capacity of 8 million SQM as on 31 March 2014; the joint venture also had an annual production capacity of 8 million SQM.

Highlights, 2013-14

- Launched 148 SKUs covering mass and premium products
- Entered the wall tiles segment;

Outlook

The division expects to expand its product basket through the launch of new, fast-moving products. It also intends to climb the realisations ladder by focusing on value-added tiles.

	Ceramic tiles	Vitrified tiles
Usage	Cannot be used in high traffic areas, except for the rustic series	It can be used in high traffic areas except SST and PGVT
Durability	MOR> 30 Newton/ millimeter	MOR> 35 Newton/ mm
Manufacturing process	It is fired at 1,160-1,170 0C with no high coat polishing after firing	It is fired at 1,200-1,220 0C with high coat polishing after firing but no glazing operation except for GVT
Printing technology	Roto, digital and flat printing	SST vitrified tiles use flat printing, DCH cannot be printed on and GVT/PGVT use roto, digital and flat printing
Price range	Rs 400-1,000 per SQM	• **GVT:** Rs 950-1,400 per SQM • **PGVT:** Rs 1,400-1700 per SQM • **PVT:** Rs. 50-60 per SQFT

02 Marble

Overview

Nitco's Silvassa unit processes imported marble blocks using state-of-the-art technology. The Company's superior quality marble finds use as in interior and exterior flooring solution.

Key highlights, 2013-14

- Launched 10 new products
- Reinforced processes by reducing material consumption

Products

- **Natural marble:** The design collection is inspired by natural blends and a keen understanding of consumer aesthetics to manufacture products with the best of textures, tones and technology. Nitco offers marbles of different colours (white, beige, red, brown, black and grey) procured from the world's leading quarries.
- **Onyx marble:** Onyx is a variety of chalcedony. The colours of its bands range from white to almost every colour (save some shades, such as purple or blue). Commonly, specimens of onyx contain bands of black and/or white. Nitco's collection includes many products such as Bianco Onyx, Onyx Esmeraldo and Golden Noir Onyx, among others.
- **Engineered marble:** Engineered marble consists of a range of agglomerated marble and quartz. A unique feature of these engineered stones is that they are maintenance-free and diverse in terms of designs, patterns and colours.

Outlook

- New products with our attractive designs and various sizes are expected to contribute at least 20% of our divisional revenues in 2014-15
- Our intent is to provide different varieties of coloured material to widen our product portfolio.

03 Real estate development

Overview

Overall, 2013-14 was a subdued year for the Indian real estate industry. Rising inflation combined with high borrowing rates as well as slow growth in incomes and jobs impacted consumer spending on real estate. Moreover, banks' reluctance to lend to the sector and drying-up of other sources of finance such as FDI and PE investments, resulted in increase in debt costs for developers. There is a ray of optimism in the realty sector since SEBI has approved the setting up of real estate investment trusts (REITs), a move that may offer a new source of financing to India's cash-strapped property developers. REITs are listed entities that mainly invest in income-producing real estate assets, the earnings of which are mostly distributed to their shareholders.

Business drivers

Operations

Overview

In an industry marked by intense competition, the parameters that determine leadership comprise plant efficiency, productivity and optimal energy consumption. Over the years, NITCO invested in state-of-art technologies and automation to establish its competence.

Key highlights, 2013-14

- Application of value engineering in raw material management, resulting in reduction in cost of raw materials , freight and packing material
- Change in plant layout, debottlenecking the production of 600x148 mm tiles
- Change in fuel for spray drier from RLNG to coal through the use of chain stove
- Improvement in raw material composition for better quality and kiln productivity
- Development of 43 new designs
- Successful industrial trial of 20 mm thickness tiles
- Recycling of wooden pallets, saving costs

Information and technology

Overview

At Nitco, embracing the latest technology provides us an edge over competitors, enhances productivity, helps expand business operations and facilitates in on-boarding newer customers.

Key highlights, 2013-14

- Automated and simplified processes like sales order planning, material procurement, dispatch of finished goods and generation of statutory documents for outbound logistics, among others; improved procedural efficiency, reducing cycle time and facilitating better decision-making
- Implemented mobility-based automation solutions for the sales team, accessible from Android/ Mac/ Windows devices. The solution was integrated online with the back-end information systems that allowed the sales team to track sales order statuses, provide timely feedback to customers, check finished goods inventory and view sales MIS on the go
- Automated business workflow for sales and discount approvals using mobile technology and portal framework, which helped in effective decision-making
- Implemented a SAP-based document management system for better procedural control through digital document viewing, integrated with business processes
- Implemented procedural controls in freight management processes through automation, SAP process controls and document management systems to facilitate better monitoring and decision-making in freight management and control areas
- Ensured speedy sales commercials process computation including dealer schemes, price list generation, credit notes computation through SAP ERP and workflow management solutions
- Revamped and strengthened the employee self-service portal 'HR Connect'

- Strengthened information security systems with effective end-point security and data leak prevention measures
- Explored means to reduce IT expenses through better vendor management, cloud computing and consolidation of network connectivity, among others

Outlook

- The division expects to roll-out a new version of SAP, which will ensure better performance and lend stability to information systems.
- Focus will be laid on upgrading the existing web portal solutions for dealer connect, sales force automation and employee self-service portal, among others, to drive roll-out across Android/ Mac/ Windows devices.
- Critical IT infrastructure will be refreshed to ensure constant availability, better performance management and enhanced application uptime
- SAP ERP-based systems will be improved to usher in workflow automation, ensuring greater effective procedural controls and MIS
- Explore innovative use of BYOD, cloud computing solutions, workflow automation on mobile platforms, DMS solutions and virtual desktop initiatives, among others, to enhance cost optimisation

Human capital

Overview

Nitco has established a reputation of being a people – oriented organisation and an enterprise that cares for its employees. Over the years, the Company has reinforced human capabilities, strengthening its competitive edge. The Company provides an invigorating environment marked by teamwork, meritocracy and an emphasis on knowledge accretion. The Company has launched numerous in-house training programmes as well, enabling skills refreshment.

As on 31 March 2014, Nitco had 1,061 employees, compared with 1121 on 31 March 2013. Nitco enjoyed cordial industrial relations with its employees.

Key highlights, 2013-14

- Bestowed the 'Nitco Star' upon 55 employees during the year. Nitco Star is a quarterly recognition scheme for employees who have shown a strong sense of responsibility, going beyond the normal call of duty. Apart from the recognition program, we have monthly, quarterly and yearly sales incentive schemes to reward the sales staff
- Hired trainees with management and engineering degrees from reputed institutes as part of Nitco's New Leader's Development Program
- Conducted several programs including cricket tournaments, organised blood donation camps, celebrated festivals, participated in corporate tournaments and undertook CSR activities under the aegis of 'Nitcotine', the in-house committee looking into employee engagement
- Started using social networking sites like LinkedIn and Facebook extensively to bring in fresh talent into the system
- Introduced internal job postings and cross-functional transfers to offer internal growth opportunities to existing employees
- Imparted product knowledge to employees with a keen emphasis on honing the skills of sales, marketing and business development personnel, who underwent a two day-long structured training program at the Alibaug plant
- Restructured manpower allocation across critical functions as sales in a bid to enhance employee productivity
- Participated in regular awareness programs to enhance environment and safety standards

Financial review

Overview

Nitco reported respectable revenues despite several challenges including a downturn in the Indian economy, sharp depreciation of the Indian rupee against the US Dollar and a production disruption in Morbi.

Gross sales declined in the tiles segment from Rs. 791.24 crore in 2012-13 to Rs. 729.06 crore in 2013-14; the marble segment's revenues increased from Rs. 69.45 crore in 2012-13 to Rs. 110.52 crore in 2013-14.

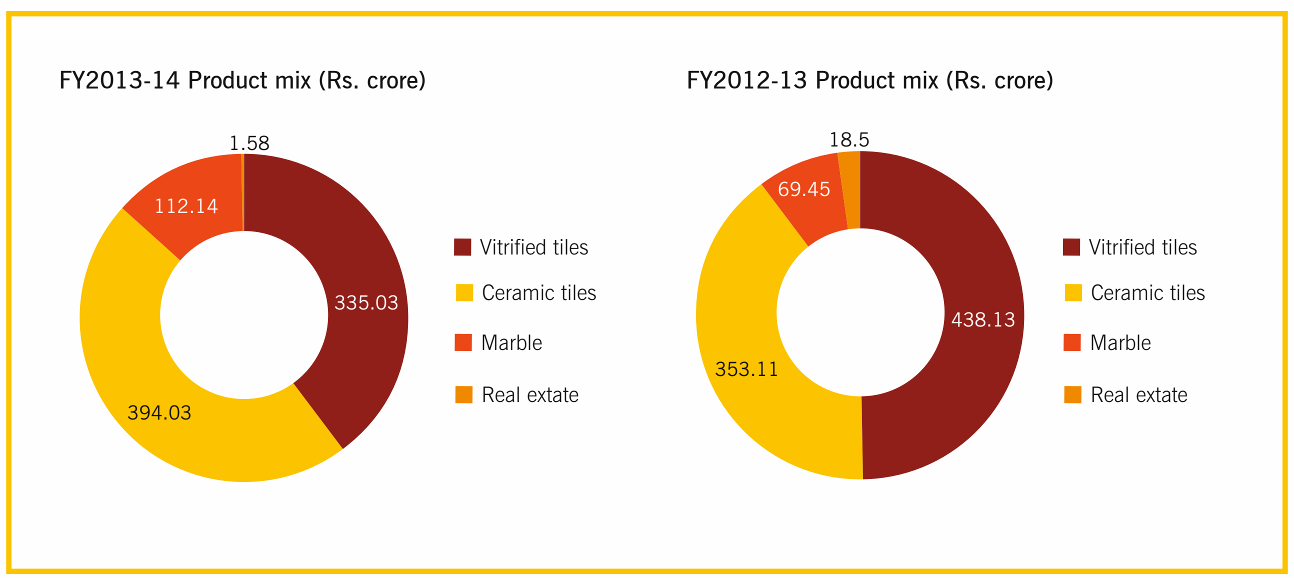
Real estate revenues stood at Rs. 1.58 crore compared to Rs. 18.50 crore in the previous year.

Expense analysis

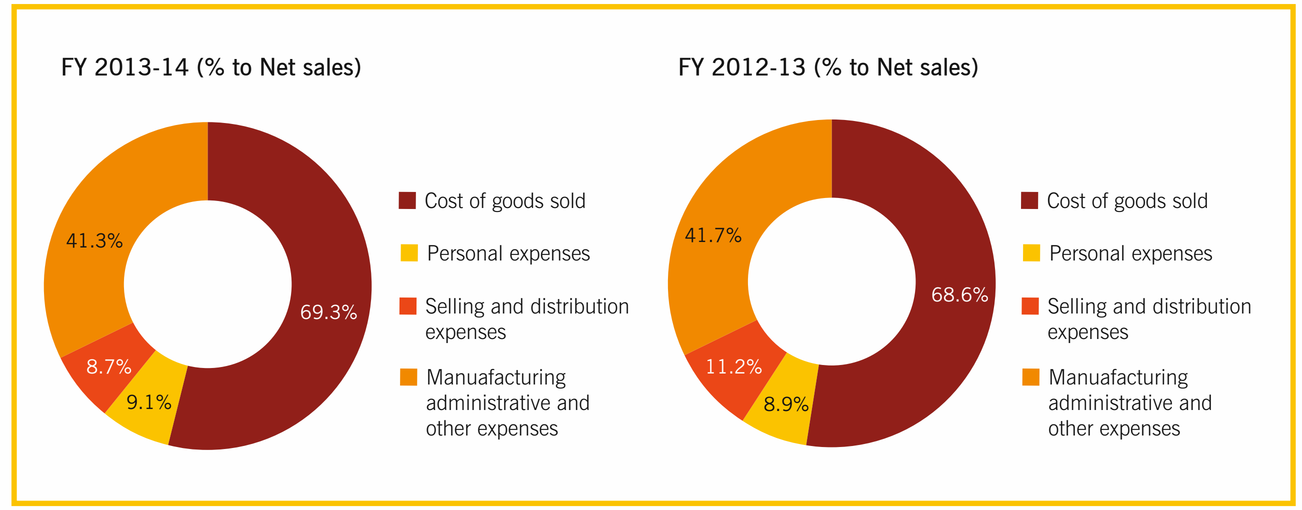
Total expenses: Total expenses, excluding depreciation and finance cost, reduced 3% from Rs. 810.63 crore in 2012-13 to Rs. 785.45 crore in 2013-14 due to cost reduction efforts, including reengineering processes at the Alibaug plant.

Power and fuel: Power and fuel costs increased. The net power and fuel cost in FY 2011-12 was Rs. 38.25 crore, which increased to Rs. 53.09 crore in 2012-13 and Rs. 64.71 crore in 2013-14. The primary reason for this increase was an increase in RLNG price. RLNG cost per MMBTU was Rs. 496 in March 2012, Rs. 768 in March 2013, Rs. 1005 in November 2013 and Rs. 950 in March 2014.

The product mix



The expense analysis



Equity share capital

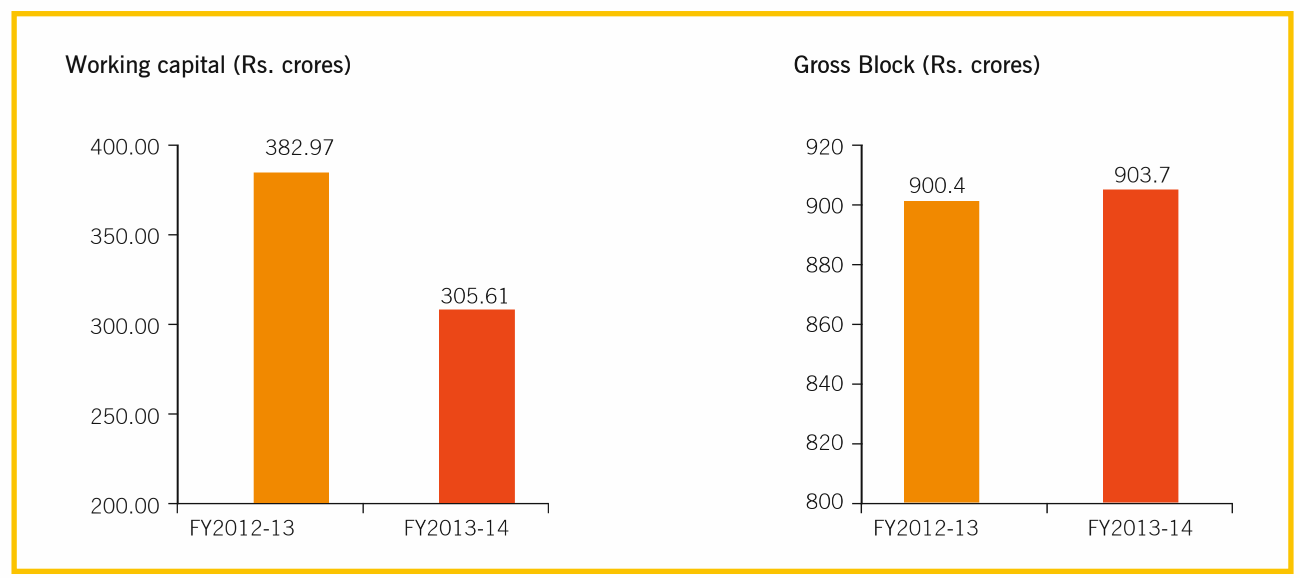
The Company's equity share capital increased by 68% to Rs. 54.69 crore as of 31 March 2014 from Rs. 32.60 crore as of 31 March 2013. The number of shares issued, subscribed and fully paid-up stood at 5,46,99,338 shares of Rs. 10 each.

The promoters infused around Rs. 55.69 crore as their equity contribution under the approved corporate debt restructuring package.

The debt fund increased due to funded interest as per the approved CDR package. Current liability included the term loan repayable within one year.

Net working capital (excluding inventories real estate) decreased around from Rs. 382.97 crore to Rs. 305.61 crore.

No significant investments were made in fixed assets since the Company opted to increase its capacity through its joint venture.



Managing risks at Nitco

At Nitco, risk management is a continuous process of identifying, assessing and evaluating risks and taking proactive measures to minimise or eradicate potential losses arising due to an exposure to particular risks. The consistent implementation of this framework is monitored through audits and reviews, resulting in an accurate understanding of the Company's competitive position. In doing so, the Company takes decisions that balance risks and rewards.

Perception risk

An inability to sustain historical growth rates could adversely impact brand perception.

Mitigation

Due to a base expansion over a short period, the Company may not be able to sustain its historical growth rate. However, owing to a dynamic and sustainable business plan, continual innovation towards a prudent sales-mix and improving operational efficiencies, the Company should be able to do better in absolute terms.

Business slowdown risk

A worsening Indian economy could create a gap between budgeted and actual realities.

Mitigation

The Company emerged as a one-stop shop for tile solutions, providing floor and wall tiles. Metros and urban cities were majorly hit by an economic deceleration while in recent times a majority of the demand for consumer products emerged from Tier-II and Tier-III locations, which usually remained unaffected by economic slowdowns. The Company strengthened its distribution network in new demand pockets.

Foreign exchange risk

A weaker Indian currency is a threat to importers.

Mitigation

The Company shifted its dependence from Chinese imports to indigenous sourcing. A small portion of the Company's turnover was still imported from China as per the requirement of its clients. The Company fully covered its foreign exchange exposure, selling products at margin-plus-actual landed cost basis. The Company generally finalised the price negotiation of products with clients before actual imports.

Technology or software obsolescence risk

Technology or software obsolescence may result in a compromise of quality standards.

Mitigation

The Company invested in SAP ERP module, scaling its IT infrastructure across its sales, distribution and manufacturing divisions. Design technology will be enhanced to strengthen NITCO's aspirational brand position in the minds of the architect, builder, dealer and community at large. The tangible digital technology and six color prism technology represent updated technologies being used.

Competition risk

Increasing competition can impact margins.

Mitigation

Competition from the unorganised sector is expected to decline with rising consolidation, effected by organised players partnering with unbranded players (with low-cost manufacturing expertise). Nitco possessed such a joint venture with New Vardhman Vitrified Private Limited, with a 51% stake.

Fuel cost risk

Rising gas prices could impact profitability.

Mitigation

Continuously rising gas prices were completely beyond the Company's control. However, the Company empowered the option of using coal gas at the Alibaug plant.

Client attrition risk

A substantial portion of the Company's total sales comes from retail clients, where, client attrition can impact revenues and growth.

Mitigation

Providing post-sale services to retail customers and offering guidance programs for institutional customers were an integral part of Company's initiatives to reinforce relationships. The Company customised products to cater to specific requirements. Some of its brand-enhancing customers included Pantaloons, Reliance Retail, Rahejas, Godrej, Oberoi Construction, DLF, L&T and Unitech, among others.

Human resource risk

Attrition of key executives and personnel could affect the Company's growth.

Mitigation

Nitco has initiated various measures such as deploying strategic talent management system, training and integration of learning activities. The Company bestowed the 'Nitco Star' to recognise and reward high performers. Various HR initiatives were also initiated to encourage productivity and spirit building.

Dealer attrition risk

Dealers represent the Company's face to customers. Reduction in the number of dealers could affect sales and brand.

Mitigation

The Company has introduced a fast-moving range of tiles, which has revitalised its distribution network.

FIVE-YEAR FINANCIALS

(Rs. in Crores)

	2013-14	2012-13	2011-12	2010-11	2009-10
Share Capital*	54.70	32.60	32.60	32.12	32.12
Share application money	-	28.00	-	-	-
Reserves	38.49	216.14	447.47	502.92	477.26
Loan Funds	1,251.60	1,178.88	720.84	572.34	455.50
Gross Block	903.71	900.40	889.13	679.22	466.90
Net Block	671.23	709.54	737.58	559.82	370.06
Capital Work in Progress	4.57	2.95	3.38	75.36	149.06
Investments	31.24	31.24	11.84	9.74	9.16
Current Assets	648.29	660.76	846.47	700.11	437.54
Current Liabilities	540.45	134.74	930.13	589.68	362.76
Net Current Assets	107.84	526.01	(83.66)	110.43	74.78
Deferred tax (assets) Liability	20.35	20.35	20.35	20.35	18.30
Turnover	840.19	877.98	958.52	728.28	465.33
Excise Duty	31.24	28.77	22.21	16.74	16.23
Sales Tax	52.08	80.13	97.44	71.31	46.14
Net Sales	756.87	769.07	838.87	640.24	402.97
Other Income	3.02	1.92	1.55	1.90	0.30
Material Costs	524.27	527.33	548.55	410.81	230.00
Power Costs	64.71	53.09	38.25	26.36	30.11
Employee Costs	68.79	65.66	46.65	35.36	31.07
Other Manufacturing Expenses	17.56	18.94	10.48	7.31	6.98
Administration & Selling Other Expenses	162.20	225.74	207.13	154.44	123.18
EBDITA	(25.55)	(39.63)	86.80	79.16	28.08
Interest	143.69	151.67	75.11	28.09	15.65
EBDT	(169.25)	(191.31)	11.69	51.07	12.43
Depreciation	41.99	40.03	32.66	22.71	21.14
Exceptional Items	-	-	34.47	-	-
PBT	(211.23)	(231.34)	(55.45)	28.35	(8.71)
Tax	-	-	-	2.05	-
PAT	(211.23)	(231.34)	(55.45)	26.30	(8.71)
Net Worth	93.19	276.74	480.08	535.52	509.38
Capital Employed	994.32	1,447.40	1,089.36	1,076.39	983.18
EPS (Rs.)	(38.62)	(70.96)	(17.01)	8.07	2.71
Book Value (Rs.)*	17.04	84.89	147.26	166.71	158.57
Dividend Per Share (Rs.)*	-	-	-	0.50	-
RONW (%)	(226.66)	(83.60)	(11.55)	4.91	(1.71)
ROCE (%)	(5.53)	(6.28)	5.00	5.48	0.77

* Face value of Rs. 10 per share

STATEMENT OF VALUE-ADDITION

(Rs. in Crores)

	2013-14	2012-13	2011-12	2010-11	2009-10
Sales (Gross)	840.19	877.98	958.52	728.55	465.33
Other Income	3.02	1.92	1.55	1.64	0.30
Increase/(Decrease) in Stock	(34.94)	(173.18)	96.22	40.33	62.76
	808.28	**706.72**	**1,056.29**	**770.51**	**528.39**
Less					
Raw Material Consumed	151.65	132.92	175.78	200.13	144.56
Trading Goods Purchased	337.68	221.23	468.99	251.01	148.20
Material consumed	489.33	354.15	644.77	451.14	292.76
Manufacturing Expenses	82.27	72.03	48.73	33.67	37.08
Other Expenses	110.12	145.61	109.69	83.14	77.04
	681.72	**571.79**	**803.19**	**567.95**	**406.88**
Total Value-Addition	**126.56**	**134.94**	**253.10**	**202.57**	**121.51**

OUR CONTRIBUTION TO THE NATIONAL EXCHEQUER

(Rs. in Crores)

	2013-14	2012-13	2011-12	2010-11	2009-10
Revenue	840.19	877.98	958.52	728.55	465.33
Contribution to Ex-Chequer					
Excise Duty/Service Tax	33.49	31.91	24.89	23.11	13.74
Custom Duty	12.90	21.19	68.02	44.25	25.09
Sales tax/Octroi	53.33	83.49	87.42	57.18	49.62
Income Tax	-	-	4.07	5.15	-
Dividend Distribution Tax	-	-	-	0.26	-
Total	**99.72**	**136.60**	**184.39**	**129.96**	**88.45**

DIRECTORS' REPORT

Dear members

Your Directors are pleased to present the Annual Report with the audited statement of accounts of the Company for the year ended March 31, 2014.

