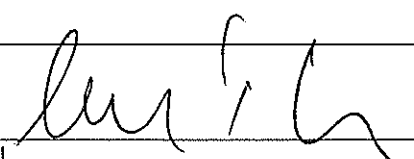
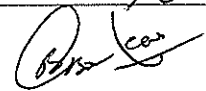
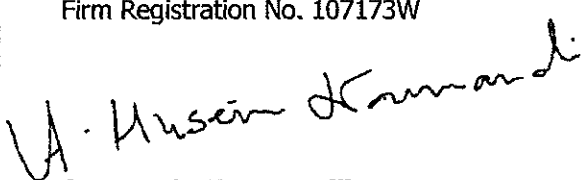
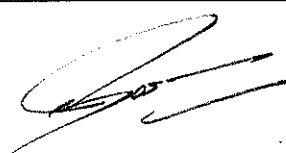


# FORM B

## Covering letter for filing Annual Audit Report with Stock Exchanges

1.	Name of Company	NITCO Limited
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2015
3.	Type of audit qualification	Qualified for non-provision of interest for 2014-15
4.	Frequency of qualification	First time in 2014-15
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p><b>Qualifications:</b></p> <p>1. Note No 38 of the accompanying financial statement in respect of non-provision of interest for FY 2014-15 upon registration with BIFR.</p> <p>Management Response:</p> <p>1. Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015. In view of the above position, the Company has not provided for unpaid interest after the date the loans have been classified as NPA with the respective Banks.</p>
6.	Additional comments from the Board/ Audit Committee chair	No additional comments offered
7.	Vivek Talwar- Managing Director	
	B. G. Borkar – Chief Financial Officer	
	Auditor of the Company	<p>For <b>A. Husein Noumanali &amp; Co.</b> Chartered Accountants Firm Registration No. 107173W</p> <p> <b>(A. Husein Noumanali)</b> Proprietor M. No. 14757</p>
	Pradeep Saxena – Audit Committee Chairman	

# NITCO LTD

## Annual Report 2014 - 2015

Responding to Challenges



## 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.



Future  
Homes...

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# CORPORATE INFORMATION

## **Corporate Office:**

NITCO Limited,  
NITCO House, Station Road,  
Kanjur Marg (East),  
Mumbai – 400 042, Maharashtra,  
Tel No - +91 22 6752 1555  
Fax No - +91 22 6752 1500

## **Registered Office:**

NITCO House,  
Recondo Compound, S.K Ahire Marg,  
Worli, Mumbai – 400 030, Maharashtra,  
Tel No - +91 22 6616 4555  
Fax No - +91 22 6616 4657

## **Board of Directors**

Mr. Vivek Talwar, Chairman & Managing Director  
Mr. Rohan Talwar, Non-Independent Director  
Mr. Pradeep Saxena, Independent Director  
Mr. Rakesh Kumar, Nominee Director  
Mr. Sharath Bolar, Independent Director  
Mrs. Bharti Dhar, Independent Director

## **Key Managerial Personnel:**

Mr. Ashok Goyal, Chief Executive Officer  
Mr. B. G. Borkar, Chief Financial Officer  
Mr. Rohit Darji, Asst. Company Secretary &  
Compliance Officer

## **Statutory Auditor:**

A. Husein Noumanali & Co., Chartered Accountant

## **Works:**

### **Ceramic Tiles Division**

Village Shirgaon, Taluka Alibag,  
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

## Contents

Even in a challenging economic environment, NITCO was able to hold its ship steady.

In addition, it embraced a strategic shift towards engaging in outsourced products, optimizing costs and improving margins. It also ventured into digital tiles, enhancing product variety and strengthening customer convenience.

On the back of these positives, the Company looks is responding to the challenges and looks into the future with cautious optimism.

## About us

NITCO (Northern India Tiles Corporation) Limited was established in 1966 by Late 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.

The Company's equity shares are listed on the Bombay and National stock exchanges.

## The Stellar Stone

From the classic Stonehenge to the Standing Stones of Stenhouse, zoom in to these majestic beauties with NITCO Magnified Stone collection. Inspired by the heritage rocks to give your home a classic makeover.

## Over the years...

Year	Highlights
1997	<ul style="list-style-type: none"><li>• Commissioned the Alibaug ceramic tiles unit</li></ul>
2002	<ul style="list-style-type: none"><li>• Received the Quality Excellence award for the Alibaug unit from the Institute of Trade and Industrial Development</li></ul>
2004	<ul style="list-style-type: none"><li>• Upgraded the Alibaug plant for manufacturing porcelain tiles</li></ul>
2006	<ul style="list-style-type: none"><li>• Expansion of ceramic tiles capacity at Alibaug</li><li>• Listed on the BSE and NSE</li><li>• Installed six windmills (7.5 MW) at Dhule (Maharashtra)</li></ul>
2007	<ul style="list-style-type: none"><li>• Launch of the first Le Studio exclusive showrooms</li><li>• Best SAP Project Implementation award from SAP India Ltd</li><li>• Received marble import license by the DGFT for 15,895 MT.</li><li>• Entered real estate development through Nitco Realties (subsidiary) with 100% shareholding</li><li>• Launched 16 exclusive showrooms under the Le Studio brand</li></ul>
2008	<ul style="list-style-type: none"><li>• First Construction World award win</li></ul>
2009	<ul style="list-style-type: none"><li>• Second Construction World award win</li><li>• Added wall tiles to its product portfolio</li><li>• Received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications</li><li>• GAIL commenced RLNG supplies at the Alibaug unit</li></ul>
2010	<ul style="list-style-type: none"><li>• Set-up a marble processing facility with equipment supplied by Breton S.p.A at Silvassa</li><li>• Launched premium category porcelain tiles under the Naturoc brand</li></ul>
2011	<ul style="list-style-type: none"><li>• Commissioned a 5.5 MW cogeneration gas-based power plant at Alibaug</li><li>• Completed the construction of the Biz Park at Thane, spread across 2 lac sq. ft</li></ul>
2012	<ul style="list-style-type: none"><li>• Marble processing plant at Silvassa commenced commercial operations</li><li>• Installed automatic pelletiser and polishing line at the ceramic tiles plant at Alibaug</li></ul>
2013	<ul style="list-style-type: none"><li>• Ranked 20th among 'Dream companies to work for' by the World HRD Congress</li><li>• Acquired 51% stake in the equity of New Vardhman Vitrified Private Limited</li></ul>
2014	<ul style="list-style-type: none"><li>• Commercial production through the joint venture</li><li>• Launched digital wall tiles</li></ul>
2015	<ul style="list-style-type: none"><li>• Launch of large format GVT tiles</li></ul>

# 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 reliable client base overseas as well. The Company has increased its distribution network in the North and East zone of the country.

## Brand equity

The NITCO brand stands for pioneering innovation in 600x600 mm glazed vitrified tiles of which the Company is among the largest manufacturers in India. We also manufacture 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 shuffled its operating model to a joint-venture led approach. The Company invested in brown field expansion at Gujarat-based facilities and saved on similar capex costs that would be required for green field projects, strengthening long-term profitability and moderating capital costs.

## 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 both retail and institutional channels, enabling it to enhance its customer base and drive both volumes and margins.

## Wondrous Wood

Your quest to stay close to Mother Nature is over. With designs that soothes your soul to textures that caresses your mind; the NITCO Magnified Wood tile collection is sure to leave you breathless.



## Key corporate highlights, 2014-15

1. NITCO strengthened its premium positioning with the launch of NITCO Magnified range of large size GVT and PGVT floor tiles (4ftX2ft) tiles...the rapid urbanization and opulence in the luxury segment have resulted in the Indian customer opting for larger size tiles less joints and more natural looking surface. NITCO Magnified range positioned to make the floor look larger than life was appreciated by all. The Launch experience which resulted in a magnified experience for the retail trade partners in the city of Jaipur where the new range was unveiled created awe and was overbooked further strengthening NITCO's position and the trust of the dealer network in NITCO's quality and superiority.
2. NITCO expanded its Ceramic digital floor range and expanded its presence across more counters and customer base with the launch of 2X2ft DuraDigi range of HD digital floor tiles, the unique geometric designs and ECLAT finish with the clarity of print, design sharpness and the unique innovative surface finish was appreciated by all and the demand overtook supply in a matter of time.
3. NITCO expanded its basket with the launch of NITCO Casa Wall tile range a collection launched after an immense study of future homes and studying the future design trends of homes and their impact on design and lifestyle, the collection saw unique designs and color palettes changing the norm and capturing the imagination of all with its range of designs and new reactive finish design surfaces.
4. Not only was it the year with the largest basket of new launch but also exciting with launch events done across more than 24 cities across India where the end customer/trade and influencers could be an integral part to be exposed to the same.
5. NITCO expanded its digital footprint in an era which is fast exploding with new innovations, its aligned an integrated new structured digital and social media presence from a new look website providing room visualization and imagery integrated across all platforms with cell phones, tabs, pc's enabling a 5 times increase in enquiries and direct customer feedback with the sales has recently been rated as one of the most innovative sites by the social media groups.



## **Key corporate strengths**

### **Marketing network**

Over 5000 retail outlets mark NITCO's presence in the country. The Company possesses over 1100 direct dealers, backed by 26 depots powering the distribution network. It also operates more than 13 exclusive showrooms, Le Studio, pan-India, for displaying its exquisite range of tiles, mosaic and marbles. The Company also has around 125 showrooms operating as franchisees under Le Studio Express (LSE) and NITCO Look.

### **Technology**

NITCO deploys world-class manufacturing technology with fully-automated production lines enabling the delivery of globally-benchmarked products. Stringent quality standards are also maintained at the marble division with the Breton equipment at Silvassa remaining 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 locations globally and thereafter cut and smoothed with finesse, enabling 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). Moreover, the Company's 100% matte finished tiles possess anti-skid properties, widening their scope of applicability. NITCO has also ventured into digital tiles, providing attractive and eye-catching designs.

## **NITCO ventured into digital tiles, carving out its own niche in a fast-growing market**

At NITCO, we realised that staying relevant in a dynamic market was critical to long-term sustainability. Towards this end, we leveraged the NITCO brand equity and forayed into the manufacture of digital tiles through the establishment of digital machines.

The premium digital wall tile segment consists of various sizes such as 300x450mm, 300x600mm, 300x900mm. It has a glossy, matte and satin matte finish with 78 SKUs. The small digital wall tile segment also consists of various sizes including 200x300mm, 250x330mm and comes in glossy, matte and satin matte finish with 51 SKUs. The wall grandeur segment comes in two sizes 600x300mm, 300x450mm and a glossy, matte and lapato finish.

## **NITCO increasingly engaged in product outsourcing, enabling it to optimise costs and stay true to its 'asset light' model**

In the joint-ventured approach, the Company has invested in Gujarat-based facilities for a relatively lower sum than what it would have spent in creating a Greenfield facility; besides, the joint venture has helped the Company capitalize on prevailing market trend without expending a couple of years to build a new facility.



## Presence

**NITCO is headquartered in Mumbai and possesses a pan-India presence through a wide distribution network comprising approximate 1100 dealers and 5000 retail outlets (at the close of 2014-15).**

**The Company's manufacturing units are strategically located in multiple states. While its marbles division is located in Mumbai (Maharashtra) and Silvassa (Dadra and Nagar Haveli), its ceramic tiles division is located in Alibag and mosaic tiles division in Mumbai (both in Maharashtra).**

## Clientele

**Apart from catering to domestic demands, the Company enjoys a sizeable client base overseas as well through exports to Bahrain, Belgium, the Netherlands, Oman, Qatar, Saudi Arabia, Europe and Africa among others.**



## Awards

- Thirteen Capexil awards for innovation and design
- 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.

## Innovation at NITCO

NITCO manufactures a wide range of innovative products and has always been the pioneer in setting design trends and creating trendsetters for the industry.

1. The journey of innovation stems from its design ethos in creating designs which look and feel like a slice of nature, designs created and inspired from its own library of natural stones/woods/natural imported marble.
2. It's unique 6 color digital printing blended with rotocolor and dry application provide it technology to combine the best of all printing technologies and replicate the natural look and color on each tile making every design unique and asymmetric.
3. The year 2014-15 saw the launch of a new finish called Eclat finish which fused the natural veins and surface with a sheen creating a new dimension in Ceramic floor tiles range called DuraDigi
4. NITCO also launched its premium range of wall tiles under the Casa collection combining digital reactive print gloss with drop application, designed infused for future homes, most of the designs are like masterpieces making the application of wall tiles take centre stage from living rooms to standalone walls.
5. Not only is it surface innovation but also on tangibles like strength where NITCO surpassed all competitors with its launch of Magnified range of floor tiles with the highest industry strength.



# DIRECTOR'S 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, 2015.

### FINANCIAL RESULTS

The highlights of the financial results for the year ended March 31, 2015 are as follows:

(₹ in crore)

For the year ended March 31	Standalone		Consolidated	
	2015	2014	2015	2014
<b>Gross Sales</b>	902.61	841.91	914.31	861.91
<b>Net Revenue</b>	826.99	761.17	837.43	778.58
<b>Profit/(Loss) before interest depreciation and tax</b>	(15.81)	(25.55)	4.17	(11.83)
Interest & Financial Charges (Net)	(42.17)	(143.69)	(50.31)	(150.05)
Depreciation	(62.27)	(41.99)	(69.78)	(47.43)
Exceptional Items	(6.97)	-	-	-
<b>Profit/(loss) before tax</b>	(127.22)	(211.23)	(115.91)	(209.31)
Provision for tax	-	-	(2.30)	(1.57)
<b>Profit/(loss) after tax</b>	(127.22)	(211.23)	(118.22)	(210.88)
Minority interest	-	-	(1.11)	(0.18)
Balance brought forward from previous year	(370.69)	(159.46)	(377.68)	(166.62)
<b>Balance carried forward</b>	(497.91)	(370.69)	(498.39)	(377.68)

### Review of operation

The Company's business model until FY 2011-12, was predominantly based on outsourcing of tiles from China. Due to sharp depreciation of Indian Rupee against US Dollar during later part of 2011, this model based on imports suddenly became unviable. The Company thereafter took steps to shift the business model to local outsourcing/ joint venture arrangement. This sudden change in the model has taken a toll on the financial performance of the Company during the last three years.

Despite the several challenges faced by the Company, the Company during the year increased its net operating revenue from ₹ 761.17 crore to ₹ 826.99 crore, an increase of 8.65% which reflects the strong brand equity enjoyed by the Company. Due to several steps taken by the Company and tight control on costs, EBITDA losses reduced to ₹ 15.81 crore from ₹ 25.55 crore. At a consolidated level, the Company has achieved for the first time during last three years a positive EBITDA of ₹ 4.17 Crore. The management is confident that the strategy now being pursued by the Company is appropriate for achieving the desired result.

Considering the brand equity enjoyed by the Company and the performance of the Company during the current year in a tough environment, 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.

### Joint Venture with New Vardhman Vitrified Tiles Pvt. Ltd.

As a part of the business strategy, your Company had acquired 51% equity stake in New Vardhman Vitrified Tiles Pvt. Ltd (NVVPL) during FY 2011-12. The said company had set up a plant near Morbi, Gujarat for manufacturing 8 million sq. mtrs (approximately) of vitrified and wall tiles. The plant commenced production towards the end of the FY 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 has significantly reduced. NVVPL, in its second full year of operation, has achieved net turnover of ₹ 170.43 crore, EBITDA of Rs. 20.15 crore and Profit Before Tax of ₹ 4.55 crore. The Company is regular in servicing its commitment to its lenders and has repaid term loan installments of ₹ 23 crore since commencement of its operation. The Company is in the process of enhancing its capacity by another 2 million sq meter and production is expected to commence during the first half of FY 2015-16.

### Corporate Debt Restructuring

The Company's debts were restructured under Corporate Debt Restructuring (CDR) mechanism effective April 2012. The CDR

package included fresh funding commitment by Banks of Rs. 177 crore (both fund and non-fund) which the Banks failed to release. As per the approved CDR package, certain non core assets of the Company were to be disposed of which could not materialize due to adverse market conditions. During the year FY 2014-15, eight lenders having exposure of approximately 40% of the total CDR debt have assigned their debts in favour of JM Financial Assets Reconstruction Co. Pvt. Ltd. Consequently, CDR Empowered Group has approved the exit of the Company from CDR mechanism.

### Reference to BIFR

Due to significant losses incurred during last three financial years, the net worth of the Company has been fully eroded and being a mandatory requirement, the Company had filed a reference u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board for Industrial & Financial Reconstruction (BIFR). The above reference has been duly registered vide BIFR order dated 12th May 2015. As the Company is registered with BIFR, the Company has not provided for unpaid interest to the respective Banks from the date the account has become a non performing asset with the respective banks.

### 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 was under Corporate Debt Restructuring and now under BIFR.

### Dividend

In view of the losses incurred during the year, your Board is not able to recommend any dividend for the financial year ended March 31, 2015.

### Subsidiary Companies and Consolidated Financial Statements

In accordance with the Companies Act 2013, and Accounting Standard (AS-21) on consolidated financial Statement, the audited consolidated financial statement is provided in the Annual Report.

The Statement required under Section 129(3) of the Companies Act, 2013 in respect of the subsidiary companies is provided in Annexure II of this 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.

### Directors' Responsibility Statement

The Directors confirm that:

- a) In the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed with proper explanation 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, 2015 and of the loss of the Company for the year ended March 31, 2015;
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Directors

Mr. Vishal Malik, Independent Director resigned from the Board of Directors of the Company on June 23, 2014 due to his preoccupation. The Board wishes to place on record its appreciation of the valuable contribution made by Mr. Vishal Malik during his tenure as a Director.

During the year under review, the members approved the appointment of Shri Pradeep Saxena as Independent Director who is not liable to retire by rotation. The members have also re-appointed Shri Vivek Talwar as the Managing Director for period of three years effective April 1, 2014.

The Board pursuant to the provisions of Section 149 and 152 of the Companies Act 2013 and subject to the approval of shareholders in the ensuing Annual General Meeting has appointed Mr. Sharath Bolar and Mrs. Bharti Dhar as Independent Directors for a period not exceeding 5 years and not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligation and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.





### Key Managerial Personnel

The Company has following Key Managerial Personnel:

Sr. No.	Name of the person	Designation
1.	Mr. Vivek Talwar	Chairman & Managing Director
2.	Mr. Ashok Goyal	Chief Executive Officer
3.	Mr. B. G. Borkar	Chief Financial Officer
4.	Mr. Rohit Darji	Asst. Company Secretary & Compliance Officer

### 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 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.

### Contracts and Arrangements With Related Parties

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

Material related party transactions which are at arm's length are disclosed in form AOC-2 annexed as Annexure III.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.nitco.in/investors/nitco-policy.aspx>

Your Directors draw attention of the members to Note 32 to the financial statement which sets out related party disclosures.

### Transfer To Investor Education And Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 24720/- to Investor Education and Protection Fund, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents dividend 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.

### Corporate Social Responsibility

In view of losses being incurred by the Company, the provisions of Corporate Social Responsibilities under the Act is not applicable.

### 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 minimize the impact of risk.

### Internal control framework

Your Company conducts its business with integrity and high standards of ethical behavior 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.

### Public Deposits

The Company has neither accepted nor renewed any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 read with Companies (Acceptance of Deposits) Rules, 1975 during the year ended 31st March 2015.

### Auditors

The present auditors of the Company, M/s. A. Husein Noumanali & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment. The Company has received their written consent and certificate from the statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed under section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141(3) of the said Act. They further confirmed that they are not providing any non-audit services under section 144 of the said Act. The Board commends their re-appointment as statutory auditors.

### 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.

With regards to the observations from the Statutory Auditors in their report on Standalone Financials of the Company, your directors would like to state that:

**“The Company on the basis of the application filed u/s 15(1) of the Sick Industrial Companies (Special Provision) Act 1985, before the Hon'ble Board for Industrial & Financial Reconstructions, has not provided for interest on financing facilities amount to Rs. 107.40 crore for the year ended March 31, 2015. Had the same been provided, the loss for the year ended March 31, 2015 would have increased by Rs. 107.40 crore and corresponding liabilities would have increased by Rs. 107.40 crore as at March 31, 2015.”**

Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015. In view of the above position, the Company has not provided for unpaid interest after the date the loans have been classified as NPA with the respective Banks in view of the uncertainties with regard to the ultimate outflow.

#### Secretarial Audit

The Board appointed M/s Mayur More & Associates, Practising Company Secretary, to conduct Secretarial audit for the financial year FY 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure V to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### Cost Audit

The Board has appointed M/s. R.K. Bhandari & Co, Cost Accountants, as cost auditor for conducting the audit of cost records of the Company for the applicable segment for the financial year FY 2014-15.

#### Audit Committee

The Audit Committee comprises Independent Directors namely Shri Pradeep Saxena (Chairman), Shri Sharath Bolar and Shri Vivek Talwar as other members.

#### Vigil Mechanism

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://nitco.in/investors/nitco-policy.aspx>

#### Meetings of the Board

Four meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance.

#### Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 3, 11, 12, 13 and 37 to the standalone financial statement).

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, is annexed herewith as Annexure I.

#### Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure IV to this Report.

#### Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Compliance Officer and the same will be furnished on request. The Annual Report is being sent electronically to all those members who have registered their email addresses and is available on the Company's website.

#### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. The Managing Director of the Company does not receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### Appreciation and acknowledgement

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of continued support and cooperation 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

Chairman & Managing Director

Mumbai, May 29, 2015

Place: Mumbai



## ANNEXURE I TO DIRECTOR'S REPORT

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

### Conservation of Energy:

The company's manufacturing operations are energy intensive. The concern for more efficient utilization 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.