Financial Results

The highlights of the financial results for the year ended March 31, 2014 are as follows:

(Rs. in Crores)

For the year ended March 31	2014	2013
Gross Sales	840.19	877.98
Net Sales	759.45	770.28
Profit before interest depreciation and tax	(25.55)	(39.64)
Interest & Financial Charges (Net)	(143.69)	(151.67)
Depreciation	(41.99)	(40.03)
Exceptional Items	-	-
Profit/(loss) before tax	(211.23)	(231.34)
Provision for tax	-	-
Profit/(loss) after tax	(211.23)	(231.34)
Balance brought forward from previous year	(159.46)	71.88
Balance carried forward	(370.69)	(159.46)

Review of operation

The Company's business model until FY11-12 was dependent on large imports of vitrified tiles from China. However, sudden steep drop in the value of rupee vs USD towards later part of FY 11-12, rendered the business of import of vitrified tiles and distribution within India unviable. The Company at that time was saddled with large inventories which were imported at a higher cost (due to rupee depreciation) and had to take steps to liquidate the inventories at a loss. The Company thereafter took steps to move away from China based sourcing strategy to domestic led sourcing. The China led sourcing strategy required setting up a huge infrastructure in terms of mother warehouses and regional depots across the country to facilitate distribution of imported tiles. With imports suddenly becoming unviable, Company had to deal with high distribution costs which had to be scaled down gradually in line with reduction in the inventory. Being a brick and mortar Company, this significant change in the business model has taken time to correct and has resulted in adverse performance during the last two financial years.

The slump in real estate and overall state of the economy has made a quick revival that much more time consuming. Due to competitive pressures and subdued state of the economy, sales volume could not be increased as desired Consequently the gross sales of the Company during the year ended 31st March 2014 has dropped to Rs. 840.19 Crores as against

Rs. 877.98 Crores during the previous year ended 31st March 2013.

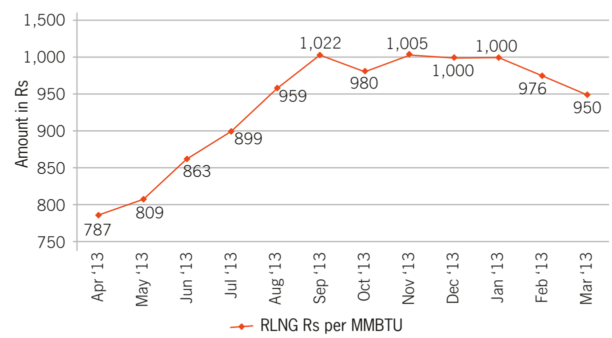
The power and fuel costs which form a significant part of the manufacturing costs in the tile industry have relentlessly increased every month which could not be fully passed on resulting in losses at the EBITDA level. Despite lower sales, due to strict control on other costs, the EBITDA loss for FY 13-14 was lower at Rs. 25.55 Crores as compared to Rs. 39.64 Crores during the previous year. The impact of increased fuel costs on own manufacturing was Rs. 12.63 Crores and increase in the procurement cost from vendors on account of fuel cost increase was Rs. 6.40 Crores. Thus the total impact of increased fuel costs on the financials of the Company was Rs. 19.03 Crores and was the main reason for the EBITDA losses incurred during the year.

Due to significant losses incurred during last two financial years, the net worth of the Company has been eroded by more than 50% and it will require reference to BIFR. Considering the tremendous brand equity enjoyed by the Company, non core assets identified for sale, and several steps taken for improving the performance of the Company, the management is hopeful of a turnaround in near future. The management therefore believes, it is appropriate to prepare the financial statement on a going concern basis.

Increased cost of Regasified liquefied natural gas (RLNG)

Power and Fuel forms a substantial part of cost of production in the tile industry. Our Company depends on RLNG supplied by GAIL for firing its kiln and dryers and generating power through gas turbine. As will be seen from the table below, the Company has been subjected to monthly increase in RLNG prices thereby increasing its cost of production. Due to severe competitive pressures, Company was unable to pass on the increased cost of RLNG to its customers.

The below graph shows the increase in the cost of RLNG per MMBTU from April 2013 to March 2014:



Due to the steep increase in gas prices, the Company suspended the use of Gas Turbine for power generation towards the end of Q3 and shifted to use of power from MSEDL and Coal for running the spray dryer. This will result in reduction of power and fuel costs in the next financial year.

Updates on Corporate Debt Restructuring

Due to the factors elaborated above, the Company faced difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Company had approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders at the CDR Empowered Group (EG) meeting held on 8th November 2012, and issued the Letter of Approval (LOA) on 26th December 2012 and revised letter dated 31st December 2012, based on which the lenders agreeing to the package has signed the Master Restructuring Agreement (MRA) on March 6, 2013. The salient features of the package were as under:

a. The Cut-off-Date (COD) is April 1, 2012.

b. The total existing term loan of Rs. 408.34 Crores outstanding is restructured. The principal repayment shall be in 32 quarterly structured installments for the period commencing from 30th June 2014 and ending on 31st March 2022. Interest rate is 11.25% per annum.

c. Carving out working capital irregularities has been converted into Working Capital Term Loan (WCTL). WCTL is Rs. 609.17 Crores. WCTL is payable in 24 quarterly structured installments period commencing from 30th June 2014 and ending on 31st March 2020. WCTL carries Interest at 10.75% p.a.

d. Funded Interest on the term loan (FITL) for a period of 18 months from COD, amounting to Rs. 150.35 Crores. Repayment shall be in 24 quarterly installments period commencing from 30th June 2014 and ending on 31st March 2020. FITL carries Interest at 10.75% p.a.

e. Promoters were required to bring in Rs 55.69 Crores as their contribution under the package and the same was brought in by the promoter.

f. Personal guarantee from Mr. Vivek Talwar and corporate guarantee from M/s Aurella Estates & Investments Private Limited for the entire debt of the Company including the sacrifices made by the lenders.

g. The entire debt is further secured by the corporate guarantees from certain subsidiaries who hold real estate assets, offered as additional securities to lenders.

h. Pledge of shares in the Company held by both Mr. Vivek Talwar and M/s Aurella Estates & Investments Private Limited.

The CDR package also included fresh working capital facilities, of approximately Rs 280 Crores (both fund and non fund based), allowing the Company to accelerate its operation.

The Company complied all the conditions of the CDR package to demonstrate its willingness to make the package successful, but the profitability was affected due to reasons beyond the control of the Company namely –

• Steep increase in Fuel and Power Costs.

• Lower sales achievement mainly due to challenging economic scenario and non-release of working capital sanctioned under CDR scheme

Despite all sincere efforts, the sale of non-core assets has been delayed due to adverse real estate scenario in the country.

Though all the conditions mentioned in the CDR package have been complied with, the lenders did not disburse the additional working capital facility even though the same was sanctioned in the CDR package. Despite the tight liquidity conditions, the Company managed to reduce its EBITDA losses due to its strong brand equity. Due to the delay in monetising of the real estate assets, the Company has requested the lenders to rework the approved CDR package.

Credit Rating

The last Credit Rating issued to the Company by CARE Limited was on 1st October, 2012. However, the credit rating is under suspension at present as the Company is under Corporate Debt Restructuring.

Postal Ballot

During the year under review, the Board of Directors have duly passed the following Resolutions on 7th June, 2013 through Postal Ballot voting process with requisite majority:

1. Authorisation for Restructuring of Debts;
2. Issue of Equity Shares on Preferential Basis under section 81(1A) of the Companies Act, 1956;
3. Increase in the Authorised Share Capital and amendment to the capital clause of the Memorandum of Association of the Company;
4. Amendment to the capital clause of Articles of Association of the Company;
5. Increasing the Borrowing Limits of the Company pursuant to section 293(1)(d) of the Companies Act, 1956;

6. Authorisation for creation of charge/mortgage etc. on the properties of the Company pursuant to section 293(1)(a) of the Companies Act, 1956.

Mr. Nilesh Shah, Practicing Company Secretary, acted as a Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner. The procedure of the Postal Ballot is as per section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Paid up Capital

The Company after obtaining all the requisite approvals, allotted 2,20,99,206 Equity shares of Rs. 10 each to M/s Aurella Estates & Investments Pvt Ltd, a promoter entity at a price of Rs.25.20 per share inclusive of premium of Rs. 15.20 per share and the said shares have been listed on the Stock Exchanges.

Post allotment of equity shares as aforesaid, the share capital of the Company stands increased to Rs. 54.70 Crores.

Monetisation of Non-core Assets

The Company is taking steps to monetise certain non-core assets in terms of the Corporate Debt Restructuring package implemented by the Company. The Company and its wholly owned subsidiaries hold lands at Alibag (at Maharashtra), Thane (at Mumbai) and at Goa. The Company has taken steps for developing a residential project at its land at Kanjur Marg in association with Hiranandani Group for which an MOU has been entered into on 19th December 2012. The Company's state of art building at Thane Biz Park with unoccupied space of 81,249 sq ft could not be sold due to over supply in the commercial real estate. In view of slow down in real estate market, income from real estate business is expected to be substantially lower; a huge unsold inventory is being held by industry and hence, realisation of real estate division is expected to be delayed by few more years till the real estate industry gets a fresh revitalisation. The Company launched NITCO Escape Village Project at Alibag with huge advertisement campaign. Though initial response was quite positive, however, due to overall depressive economic scenario, response could not be converted into actual sales.

Joint Venture with New Vardhman Vitrified Pvt. Ltd.

With imports from China becoming progressively unviable, Company had shifted sourcing based in India. As a part of this strategy, your Company had acquired 51% equity stake in New Vardhman Vitrified Pvt. Ltd (NVVPL). The said company had set up a plant in Wakaner, Morbi, Gujarat for manufacturing 8 million sq. mtrs (approximately) of vitrified tiles and wall tiles. The plant has commenced its production towards the end of the financial year 2012-13. The production of this plant is marketed by the Company under its brand name. With this arrangement, Company's dependence on China for tiles sourcing had significantly reduced. NVVPL, in its first full year of operation, has achieved net turnover of Rs. 146.45 Crores, EBITDA is Rs. 13.72 Crores and net profit before tax is Rs. 1.93 Crores.

Dividend

In view of the losses incurred during the year, your Board is not able to recommend any dividend for the financial year ended 31st March 2014.

Subsidiary Companies and Consolidated Financial Statements

In terms of Section 212(8) of the Companies Act, 1956 read with the General Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, general exemption has been provided to companies from compliance of the provisions of Section 212 of the Companies Act, 1956 subject to compliance with conditions as referred to in the said General Circular No.2/2011 dated February 8, 2011. The Board of Directors of the Company, accordingly, has given its consent for not attaching the balance-sheet of the subsidiaries and accordingly, the balance-sheet, statement of profit and loss and other documents of the subsidiary companies are not being attached with the balance- sheet of the Company. However, some key information of the subsidiary companies as required to be provided in terms of the said circular, is disclosed under "Section 212 Report" forming part of this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company / its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Company's Registered Office and Corporate Office and that of the respective subsidiary companies.

The Annual Report of the Company contains the consolidated audited financial statements prepared pursuant to Clause 41 of the Listing Agreement entered into with the stock exchanges and prepared in accordance with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

a) In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures;

b) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014 and of the loss of the Company for the year ended March 31, 2014;

c) Proper and sufficient care has been taken for 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; and

d) The annual accounts have been prepared on a going concern basis.

Directors

Pursuant to Letter of Approval issued by CDR cell and Master Restructuring Agreement entered into with CDR Lenders, Shri Rakesh Kumar representative of M/s Punjab National Bank, the monitoring institution for the CDR Lenders, was appointed as a Nominee Director on the Board of your Company. As per Clause 75 of Article of Association of the Company, Shri Rakesh Kumar shall not liable to retire by rotation. In view of his appointment to continue as a Nominee Director, appropriate resolution has been included in the notice for members' approval.

The tenure of Mr. Vivek Talwar, Managing Director, expired on 31st March, 2014 and the Board of Directors at its meeting held on 12th February, 2014 re-appointed him as the Managing Director, subject to the approval of the members at the Annual General Meeting for a further period of three years with effect from 1st April, 2014.

In view of the provisions of section 149 of the Companies Act, 2013, the Board of your Company has proposed the appointment of Mr. Pradeep Saxena as Independent Director at the ensuing Annual General Meeting of the Company. Mr. Rohan Talwar, Director of the Company, is due for retirement by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Company has received the requisite Notices in writing proposing the appointment of Mr. Pradeep Saxena as Independent Director and Mr. Rakesh Kumar as the Nominee Director.

Brief resume of Shri Rakesh Kumar, Mr. Vivek Talwar, Mr. Pradeep Saxena and Mr. Rohan Talwar, the nature of their expertise in specific functional areas and the names of the companies in which they hold directorships as stipulated in Clause 49 of the Listing agreement is provided in the report on Corporate Governance annexed to the Annual Report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed report on Corporate Governance forms a part of this Annual Report. A certificate from the auditors of the Company confirming their compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

Management Discussion and Analysis

Management Discussion and Analysis on matters related to business performance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given in a separate statement which forms part of the Annual Report.

Personnel

Relationships with employees continued to be cordial. The HR policies of your Company were focused on the development potential of each employee. With this premise, a comprehensive set of HR policies were laid down, aiming to attract, retain and motivate employees at all levels. Information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is provided in the Annexure forming part of the Directors' Report. In terms of Section 219(1)(b)(iv) of the Companies Act 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the Registered/Corporate Office of the Company.

Transfer To Investor Education And Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of Rs. 24799/- to Investor Education and Protection Fund, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents application money due for refund which remained unpaid/ unclaimed by the shareholders of the Company for a period exceeding 7 years from its due date of payment.

Cost Auditor

The Cost Audit Branch of Government of India, Ministry of Corporate Affairs (MCA), New Delhi, vide Cost Order No. 52/26/ CAB-2010 dated November 6, 2012 have issued industry wise Orders for appointment of Cost Auditors from FY 2013-14 onwards for companies engaged in the manufacturing of Ceramic and Marble products. The provisions of The Companies (Cost Accounting Records) Rules, 2011 shall be applicable to all the products/activities of the Company and pursuant to the same the Board of Directors of the Company, on the recommendation of the Audit Committee, has appointed M/s. R. K. Bhandari & Co., Cost Accountants, as the "Cost Auditor" and "Cost Accountant" under Section 148 of the Companies Act, 2013 for the Financial year 2014-15. M/s. R. K. Bhandari & Co. have confirmed that their appointment is within the limits of section 139(9) read with section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under sections 141(3) and 141(4) read with proviso to section 148(3) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

Corporate Social Responsibility

Today's business environment demands that corporate play a pivotal role in shouldering social responsibility. You will be happy to note that in the year under review your Company executed several Corporate Social Responsibility (CSR) programmes for the benefit of the communities where your Company operates. Your Company contributed actively towards community welfare measures, taking several initiatives related to education, health, environmental improvement and other development measures such as:

- Regular medical check up
- Blood donation camps
- Tree plantation programmes on World Environment Day and Earth Day to promote awareness about the effect of climate change and importance of environment protection
- Conducting Safety Awareness programmes regularly
- Support to sports activities including local sports championships for kabaddi and cricket
- First aid centre at manufacturing facility
- Occupational Health centre at manufacturing facility
- Donations to local temples for their renovation

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

The information 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, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is given in Annexure A, which forms part of this Report.

Risk and Concern

Changes in macro economic factors like inflation, energy cost, interest rate, world trade, exchange rate, etc. also play an important role in our industry thereby affecting the operations of business. Any adverse change in the above may affect the performance of your Company. Your Company periodically reviews the risk associated with the business and takes steps to mitigate and minimise the impact of risk.

Quality Safety and environment

Your Company, in order to ensure highest standard of safety, has implemented and initiated various measures with respect to Quality, Safety and Environment Management Systems. The initiatives by your Company have been rewarded with several recognitions.

Internal control framework

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, including suitable monitoring procedures. In addition to the external audit, the financial and operating controls of your Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

Auditors' Report

The Board has duly examined the statutory auditor's report to accounts and clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

Auditors

Messrs. A. Husein Noumanali & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. In terms of the Companies Act, 2013 ("the new Act") and the Rules framed thereunder, it is proposed to appoint them as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting, until the conclusion of the 51st Annual General Meeting of the Company to be held in the Year 2017 (subject to ratification of their appointment by the Members at every Annual General Meeting held after the ensuing Annual General Meeting).

As required under the provisions of section 139(1) of the new Act, the Company has received a written consent from M/s. A. Husein Noumanali & Co., Chartered Accountants to their appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the new Act and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the new Act. The Board commends their re-appointment as statutory auditors.

The Notes on Financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Appreciation and acknowledgement

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of continued support and co¬operation received by the Company from the Banks, various Government authorities, Shareholders, Bankers, Lenders, Business Associates, Dealers, Customers, and Investors during the year.

For and on behalf of the Board

Vivek Talwar
Managing Director

Pradeep Saxena
Director

ANNEXURE TO DIRECTORS' REPORT

Particulars as per the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

A) Conservation of Energy:

The Company's manufacturing operations are energy intensive. The concern for more efficient utilisation and conservation of energy has remained not only in the domain of the top management but has also percolated to the shop floor. Continuous improvements in the manufacturing processes and practices are carried out with one of the objectives of energy conservation. The Company had installed a 5.5 MW captive power plant. The waste heat generated from this captive power plant used in spray driers resulting in a daily savings of RLNG.

B) Technology Absorption:

The state of the art Marble processing plant commenced operations during financial year 2011-12. Major equipments have been imported from leading equipment manufacturers like Breton (Italy), Omis (Italy), Fraccarole E Balzan SPA (Italy) and Matec (Italy). The Company's technicians have been imparted training in maintenance of this equipment by supplier's technicians. Technology has been fully absorbed.

C) Foreign exchange earnings and outgo:

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

For and on behalf of the Board

Date: 30th May, 2014
Place: Mumbai

Vivek Talwar
Managing Director

Pradeep Saxena
Director

REPORT ON CORPORATE GOVERNANCE

Corporate Governance pertains to the system by which companies are directed and controlled, keeping in mind the long-term interests of stakeholders. It refers to the blend of law, regulations and voluntary practices, which enable the Company to attract financial and human capital, perform efficiently and thereby perpetually generate long-term economic value for its shareholders, while respecting and balancing the interests of other stakeholders and society as a whole.

It aims to align the interest of the Company with that of its shareholders and other key stakeholders. The incentive for companies, and for those who own and manage them, to adopt global governance standards which will help them achieve a long-term partnership with their stakeholders and achieve their corporate objectives efficiently. The principal characteristics of Corporate Governance are transparency, independence, accountability, fairness and social responsibility.

In sum, Corporate Governance focuses on the treatment of all shareholders and reinforces the belief among the shareholders that it is "Your Company" as it belongs to them. The Chairman and Board of Directors are the shareholders' fiduciaries and trustees pushing the business forward and maximising long-term value for them.

A good governance process provides transparency of corporate policies, strategies and the decision-making process and also strengthens internal control systems and helps in building relationships with all stakeholders. We at NITCO believe in being transparent and commit ourselves to adherence to good Corporate Governance practices at all times, as we believe that good governance generates goodwill among business partners, customers and investors and helps the Company grow.

A. Board of Directors

1. Composition of the Board and a brief profile of Directors

The Board of Nitco consists of three Independent Directors, which together constitute more than 50% of the total number of Board of Directors.

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement.

The day-to-day management of the Company is conducted by the Managing Director.

Mr. Vivek Talwar, son of Late Mr. Pran Nath Talwar and aged 57 years, is the Managing Director of your Company. He holds a Bachelor's Degree in Science and has a rich experience of over 30 years in the tile industry. He joined the Company as a Director in 1980. The operational responsibility and day-to-day functioning of the Company were gradually handed over to him. He was instrumental in setting up a plant at Alibaug to manufacture ceramic floor tiles and also in diversifying the business of the Company by entering into new activities such as marketing of imported marble, vitrified tiles and cement in India. The Board of Directors has proposed the re-appointment of Mr. Vivek Talwar as the Managing Director for three years with effect from 1st April, 2014, subject to the approval of Members in the Annual General Meeting. Mr. Vivek Talwar holds 63,23,669 equity shares in the Company. He is a Director in the following Companies:

Sr. No.	Name of the Companies	Nature of Interest
1.	Nitco Limited	Managing Director
2.	Nitco Paints Private Limited	Director
3.	Cosmos Realtors Private Limited	Director
4.	Rhythm Real Estates Private Limited	Director
5.	Orchid Realtors Private Limited	Director
6.	Merino Realtors Private Limited	Director
7.	Alpine Agro and Dairy Farms Private Limited	Director
8.	Rejoice Realty Private Limited	Director

Sr. No.	Name of the Companies	Nature of Interest
9.	Norita Investments Private Limited	Director
10.	Aurella Estates & Investments Private Limited	Director
11.	Eden Garden Builders Private Limited	Director
12.	Enjoy Builders Private Limited	Director
13.	Lavender Properties Private Limited	Director
14.	Prakalp Properties Private Limited	Director
15.	Rangmandir Builders Private Limited	Director
16.	Ushakiran Builders Private Limited	Director
17.	Melisma Finance and Trading Private Limited	Director
18.	Brighton Properties Private Limited	Director
19.	Kshamta Properties Private Limited	Director
20.	Tanvish Properties Private Limited	Director
21.	Aileen Properties Private Limited	Director
22.	Maryland Realtors Private Limited	Director
23.	Opera Properties Private Limited	Director
24.	Nitco Tiles & Marble Industries (Andhra) Private Limited	Director
25.	Nitco Construction Materials (Private) Limited	Director
26.	Nitco Terrazzo Tiles Private Limited	Director
27.	Saumya Buildcon Private Limited	Director
28.	Wellwin Properties Private Limited	Director
29.	Nitco Realties Private Limited	Director
30.	Silver-Sky Real Estates Private Limited	Director
31.	Glamorous Properties Private Limited	Director
32.	Meghdoot Properties Private Limited	Director
33.	Ferocity Properties Private Limited	Director
34.	Feel Better Housing Private Limited	Director
35.	Maxwealth Properties Private Limited	Director
36.	Nitco IT Parks Private Limited	Director
37.	Quick-Solution Properties Private Limited	Director
38.	Roaring-Lion Properties Private Limited	Director

Sr. No.	Name of the Companies	Nature of Interest
39.	Nitco Aviation Private Limited	Director
40.	Aqua-Marine Properties Private Limited	Director
41.	Nitco Consultants & Exports Private Limited	Director
42.	Vihaan Properties Private Limited	Director
43.	Brunelle Properties Private Limited	Director
44.	Kanushi Properties Private Limited	Director

Mr. Pradeep Saxena, aged 66 years, joined the Company as Director since 2012. His career spans thirty years in International Banking and five years in Information Technology. He was President of e-Funds International from 2000 to 2003. Earlier he was Managing Director and CEO, South Asia Region of ING Barings and Executive Director with Merrill Lynch International. Starting his career with Grindlays Bank, he has worked in senior management positions for the Gulf International Bank, the American Express Bank, and Grindlays Bank in the US, UK, Europe, the Gulf and India. Mr. Saxena is a Consultant and Specialist Advisor engaged primarily with SMEs and Start-ups for advice on Corporate Strategy, Corporate Governance, Management and Business Development. He is a member of the Advisory Board of Sheffield Haworth India. Among his assignments, he serves as the Executive Director of The Indian Institute for Human Settlements (IIHS), a prospective independent national University for Innovation, initiative which has been established by a group of publically-minded citizens. He has a Bachelor's Degree in Economics and a Master's in Management Sciences, from the University of Bombay. He is a Fellow of the Institute of Financial Services, London. He is also holding Directorship in Strategic Capital Corporation Pvt. Limited, Interdev Marketing Services Pvt. Ltd., Sumani Trading Pvt. Ltd., ITEK Business Solutions Pvt. Ltd., Strategic India Real Estates Management Company Pvt. Ltd., Strategic Portfolio Advisory Company Pvt. Ltd., Strategic Trustee Company Pvt. Ltd., Avakash Consultants Pvt. Ltd., Colva Tradeplace Pvt. Ltd., Saturn Advisory Service Pvt. Ltd., Bliss Advisory Service Pvt. Ltd., Strategic Trading Pvt. Ltd., Sunovaa Tect Pvt. Ltd. and Stratcap Wealth Management Pvt. Ltd. He is also on the Board of Governors of Mayo College.

Mr. Vishal Malik, aged 42 years, has been the Director of the Company since 2012. He has over 20 years of experience in the Investment Banking industry, having done extensive work in the areas of M&A, private equity and real estate financing. He formerly worked in the Treasury of Reliance Industries and was a part of the founding team of Stratcap Securities India Pvt ltd, a full service investment bank. He is currently the Managing Partner of Knox Capital Advisors, a boutique investment bank focusing on financing in the SME segment. Mr. Malik is an MBA from Asian Institute of Management, Manila and a Chemical Engineer from Mumbai University.

Mr. Rohan Talwar, aged 29 years, has been appointed as a Non Executive Director of the Company at its Board Meeting held on 3rd May, 2012. He is the son of Mr. Vivek Talwar, the Managing Director of the Company. He has completed his Bachelor's in Business Administration from Carnegie Mellon University, USA. He is currently looking after his business in the hospitality sector. He is not involved in the business of the Company. He retires by rotation and is eligible for reappointment at the ensuing Annual General Meeting. He is a Director in IB Hospitality Private Limited, Digital Symphony Private Limited, Strongbase Properties Private Limited, Firstlife Properties Private Limited, Watco Engineering Company Private Limited, Watco Trading Private Limited and Watco Chennai Real Estates Private Limited.

Mr. Rakesh Kumar, aged 56 years, has been appointed as the Nominee Director with effect from 24th March, 2014. He has been nominated by Punjab National Bank, the Monitoring Institution on behalf of the Corporate Debt Restructuring Lenders. Mr. Kumar has completed his Post Graduation in Commerce from South Campus University of Delhi. Currently, he is the Field General Manager, Mumbai of Punjab National Bank since 1st April, 2013. Mr. Kumar has joined the Banking sector in 1977 and has held several important positions within the Bank i.e. Credit Card and IT and also assumed charge as the Circle Head, Bhopal. Among his assignments, he has worked on products like Core Banking, Alternate Delivery Channels (i.e ATM, Internet Banking, Mobile Banking), Credit Card and was instrumental in completing their launch successfully. He is a Certified Associate of Indian Institute of Banker. He holds office as an Additional Director until the ensuing Annual General Meeting. He is eligible for appointment at the Annual General Meeting. Mr. Kumar is also currently on the Board of High Mark Credit Information Services Private Limited, Arshiya Rail Infrastructure Limited, Arshiya Northern FTWZ Limited and Arshiya Industrial & Distribution Hub Limited as a Nominee Director.

2. Board procedure

To follow transparency, the Board follows the procedure of planning in advance, the matters requiring discussions/ decisions by the Board. The Board is given presentations on finance, sales, marketing, major business segments and operations of the Company and other matters, as members want. The Managing Director along with the Company Secretary finalises the agenda papers for the Board meeting in consultation with other persons concerned. The agenda folder is sent to each Director in advance of the meetings. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions. Meetings of various Committees are held properly. The minutes of Committees and Board meetings of subsidiary companies are placed regularly before the Board for its review.

3. Directorships and attendance

Your Company had five Directors as on 31st March, 2014. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/ memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, private companies with unlimited liability, companies incorporated outside India, companies under section 25 of the Companies Act, 1956 and other body corporates. Chairmanship/membership of Board Committees includes only Audit and Shareholders'/Investors' Grievance Committees:

Name	Category	No. of Board meetings held during the year 2013-14		No. of directorships held in other companies		No. of committee positions held in other public companies		Whether attended the last AGM
		Held	Attended	Chairman	Member	Chairman	Member	
Executive								
Mr. Vivek Talwar (Managing Director)	Promoter	6	6	–	–	–	–	Yes
Non-Executive								
Mr. Vishal Malik	Independent	6	6	–	–	–	–	No
Mr. Pradeep Saxena	Independent	6	6	–	–	–	–	Yes
Mr. Rohan Talwar	Non-Independent	6	2	–	–	–	–	No
Mr. Rakesh Kumar * (Nominee of Punjab National Bank)	Independent	NA	–	–	3	–	–	NA

* Appointed as Nominee Director with effect from 24th March, 2014

Six Board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are:

30th April, 2013; 30th May 2013; 6th August 2013; 12th November 2013; 20th December, 2013 and 12th February, 2014 and Circular Resolution passed on 24th March, 2014.

4. Code of conduct

The Board has laid down a code of conduct for all Board members and senior management of the Company. The same is posted on the website of the Company. A declaration by the Managing Director providing affirmation towards the compliance of the code of conduct by all Board members and senior management is attached to this Corporate Governance report.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company which may affect their independence.

Necessary information pursuant to Clause 49 of the Listing Agreement has been placed before the Board from time to time.

B. Committees of the Board

1. Audit Committee

The Company has an Audit Committee in accordance with the requirement of Section 292A of the Companies Act, 1956, and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges. All the members of the Committee possess strong accounting and financial knowledge. The composition and attendance of each member at the meetings held during the year ended 31st March 2014, is as follows:

Name of Director	Category	No. of Committee meetings	
		Held	Attended
Mr. Vishal Malik (Chairman)	Independent	4	4
Mr. Pradeep Saxena	Independent	4	4
Mr. Vivek Talwar	Managing Director	4	4

Audit Committee Meetings are also attended by the Chief Executive Officer, Chief Financial Officer and the Statutory Auditors. The Company Secretary and Compliance Officer is the Secretary to the Committee.

Terms of reference of the Audit Committee, inter alia, are:

(a) Authority to investigate any matter pertaining to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board

(b) Investigation of any activity within its terms of reference

(c) Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible

(d) Reviewing of the annual financial statement with the management

(e) Reviewing of the adequacy of internal control systems with the management and the external and internal auditors

(f) Reviewing of the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit

(g) Reviewing of the Company's financial and risk management policies

(h) Periodic discussion with the Auditor about the internal control system, scope of audit including observations of auditors and review the quarterly, half-yearly, and annual financial statement before submissions to the Board

2. Shareholders'/Investors' Grievance Committee

The Company has constituted a Shareholders'/Investors' Grievance and Share Transfer Committee to look into various issues relating to shareholders including transfer and transmission of shares as well as non-receipt of dividend, annual report and shares after transfers, delay in transfer of shares and other requests made by the shareholders. In addition, the Committee looks into other issues including status of dematerialisation/rematerialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The composition and attendance of each member at the meetings held during the year ended 31st March, 2014, is as follows:

Name of Director	Category	No. of Committee meetings	
		Held	Attended
Mr. Vishal Malik (Chairman)	Independent	6	6
Mr. Vivek Talwar	Managing Director	6	6

Mrs. Reena Raje, Company Secretary is the Compliance Officer.

The Company's shares are listed for trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. During the year, 8 investor complaints were received (including complaint received from SEBI SCORES). There is one investor complaint pending as on 31st March, 2014 which has been attended and resolved subsequently.

3. Remuneration Committee

The Board, on the recommendation of the Remuneration Committee, determines the remuneration payable to the Managing Director. The remuneration of the Non-Executive Directors is restricted only to sitting fees for attending the Board/ Committee meetings. The members of the Remuneration Committee are all Non-Executive Directors. Mr. Vishal Malik, Mr. Rohan Talwar and Mr. Pradeep Saxena are the members of the Committee. The members elect a Chairman of the Committee from amongst themselves.

Meetings of the Remuneration Committee are held as and when required, for appointments of Executive Directors. Time schedule for holding the meetings is finalised in consultation with the Committee members. The Committee met once during the year to recommend the re-appointment and the remuneration of Mr. Vivek Talwar, the Managing Director, which was attended by Mr. Vishal Malik, Mr. Pradeep Saxena and Mr. Rohan Talwar.

Details of remuneration paid to Directors during the financial year ended 31st March, 2014 are as under:

Name of Directors	Category	Salary	Perquisites and other benefits	Commission	Sitting fees	Total
Mr. Vivek Talwar	Managing Director	48.00	-	-	-	48.00
Mr. Pradeep Saxena	Independent Director	-	-	-	1.82	1.82
Mr. Vishal Malik	Independent Director	-	-	-	1.94	1.94
Mr. Rohan Talwar	Non - Independent Director	-	-	-	-	-
Mr. Rakesh Kumar*	Nominee Director	-	-	-	-	-

Notes: Notice period applicable to the Managing Director is three months.

* Appointed as the Nominee Director with effect from 24th March, 2014

Tenure of the Managing Director is three years from 1st April, 2014

None of the Directors hold any instrument convertible to shares.

Criteria for payment to Independent Directors: At present, the Company pays sitting fees to Independent Directors for the Board/Committee meetings they attend.

C. Details of shares of the Company held by Directors as on 31st March, 2014 are as below:

Director	No. of equity shares held
Mr. Vivek Talwar	63,23,669
Mr. Rohan Talwar	–
Mr. Pradeep Saxena	–
Mr. Vishal Malik	–
Mr. Rakesh Kumar (w.e.f 24th March, 2014)	–

D. General Body Meetings

The details of the last three Annual General Meetings held are as given below:

Year	Date	Time	Venue	Special Resolution passed
2012-13	30th September, 2013	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	-
2011-12	22nd September, 2012	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	-
2010-11	28th September, 2011	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	-

The details of the earlier Extraordinary General Meeting (EGM) (Court Convened Meeting) are as follows:

Calender Year	Date	Time	Venue	Special Resolution passed
2011	1st April, 2011	11.00 a.m.	M. C. Ghia Hall, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.	Approval of the scheme of amalgamation of Particle Boards India Limited with Nitco Limited and their respective shareholders and creditors.

POSTAL BALLOT: During the year under review, the Board of Directors have passed the following resolutions through Postal Ballot:

Date of passing the Resolution	Description	% of Votes in favour of the Resolution
7th June, 2013	Special Resolution for Authorisation for Restructuring of Debts	99.10
7th June, 2013	Special Resolution under section 81(1A) of the Companies Act, 1956, for Issue of Equity Shares on Preferential Basis to Promoter(s)	99.09
7th June, 2013	Ordinary Resolution under Sections 16 and 94 of the Companies Act, 1956, for increase in the Authorised Share Capital and Amendment to the Memorandum of Association of the Company	99.10
7th June, 2013	Special Resolution under Section 31 of the Companies Act, 1956, for Amendment to the Articles of Association of the Company	99.10
7th June, 2013	Ordinary Resolution under Section 293 (1) (d) of the Companies Act, 1956, for increasing the borrowing limits of the Company	99.09
7th June, 2013	Ordinary Resolution under Section 293 (1) (a) of the Companies Act, 1956, for approving the creation of charge/mortgage etc. on the properties of the Company	99.09

Mr. Nilesh Shah, Practicing Company Secretary, acted as a Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner.

The procedure of the Postal Ballot is as per section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

E. Subsidiary companies

The Clause 49 of the Listing Agreement defines a "material non - listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company has a material non-listed subsidiary company namely New Vardhman Vitrified Private Limited (NVVPL) as defined in clause 49 of the Listing agreement. The Board is under the process of appointing an Independent Director of the Company on the Board of Directors of NVVPL.

The Audit Committee of the Company reviews the workings and financial statements, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board Meetings of NVVPL are periodically placed before and reviewed by the Board of Directors of the Company.

F. Disclosures

a) Related-party transactions are disclosed in the Notes to Accounts in the financial statements as on 31st March, 2014. However the Company did not have any related-party transactions, which may have potential conflict with the interests of the Company at large.

b) The Company complied with all the provisions of the Listing Agreement entered into with the stock exchanges as well as SEBI regulations and guidelines, wherever applicable. No penalties have been imposed or strictures issued by SEBI, the stock exchanges or any statutory authority on matters relating to capital markets in the last three years.

c) The Company complied with non-mandatory requirements relating to the Remuneration Committee and that the financial statements of the Company are unqualified.

d) A qualified Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), total issued and listed capital. The secretarial audit report, provided quarterly, confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and number of dematerialised shares held with NSDL and CDSL.

e) In compliance with the SEBI's regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for the prevention of insider trading for its Directors, officers and designated employees. The code lays down guidelines which advise them on the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them of the consequences of violations.

G. Risk management

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in detail in the management discussion and analysis chapter of this annual report. Your Company established procedures for minimising the risk and steps are taken by it for mitigating the risk.

H. CEO/CFO Certification

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director, Chief Executive Officer and Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2014.

I. Means of communication

- The quarterly and half-yearly results of the Company are published within 48 hours in one English language and One Marathi newspaper with wide circulation. The results, press releases and the shareholding pattern of the Company are displayed on the Company's website www.nitco.in from time to time. Presentations, if any, made to institutional investors and analysts after the declaration of quarterly, half-yearly and annual results are also displayed on the Company's website.

- The Company also informs, by way of intimation, to the stock exchanges all price-sensitive matters or such other matters which in its opinion are material and relevant to shareholders.

- All data/reports required to be filed with the stock exchanges have been regularly filed with them.

- Management discussion and analysis: A report on management discussion and analysis is appended and forms part of this annual report.

- NSE Electronic Application Processing System (NEAPS): The NEAPS is a web based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, announcements, etc. are filed electronically on NEAPS.

- SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web based complaints redress system.

  The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

J. Shareholders' information

a) The Annual General Meeting is scheduled to be held on Friday, the 19th Day of September 2014 at 11.00 am at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

b) Financial year: The Company follows April-March as its financial year.

c) Date of book closure: 12th September, 2014 to 19th September, 2014 (both days inclusive).

d) Dividend Payment Date: Not Applicable.

e) Listing on stock exchanges: The Company's equity shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid listing fees to the stock exchanges for the financial year 2014-15.

f) i. Stock code/symbol: BSE - 532722
NSE - NITCO
Demat International Security Identification Number in NSDL and CDSL for equity shares– ISIN - INE858F01012.

ii. CIN : L26920MH1966PLC016547

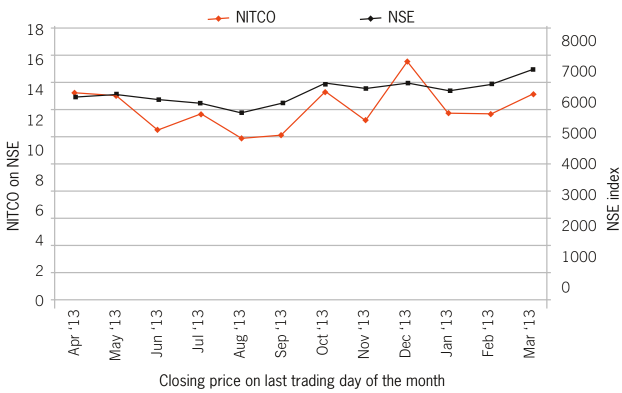
g) Market price data: The monthly high and low price of shares traded on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. are as follows:

(in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April '13	15.75	11.90	16.85	11.90
May ' 13	17.80	14.50	17.75	14.55
June '13	16.80	12.00	16.25	11.90
July '13	21.75	11.55	21.60	11.25
August '13	14.25	11.55	14.10	11.55
September '13	13.80	11.70	13.60	11.55
October '13	16.32	10.88	16.30	10.85
November '13	15.69	12.05	15.50	12.05
December '13	17.89	12.62	17.95	12.60
January '14	17.35	13.45	17.40	13.45
February '14	15.69	13.10	15.25	13.00
March '14	18.80	13.55	18.90	13.35

h) Performance of the Company's stock price vis-a-vis NSE S&P CNX Nifty Index:

Historic graph 01.04.2013 to 31.03 2014



i) Shareholding pattern as on 31st March 2014:

Category	No. of shares held	Percentage of total
Promoters' holding		
Promoters	32504455	59.42
Promoters' group	5535851	10.12
Sub-total	**38040306**	**69.54**
Public shareholding		
Financial Institutions/ Banks	2585	0.00
FIIs	2251034	4.12
Private Corporate bodies	5246951	9.59
NRIs/ OCBs	2163764	3.96
Other	6994698	12.79
Sub-total	**16659032**	**30.46**
Grand total	**54699338**	**100.00**

j) Distribution of shareholding as on 31st March 2014:

No. of equity shares	No. of share holders	Percentage of share holders	No. of shares held	Percentage of share holding
1 - 500	11080	84.12	1541119	2.82
501 - 1000	1003	7.61	834715	1.53
1001 - 2000	512	3.89	787299	1.44
2001 - 3000	173	1.31	447683	0.82
3001 - 4000	82	0.62	296751	0.54
4001 - 5000	73	0.55	341572	0.62
5001 - 10000	118	0.90	856096	1.56
10001 and above	131	1.00	49594103	90.67
	13172	100.00	54699338	100.00

k) Registered Office:

Nitco Limited, Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai - 400 030.

Tel: 022 6616 4555; Fax: 022 6616 4657

l) Corporate Office:

Nitco Limited, Plot No.3, Kanjur Village, Station Road, Kanjurmarg (East), Mumbai – 400042.

Tel No.: 022 6752 1555; Fax No.: 022 6752 1500

Email: investorgrievances@nitco.in

Website: www.nitco.in

m) Plant locations:

Our existing production facilities are located at Poynad (Alibaug) for ceramic/porcelain tiles. Our marble processing facilities are located at Kanjurmarg (Mumbai) and Silvassa.

n) Registrars and Transfer Agents:

Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.

Tel: 022 2594 6970; Fax: 022 2594 6969

E-mail: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

o) Share transfer system:

Transfers of the dematerialised shares are done through depository participant where there is no involvement of the Company. The transfer of shares in physical form as and when received are normally processed within 15 days from the date of receipt subject to the documents being valid and complete in all respects.

p) Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF):

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF established by the Central Government.

The Company has hosted on its website the details of the unclaimed dividend for the Financial Year 2010-11, 2011-12 and 2012-13 (drawn upto the date of the respective Annual General Meetings) as per the Notification No. G. S. R 352 (E) dated 10th May, 2012 of Ministry of Corporate Affairs.

Shareholders are requested to get in touch with the Registrars for encashing the unclaimed dividend, if any, standing to the credit of their account.

q) Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Percentage of shares held in physical and dematerialised form as on 31st March, 2014:

Physical Form : 99792

Electronic Form with CDSL : 41793196

Electronic Form with NSDL : 12806350

We have no GDR/ADR or any convertible instrument.

r) Equity shares in the Suspense Account:

As per Clause 5A of the Listing Agreements with the Stock Exchanges, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the public issue of the Company:

Securities	As on April 1, 2013		Shareholders who approached the Registrars and Shares transferred in their favour during the year		Balance as on March 31, 2014	
	No. of records	No. of shares	No. of records	No. of shares	No. of records	No. of shares
Equity Shares	11	785	0	0	11	785

The voting rights shall remain frozen till the rightful owner of such shares claims the shares.

s) Nomination facility:

Shareholders holding shares in the physical form and desirous of making a nomination in respect of their holding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

For and on behalf of the Board

Date: 30th May, 2014

Place: Mumbai

Vivek Talwar

Managing Director

DECLARATION

In accordance with Clause 49 of the Listing Agreement with the stock exchanges, I hereby confirm and declare that all the Board of Directors and the senior management personnel of the Company have affirmed compliance with the 'Code of Conduct for Board Members and Senior Management' laid down for them for the financial year ended 31st March 2014.

For Nitco Limited
Sd/-

Date: 30th May, 2014
Place: Mumbai

Vivek Talwar
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Nitco Limited

We have examined the compliance of conditions of Corporate Governance procedures implemented by Nitco Limited for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges of India.

The compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with 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 hereby certify that the Company has substantially complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investors grievances received during the year ended 31st March, 2014, no investors grievances are pending for a period exceeding one month against the Company as per records maintained by the Shareholders / Investors' Grievance Committee.

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

For **A. Husein Noumanali & Co.**
Chartered Accountants

Sd/-
A. Husein Noumanali
Proprietor
Membership No. 14757

Date: 30th May, 2014
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

To
The Members of **Nitco Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of NITCO Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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 cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) 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.

Auditors' 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 misstatements.

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, the 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:

i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;

ii. in the case of the statement of profit and loss, of the Loss for the year ended on that date; and

iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of matter

Without qualifying, attention is drawn as under:

a) Basis of preparation of financial Statements regarding the preparation of the same on a going concern basis. The Company has incurred a net loss of Rs.21,123.37 Lacs during the year ended March 31, 2014 while, the Company's net worth remains positive as at the balance sheet date. Since the company have incurred significant cash losses during the last two financial years resulting in substantial erosion of its net worth and will make a reference to BIFR as more than 50% of its peak net worth stands eroded, the Company has already made a request to banks for rework the approved CDR package, non core assets also identified for sale, and several steps taken by the Company In view of proposed plan to restructure the Company's debt profile to convert their short term loan to long term loan ,these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities.

b) Note no. 36 to the financial statements relating to Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group.

c) The balances of funded interest on Term Loan from banks aggregating to Rs.15035.19 Lacs are subject to reconciliation.

d) The balances of Working Capital Term Loan from banks aggregating to Rs.59258.88 Lacs are subject to reconciliation.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, 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:
    i. 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;
    ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branched not visited by us;
    iii. 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 and with the returns received from branches not visited by us;
    iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
    v. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No. 107173W

(A. Husein Noumanali)
Proprietor
M. No. 14757

Place: Mumbai
Date: May 30, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date

1. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
   b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
   a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
   b) In our opinion and according to the information and explanations given to us, 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 has maintained proper records of inventories and discrepancies noticed on physical verification conducted by the management of inventories as compared to book records were not material.
3. a) According to the information and explanation given to us, the Company has granted Interest free Loans and Advances to a wholly owned subsidiary company which is also covered u/s 301 the Companies Act 1956. The maximum amount outstanding at any time during the year is Rs.15285.93 Lacs and the year end balance is also the same.
   b) In our opinion since this advance is to hundred percent owned subsidiary, it is not prejudicial to the interest of the Company.
   c) There is no repayment schedule and loans and advances are payable on demand.
   d) In respect of the loans granted by the Company, the same are repayable on demand and therefore the question of overdue amount does not arise.
   e) According to the information and explanation given to us, the Company has taken interest free unsecured loan from one party covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 7.90 crores and the same was repaid during the year
   f) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the company. Since the aforesaid amount is repaid during the year therefore, provisions of clause 4(iii)(g) of the Companies (Audit Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:
   a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax/TDS, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
   b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Rs. in Lacs

Name of Statute	Nature of the dues	Forum	Amount	Period to which amount relates
Central Excise Act,1944	Excise Duty	Commissioner Central Excise & Customs.	249.15	FY 2007 to 2012
		Customs, Excise &Service Tax Appellate Tribunal, (CESTAT), Mumbai	1,649.96	
Customs Act, 1962	Customs Duty	Commissioner Central Excise & Customs.	1574.33	FY 2004-05 to 2013-14
		Customs, Excise &Service Tax Appellate Tribunal, (CESTAT), Mumbai	4.04	
Sales Tax/ VAT	VAT	Jt Commissioner of Sales Tax	472.86	FY 2006 to 2010

10. The Company's accumulated losses at the end of financial year were more than fifty percent of its net worth. Further the Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion, on the basis of audit procedures and according to the explanation and information given to us, the Company has not defaulted in repayment of dues to banks/financial institutions/debenture holders in view of the debt restructuring approved under CDR mechanism. However, there have been delays in interest payment of Rs. 1,444.53 lacs as on 31st March 2014.

12. In our opinions and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.

14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.

16. In our opinion, the term loans are being applied for the purpose for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of Cash Flow Statement and other records of the company we report that no funds raised on short-term basis has been used during the year for long-term investment and no long term funds have been used to finance short term assets except the loans which has been reclassified under the implementation of CDR package

18. Pursuant to the scheme of CDR the Company has made preferential allotment of shares to a party covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interest of the Company.