### 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.

### 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

### Vivek Talwar

Chairman & Managing Director

Mumbai, May 29, 2015



(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## PART "A": SUBSIDIARIES

Name of Subsidiary Company	Nitco Holdings HK Co. Ltd.	New Vardhman Vitrified Pvt. Ltd.	Nitco Realities 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 Estate Pvt. Ltd.	Ferocity Property Pvt. Ltd.	Aileen Properties Pvt. Ltd.
Paid up Capital	0.78	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	35.23	187.13	700.60	259.51	(0.25)	(0.74)	(0.27)	(0.25)	(0.20)	(0.25)	(0.25)	(0.25)	(0.25)	(0.07)	(0.17)
Total Assets	63.85	16,096.83	16,053.68	492.83	367.97	50.33	451.09	334.80	103.64	243.93	137.95	597.29	436.52	394.41	3.30
Total Liabilities	27.84	12,470.92	15,351.08	108.32	363.21	50.07	450.36	334.05	3.84	243.18	137.20	596.54	435.77	393.49	2.47
Investments (except investment in subsidiary companies ]	-	0.15	-	-	-	-	-	-	-	25.00	-	-	-	-	-
Gross Turnover (Incl. other Income)	-	20,187.21	19.00	187.83	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	-	454.97	10.11	0.00	-	-	-	-	-	-	-	-	-	-	-
Provision for taxation	-	228.50	1.87	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	226.47	8.24	0.00	-	-	-	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100%	51%	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

₹ in Lacs

**Note:** During the year two wholly owned subsidiaries viz. M/s. Foshan Nitco Trading Co. Ltd., China and M/s. Kesinkaya Mermer Madencilik Nakl. Turz. San. Ve Tic. Ltd., Turkey ceased to be the subsidiaries of the Company.

As per our Report of even date  
For **A. Husein Noumanali & Co**  
Chartered Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**  
Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**  
Chairman &  
Managing Director

**Pradeep Saxena**  
Director

**Sharath Bolal**  
Director

**Ashok Goyal**  
Chief Executive Officer

**Bhaskar Borkar**  
Chief Finance Officer

**Rohit Darji**  
Asst. Company Secretary  
& Compliance Officer

**ANNEXURE III****Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014].

Details of material contracts or arrangement or transactions at arm's length basis as on 31st March 2015

Name(s) of the Related Party and Nature of Relationship	Nature of Contract	Duration of the Contract	Salient terms of contract	Date of Approval by the Board	Amount paid as advance (Net)
New Vardhman Vitrified Private Limited (Subsidiary)	Purchase of tiles	continuous in nature and not for a specific period	In ordinary course of business	7 <sup>th</sup> November, 2012	NIL

For and on behalf of the Board

**Vivek Talwar**

Chairman & Managing Director

Mumbai, May 29, 2015

**Annexure IV****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 And Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L26920MH1966PLC016547
ii)	Registration Date	25/07/1966
iii)	Name of the Company	NITCO Limited
iv)	Category / Sub Category of the Company	Public Company/ Limited by Shares
v)	Address of the Registered Office and Contact details	NITCO House, Recondo Compound, S. K. Ahire Marg, Worli, Mumbai- 400 030 Tel: +91 22 66164555 Fax: +91 22 66164657
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar & Transfer Agents:-	Link Intime India Private Limited C-13, Panalal, Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Tel: 022 2594 6970 Fax:022 2594 6969

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY****(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of ceramic products	23939	83.41
2	Processing of imported marble	26960	15.36

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of holding	Applicable Section
1	Nitco Realties Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U45201MH2006PTC165337	Subsidiary	100%	Section 2(87)
2	New Vardhman Vitrified Private Limited Plot no. 2/52, Rupal Industrial Area, Opp. Manahar Dying, Damroli Road, Surat- 394221	U26933GJ2011PTC066282	Subsidiary	51%	Section 2(87)
3	Nitco Holding HK Co. Limited Room 2107, 21/F, CC WU Building, 302-308 Hennessy Road, Wanchai, Hong Kong	NA	Foreign Subsidiary	100%	Section 2(87)
4	Nitco IT Park Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U70109MH2007PTC172768	Step down Subsidiary	100%	Section 2(87)
5	Nitco Aviation Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U93090MH2008PTC184057	Step down Subsidiary	100%	Section 2(87)
6	Meghdoot Properties Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U45201MH2006PTC166528	Step down Subsidiary	100%	Section 2(87)
7	Opera Properties Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U70100MH1996PTC100383	Step down Subsidiary	100%	Section 2(87)
8	Feel Better Housing Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U45400MH2007PTC169306	Step down Subsidiary	100%	Section 2(87)
9	Glamorous Properties Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U70100MH2006PTC159880	Step down Subsidiary	75%	Section 2(87)
10	Roaring - Lion Properties Private Limited Inside Municipal Asphalt Compound, Recondo Compound, S.K.Ahire Marg, Worli, Mumbai- 400030	U70102MH2007PTC176175	Step down Subsidiary	100%	Section 2(87)



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	2251034	2585	2253619	4.12	421287	2585	423872	0.77	-3.35
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	5244601	2350	5246951	9.59	4319947	2350	4322297	7.90	-1.69
ii) Overseas	825281	-	825281	1.51	825281	-	825281	1.51	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lacs	4380080	90614	4470694	8.17	5339013	88264	5427277	9.92	-1.75
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lacs	2332261	-	2332261	4.26	2651211	-	2651211	4.85	0.59
c) Others (specify)									
Clearing Members	191743	-	191743	0.35	1664462	-	1664462	3.04	2.69
Non Resident Indians (REPAT)	1331321	1	1331322	2.43	1328613	1	1328614	2.43	-
Non Resident Indians (NON REPAT)	7161	-	7161	0.01	16018	-	16018	0.03	0.02
Sub-total (B)(2):-	14312448	92965	14405413	26.34	16144545	90615	16235160	29.68	3.34
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>16563482</b>	<b>95550</b>	<b>16659032</b>	<b>30.46</b>	<b>16565832</b>	<b>93200</b>	<b>16659032</b>	<b>30.46</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>54599546</b>	<b>99792</b>	<b>54699338</b>	<b>100.00</b>	<b>54601896</b>	<b>97442</b>	<b>54699338</b>	<b>100.00</b>	<b>-</b>

### B) Shareholding of Promoter & Promoter Group:-

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1-April-2014]			No. of Shares held at the end of the year [As on 31-March-2015]			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Aurella Estates and Investments Pvt Ltd	25676949	46.94	46.94	25676949	46.94	46.94	-
2	Vivek Prannath Talwar	6323669	11.56	11.56	6323669	11.56	11.56	-
3	Watco Engineering Co. Pvt. Ltd	1616712	2.96	-	1616712	2.96	-	-
4	Nitco Paints Pvt Ltd	1598299	2.92	2.24	1598299	2.92	-	-
5	Anjali Talwar	543146	0.99	-	543146	0.99	-	-
6	Prannath Amarnath Talwar	503837	0.92	-	503837	0.92	-	-
7	Rajeshwari Prannath Talwar	322151	0.59	-	322151	0.59	-	-
8	Rang Mandir Builders Pvt. Ltd.	280269	0.51	-	280269	0.51	-	-
9	Ushakiran Builders Pvt Ltd	209417	0.38	-	209417	0.38	-	-
10	Lavender Properties Pvt Ltd	208072	0.38	-	208072	0.38	-	-



Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1-April-2014]			No. of Shares held at the end of the year [As on 31-March-2015]			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
11	Prakalp Proprties Pvt Ltd	175785	0.32	-	175785	0.32	-	-
12	Eden Garden Builders Pvt Ltd	156951	0.29	-	156951	0.29	-	-
13	Lovraj Talwar	87301	0.16	-	87301	0.16	-	-
14	Nitco Tiles And Marble Industries (Andhra) Pvt Ltd	85517	0.16	-	85517	0.16	-	-
15	Sanjnaa Talwar	85517	0.16	-	85517	0.16	-	-
16	Enjoy Builders Pvt Ltd	72646	0.13	-	72646	0.13	-	-
17	Poonam Wasan	62562	0.11	-	62562	0.11	-	-
18	Vivek Prannath Talwar (HUF)	27264	0.05	-	27264	0.05	-	-
19	Northern India Tiles Corporation	2240	-	-	2240	-	-	-
20	Northern India Tiles (Sales) Corporation	1	-	-	1	-	-	-
21	A N Talwar (HUF)	2001	-	-	2001	-	-	-
	<b>Total</b>	<b>38040306</b>	<b>69.54</b>	<b>60.74</b>	<b>38040306</b>	<b>69.54</b>	<b>58.50</b>	<b>-</b>

### C) Change in Promoters' Shareholding

There was no change in the Promoters' shareholding in the FY 2014-15.

### D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Sea Glimpse Investments Pvt. Ltd.</b>				
	Beginning of the year	523465	0.96	523465	0.96
	02/05/2014-Purchase	724000	1.32	1247465	2.28
	26/09/2014-Transfer (Pursuant to Scheme of Amalgamation)	1740042	3.18	2987507	5.46
	31/03/2015-Sale	-1124000	-2.05	1863507	3.41
	End of the year	-	-	1863507	3.41
<b>2</b>	<b>Prasam Trading Pvt. Ltd.</b>				
	Beginning of the year	2514042	4.60	2514042	4.60
	02/05/2014-Sale	-774000	-1.42	1740042	3.18
	26/09/2014- Transfer (Pursuant to Scheme of Amalgamation)	-1740042	-3.18	0	0.00
	End of the year	-	-	0	0.00
<b>3</b>	<b>LKP Securities Ltd.</b>				
	Beginning of the year	0	0.00	0	0.00
	04/04/2014-Purchase	500	0.00	500	0.00
	16/05/2014-Purchase	735	0.00	1235	0.00
	23/05/2014-Sale	-735	0.00	500	0.00

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	30/06/2014-Purchase	150	0.00	650	0.00
	04/07/2014-Sale	-150	0.00	500	0.00
	15/08/2014-Purchase	610	0.00	1110	0.00
	22/08/2014-Sale	-510	0.00	600	0.00
	12/09/2014-Purchase	1000	0.00	1600	0.00
	19-09/2014-Sale	-695	0.00	905	0.00
	10/10/2014-Sale	-805	0.00	100	0.00
	17/10/2014-Purchase	150	0.00	250	0.00
	31/10/2014-Purchase	100	0.00	350	0.00
	07/11/2014-Sale	-250	0.00	100	0.00
	14/11/2014-Purchase	1100	0.00	1200	0.00
	21/11/2014-Sale	-800	0.00	400	0.00
	05/12/2014-Sale	-200	0.00	200	0.00
	12/12/2014-Sale	-100	0.00	100	0.00
	19/12/2014-Purchase	300	0.00	400	0.00
	23/01/2015-Purchase	250	0.00	650	0.00
	06/03/2015-Purchase	149750	0.27	150400	0.27
	13/03/2015-Purchase	151100	0.27	301500	0.55
	20/03/2015-Sale	-650	0.00	300850	0.55
	27/03/2015-Purchase	150	0.00	301000	0.55
	31/03/2015-Purchase	974000	1.78	1275000	2.33
	31/03/2015-Sale	-800	0.00	1274200	2.33
	End of the year	-	-	1274200	2.33
<b>4</b>	<b>Sanjeev Raj Kapoor</b>				
	Beginning of the year	1200000	2.19	-	-
	End of the year	-	-	1200000	2.19
<b>5</b>	<b>Agri Care Limited</b>				
	Beginning of the year	825281	1.51	-	-
	End of the year	-	-	825281	1.51
<b>6</b>	<b>Buttons 'R' US India Private Limited</b>				
	Beginning of the year	441071	0.81	-	-
	End of the year	-	-	441071	0.81
<b>7</b>	<b>Elephant India Finance Private Limited</b>				
	Beginning of the year	287929	0.53	-	-
	End of the year	-	-	287929	0.53
<b>8</b>	<b>Yes Equities Private Limited</b>				
	Beginning of the year	0	0.00	-	-
	13/02/2015-Purchase	209660	0.38	209660	0.38
	End of the year	-	-	209660	0.38
<b>9</b>	<b>Rina Jain</b>				
	Beginning of the year	184929	0.34	184929	0.34
	05/09/2015-Purchase	1109574	2.03	1294503	2.37
	12/09/2014-Sale	-1109574	-2.03	184929	0.34
	19/09/2014-Purchase	369858	0.68	554787	1.01

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	03/10/2014-Sale	-369858	-0.68	184929	0.34
	End of the year	-	-	184929	0.34
<b>10</b>	<b>Tusk Investments 2 Limited</b>				
	Beginning of the year	1937747	3.54	1937747	3.54
	18/07/2014-Sale	-100000	-0.18	1837747	3.36
	24/10/2014-Sale	-18166	-0.03	1819581	3.33
	31/10/2014-Sale	-181834	-0.33	1637747	2.99
	21/11/2014-Sale	-20500	-0.04	1617247	2.96
	28/11/2014-Sale	-42541	-0.08	1574706	2.88
	05/12/2014-Sale	-69403	-0.13	1505303	2.75
	12/12/2014-Sale	-117305	-0.21	1387998	2.54
	19/12/2014-Sale	-17069	-0.03	1370929	2.51
	09/01/2015-Sale	-25903	-0.05	1345026	2.46
	16/01/2015-Sale	-80743	-0.15	1264283	2.31
	23/01/2015-Sale	-243354	-0.44	1020929	1.87
	30/01/2015-Sale	-17375	-0.03	1003554	1.83
	13/02/2015-Sale	-91059	-0.17	912495	1.66
	20/02/2015-Sale	-3450	-0.01	909045	1.66
	27/02/2015-Sale	-26460	-0.05	882585	1.61
	06/03/2015-Sale	-232947	-0.43	649638	1.18
	13/03/2015-Sale	-378634	-0.69	271004	0.50
	20/03/2015-Sale	-271004	-0.50	0	0.00
	End of the year	-	-	0	0.00

#### E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Vivek Talwar-Chairman & Managing Director	6323669	11.56	6323669	11.56
2	Mr. B.G. Borkar-Chief Financial Officer	71200	0.13	71200	0.13
3	Mr. Rohit Darji- Asst. Company Secretary & Compliance Officer	1	0.00	1	0.00

**V) INDEBTEDNESS –****Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

(₹ In Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,237.78	-	-	1,237.78
ii) Interest due but not paid	13.31	-	-	13.31
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,251.09</b>	<b>-</b>	<b>-</b>	<b>1,251.09</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	68.41	-	-	68.41
* Reduction	43.69	-	-	43.69
<b>Net Change</b>	<b>24.72</b>	<b>-</b>	<b>-</b>	<b>24.72</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,267.71	-	-	1,267.71
ii) Interest due but not paid	8.11	-	-	8.11
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,275.82</b>	<b>-</b>	<b>-</b>	<b>1,275.82</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of the Managing Director
		<b>Vivek Talwar</b>
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.99
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>50.99</b>
	Ceiling as per the Act	60.00



**B. Remuneration to other directors**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Rohan Talwar	Pradeep Saxena	Vishal Malik (Ceased to be Director on 23.06.2014)	S.P. Bolar (Appointed as Additional Director on 12.11.2014)	Rakesh Kumar	Bharti Dhar (Appointed as Additional Director on 31.03.2015)	
1	Independent Directors							
	Fee for attending board committee meetings	-	1.68	0.46	0.44	-	-	2.58
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	<b>1.68</b>	<b>0.46</b>	<b>0.44</b>	-	-	<b>2.58</b>
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	<b>1.68</b>	<b>0.46</b>	<b>0.44</b>	-	-	<b>2.58</b>
	<b>Total Managerial Remuneration (A+B)</b>	-	-	-	-	-	-	<b>53.57</b>
	Overall Ceiling as per the Act	-	-	-	-	-	-	-

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ In Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1	Gross salary	264.70	167.96	4.13	436.79
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.29	0.91	-	1.20
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>264.99</b>	<b>168.87</b>	<b>4.13</b>	<b>437.99</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties/punishments/ or any compounding of offences during the FY 2014-15.



**(ANNEXURE – V)****Form No. MR-3  
SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,

**NITCO Limited**

NITCO House, Recondo Compound,  
S. K. Ahire Marg, Worli,  
Mumbai – 400 030.

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by Nitco Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
  - (f) The Securities Contracts (Regulation) Rules, 1957

We have also examined compliance with the applicable clauses of the following.

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not notified hence not applicable to the Company during audit period).



(ii) The Listing Agreement entered into by the Company with BSE Ltd and National Stock Exchange Ltd.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has passed following special resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Re-Appointment of Mr. Vivek Talwar as the Managing Director
2. Increase in borrowing limits under Section 180(1)(c) of the Companies Act, 2013.
3. Sell, lease or dispose off whole or substantially the whole of the undertaking under Section 180(1)(a) of the Companies Act, 2013.

Note : This Report is to be read along with attached Letter provided as Annexure A

For **Mayur More and Associates**

**Mayur More**

ACS : 35249

C.P. : 13104

29th May 2015, Mumbai



## ANNEXURE A of Secretarial Audit Report

The Members,

**NITCO Limited**

NITCO House, Recondo Compound,  
S. K. Ahire Marg, Worli,  
Mumbai – 400 030.

Dear Sir / Madam,

**Sub : Our Report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and we rely on Auditors Independent Assessment on the same.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Mayur More and Associates**


**Mayur More**

ACS : 35249  
C.P. : 13104

29th May 2015, Mumbai





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# **MANAGEMENT**

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# **DISCUSSION & ANALYSIS**



# Management Discussion & Analysis

## Global economy

Global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.5 percent in 2015, in line with forecasts in the January 2015 World Economic Outlook (WEO) Update. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. (Source: International Monetary Fund April 2015)

## Indian economy

The Indian economy grew at 7.3 per cent in 2014-15 due to improvement in the performance of both services as well as manufacturing sectors. According to the data release by the Central Statistics Office (CSO), the economic growth was 6.9 per cent in 2013-14 as per the new series of national accounts with base year of 2011-12.

The Gross Value Added (GVA), a new concept introduced by CSO to measure the economic activity, rose by 7.2 per cent in 2014-15 compared 6.6 per cent in the previous fiscal. The manufacturing sector GVA rose by 7.1 per cent during the year as against 5.3 per cent in 2013-14. Similarly, the output of electricity, gas, water supply and other utility services rose by 7.9 per cent as against 4.8 per cent a year ago. The construction activity too registered an increase of 4.8 per cent, up from 2.5 per cent a year ago. Financial, real estate and professional services also showed an improvement by registering a growth of 11.5 per cent as against 7.9 per cent in previous fiscal. However, the farm and allied sectors grew by a meagre 0.2 per cent compared to 3.7 per cent a year ago. The output of mining and quarrying sector too slipped to 2.4 per cent from 5.4 per cent a year ago. The manufacturing sector recorded a growth rate of 8.4 per cent during the last quarter of last fiscal, up from 4.4 per cent a year ago. The services sector too witnessed marked improvement during the quarter.

## Global ceramic tiles industry

Global ceramic tiles market is expected to reach USD 125.32 billion by 2020, according to a new study by Grand View Research, Inc. Construction industry growth in BRICS coupled with rising demand for new residential structures in emerging markets of China and India due to urbanization is expected to drive market demand for ceramic tiles over the forecast period. Stringent environment regulations pertaining to carbon emissions caused during the production of ceramic tiles has forced market players

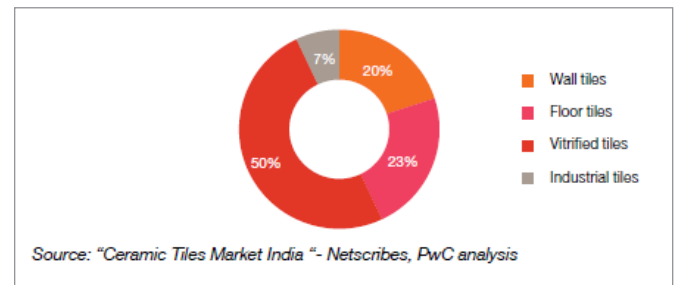
to increase their R&D expenditure on eco-friendly products, which is likely to open new market avenues in the near future.

Demand for ceramic tiles has been driven by the growing construction and infrastructure industry, mainly in the Asian economies of China, India and Indonesia. There has been a discernible shift towards replacing paints, metal slabs, marble floors and other home decorative products with ceramic tiles, which is also expected to boost the market. However, volatility in raw material prices and tightening of regulatory guidelines to address growing environmental concerns have increased the 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 13-15% CAGR. The industry is expected to reach a size of ₹ 301 billion by 2016, growing at a 15% CAGR (Source: PwC report, 2013). The Indian ceramic tiles market was ranked third globally and accounted for over 6% of the total global production. The organised segment makes up approximately 50% of the sector and the top-eight manufacturers constitute over 75% of the organised market.



## Trends in the ceramic tiles market in India:

- As the curtains rise once again on Indian Ceramics 2015, there is no better time than now to reflect and emphasize how branding is a key prerequisite for success in the ceramic industry as in any other, in particular, ceramic tiles. While branding is believed to apply more to B2C companies, B2B companies are not exempt. A good example to evaluate this is the context of tiles which is a classic example of a combination of B2B and B2C segments. A good portion of a tile manufacturer's sales is to institutional builders and dealers (B2B segments) while the rest is direct sales to end consumers (B2C segment).

- A major concentration of ceramic producers is in Morbi, Gujarat accounting for nearly 70% of the total production from the Regional Sector. Some of these tile producing units are growing steadily and sustainably and are setting new benchmarks not just in terms of efficiency and quality but also in setting new trends in creative and customised designs, shades, sizes, etc. Some of the well-known brands in the National Sector use Morbi producers as outsourcing or JV partners.
- Introduction of nanotechnology: Use of nanotechnology helps enhance shelf life and strength of the tile and can make tiles resistant to dirt and bacteria. These tiles are gaining popularity in areas where hygiene is important such as hospitals, laboratories and food processing plants, among others
- Eco-friendly tiles: Usage 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 now becoming a style statement and are used for 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, have witnessed robust growth over the past five years with increasing demand due to durability and easy maintenance

### Outlook

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

### Business segment review

#### Tiles

##### Overview

This segment consists of four products – ceramic floor, wall tiles, vitrified tiles and naturoc tiles. The Company's annual tiles production capacity stood at 16 million sq. m as on 31 March 2015.