19. The Company has not issued any secured debentures during the year. Hence, provisions of Clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

20. The company has not raised any money by public issue during the year.

21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No. 107173W

(A. Husein Noumanali)
Proprietor
M. No. 14757

Place: Mumbai
Date: May 30, 2014

BALANCE SHEET as at March 31, 2014

Rs. in Lacs

Particulars	Note	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	5,469.93	3,260.01
(b) Reserves and surplus	2	3,849.38	21,613.67
Total Shareholders' Funds		**9,319.31**	**24,873.68**
2 Share application money pending allotment	37	-	2,800.00
3 Non-current liabilities			
(a) Long-term borrowings	3	86,791.86	1,13,899.69
(b) Deferred tax liabilities (Net)		2,034.84	2,034.84
(c) Other Long term liabilities	4	1,286.07	1,132.20
Total Non-Current Liabilities		**90,112.77**	**1,17,066.73**
4 Current liabilities			
(a) Short-term borrowings	5	4,719.47	2,383.48
(b) Trade payables	6	15,513.20	8,442.40
(c) Other current liabilities	7	33,718.47	2,565.66
(d) Short-term provisions	8	93.72	82.75
Total Current Liabilities		**54,044.86**	**13,474.29**
TOTAL - Equity & Liabilities		**1,53,476.94**	**1,58,214.70**
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets	9 & 10		
(i) Tangible assets		67,122.81	70,954.41
(ii) Capital work-in-progress		456.59	295.01
Total Fixed Assets		**67,579.40**	**71,249.42**
(b) Non-current investments	11	3,123.75	3,123.75
(c) Long-term loans and advances	12	17,945.26	17,765.97
Total Non-Current Assets		**21,069.01**	**20,889.72**
2 Current Assets			
(a) Current investments	13	10.35	9.27
(b) Inventories	14	20,034.68	23,270.99
(c) Inventories - Real Estate	15	18,590.78	18,600.77
(d) Trade receivables	16	12,756.63	9,500.56
(e) Cash and cash equivalents	17	1,344.35	2,328.02
(f) Short-term loans and advances	18	3,481.19	3,019.77
(g) Other current assets	19	8,610.55	9,346.18
Total Current Assets		**64,828.53**	**66,075.56**
TOTAL – Assets		**1,53,476.94**	**1,58,214.70**

As per our report of even date

For and on Behalf of the Board

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2014

Rs. in Lacs

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
I. REVENUE FROM OPERATIONS			
Sale of products	20	84,018.86	87,797.98
Less: Excise Duty		3,124.09	2,877.25
Less: Sales Tax		5,207.99	8,013.46
Net sales of products		**75,686.78**	**76,907.27**
Other operating revenues		258.41	120.90
Net Sales		**75,945.19**	**77,028.17**
II. Other income		44.07	71.17
III. Total Revenue (I + II)		**75,989.26**	**77,099.34**
IV. EXPENSES:			
Cost of materials consumed	21	15,165.23	13,292.00
Purchases of Stock-in-Trade		33,767.74	22,122.98
Changes in inventories of finished goods work-in- progress and Stock-in-Trade		3,493.73	17,317.63
Employee benefits expense	22	6,879.26	6,858.89
Finance costs	23	14,369.30	15,167.39
Depreciation and amortization expense		4,198.69	4,003.13
Other expenses	24	19,238.68	21,471.15
Total Expenses		**97,112.63**	**1,00,233.17**
V. Loss before exceptional and extraordinary items and tax (III-IV)		**(21,123.37)**	**(23,133.83)**
VI. Exceptional items		-	-
VII. Loss before extraordinary items and tax (V - VI)		**(21,123.37)**	**(23,133.83)**
VIII. Extraordinary Items		-	
IX. Loss before tax (VII- VIII)		**(21,123.37)**	**(23,133.83)**
X Tax expense:	25		
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Loss for the period from continuing operations (VII-VIII)		**(21,123.37)**	**(23,133.83)**
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Loss for the period (XI + XIV)		**(21,123.37)**	**(23,133.83)**
XVI Earnings per equity share:			
(1) Basic		(55.41)	(70.96)
(2) Diluted		(55.41)	(70.96)

As per our report of even date

For and on Behalf of the Board

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

CASH FLOW STATEMENT for the year ended March 31, 2014

Rs. in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		(21,123.37)		(23,133.83)
Adjustments for:				
Depreciation and amortisation expense (net)	4,198.69		4,003.13	
Diminution in value of investment	(1.08)		0.73	
(Profit) / loss on sale / write off of assets (net)	18.10		30.14	
Finance costs (net)	14,353.89		13,443.98	
Net unrealised exchange (gain) / loss	15.41		1,723.41	
		18,585.01		19,201.39
Operating Profit Before Working Capital Changes		(2,538.36)		(3,932.44)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	3,246.30		16,355.50	
Trade receivables	(3,256.07)		32.59	
Loans and advances	468.36		(94.76)	
Margin Money held with Bank	(176.09)		(412.50)	
Other current assets	816.37		(1,165.12)	
Other non-current assets	-		-	
	1,098.87		14,715.71	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities	6,190.76		(41,813.15)	
Other non-current liabilities	153.87		(1,333.53)	
	6,344.63		(43,146.68)	
		7,443.50		(28,430.95)
Cash Generated From Operations		4,905.14		(32,363.39)
Direct Taxes Paid (net of refund of taxes)		(366.07)		(341.08)
Net Cash Flow From Operating Activities (A)		4,539.07		(32,704.47)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets (net) (after adjustment of increase/decrease in capital work-in-progress)	(546.77)		(1,186.39)	
Current / Non-current Investments	0.00		(1,939.67)	
		(546.77)		(3,126.06)
Net Cash Flow Used In Investing Activities (B)		(546.77)		(3,126.06)

CASH FLOW STATEMENT *(contd.)* for the year ended March 31, 2014

Rs. in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in other than short-term borrowings	4,935.99		76,043.81	
Net increase / (decrease) in short-term borrowings	2,335.99		(30,239.40)	
Share Application Money pending allotment	-		2,800.00	
Increase in Share Capital	2,769.00		-	
Advance to Subsidiary/Related Companies	(647.65)		(986.57)	
Finance costs (Net)	(14,353.89)		(13,443.98)	
		(4,960.56)		34,173.87
Net Cash Flow From / (Used In) Financing Activities		**(4,960.56)**		**34,173.87**
Net Increase In Cash And Cash Equivalents (A+B+C)		**(968.26)**		**(1,656.66)**
Cash and cash equivalents at the beginning of the year		2,328.02		5,708.09
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(15.41)		(1,723.41)
Cash And Cash Equivalents At The End Of The Year		**1,344.35**		**2,328.02**
Cash and cash equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 16 [Refer Footnote (ii)]		1,344.35		2,328.02
Footnotes:				
(i) The consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.				
(ii) Cash and cash equivalents at the end of the year comprises:				
(a) Cash on hand		29.50		18.74
(b) In current accounts		1,312.97		2,291.98
(c) In earmarked accounts - Unpaid dividend accounts		1.88		17.30
		1,344.35		2,328.02
(iii) Previous year's figures have been regrouped to conform with those of the current year.				

As per our report of even date

For and on Behalf of the Board

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

I. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

i. The financial statements are prepared under the Historical Cost convention in accordance with generally accepted accounting principles and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company. The Company during the last two financial years has incurred significant cash losses resulting in substantial erosion of its net worth and will be required to make a reference to BIFR as more than 50% of its peak net worth stands eroded. Despite several constraints faced by the Company including non release of sanctioned fresh working capital facilities by lenders and delayed sale of non core assets, the Company achieved a gross turnover of Rs. 840.19 crores. Considering the tremendous brand equity enjoyed by the Company, non core assets identified for sale, and several steps taken by the Company, the management is hopeful of a turnaround in near future. The management therefore believes, it is appropriate to prepare the financial statement on a going concern basis.

ii. The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

B. Use of Estimate:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C. Revenue recognition:

Revenues are recognized when it is earned and when there is no significant uncertainty as to its measurement and realization. The specific revenue recognition policies are as under:

i. Gross sales are inclusive of excise duty and sales tax as applicable. Net sales are exclusive of excise duty and sales tax.

ii. Revenue from sale of finished properties / buildings is recognized on transfer of property and once significant risk and rewards of ownership have been transferred to the buyer.

iii. Income from providing facilities / lease of premises is accrued over the period mentioned in the facility / leave and license agreement.

iv. Revenue from Power distribution is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the accounting year.

v. Revenue from Services is recognized on performance of Service.

vi. Dividend income is recognized when the right to receive dividend is established.

vii. Other income is recognized when the right to receive is established.

D. Fixed Assets and Capital Work in Progress

Fixed Assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. All identifiable costs incurred up to the asset put to its intended use are capitalized. Costs include purchase price (including non-refundable taxes/ duties) and borrowing costs for the assets that necessarily take a substantial period of time to get ready for its intended use. Costs are adjusted for grants available to the company which are recognized based on reasonable assurance that the company will comply with the conditions attached to the grant and it is reasonably certain that the ultimate collection of grants will be made.

Intangible Assets are stated at the cost of acquisitions less accumulated amortization. In case of an internally generated assets cost includes all directly allocable expenditures. Intangible assets exclude the operating software, which forms an integral part of the hardware.

Capital Work In Progress include cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

E. Depreciation

The depreciation on fixed assets is provided pro-rata to the period of use of Assets using the straight-line method based on Economic useful lives estimated by the management. The aggregate depreciation provided based on estimated economic useful life is not less than the depreciation as calculated at the rates specified in Schedule XIV of the Companies Act, 1956 except motor vehicles, mobile phones and computers/ laptops which are depreciated based on their useful lives. Assets costing individually Rs. 5,000 or less are depreciated fully in the year purchase.

I. SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

F. Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred, including trial production expenses and attributable interest and financing costs, prior to commencement of commercial production are capitalized.

G. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.

H. Inventories

i. Stores and spare parts are stated at cost.

ii. Inventories other than stores and spare parts are valued "At cost or Net Realizable Value, whichever is lower". Cost is generally determined on weighted average cost basis and inclusive of appropriate overheads as applicable. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

iii. Cost of raw materials, stores, spare parts and consumables is net of applicable Cenvat credit wherever applicable.

iv. Inventories of real estate are valued at cost or net realizable value, whichever is lower. Interest and other borrowing costs attributable to real estate inventories during the construction period are allocated as a part of cost of construction.

I. Foreign currency transactions:

i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary foreign currency items are reported at the exchange rates as at Balance Sheet date.

iii. In respect of transaction covered under forward exchange contracts, the difference between the exchange rates prevailing at the Balance Sheet date and rate on the date of the contract is recognized as exchange difference. The premium on forward contracts is amortized over the life of the contract.

iv. Non-monetary foreign currency items are carried at cost.

v. Any gains or losses on account of exchange difference either on settlement or on translation are recognized in the Statement of Profit and Loss.

J. Employee Benefits:

i. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

ii. Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

K. Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

L. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

M. Financial Derivatives and Hedging Transactions:

In respect of Derivatives Contracts, premium paid provision for losses on restatement and gains / losses on settlement are recognised in Statement of Profit and Loss.

N. Borrowing Cost:

i. Borrowing costs, less any income on the temporary investment out of those borrowings that are directly attributable to acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of the cost of that asset.

ii. Other borrowing costs are recognized as expense in the period in which they are incurred.

O. Leases:

Assets taken on lease under which the lessor effectively retains all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognized as expense in Statement of Profit and Loss on a straight-line basis over the lease term. Assets acquired under leases where all the risks and rewards of ownership are substantially transferred to company are classified as Finance leases. Such leases are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

P. Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary. Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.

Q. Customs & Excise Duty/Service Tax and Sales Tax/Value Added Tax

Customs Duty/service tax and Excise Duty have been accounted on the basis of both payments made in respect of goods cleared and also provision made for goods lying in bonded warehouses. Sales tax/VAT tax paid is charged to profit and Loss account.

R. Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

S. Earnings Per Share

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extra ordinary/ exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential CCD conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

T. Balances of sundry debtors, sundry creditors, loans and advances, deposits are subject to confirmation and reconciliation. Accounts receivables are net of advances.

1. SHARE CAPITAL

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised:		
60,000,000 (50,000,000) Equity shares of Rs. 10/- each	6,000.00	5,000.00
	6,000.00	**5,000.00**
Issued, subscribed and paid up:		
5,46,99,338 (32,600,132) Equity shares of Rs. 10 each fully paid up	5,469.93	3,260.01
Total	**5,469.93**	**3,260.01**

Out of the above equity shares, 4,180,299 equity shares have been allotted pursuant to court approved schemes of amalgamation / merger for consideration other than cash and 22,099,206 equity shares have been allotted during the year on preferential basis at a price of Rs.25.20 per share (including premium of Rs. 15.20 per share) pursuant to the Corporate Debt Restructuring Scheme (refer note 36 below).

1.1. Terms, Rights, Preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote on show of hands and in case of poll, one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend.

1.2. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2014 No. of shares	As at March 31, 2013 No. of shares
Equity shares at the beginning of the year	3,26,00,132	3,26,00,132
Add: Shares issued on preferential basis	2,20,99,206	Nil
Equity shares at the close of the year	5,46,99,338	3,26,00,132

1.3. The details of shareholder holding more than 5% shares (other than those stated in above)

Particulars	No. of Shares	% held as at March 31, 2014	No. of Shares	% held as at March 31, 2013
Aurella Estates & Investments Private Limited	2,56,76,949	46.94	35,77,743	10.97
Vivek Prannath Talwar	63,23,669	11.56	63,23,669	19.40
Prasam Trading And Finance Pvt Ltd	25,14,042	4.60	16,65,042	5.11
Rogers Asset Management Ltd A/C Tusk Investments Fund 2	19,37,747	3.54	19,37,747	5.94

2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Reserve		
As per last year balance sheet	125.68	125.68
Capital Redemption Reserve		
As per last year balance sheet	965.00	965.00
Securities Premium Account		
As per last year balance sheet	32,112.39	32,112.39
Add: Issued during the year	3,359.08	-
Closing balance	**35,471.47**	**32,112.39**
General Reserve		
As per last year balance sheet	4,356.63	4,356.63
Balance in Profit & Loss Account		
Opening balance	(15,946.03)	7,187.80
(+)Net Loss for the current year	(21,123.37)	(23,133.83)
Closing Balance	**(37,069.40)**	**(15,946.03)**
Total	**3,849.38**	**21,613.67**

3. LONG TERM BORROWINGS

3.1. Long-Term Borrowings

Term Loans - from banks	81,865.25	1,07,578.94
Term Loans - from Financial Institutions	4,267.62	4,003.51
Term Loans - from other parties	605.96	2,211.31
Long term maturities of finance lease	53.03	105.93
Total	**86,791.86**	**1,13,899.69**

The Company's proposal for restructuring of its debts was sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 26, 2012 read along with letter dated 31st December 2012. For details, refer Note 36.

i. Term loans include Working Capital Term Loan (WCTL) and Funded Interest Term loan (FITL).

ii. Loans received from NBFCs and foreign bank have not been restructured.

iii. Repayment of term loan shall be in 32 structured quarterly installments commencing from June 30, 2014 and carrying interest rate at 11.25% per annum; repayment of WCTL shall be in 24 quarterly structured installments commencing from June 30, 2014 and carrying interest rate at 10.75% per annum; repayment of FITL shall be in 24 quarterly structured installments commencing from June 30, 2014 and carrying interest rate at 10.75% per annum;

iv. Working capital loan carries interest at 11% per annum.

3.2. Security Offered

i. The existing term loans including new WCTL and FITL are secured by first pari passu charge on the fixed assets and parri passu second charge on the current assets of the Company.

ii. The existing and fresh working capital facilities are secured by the first pari passu charge on current assets and second pari passu charge on fixed assets of the Company.

iii. Lenders having exclusive charge over securities prior to restructuring are continuing to have exclusive charge over those securities post restructuring.

3. LONG TERM BORROWINGS *(contd.)*

iv. First pari passu charge over all bank accounts of the Company, including the Trust and Retention Accounts (and all sub- accounts thereof).

v. Pledge of shares in the Company held by both Mr. Vivek Talwar and M/s Aurella Estates & Investments Private Limited.

vi. Personal guarantee from Mr. Vivek Talwar and corporate guarantee from M/s Aurella Estates & Investments Private Limited for the entire debt of the Company including the sacrifices made by the lenders.

vii. The entire debt is further secured by the corporate guarantees from certain subsidiaries who hold real estate assets, offered as additional securities to lenders.

3.3. Maturity profile of Secured Term Loans is as below: Rs. in Lacs

Nature of facility and Rate of interest	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Term loan – 11.25% p.a.	8,567.64	4,033.28	4,033.28	6,049.92	4,033.28	4,033.28	4,033.28	6,049.92
WCTL – 10.75% p.a.	18,673.52	6,034.84	6,034.84	9,052.25	9,052.25	12,069.67	-	-
FITL – 10.75% p.a.	4,619.63	1,487.95	1,487.94	2,231.91	2,231.91	2,975.88	-	-
Total	**31,860.79**	**11,556.07**	**11,556.06**	**17,334.08**	**15,317.44**	**19,078.83**	**4,033.28**	**6,049.92**

Rs. in Lacs

Nature of facility and Rate of interest	Maturity profile of non- restructured lenders		
	Mar-15	Mar-16	Mar-17
Foreign Bank - 10%	805.00	402.00	-
NBFCs - 13.70%	982.83	800.00	611.00
Total	**1,787.83**	**1,202.00**	**611.00**

The CDR package envisages disposal of certain real estate assets owned by the Company and some of its subsidiaries which will be used for repayment of restructured loan.

4. OTHER LONG TERM LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	284.88	266.83
Deposits from dealers and others	1,001.19	865.37
Total	**1,286.07**	**1,132.20**

5. SHORT TERM BORROWINGS

Loan Repayable on Demand		
Secured		
From Banks		
- Cash Credit	4,719.47	2,008.48
Unsecured		
From Banks	-	375.00
Total	**4,719.47**	**2,383.48**

* For details of Securities offered in respect of cash credit facility refer note no. 3.2

6. TRADE PAYABLE

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises	194.17	10.65
Other	15,319.03	8,431.75
Total	**15,513.20**	**8,442.40**

7. OTHER CURRENT LIABILITIES

Current Maturity of Long Term Debt	33,648.62	1,604.80
Interest Accrued but not due on borrowings	32.15	57.90
Unpaid Dividends	1.88	17.30
Other Payables	35.82	885.66
Total	**33,718.47**	**2,565.66**

There are no amounts due for payment to the Investors Education and Protection Fund under section 205C of the Companies Act, 1956 at the year end.

8. SHORT TERM PROVISIONS

Provision for employee benefits	93.72	82.75
Total	**93.72**	**82.75**

9. FIXED ASSETS

Rs. in Lacs

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the Period	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Freehold Land	5,838.45	7.57	-	5,846.02	-	-	-	-	5,846.02	5,838.45
Buildings	19,662.47	93.14	0.67	19,754.94	2,799.43	574.59	0.03	3,373.99	16,380.95	16,863.04
Office Equipment	1,996.78	77.05	20.69	2,053.14	1,002.67	232.19	9.16	1,225.70	827.45	994.11
Plant & Machinery	54,011.21	216.43	-	54,227.64	12,251.54	2,853.85	-	15,105.39	39,122.25	41,759.67
Electrical Installations	1,114.37	0.39	-	1,114.76	407.87	52.86	-	460.73	654.03	706.50
Furniture & Fixtures	2,852.52	2.62	1.92	2,853.22	868.60	174.34	0.63	1,042.31	1,810.91	1,983.92
Windmill	3,680.54	-	-	3,680.54	1,392.67	194.32	-	1,586.99	2,093.55	2,287.87
Total Owned Assets (Current Year)	**89,156.34**	**397.20**	**23.28**	**89,530.26**	**18,722.78**	**4,082.15**	**9.83**	**22,795.12**	**66,735.15**	**70,433.56**
Previous Year	**87,921.09**	**1,270.39**	**35.14**	**89,156.34**	**14,791.61**	**3,942.32**	**11.16**	**18,722.78**	**70,433.56**	**73,129.50**
Leasehold Land	145.66	-	-	145.66	-	-	-	-	145.66	145.66
Motor Vehicles	737.61	0.79	42.83	695.57	362.43	116.54	25.40	453.57	242.00	375.18
Total Leasehold Assets (Current Year)	**883.27**	**0.79**	**42.83**	**841.23**	**362.43**	**116.54**	**25.40**	**453.57**	**387.66**	**520.84**
Previous Year	**991.84**	**-**	**108.59**	**883.27**	**363.33**	**60.81**	**61.72**	**362.43**	**520.84**	**628.51**
Total Assets (Current Year)	**90,039.61**	**397.99**	**66.12**	**90,371.49**	**19,085.21**	**4,198.69**	**35.23**	**23,248.68**	**67,122.81**	**70,954.41**
Total Assets (Previous Year)	**88,912.93**	**1,270.39**	**143.73**	**90,039.61**	**15,154.94**	**4,003.13**	**72.88**	**19,085.21**	**70,954.41**	**73,758.01**
Capital work-in-progress									456.59	295.01

Note: Changes in depreciation rate in current year in respect of Motor vehicles, mobile phones and computer/ laptops as under:

Class of assets	Revised Rate per annum	Old rate per annum
Motor cars	25.00%	9.50%
Computers/Laptops	33.33%	16.21%
Office Equipments (telephones)	50.00%	4.75%

10. VEHICLES TAKEN ON FINANCE LEASE AFTER 1ST APRIL 2001:

Future obligations towards lease rentals under the lease agreements as on 31st March 2014 is as under: Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013	Future Interest March 31, 2014	Future Interest March 31, 2013	Future obligation March 31, 2014	Future obligation March 31, 2013
With one year	38.58	54.32	2.04	2.42	40.62	56.74
Later than one year and not later than five years	14.45	51.61	2.40	10.14	16.82	61.75
After five years	-	-	-	-	-	-
Total	**53.03**	**105.93**	**4.44**	**12.56**	**57.44**	**118.49**

11. NON CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of shares	Face value per share	Cost of investments as on March 31, 2014
Investment in subsidiaries			
(Unquoted, Trade - fully paid up):			
Nitco Realties Pvt. Ltd – Equity shares	2,00,000	1.00	694.59
	(2,00,000)	(1.00)	(694.59)
Nitco Holdings HK Co. Ltd – Equity shares	10,000	-	0.64
	(10,000)	-	(0.64)
Foshan Nitco Trading Co – Equity shares	-	-	385.39
	-	-	(385.39)
Keskinkaya Mermer Made – Equity shares	10,000	-	3.00
	(10,000)	-	(3.00)
New Vardhman Vitrified Pvt Ltd. – Equity shares	1,27,50,000	10.00	1,561.35
	(1,27,50,000)	(10.00)	(1,561.35)
New Vardhman Vitrified Pvt Ltd – Preference shares	47,87,763	10.00	478.78
	(47,87,763)	(10.00)	(478.78)
Total			**3,123.75**
			(3,123.75)

(Note: Previous year figures provided in brackets)

12. LONG TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good		
Security Deposits	52.27	679.70
Capital Advances	566.31	568.79
Advances to subsidiaries (refer note 32)	17,103.16	16,455.51
Other	223.52	61.97
Total	**17,945.26**	**17,765.97**

13. CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2014
SBI One India Growth Fund	12,136,374	5.00	6.55
	(12,136,374)	(5.00)	(5.63)
SBI Infrastructure Fund- regular plan- Growth	50,000	5.00	3.80
	(50,000)	(5.00)	(3.64)
Total		**10.00**	**10.35**
		(10.00)	**(9.27)**

(Note: Previous year figures provided in brackets)

14. INVENTORIES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	3,355.68	3,078.57
Work in Progress	196.09	196.27
Stores & Spares	1,139.17	1,024.84
Finished Goods (manufactured goods including marble)	11,256.51	11,314.89
Stock in Trade (trading)		
Vitrified Tiles	2,485.98	4,729.12
Ceramic Tiles	1601.25	2,793.28
Goods In Transit	-	134.02
Total	**20,034.68**	**23,270.99**

15. INVENTORIES – REAL ESTATE

Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	3,590.78	3,600.77
Total	**18,590.78**	**18,600.77**

16. TRADE RECEIVABLES

Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	2,255.43	1,856.79
Less: Provision for doubtful debts	(239.32)	(90.77)
Others	10,740.52	7,734.54
Total	**12,756.63**	**9,500.56**

17. CASH AND CASH EQUIVALENTS

Cash on Hand	29.50	18.74
Balances with Banks	1,314.85	2,309.28
Total	**1,344.35**	**2,328.02**

18. SHORT TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Balances with Banks - Held as Margin Money	2,930.38	2,754.29
Others	550.81	265.48
Total	**3,481.19**	**3,019.77**

19. OTHER CURRENT ASSETS

Unsecured and considered good		
Security Deposits	1,943.07	2,537.58
Income Tax Payment (Net)	1,581.14	1,215.07
Balance with Excise & Service Tax	3,359.49	3,150.45
Other Current Assets	1,726.85	2,443.08
Total	**8,610.55**	**9,346.18**

20. SALES

Ceramic Tiles	39,403.15	35,311.06
Vitrified Tiles	33,502.51	43,813.09
Marble	11,214.01	6,945.21
Tiles and related products	**84,119.67**	**86,069.36**
Real Estate	157.60	1849.52
Total	**84,277.27**	**87,918.88**

21. COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	3,078.57	2,662.38
Add: Purchases	14,403.83	12,325.33
	17,482.40	**14,987.71**
Less: Inventory at the end of the year	3,355.68	3,078.57
Raw Material Consumed	**14,126.72**	**11,909.14**
Packing Material	1,038.51	1,382.86
Total Cost of Material Consumed	**15,165.23**	**13,292.00**
Purchases of stock-in-trade	33,767.74	22,122.98
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Stock in Trade - Opening	7,522.40	22,980.30
Stock in Trade - Closing	4,087.23	7,522.40
	3,435.17	**15,457.90**
Work in Progress - Opening	196.27	313.58
Work in Progress - Closing	196.09	196.27
	0.18	**117.31**
Finished Goods - Opening	11,314.89	13,057.31
Finished Goods - Closing	11,256.51	11,314.89
	58.38	**1,742.42**
Total Change in Inventories	**3,493.73**	**17,317.63**

21. COST OF MATERIALS CONSUMED *(contd.)*

21.1. Details of cost of raw material consumed:

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Body Material	4,021.81	3,081.12
Glaze Material	2,462.80	2,647.74
Rough marble Blocks / Slabs	7,604.30	5,011.54
Packing Material	1,038.51	1,382.86
Others (Real Estate)	37.81	1,168.74
Total	**15,165.23**	**13,292.00**

21.2. Purchases of stock-in-trade

Vitrified Tiles	26,611.18	18,835.15
Ceramic Tiles	7,156.56	3,287.83
Total	**33,767.74**	**22,122.98**

22. EMPLOYEES BENEFIT EXPENSES (REFER NOTE 33)

Salaries and incentives	6,334.31	6,281.73
Contributions to Provident & Other Funds	369.58	378.58
Staff Welfare Expenses	175.37	198.58
Total	**6,879.26**	**6,858.89**

23. FINANCE COST (REFER NOTE 36)

Interest expense	13,824.84	12,817.12
Other borrowing costs	529.05	626.86
Applicable net gain/loss on foreign currency transactions and translation	15.41	1,723.41
Total	**14,369.30**	**15,167.39**

24. OTHER EXPENSES

Power and fuel	6,471.30	5,309.25
Consumption of stores and spare parts.	1,552.92	1,676.25
Rent Rates and Taxes	1,660.22	2,369.51
Electricity Charges Office & Depot	116.59	116.63
Processing Charges Mosaico/Marble	202.91	217.38
Water Charges	22.77	44.60
Postage and Telephone	216.79	284.98
Printing and Stationery	56.46	39.72
Insurance (net)	15.09	124.23
Legal and Professional Fees	339.37	521.41
Travelling & Conveyance Expenses	857.90	1,183.17
Audit Fees	26.49	26.66

24. OTHER EXPENSES *(contd.)*

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Hire Charges	188.12	240.62
Security Charges	120.87	92.88
Repairs and Maintenance		
Buildings	41.01	24.43
Machinery	204.46	183.43
Others Repairs & Maintenance	230.66	213.79
Advertisement & Sales Promotion Expenses	1,509.95	1,044.17
Freight Forwarding & Distribution Expenses	4,009.61	6,008.57
C&F Charges	1,056.22	1,544.62
Provision for doubtful debts	148.55	-
Bad Debts	39.05	27.45
Miscellaneous Expenses	151.37	177.40
Total	**19,238.68**	**21,471.15**

25. PROVISION FOR TAXATION

i. **Current year charge:**
No provision for Income tax has been made on account of losses during the year.

ii. **Deferred Tax:**
The Company has been recognizing in the financial statements the deferred tax assets / liabilities, in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. No provision for deferred tax has been made on account of losses during the year.

26. VALUE OF RAW MATERIALS, SPARES AND COMPONENTS CONSUMED DURING THE YEAR

Particulars	March 31, 2014		March 31, 2013	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials				
Imported	4,812.45	32%	5,094.80	38 %
Indigenous	10,352.78	68%	8,197.20	62%
Total	**15,165.23**	**100%**	**13,292.00**	**100%**
Spares & Components				
Imported	626.89	40%	837.40	50%
Indigenous	926.03	60%	838.85	50%
Total	**1,552.92**	**100%**	**1,676.25**	**100.00%**

27. EARNINGS IN FOREIGN EXCHANGE (EXPORTS)

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
FOB Value of Exports	1,538.19	1,220.25
Revenue from Carbon Credits	-	13.49
Total	**1,538.19**	**1,233.74**

28. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Goods for Resale	2,474.06	6,350.12
Raw Material	3,441.14	3,348.11
Capital Goods	226.00	409.00
Spare Parts & Components	552.98	647.46
Total	**6,694.18**	**10,754.69**

29. EXPENDITURE IN FOREIGN CURRENCY

Interest	59.46	563.68
Travel & Lodging	146.56	335.07
Total	**206.02**	**898.75**

30. PAYMENT TO AUDITORS

Statutory audit fees	26.49	26.66
Total	**26.49**	**26.66**

31. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

Relationship	Name of the Related Party	
Subsidiaries	Nitco Realties Private Limited	Keskinkaya Mermer Madencilik Nakliye
	Nitco Holdings HK Company Limited	Turizm Sanayi Ve Ticaret Limited Ćirketi
	Foshan Nitco Trading Company Limited	New Vardhman Vitrified Private Limited
Fellow Subsidiaries	Maxwealth Properties Private Limited	Opera Properties Private Limited
	Meghdoot Properties Private Limited	Ferocity Properties Private Limited
	Roaring - Lion Properties Private Limited	Glamorous Properties Private Lmited
	Feel Better Housing Private Limited	Nitco IT Parks Private Limited
	Quick-Solution Properties Private Limited	Nitco Aviation Private Limited
	Silver-Sky Real Estates Private Limited	Aileen Properties Private Limited
Key Managerial Personnel	Mr. Vivek Talwar	
Enterprises over which Key Managerial Personnel are able to exercise significant influence	Delicious Properties Pvt.Ltd.	Ekalinga Properties Pvt. Ltd.
	Eden Garden Builders Pvt.Ltd.	Hunar Developers Pvt. Ltd.
	Enjoy Builders Pvt.Ltd.	Kavivarya Properties Pvt. Ltd.
	Prakalp Properties Pvt.Ltd.	Tanvish Properties Pvt. Ltd.
	Rangmandir Builders Pvt.Ltd.	Maryland Realtors Pvt. Ltd.
	Lavender Properties Pvt.Ltd.	Strongbase Properties Pvt. Ltd.
	Ushakiran Builders Pvt.Ltd.	Firstlife Properties Pvt. Ltd.
	Strength Properties Pvt.Ltd.	Blue-Whale Properties Pvt. Ltd.
	Nitco Paints Pvt.Ltd	Nitco Tiles
	Norita Investments Pvt.Ltd.	Bambalina Developers Private Limited
	Aurella Estates and Investments Pvt. Ltd.	Vihaan Properties Private Limited
	Orchid Realtors Pvt.Ltd.	Brunelle Properties Private Limited
	Rhythm Real Estates Pvt.Ltd	Vilasini Properties Private Limited
	Anandshree Bombay (Holding) Pvt.Ltd.	Kanushi Properties Private Limited
	Merino Realtors Pvt.Ltd.	Nitco Tiles Sales Corporation (Bombay)
	Cosmos Realtors Pvt.Ltd.	The Northern India Tiles Corporation (Delhi)

31. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18: *(contd.)*

Relationship	Name of the Related Party	
	Alpine Agro and Dairy Farms Pvt. Ltd.	Northern India Tiles (Sales) Corporation
	Rejoice Realty Private Limited	Maharashtra Marble Co.
	Melisma Finance and Trading Pvt. Ltd.	Nitco Exports
	Nitco Consultants & Exports Pvt.Ltd.	Nitco Sales Corporation (Delhi)
	Brighton Properties Pvt. Ltd.	Vivek Talwar (HUF)
	Kshamta Properties Pvt. Ltd.	Aqua Marine Properties Pvt Ltd.

32. THE DETAILS OF AMOUNTS DUE TO OR DUE FROM AS AT MARCH 31,2014 ARE AS FOLLOWS:

Rs. in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
Loans & Advances :			
Nitco Realties Private Limited	15,285.93		
	(15,279.23)		
New Vardhman Vitrified Pvt Ltd	1,508.87		
	(866.87)		
Kesinkaya Mermer Madencilik Nakl.Quarry Exp	308.36		
	(308.36)		
Deposits:			
Eden Garden Builders Pvt.Ltd.			150.00
			(150.00)
Enjoy Builders Pvt.Ltd.			205.00
			(205.00)
Lavender Properties Pvt.Ltd.			150.00
			(150.00)
Prakalp Properties Pvt.Ltd.			145.00
			(145.00)
Rang Mandir Builders Pvt.Ltd.			200.00
			(200.00)
Usha Kiran Builders Pvt.Ltd.			150.00
			(150.00)
Trade & Other Payables			
New Vardhman Vitrified Pvt. Ltd.	2,234.26		
	(1,345.07)		
Eden Garden Builders Pvt.Ltd.			7.09
			(2.01)
Enjoy Builders Pvt.Ltd.			7.24
			(2.56)
Lavender Properties Pvt.Ltd.			6.81
			(2.00)
Prakalp Properties Pvt.Ltd.			6.21
			(1.91)
Rang Mandir Builders Pvt.Ltd.			9.07
			(2.41)
Usha Kiran Builders Pvt.Ltd.			7.05
			(2.00)
Nitco Paints Pvt.Ltd.			-
			(790.00)

Note : Figures in bracket represents previous years amounts (FY 2012-13)

32. THE DETAILS OF AMOUNTS DUE TO OR DUE FROM AS AT MARCH 31,2014 ARE AS FOLLOWS: *(contd.)*

The details of the related party transactions entered by the company for the year ended on March 31, 2014 are as follows:

Rs. in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
CAPITAL TRANSACTIONS:			
Subscription of Investments (Paid):			
New Vardhman Vitrified Pvt Ltd	-		
	(2,040.13)		
Share Application Money :			
Aurella Estate & Inv.Pvt.Ltd.			(2,769.00)
(Company had issued 22099206 Equity shares of Rs. 10 each to Aurella Estate & Inv.Pvt.Ltd. at premium of Rs.15.20 per share)			(2,800.00)
LOANS:			
Net Loans & advances given/(returned):			
Nitco Realties Private Limited	6.70		
	(118.65)		
New Vardhman Vitrified Pvt Ltd	642.00		
	-		
REVENUE TRANSACTIONS:			
Purchase /Material Consumed:			
New Vardhman Vitrified Pvt. Ltd.	15,595.02		
	(4,296.94)		
Foshan Nitco Trading Co. Ltd.	23.72		
	(403.00)		
Payment to Key Managerial Personnel :			
Vivek Talwar		48.00	
		(76.00)	
Rent Paid :			
Eden Garden Builders Pvt.Ltd.			3.18
			(3.18)
Enjoy Builders Pvt.Ltd.			4.37
			(4.37)
Lavender Properties Pvt.Ltd.			3.16
			(3.16)
Prakalp Properties Pvt.Ltd.			3.02
			(3.02)
Rang Mandir Builders Pvt.Ltd.			4.18
			(4.18)
Usha Kiran Builders Pvt.Ltd.			3.16
			(3.16)

Note : Figures in bracket represents previous years amounts (FY2012-13).

33. AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS", THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW :

Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognized as expense for the year is as under: Rs. in Lacs

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	288.89	184.05
Employer's Contribution to Superannuation Fund	9.15	10.16
Employer's Contribution to Pension Scheme	71.54	68.32

Defined Benefit Plans :

I) Reconciliation of opening and closing balances of Defined Benefit Rs. in Lacs

Particulars	Obligation			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Defined Benefit obligation at beginning of year	289.69	253.56	349.58	354.58
Current Service Cost	41.61	41.73	184.51	179.79
Interest Cost	22.13	17.13	25.83	25.70
Actuarial (gain) / loss	14.04	56.26	(127.95)	(143.94)
Benefits paid	(26.08)	(78.99)	(53.38)	(66.56)
Defined Benefit obligation at year end	341.39	289.69	378.59	349.57

II) Reconciliation of opening and closing balances of fair value of Plan Assets Rs. in Lacs

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of Plan assets at beginning of year	459.62	409.58
Expected return on plan assets	40.42	38.63
Actuarial gain / (loss)	(2.02)	(0.27)
Employer contribution	30.79	90.67
Benefits paid	(26.08)	(78.99)
Fair value of Plan assets at year end	502.73	459.62
Actual return on plan assets	38.39	38.36

III) Reconciliation of fair value of assets and obligations Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Fair value of Plan assets	502.73	459.62	-	-
Present value of obligation	341.40	289.69	378.59	349.58
Amount recognised in Balance Sheet	161.33	169.93	378.59	349.58

33. AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS", THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW : *(contd.)*

IV) Expenses recognized during the year

Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	41.61	41.73	184.51	179.79
Interest Cost	22.13	17.12	25.83	25.70
Expected return on Plan assets	(40.42)	(38.67)	-	-
Actuarial (gain) / loss	16.06	56.54	(127.95)	(143.94)
Net Cost	**39.38**	**76.72**	**82.39**	**61.55**

Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Mortality Table	IALM 2006-08	LIC 1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	1.79%	1.79%	10.00%	10.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

34. SEGMENT INFORMATION

Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as differential risks and returns of these segments. The Company has disclosed Business Segment as Primary Segment. The Business Segment consists off;

a) Tiles and other related products

b) Real Estate

A. Business Segment:

Rs. in Lacs

Sr. No	Particulars	As at March 31, 2014	As at March 31, 2013
1	Net sales / Income from operations		
	- Tiles and other related products	75,787.59	75,178.65
	- Real estate	157.60	1,849.52
	Total Revenue	**75,945.19**	**77,028.17**
2	Segment results		
	- Tiles and other related products	(6,619.15)	(8,356.84)
	- Real estate	(134.92)	390.40
	Total Segment Profit Before Interest and Tax	**(6,754.07)**	**(7,966.44)**
	Less : Interest and other financial cost	14,353.89	13,443.98
	Foreign exchange loss/(gain)	15.41	1,723.41
	Profit Before Tax	**(21,123.37)**	**(23,133.83)**

34. SEGMENT INFORMATION *(contd.)*

A. Business Segment:

Rs. in Lacs

Sr. No	Particulars	As at March 31, 2014	As at March 31, 2013
3	Capital Employed		
	(Segment assets - Segment liabilities)		
	- Tiles and other related products	94,944.17	1,02,939.57
	- Real estate	36,343.02	35,598.71
	- Unallocated/ Corporate	6,512.98	7,806.96
	Total Capital Employed	**1,37,800.17**	**1,46,345.24**

B. Geographical Segment :

Geographical revenues are segregated based on the revenue of the respective clients.

Rs. in Lacs

Particulars	India		Rest of the world		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Segment revenue	74,407.00	75,794.43	1,538.19	1,233.74	75,945.19	77,028.17
Carrying cost of Segment assets	1,30,958.73	1,38,342.57	328.46	195.71	1,31,287.19	1,38,538.28
Addition of fixed assets and tangible assets	397.99	1,270.39	-	-	397.99	1,270.39

35. CONTINGENT LIABILITY

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	5,113.42	5,206.48
Letter of credits opened for which the company is contingently liable	2,019.63	3,306.73
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13.77	37.25
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,899.11	1,476.43
Custom Duty	1574.33	1,591.78
Sales Tax	472.86	-

36. CORPORATE DEBT RESTRUCTURING

The Company's business model until FY11-12 was dependent on large imports of vitrified tiles from China. However, sudden steep drop in the value of rupee vs USD towards later part of FY 11-12, rendered the business of import of vitrified tiles and distribution within India unviable. The Company at that time was saddled with large inventories which were imported at a higher cost (due to rupee depreciation) and had to take steps to liquidate the inventories at a loss. The Company thereafter took steps to move away from China based sourcing strategy to domestic led sourcing. The China led sourcing strategy required setting up a huge infrastructure in terms of mother warehouses and regional depots across the country to facilitate distribution of imported tiles. With imports suddenly becoming unviable, company had to deal with high distribution costs which had to be scaled down gradually in line with reduction in the inventory. Being a brick and mortar Company, this significant change in the business model has taken time to correct and has resulted in adverse performance during the last two financial years.

The slump in real estate and overall state of the economy has made a quick revival that much more time consuming. Due to competitive pressures and subdued state of the economy ,sales volume could not be increased as desired, consequently the gross sales of the company during year ended 31st March 2014 has dropped.

Due to continued losses for last few quarters for the aforesaid reasons, the Company faced difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Company approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders CDR Empowered Group (EG) meeting held on 8th November 2012, and issued the Letter of Approval (LOA) on 26th December 2012 and revised letter dated 31st December 2012, based on which the lenders agreeing to the package has signed the Master Restructuring Agreement (MRA) on March 6, 2013. The significant highlight of the package is as under:

i. The Cut-off-Date (COD) was April 1, 2012.

ii. The total existing term loan of Rs. 408.34 Crores which was restructured is repayable in 32 quarterly structured installments for the period commencing from 30th June 2014 and ending on 31st March 2021. Interest rate is 11.25% per annum.

iii. Working Capital Term Loan (WCTL). is repayable in 24 quarterly structured installments period commencing from 30th June 2014 and ending on 31st March 2020. WCTL carries Interest at 10.75% p.a.

iv. Funded Interest on the term loan (FITL) for a period of 18 months from COD, is repayable in 24 quarterly installments commencing from 30th June 2014 and ending on 31st March 2020. FITL carries Interest at 10.75% p.a.

v. Promoters were required to bring in Rs 55.69 crores as their contribution under the package which has been brought in by promoters and equity shares have been issued and the said shares have been pledged in favour CDR lenders.

vi. Personal guarantee from Mr. Vivek Talwar and corporate guarantee from M/s Aurella Estates & Investments Private Limited was provided for the entire debt of the Company including the sacrifices made by the lenders.

vii. The entire debt is further secured by the corporate guarantees from certain subsidiaries who hold real estate assets, being offered as additional securities to lenders.

viii. Pledge of shares in the Company held by both Mr. Vivek Talwar and M/s Aurella Estates & Investments Private Limited.

Since the Company has not been able to dispose of the non core assets as envisaged under the approved CDR scheme, the Company has made a request to Banks for rework of the approved package.

37. Share application money pending allotment in the previous year represents promoters' contribution received under the CDR package prior to 31st March 2013. During the year shares were allotted for the entire promoters contribution received of Rs. 55.69 crores in accordance with the SEBI guidelines and after receipt of approval from the stock exchanges and shareholders' approval

38. Previous year's figures have been regrouped / restated / reclassified / rearranged wherever necessary to make them comparable with those of the current year.

As per our report of even date

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Mumbai,
30th May, 2014

For and on Behalf of the Board

Vivek Talwar	**Pradeep Saxena**	**Reena Raje**
Managing Director	*Director*	*Company Secretary*

INFORMATION OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 for the year ended March 31, 2014

Rs. in Lacs

Name of Subsidiary Company	Nitco Holdings HK Co. Ltd.	Foshan Nitco Trading Co. Ltd.	Keskinkaya Mermer -Turkey	New Vardhman Vitrified Pvt. Ltd.	Nitco Realties Pvt. Ltd.	Glamorous Properties Pvt. Ltd.	Opera Properties Pvt. Ltd.	Nitco IT Parks Pvt. Ltd.	Feel Better Housing Pvt Ltd	Maxwealth Properties Pvt Ltd	Nitco Aviation Pvt Ltd	Quick Solution Properties Pvt Ltd	Roaring-Lion Properties Pvt Ltd	Meghdoot Properties Pvt Ltd	Silver Sky Real Estates Pvt Ltd	Ferocity Properties Pvt Ltd	Aileen Properties Pvt Ltd
Paid up Capital	0.77	628.19	2.73	3,438.78	2.00	125.00	5.00	1.00	1.00	1.00	100.00	1.00	1.00	1.00	1.00	1.00	1.00
Reserves	34.99	(610.13)	0.00	(39.34)	697.30	259.51	(0.25)	(0.67)	(0.27)	(0.25)	(0.20)	(0.25)	(0.25)	(0.25)	(0.25)	(0.07)	(0.17)
Total Assets	63.41	126.85	282.89	17,514.26	16,057.54	478.19	385.48	50.42	450.96	335.00	103.53	243.88	137.93	597.04	436.44	394.39	3.27
Total Liabilities	27.65	108.78	280.17	14,114.82	15,358.24	93.69	380.72	50.09	450.23	334.25	3.73	243.13	137.18	596.29	435.69	393.46	2.44
Investments (except investment in subsidiary companies)	Nil	Nil	Nil	0.15	Nil	Nil	Nil	Nil	Nil	Nil	Nil	25.00	Nil	504.76	Nil	Nil	Nil
Turnover	Nil	26.00	Nil	17,281.68	Nil	193.72	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit before taxation	Nil	(1.65)	Nil	193.39	Nil	(0.19)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Provision for taxation	Nil	Nil	Nil	156.57	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit after taxation	Nil	(1.65)	Nil	36.83	Nil	(0.19)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

To
The Members of **Nitco Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Nitco Limited ('the Company') and its subsidiaries (collectively referred as 'Nitco Group') which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year 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 consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of Nitco Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Nitco Group's preparation and fair presentation of the consolidated 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 consolidated 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, the consolidated 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:

i. in the case of the consolidated balance sheet, of the state of affairs of the Nitco Group as at 31 March 2014;

ii. in the case of the consolidated statement of profit and loss, of the Loss for the year ended on that date; and

iii. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matters

We have not audited the financial statements / consolidated financial statements of certain subsidiaries whose financial statements / consolidated financial statements reflects total assets of Rs. 37188.33 Lacs as on March 31, 2014, and total net income of Rs. 17475.40 Lacs for the year ended on that date. There financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of certain subsidiaries registered in Hong Kong, Turkey and China whose financial statements reflect total assets of Rs. 473.15 Lacs and net income of Rs. 26 Lacs as on March 31,2014. These financial statements have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on such unaudited financial statements. Our opinion is not qualified in respect of other matters.