##### Key highlights, 2014-15

- Launched 280 SKUs covering mass and premium products
- Focused on wall digital tiles

### 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 higher sales of value-added tiles.

#### Marble

##### Overview

NITCO's Silvassa unit processes imported marble blocks using state-of-the-art technology. The Company's marble is of superior quality and design and finds usage as both an interior as well as an exterior flooring solution. This segment grew by 15% in terms of turnover in 2014-15.

### Key highlights, 2014-15

- 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) and are 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 2015-16
- Our broad intent is to provide different varieties of coloured material to branch out our product portfolio and reinforce customer convenience

### Real estate development

#### Overview

Overall, 2014-15 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.

### Information and technology

#### Overview

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

### Key Highlights of FY 2014 - 15 :

- Successfully upgraded the SAP ERP version from ECC 5.0 to ECC 6.0 with EHP 7 and migrated SAP to the new server and storage infrastructure facility. The new version offered new features and all latest statutory compliance measures, and also improved the processing speed of SAP operations.

- SAP Process enhancements were implemented in the areas of Sales Order management, inventory allocation and dispatch planning, and freight management. Automated and simplified various business processes which helped to improve the process efficiencies and improved the speed of execution and removed person dependent steps.
- Major project was undertaken to deploy Smartphone based App for the frontline Sales team, to offer Sales Force Automation (SFA) and CRM. The project was designed to measure sales person productivity through their Journey Plan cycles and Daily Call Report logging and providing the sales & customer related information in real time to the sales executive. The project is planned to go live in FY 2015-16.
- In-house functional training on all aspects of Tile Manufacturing at Alibaug was carried out at regular intervals.
- Employee engagement programs in the form of cricket & carom tournaments, blood donation camps, celebration of festivals, and CSR activities were undertaken throughout the year under the aegis of 'Nitcotine', the in-house committee which organises employee engagement activities.
- Product knowledge training was organized at regular intervals at the Alibaug plant with an emphasis on honing the skills of sales, marketing and business development personnel.
- Manpower deployment across critical functions was reviewed with the objective to enhance employee productivity.
- Successfully completed the surveillance audit of IMS certification for the year 2014-15 for ISO 9001, 14001 and OHSAS 18001 standards. Awareness programs for employees were conducted to uphold the sense of commitment with respect to environment and safety standards.

### Human capital

#### Overview

NITCO has earned a reputation as a people- friendly organization that cares for its employees. Over the years the company has strengthened its competitive edge by reinforcing its human resource capabilities. The organization provides an exciting working environment marked by teamwork, meritocracy and an emphasis on knowledge accrual

As on 31 March 2015, NITCO had 1037 employees on its payroll. NITCO enjoys cordial employee /industrial relations across all manufacturing units and regional sales offices.

#### Key highlights, 2014-15

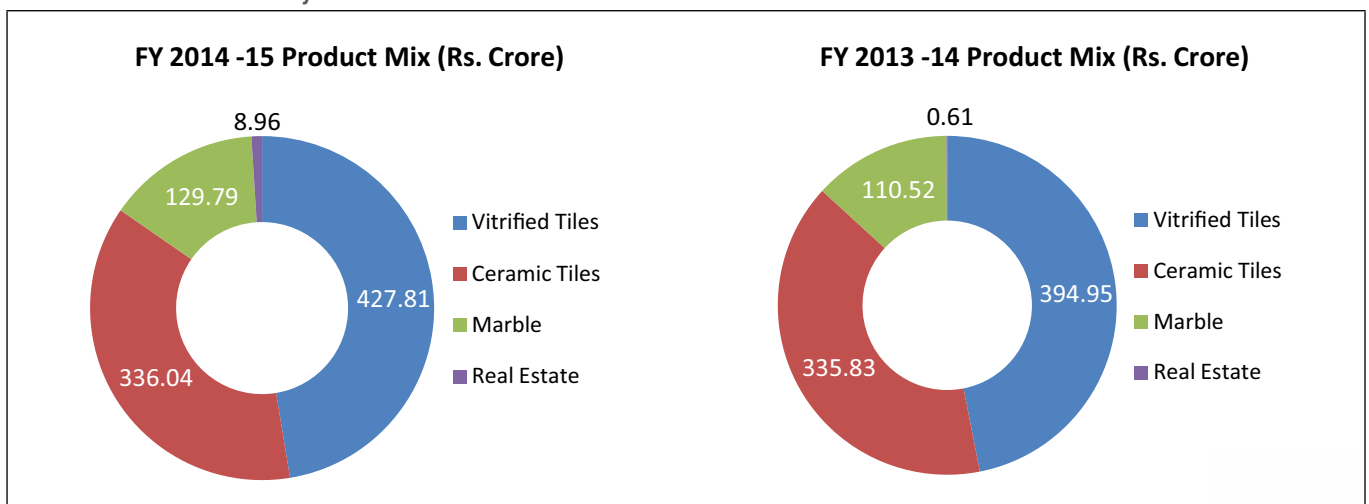
- All the frontline sales staff across the regions in Tiles Division was imparted a structured 2 day functional training to enhance their selling skills.
- The double - shift operation at Silvasa unit of Marble Division was executed with timely hiring of additional skilled Manpower.
- The variable pay earning potential of sales personnel was enhanced by revising the sales incentive scheme.
- Hiring of trainees from reputed institutes with Masters in management and with Bachelors in engineering degree was continued this year also as part of NITCO's New Leader's Development Program.

#### Financial review

Despite a challenging environment, NITCO managed to increase its gross turnover to ₹ 902.61 crore in 2014-15 from ₹ 841.91 crore in 2013-14. The turnover of tiles business also increased from ₹ 730.78 crore in 2013-14 to ₹ 763.85 crore in 2014-15 and marble from ₹ 110.52 crore in 2013-14 to ₹ 129.79 crore in 2014-15.

In case of Real Estate business, sales value stood at ₹ 8.96 crore as against ₹ 0.61 crore in the previous year. Due to sluggish economic scenario in India and depressed Real Estate market, the company could not get the desirable price for its Real Estate assets and hence the sale has been deferred.

#### The Product Mix for last 2 years:



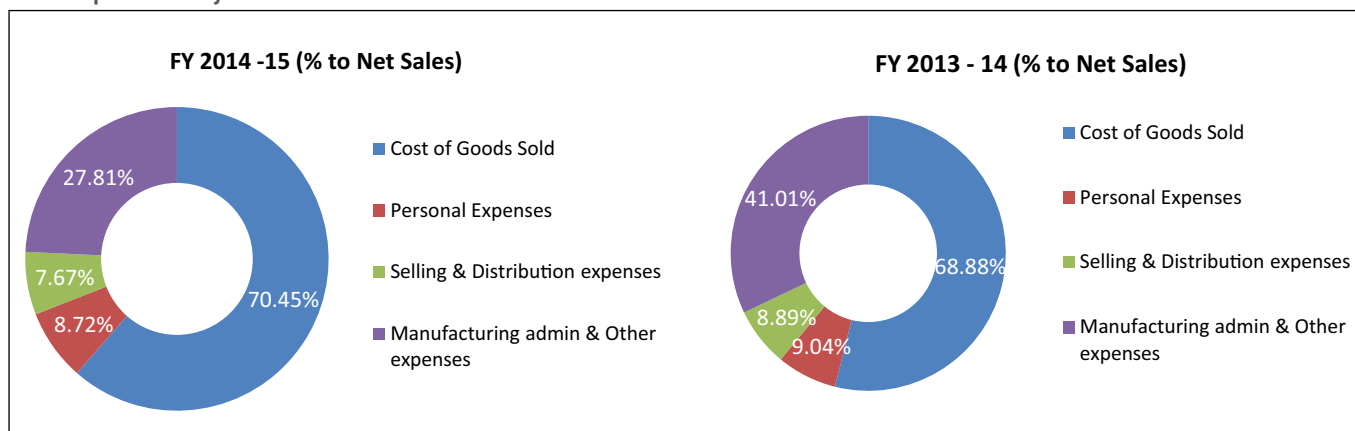
### Expense analysis

Total Expenses: Total expenses excluding depreciation and finance cost increased by 7.18% from ₹ 787.17 crore in 2013-14 to ₹ 843.69 crore in 2014-15, due to higher sales achieved in 2014-15.

### Power and fuel

Power and fuel costs have been increasing by leaps and bounds over last few years. The primary reason for this increase is steep rising Regasified Liquefied Natural Gas (RLNG) price. RLNG cost per MMBTU was Rs 568 in March 2012, ₹ 768 in March 2013, Rs 962 in March 2014 and ₹ 1048 in March 2015. Despite increase in RLNG prices during the year, the power and fuel cost reduced by 1.27% as the Company shifted to alternate fuel. Towards end of the last quarter the Company made arrangements for installation of Coal Gas plant at its Alibaug Factory. This is expected to reduce the cost of fuel during FY 2015-16.

### The Expense Analysis



### Write off of Investments in overseas subsidiary in Turkey and China

The Company had incorporated wholly owned subsidiaries in Turkey for procurement of marble and in China in order to promote export of tiles to third countries. The Company had invested an amount of ₹ 6.97 crore in these subsidiaries by way of Equity and Advances. Due to adverse change in the business environment and as per terms of CDR sanction, the Company had closed down these subsidiaries and balance of ₹ 6.97 crore has been written off as Exceptional Items in the FY 2014-15.

### Equity share capital

The Company's equity share capital is stated at Rs 54.70 crore as of 31 March 2015.

### Borrowings

The debt fund has increased due to funded interest as per approved CDR package and devolvement of letter of credit issued by lenders. Current liability includes the term loan repayable within one year hence increased in comparison to last year.

### Working Capital

- Inventory has reduced from ₹ 200.35 crore in FY 2013-14 to ₹ 185.05 crore in FY 2014-15;
- Inventory – Real Estate has reduced from ₹ 185.91 crore in FY 2013-14 to ₹ 178.84 crore in FY 2014-15;

### EBITDA

Due to increase in sales and strict control on costs EBITDA losses came down from ₹ 25.55 crore in 2013-14 to ₹ 15.81 crore in 2014-15.

### Borrowing cost

Interest cost has decreased on account of non provision of unpaid interest to CDR lenders whose accounts had been turned into NPA during FY 2014-15. Had the interest as per Loan Agreements been provided for as per terms of CDR sanctions on accrual basis, the interest for year ended 31st March 2015 would have been higher by ₹ 107.40 crore, loss for the year ended 31st March 2015 would have been higher by ₹ 107.40 crore and bank liability would have been higher by ₹ 107.40 crore as on 31st March 2015.

- Trade receivables have reduced from ₹ 127.57 crore in FY 2013-14 to ₹ 121.76 crore in FY 2014-15;
- Trade payables have increased from ₹ 147.93 in FY 2013-14 to ₹ 157.88 crore in FY 2014-15.

### Capital Expenditure

The Company did not incur any major capex during the year as the Company opted to increase its capacity through its joint venture and outsourcing arrangements. Gross Block increased by ₹ 4.53 crore.

### Sick Industrial Companies (Special Provisions) Act, 1985 & Board For Industrial and Financial Reconstruction

The net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015.

### 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

Inability to sustain historical growth rates could adversely impact brand perception.

#### Mitigation

Due to change in the business model, 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 will be able to perform better in absolute terms.

#### Economic risk

Indian economy could create a widening chasm between budgeted and actual ground realities. The slowdown of economic scenario of India has direct impact on the Real Estate industry and tiles industry.

#### Mitigation

The Company has emerged as a one-stop shop for tile solutions, providing floor as well as wall tiles. Metros and urban cities are majorly hit by an economic deceleration while in recent times a majority of the demand for consumer products is emerging from Tier-II and Tier-III locations, which usually remains largely unaffected by economic slowdowns. Thus, as a precautionary measure, the Company strengthened its brand name and distribution network in new demand pockets.

#### Foreign Exchange Risk

A weaker Indian currency is a threat to importers.

#### Mitigation

The Company has shifted its dependence from Chinese imports to indigenous sourcing. A small portion of the Company's turnover is still imported from China as per the requirement of its clients. The Company covers its foreign exchange exposure; selling the products at margin-plus-actual landed cost basis. The Company generally finalises the price negotiation of products with client before actual imports take place.

#### Fuel cost risk

Rising RLNG prices could impact profitability.

#### Mitigation

Continuously rising gas prices is completely beyond the Company's control. However towards minimising this impact and offsetting the cost increases, the Company has made arrangements for using Coal gas at its Alibag Plant.

#### Competition risk

Increasing competition can have an impact on 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) as a part of their cost-efficient expansion strategy. NITCO possesses such a joint venture with New Vardhman Vitrified Private Limited, with a 51% stake.

#### Technology or software obsolescence risk

Technology or software obsolescence may result in compromise of quality standards and losing out on the competitive advantage.

#### Mitigation

The Company invested in SAP ERP module, scaling up its IT infrastructure across its sales, distribution and manufacturing divisions. Design technology will further be enhanced to further strengthen NITCO's aspirational brand position in the minds of the architect, builder, dealer and community at large. The tangible digital technology and 6 color prism technology are the new and updated technologies used in the present year.

#### Client attrition risk

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

#### Mitigation

Providing post-sale services to retail customers and offering guidance programs for institutional customers have been an integral part of Company's initiatives to reinforce relationships. The Company also customises products to cater to specific requirements. Some of its brand-enhancing customers include Reliance, Prestige, Purvankara, Rahejas, Godrej, Oberoi Construction, DLF, L&T and Unitech, Lodha, Supertech, Amrapali among others.

#### Human resource risk

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

#### Mitigation

NITCO has initiated various measures such as deploying strategic talent management system, training and integration of learning activities. Various HR initiatives were initiated to encourage staff towards enhancing productivity and building the spirit of team work.

#### Dealer attrition risk

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

#### Mitigation

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

#### Contingent / Other liabilities risk

The contingent / other liabilities mentioned in the notes to accounts if confirmed, may adversely affect the financial position of the company

#### Mitigation

The company is taking proper legal / other advices to minimize the risk



## FIVE YEARS FINANCIALS

₹ Crore

	2014-15	2013-14	2012-13	2011-12	2010-11
Share Capital	54.70	54.70	32.60	32.60	32.60
Share application money	-	-	28.00	-	-
Reserves	-93.83	38.49	216.14	447.48	502.92
Loan funds *	1,305.14	1,305.68	1,186.79	1,217.12	867.66
Other long term liabilities	2.32	2.85	2.67	-	-
Gross block	907.52	903.71	900.40	889.13	679.22
Net block	608.32	671.23	709.54	737.58	559.82
Capital work in progress	3.73	4.57	2.95	3.38	75.36
Non-current investments	27.35	31.24	31.24	11.84	9.74
Non-current assets	177.76	179.45	177.66	156.55	106.98
Current assets other than real estate	443.70	462.30	474.67	653.46	514.70
Current assets - real estate	178.84	185.91	186.01	192.91	197.63
Current liabilities*	151.04	112.63	95.53	38.18	40.70
Net current assets	471.50	535.58	565.15	808.18	671.63
Deferred tax (assets)/ liability	20.35	20.35	20.35	20.35	20.35
Net Sales	823.99	758.59	770.34	839.82	640.75
Other income	3.89	3.02	1.92	1.55	1.90
Material costs	582.58	524.27	527.33	546.29	410.01
Power & Fuel costs	63.89	64.71	53.09	37.67	24.45
Employee costs	72.13	68.79	68.59	46.65	35.36
Other manufacturing expenses	20.36	17.56	18.94	10.48	7.31
Administration & selling expenses	104.73	111.84	143.95	113.48	86.36
EBDITA	-15.81	-25.55	-39.63	86.80	79.16
Finance cost	42.17	143.69	151.67	75.11	28.09
EBDT	-57.98	-169.25	-191.31	11.69	51.06
Depreciation	62.28	41.99	40.03	32.66	22.71
Exceptional items	6.97	-	-	34.47	-
PBT	-127.22	-211.23	-231.34	-55.45	28.35
Tax	-	-	-	-	2.05
PAT	-127.22	-211.23	-231.34	-55.45	26.30
Net worth	-39.13	93.19	276.74	480.08	535.52
Capital employed	1,109.83	1,236.16	1,300.53	1,524.63	1,225.90
EPS (₹)	-23.26	-55.41	-70.96	-17.01	8.19
Book value (₹)	-7.15	17.04	84.89	147.26	164.27

\* Loan funds includes trade payables for which Letter of Credit have been issued by the bank and the same has been excluded from the Current Liabilities

## OUR CONTRIBUTION TO NATIONAL EXCHEQUER

₹ Crore

	2014-15	2013-14	2012-13	2011-12	2010-11
Excise Duty & Service Tax	85.60	71.58	51.19	30.49	28.29
Customs Duty	17.79	12.90	21.19	68.02	44.25
Income Tax	-	-	-	-	2.05
Sales Tax & Octroi	48.02	53.33	83.49	87.42	57.18
<b>Total</b>	<b>151.41</b>	<b>137.82</b>	<b>155.87</b>	<b>185.93</b>	<b>131.77</b>

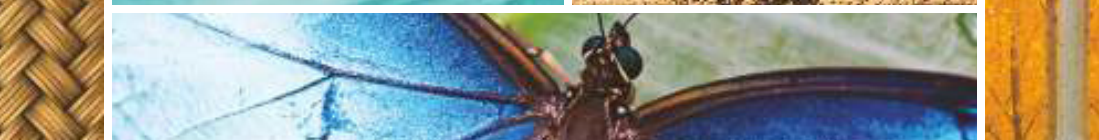
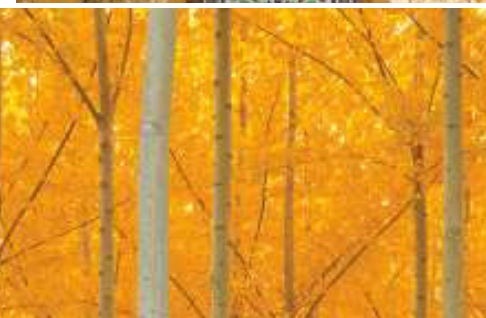
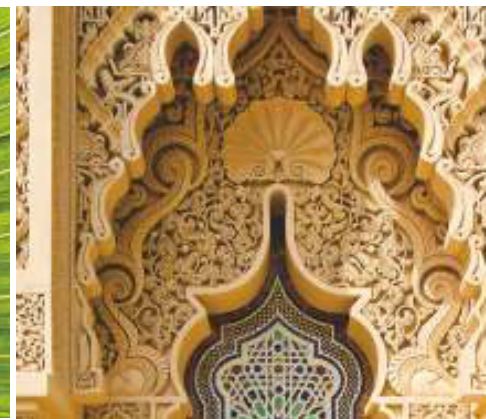


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**REPORT ON**

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**CORPORATE GOVERNANCE**





## Report on Corporate Governance

### 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Our philosophy on Corporate Governance in NITCO emanates from resolute commitment to protect stakeholder rights and interests, proactively manage risks and create long-term wealth and value. It permeates in all aspects of working - workplace management, marketplace responsibility, community engagement and business decisions.

The code of conduct and the governance are based on the corporate principles and strong emphasis laid on transparency, accountability, integrity and compliance.

The governance processes of the Company include creation of empowered sub-committees of the Board to oversee the functions of executive management. These sub-committees of the Board mainly comprises of Non-executive Directors and Independent Directors, which meet and deliberate regularly to discharge their obligations.

### 2. BOARD OF DIRECTORS

As on March 31, 2015, the Company's Board consisted of six members including 3 Independent Directors. The Board is responsible for the management of the affairs of the Company's businesses.

#### (i) Composition:

The details of composition and Directorship held in other companies / Board committees by each member of the Board of Directors of the Company as on March 31, 2015 are as under:

Sr. No.	Name of the Director/DIN No.	Category Independent/ Non executive / Executive)	Number of Directorships held in other Companies	Number of Board Committee Memberships/Chairmanships held in other Companies*	
				Memberships	Chairmanship
1	Vivek Talwar DIN: 00043180	Executive Director	19	-	-
2	Rohan Talwar DIN: 03405064	Non- Executive Non Independent Director	19	-	-
3	Pradeep Saxena DIN: 00288321	Non- Executive and Independent Director	18	-	-
4	Mr. Vishal Malik <sup>#</sup> DIN: 00017689	Non- Executive and Independent Director	NA	-	-
5	Rakesh Kumar DIN: 06699549	Nominee Director	3	-	-
6	Mr. S.P. Bolar <sup>\$</sup> DIN: 07009701	Non- Executive and Independent Director	1	-	-
7	Mrs. Bharti Dhar <sup>@</sup> DIN: 00442471	Non- Executive and Independent Director	1	-	-

<sup>#</sup> Ceased to be a Director with effect from 23rd June, 2014

<sup>\$</sup> Appointed as Additional Director with effect from 12th November, 2014

<sup>@</sup> Appointed as Additional Director with effect from 31st March, 2015

The Independent Directors of the Company meet all the criteria mandated by Clause 49 of the Listing Agreement and the Companies Act 2013.

**(ii) Directors' Profile**

**Mr. Vivek Talwar**, son of Late Mr. Pran Nath Talwar and aged 58 years, is the Managing Director of your Company. He has a rich experience of over 35 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 dealing in imported marble, vitrified tiles and real estate.

**Mr. Rohan Talwar**, aged 30 years, was appointed as a Non Executive Director of the Company 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.

**Mr. Pradeep Saxena**, aged 67 years, joined the Company as Director in 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.

**Mr. Rakesh Kumar**, aged 57 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.

**Mr. S.P Bolar**, aged 64 years, joined the Company as an Additional Director on 12th November, 2014. Mr. S.P Bolar has 35 years of success in Project Management, Plant Operation, System Implementation. Mr. Bolar has completed B.Sc. (Hons) First Class in Chemistry from Bombay University. He Retired from service with Everest Industries Ltd, Delhi as Vice President (Development) in the year 2012.