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No. 107173W

(A. Husein Noumanali)
Proprietor
M. No. 14757

Place: Mumbai
Date: May 30, 2014

CONSOLIDATED BALANCE SHEET as at March 31, 2014

Rs. in Lacs

Particulars	Note	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	5,469.93	3,260.01
(b) Reserves and surplus	2	3,550.14	21,124.41
Total Shareholders' Funds		**9,020.07**	**24,384.42**
2 Minority Interest		1,621.54	1,603.34
3 Share application money pending allotment		-	**2,800.00**
4 Non-current liabilities			
(a) Long-term borrowings	3	88,845.37	115,674.50
(b) Deferred tax liabilities (Net)		2,612.48	2,494.90
(c) Other Long term liabilities	4	5,548.66	5,284.32
Total Non-Current Liabilities		**97,006.51**	**123,453.72**
5 Current liabilities			
(a) Short-term borrowings	5	6,289.99	3,747.00
(b) Trade payables	6	15,583.64	8,836.98
(c) Other current liabilities	7	36,831.65	5,147.22
(d) Short-term provisions	8	140.94	112.16
Total Current Liabilities		**58,846.22**	**17,843.36**
TOTAL - Equity & Liabilities		**166,494.34**	**170,084.84**
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets	9 & 10		
(i) Tangible assets		77,859.86	81,471.41
(ii) Intangible Assets		323.63	323.31
(iii) Capital work-in-progress		963.80	693.54
Total Fixed Assets		**79,147.29**	**82,488.26**
(b) Non-current investments	11	26.00	26.00
(c) Long-term loans and advances	12	5,688.48	5,235.45
Total Non-Current Assets		**5,714.48**	**5,261.45**
2 Current Assets			
(a) Current investments	13	10.50	9.42
(b) Inventories	14	22,205.69	24,958.00
(c) Inventories - Real Estate	15	30,608.65	30,651.62
(d) Trade receivables	16	12,967.07	9,542.88
(e) Cash and cash equivalents	17	2,882.37	3,807.26
(f) Short-term loans and advances	18	4,324.51	3,997.38
(g) Other current assets	19	8,633.78	9,368.57
Total Current Assets		**81,632.57**	**82,335.13**
TOTAL – Assets		**166,494.34**	**170,084.84**

As per our report of even date

For and on Behalf of the Board

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2014

Rs. in Lacs

Particulars		Note	Year ended March 31, 2014	Year ended March 31, 2013
I.	REVENUE FROM OPERATIONS			
	Sale of products	20	86,018.89	88,129.76
	Less: Excise Duty		3,332.97	2,889.31
	Less: Sales Tax		5,258.61	8,024.20
	Net sales of products		**77,427.31**	**77,216.25**
	Other operating revenues		258.41	120.90
	Net Sales		**77,685.72**	**77,337.15**
II.	Other income		183.23	168.32
III.	**Total Revenue (I + II)**		**77,868.95**	**77,505.47**
IV.	EXPENSES:			
	Cost of materials consumed	21	20,583.51	15,156.61
	Purchases of Stock-in-Trade		20,812.05	18,544.11
	Changes in inventories of finished goods work-in- progress and Stock-in-Trade		3,213.60	16,447.29
	Employee benefits expense	22	7,072.45	7,090.01
	Finance costs	23	15,005.28	15,405.31
	Depreciation and amortization expense		4,743.20	4,217.91
	Other expenses	24	27,370.15	23,897.02
	Total Expenses		**98,800.24**	**100,758.26**
V.	**Loss before exceptional and extraordinary items and tax (III-IV)**		**(20,931.29)**	**(23,252.79)**
VI.	Exceptional items		-	-
VII.	**Loss before extraordinary items and tax (V - VI)**		**(20,931.29)**	**(23,252.79)**
VIII.	Extraordinary Items		-	
IX.	**Loss before tax (VII- VIII)**		**(20,931.29)**	**(23,252.79)**
X	**Tax expense:**			
	(1) Current tax		38.89	26.15
	(2) Deferred tax		117.68	460.06
XI	**Loss for the period from continuing operations (VII-VIII)**		**(21,087.86)**	**(23,739.00)**
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		18.12	(174.95)
XV	**Loss for the period (XI + XIV)**		**(21,105.98)**	**(23,564.05)**
XVI	Earnings per equity share:			
	(1) Basic		(55.36)	(72.28)
	(2) Diluted		(55.36)	(72.28)

As per our report of even date

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

For and on Behalf of the Board

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2014

Rs. in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		(20,931.29)		(23,252.79)
Adjustments for:				
Depreciation and amortisation expense (net)	4,743.20		4,217.91	
(Profit) / loss on sale / write off of assets (net)	18.10		30.14	
Finance costs (net)	14,989.87		13,681.90	
Net unrealised exchange (gain) / loss	15.41		1,723.41	
		19,766.58		19,653.36
Operating Profit Before Working Capital Changes		(1,164.71)		(3,599.43)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	2,795.28		14,419.30	
Trade receivables	(3,424.19)		11.10	
Margin Money held with Bank	(176.09)		(412.50)	
Other current assets	949.99		(1,030.63)	
Other non-current assets	(453.03)		(127.88)	
	(308.04)		12,859.39	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities	6,529.08		(40,203.58)	
Other non-current liabilities	381.92		3,267.44	
	6,911.00		(36,936.14)	
		6,602.96		(24,076.75)
Cash Generated From Operations		5,438.25		(27,676.18)
Direct Taxes Paid (net of refund of taxes)		(366.24)		(234.96)
Net Cash Flow From Operating Activities (A)		5,072.01		(27,911.14)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets (net) (after adjustment of increase/decrease in capital work-in-progress)	(1,420.34)		(11,959.39)	
Current / Non-current Investments	(1.08)		1.04	
Bank balances (including non-current) not considered as cash and cash equivalents (net)		(1,421.42)		(11,958.35)
Net Cash Flow Used In Investing Activities (B)		(1,421.42)		(11,958.35)

CONSOLIDATED CASH FLOW STATEMENT *(contd.)* for the year ended March 31, 2014

Rs. in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) Minority Interest	18.20		1,603.34	
Net increase / (decrease) in other than short-term borrowings	5,101.66		77,477.01	
Net increase / (decrease) in short-term borrowings	2,542.99		(28,412.19)	
Net increase / (decrease) in Share Capital	2,769.00		2,800.00	
Net increase / (decrease) in Reserve on Consolidation	(2.05)		(207.82)	
Finance costs (Net)	(14,989.87)		(13,681.90)	
		(4,560.07)		39,578.44
Net Cash Flow From / (Used In) Financing Activities		**(4,560.07)**		**39,578.44**
Net Increase In Cash And Cash Equivalents (A+B+C)		**(909.48)**		**(291.05)**
Cash and cash equivalents at the beginning of the year		3,807.26		5,821.72
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(15.41)		(1,723.41)
Cash And Cash Equivalents At The End Of The Year		**2,882.37**		**3,807.26**
Cash and cash equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 16 [Refer Footnote (ii)]		2,882.37		3,807.26
Footnotes:				
(i) The consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.				
(ii) Cash and cash equivalents at the end of the year comprises:				
(a) Cash on hand		51.15		31.48
(b) In current accounts		2,829.34		3,758.48
(c) In earmarked accounts - Unpaid dividend accounts		1.88		17.30
		2,882.37		3,807.26
(iii) Previous year's figures have been regrouped to conform with those of the current year.				

As per our report of even date

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

For and on Behalf of the Board

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2014

I. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

i. The financial statements are prepared under the Historical Cost convention in accordance with generally accepted accounting principles and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company. The Company during the last two financial years has incurred significant cash losses resulting in substantial erosion of its net worth and will be required to make a reference to BIFR as more than 50% of its peak net worth stands eroded. Despite several constraints faced by the Company including non release of sanctioned fresh working capital facilities by lenders and delayed sale of non core assets, the Company achieved a gross turnover of Rs. 840.19 crores. Considering the tremendous brand equity enjoyed by the Company, non core assets identified for sale, and several steps taken by the Company, the management is hopeful of a turnaround in near future. The management therefore believes, it is appropriate to prepare the financial statement on a going concern basis.

ii. The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

B. Use of Estimate:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C. Revenue recognition:

Revenues are recognized when it is earned and when there is no significant uncertainty as to its measurement and realization. The specific revenue recognition policies are as under:

i. Gross sales are inclusive of excise duty and sales tax as applicable. Net sales are exclusive of excise duty and sales tax.

ii. Revenue from sale of finished properties / buildings is recognized on transfer of property and once significant risk and rewards of ownership have been transferred to the buyer.

iii. Income from providing facilities / lease of premises is accrued over the period mentioned in the facility / leave and license agreement.

iv. Revenue from Power distribution is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the accounting year.

v. Revenue from Services is recognized on performance of Service.

vi. Dividend income is recognized when the right to receive dividend is established.

vii. Other income is recognized when the right to receive is established.

D. Fixed Assets and Capital Work in Progress

Fixed Assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. All identifiable costs incurred up to the asset put to its intended use are capitalized. Costs include purchase price (including non-refundable taxes/ duties) and borrowing costs for the assets that necessarily take a substantial period of time to get ready for its intended use. Costs are adjusted for grants available to the company which are recognized based on reasonable assurance that the company will comply with the conditions attached to the grant and it is reasonably certain that the ultimate collection of grants will be made.

Intangible Assets are stated at the cost of acquisitions less accumulated amortization. In case of an internally generated assets cost includes all directly allocable expenditures. Intangible assets exclude the operating software, which forms an integral part of the hardware.

Capital Work In Progress include cost of fixed assets that are not yet ready for their intended use as at the balance sheet date

E. Depreciation

The depreciation on fixed assets is provided pro-rata to the period of use of Assets using the straight-line method based on Economic useful lives estimated by the management. The aggregate depreciation provided based on estimated economic useful life is not less than the depreciation as calculated at the rates specified in Schedule XIV of the Companies Act, 1956 except motor vehicles, mobile phones and computers/ laptops which are depreciated based on their useful lives. Assets costing individually Rs. 5,000 or less are depreciated fully in the year purchase.

I. SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

F. Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred, including trial production expenses and attributable interest and financing costs, prior to commencement of commercial production are capitalized.

G. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. Previously recognized impairment loss is further provided or reversed depending on change in circumstances.

H. Inventories

i. Stores and spare parts are stated at cost.

ii. Inventories other than stores and spare parts are valued "At cost or Net Realizable Value, whichever is lower". Cost is generally determined on weighted average cost basis and inclusive of appropriate overheads as applicable. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

iii. Cost of raw materials, stores, spare parts and consumables is net of applicable Cenvat credit wherever applicable.

iv. Inventories of real estate are valued at cost or net realizable value, whichever is lower. Interest and other borrowing costs attributable to real estate inventories during the construction period are allocated as a part of cost of construction.

I. Foreign currency transactions:

i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary foreign currency items are reported at the exchange rates as at Balance Sheet date.

iii. In respect of transaction covered under forward exchange contracts, the difference between the exchange rates prevailing at the Balance Sheet date and rate on the date of the contract is recognized as exchange difference. The premium on forward contracts is amortized over the life of the contract.

iv. Non-monetary foreign currency items are carried at cost.

v. Any gains or losses on account of exchange difference either on settlement or on translation are recognized in the Statement of Profit and Loss.

J. Employee Benefits:

i. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

ii. Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

K. Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

L. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

I. SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

M. Financial Derivatives and Hedging Transactions:

In respect of Derivatives Contracts, premium paid provision for losses on restatement and gains / losses on settlement are recognised in Statement of Profit and Loss.

N. Borrowing Cost:

i. Borrowing costs, less any income on the temporary investment out of those borrowings, that are directly attributable to acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of the cost of that asset.

ii. Other borrowing costs are recognized as expense in the period in which they are incurred.

O. Leases:

Assets taken on lease under which the lessor effectively retains all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognized as expense in Statement of Profit and Loss on a straight-line basis over the lease term. Assets acquired under leases where all the risks and rewards of ownership are substantially transferred to company are classified as Finance leases. Such leases are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

P. Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary. Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.

Q. Customs & Excise Duty/Service Tax and Sales Tax/Value Added Tax

Customs Duty/service tax and Excise Duty have been accounted on the basis of both payments made in respect of goods cleared and also provision made for goods lying in bonded warehouses. Sales tax/VAT tax paid is charged to profit and Loss account.

R. Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

S. Earnings Per Share

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extra ordinary/ exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential CCD conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

T. Balances of sundry debtors, sundry creditors, loans and advances, deposits are subject to confirmation and reconciliation. Accounts receivables are net of advances.

1. SHARE CAPITAL

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised:		
60,000,000 (50,000,000) Equity shares of Rs. 10/- each	6,000.00	5,000.00
	6,000.00	**5,000.00**
Issued, subscribed and paid up:		
5,46,99,338 (32,600,132) Equity shares of Rs. 10 each fully paid up	5,469.93	3,260.01
Total	**5,469.93**	**3,260.01**

Out of the above equity shares, 4,180,299 equity shares have been allotted pursuant to court approved schemes of amalgamation / merger for consideration other than cash and 22,099,206 equity shares have been allotted during the year on preferential basis at a price of Rs.25.20 per share (including premium of Rs. 15.20 per share) pursuant to the Corporate Debt Restructuring Scheme (refer note 31 below).

1.1. Terms, Rights, Preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote on show of hands and in case of poll, one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member. All equity shares of the Company rank pari passu in all respects including the right to dividend.

1.2. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2014	As at March 31, 2013
	No. of shares	No. of shares
Equity shares at the beginning of the year	3,26,00,132	3,26,00,132
Add: Shares issued on preferential basis	2,20,99,206	Nil
Equity shares at the close of the year	5,46,99,338	3,26,00,132

1.3. The details of shareholder holding more than 5% shares (other than those stated in above)

Particulars	No. of Shares	% held as at March 31, 2014	No. of Shares	% held as at March 31, 2013
Aurella Estates & Investments Private Limited	2,56,76,949	46.94	35,77,743	10.97
Vivek Prannath Talwar	63,23,669	11.56	63,23,669	19.40
Prasam Trading And Finance Pvt Ltd	25,14,042	4.60	16,65,042	5.11
Rogers Asset Management Ltd A/C Tusk Investments Fund 2	19,37,747	3.54	19,37,747	5.94

2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Reserve		
As per last year balance sheet	570.26	470.90
Capital Redemption Reserve		
As per last year balance sheet	966.00	966.00
Securities Premium Account		
As per last year balance sheet	32,112.39	32,112.39
Add: Issued during the year	3359.08	-
Closing balance	**35,471.47**	**32,112.39**
General Reserve		
As per last year balance sheet	4,360.07	4,360.07
Foreign Currency Translation Reserve		
As per last year balance sheet	(49.71)	(122.97)
Balance in Profit & Loss Account		
Opening balance	(16,661.97)	6,902.07
(+)Net Loss for the current year	(21,105.98)	(23,564.05)
Closing Balance	**(37,767.95)**	**(16,661.98)**
Total	**3,550.14**	**21,124.41**

3. LONG TERM BORROWINGS

3.1. Long-Term Borrowings

Term Loans - from banks	83,135.04	109,212.95
Term Loans - from Financial Institutions	4,267.62	4,003.51
Term Loans - from other parties	1,356.64	2,318.23
Long term maturities of finance lease	86.07	139.81
Total	**88,845.37**	**115,674.50**

The Company's proposal for restructuring of its debts was sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 26, 2012 read along with letter dated 31st December 2012. For details, refer Note 31.

i. Term loans include Working Capital Term Loan (WCTL) and Funded Interest Term loan (FITL).

ii. Loans received from NBFCs and foreign bank have not been restructured.

iii. Repayment of term loan shall be in 32 structured quarterly installments commencing from June 30, 2014 and carrying interest rate at 11.25% per annum; repayment of WCTL shall be in 24 quarterly structured installments commencing from June 30, 2014 and carrying interest rate at 10.75% per annum; repayment of FITL shall be in 24 quarterly structured installments commencing from June 30, 2014 and carrying interest rate at 10.75% per annum;

iv. Working capital loan carries interest at 11% per annum.

3.2. Security Offered

i. The existing term loans including new WCTL and FITL are secured by first pari passu charge on the fixed assets and parri passu second charge on the current assets of the Company.

ii. The existing and fresh working capital facilities are secured by the first pari passu charge on current assets and second pari passu charge on fixed assets of the Company.

3. LONG TERM BORROWINGS *(contd.)*

iii. Lenders having exclusive charge over securities prior to restructuring are continuing to have exclusive charge over those securities post restructuring.

iv. First pari passu charge over all bank accounts of the Company, including the Trust and Retention Accounts (and all sub- accounts thereof).

v. Pledge of shares in the Company held by both Mr. Vivek Talwar and M/s Aurella Estates & Investments Private Limited.

vi. Personal guarantee from Mr. Vivek Talwar and corporate guarantee from M/s Aurella Estates & Investments Private Limited for the entire debt of the Company including the sacrifices made by the lenders.

vii. The entire debt is further secured by the corporate guarantees from certain subsidiaries who hold real estate assets, offered as additional securities to lenders.

3.3. Maturity profile of Secured Term Loans is as below:

Rs. in Lacs

Nature of facility and Rate of interest	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Term loan – 11.25% p.a.	8,567.64	4,033.28	4,033.28	6,049.92	4,033.28	4,033.28	4,033.28	6,049.92
WCTL – 10.75% p.a.	18,673.52	6,034.84	6,034.84	9,052.25	9,052.25	12,069.67	-	-
FITL – 10.75% p.a.	4,619.63	1,487.95	1,487.94	2,231.91	2,231.91	2,975.88	-	-
Total	**31,860.79**	**11,556.07**	**11,556.06**	**17,334.08**	**15,317.44**	**19,078.83**	**4,033.28**	**6,049.92**

Rs. in Lacs

Nature of facility and Rate of interest	Maturity profile of non- restructured lenders				
	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Foreign Bank - 10%	805.00	402.00	-	-	-
NBFCs - 13.70%	982.83	800.00	611.00	-	-
Bank – 14.50%	1050.00	1050.00	1050.00	1050.00	525.00
Total	**2,837.83**	**2,252.00**	**1,661.00**	**1,050.00**	**525.00**

The CDR package envisages disposal of certain real estate assets owned by the Company and some of its subsidiaries which will be used for repayment of restructured loan.

4. OTHER LONG TERM LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	284.88	266.83
Deposits from dealers and others	1,001.19	865.31
Sundry creditors for capital goods	4,262.59	4,152.18
Total	**5,548.66**	**5,284.32**

5. SHORT TERM BORROWINGS

Loan Repayable on Demand		
Secured		
From Banks		
- Cash Credit	6,222.49	3,372.00
Unsecured		
From Banks	-	375.00
Other Parties	67.50	
Total	**6,289.99**	**3,747.00**

* For details of Securities offered in respect of cash credit facility refer note no. 3.2

6. TRADE PAYABLE

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises	194.17	10.65
Other	15,389.47	8,826.33
Total	**15,583.64**	**8,836.98**

7. OTHER CURRENT LIABILITIES

Current Maturity of Long Term Debt	34,665.33	2,734.54
Interest accrued but not due on borrowings	32.15	57.90
Interest accrued and due on borrowings	28.43	34.34
Unpaid Dividends	1.88	17.30
Sundry creditors for capital goods and expenses	1,287.04	820.90
Share application money pending allotment	547.49	527.49
Other Payables	269.33	954.75
Total	**36,831.65**	**5,147.22**

There are no amounts due for payment to the Investors Education and Protection Fund under section 205C of the Companies Act, 1956 at the year end.

8. SHORT TERM PROVISIONS

Provision for Employees Benefits	96.52	85.41
Provision for Taxation	41.27	26.75
Others	3.15	-
Total	**140.94**	**112.16**

9. FIXED ASSETS

Rs. in Lacs

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the Period	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Freehold Land	5,881.46	18.45	-	5,899.91	-	-	-	-	5,899.91	5,881.46
Buildings	20,871.11	156.07	0.67	21,026.51	2,815.13	615.15	0.03	3,430.25	17,596.26	18,055.98
Office Equipment	2,029.99	89.33	21.91	2,097.41	1,008.39	235.17	9.16	1,234.40	863.01	1,021.60
Plant & Machinery	63,266.85	864.39	-	64,131.24	12,452.24	3,327.11	-	15,779.35	48,351.89	50,814.61
Electrical Installations	1,130.03	8.38	-	1,138.41	420.62	54.96	-	475.58	662.83	709.41
Furniture & Fixtures	2,884.49	12.49	1.97	2,895.01	871.15	178.72	0.63	1,049.24	1,845.77	2,013.34
Windmill	3,680.54	-	-	3,680.54	1,392.65	194.33	-	1,586.98	2,093.56	2,287.89
Livestock	84.22	26.48	24.48	86.22	-	-	-	-	86.22	84.22
Total Owned Assets (Current Year)	**99,828.69**	**1,175.59**	**49.03**	**100,955.25**	**18,960.18**	**4,605.44**	**9.82**	**23,555.80**	**77,399.45**	**80,868.51**
Previous Year	**88,041.82**	**11,815.09**	**28.20**	**99,828.72**	**14,862.72**	**4,155.11**	**57.62**	**18,960.21**	**80,868.51**	**73,179.10**
Leasehold Land	145.66	-	-	145.66	-	-	-	-	145.66	145.66
Motor Vehicles	807.28	12.72	42.85	777.15	350.04	137.76	25.40	462.40	314.75	457.24
Total Leasehold Assets (Current Year)	**952.94**	**12.72**	**42.85**	**922.81**	**350.04**	**137.76**	**25.40**	**462.40**	**460.41**	**602.90**
Previous Year	**992.23**	**69.28**	**108.59**	**952.93**	**348.95**	**62.80**	**61.72**	**350.03**	**602.90**	**643.28**
Goodwill	323.31	0.32	-	323.63	-	-	-	-	323.63	323.31
Total Goodwill (Current Year)	**323.31**	**0.32**	**-**	**323.63**	**-**	**-**	**-**	**-**	**323.63**	**323.31**
Previous Year	**323.05**	**0.26**	**-**	**323.31**	**-**	**-**	**-**	**-**	**323.31**	**323.05**
Total Assets (Current Year)	**101,104.94**	**1,188.63**	**91.88**	**102,201.69**	**19,310.22**	**4,743.20**	**35.22**	**24,018.20**	**78,183.49**	**81,794.72**
Total Assets (Previous Year)	**89,357.10**	**11,884.63**	**136.79**	**101,104.96**	**15,211.67**	**4,217.91**	**119.34**	**19,310.24**	**81,794.72**	
Capital work-in-progress									963.80	693.54

Note: Changes in depreciation rate in current year in respect of Motor vehicles, mobile phones and computer/ laptops as under:

9. FIXED ASSETS *(contd.)*

Class of assets	Revised Rate per annum	Old rate per annum
Motor cars	25.00%	9.50%
Computers/Laptops	33.33%	16.21%
Office Equipments (telephones)	50.00%	4.75%

10. VEHICLES TAKEN ON FINANCE LEASE AFTER 1ST APRIL 2001:

Future obligations towards lease rentals under the lease agreements as on 31st March 2014 is as under: Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013	Future Interest March 31, 2014	Future Interest March 31, 2013	Future obligation March 31, 2014	Future obligation March 31, 2013
With one year	54.79	66.16	4.90	5.66	59.69	71.82
Later than one year and not later than five years	31.28	84.64	3.75	14.35	34.99	98.99
After five years	-	-	-	-	-	-
Total	**86.07**	**150.80**	**8.65**	**20.01**	**94.68**	**170.81**

11. NON CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of shares	Face value per share	Cost of investments as on March 31, 2014
Investment in subsidiaries			
(Unquoted, Trade - fully paid up):			
Soumya Buildcon Pvt Ltd	100	10.00	1.00
	(100)	(10.00)	(1.00)
Aero Ports & Infrastructure Projects Pvt. Ltd.	50,000	10.00	5.00
	(50,000)	(10.00)	(5.00)
J M Township & Real Estate Pvt. Ltd.	200,000	10.00	20.00
	(200,000)	(10.00)	(20.00)
Total			**26.00**
			(26.00)

(Note: Previous year figures provided in brackets)

12. LONG TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good		
Security Deposits	52.89	680.31
Capital Advances	566.31	568.79
Loans & Advances	1,105.36	1,517.44
Other	3,963.92	2,468.91
Total	**5,688.48**	**5,235.45**

13. CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2014
SBI One India Growth Fund	12,136,374	5.00	6.55
	(12,136,374)	(5.00)	(5.63)
SBI Infrastructure Fund- regular plan- Growth	50,000	5.00	3.80
	(50,000)	(5.00)	(3.64)
Government Securities			0.15
			(0.15)
Total		**10.00**	**10.50**
		(10.00)	**(9.42)**

(Note: Previous year figures provided in brackets)

14. INVENTORIES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	4,113.51	3,724.84
Work in Progress	345.14	413.36
Stores & Spares	1,298.22	1,339.96
Finished Goods (manufactured goods including marble)	12,259.52	11,968.13
Stock in Trade (trading)		
Vitrified Tiles	2,485.98	4,584.41
Ceramic Tiles	1,601.25	2,793.28
Goods In Transit	102.07	134.02
Total	**22,205.69**	**24,958.00**

15. INVENTORIES – REAL ESTATE

Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	4,095.54	3,600.77
Work-in-Progress (Valued at Cost)	41.58	143.66
Others	11,471.53	11,907.19
Total	**30,608.65**	**30,651.62**

16. TRADE RECEIVABLES

Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	2,255.43	1,856.79
Less: Provision for doubtful debts	(239.32)	(90.77)
Others	10,950.96	7,776.86
Total	**12,967.07**	**9,542.88**

17. CASH AND CASH EQUIVALENTS

Cash on Hand	51.15	31.48
Balances with Banks	2,831.22	3,775.78
Total	**2,882.37**	**3,807.26**

18. SHORT TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Balances with Banks - Held as Margin Money	2,930.38	2,754.29
Others	1,394.13	1,243.09
Total	**4,324.51**	**3,997.38**

19. OTHER CURRENT ASSETS

Unsecured and considered good		
Security Deposits	1,943.07	2,537.58
Income Tax Payment (Net)	1,598.26	1,232.02
Balance with Excise & Service Tax	3,359.49	3,150.45
Other Current Assets	1,732.96	2,448.52
Total	**8,633.78**	**9,368.57**

20. SALES

Ceramic Tiles	39,403.14	35,311.06
Vitrified Tiles	35,308.83	43,940.81
Marble	11,214.01	6,945.21
Tiles and related products	85,925.98	86,197.08
Real Estate	157.60	1849.52
Others	193.72	204.06
Total	**86,277.30**	**88,250.66**

21. COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	3,681.50	2,662.38
Add: Purchases	19,093.04	14,679.68
	22,774.54	**17,342.06**
Less: Inventory at the end of the year	3,968.90	3,724.84
Raw Material Consumed	**18,805.64**	**13,617.22**
Packing Material	1,777.87	1,539.39
Total Cost of Material Consumed	**20,583.51**	**15,156.61**
Purchases of stock-in-trade	20,812.05	18,544.11
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Stock in Trade - Opening	7,525.67	22,983.56
Stock in Trade - Closing	4,087.23	7,525.67
	3,438.44	**15,457.89**
Work in Progress - Opening	412.98	313.20
Work in Progress - Closing	345.14	412.98
	67.84	**(99.78)**
Finished Goods - Opening	11,966.84	13,056.02
Finished Goods - Closing	12,259.52	11,966.84
	(292.68)	**1,089.18**
Total Change in Inventories	**3,213.60**	**16,447.29**

22. EMPLOYEES BENEFIT EXPENSES (REFER NOTE 28)

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Salaries and incentives	6,515.69	6,482.73
Contributions to Provident & Other Funds	373.58	380.33
Staff Welfare Expenses	183.18	226.95
Total	**7,072.45**	**7,090.01**

23. FINANCE COST (REFER NOTE 31)

Interest expense	14,410.26	13,043.22
Other borrowing costs	579.61	638.68
Applicable net gain/loss on foreign currency transactions and translation	15.41	1,723.41
Total	**15,005.28**	**15,405.31**

24. OTHER EXPENSES

Power and fuel	12,930.29	6,824.56
Consumption of stores and spare parts.	2,656.31	1,746.36
Rent Rates and Taxes	1,675.58	2,468.30
Electricity Charges Office & Depot	125.23	726.03
Processing Charges Mosaico/Marble	202.91	217.38
Water Charges	22.77	44.81
Postage and Telephone	220.28	286.65
Printing and Stationery	63.34	41.71
Insurance (net)	24.99	129.19
Legal and Professional Fees	367.83	547.71
Travelling & Conveyance Expenses	882.80	1,199.29
Audit Fees	29.91	31.07
Hire Charges	188.12	246.30
Security Charges	130.85	95.11
Repairs and Maintenance		
Buildings	41.01	24.43
Machinery	236.82	183.43
Others Repairs & Maintenance	241.62	217.24
Advertisement & Sales Promotion Expenses	1,510.86	1,044.48
Freight Forwarding & Distribution Expenses	4,009.61	6,032.17
C&F Charges	1,056.22	1,544.62
Provision for doubtful debts	148.55	-
Bad Debts	39.05	27.45
Miscellaneous Expenses	565.20	218.73
Total	**27,370.15**	**23,897.02**

25. PROVISION FOR TAXATION

i. **Current year charge:**

No provision for Income tax has been made on account of losses during the year.

ii. **Deferred Tax:**

The Company has been recognizing in the financial statements the deferred tax assets / liabilities, in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. No provision for deferred tax has been made on account of losses during the year.

26. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

Relationship	Name of the Related Party	
Subsidiaries	Nitco Realties Private Limited	Keskinkaya Mermer Madencilik Nakliye Turizm Sanayi Ve Ticaret Limited Ćirketi
	Nitco Holdings HK Company Limited	
	Foshan Nitco Trading Company Limited	New Vardhman Vitrified Private Limited
Fellow Subsidiaries	Maxwealth Properties Private Limited	Opera Properties Private Limited
	Meghdoot Properties Private Limited	Ferocity Properties Private Limited
	Roaring - Lion Properties Private Limited	Glamorous Properties Private Lmited
	Feel Better Housing Private Limited	Nitco IT Parks Private Limited
	Quick-Solution Properties Private Limited	Nitco Aviation Private Limited
	Silver-Sky Real Estates Private Limited	Aileen Properties Private Limited
Key Managerial Personnel	Mr. Vivek Talwar	
Enterprises over which Key Managerial Personnel are able to exercise significant influence	Delicious Properties Pvt.Ltd.	Ekalinga Properties Pvt. Ltd.
	Eden Garden Builders Pvt.Ltd.	Hunar Developers Pvt. Ltd.
	Enjoy Builders Pvt.Ltd.	Kavivarya Properties Pvt. Ltd.
	Prakalp Properties Pvt.Ltd.	Tanvish Properties Pvt. Ltd.
	Rangmandir Builders Pvt.Ltd.	Maryland Realtors Pvt. Ltd.
	Lavender Properties Pvt.Ltd.	Strongbase Properties Pvt. Ltd.
	Ushakiran Builders Pvt.Ltd.	Firstlife Properties Pvt. Ltd.
	Strength Properties Pvt.Ltd.	Blue-Whale Properties Pvt. Ltd.
	Nitco Paints Pvt.Ltd	Nitco Tiles
	Norita Investments Pvt.Ltd.	Bambalina Developers Private Limited
	Aurella Estates and Investments Pvt. Ltd.	Vihaan Properties Private Limited
	Orchid Realtors Pvt.Ltd.	Brunelle Properties Private Limited
	Rhythm Real Estates Pvt.Ltd	Vilasini Properties Private Limited
	Anandshree Bombay (Holding) Pvt.Ltd.	Kanushi Properties Private Limited
	Merino Realtors Pvt.Ltd.	Nitco Tiles Sales Corporation (Bombay)
	Cosmos Realtors Pvt.Ltd.	The Northern India Tiles Corporation (Delhi)
	Alpine Agro and Dairy Farms Pvt. Ltd.	Northern India Tiles (Sales) Corporation
	Rejoice Realty Private Limited	Maharashtra Marble Co.
	Melisma Finance and Trading Pvt. Ltd.	Nitco Exports
	Nitco Consultants & Exports Pvt.Ltd.	Nitco Sales Corporation (Delhi)
	Brighton Properties Pvt. Ltd.	Vivek Talwar (HUF)
	Kshamta Properties Pvt. Ltd.	Aqua Marine Properties Pvt Ltd.

27. THE DETAILS OF AMOUNTS DUE TO OR DUE FROM AS AT MARCH 31,2014 ARE AS FOLLOWS:

Rs. in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
Loans & Advances :			
Nitco Realties Private Limited	15,285.93		
	(15,279.23)		
New Vardhman Vitrified Pvt Ltd	1,508.87		
	(866.87)		
Kesinkaya Mermer Madencilik Nakl.Quarry Exp	308.36		
	(308.36)		
Deposits:			
Eden Garden Builders Pvt.Ltd.			150.00
			(150.00)
Enjoy Builders Pvt.Ltd.			205.00
			(205.00)
Lavender Properties Pvt.Ltd.			150.00
			(150.00)
Prakalp Properties Pvt.Ltd.			145.00
			(145.00)
Rang Mandir Builders Pvt.Ltd.			200.00
			(200.00)
Usha Kiran Builders Pvt.Ltd.			150.00
			(150.00)
Trade & Other Payables			
New Vardhman Vitrified Pvt. Ltd.	2,234.26		
	(1,345.07)		
Eden Garden Builders Pvt.Ltd.			7.09
			(2.01)
Enjoy Builders Pvt.Ltd.			7.24
			(2.56)
Lavender Properties Pvt.Ltd.			6.81
			(2.00)
Prakalp Properties Pvt.Ltd.			6.21
			(1.91)
Rang Mandir Builders Pvt.Ltd.			9.07
			(2.41)
Usha Kiran Builders Pvt.Ltd.			7.05
			(2.00)
Nitco Paints Pvt.Ltd.			-
			(790.00)

Note : Figures in bracket represents previous years amounts (FY 2012-13)

27. THE DETAILS OF AMOUNTS DUE TO OR DUE FROM AS AT MARCH 31,2014 ARE AS FOLLOWS: *(contd.)*

The details of the related party transactions entered by the company for the year ended on March 31, 2014 are as follows:

Rs. in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
CAPITAL TRANSACTIONS:			
Subscription of Investments (Paid):			
New Vardhman Vitrified Pvt Ltd	-		
	(2,040.13)		
Share Application Money :			
Aurella Estate & Inv.Pvt.Ltd.			(2,769.00)
(Company had issued 22099206 Equity shares of Rs. 10 each to Aurella Estate & Inv.Pvt.Ltd. at premium of Rs.15.20 per share)			(2,800.00)
LOANS:			
Net Loans & advances given/(returned):			
Nitco Realties Private Limited	6.70		
	(118.65)		
New Vardhman Vitrified Pvt Ltd	642.00		
	-		
REVENUE TRANSACTIONS:			
Purchase /Material Consumed:			
New Vardhman Vitrified Pvt. Ltd.	15,595.02		
	(4,296.94)		
Foshan Nitco Trading Co. Ltd.	23.72		
	(403.00)		
Payment to Key Managerial Personnel :			
Vivek Talwar		48.00	
		(76.00)	
Rent Paid :			
Eden Garden Builders Pvt.Ltd.			3.18
			(3.18)
Enjoy Builders Pvt.Ltd.			4.37
			(4.37)
Lavender Properties Pvt.Ltd.			3.16
			(3.16)
Prakalp Properties Pvt.Ltd.			3.02
			(3.02)
Rang Mandir Builders Pvt.Ltd.			4.18
			(4.18)
Usha Kiran Builders Pvt.Ltd.			3.16
			(3.16)

Note : Figures in bracket represents previous years amounts (FY2012-13).

28. AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS", THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW :

Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognized as expense for the year is as under: Rs. in Lacs

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	288.89	184.05
Employer's Contribution to Superannuation Fund	9.15	10.16
Employer's Contribution to Pension Scheme	71.54	68.32

Defined Benefit Plans :

I) Reconciliation of opening and closing balances of Defined Benefit Rs. in Lacs

Particulars	Obligation			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Defined Benefit obligation at beginning of year	289.69	253.56	349.58	354.58
Current Service Cost	41.61	41.73	184.51	179.79
Interest Cost	22.13	17.13	25.83	25.70
Actuarial (gain) / loss	14.04	56.26	(127.95)	(143.94)
Benefits paid	(26.08)	(78.99)	(53.38)	(66.56)
Defined Benefit obligation at year end	341.39	289.69	378.59	349.57

II) Reconciliation of opening and closing balances of fair value of Plan Assets Rs. in Lacs

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of Plan assets at beginning of year	459.62	409.58
Expected return on plan assets	40.42	38.63
Actuarial gain / (loss)	(2.02)	(0.27)
Employer contribution	30.79	90.67
Benefits paid	(26.08)	(78.99)
Fair value of Plan assets at year end	502.73	459.62
Actual return on plan assets	38.39	38.36

III) Reconciliation of fair value of assets and obligations Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Fair value of Plan assets	502.73	459.62	-	-
Present value of obligation	341.40	289.69	378.59	349.58
Amount recognised in Balance Sheet	161.33	169.93	378.59	349.58

28. AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS", THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW : *(contd.)*

IV) Expenses recognized during the year

Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	41.61	41.73	184.51	179.79
Interest Cost	22.13	17.12	25.83	25.70
Expected return on Plan assets	(40.42)	(38.67)	-	-
Actuarial (gain) / loss	16.06	56.54	(127.95)	(143.94)
Net Cost	**39.38**	**76.72**	**82.39**	**61.55**

Rs. in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Mortality Table	IALM 2006-08	LIC 1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	1.79%	1.79%	10.00%	10.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

29. SEGMENT INFORMATION

Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as differential risks and returns of these segments. The Company has disclosed Business Segment as Primary Segment. The Business Segment consists off;

a) Tiles and other related products

b) Real Estate

A. Business Segment:

Rs. in Lacs

Sr. No	Particulars	As at March 31, 2014	As at March 31, 2013
1	Net sales / Income from operations		
	- Tiles and other related products	77,334.39	75,283.57
	- Real estate	351.33	2,053.58
	Total Revenue	**77,685.72**	**77,337.15**
2	Segment results		
	- Tiles and other related products	(5,791.41)	(7,832.82)
	- Real estate	(134.60)	(14.66)
	Total Segment Profit Before Interest and Tax	**(5,926.01)**	**(7,847.48)**
	Less : Interest and other financial cost	14,989.87	13,681.90
	Foreign exchange loss/(gain)	15.41	1,723.41
	Profit Before Tax	**(20,931.29)**	**(23,252.79)**

29. SEGMENT INFORMATION *(contd.)*

A. Business Segment:

Rs. in Lacs

Sr. No	Particulars	As at March 31, 2014	As at March 31, 2013
3	Capital Employed		
	(Segment assets - Segment liabilities)		
	- Tiles and other related products	105,626.27	118,335.84
	- Real estate	36,796.65	32,545.04
	- Unallocated/ Corporate	6,180.50	7,837.28
	Total Capital Employed	**148,603.42**	**158,718.16**

B. Geographical Segment :

Geographical revenues are segregated based on the revenue of the respective clients.

Rs. in Lacs

Particulars	India		Rest of the world		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Segment revenue	75,809.50	76,086.13	1876.22	1,251.02	77,685.72	77,337.15
Carrying cost of Segment assets	1,30,958.73	1,38,342.57	328.46	195.71	1,31,287.19	1,38,538.28
Addition of fixed assets and tangible assets	1,188.63	11,884.63	-	-	1,188.63	11,884.63

30. CONTINGENT LIABILITY

Rs. in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	5,113.42	5,206.48
Letter of credits opened for which the company is contingently liable	2,019.63	3,306.73
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13.77	37.25
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,899.11	1,476.43
Custom Duty	1574.33	1,591.78
Sales Tax	472.86	-

31. CORPORATE DEBT RESTRUCTURING

The Company's business model until FY 11-12 was dependent on large imports of vitrified tiles from China. However, sudden steep drop in the value of rupee vs USD towards later part of FY 11-12, rendered the business of import of vitrified tiles and distribution within India unviable. The Company at that time was saddled with large inventories which were imported at a higher cost (due to rupee depreciation) and had to take steps to liquidate the inventories at a loss. The Company thereafter took steps to move away from China based sourcing strategy to domestic led sourcing. The China led sourcing strategy required setting up a huge infrastructure in terms of mother warehouses and regional depots across the country to facilitate distribution of imported tiles. With imports suddenly becoming unviable, company had to deal with high distribution costs which had to be scaled down gradually in line with reduction in the inventory. Being a brick and mortar Company, this significant change in the business model has taken time to correct and has resulted in adverse performance during the last two financial years.

The slump in real estate and overall state of the economy has made a quick revival that much more time consuming. Due to competitive pressures and subdued state of the economy ,sales volume could not be increased as desired, consequently the gross sales of the company during year ended 31st March 2014 has dropped.

Due to continued losses for last few quarters for the aforesaid reasons, the Company faced difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Company approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders CDR Empowered Group (EG) meeting held on 8th November 2012, and issued the Letter of Approval (LOA) on 26th December 2012 and revised letter dated 31st December 2012, based on which the lenders agreeing to the package has signed the Master Restructuring Agreement (MRA) on March 6, 2013. The significant highlight of the package is as under:

i. The Cut-off-Date (COD) was April 1, 2012.

ii. The total existing term loan of Rs. 408.34 Crores which was restructured is repayable in 32 quarterly structured installments for the period commencing from 30th June 2014 and ending on 31st March 2021. Interest rate is 11.25% per annum.

iii. Working Capital Term Loan (WCTL) is repayable in 24 quarterly structured installments period commencing from 30th June 2014 and ending on 31st March 2020. WCTL carries Interest at 10.75% p.a.

iv. Funded Interest on the term loan (FITL) for a period of 18 months from COD, is repayable in 24 quarterly installments commencing from 30th June 2014 and ending on 31st March 2020. FITL carries Interest at 10.75% p.a.

v. Promoters were required to bring in Rs 55.69 crores as their contribution under the package which has been brought in by promoters and equity shares have been issued and the said shares have been pledged in favour CDR lenders.

vi. Personal guarantee from Mr. Vivek Talwar and corporate guarantee from M/s Aurella Estates & Investments Private Limited was provided for the entire debt of the Company including the sacrifices made by the lenders.

vii. The entire debt is further secured by the corporate guarantees from certain subsidiaries who hold real estate assets, being offered as additional securities to lenders.

viii. Pledge of shares in the Company held by both Mr. Vivek Talwar and M/s Aurella Estates & Investments Private Limited.

Since the Company has not been able to dispose of the non core assets as envisaged under the approved CDR scheme, the Company has made a request to Banks for rework of the approved package.

32. Share application money pending allotment in the previous year represents promoters' contribution received under the CDR package prior to 31st March 2013. During the year shares were allotted for the entire promoters contribution received of Rs. 55.69 crores in accordance with the SEBI guidelines and after receipt of approval from the stock exchanges and shareholders' approval.

33. Previous year's figures have been regrouped / restated / reclassified / rearranged wherever necessary to make them comparable with those of the current year.

As per our report of even date

For **A. Husein Noumanali & Co.**
Chartered Accountants
Firm Registration No: 107173W

A. Husein Noumanali
Proprietor
Membership No. 14757

Mumbai,
30th May, 2014

For and on Behalf of the Board

Vivek Talwar
Managing Director

Pradeep Saxena
Director

Reena Raje
Company Secretary

NITCO LIMITED
Innovation for a better life

Registered Office: Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030
Tel: +91 22 6616 4555; Fax: +91 22 6616 4657; Email: investorgrievances@nitco.in
CIN: L26920MH1966PLC016547; Website: www.nitco.in

NOTICE

Notice is hereby given that the 48th Annual General Meeting of the Members of Nitco Limited will be held on Friday, the 19th day of September, 2014 at 11.00 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018 to transact, with or without modifications, as may be permissible, the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors of the Company thereon;

2. To appoint a Director in place of Mr. Rohan Talwar who retires from office by rotation and being eligible, offers himself for re-appointment;

3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and pursuant to the recommendation of the Audit Committee M/s. A. Husein Noumanali & Co., Chartered Accountants (Registration Number 107173W), be reappointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of the third consecutive AGM of the Company to be held in the year 2017 (subject to ratification of the appointment by the Members at every AGM held after this AGM), at such remuneration as shall be fixed by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pradeep Saxena (DIN: 00288321), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 3 (three) consecutive years commencing from 1st April, 2014."

5. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded for the re-appointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Mr. Vivek Talwar as the Managing Director of the Company, for a period of three years from April 1, 2014 to March 31, 2017 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice conveying this Meeting, with liberty to the Board (which term shall be deemed to include the Committee of the Board constituted to exercise its powers, including the powers by this resolution), from time to time, to alter and vary the terms and conditions of the said appointment/ remuneration in such manner as may be agreed to between the Board and Mr. Vivek Talwar, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT in the event of no profit or the profits being inadequate in any financial year of the Company during the currency of tenure of Mr. Vivek Talwar as Managing Director, he shall be paid salary, allowances and perquisites not exceeding limits as set out in Schedule V to the Companies Act, 2013 or any modification thereof unless otherwise approved by the Central Government.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Rakesh Kumar, a nominee of M/s Punjab National Bank, who was appointed as Additional director of the company, pursuant to section 161 of the Companies Act, 2013 and holds office upto the date of conclusion of the Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing along with the requisite deposit amount from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Nominee Director of the Company, be and is hereby appointed as Nominee Director of the Company.

RESOLVED FURTHER THAT the term of office of Shri Rakesh Kumar shall not be liable to be retire by rotation.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. R. K. Bhandari & Co., Cost Accountants (Firm Registration Number 101435) appointed as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

   "**RESOLVED THAT** in supercession of the Ordinary Resolution passed through Postal Ballot for which results were declared on 7th June, 2013, and pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, including any statutory modifications or re-enactments thereof for the time being in force and Rules made thereunder, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to borrow any sum or sums of money from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loan obtained from the bankers in the ordinary course of business) will or may exceed the aggregate of paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided however, that the total amount(s) so borrowed by the Board and outstanding at any point of time shall not exceed the sum of Rs. 2000 Crores, exclusive of interest.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to borrow as referred above, from any banks, person(s), firms, body corporate, financial institutions and foreign source by way of deposits, advances, debentures, bonds, commercial papers, foreign currency convertible Bonds (FCCBs), other borrowing and any other instrument/ form, either in Indian rupees and foreign currencies on such terms and conditions as may be agreed upon and the Board thinks fit.

   RESOLVED FURTHER THAT the above supersession shall not in any way affect any right, obligation, liability or acts acquired, accrued, incurred or done there under.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all agreements, deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

9. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

   "**RESOLVED THAT** in supercession of the Ordinary Resolution passed through Postal Ballot for which results were declared on 7th June, 2013, and pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, including any statutory modifications or re-enactments thereof for the time being in force and Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for creating mortgages, charges, pledge, encumberance and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company, in such form and manner and such terms and conditions and at such time(s) as the Board may deem fit / or proper, on the whole or substantially the whole of the undertaking(s) of the Company, all movable and immovable properties of the Company both present and future, wherever situated in favour of lenders, trustees, agents, debenture/bond holders, debtors, venture capitalists and any other persons (hereinafter referred to as the "Lenders"), for securing any sum or sums of money borrowed or to be borrowed by the Company (apart from temporary loan obtained from the bankers in the ordinary course of business) by way of debentures, bonds, loans or any other instrument or any other credit facilities availed / to be availed and outstanding at any point of time aggregating not exceeding Rs. 2,000 Crores (Rupees Two Thousand Crores Only) or equivalent amount in any other foreign currency together with interest, other costs, charges, expenses and other money payable by the

Company to the Lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise the deeds, documents and other writings as may be applicable or required for creating the aforesaid mortgages or charges and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to this resolution."

10. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the applicable provisions of the Companies Act, 1956 or the new Companies Act, 2013 as and when notified and such other laws as may applicable, the Company do hereby considers and approves the Report of the Board of Directors regarding the erosion of more than 50% of the peak net worth of the Company during the immediately preceding four financial years by its accumulated losses as at the end of the financial year ended 31st March, 2014 and the causes for such erosion and the Board be authorized to send report on such erosion to the Board for Industrial and Financial Reconstruction (BIFR) or such authority(ies), as applicable at the relevant time under the relevant Acts & Laws in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute such deeds and documents as it may, in their absolute discretion, deem necessary, desirable or expedient in connection with and/or for the purpose to give effect to the Resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of its powers herein conferred by this Resolution to any Director(s) or to any Committee of Directors or to any Officer(s) of the Company to give effect to this Resolution."

By Order of the Board of Directors
For **NITCO LIMITED**

Sd/-

Reena Raje 13th August, 2014
Company Secretary Mumbai

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 12th day of September, 2014 to Friday, the 19th day of September, 2014 (both days inclusive).

3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.

4. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the Meeting, so that the information could be made available at the Meeting.

5. Members are requested to notify any change in their address and bank account details to the Depository

Participant where they maintain their Demat account.

6. Members are advised to get their shares demated by sending Dematerialization Request Form (DRF) alongwith Share Certificates through their Depository Participant (DP) to Company's Registrar Link Intime India Private Limited (Link Intime).

7. Particulars of Directors seeking re-appointment/ appointment: Relevant particulars of Mr. Vivek Talwar, Mr. Rohan Talwar, Mr. Pradeep Saxena and Mr. Rakesh Kumar are given in the report on Corporate Governance.

8. Members wishing to claim dividends, which remain unclaimed, are requested to approach the Company Secretary at its registered office address and/or Link Intime. Members are requested to note that the Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the ertswhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.

9. Corporate Members intending to send their authorised representatives are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representatives to attend and vote on their behalf at the Meeting.

10. As a measure of economy, members are requested to bring copy of the Annual Report to the Meeting. Member / proxy holders shall hand over the attendance slips, duly filled in all respect, at the entrance for attending the Meeting.

11. Electronic copy of the Notice convening the 48th Annual General Meeting of the Company and the Annual Report along with the process of e-voting and the Attendance slip and Proxy form is being sent to the members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Notice convening the 48th Annual General Meeting of the Company, along with the Annual Report, the process of e-voting and the Attendance slip and Proxy form is being sent to the members in the permitted mode.

12. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from Link Intime and have it duly filled and sent back to them.

13. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**

14. Voting through electronic means –

    I. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to its Members in respect of the businesses to be transacted at the 48th Annual General Meeting ("AGM"). The Company has engaged the services of National Securities Depository Limited ("NSDL") as the Authorised Agency to provide e-voting facilities.

    II. Members are requested to note that the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. It is hereby clarified that it is not mandatory for a Member to vote using the e-voting facility. A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:

Instructions for e-voting:

I. In case of Members receiving an e-mail from NSDL:

1. Open the attached PDF file "e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password.

2. Launch internet browser by typing the URL https://www.evoting.nsdl.com

3. Click on "Shareholder - Login".

4. Put User ID and password as initial password noted in step (1) above and Click Login.
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof.
6. Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" (E-voting Event Number) of Nitco Limited. E-voting period commences from Saturday, September 13, 2014 (9:00 am IST) and ends on Monday, September 15, 2014 (6:00 pm IST).

   Note: e-Voting shall not be allowed beyond the said time.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Upon confirmation, the message 'Vote cast successfully' will be displayed.
11. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to nilesh@ngshah.com with a copy marked to evoting@nsdl.co.in.

II. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s)]:

1. User ID, initial password and EVEN will be provided at the bottom of the Attendance Slip for the AGM.
2. Please follow all steps from Sl. No. (2) to Sl. No. (12) above to cast vote.

III. Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.

IV. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

V. Mr. Nilesh Shah, Practicing Company Secretary (Membership No. FCS 4554), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VI. The voting rights of the shareholders shall be in proportion of their shares of the paid up equity share capital of the Company as on the cut off date i.e. 8th August, 2014.

VII. The Scrutinizer shall, within a period not exceeding 3 (three) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Managing Director of the Company.

VIII. The Results shall be declared on the date of the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.nitco.in and on the website of NSDL www.evoting.nsdl.com within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

IX. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of https://www.evoting.nsdl.com or contact NSDL at the following Telephone No.: 022-2499 4600.

ANNEXURE TO NOTICE

STATEMENT Pursuant to Section 102 of the Companies Act, 2013

Item No. 4:

Mr. Pradeep Saxena is an Independent Director of the Company and has been associated with the Company since May, 2012.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Pradeep Saxena as Independent Director under Section 149 of the Companies Act, 2013 ('the Act') and Clause 49 of the Listing Agreement to hold office for 3 (three) consecutive years commencing from 1st April, 2014. Mr. Saxena is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as the Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Pradeep Saxena for the office of Director of the Company. The Company has also received declaration from Mr. Pradeep Saxena that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Pradeep Saxena fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Brief resume of Mr. Pradeep Saxena, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Mr. Pradeep Saxena as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Pradeep Saxena is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. The relatives of Mr. Pradeep Saxena may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5:

Mr. Vivek Talwar was reappointed as Managing Director of the Company on 3rd August, 2010 for a period of 3 years w.e.f. 1st April, 2011. Accordingly, his tenure of appointment expired on 31st March, 2014. In terms of the recommendations of the Remuneration Committee and subject to the approval of the members, the Board of Directors of the Company in its meeting held on 12th February, 2014 has decided to re-appoint Mr. Vivek Talwar as Managing Director for a further period of three years with effect from 1st April, 2014, on the terms and conditions as are set out hereunder:

A. REMUNERATION:

i) **Salary:** Rs. 6,00,000/- per month

ii) **Commission:** 1% of the net profit of the Company for the financial year computed in the manner laid down in Section 198 of the Companies Act, 2013.

B. PERQUISITES & ALLOWANCES IN ADDITION TO ABOVE:

In addition to the salary and commission as outlined above Mr.

Vivek Talwar would be entitled to perquisites and allowances as given hereunder:

i) **Housing I:** The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :

   60 % of the salary over and above 10% payable by the Managing Director.

   Housing II: In case the accommodation is owned by the Company 10 % of the Salary of the Managing Director shall be deducted by the Company.

   Housing III: In case no accommodation is provided by the Company the Managing Director shall be entitled for House Rent Allowance subject to the Ceiling laid down in Housing I.

ii) The Company will reimburse the Managing Director the expenditure incurred by him on gas, electricity, water, furnishings and repairs at his residence.

iii) Medical Reimbursement: Expenses incurred for the Managing Director and his family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.

iv) Leave Travel Concession: For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.

v) Club Fees: Fees of Club subject to a maximum of two Clubs. This will not include admission and life membership fees.

vi) Personal Accident Insurance: Premium not to exceed Rs.10,000/- per annum.

In addition to the perquisites at (i), (ii), (iii), (iv), (v) and (vi) as above, the Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration.

Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Provident Fund, Superannuation / Annuity Fund:

i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.

ii) Gratuity payable at a rate not exceeding half a month's salary for each year of completed service.

iii) Encashment of Leave at the end of the term will not be included in the computation of the ceiling or perquisites.

iv) The benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time subject to applicable laws.

v) The Company shall pay or reimburse to the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

Notes:

1. Notwithstanding anything herein, where in any financial year during the currency of the tenure of office of the Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals and passing of special resolution, pay the Managing Director remuneration by way of salary, commission and perquisites not exceeding, the maximum limits as prescribed in Schedule V of the Companies Act, 2013, (corresponding to Schedule XIII of the Companies Act, 1956) or any modification thereof.

2. The Board of Directors/Remuneration Committee be and are hereby authorised to enhance, alter or vary the scope and quantum of remuneration and perquisites of Mr. Vivek Talwar in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013.

3. So long as Mr. Vivek Talwar functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

4. The office of the Managing Director may be terminated by the company or the concerned Director by giving three (3) months' prior notice in writing.

Mr. Vivek Talwar satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 as also conditions set out under sub-section (3) of Section 196 of the Companies Act, 2013 for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013.

The additional information as required under schedule V of the Companies Act, 2013 is given below:

I. General Information:

(i) Nature of Industry

The Company is in the business of manufacturing ceramic (floor/wall) tiles, processing of marble, outsourcing of vitrified tiles and development of real estates.

(ii) Date or expected date of commencement of commercial production

The Company was incorporated on 25th July, 1966. Since 1966, the Company commenced the manufacture of cement tiles.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable.

(iv) Financial performance based on given indicators

The relevant financial figures (Audited) as at year ended 31st March 2014 are as under:-

Particulars	Rs. In Lakhs
Total Turnover and other Income (net of excise)	75989.26
Total Expenses	97112.63
Profit/(Loss) after Tax	(21123.37)
Dividend	-

(v) Export performance and net foreign exchange collaborations

The Company's earnings in foreign exchange were Rs.1538.19 lakhs in the financial year 2013-14. The Company has no significant foreign exchange earnings or outgo in relation to any foreign collaborations.

(vi) Foreign Investments or collaborators, if any

Not Applicable.

II. Information about the Appointee:

(a) Background Details

Mr. Vivek Talwar is the Managing Director of your Company. He joined the Company as a Director in 1980. The operational responsibility and day-to-day functioning of the Company were gradually handed over to him. He was instrumental in setting up a plant at Alibaug to manufacture ceramic floor tiles and also in diversifying the business of the Company by entering into new activities such as marketing of imported marble, vitrified tiles and development of real estates.

(b) Past Remuneration

The previous term of Mr. Vivek Talwar as a Managing Director was for the period of three years from 1st April 2011 at a remuneration of Rs.4,00,000/- per month along with commission and perquisites in terms of Section 198 and 309 read with Schedule XIII of the Companies Act, 1956. However, considering the losses incurred by the Company, the remuneration paid has been restricted to Rs.48,00,000/- per annum, i.e. the extent of limits as prescribed under Section II(B) of Part II of Schedule XIII to the Companies Act, 1956. Apart from the remuneration in form of salary, Mr. Vivek Talwar has not been paid any other remuneration except other privileges as are generally available to other employees of the Company.

(c) Recognition or Awards

Under his stewardship, the Company has grown rapidly. He has played a pivotal role in promoting the 'NITCO' brand.

(d) Job Profile and his Suitability

Mr. Vivek Talwar is associated with the Company since 1980. At present, he is the Managing Director of the Company. The Company is working on a turnaround strategy and considering the experience of Mr. Vivek Talwar in the field of tile and real estate industry, he is ideally suited to the nature of our Industry.

(e) Remuneration Proposed

The salary proposed for Mr. Vivek Talwar is Rs.6,00,000 per month and other perquisites and allowances as fully set out in the Item No. 5 of the Explanatory Statement to the Notice.

(f) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be

w.r.t. the country of his origin)

Taking into account the turnover and brand equity of the Company, Mr. Vivek Talwar's invaluable experience in the Company, his role in placing the Company in pre-eminent position in the Industry, his strategic role in turning around the Company from its difficult position, the proposed remuneration to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Mr. Vivek Talwar has a pecuniary relationship with the Company as the Promoter and Managing Director of the Company. He is also related to Mr. Rohan Talwar, Non-executive Director of the Company.

III. Other Information:

(a) Reasons of loss or inadequate profits

The Company's business model until FY 11-12 was dependent on large imports of vitrified tiles from China. However, sudden steep drop in the value of rupee vs USD towards later part of FY 11-12, rendered the business of import of vitrified tiles and distribution within India unviable. The Company at that time was saddled with large inventories which were imported at a higher cost (due to rupee depreciation). With imports suddenly becoming unviable, company had to deal with high distribution costs which had to be scaled down gradually in line with reduction in the inventory. The power and fuel costs which form a significant part of the manufacturing costs in the tile industry have relentlessly increased every month which could not be fully passed on resulting in losses. Further the real estate went through difficult times and the overall economy was sluggish. All these factors impacted our profitability for the financial year 2013-14.

(b) Steps taken or proposed to be taken for improvement and Expected increase in productivity and profit in measurable terms

The Company had taken steps to move away from China based sourcing strategy to domestic led sourcing. The Company had acquired 51% equity stake in New Vardhman Vitrified Tiles Pvt. Ltd (NVVPL). NVVPL had set up a plant in Wakaner, Morbi, Gujarat for manufacturing 8 million sq. mtrs (approximately) of vitrified tiles and wall tiles. The plant has commenced its production towards the end of the financial year 2012-13. The production of this plant is marketed by the Company under its brand name. With this arrangement, Company's dependence on China for tiles sourcing had significantly reduced. The Company is focussing on reduction in the distribution cost. Due to the steep increase in gas prices, the Company suspended the use of Gas Turbine for power generation and shifted to the use of power from MSEDL and Coal for running the spray dryer.

IV. Disclosures:

The shareholders are being informed of the remuneration package by way of explanatory statement as given above.

The information and disclosures of the remuneration package of the Board of Directors have been mentioned in the Annual Report in the Corporate Governance Report Section for the year ended 31st March, 2014.

The re-appointment & remuneration payable to the appointee needs to be approved by the shareholders in a general meeting and accordingly, the special resolution is placed before the members. Your Directors recommend the resolution mentioned in this notice for the approval of the members.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Vivek Talwar under Section 190 of the Companies Act, 2013.

Other than Mr. Vivek Talwar and Mr. Rohan Talwar and their relatives, none of the other Directors, Key Managerial personnel or their relatives are interested or concerned, financially or otherwise, in the proposed Resolution at Item No. 5 of this Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

Item No. 6:

As per the clause 6 of the Master Restructuring Agreement (MRA) entered with the CDR Lenders, the CDR Lenders have a right to appoint a Nominee Director on the Board of the Company. Pursuant to the same, Punjab National Bank, Monitoring Institution for the CDR lenders, had nominated Mr. Rakesh Kumar as the Nominee Director. The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(3) of the Companies Act, 2013 and the Articles of Association of the Company, Shri Rakesh Kumar as a Nominee Director of the Company with effect from 24th March, 2014.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Shri Rakesh Kumar would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Rakesh Kumar for the office of Nominee Director of the Company.

Shri Rakesh Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Nominee Director.

Brief resume of Shri Rakesh Kumar, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board recommends the resolution set out in Item No. 6 of the Notice for approval of the Members.

Except Mr. Kumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Ordinary Resolution set out at Item No. 6 of this Notice.

Item No. 7:

The Board of Directors at its meeting held on 30th May, 2014, on the recommendation of the Audit Committee, approved the appointment of M/s. R. K. Bhandari & Co., Cost Accountants (Firm Registration Number 101435), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending 31st March, 2015, at a remuneration amounting to Rs.80,000/- (Rupees Eighty Thousand only) excluding out of pocket expenses, if any. In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out in Item No. 7 for ratification of the remuneration payable to the Cost Auditor.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolution as set out at Item No. 7 of this Notice.

Item No. 8:

The Member of the Company through Postal Ballot passed on 7th June, 2013, authorized the Board of Directors to borrow monies not exceeding Rs.2000 Crores (Rupees Two Thousand Crores only) exclusive of interest. The Company had passed ordinary resolution in accordance with the prevailing sections of the Companies Act, 1956. In terms of Section 180(1)(c) of the Companies Act, 2013, consent of the Company by way of Special Resolution is required for the Board of Directors of the Company to borrow monies in excess of the company's paid up capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

It is hence proposed that the approval of the members be sought to pass the Special Resolution as set out at Item No. 8 of the Notice, to borrow monies not exceeding Rs.2000 crores (Rupees Two Thousand Crores), to comply with section 180(1)(c) of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Special Resolution as set out at Item No. 8 of this Notice.

Item No. 9:

The Member of the Company through Postal Ballot passed on 7th June, 2013, authorized the Board of Directors to create mortgage or charge on its movable or immovable properties for an amount not exceeding Rs.2000 Crores (Rupees Two Thousand Crores only). The Company had passed ordinary resolution in accordance with the prevailing sections of the Companies Act, 1956.

In terms of Section 180(1)(a) of the Companies Act, 2013, consent of the Company by way of Special Resolution is required for the Board of Directors for mortgaging or charging its movable or immovable properties.

The consent of the Members is being sought to pass a Special Resolution under section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 9 of the Notice, to enable the Board of Directors to create mortgage or charge on its movable or immovable properties.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Special Resolution as set out at Item No. 9 of this Notice.

Item No. 10:

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), if the accumulated losses of an industrial company as at the end of any financial year have resulted in erosion of fifty percent (50%) or more of its peak net worth during the immediately preceding four financial years, the Company shall have to report the fact of such erosion to the Board for Industrial and Finance Reconstruction (BIFR) within a period of 60 days from the date of adoption of the audited accounts of the Company for the relevant financial year and hold a General Meeting of the Shareholders for considering of such erosion.

As per the Audited annual accounts of the Company for the financial year ended 31st March, 2014, which is being adopted and approved by the shareholders at this Annual General Meeting on 19th September, 2014 you may note that as per the provisions of section 23 of SICA Act, 1985, the Accumulated Losses of your Company as at 31st March, 2014 were Rs.370.69 Crores, which have resulted in erosion of more than 50% of its peak net worth of Rs.535.52 Crores during the four financial years immediately preceding the financial year ended on 31st March, 2014.

The fact relating to such erosion and its causes thereof and the revival measures, being taken by the Company are explained in the Report of the Board of Directors forming part of the Resolution as set out at item no. 10 of the accompanying notice of this Annual General Meeting.

This Resolution, if passed, shall have effect of allowing the Board of Directors on behalf of the Company to send Report on such erosion and steps & measures being taken by the Company to improve productivity and profitability of the Company to the BIFR.

The Board recommends this Resolution for your approval as an Ordinary Resolution.

None of the Directors and key managerial personnel and their relatives is in any way concerned or interested, financially or otherwise, except to the extent of their shareholdings in the Company.

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY UNDER SECTION 23 (1) (B) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

To the Members,

Nitco Limited

As required under section 23(1)(b) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the following report as to the erosion of more than 50% of its peak net worth of the Company and the causes thereof, is being forwarded to the Members of the Company.

As per the audited financial accounts of the Company for the year ended 31st March, 2014, the Company's accumulated losses stood at Rs.370.69 Crores, which constitutes more than 50% of its peak net worth of Rs.535.52 Crores during the preceding four financial years.

Causes of erosion of more than 50% of Peak Net Worth

The reasons for erosion of more than 50% of the peak net worth of the company as at 31st March 2014 are as under:

1. **Steep depreciation & High Volatility in Foreign Exchange Market:**
   The Company's business model until FY11-12 was largely dependent on large imports of vitrified tiles from China. However, sudden steep drop in the value of rupee vs USD towards later part of FY 11-12, rendered the business of import of vitrified tiles and distribution within India unviable. The Company at that time was saddled with large inventories which were imported at a higher cost (due to rupee depreciation) and had to take steps to liquidate the inventories at a loss.

2. **Challenging Economic Scenario:**
   The slump in real estate and overall state of the economy has made a quick revival that much more time consuming. Due to competitive pressures and subdued state of the economy, sales volume could not be increased as desired. Consequently, the gross sales of the company during year ended 31st March 2014 has dropped to Rs. 840.18 crores as against Rs. 877.98 crores during previous year ended 31st March 2013.

3. **Steep increase in Power & Fuel Cost:**
   The power and fuel costs which form a significant part of the manufacturing costs in the tile industry have relentlessly increased every month which could not be fully passed on resulting in losses.

4. **High Interest Burden:**
   As a consequence of change in the business model and adverse economic scenario, the loan burden has increased substantially, resulting in increase in the interest cost. The total interest for last three financial years aggregating to Rs. 321 crores, which is the major component of accumulated loss incurred by the company.

STEPS TAKEN FOR REVIVAL OF THE COMPANY

The Board of Directors have already initiated various remedial measures for revival of the Company:

1. The Company had taken steps to move away from China based sourcing strategy to domestic led sourcing. The Company had acquired 51% equity stake in New Vardhman Vitrified Tiles Pvt. Ltd (NVVPL). NVVPL had set up a plant in Wakaner, Morbi, Gujarat for manufacturing 8 million sq. mtrs (approximately) of vitrified tiles and wall tiles. The plant has commenced its production towards the end of the financial year 2012-13. The production of this plant is marketed by the Company under its brand name. With this arrangement, Company's dependence on China for tiles sourcing had significantly reduced.

2. The Company has taken measures to gradually scale down high distribution cost, in line with reduction in inventories.

3. Due to the steep increase in gas prices, the Company suspended the use of Gas Turbine for power generation and shifted to use of power from MSEDL and Coal for running the spray dryer. This will result in reduction of power and fuel costs in the next financial year.

4. The Company had approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders at the CDR Empowered Group (EG) meeting held on 8th November 2012, and issued the Letter of Approval (LOA) on 26th December, 2012 and revised letter dated 31st December, 2012, based on which the lenders agreeing to the package had signed the Master Restructuring Agreement (MRA) on March 6, 2013.

5. The Promoters have brought in Rs. 55.69 crores in the year 2013-14, as per the stipulation in CDR Scheme.

6. The Company is taking steps to monetise certain non-core assets in terms of the Corporate Debt Restructuring package implemented by the Company.

The aforesaid actions are likely to help turnaround the company and to restore its profitability and financial health.

By Order of the Board of Directors
For **NITCO LIMITED**

Sd/-

Reena Raje 13th August, 2014
Company Secretary Mumbai

Registered Office: Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030
Tel: +91 22 6616 4555; Fax: +91 22 6616 4657; Email: investorgrievances@nitco.in
CIN: L26920MH1966PLC016547; Website: www.nitco.in

FORM NO. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):..

Registered address: ....

....

E-mail Id:.. Folio No/ DP ID and Client Id: ....

I/We, being the member(s) of .... shares of the above named company, hereby appoint:

1. Name:.. E-mail Id:...
   Address: ....
   ....Signature: ______________ or failing him/her

2. Name:.. E-mail Id:...
   Address: ....
   ....Signature: ______________ or failing him/her

3. Name:.. E-mail Id:...
   Address: ....
   ....Signature: ______________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 48th Annual General Meeting of the Company, to be held on Friday the 19th September, 2014 of at 11.00 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Description	For	Against
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the Financial Year ended 31st March, 2014		
2.	Appoint a Director in place of Mr. Rohan Talwar, who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Appoint Statutory Auditors for a period of 3 (Three) years commencing from conclusion of this Annual General Meeting ('AGM') until the conclusion of the third consecutive AGM of the Company and approve their remuneration.		
4.	Appointment of Mr. Pradeep Saxena as an Independent Director for a term of three consecutive years commencing from 1st April, 2014.		
5.	Appointment of Mr. Vivek Talwar as a Managing Director for a period of three years with effect from 1st April, 2014 and approval of his remuneration		
6.	Appointment of Mr. Rakesh Kumar as a Nominee Director		
7.	Ratification and confirmation for payment of remuneration to M/s. R. K. Bhandari & Co., Cost Accountants.		
8.	Consent to borrow moneys upto Rs. 2,000 Crores (Rupees Two Thousand Crores only)		
9.	Consent to mortgage / charge / hypothecate / encumber any of the Company's movable and / or immovable properties of the Company.		
10.	Approval of the Report of Board of Directors to the share holders under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.		

Signed this ________day of ________, 2014.

Affix
Revenue
Stamp

___________________________ ___________________________________

Signature of shareholder Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. The Proxy need not be a member of the Company. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
3. Please put a tick mark (√) in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

NITCO LIMITED

Innovation for a better life

NITCO LIMITED

Registered Office: Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030 ○ **Tel**: +91 22 6616 4555 ○ **Fax**: +91 22 6616 4657 ○ **Email**: investorgrievances@nitco.in
CIN: L26920MH1966PLC016547 ○ Website: www.nitco.in

ATTENDANCE SLIP

48TH ANNUAL GENERAL MEETING ON 19th SEPTEMBER, 2014

Registered Folio/ DP ID & Client ID	SRNO/ FOLIO
Name and address of the shareholder(s)	NAM1 ADD1 ADD2 ADD3 CITY PNCD
Joint Holder 1	NAM2 NAM3

I/ We hereby record my/our presence at the 48th Annual General Meeting of the Company held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Friday, the 19th day of September, 2014 at 11.00 a.m.

______________________________	________________________________	________________________
Member's Folio/DP ID/ Client ID No.	Member's/Proxy's name	Member's/Proxy's Signature

Note:

1. Please fill in the Folio/DP ID-Client ID No., name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.

ELECTRONIC VOTING PARTICULARS

Electronic Voting Event Number (EVEN)	**User ID**	**Password**
Even	Userid	pass

Notes:

- The voting period starts from, 13th September, 2014 (9:00 am IST) and ends on 15th September, 2014 (6:00 pm IST). The voting module shall be disabled by NSDL for voting thereafter.
- Please read the instructions for e-voting given along with the Annual Report..

NOTE: Please Bring The Above Attendance Slip To The Meeting Hall.

A TRISYS PRODUCT

info@trisyscom.com

NITCO
LIMITED
Innovation for a better life

www.nitcotiles.com