**Mrs. Bharti Dhar** is a 1986 batch Commerce graduate and a qualified Cost and Management Accountant. She has rich and varied experience of 26 years in the field of HR. Her long working career has given her exposure and deep insight to the functioning of Government as well as Corporate sector. Eighteen years back, she envisioned Vitasta Consulting Pvt. Ltd. as a professional HR services organization. She saw the need for creating a process driven, values based organisation that would be known for its professionalism. The organisation started as a one woman proprietary concern and has blossomed into a vibrant team of 40 young and dynamic professionals, most of them being women. She was appointed as an Additional Director on 31st March, 2015.

**(iii) Details of Shareholding of Directors as on March 31, 2015**

Sr. No.	Name of the Director	No. of Shares
1	Vivek Talwar	6323669

Except for Mr. Vivek Talwar, no other director holds any shares in the Company.



**(iv) Meetings and Attendance**

Attendance of Directors at Board Meetings and Annual General Meeting (AGM)

Sr. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the last AGM
1	Vivek Talwar	4	4	Yes
2	Rohan Talwar	4	1	No
3	Pradeep Saxena	4	4	Yes
4	Mr. Vishal Malik <sup>#</sup>	4	1	No
5	Rakesh Kumar	4	2	No
6	Mr. S.P. Bolar <sup>\$</sup>	4	1	NA
7	Mrs. Bharti Dhar <sup>@</sup>	4	NA	NA

<sup>#</sup> Ceased to be a Director with effect from 23rd June, 2014

<sup>\$</sup> Appointed as Additional Director with effect from 12th November, 2014

<sup>@</sup> Appointed as Additional Director with effect from 31st March, 2015

Meetings of the Board of Directors were held on May 30, 2014, August 8, 2014, November 12, 2014 and February 5, 2015

The Company has issued letter of appointment to all the Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company at [www.nitco.in](http://www.nitco.in).

Mr. S.P. Bolar has been appointed as an Independent Director by the Board at its meeting held on November 12, 2014.

Mrs. Bharti Dhar has been appointed as an Independent Director by the Circular Resolution passed on March 31, 2015.

**(v) Independent Directors Meeting**

The Independent Directors of the Company meet at least once in a year without the presence of Executive Directors and Management Personnel. They review the performance of Non- Independent Directors and the Board as a whole, review the performance of Chairman of the Board, assess the quality, quantity and timeliness of the flow of information between management and the Board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Director was held during the year on 5th February, 2015.

**(vi) Evaluation Criteria**

The Company has adopted an Evaluation policy to evaluate performance of each director, the Board as a whole and its committees. Evaluation shall be carried out by the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act 2013 and Code for Independent Directors' as outlined under Schedule IV of the Companies Act, 2013. Such evaluation factors various criteria including contribution, domain expertise, strategic vision, industry knowledge, participation in discussions etc. Separate meeting of the Independent Directors will be held, inter alia, to review the performance of non Independent Directors, the Chairman and the Board.

**3. COMMITTEES OF THE BOARD****(i) Audit Committee**

The Audit Committee of the Board of Directors is constituted pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges and presently consists of one Executive Director and two Non-executive Directors who are Independent Directors. The role of the Audit Committee is to provide directions to and oversee the internal audit and risk management functions, review of financial results and annual financial statements, interact with statutory auditors and such other matters as are required in terms of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

Section 177 of Companies Act, 2013, and the new Clause 49 of the Listing Agreement, which had become effective on October 1, 2014, have expanded the terms of reference of the Audit Committee. The additional terms of reference for Audit Committee include:

- (i) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (ii) approval or any subsequent modification of transactions of the company with related parties;
- (iii) scrutiny of inter-corporate loans and investments;
- (iv) valuation of undertakings or assets of the company, wherever it is necessary;

### Meetings and Attendance

Sr. No.	Name of the Member	No. of meetings held	No. of meetings attended
1	Mr. Pradeep Saxena -Chairman - Non-executive and Independent Director	4	4
2	Mr. Vivek Talwar - Managing Director	4	4
3	Mr. Vishal Malik <sup>#</sup> Non-executive and Independent Director	4	1
4	Mr. S.P. Bolar <sup>\$</sup> Non-executive and Independent Director	4	1

# Ceased to be a Director with effect from 23rd June, 2014

\$ Appointed as Additional Director with effect from 12th November, 2014

Meetings of the Audit Committee of the Board of Directors were held on May 30, 2014, August 8, 2014, November 12, 2014 and February 5, 2015.

The Chief Executive Officer, Chief Financial Officer, and the Statutory Auditors are permanent invitees at the Audit Committee meetings.

The Compliance Officer acts as the Secretary of the Audit Committee.

### (ii) Stakeholders Relationship Committee

In compliance with the provision of section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Shareholders/Investor Grievance Committee." as Stakeholders Relationship Committee

The composition and attendance of each member at the meetings held during the year ended 31st March, 2015, is as follows:

### Meetings and Attendance

Sr. No.	Name of the Member	No. of meetings held	No. of meetings attended
1	Mr. Pradeep Saxena - Non-executive and Independent Director	4	4
2	Mr. Vivek Talwar- Managing Director	4	4
3	Mr. Vishal Malik <sup>#</sup> Non-executive and Independent Director	4	1
4	Mr. S.P. Bolar <sup>\$</sup> Non-executive and Independent Director	4	2

# Ceased to be a Director with effect from 23rd June, 2014

\$ Appointed as Additional Director with effect from 12th November, 2014

Meetings of the Stakeholders Relationship Committee of Board of Directors were held on April 9, 2014, August 28, 2014, November 24, 2014 and March 25, 2015. During the year 4 complaints were received and resolved. There were no complaints of Shareholders pending as on 31st March, 2015.

The Chief Executive Officer and Chief Financial Officer are the permanent invitees at the Stakeholders Relationship Committee meetings.

The Compliance Officer acts as the Secretary of the Stakeholders Relationship Committee.

### (iii) Nomination and Remuneration Committee

As required by Clause 49 of the Listing Agreement and section 178 of the Companies Act, 2013 a Nomination and Remuneration Committee consists of three Directors.

The Terms of Reference of the Nomination and Remuneration Committee includes identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance; laying down the

evaluation criteria for performance evaluation of Independent Directors; formulating the criteria for determining qualifications, positive attributes and independence of a director etc.

The members of the committee are:

Sr. No.	Name of the Member
1	Mr. Pradeep Saxena, Chairman- Non-executive and Independent Director
2	Mr. Sharath Bolar, Non-executive and Independent Director
3	Mr. Rohan Talwar, Non Executive Director

The Compliance Officer acts as the Secretary of the Compensation Committee.

One meeting of the Committee was held on 5th May 2014 for approving the re-appointment of Mr. Vivek Talwar as Managing Director.

#### (iv) Corporate Social Responsibility Committee

Currently in view of the losses incurred by the Company, the provisions of Section 135 of the Companies Act relating to Corporate Social Responsibility is not applicable to the Company.

#### 4. REMUNERATION OF DIRECTORS

The remuneration of the Managing Director is fixed by the Board of Directors and approved by shareholders in the Annual General Meeting. The remuneration of the Non-Executive Directors is restricted only to sitting fees for attending the Board/Committee meetings.

The details of remuneration to Directors for the year ended March 31, 2015 are as under:

(Rs. In Lacs)

Name of Directors	Category	Salary	Perquisites and other benefits	Commission	Sitting fees	Total
Mr. Vivek Talwar*	Managing Director	48	2.99	-	-	50.99
Mr. Pradeep Saxena	Independent Director	-	-	-	1.68	1.68
Mr. Vishal Malik#	Independent Director	-	-	-	0.46	0.46
Mr. Rohan Talwar	Non - Independent Director	-	-	-	-	-
Mr. Rakesh Kumar	Nominee Director	-	-	-	-	-
Mr. S.P. Bolar\$	Independent Director	-	-	-	0.44	0.44
Mrs. Bharti Dhar@	Independent Director	-	-	-	-	-

\*In view of the losses incurred by the Company, the Managing Director's remuneration is restricted within the limits prescribed under the Companies Act, 2013

# Ceased to be a Director with effect from 23rd June, 2014

\$ Appointed as Additional Director with effect from 12th November, 2014

@ Appointed as Additional Director with effect from 31st March, 2015

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 only sitting fees to Independent Directors for the Board/Committee meetings they attend.

#### 5. SUBSIDIARY COMPANIES

The Company has one material non-listed subsidiary company namely New Vardhman Vitrified Private Limited (NVPL) as defined in clause 49 of the Listing agreement. The Company had appointed Mr. S.P. Bolar as a Director on the board of NVPL w.e.f. 23rd December, 2014.

Subsidiary companies of the Company are managed by their respective Board having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of significant unlisted subsidiary company, inter alia, by the following means:

- (a) Financial statements, in particular the investments made by the subsidiary company are reviewed by the Audit Committee of the Company.
- (b) All minutes of Board meetings of subsidiary companies are placed before the Company's Board on regular basis.
- (c) All significant transactions and arrangements entered into by the subsidiary company are placed before the Audit Committee.

## 6. DISCLOSURES

### (i) Related Party Transactions

In terms of the Accounting Standard-18 "Related Party Disclosures", as notified under the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in Note No. 32 & 33 to the Accounts forming part of this Annual Report.

Transactions with related parties entered into by the Company are in the normal course of business on arm's length basis and do not have potential conflicts with the Company. Further, these transactions are also placed in the Audit Committee Meeting(s).

The Board has approved a policy on materiality of related party transactions and dealing with related party transactions which has been uploaded on the Company's website <http://nitco.in/Investors/Nitco-Policy.aspx>.

### (ii) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

### (iii) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is available on Company's website at [www.nitco.in](http://www.nitco.in).

### (iv) CEO / CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (IX) of the Listing Agreement and the certificate forms part of the Annual Report.

### (v) Accounting treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention, except for the non-provision of interest on borrowing as described in note no. 38 of the Financial Statements.

### (vi) Whistle Blower Policy

The Board of Directors of the Company has adopted a Whistle Blower Policy and the same is available on Company's website at [www.nitco.in](http://www.nitco.in)

## 7. 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](http://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.

- **BSE Listing Centre:** The BSE Listing Centre a web based application designed by BSE for Corporates. All periodical compliance filing like shareholding pattern, corporate governance report, announcements, etc. are filed electronically on BSE Listing Centre.
- **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized 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.

## 8. SHAREHOLDERS' INFORMATION

- (i) The **Annual General Meeting** is scheduled to be held on Monday, the 21st Day of September 2015 at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 at 11.00 a.m.
- (ii) **Financial year:** The Company follows April-March as its financial year.
- (iii) General Body Meeting

The details of General Body Meeting held in the past 3 years.

Year	Date	Day	Time	Location	Whether passed any Special Resolution
March 31, 2014	September 19, 2014	Friday	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	Yes*
March 31, 2013	September 30, 2013	Monday	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	No-
March 31, 2012	September 22, 2012	Saturday	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	No-

\* Re-Appointment of Shri Vivek Talwar as the Managing Director

\* Approval For Increase of Borrowing Power

\* Approval For Creation Of Charge/ Providing of Security

- (iv) **Date of book closure:** 14th September, 2015 to 21st September, 2015 (both days inclusive).
- (v) **Dividend Payment Date:** Not Applicable.
- (vi) **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 2015-16.
- (vii) **Stock code/symbol:** BSE - 532722  
NSE - NITCO  
Demat International Security Identification Number in NSDL and CDSL for equity shares– ISIN - INE858F01012

(viii) **Registrar and Share Transfer Agent/Address for correspondence**

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

## (ix) Market Price Data at BSE and NSE

Month	BSE		NSE	
	High	Low	High	Low
April '14	16.95	14.20	16.95	14.05
May '14	19.28	14.00	19.35	14.15
June '14	25.05	16.85	25.05	16.40
July '14	22.65	16.85	23.00	16.85
August '14	22.65	15.75	22.55	15.20
September '14	27.50	19.50	27.35	19.25
October '14	26.10	20.30	26.05	20.30
November '14	34.80	24.30	34.75	24.25
December '14	26.15	21.30	25.95	21.45
January '15	25.40	20.70	25.40	20.90
February '15	23.25	18.05	23.30	15.65
March '15	21.60	13.45	21.95	13.65

## (x) Shareholding pattern as on 31st March 2015:

Category	No. of shares held	Percentage of total
<b>Promoters' holding</b>		
Promoters	32000618	58.50
Promoters' group	6039688	11.04
<b>Sub-total</b>	<b>38040306</b>	<b>69.54</b>
<b>Public shareholding</b>		
Financial Institutions/ Banks	2585	0.00
FII's	421287	0.77
Private Corporate bodies	4322297	7.90
NRIs/ OCBs	2169913	3.97
Other	9742950	17.81
<b>Sub-total</b>	<b>16659032</b>	<b>30.46</b>
<b>Grand total</b>	<b>54699338</b>	<b>100.00</b>

## (xi) Distribution of shareholding as on 31st March 2015:

No. of equity shares	No. of share holders	Percentage of Share holders	No. of shares held	Percentage of Share holding
1 - 500	10823	81.18	1593357	2.91
501 - 1000	1151	8.63	977081	1.79
1001 - 2000	598	4.49	943471	1.72
2001 - 3000	233	1.75	606681	1.11
3001 - 4000	103	0.77	376597	0.69
4001 - 5000	103	0.77	491763	0.90
5001 - 10000	154	1.16	1120111	2.05
10001 and above	167	1.25	48590277	88.83
<b>Total</b>	<b>13332</b>	<b>100.00</b>	<b>54699338</b>	<b>100.00</b>

The Company has not issued any GDRs / ADRs and there are no warrants or any convertible instruments.



**(xii) Transfer of Unclaimed / Unpaid Dividend:**

The Company shall be transferring the unclaimed / unpaid dividends as mentioned hereunder to the Investor Education and Protection Fund, established by the Central Government, in terms of the provisions of Sections 205A and 205C of the Companies Act, 1956.

The tentative schedule for unclaimed dividend to be transferred to Investors Education and Protection Fund is as under:

For the Financial Year	Due date for transfer to the Central Government
2007-08	October 30, 2015
2008-09	October 24, 2016
2010-11	November 3, 2018

Members who have not encashed their Dividend Warrants for the above financial years may approach the Company for obtaining duplicate Dividend Warrants/Revalidation of Dividend Warrants.

**(xiii) Unclaimed shares (Equity shares in the Suspense Account):**

As per SEBI's circular CIR/CFD/DIL/10/2010 dated December 16, 2010 read with Clause 5A of the Listing Agreement, the Company has opened Unclaimed Suspense Account, i.e. "Nitco Limited - Unclaimed Securities Suspense Account" with LKP Securities Limited and the unclaimed shares lying with the Company have been dematerialized and credited to Nitco Tiles Limited - Unclaimed Suspense Account.

Securities	As on April 1, 2014		Shareholders who approached the Registrars and Shares transferred in their favour during the year		Balance as on March 31, 2015	
	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.

**(xiv) 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 72 of the Companies Act, 2013, are requested to submit to the Company the prescribed Form SH-13 for this purpose.

**(xv) Consolidation of folios and avoidance of multiple mailing**

In order to enable the Company to reduce costs and duplicity of efforts for investor servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrar and Share Transfer Agent indicating the folio numbers to be consolidated.

**(xvi) National Electronic Clearing Services (NECS) Mandate**

Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrars and Transfer Agents.

For and on behalf of the Board

**Vivek Talwar**

Chairman & Managing Director

Mumbai, May 29, 2015

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# 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 2015.

For NITCO Limited

Mumbai, May 29, 2015

**Vivek Talwar**  
Chairman & Managing Director

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# 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, 2015, 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 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.

Mumbai, May 29, 2015

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

**A. Husein Noumanali**  
Proprietor  
Membership No. 14757



# CEO/CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT

To

The Board of Directors

NITCO Limited

This is to certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2015 and that to the best of our knowledge and belief, we state that :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee :
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours sincerely,

**Vivek Talwar**

Chairman & Managing Director

**Ashok Goyal**

Chief Executive Officer

**B.G. Borkar**

Chief Financial Officer

Mumbai, May 29, 2015





# FINANCIAL STATEMENTS



## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF NITCO LIMITED

#### REPORT ON THE STANDALONE FINANCIAL STATEMENT

1. We have audited the accompanying financial statements of NITCO Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for year ended 31st March 2015 and a summary of significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
6. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### QUALIFIED OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, **except** for the matters illustrated and described in the **Basis for Qualified Opinion** herein below, 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 31st March 2015
  - 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.

#### BASIS FOR QUALIFIED OPINION

9. **The Company on the basis of the registration of reference filed u/s 15(1) of the Sick Industrial Companies (Special Provision) Act 1985, before the Hon'ble Board for Industrial & Financial Reconstructions, has not provided for interest on financing facilities amount to ₹ 107,39.55 Lacs for the year ended March 31, 2015. Had the same been provided, the loss for the year ended March 31, 2015 would have increased by ₹ 107,39.55 Lacs and corresponding liabilities would have increased by ₹ 107,39.55 Lacs as at March 31, 2015.**

**EMPHASIS OF MATTER**

10. Without qualifying, attention is drawn as under:
- Financial Statements has been prepared on a going concern basis. The Company has incurred a net loss of ₹ 12,722.21 Lacs during the year ended March 31, 2015 and the Company's net worth has been fully eroded as at the balance sheet date. The appropriateness of the going concern basis is inter alia dependent on the Company's ability to turnaround the operations of the Company and ability of infusing requisite funds for meeting its obligations and rescheduling of debts.
  - Note no. 38 to the financial statements relating to Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group.
  - The dues to banks / lenders are subject to reconciliation.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

11. (1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies, incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. (2) As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion above the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 37 to the financial statements.
    - Except for the effect of the matter described in the Basis of Qualified Opinion, (point no.9 above), the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts wherever applicable.
    - There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

**(A. Husein Noumanali)**

**Proprietor**

M. No. 14757

Mumbai, 29th May 2015



## 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:

- i) 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) The fixed assets are physically verified by the management, according to a phased programme to cover all items over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Pursuant to this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
- (ii) 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) 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.
- (iii) a) According to the information and explanation given to us, the Company has not granted any loan to Companies, firms or other parties covered under section 189 of the Companies Act 2013 except interest free loans and advances to its subsidiaries company. The maximum amount outstanding at any time during the year is ₹ 17,127.80 lacs and the balance as on the Balance Sheet date is also the same.
  - b) In our opinion since the advance has given to its subsidiaries, it is not prejudicial to the interest of the Company.
  - c) There is no repayment schedule and loans and advances are repayable 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.
- (iv) 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 major weakness or continuing failure to correct major weaknesses in internal control system of the Company in respect of these areas.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 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.
- (vii) In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been 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, 2015 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:

(₹ in lacs)

Name of Statute	Nature of the dues	Forum	Amount	Year to which amount relates
Central Excise Act, 1944	Excise Duty	Commissioner Central Excise & Customs.	252.82	FY 2007 to 2012
		Customs, Excise & Service Tax Appellate Tribunal, (CESTAT), Mumbai	1,671.54	

Name of Statute	Nature of the dues	Forum	Amount	Year to which amount relates
Customs Act, 1962	Customs Duty	Commissioner Central Excise & Customs.	1,570.29	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 Tribunal	1,108.23	FY 1997-98 to 2011
			6.74	FY 2009-10
		Revision Board	92.56	FY 2007-2011
		Dy. Commissioner of Sales tax	37.98	FY 2006-2009
		Asst. Commissioner Appeal	71.71	FY 2011-2015
Income Tax Act, 1961	Income Tax	High Court	9.63	Block 1987-1997
		Commissioner of Income Tax (Appeal)	28.83	Penalty for block 1987-1997

- c) According to the records of the Company, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made hereunder has been transferred to such fund within time.
- (xiii) The Company has accumulated losses as at the Balance Sheet date. Further the Company has incurred cash losses during the financial year covered by our audit and also during the immediately preceding financial years. The Company's accumulated losses as on the date of the Balance Sheet has exceeded its net worth.
- (ix) In our opinion, on the basis of audit procedures and according to the explanation and information given to us, the Company has defaulted in repayment of dues to banks and financial institutions. Estimated unpaid over dues in respect of principal outstanding amount to ₹ 30,937.66 lacs and overdue interest amounts to ₹ 11,552.65 lacs subject to the reconciliation with the banks / financial institutions. The period of default ranges around 6-12 months.
- (x) 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.
- (xi) In our opinion, the term loans were applied for the purpose for which they were obtained.
- (xii) 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

Mumbai, 29<sup>th</sup> May 2015





**BALANCE SHEET** as at 31<sup>st</sup> March 2015

₹ in Lacs

Particulars	Note	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	5,469.93	5,469.93
(b) Reserves and surplus	2	(9,382.55)	3,849.38
<b>Total Shareholders' Funds</b>		<b>(3,912.62)</b>	<b>9,319.31</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	75,508.51	86,791.85
(b) Deferred tax liabilities (Net)		2,034.84	2,034.84
(c) Long-term provisions	4	231.54	284.88
<b>Total Non-Current Liabilities</b>		<b>77,774.89</b>	<b>89,111.57</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5	8,180.57	4,719.47
(b) Trade payables	6	15,788.28	14,793.41
(c) Other current liabilities	7	45,993.53	35,431.95
(d) Short-term provisions	8	146.75	93.72
<b>Total Current Liabilities</b>		<b>70,109.13</b>	<b>55,038.55</b>
<b>TOTAL - Equity &amp; Liabilities</b>		<b>1,43,971.40</b>	<b>1,53,469.43</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets	9		
(i) Tangible assets		60,832.13	67,122.81
(ii) Capital work-in-progress		373.47	456.59
<b>Total Fixed Assets</b>		<b>61,205.60</b>	<b>67,579.40</b>
(b) Non-current investments	11	2,735.36	3,123.75
(c) Long-term loans and advances	12	17,776.16	17,945.27
<b>Total Non-Current Assets</b>		<b>20,511.52</b>	<b>21,069.02</b>
<b>2 Current Assets</b>			
(a) Current investments	13	-	10.35
(b) Inventories	14	18,504.66	20,034.68
(c) Inventories - Real Estate	15	17,884.24	18,590.78
(d) Trade receivables	16	12,175.71	12,756.63
(e) Cash and cash equivalents	17	1,814.22	1,344.35
(f) Short-term loans and advances	18	4,567.56	4,235.43
(g) Other current assets	19	7,307.89	7,848.79
<b>Total Current Assets</b>		<b>62,254.28</b>	<b>64,821.01</b>
<b>TOTAL - Assets</b>		<b>1,43,971.40</b>	<b>1,53,469.43</b>

As per our Report of even date  
For **A. Husein Noumanali & Co**  
Chartered Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**

Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**

Chairman & Managing Director

**Pradeep Saxena**

Director

**Sharath Bolar**

Director

**Ashok Goyal**

Chief Executive Officer

**Bhaskar Borkar**

Chief Financial Officer

**Rohit Darji**

Asst. Company Secretary &  
Compliance Officer

## STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2015

₹ in Lacs

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
<b>I. Revenue From Operations</b>			
Sale of products	20	90,261.02	84,191.06
Less: Excise Duty		3,152.54	3,124.09
Less: Sales Tax		4,709.04	5,207.99
<b>Net sales of products</b>		<b>82,399.44</b>	<b>75,858.98</b>
Other operating revenues		299.96	258.41
<b>Net Sales</b>		<b>82,699.40</b>	<b>76,117.39</b>
<b>II. Other income</b>		<b>88.98</b>	<b>44.07</b>
<b>III. Total Revenue (I + II)</b>		<b>82,788.38</b>	<b>76,161.46</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	21	17,860.96	15,165.23
Purchases of Stock-in-Trade		37,325.54	33,767.74
Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	22	3,071.61	3,493.73
Employee benefits expense	23	7,212.86	6,879.26
Finance costs	24	4,217.13	14,369.30
Depreciation and amortization expense		6,227.82	4,198.69
Other expenses	25	18,897.92	19,410.88
<b>Total Expenses</b>		<b>94,813.84</b>	<b>97,284.83</b>
<b>V. Loss before exceptional and extraordinary items and tax (III-IV)</b>		<b>(12,025.46)</b>	<b>(21,123.37)</b>
VI. Exceptional items	34	696.75	-
<b>VII. Loss before extraordinary items and tax (V - VI)</b>		<b>(12,722.21)</b>	<b>(21,123.37)</b>
VIII. Extraordinary Items		-	-
<b>IX. Loss before tax (VII- VIII)</b>		<b>(12,722.21)</b>	<b>(21,123.37)</b>
<b>X Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>XI Loss for the period from continuing operations (VII-VIII)</b>		<b>(12,722.21)</b>	<b>(21,123.37)</b>
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV Loss for the period (XI + XIV)</b>		<b>(12,722.21)</b>	<b>(21,123.37)</b>
XVI Earnings per equity share:			
(1) Basic		(23.26)	(55.41)
(2) Diluted		(23.26)	(55.41)

As per our Report of even date  
For **A. Husein Noumanali & Co**  
Chartered Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**

Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**

Chairman & Managing Director

**Pradeep Saxena**

Director

**Sharath Bolar**

Director

**Ashok Goyal**

Chief Executive Officer

**Bhaskar Borkar**

Chief Financial Officer

**Rohit Darji**

Asst. Company Secretary &  
Compliance Officer

## CASH FLOW STATEMENT for the Year ended March 31, 2015

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Tax	(12,722.21)	(21,123.37)
Adjustments for:		
Adjustments for:		
Depreciation and amortisation expense (net)	6,227.82	4,198.69
Increase/(Decrease) in value of investment	4.70	(1.08)
(Profit) / Loss on sale / write off of assets (net)	5.24	18.10
Finance costs (net)	4,158.19	14,353.89
Net unrealised exchange (gain) / loss	58.94	15.41
	10,454.89	18,585.01
Operating Loss Before Working Capital Changes	(2,267.32)	(2,538.36)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	2,236.56	3,246.30
Trade receivables	580.92	(3,256.07)
Loans and advances	(1,056.56)	(228.34)
Other current assets	601.53	1,044.74
Margin Money held with Bank	724.43	(176.13)
Other non-current assets	193.74	468.35
	3,280.62	1,098.85
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables and other current liabilities	1,348.78	6,326.62
Other non-current liabilities	(53.34)	18.05
	1,295.44	6,344.67
	4,576.06	7,443.52
Cash generated from operations	2,308.74	4,905.16
Direct taxes paid (net of refund of taxes)	(60.61)	(366.07)
<b>Net Cash Flow from operating activities (A)</b>	<b>2,248.13</b>	<b>4,539.09</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets (net) (after adjustment of increase/decrease in capital work-in-progress)	(373.68)	(546.78)
Current / Non-current Investments	398.74	-
	25.06	(546.78)
<b>Net Cash Flow used in investing activities (B)</b>	<b>25.06</b>	<b>(546.78)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase / (decrease) in other than short-term borrowings	(1,022.65)	5,399.67
Net increase / (decrease) in short-term borrowings	3,461.10	1,872.30
Increase in share capital	-	2,769.00
Advance to subsidiary/related companies	(24.64)	(647.65)
Finance costs (Net)	(4,158.19)	(14,353.89)
	(1,744.38)	(4,960.57)
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>(1,744.38)</b>	<b>(4,960.57)</b>
<b>Net Increase In Cash and Cash Equivalents (A+B+C)</b>	<b>528.81</b>	<b>(968.26)</b>



**CASH FLOW STATEMENT** for the Year ended March 31, 2015

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Cash and cash equivalents at the beginning of the year	1,344.35	2,328.02
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(58.94)	(15.41)
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>1,814.22</b>	<b>1,344.35</b>
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)]	1,814.22	1,344.35
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	5.70	29.50
(b) In current accounts	1,806.89	1,312.97
(c) In earmarked accounts - Unpaid dividend accounts	1.63	1.88
	1,814.22	1,344.35
(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 Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**

Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**

Chairman & Managing Director

**Pradeep Saxena**

Director

**Sharath Bolar**

Director

**Ashok Goyal**

Chief Executive Officer

**Bhaskar Borkar**

Chief Financial Officer

**Rohit Darji**

Asst. Company Secretary &  
Compliance Officer



## I SIGNIFICANT ACCOUNTING POLICIES

### Company Information

NITCO Limited (the 'company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is one of the market leader in the tiles business. The company has manufacturing facilities in Maharashtra and Silvassa and sells primarily in India through independent distributors and modern trade.

#### A. Basis of Preparation of Financial Statements

- i. These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. Pursuant to Circular 15/ 2013 dated 13th September, 2013 read with circular 08/ 2014 dated 4th April, 2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.
- ii. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.
- iii. With erosion of its net worth, the Company is required to register as a sick Company under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board for Industrial & Financial Reconstruction. 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 growth in net sales of 8.65% during the year. Considering the 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 future. The management therefore believes, it is appropriate to prepare the financial statement on a going concern basis.
- iv. The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis except for non provision of interest as described in note no. 38.

#### B. Expenditure

Expenses are accounted on accrual basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria as set out in paragraph 44 of AS 26 - 'Intangible Assets' have been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Assets.

#### C. 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.

#### D. Revenue recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licences, and lease license fee are recognised on accrual basis.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Income from services rendered is recognised based on agreements / arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

## E. 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.

## F. Depreciation

The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on straight line basis on economic useful lives of the assets. Further the remaining useful life has also been revised whenever appropriate based on the evaluation. The aggregate depreciation provided as per the requirement of Part C of Schedule II to Companies Act 2013. Assets costing upto ₹ 5,000/- are fully depreciated in the year of purchase.

The useful lives of the major assets from the year of capitalised of the assets / rates of depreciation are estimated as follows:

Class of assets	Basis	Useful life / rate of depreciation
- Buildings other than factory building	- SLM	- 60 years
- Factory building	- SLM	- 30 years
- Plant and machineries	- SLM	- 15 - 25 years
- Office equipments	- SLM	- 5 years
- Office equipments - mobile	- SLM	- 2 years
- Computers and related assets	- SLM	- 3 - 6 years
- Electrical installations	- SLM	- 10 years
- Furniture and fixtures	- SLM	- 10 years
- Motor vehicles	- SLM	- 4 years
- Windmills	- SLM	- 22 years
- Computer software	- SLM	- 5 years
- Boat	- SLM	- 13 years

## G. 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.

## H. 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.

## I. Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued on the following basis:

- Stores and Spares - at moving weighted average basis.
- Raw Materials - at moving weighted average basis.
- Work-in-Process - at estimated cost
- Finished Goods - at lower of cost or estimated realisable value.
- Stock in trade - at moving weighted average basis or estimated realisable value.
- Material in Transit - at cost



**J. Foreign currency transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the Statement of Profit and Loss, and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

**K. 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.

**L. Provision for Current and Deferred Tax:**

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**M. Provisions and Contingent Liabilities:**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**N. 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.

**O. 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.

**P. 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.

#### Q. 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.

#### R. 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.

#### S. 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".

#### T. Earnings Per Share

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extraordinary/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.

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

## II. NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2015

### 1. SHARE CAPITAL:

₹ in Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Authorised:</b>		
60,000,000 (60,000,000) Equity shares of ₹ 10/- each	6,000.00	6,000.00
	6,000.00	6,000.00
<b>Issued, subscribed and paid up:</b>		
5,46,99,338 (5,46,99,338) Equity shares of ₹ 10 each fully paid up	5,469.93	5,469.93
<b>Total</b>	<b>5,469.93</b>	<b>5,469.93</b>

Out of the above equity shares, 4,180,299 equity shares had been allotted pursuant to court approved schemes of amalgamation / merger for consideration other than cash.

The Company has not allotted any equity shares for consideration other than cash, bonus shares nor have any shares been bought back during the period of five years immediately preceding balance sheet date.

#### 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 ₹ 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, 2015 No. of shares	As at 31st March, 2014 No. of shares
Equity shares at the beginning of the year	5,46,99,338	3,26,00,132
Add: Shares issued on preferential basis	-	2,20,99,206
Equity shares at the close of the year	5,46,99,338	5,46,99,338

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

Name of the shareholder	No. of Shares	% held as at March 31, 2015	No. of Shares	% held as at March 31, 2014
Aurella Estates & Investments Private Limited	2,56,76,949	46.94	2,56,76,949	46.94
Vivek Prannath Talwar	63,23,669	11.56	63,23,669	11.56

2. RESERVES AND SURPLUS:

₹ in Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Capital Reserve</b>		
As per last year balance sheet	125.68	125.68
<b>Capital Redemption Reserve</b>		
As per last year balance sheet	965.00	965.00
<b>Securities Premium Account</b>		
As per last year balance sheet	35,471.47	32,112.39
Add: Issued during the year	-	3,359.08
<b>Closing balance</b>	<b>35,471.47</b>	<b>35,471.47</b>
<b>General Reserve</b>		
As per last year balance sheet	4,356.63	4,356.63
(+) Adjustment of depreciation (refer to Note 39)	(509.72)	-
<b>Closing balance</b>	<b>3,846.91</b>	<b>4,356.63</b>
<b>Balance in Profit &amp; Loss Account</b>		
Opening balance	(37,069.40)	(15,946.03)
(+) Net (Loss) For the current year	(12,722.21)	(21,123.37)
<b>Closing Balance</b>	<b>(49,791.61)</b>	<b>(37,069.40)</b>
<b>Total</b>	<b>(9,382.55)</b>	<b>3,849.38</b>

3. LONG TERM BORROWINGS:

3.1. Long-Term Borrowings

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Term Loans - from banks / financial institutions	73,648.05	85,327.86
Term Loans - from other parties	1,844.40	1,410.96
Long term maturities of finance lease	16.06	53.03
<b>Total</b>	<b>75,508.51</b>	<b>86,791.85</b>

Note:

For the year ended March 31, 2015:

- The Company has been incurring losses since FY 2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Accordingly, there were defaults in the payment of obligations to banks and relevant loan accounts – term loans, cash credits and other non-fund based credits.

- ii. Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference has been filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015.

3.2 Interest and repayment schedule for long term borrowings:

Type	Long term debt as on 31st March 2015	Current maturities of long term debt included in "Other Current liabilities" as at 31st March 2015	Interest rate % as at year end	Repayment schedule	Nature of security
<b>Secured Term loans from banks &amp; financial institution covered under Corporate Debt Restructuring package</b>					
Term loan	40,603.09	12,370.13	11.25%	32 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Working capital term loan – I	15,774.99	6,430.63	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Working capital term loan – II	44,918.95	18,054.33	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Funded Interest term loan	15,086.27	6,151.82	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
<b>Total</b>	<b>1,16,383.30</b>	<b>43,006.91</b>			
<b>Secured Term loans from banks &amp; financial institution not covered under Corporate Debt Restructuring package</b>					
Term loan from others	861.80	574.29	3M LIBOR plus 2.60%	12 structured quarterly installments commencing from March 31, 2015	Pari passu first charge on Silvassa Plant and guaranteed by promoter.
Term loan from others	1,075.55	156.34	13.95%	24 quarterly installments commencing from September 2014	Exclusive charge on 6 windmills by way of hypothecation. Exclusive charge on Escrow account wherein receivables from windmills are received; personal guarantee of Mr. Vivek Talwar

Type	Long term debt as on 31st March 2015	Current maturities of long term debt included in "Other Current liabilities" as at 31st March 2015	Interest rate % as at year end	Repayment schedule	Nature of security
Term loan from others	1,081.11	155.92	13.95%	24 quarterly installments commencing from September 2014	First pari passu charge on Silvassa plant and personal guarantee of Mr. Vivek Talwar
Vehicle loans	16.06	15.86	10% to 14%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	Secured against the hypothecation of underlying company owned vehicles.
<b>Total</b>	<b>3,034.52</b>	<b>902.41</b>			
<b>Grand Total</b>	<b>1,19,417.82</b>	<b>43,909.32</b>			

(Note: Balances with banks, financial institution and other parties etc. are subject to reconciliations/ confirmations.)

#### 4. Long term provisions:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Leave Encashment	231.54	284.88
<b>Total</b>	<b>231.54</b>	<b>284.88</b>

#### 5. Short Term Borrowings:

₹ In lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Loan Repayable on Demand		
<b>Secured</b>		
From Banks		
- Cash Credit *	8,180.57	4,719.47
<b>Unsecured</b>		
From Banks	-	-
<b>Total</b>	<b>8,180.57</b>	<b>4,719.47</b>

\* [Above figures includes LC devolvement of ₹ 2,052.56 lacs (previous year ₹ 119.37 lacs)]

- i. The Company has been incurring losses since FY 2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Accordingly, there were defaults in the payment of obligations to banks and relevant loan accounts – term loans, cash credits and other non-fund based credits.
- iii. Since the net worth of the Company has been fully eroded and being mandatory requirement has filed the reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015.
- ii. Working capital loan from banks are secured against the hypothecation of present and future stocks of raw materials, stock-in-process, finished goods, stock-in-trade, stores and spares, consumables, book debts and against collateral securities and personal guarantee given by promoters and related parties.

**6. Trade payable:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Micro, Small and Medium Enterprises	467.96	194.17
Other	15,320.32	14,599.24
<b>Total</b>	<b>15,788.28</b>	<b>14,793.41</b>

**7. Other current liabilities:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Current Maturity of Long Term Debt	43,909.32	33,648.62
Interest Accrued but not due on borrowings	-	32.15
Unpaid Dividends	1.63	1.88
Amount payable to capital creditors	90.38	105.32
Provision for expenses	448.93	502.28
Deposit received	1,030.93	1,001.19
Other payables	512.34	140.51
<b>Total</b>	<b>45,993.53</b>	<b>35,431.95</b>

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:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Leave Encashment	91.86	93.72
Provision for Gratuity	54.89	-*
<b>Total</b>	<b>146.75</b>	<b>93.72</b>

[\* During the FY 2013-14, the fair value of plan assets were more than present value of obligation, hence, no provision for Gratuity was made during the previous year]



₹ Lacs

## 9. Fixed assets:

## Fixed Assets Schedule, as at 31.03.2015

Description of Assets	Gross Block			Depreciation			Net Block		
	As at 01.04.2014	Additions	Deductions	As at 31.03.2015	Adj agst Op. R&S	For the Period	Deductions	As at 31.03.2015	As at 31.03.2014
Freehold Land	5,846.02	13.17	-	5,859.19	-	-	-	5,859.19	5,846.02
Buildings	19,754.94	9.32	-	19,764.26	78.30	1,958.60	-	14,353.37	16,380.95
Office Equipment	2,053.14	98.58	44.64	2,107.08	259.46	312.90	41.75	350.77	827.44
Plant & Machinery	54,227.64	321.88	-	54,549.52	3.80	2,863.28	-	36,577.05	39,122.25
Electrical Installations	1,114.76	-	0.10	1,114.66	88.69	182.77	0.05	382.52	654.03
Furniture & Fixtures	2,853.22	1.14	3.91	2,850.45	27.46	618.62	1.57	1,163.63	1,810.91
Windmill	3,680.54	-	-	3,680.54	-	151.36	-	1,942.19	2,093.55
<b>Total Owned Assets (Current Year)</b>	<b>89,530.26</b>	<b>444.09</b>	<b>48.65</b>	<b>89,925.70</b>	<b>457.71</b>	<b>6,087.53</b>	<b>43.37</b>	<b>60,628.72</b>	<b>66,735.15</b>
<b>Balance as on 31.3.2014</b>	<b>89,156.34</b>	<b>397.20</b>	<b>23.28</b>	<b>89,530.26</b>	<b>-</b>	<b>4,082.15</b>	<b>9.82</b>	<b>66,735.15</b>	<b>70,433.56</b>
Leasehold Land	145.66	-	-	145.66	-	3.01	-	142.65	145.66
Motor Vehicles	695.57	9.28	24.36	680.49	52.01	137.28	23.14	60.76	242.00
<b>Total Leasehold Assets (Current Year)</b>	<b>841.23</b>	<b>9.28</b>	<b>24.36</b>	<b>826.15</b>	<b>52.01</b>	<b>140.29</b>	<b>23.14</b>	<b>203.41</b>	<b>387.66</b>
<b>Balance as on 31.3.2014</b>	<b>883.27</b>	<b>0.79</b>	<b>42.83</b>	<b>841.23</b>	<b>-</b>	<b>116.54</b>	<b>25.40</b>	<b>387.66</b>	<b>520.84</b>
<b>Total Assets (Current Year)</b>	<b>90,371.49</b>	<b>453.37</b>	<b>73.01</b>	<b>90,751.85</b>	<b>509.72</b>	<b>6,227.82</b>	<b>66.51</b>	<b>60,832.13</b>	<b>67,122.81</b>
<b>Total Assets (Balance as on 31.3.2014)</b>	<b>90,039.61</b>	<b>397.99</b>	<b>66.11</b>	<b>90,371.49</b>	<b>-</b>	<b>4,198.69</b>	<b>35.22</b>	<b>67,122.81</b>	<b>70,954.40</b>
<b>Capital work-in-progress</b>								<b>373.47</b>	<b>456.59</b>

(Please refer to Note no 39)

**10. Vehicles taken on finance lease:**

Future obligations towards lease rentals under the lease agreements as on 31st March 2015 is as under:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014	Future Interest March 31, 2015	Future Interest March 31, 2014	Future obligation March 31, 2015	Future obligation March 31, 2014
With one year	15.83	38.58	0.77	2.04	16.60	40.62
Later than one year and not later than five years	0.23	14.45	0.03	2.40	0.26	16.85
After five years	-	-	-	-	-	-
<b>Total</b>	<b>16.06</b>	<b>53.03</b>	<b>0.80</b>	<b>4.44</b>	<b>16.86</b>	<b>57.47</b>

**11. Non current investments:**

₹ In Lacs

Particulars	No of shares	Face value per share	Cost of investments as at March 31, 2015
<b>Investment in subsidiaries</b>			
<b>(Unquoted, Trade - fully paid up):</b>			
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)
Keskinkaya Mermer Made – Equity shares	-	-	-
	(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)
<b>Total</b>			<b>2,735.36</b>
			<b>(3,123.75)</b>

(Note: Previous year figures provided in brackets) (Please refer to note no 34)

**12. Long term loans and advances:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Security Deposits	55.21	229.78
Capital Advances	568.77	566.31
Advances to subsidiaries (refer note 33)	17,127.80	17,103.16
Other	24.38	46.02
<b>Total</b>	<b>17,776.16</b>	<b>17,945.27</b>

**13. Current investments:**

₹ In Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2015
SBI One India Growth Fund	-	-	-
	(12,136,374)	(5.00)	(6.55)
SBI Infrastructure Fund- regular plan- Growth	-	-	-
	(50,000)	(5.00)	(3.80)
<b>Total</b>		<b>-</b>	<b>-</b>
		<b>(10.00)</b>	<b>(10.35)</b>

(Note: Previous year figures provided in brackets)

**14. Inventories:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(As certified by management)		
Raw Materials	4,963.98	3,355.68
Work in Progress	388.93	196.09
Stores & Spares	1,072.46	1,139.17
Finished Goods (manufactured goods including marble)	10,401.63	11,256.51
Stock in Trade	1,677.66	4,087.23
<b>Total</b>	<b>18,504.66</b>	<b>20,034.68</b>

**15. Inventories – real estate:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	2,884.24	3,590.78
<b>Total</b>	<b>17,884.24</b>	<b>18,590.78</b>

**16. Trade receivables:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they were due from payment:		
- Considered good	1,630.59	1,595.74
- Considered doubtful	527.43	659.69
Less: Provision for doubtful debts	(390.52)	(239.32)
	<b>1,767.50</b>	<b>2,016.11</b>
Others		
- Considered good	10,408.21	10,740.52
	<b>10,408.21</b>	<b>10,740.52</b>
<b>Total</b>	<b>12,175.71</b>	<b>12,756.63</b>

**17. Cash and bank balances:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
- Cash on Hand	5.70	29.50
- Balances with Banks	1,806.89	1,312.97
	<b>1,812.59</b>	<b>1,342.47</b>
(b) Other bank balances		
- Balances with banks for unpaid dividend	1.63	1.88
	<b>1.63</b>	<b>1.88</b>
<b>Total</b>	<b>1814.22</b>	<b>1,344.35</b>

**18. Short term loans and advances:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Balances with Banks - Held as Margin Money	2,205.95	2,930.38
Others: (Unsecured considered good unless otherwise stated)		
Advances for supply of goods and rendering of services	1,577.28	494.33
Prepaid expenses and claims receivable	723.30	754.24
Others	61.03	56.48
<b>Total</b>	<b>4,567.56</b>	<b>4,235.43</b>

**19. Other current assets:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Security Deposits	1,818.21	1,943.05
Income Tax Payment (Net)	1,641.75	1,581.14
Balance with Custom, Excise, Service Tax	3,095.15	3,556.42
Other Current Assets	752.78	768.18
<b>Total</b>	<b>7,307.89</b>	<b>7,848.79</b>

**20. Gross Sales:**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Ceramic Tiles	42,781.43	39,494.76
Vitrified Tiles	33,604.06	33,583.10
Marble	12,979.07	11,052.00
<b>Tiles and related products</b>	<b>89,364.56</b>	<b>84,129.86</b>
Real Estate	896.46	61.20
<b>Total</b>	<b>90,261.02</b>	<b>84,191.06</b>





**21. Cost of materials consumed:**

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cost of material consumed:</b>		
Body material	4,036.07	4,021.81
Glaze material	2,364.14	2,462.80
Marble blocks/ slabs	9,630.53	7,604.30
Packing material	1,105.84	1,038.51
Others (real estate)	724.38	37.81
<b>Total</b>	<b>17,860.96</b>	<b>15,165.23</b>

**22. Changes in inventory:**

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Stock as on 1st April 2014</b>		
Work in progress	196.09	196.27
Finished goods	11,256.51	11,314.89
Stock in trade	4,087.23	7,522.40
	<b>"A"</b>	<b>15,539.83</b>
<b>Stock as on 31st March 2015</b>		
Work in progress	388.93	196.09
Finished goods	10,401.63	11,256.51
Stock in trade	1,677.66	4,087.23
	<b>"B"</b>	<b>12,468.22</b>
	<b>"B-A"</b>	<b>3,071.61</b>

**23. Employees benefit expenses (Refer Note 35):**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries and wages	6,624.64	6,334.31
Contributions to Provident and Other Funds	400.49	369.58
Staff Welfare Expenses	187.73	175.37
<b>Total</b>	<b>7,212.86</b>	<b>6,879.26</b>

**24. Finance cost (Refer Note 38):**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense	3,956.01	13,824.84
Other borrowing costs	202.18	529.05
Applicable net gain/loss on foreign currency transactions and translation	58.94	15.41
<b>Total</b>	<b>4,217.13</b>	<b>14,369.30</b>

**25. Other expenses:**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Other Manufacturing Expenses</b>		
Power and fuel.	6,388.94	6,471.30
Consumption of stores and spare parts.	1,880.07	1,552.92
	<b>8,269.01</b>	<b>8,024.22</b>
<b>Repairs and Maintenance</b>		
Buildings	35.18	41.01
Machinery	235.70	204.46
Others Repairs & Maintenance	246.70	230.66
	<b>517.58</b>	<b>476.13</b>
<b>Administrative expenses</b>		
Rent Rates and Taxes	1,333.24	1,660.22
Electricity Charges Office & Depot	125.60	116.59
Processing Charges Mosaico/Marble	156.12	202.91
Water Charges	7.63	22.77
Postage and Telephone	194.16	216.79
Printing and Stationery	27.53	56.46
Insurance (net)	180.13	187.29
Legal and Professional Fees	356.57	339.37
Travelling & Conveyance Expenses	864.29	857.90
Audit Fees	29.12	26.49
Hire Charges	207.32	188.12
Security Charges	118.92	120.87
Miscellaneous Expenses	169.65	151.37
	<b>3,770.28</b>	<b>4,147.15</b>
<b>Selling and distribution expenses</b>		
Advertisement & Sales Promotion Expenses	1,614.48	1,509.95
Freight Forwarding & Distribution Expenses	3,736.06	4,009.61
C&F Charges	818.83	1,056.22
Provision for doubtful debts	151.20	148.55
Bad Debts	20.48	39.05
	<b>6,341.05</b>	<b>6,763.38</b>
<b>Total</b>	<b>18,897.92</b>	<b>19,410.88</b>

**26. 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.

## 27. Value of raw materials, spares and components consumed during the year ended:

₹ In Lacs

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	₹ in Lacs	%	₹ in Lacs	%
Raw Materials				
Imported	6,249.74	35%	4,812.45	32%
Indigenous	11,611.23	65%	10,352.78	68%
<b>Total</b>	<b>17,860.97</b>	<b>100%</b>	<b>15,165.23</b>	<b>100%</b>
Spares & Components				
Imported	859.20	46%	626.89	40%
Indigenous	1,020.87	54%	926.03	60%
<b>Total</b>	<b>1,880.07</b>	<b>100%</b>	<b>1,552.92</b>	<b>100%</b>

## 28. Earnings in foreign exchange (exports):

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
FOB Value of Exports	1,224.21	1,538.19
<b>Total</b>	<b>1,224.21</b>	<b>1,538.19</b>

## 29. Value of imports calculated on CIF basis:

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Traded goods	1,182.58	2,474.06
Raw Material	5,849.68	3,441.14
Capital Goods	63.16	226.00
Spare Parts & Components	395.92	552.98
<b>Total</b>	<b>7491.34</b>	<b>6,694.18</b>

## 30. Expenditure in foreign currency:

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest	38.36	59.46
Travel & Lodging	96.70	146.56
<b>Total</b>	<b>135.06</b>	<b>206.02</b>

## 31. Payment to auditors:

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Statutory audit fees	29.12	26.49
<b>Total</b>	<b>29.12</b>	<b>26.49</b>



## 32. Disclosure in respect of related parties pursuant to Accounting Standard 18:

Relationship	Name of the Related Party	
<b>Subsidiaries</b>	Nitco Realties Private Limited	New Vardhman Vitrified Private Limited
	Nitco Holdings HK Company Limited	
<b>Fellow Subsidiaries</b>	Maxwealth Properties Private Limited	Opera Properties Private Limited
	Meghdoot Properties Private Limited	Ferocity Properties Private Limited
	Roaring - Lion Properties Private Limited	Glamorous Properties Private Limited
	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
<b>Key Managerial Personnel</b>	Mr. Vivek Talwar	
<b>Enterprises over which Key Managerial Personnel are able to exercise significant influence</b>	Eden Garden Builders Pvt.Ltd.	Ekalinga Properties Pvt. Ltd.
	Enjoy Builders Pvt. Ltd.	Hunar Developers Pvt. Ltd.
	Prakalp Properties Pvt. Ltd.	Kavivarya Properties Pvt. Ltd.
	Rangmandir Builders Pvt. Ltd.	Tanvish Properties Pvt. Ltd.
	Lavender Properties Pvt. Ltd.	Maryland Realtors Pvt. Ltd.
	Ushakiran Builders Pvt. Ltd.	Strongbase Properties Pvt. Ltd.
	Strength Properties Pvt. Ltd.	Firstlife Properties Pvt. Ltd.
	Nitco Paints Pvt. Ltd	Blue-Whale Properties Pvt. Ltd.
	Norita Investments Pvt. Ltd.	NITCO Tiles
	Aurella Estates and Investments Pvt. Ltd.	Bambalina Developers Private Limited
	Orchid Realtors Pvt. Ltd.	Vihaan Properties Private Limited
	Rhythm Real Estates Pvt. Ltd	Brunelle Properties Private Limited
	Anandshree Bombay (Holding) Pvt. Ltd.	Vilasini Properties Private Limited
	Merino Realtors Pvt. Ltd.	Kanushi Properties Private Limited
	Cosmos Realtors Pvt. Ltd.	NITCO Tiles Sales Corporation (Bombay)
	Alpine Agro and Dairy Farms Pvt. Ltd.	The Northern India Tiles Corporation (Delhi)
	Rejoice Realty Private Limited	Northern India Tiles (Sales) Corporation
	Melisma Finance and Trading Pvt. Ltd.	Maharashtra Marble Co.
	Nitco Consultants & Exports Pvt. Ltd.	NITCO Exports
	Brighton Properties Pvt. Ltd.	NITCO Sales Corporation (Delhi)
Kshamta Properties Pvt. Ltd.	Vivek Talwar (HUF)	
Saisha trading Pvt Ltd.	Aqua Marine Properties Pvt Ltd.	

## 33. The details of amounts due to or due from are as follows:

Particulars	₹ in Lacs		
	Subsidiaries	Key Managerial Personnel	Others
<b>Loans &amp; Advances :</b>			
Nitco Realties Private Limited	15,285.93		
	(15,285.93)		
New Vardhman Vitrified Pvt Ltd	1,841.87		
	(1,508.87)		
Kesinkaya Mermer Madencilik Nakl.Quarry Ex	-		
	(308.36)		

₹ in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
<b>Deposits:</b>			
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)
<b>Trade &amp; Other Payables</b>			
New Vardhman Vitrified Pvt. Ltd.	2,843.63		
	(2,234.26)		
Eden Garden Builders Pvt. Ltd.			9.74
			(7.09)
Enjoy Builders Pvt. Ltd.			10.90
			(7.24)
Lavender Properties Pvt. Ltd.			9.45
			(6.81)
Prakalp Properties Pvt. Ltd.			8.74
			(6.21)
Rang Mandir Builders Pvt. Ltd.			12.56
			(9.07)
Usha Kiran Builders Pvt. Ltd.			9.69
			(7.05)
Saisha Trading Pvt Ltd.			136.95
			-

(Note: Previous year figures provided in brackets)

**The details of the related party transactions entered by the company are as follows:**

₹ in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
<b>CAPITAL TRANSACTIONS:</b>			
<b>Share issued :</b>			
Aurella Estate & Inv. Pvt. Ltd.			-
(Company had issued 22099206 Equity shares of ₹ 10 each to Aurella Estate & Inv. Pvt .Ltd. at premium of ₹15.20 per share)			(2,769.00)
<b>LOANS:</b>			
<b>Net Loans &amp; advances given/(returned):</b>			
Nitco Realities Private Limited			-
			(6.70)
New Vardhman Vitrified Pvt Ltd	333.00		
	(642.00)		

₹ in Lacs

Particulars	Subsidiaries	Key Managerial Personnel	Others
Kesinkaya Mermer Madencilik Nakl.	-		
	(308.36)		
<b>REVENUE TRANSACTIONS:</b>			
<b>Purchase /Material Consumed:</b>			
New Vardhman Vitrified Pvt. Ltd.	19,081.14		
	(15,595.02)		
Foshan Nitco Trading Co. Ltd.	-		
	(23.72)		
Saisha Trading Pvt Ltd.			164.11
			-
<b>Payment to Key Managerial Personnel :</b>			
Vivek Talwar		50.99	
		(48.00)	
<b>Rent Paid :</b>			
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: Previous year figures provided in brackets)

**34. Balance written off :**

Related Party Transactions	Subsidiaries	Key management personnel	Others
<b>Share Investment</b>			
Foshan Nitco Trading Co	385.39	-	-
Kesinkaya Mermer Madencilik Nakl.	3.00	-	-
<b>Short term loans and advances</b>			
Foshan Nitco Trading Co	-	-	-
Kesinkaya Mermer Madencilik Nakl.	308.36	-	-
<b>Total</b>	<b>696.75</b>	<b>-</b>	<b>-</b>

The Company incorporated wholly owned subsidiaries in Turkey for procurement of marble and in China in order to promote export of tiles to third countries. The Company had invested an amount of ₹ 696.75 lacs in these subsidiaries by way of Equity and Advances. Due to adverse change in the business environment and as per terms of CDR sanction, the Company had closed down these subsidiaries and balance of ₹ 696.75 lacs has been written off as Exceptional Items in the current financial year, pursuant to resolution passed in the meeting of board of directors.



**35. As per Accounting Standard 15 “Employee benefits”, the disclosures as defined in the Accounting Standard are given below :**

The company has defined benefit Gratuity plan. Gratuity (being administered by a Trust) is computed as 15 days salary, for every computed year of service or part thereof in excess of six months and is payable on retirement/termination/resignation. The benefit vests on the employee completing five year of service. The Gratuity plan for the company is a defined benefit scheme where annual contributions are deposited to Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a scheme of insurance, whereby these contributions are transferred to the insurers. The company makes provision of such Gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premium until due to the insurance company.

**Defined Contribution Plans :**

Contribution to Defined Contribution Plans, recognized as expense is as under:

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Employer's Contribution to Provident Fund	285.62	288.89
Employer's Contribution to Superannuation Fund	8.46	9.15
Employer's Contribution to Gratuity	101.71	71.54

**Defined Benefit Plans :**

**I) Reconciliation of opening and closing balances of Defined Benefit**

₹ in Lacs

Particulars	Obligation			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Defined Benefit obligation at beginning of year	341.39	289.69	378.59	349.58
Current Service Cost	97.51	41.61	162.42	184.51
Interest Cost	25.32	22.13	27.69	25.83
Actuarial gain / (loss)	194.82	14.04	-180.60	-127.95
Benefits paid	-49.83	-26.08	-64.70	-53.38
Defined Benefit obligation at year end	609.21	341.39	323.40	378.59

**II) Reconciliation of opening and closing balances of fair value of Plan Assets**

₹ in Lacs

Particulars	Gratuity (Funded)	
	Year ended March 31, 2015	Year ended March 31, 2014
Fair value of Plan assets at beginning of year	502.73	459.62
Adjustment to opening balance	-0.71	-
Expected return on plan assets	45.48	40.42
Actuarial gain / (loss)	0.19	-2.02
Employer contribution	56.47	30.79
Benefits paid	-49.83	-26.08
Fair value of Plan assets at year end	554.32	502.73
Actual return on plan assets	45.67	38.39

## III) Reconciliation of fair value of assets and obligations

₹ in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Fair value of Plan assets	554.32	502.73	-	-
Present value of obligation	609.21	341.40	323.40	378.59
Amount recognized in Balance Sheet	54.89	161.33	323.40	378.59

## IV) Expenses recognized during the year

₹ in Lacs

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Current Service Cost	97.51	41.61	162.42	184.51
Interest Cost	25.32	22.13	27.69	25.83
Expected return on Plan assets	-45.48	-40.42	-	-
Actuarial (gain) / loss	194.63	16.06	-180.59	-127.95
<b>Net Cost</b>	<b>271.98</b>	<b>39.38</b>	<b>9.52</b>	<b>82.39</b>

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Mortality Table	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	7.77%	8.00%	7.77%	8.00%
Rate of escalation in salary (per annum)	5.00%	1.79%	5.00%	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.





### 36. 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:

Sr. No	Particulars	As at March 31, 2015	As at March 31, 2014
1	Net sales / Income from operations		
-	Tiles and other related products	81,688.62	75,959.79
-	Real estate	1,010.78	157.60
	<b>Total Revenue</b>	<b>82,699.40</b>	<b>76,117.39</b>
2	Segment results		
-	Tiles and other related products	(7,895.03)	(6,621.75)
-	Real estate	86.70	(132.32)
	<b>Total Segment Profit Before Interest and Tax</b>	<b>(7,808.33)</b>	<b>(6,754.07)</b>
	Less : Interest and other financial cost	4,158.13	14,353.89
	Foreign exchange loss/(gain)	59.00	15.41
	Exceptional items	696.75	-
	<b>Profit Before Tax</b>	<b>(12,722.21)</b>	<b>(21,123.37)</b>
3	Capital Employed		
	[Segment assets - Segment liabilities]		
-	Tiles and other related products	85,669.03	95,679.87
-	Real estate	34,015.90	34,454.78
-	Unallocated/ Corporate	6,267.23	6,611.01
	<b>Total Capital Employed</b>	<b>1,25,952.16</b>	<b>1,36,745.66</b>

#### B. Geographical Segment :

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

₹ In Lacs

Particulars	India		Rest of the world		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Segment revenue	81,475.19	74,579.20	1,224.21	1,538.19	82,699.40	76,117.39
Carrying cost of Segment assets	1,21,668.10	1,32,955.20	110.79	328.46	1,21,778.89	1,33,283.66
Addition of fixed assets and tangible assets	453.37	397.99	-	-	453.37	397.99

**37. Contingent Liability:**

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	3,727.09	5,113.42
Letter of credits opened for which the company is contingently liable	429.80	2,019.63
Estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advances )	11.87	13.77
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,924.36	1,899.11
Custom Duty	1,574.33	1,574.33
Sales Tax	1333.17	472.86
Income tax	38.46	38.46
Legal matters	93.39	82.09
Gail (India) Limited *	1497.15	-

\*A demand has been raised by GAIL towards supply of underdrawn quantities of Re-Liquified Natural Gas (RLNG) under long term Supply Agreement of RLNG for the calendar year January 2014 to December 2014. The Company has represented to GAIL to reduce the said amount which is pending resolution and accordingly no effect has been provided in the books of accounts.

The Company is involved in a number of appellate, judicial and adjudication proceedings concerning matters arising in the course of conduct of the Company's businesses (including taxation matters). Some of the proceedings in respect of matters under litigation are in early stages and in some other cases the claims are indeterminate. Management is generally unable to reasonably estimate a range of possible loss for proceedings or dispute in such matters.

**38. Corporate Debt Restructuring:**

The Company's business model until FY12, was largely dependent on imported tiles outsourced from China. The company suffered losses on account of sudden sharp depreciation of Rupee towards later part of calendar year 2011 which had high impact on the landed cost of tiles, adversely affecting the financial performance of the Company and its cash flow. Consequently the Company made a reference to Corporate Debt Restructuring (CDR) Cell in May 2012 for comprehensive restructuring of its loan liabilities and accordingly CDR cell sanctioned a scheme of restructuring vide LOA dated 26th December 2012, and the lenders executed Master Restructuring Agreement (MRA) on 6th March 2013. The said package sanctioned Funded Interest Term Loan (FITL) for 18 months from the Cut Off date and moratorium for principal repayment for 24 months. The working capital lenders were to provide additional working capital approximately of ₹ 3000 lacs fund based and ₹ 14700 lacs non fund based facility. The package also envisaged disposal of non core assets of ₹ 44500 lacs until March 2015. However due to adverse market conditions, the non core assets could not be disposed of and the working capital lenders failed to release additional working capital facilities as per the approved CDR package. Consequently the Company defaulted on its obligation to its lenders and most of the lenders have classified the Company's debts as Non Performing Asset (NPA). Some of the Lenders aggregating approximately 40% of overall CDR lenders of the Company assigned their debts to an Asset Reconstruction Company (ARC). Consequently, the Company has exited from CDR mechanism. Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015. In view of the above position, the Company has not provided for interest after the date the loan has become NPA with the respective Banks. Had the interest as per Loan Agreements been provided for, the interest for the year would have been higher by ₹ 107,39.55 lacs and Losses would have been higher by ₹ 107,39.55 lacs and corresponding bank liability would have increased by ₹ 107,39.55 lacs.

- 39.** In accordance with the requirement of Schedule II to Companies Act 2013, the Company has reassessed the estimated useful life of fixed assets w.e.f April 01, 2014 and depreciation is provided on the basis of useful lives as prescribed in Schedule II. This has resulted in the depreciation expenses for the year ended 31st March 2015 higher by ₹ 2,213.28 lacs. Depreciation of ₹ 509.72 Lacs on account of assets whose useful life is already exhausted as on April 01, 2014, has been adjusted in Opening Reserve.
- 40.** Previous year's figures have been regrouped / restated / reclassified / rearranged wherever necessary to make them comparable with those of the current year.

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF NITCO LIMITED

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

1. We have audited the accompanying financial statements of NITCO Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "Group") which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and Consolidated 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

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements

#### QUALIFIED OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, **except** for the effects of the matter described in the **Basis for Qualified Opinion** paragraph below, the aforesaid 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, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

#### BASIS FOR QUALIFIED OPINION

9. **The Holding Company on the basis of the registration of reference filed u/s 15(1) of the Sick Industrial Companies (Special Provision) Act 1985, before the Hon'ble Board for Industrial & Financial Reconstructions, has not provided for interest on financing facilities amount to ₹ 10,739.55 Lacs for the year ended March 31, 2015. Had the same been provided,**

**the consolidated loss for the year ended March 31, 2015 would have increased by ₹ 10,739.55 Lacs and corresponding consolidated liabilities would have increased by ₹ 10,739.55 Lacs as at March 31, 2015.**

#### **EMPHASIS OF MATTER**

10. Without qualifying, attention is drawn as under:

- a) Financial Statement has been prepared on a going concern basis. The Holding Company has incurred a net loss of ₹ 12,722.21 Lacs during the year ended March 31, 2015 and the Holding Company's net worth has been fully eroded as at the balance sheet date. The appropriateness of the going concern basis is inter alia dependent on the Holding Company's ability to turnaround the operations of the Company and ability of infusing requisite funds for meeting its obligations and rescheduling of debts.
- b) Note no. 31 to the consolidated financial statements relating to Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group.
- c) The dues to banks / lenders are subject to reconciliation.

#### **OTHER MATTERS**

11. a) We did not audit the financial statements of fourteen subsidiaries, whose financial statements reflect total assets of ₹ 32,617.08 lacs as at 31st March, 2015, and total revenues of ₹ 17,339.51 lacs for the year ended on that date, as considered in the consolidated financial statements, whose financial statements / financial information have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

- b) We did not audit the financial statements of one subsidiary reflect total assets of ₹ 63.85 lacs as at 31st March, 2015 and total revenues of ₹ Nil for the year ended on that date, as considered in the consolidated financial statements, whose financial statement has not been audited by us. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Other Matters above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, except for the effect of the matters described in the Other Matter paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) Except for the matter described in in sub-paragraph (b) of the Other Matters above, the reports on the accounts of the Holding Company, and its subsidiaries companies incorporated in India, audited under Section 143 (8) of the Act by branch auditors have been sent to us / the other auditors, as applicable, and have been properly dealt with in preparing this report.
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion above the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

- g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, except who are disqualified from being appointed as a director in terms of Section 164(2) of the Act, none of the other directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) Except for the possible effect of the matter described in sub-paragraph (b) of the Other Matters above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 30 to the consolidated financial statements.
  - (ii) Except for the possible effect of the matter described in sub-paragraph (b) of the Other Matter above, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts to the consolidated financial statements in respect of such items as it relates to the Group.
  - (ii) Except for the effect of the matter described in the Other Matter, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts wherever applicable.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, incorporated in India.

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

Chartered Accountants

Firm Registration No. 107173W

**(A. Husein Noumanali)**

**Proprietor**

M. No. 14757

Mumbai, 29th May 2015



## Consolidated Balance Sheet as at 31st March 2015

₹ in Lacs

Particulars	Note	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	5,469.93	5,469.93
(b) Reserves and surplus	2	(9,226.23)	3,550.15
<b>Total Shareholders' Funds</b>		<b>(3,756.30)</b>	<b>9,020.08</b>
<b>2 Minority Interest</b>		<b>1,732.51</b>	<b>1,621.55</b>
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	79,211.59	88,845.35
(b) Deferred tax liabilities (Net)		2,749.36	2,612.48
(c) Other Long term liabilities	4	176.47	4,262.59
(d) Long-term provisions	5	231.54	284.88
<b>Total Non-Current Liabilities</b>		<b>82,368.96</b>	<b>96,005.30</b>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	6	9,477.08	6,289.99
(b) Trade payables	7	15,514.29	14,555.52
(c) Other current liabilities	8	48,332.78	37,903.13
(d) Short-term provisions	9	245.12	140.93
<b>Total Current Liabilities</b>		<b>73,569.27</b>	<b>58,889.57</b>
<b>TOTAL - Equity &amp; Liabilities</b>		<b>1,53,914.44</b>	<b>1,65,536.50</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets	10		
(i) Tangible assets		70,910.69	77,859.85
(ii) Capital work-in-progress		640.96	963.80
(iii) Intangible assets		323.70	323.63
<b>Total Fixed Assets</b>		<b>71,875.35</b>	<b>79,147.28</b>
(b) Non-current investments	12	25.00	26.00
(c) Long-term loans and advances	13	4,557.97	4,738.13
<b>Total Non-Current Assets</b>		<b>4,582.97</b>	<b>4,764.13</b>
<b>2 Current Assets</b>			
(a) Current investments	14	0.15	10.50
(b) Inventories	15	19,989.05	22,205.69
(c) Inventories - Real Estate	16	29,890.61	30,608.65
(d) Trade receivables	17	12,474.89	12,967.07
(e) Cash and cash equivalents	18	2,472.83	2,882.38
(f) Short-term loans and advances	19	4,828.13	5,078.75
(g) Other current assets	20	7,800.46	7,872.05
<b>Total Current Assets</b>		<b>77,456.12</b>	<b>81,625.09</b>
<b>TOTAL - Assets</b>		<b>1,53,914.44</b>	<b>1,65,536.50</b>

As per our Report of even date  
For **A. Husein Noumanali & Co**  
Chartered Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**

Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**

Chairman & Managing Director

**Ashok Goyal**  
Chief Executive Officer

**Pradeep Saxena**

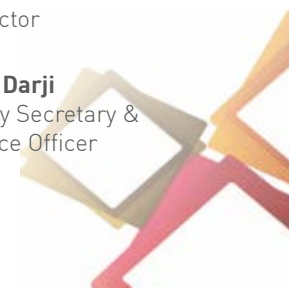
Director

**Bhaskar Borkar**  
Chief Financial Officer

**Sharath Bolar**

Director

**Rohit Darji**  
Asst. Company Secretary &  
Compliance Officer



## CONSOLIDATED STATEMENT of Profit and Loss for the year ended March 31, 2015

₹ in Lacs

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
<b>I. Revenue From Operations</b>			
Sale of products	21	91,431.46	86,191.09
Less: Excise Duty		3,228.12	3,332.97
Less: Sales Tax		4,760.58	5,258.61
<b>Net sales of products</b>		<b>83,442.76</b>	<b>77,599.51</b>
Other operating revenues		299.96	258.41
<b>Net Sales</b>		<b>83,742.72</b>	<b>77,857.92</b>
II. Other income		199.82	183.23
<b>III. Total Revenue (I + II)</b>		<b>83,942.54</b>	<b>78,041.15</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	22	24,041.04	20,583.51
Purchases of Stock-in-Trade		21,344.51	20,812.05
Changes in inventories of finished goods work-in- progress and Stock-in-Trade	23	3,346.79	3,213.60
Employee benefits expense	24	7,424.97	7,072.45
Finance costs	25	5,030.82	15,005.28
Depreciation and amortization expense		6,977.58	4,743.20
Other expenses	26	27,368.29	27,542.35
<b>Total Expenses</b>		<b>95,534.00</b>	<b>98,972.44</b>
<b>V. Loss before exceptional and extraordinary items and tax (III-IV)</b>		<b>(11,591.46)</b>	<b>(20,931.29)</b>
VI. Exceptional items		-	-
<b>VII. Loss before extraordinary items and tax (V - VI)</b>		<b>(11,591.46)</b>	<b>(20,931.29)</b>
VIII. Extraordinary Items		-	-
<b>IX. Loss before tax (VII- VIII)</b>		<b>(11,591.46)</b>	<b>(20,931.29)</b>
X Tax expense:			
(1) Current tax		93.49	38.89
(2) Deferred tax		136.88	117.68
<b>XI Loss for the period from continuing operations (VII-VIII)</b>		<b>(11,821.83)</b>	<b>(21,087.86)</b>
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Add: Share of Profit/Loss transferred to Minority Interest		110.97	18.12
<b>XV Loss for the period (XI + XIV)</b>		<b>(11,932.80)</b>	<b>(21,105.98)</b>
XVI Earnings per equity share:			
(1) Basic		(21.82)	(55.36)
(2) Diluted		(21.82)	(55.36)

As per our Report of even date  
For **A. Husein Noumanali & Co**  
Chartered Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**  
Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**  
Chairman & Managing Director

**Ashok Goyal**  
Chief Executive Officer

**Pradeep Saxena**  
Director

**Bhaskar Borkar**  
Chief Financial Officer

**Sharath Bolar**  
Director

**Rohit Darji**  
Asst. Company Secretary &  
Compliance Officer

**CASH FLOW STATEMENT** for the Year ended March 31, 2015

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	(11,821.83)	(20,931.29)
Adjustments for:		
Adjustments for:		
Depreciation and amortisation expense (net)	6,977.58	4,743.20
Increase/(decrease) in value of investment	4.70	(1.08)
(Profit) / loss on sale / write off of assets (net)	5.24	18.10
Finance costs (net)	4,971.88	14,989.87
Net unrealised exchange (gain) / loss	58.94	15.41
	12,018.34	19,765.50
Operating Profit Before Working Capital Changes	196.51	(1,165.79)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	2,934.68	2,941.97
Trade receivables	492.18	(3,424.20)
Loans and advances	(471.78)	(94.04)
Other current assets	130.36	1,044.02
Margin Money held with Bank	722.40	(176.09)
Other non-current assets	180.16	497.31
	3,988.00	788.97
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables and Other current liabilities	1,198.62	5,567.95
Other non-current liabilities	(4,002.58)	246.03
	(2,803.96)	5,813.98
	1,184.04	6,602.95
Cash Generated From Operations	1,380.55	5,437.16
Direct Taxes Paid (net of refund of taxes)	(58.77)	(366.24)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>1,321.78</b>	<b>5,070.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets (net) (after adjustment of increase/decrease in capital work-in-progress)	(225.56)	(1,420.32)
Current / Non-current Investments	6.65	-
	(218.91)	(1,420.32)
<b>Net Cash Flow Used In Investing Activities (B)</b>	<b>(218.91)</b>	<b>(1,420.32)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase / (decrease) in Minority Interest	110.96	18.21
Net increase / (decrease) in reserve on Consolidation	(439.88)	(2.05)
Net increase / (decrease) in other than short-term borrowings	3,187.09	2,079.30
Net increase / (decrease) in short-term borrowings	660.23	5,565.34
Increase in Share Capital	-	2,769.00
Finance costs (Net)	(4,971.88)	(14,989.87)
	(1,453.48)	(4,560.07)
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>(1,453.48)</b>	<b>(4,560.07)</b>
<b>Net Increase In Cash And Cash Equivalents (A+B+C)</b>	<b>(350.61)</b>	<b>(909.47)</b>



## CASH FLOW STATEMENT for the Year ended March 31, 2015

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Cash and cash equivalents at the beginning of the year	2,882.38	3,807.26
Effect of exchange differences on restatement of foreign currency (cash and cash equivalents)	(58.94)	(15.41)
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>2,472.83</b>	<b>2,882.38</b>
Cash and cash equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 18 [Refer Footnote (ii)]	2,472.83	2,882.38
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	22.80	51.16
(b) In current accounts	2,448.40	2,829.34
(c) In earmarked accounts - Unpaid dividend accounts	1.63	1.88
	<b>2,472.83</b>	<b>2,882.38</b>
(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 Accountant  
Firm Registration No. 107173W

**A. Husein Noumanali**

Proprietor, Membership No 14757  
Mumbai, 29<sup>th</sup> May 2015

**Vivek Talwar**

Chairman & Managing Director

**Pradeep Saxena**

Director

**Sharath Bolar**

Director

**Ashok Goyal**

Chief Executive Officer

**Bhaskar Borkar**

Chief Financial Officer

**Rohit Darji**

Asst. Company Secretary &  
Compliance Officer



## I. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of consolidation

The consolidated financial statements relate to NITCO Limited ("the Holding Company"), and its subsidiary companies. The Company and its subsidiaries constitute the Group.

### B. Basis of Preparation of Financial Statements

- i. The consolidated financial statements of the Company, and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.
- ii. The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

### C. Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2015.
- ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits have been fully eliminated.
- iii. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies and joint ventures are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- iv. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

### D. The following subsidiary companies are considered in the consolidated financial statements:

Name of the Subsidiary Company	Country of Incorporation	% of ownership as on 31.3.15	% of ownership as on 31.3.14
<b>Subsidiaries</b>			
NITCO Realties Private Limited	India	100%	100%
NITCO Holdings HK Company Limited	Hong Kong	100%	100%
New Vardhman Vitrified Private Limited	India	51%	51%
Foshan NITCO Trading Company Limited	China	-	100%
Keskinkaya Mermer Madencilik Nakliye Turizm Sanayi Ve Ticaret Limited Cirketi	Turkey	-	100%
<b>Fellow Subsidiaries</b>			
Maxwealth Properties Private Limited	India	100%	100%
Meghdoot Properties Private Limited	India	100%	100%
Roaring - Lion Properties Private Limited	India	100%	100%
Feel Better Housing Private Limited	India	100%	100%
Quick-Solution Properties Private Limited	India	100%	100%
Silver-Sky Real Estates Private Limited	India	100%	100%
Opera Properties Private Limited	India	100%	100%
Ferocity Properties Private Limited	India	100%	100%
Glamorous Properties Private Limited	India	75%	75%
NITCO IT Parks Private Limited	India	100%	100%
NITCO Aviation Private Limited	India	100%	100%
Aileen Properties Private Limited	India	100%	100%
Opera Properties Private Limited	India	100%	100%

## SIGNIFICANT ACCOUNTING POLICIES

### E. 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.

### F. Revenue recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licences, and lease license fee are recognised on accrual basis.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

### G. 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.

### H. Depreciation

The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on straight line basis on economic useful lives of the assets. Further the remaining useful life has also been revised whenever appropriate based on the evaluation. The aggregate depreciation provided as per the requirement of Part C of Schedule II to Companies Act 2013. Assets costing upto ₹ 5,000/- are fully depreciated in the year of purchase.

The useful lives of the major assets from the year of built of the assets/ rates of depreciation are estimated as follows:

Class of assets	Basis	Useful life/ rate of depreciation
Buildings other than factory building	SLM	60 years
Factory building	SLM	30 years
Plant and machineries	SLM	15 - 25 years
Office equipments	SLM	5 years
Office equipments -mobile	SLM	2 years
Computers and related assets	SLM	3 - 6 years
Electrical installations	SLM	10 years
Furniture and fixtures	SLM	10 years
Motor vehicles	SLM	4 years
Windmills	SLM	22 years
Computer software	SLM	5 years
Boat	SLM	13 years

**I. 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.

**J. 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.

**K. Inventories:**

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued on the following basis:

- a) Stores and Spares - at moving weighted average basis.
- b) Raw Materials - at moving weighted average basis.
- c) Work-in-Process - at estimated cost
- d) Finished Goods - at lower of cost or estimated realisable value.
- e) Stock in trade - at moving weighted average basis or estimated realisable value.
- f) Material in Transit - at cost

**L. Foreign currency transactions:**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the Statement of Profit and Loss, and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

**M. 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.

**N. Provision for Current and Deferred Tax:**

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**O. Provisions and Contingent Liabilities:**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**P. 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.

**Q. 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 except the non provisioning of interest expenses as described in Note no 31.

**R. 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.

**S. 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.

**T. 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

**U. 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".

**V. Earnings Per Share**

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extraordinary/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.

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

## II. NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2015

### 1. SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Authorised:</b>		
60,000,000 (60,000,000) Equity shares of ₹ 10/- each	6,000.00	6,000.00
	6,000.00	6,000.00
<b>Issued, subscribed and paid up:</b>		
5,46,99,338 (5,46,99,338) Equity shares of ₹ 10 each fully paid up	5,469.93	5,469.93
<b>Total</b>	<b>5,469.93</b>	<b>5,469.93</b>

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

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding balance sheet date.

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

It has only one class of equity shares having a face value of ₹ 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 are having 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, 2015 No. of shares	As at 31st March, 2014 No. of shares
Equity shares at the beginning of the year	5,46,99,338	3,26,00,132
Add: Shares issued on preferential basis	-	2,20,99,206
Equity shares at the close of the year	5,46,99,338	5,46,99,338

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

Name of the shareholder	No. of Shares	% held as at March 31, 2015	No. of Shares	% held as at March 31, 2014
Aurella Estates & Investments Private Limited	2,56,76,949	46.94	2,56,76,949	46.94
Vivek Prannath Talwar	63,23,669	11.56	63,23,669	11.56



## 2. RESERVES AND SURPLUS

₹ in Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Capital Reserve</b>		
As per last year balance sheet	570.28	326.71
(+) /(-) Created on consolidation	- 106.91	243.57
(+) /(-) Contra with Profit and Loss Account	-137.76	-
<b>Closing Balance</b>	<b>325.61</b>	<b>570.28</b>
<b>Capital Redemption Reserve</b>		
As per last year balance sheet	966.00	966.00
<b>Securities Premium Account</b>		
As per last year balance sheet	35,471.47	32,112.39
Add: Issued during the year	-	3,359.08
<b>Closing balance</b>	<b>35,471.47</b>	<b>35,471.47</b>
<b>General Reserve</b>		
As per last year balance sheet	4,360.07	4,360.07
(+) Adjustment of depreciation (refer to Note 32)	-514.67	-
<b>Closing balance</b>	<b>3,845.40</b>	<b>4,360.07</b>
<b>Foreign Currency Translation Reserve</b>		
<b>Closing Balance</b>	<b>3.81</b>	<b>-49.71</b>
<b>Balance in Profit &amp; Loss Account</b>		
Opening balance	-37,767.96	-16,661.98
(+) Net (Loss) For the current year	-11,932.80	-21,105.98
(-) Contra with Capital Reserve	-137.76	-
<b>Closing Balance</b>	<b>-49,838.52</b>	<b>-37,767.96</b>
<b>Total</b>	<b>-9,226.23</b>	<b>3,550.15</b>

## 3. LONG TERM BORROWINGS

### 3.1. Long-Term Borrowings

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Term Loans - from banks/ financial institutions	76,624.40	86,597.64
Term Loans - from other parties	2,534.80	2,161.64
Long term maturities of finance lease	52.39	86.07
<b>Total</b>	<b>79,211.59</b>	<b>88,845.35</b>

Note:

For the year ended March 31, 2015:

- The Holding Company has been incurring losses since FY 2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Accordingly, there were defaults in the payment of obligations to banks and relevant loan accounts – term loans, cash credits and other non-fund based credits by Holding Company.
- Since the net worth of the Holding Company has been fully eroded and being mandatory requirement, a reference has been filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015.

## 3.2 Interest and repayment schedule for long term borrowings:

Type	Long term debt as on 31st March 2015	Current maturities of long term debt included in "Other Current liabilities" as at 31st March 2015	Interest rate % as at year end	Repayment schedule	Nature of security
<b>Secured Term loans from banks &amp; financial institution availed by Holding Company covered under Corporate Debt Restructuring package</b>					
Term loan	40,603.09	12,370.13	11.25%	32 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Working capital term loan – I	15,774.99	6,430.63	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Working capital term loan – II	44,918.95	18,054.33	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
Funded Interest term loan	15,086.27	6,151.82	10.75%	24 structured quarterly installments commencing from June 30, 2014 as prescribed in approved CDR package	First pari passu charge on the fixed assets of Alibag plant and pari passu second charge on Silvassa Plant and also pari passu second charge on the current assets of the Company. Further, secured by personal guarantee by promoters and pledge of shares by promoters.
<b>Total</b>	<b>1,16,383.30</b>	<b>43,006.91</b>			
<b>Secured Term loans from banks &amp; financial institution availed by Holding Company not covered under Corporate Debt Restructuring package</b>					
Term loan from others	861.80	574.29	3M LIBOR plus 2.60%	12 structured quarterly installments commencing from March 31, 2015	Pari passu first charge on Silvassa Plant and guaranteed by promoter.
Term loan from others	1,075.55	156.34	13.95%	24 quarterly installments commencing from September 2014	Exclusive charge on 6 windmills by way of hypothecation. Exclusive charge on Escrow account wherein receivables from windmills are received; personal guarantee of Mr. Vivek Talwar



Type	Long term debt as on 31st March 2015	Current maturities of long term debt included in "Other Current liabilities" as at 31st March 2015	Interest rate % as at year end	Repayment schedule	Nature of security
Term loan from others	1,081.11	155.92	13.95%	24 quarterly installments commencing from September 2014	First pari passu charge on Silvassa plant and personal guarantee of Mr. Vivek Talwar
Vehicle loans	16.06	15.86	10% to 14%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	Secured against the hypothecation of underlying company owned vehicles.
<b>Total</b>	<b>3,034.52</b>	<b>902.41</b>			
<b>Secured Term loans from bank availed by Subsidiary Company not covered under Corporate Debt Restructuring package</b>					
Term loan from bank	4,026.36	1,050.00	14.50%	60 quarterly installments commencing from October 2012.	First charge on the fixed assets of Wakaner plant. Further, secured by personal guarantee by promoters.
Vehicle loans	36.33	-	12% to 16%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	Secured against the hypothecation of underlying company owned vehicles.
<b>Total</b>	<b>4,062.69</b>	<b>1,050.00</b>			
<b>Unsecured Long term loans by Subsidiary Company</b>					
From Others	690.40	-		Payable on demand after 3 years	Unsecured
<b>Total</b>	<b>690.40</b>	<b>-</b>			
<b>Grand Total</b>	<b>124,170.91</b>	<b>44,959.32</b>			

(Note: Balances with banks, financial institution and other parties etc are subject to reconciliations/ confirmations.)

#### 4. Other Long Term Liabilities

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Deposits from dealers and others	54.95	-
Others Liabilities	121.52	4,262.59
<b>Total</b>	<b>176.47</b>	<b>4,262.59</b>

#### 5. Long term provisions

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Leave Encashment	231.54	284.88
<b>Total</b>	<b>231.54</b>	<b>284.88</b>

## 6. Short Term Borrowings

₹ In lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Loan Repayable on Demand		
<b>Secured</b>		
From Banks		
- Cash Credit – Holding Company*	8,180.57	4,719.47
- Cash Credit – Subsidiary Company	1,296.51	1,503.02
<b>Unsecured</b>		
From Banks	-	-
From Others – Subsidiary Company	-	67.50
<b>Total</b>	<b>9,477.08</b>	<b>6,289.99</b>

\* [Above figures includes LC devolvement of ₹ 2,052.56 lacs (previous year ₹ 119.37 lacs)]

- i. The Holding Company has been incurring losses since FY 2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Accordingly, there were defaults in the payment of obligations to banks and relevant loan accounts – term loans, cash credits and other non-fund based credits.
- ii. Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference has been filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015.
- iii. Working capital loan from banks for both Holding Company as well as Subsidiary Company are secured against the hypothecation of present and future stocks of raw materials, stock-in-process, finished goods, stock-in-trade, stores and spares, consumables, book debts and against collateral securities and personal guarantee given by promoters and related parties.

## 7. Trade payable

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Micro, Small and Medium Enterprises	467.96	194.17
Other	15,046.33	14,361.35
<b>Total</b>	<b>15,514.29</b>	<b>14,555.52</b>



## 8. Other current liabilities

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Current Maturity of Long Term Debt *	44,959.32	34,665.33
Interest Accrued but not due on borrowings	-	32.15
Unpaid Dividends	1.63	1.88
Amount payable to capital creditors	1,106.81	1,392.36
Provision for expenses	659.68	502.28
Deposit received	1,030.93	1,001.19
Advance from customers	14.21	-
Statutory dues payable	5.84	-
Other payables	554.36	307.94
<b>Total</b>	<b>48,332.78</b>	<b>37,903.13</b>

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.

## 9. Short term provisions

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Leave Encashment	91.86	96.52
Provision for Gratuity	54.89	- *
Others	98.37	44.41
<b>Total</b>	<b>245.12</b>	<b>140.93</b>

[\* During the FY 2013-14, the fair value of plan assets were more than present value of obligation, hence, no provision for Gratuity was made during the previous year]



## 10. Fixed assets

₹ Lacs

Description of Assets	Gross Block			Depreciation			Net Block				
	As at 01.04.2014	Additions	Deductions	As at 31.03.2015	As at 01.04.2014	Adj agst Op R&S	For the Period	Deductions	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Freehold Land	5,899.90	13.17	-	5,913.07	-	-	-	-	-	5,913.07	5,899.90
Buildings	21,026.51	9.32	-	21,035.83	3,430.25	78.30	1,999.88	-	5,508.43	15,527.40	17,596.26
Office Equipment	2,097.41	100.18	44.64	2,152.95	1,235.53	259.46	329.68	36.62	1,788.05	364.90	861.88
Plant & Machinery	64,133.35	568.58	187.34	64,514.59	15,779.35	3.80	3,535.98	-	19,319.13	45,195.46	48,354.00
Electrical Installations	1,138.41	0.10	14.60	1,123.91	475.59	88.69	183.72	14.53	733.47	390.44	662.82
Furniture & Fixtures	2,895.02	7.10	3.91	2,898.21	1,050.22	32.41	622.96	1.57	1,704.02	1,194.19	1,844.80
Windmill	3,680.54	-	-	3,680.54	1,586.99	-	151.36	-	1,738.35	1,942.19	2,093.55
Livestock	86.22	13.92	-	100.14	-	-	-	-	-	100.14	86.22
<b>Total Owned Assets (Current Year)</b>	<b>100,957.36</b>	<b>712.37</b>	<b>250.49</b>	<b>101,419.24</b>	<b>23,557.93</b>	<b>462.66</b>	<b>6,823.58</b>	<b>52.72</b>	<b>30,791.45</b>	<b>70,627.79</b>	<b>77,399.43</b>
<b>Previous Year</b>	<b>99,826.51</b>	<b>1,179.88</b>	<b>49.03</b>	<b>100,957.36</b>	<b>18,947.77</b>	<b>-</b>	<b>4,619.97</b>	<b>9.81</b>	<b>23,557.93</b>	<b>77,399.43</b>	<b>80,878.74</b>
Leasehold Land	145.66	-	-	145.66	-	-	3.01	-	3.01	142.65	145.66
Motor Vehicles	777.18	29.71	24.36	782.53	462.42	52.01	150.99	23.14	642.28	140.25	314.76
<b>Total Leasehold Assets (Current Year)</b>	<b>922.84</b>	<b>29.71</b>	<b>24.36</b>	<b>928.19</b>	<b>462.42</b>	<b>52.01</b>	<b>154.00</b>	<b>23.14</b>	<b>645.29</b>	<b>282.90</b>	<b>460.42</b>
<b>Previous Year</b>	<b>952.95</b>	<b>12.72</b>	<b>42.83</b>	<b>922.84</b>	<b>364.60</b>	<b>-</b>	<b>123.23</b>	<b>25.41</b>	<b>462.42</b>	<b>460.42</b>	<b>588.35</b>
Goodwill	323.63	0.07	-	323.70	-	-	-	-	-	323.70	323.63
<b>Total Goodwill (Current Year)</b>	<b>323.63</b>	<b>0.07</b>	<b>-</b>	<b>323.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323.70</b>	<b>323.63</b>
<b>Previous Year</b>	<b>323.31</b>	<b>0.32</b>	<b>-</b>	<b>323.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323.63</b>	<b>323.31</b>
<b>Total Assets (Current Year)</b>	<b>102,203.83</b>	<b>742.15</b>	<b>274.85</b>	<b>102,671.13</b>	<b>24,020.35</b>	<b>514.67</b>	<b>6,977.58</b>	<b>75.86</b>	<b>31,436.74</b>	<b>71,234.39</b>	<b>78,183.48</b>
<b>Previous Year</b>	<b>101,102.77</b>	<b>1,192.92</b>	<b>91.86</b>	<b>102,203.83</b>	<b>19,312.37</b>	<b>-</b>	<b>4,743.20</b>	<b>35.22</b>	<b>24,020.35</b>	<b>78,183.48</b>	<b>81,790.40</b>
Capital work-in-progress										<b>640.96</b>	<b>963.80</b>

**11. Vehicles taken on finance lease:**

Future obligations towards lease rentals under the lease agreements as on 31st March 2015 is as under:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014	Future Interest March 31, 2015	Future Interest March 31, 2014	Future obligation March 31, 2015	Future obligation March 31, 2014
With one year	36.95	54.79	14.33	4.90	51.28	59.69
Later than one year and not later than five years	15.44	31.28	6.43	3.75	21.87	34.99
After five years	-	-	-	-	-	-
<b>Total</b>	<b>52.39</b>	<b>86.07</b>	<b>20.76</b>	<b>8.65</b>	<b>73.15</b>	<b>94.68</b>

**12. Non current investments:**

₹ In Lacs

Particulars	No of shares	Face value per share	Cost of investments as at March 31, 2015
Investment in subsidiaries (Unquoted, Trade - fully paid up):			
Soumya Buildcon Pvt Ltd	-	-	-
	(10,000)	(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.	2,00,000	10.00	20.00
	(200,000)	(10.00)	(20.00)
<b>Total</b>			<b>25.00</b>
			<b>(26.00)</b>

(Note: Previous year figures provided in brackets)

**13. Long term loans and advances:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Security Deposits	55.83	230.40
Capital Advances	568.77	566.31
Advances to related parties (refer note 27)	965.50	155.00
Other	2,967.87	3,786.42
<b>Total</b>	<b>4,557.97</b>	<b>4,738.13</b>

**14. Current investments:**

₹ In Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2015
SBI One India Growth Fund	-	-	-
	(12,136,374)	(5.00)	(6.55)
SBI Infrastructure Fund- regular plan- Growth	-	-	-
	(50,000)	(5.00)	(3.80)
Government Securities			0.15
			(0.15)
<b>Total</b>		<b>-</b>	<b>0.15</b>
		<b>(10.00)</b>	<b>(10.50)</b>

(Note: Previous year figures provided in brackets)

## 15. Inventories:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(As certified by management)		
Raw Materials	5,408.50	4,113.51
Work in Progress	418.71	345.05
Stores & Spares	1,132.46	1,298.22
Finished Goods (manufactured goods including marble)	11,248.62	12,259.50
Stock in Trade	1,677.66	4,087.23
Goods in Transit	103.10	102.18
<b>Total</b>	<b>19,989.05</b>	<b>22,205.69</b>

## 16. Inventories – real estate:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	2,884.24	3,590.78
Work-in-progress	44.92	41.58
Others	11,961.45	11,976.29
<b>Total</b>	<b>29,890.61</b>	<b>30,608.65</b>

## 17. Trade receivables:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they were due from payment:		
- Considered good	1,726.83	1,595.74
- Considered doubtful	527.43	659.69
Less: Provision for doubtful debts	(390.52)	(239.32)
	<b>1,863.74</b>	<b>2,016.11</b>
Others		
- Considered good	10,611.15	10,950.96
	<b>10,611.15</b>	<b>10,950.96</b>
<b>Total</b>	<b>12,474.89</b>	<b>12,967.07</b>

## 18. Cash and bank balances:

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
- Cash on Hand	22.80	51.16
- Balances with Banks	2,448.40	2,829.34
	<b>2,471.20</b>	<b>2,880.50</b>
(b) Other bank balances		
- Balances with banks for unpaid dividend	1.63	1.88
	<b>1.63</b>	<b>1.88</b>
<b>Total</b>	<b>2,472.83</b>	<b>2,882.38</b>

**19. Short term loans and advances:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Balances with Banks - Held as Margin Money	2,207.98	2,930.38
Others: (Unsecured considered good unless otherwise stated)		
Advances for supply of goods and rendering of services	1,828.49	494.33
Prepaid expenses and claims receivable	729.81	754.24
Others	61.85	899.80
<b>Total</b>	<b>4,828.13</b>	<b>5,078.75</b>

**20. Other current assets:**

₹ In Lacs

Particulars	As at March 31, 2015	As at March 31, 2014
(Unsecured considered good unless otherwise stated)		
Security Deposits	1,818.21	1,943.05
Income Tax Payment (Net)	1,657.03	1,598.26
Balance with Custom, Excise, Service Tax	3,572.44	3,556.42
Other Current Assets	752.78	774.32
<b>Total</b>	<b>7,800.46</b>	<b>7,872.05</b>

**21. Gross Sales:**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Ceramic Tiles	42,781.43	39,494.76
Vitrified Tiles	34,589.46	35,389.41
Marble	12,979.07	11,052.00
Tiles and related products	<b>90,349.96</b>	<b>85,936.17</b>
Real Estate	896.46	61.20
Others	184.04	193.72
<b>Total</b>	<b>91,431.46</b>	<b>86,191.09</b>

**22. Cost of materials consumed:**

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cost of material consumed:</b>		
Body material	7,036.82	7,941.61
Glaze material	4,594.34	3,056.70
Marble blocks/ slabs	9,630.53	7,604.30
Packing material	1,890.70	1,777.87
Real Estate	724.38	37.81
Others	164.28	165.22
<b>Total</b>	<b>24,041.04</b>	<b>20,583.51</b>

## 23. Changes in inventory:

₹ in Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Stock as on 1st April 2014</b>		
Work in progress	345.05	412.98
Finished goods	12,259.50	11,966.84
Stock in trade	4,087.23	7,525.67
<b>"A"</b>	<b>16,691.78</b>	<b>19,905.49</b>
<b>Stock as on 31st March 2015</b>		
Work in progress	418.71	345.05
Finished goods	11,248.62	12,259.50
Stock in trade	1,677.66	4,087.23
<b>"B"</b>	<b>13,344.99</b>	<b>16,691.78</b>
<b>"B-A"</b>	<b>3,346.79</b>	<b>3,213.60</b>

## 24. Employees benefit expenses:

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries and wages	6,828.46	6,515.69
Contributions to Provident and Other Funds	406.64	373.59
Staff Welfare Expenses	189.87	183.17
<b>Total</b>	<b>7,424.97</b>	<b>7,072.45</b>

## 25. Finance cost (Refer Note 31):

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense	4,745.00	14,410.26
Other Financial Charges	226.88	579.61
Applicable net gain/loss on foreign currency transactions and translation	58.94	15.41
<b>Total</b>	<b>5,030.82</b>	<b>15,005.28</b>

## 26. Other expenses:

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Other Manufacturing Expenses</b>		
Power and fuel.	13,577.21	12,930.29
Consumption of stores and spare parts.	2,950.82	2,656.31
	<b>16,528.03</b>	<b>15,586.60</b>



₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Repairs and Maintenance</b>		
Buildings	35.18	41.01
Machinery	268.95	236.82
Others Repairs & Maintenance	308.34	241.62
	<b>612.47</b>	<b>519.45</b>
<b>Administrative expenses</b>		
Rent Rates and Taxes	1,347.46	1,675.59
Electricity Charges Office & Depot	136.49	125.22
Processing Charges Mosaico/Marble	156.12	202.91
Water Charges	7.63	22.77
Postage and Telephone	199.48	220.28
Printing and Stationery	36.10	63.34
Insurance (net)	191.22	197.19
Legal and Professional Fees	386.92	367.83
Travelling & Conveyance Expenses	874.48	882.80
Audit Fees	32.43	29.91
Hire Charges	207.32	188.12
Security Charges	118.92	130.85
Miscellaneous Expenses	179.33	565.20
	<b>3,873.90</b>	<b>4,672.01</b>
<b>Selling and distribution expenses</b>		
Advertisement & Sales Promotion Expenses	1,614.48	1,510.86
Freight Forwarding & Distribution Expenses	3,748.90	4,009.61
C&F Charges	818.83	1,056.22
Provision for doubtful debts	151.20	148.55
Bad Debts	20.48	39.05
	<b>6,353.89</b>	<b>6,764.29</b>
<b>Total</b>	<b>27,368.29</b>	<b>27,542.35</b>



**27. Disclosure in respect of related parties pursuant to Accounting Standard 18:**

<b>Relationship</b>	<b>Name of the Related Party</b>	
<b>Key Managerial Personnel</b>	Mr. Vivek Talwar	Mr Rajubhai Likhiya
	Mr. Viten Kavar	
<b>Enterprises over which Key Managerial Personnel are able to exercise significant influence</b>	Eden Garden Builders Pvt.Ltd.	Ekalinga Properties Pvt. Ltd.
	Enjoy Builders Pvt. Ltd.	Hunar Developers Pvt. Ltd.
	Prakalp Properties Pvt. Ltd.	Kavivarya Properties Pvt. Ltd.
	Rangmandir Builders Pvt. Ltd.	Tanvish Properties Pvt. Ltd.
	Lavender Properties Pvt. Ltd.	Maryland Realtors Pvt. Ltd.
	Ushakiran Builders Pvt. Ltd.	Strongbase Properties Pvt. Ltd.
	Strength Properties Pvt. Ltd.	Firstlife Properties Pvt. Ltd.
	NITCO Paints Pvt. Ltd	Blue-Whale Properties Pvt. Ltd.
	Norita Investments Pvt. Ltd.	NITCO Tiles
	Aurella Estates and Investments Pvt. Ltd.	Bambalina Developers Private Limited
	Orchid Realtors Pvt. Ltd.	Vihaan Properties Private Limited
	Rhythm Real Estates Pvt. Ltd	Brunelle Properties Private Limited
	Anandshree Bombay (Holding) Pvt. Ltd.	Vilasini Properties Private Limited
	Merino Realtors Pvt. Ltd.	Kanushi Properties Private Limited
	Cosmos Realtors Pvt. Ltd.	NITCO Tiles Sales Corporation (Bombay)
	Alpine Agro and Dairy Farms Pvt. Ltd.	The Northern India Tiles Corporation (Delhi)
	Rejoice Realty Private Limited	Northern India Tiles (Sales) Corporation
	Melisma Finance and Trading Pvt. Ltd.	Maharashtra Marble Co.
	NITCO Consultants & Exports Pvt. Ltd.	NITCO Exports
	Brighton Properties Pvt. Ltd.	NITCO Sales Corporation (Delhi)
	Kshamta Properties Pvt. Ltd.	Vivek Talwar (HUF)
	Saisha trading Pvt Ltd.	Aqua Marine Properties Pvt Ltd.
	Aero Ports & Infrastructure Projects Pvt. Ltd.	J.M.Towship & Real Estate Pvt. Lt.d
	Ashvinbhai Raghavjibhai Jivani	Meenaben C. Gandhi
	Dhirubhai Bhurabhai Boda	Payal Vishal Gandhi
	Hardik Rajeshbhai Likhiya	Pravinchandra Sevantilal Sheth - HUF
	Hina Yogesh Gandhi	Rajesh S.Shah
Jayesh Mavjibhai Chaniyra	Rajeshbhai Likhiya	
Karan Pravinbhai Shah	Rameshbhai Babulal Bhadja	
Khushbuben Rameshbhai Derasariya	Ratilal Chhaganbhai Patel	
Manishbhai S. Shah	Falguni V Shah	
KPM Realty Pvt. Ltd.		



## 28. The details of amounts due to or due from are as follows:

₹ in Lacs

Sr. No.	Transactions during the year with Related Parties	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others
<b>1</b>	<b>Loan &amp; Advances Given/(Received/Returned)</b>			
	Ashvinbhai Raghavjibhai Jivani	-	-13.00	-
		-	-	-
	Dhirubhai Bhurabhai Boda	-	-2.00	-
		-	-	-
	Hardik Rajeshbhai Likhiya	-	-12.50	-
		-	-	-
	Hina Yogesh Gandhi	-	-68.13	-
		-	-	-
	Jayesh Mavjibhai Chaniyra	-	-26.90	-
		-	-	-
	Karan Pravinbhai Shah	-	-10.59	-
		-	-	-
	Khushbuben Rameshbhai Derasariya	-	-7.50	-
		-	-	-
	Manishbhai S. Shah	-	-25.00	-
		-	-	-
	Meenaben C. Gandhi	-	-83.25	-
		-	-	-
	Payal Vishal Gandhi	-	-21.17	-
		-	-	-
	Pravinchandra Sevantilal Sheth - HUF	-	-16.29	-
		-	-	-
	Rajesh S.Shah	-	-21.17	-
		-	-	-
	Rajeshbhai Likhiya	-	-19.50	-
		-	-	-
	Rameshbhai Babulal Bhadja	-	-10.75	-
		-	-	-
	Ratilal Chhaganbhai Patel	-	-7.47	-
		-	-	-
	JM Township & Real Estate Pvt. Ltd.	-	-	965.50
		-	-	(965.50)
	Falguni V Shah	-	-	-
		-	-	(15.00)
<b>2</b>	<b>Deposits</b>			
	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)

₹ in Lacs

Sr. No.	Transactions during the year with Related Parties	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others
3	Trade and other payables			
	Eden Garden Builders Pvt.Ltd.	-	-	9.74
		-	-	(7.09)
	Enjoy Builders Pvt.Ltd.	-	-	10.90
		-	-	(7.24)
	Lavender Properties Pvt.Ltd.	-	-	9.45
		-	-	(6.81)
	Prakalp Properties Pvt.Ltd.	-	-	8.74
		-	-	(6.21)
	Rang Mandir Builders Pvt.Ltd.	-	-	12.56
		-	-	(9.07)
	Usha Kiran Builders Pvt.Ltd.	-	-	9.69
		-	-	(7.05)
	Saisha Trading Private Limited	-	-	136.95
		-	-	-

(Note: Previous year figures provided in brackets)

**The details of the related party transactions entered by the company are as follows:**

₹ in Lacs

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others
<b>CAPITAL TRANSACTIONS:</b>			
<b>4 Share Application Money (Received)</b>			
Aurella Estate & Inv.Pvt.Ltd.	-	-	-
	-	-	(2,769.00)
KPM Realty Pvt. Ltd.	-	-	-
	-	-	(200.55)
Meenaben C. Gandhi	-	-	-
	-	(83.25)	-
<b>5 LOANS:</b>			
<b>Net Loans &amp; Advances Given/(Returned/Received)</b>			
Ashvinbhai Raghavjibhai Jivani	-	-13.00	-
	-	-	-
Dhirubhai Bhurabhai Boda	-	-2.00	-
	-	-	-
Hardik Rajeshbhai Likhiya	-	-12.50	-
	-	-	-
Hina Yogesh Gandhi	-	-68.13	-
	-	-	-
Jayesh Mavjibhai Chaniyra	-	-26.90	-
	-	-	-

₹ in Lacs

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others
Karan Pravinbhai Shah	-	-10.59	-
	-	-	-
Khushbuben Rameshbhai Derasariya	-	-7.50	-
	-	-	-
Manishbhai S. Shah	-	-25.00	-
	-	-	-
Meenaben C. Gandhi	-	-83.25	-
	-	-	-
Payal Vishal Gandhi	-	-21.17	-
	-	-	-
Pravinchandra Sevantilal Sheth - HUF	-	-16.29	-
	-	-	-
Rajesh S. Shah	-	-21.17	-
	-	-	-
Rajeshbhai Likhiya	-	-19.50	-
	-	-	-
Rameshbhai Babulal Bhadja	-	-10.75	-
	-	-	-
Ratilal Chhaganbhai Patel	-	-7.47	-
	-	-	-
JM Township & Real Estate Pvt. Ltd.	-	-	0.00
	-	-	-
Falguni V Shah	-	-	15.00
	-	-	(15.00)
<b>6 REVENUE TRANSACTIONS:</b>			
<b>Purchases / Material Consumed</b>			
Saisha Trading Private Limited			164.11
			-
<b>7 Payment to Key Managerial Personnel</b>			
Vivek Talwar	50.99	-	-
	(48.00)	-	-
Vitenbhai H Kavar	8.40	-	-
	(8.40)	-	-
Rajeshbhai J Lakhiya	12.00	-	-
	(12.00)	-	-

₹ in Lacs

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others
<b>8 Rent Paid</b>			
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: Previous year figures provided in brackets)

**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;

- Tiles and other related products
- Real Estate

**A. Business Segment:**

₹ In Lacs

Sr. No	Particulars	As at March 31, 2015	As at March 31, 2014
<b>1</b>	<b>Net sales / Income from operations</b>		
	- Tiles and other related products	82,546.90	77,506.60
	- Real estate	1,195.82	351.32
	<b>Total Revenue</b>	<b>83,742.72</b>	<b>77,857.92</b>
<b>2</b>	<b>Segment results</b>		
	- Tiles and other related products	(6,659.03)	(5,794.01)
	- Real estate	98.39	(132.00)
	Total Segment Profit Before Interest and Tax	(6,560.64)	(5,926.01)
	Less : Interest and other financial cost	4,971.82	14,989.87
	Foreign exchange loss/(gain)	59.00	15.41
	Exceptional items	-	-
	<b>Profit Before Tax</b>	<b>(11,591.46)</b>	<b>(20,931.29)</b>
<b>3</b>	<b>Capital Employed</b>		
	(Segment assets - Segment liabilities)		
	- Tiles and other related products	93,750.91	1,06,058.40
	- Real estate	34,475.03	34,908.42
	- Unallocated/ Corporate	6,555.63	6,635.44
	<b>Total Capital Employed</b>	<b>1,34,781.57</b>	<b>1,47,602.26</b>

**B. Geographical Segment :**

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

₹ In Lacs

Particulars	India		Rest of the world		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Segment revenue	82,419.70	76,247.87	1,323.02	1,610.05	83,742.72	77,857.92
Carrying cost of Segment assets	1,28,078.11	1,40,568.83	147.83	397.99	1,28,225.94	1,40,966.82
Addition of fixed assets and tangible assets	742.15	1,192.92	-	-	742.15	1,192.92

**30. Contingent Liability:**

₹ In Lacs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	3,727.09	5,113.42
Letter of credits opened for which the company is contingently liable	429.80	2,019.63
Estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advances )	13.77	13.77
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,924.36	1,899.11
Custom Duty	1,574.33	1,574.33
Sales Tax	1,333.17	472.86
Income tax	38.46	38.46
Legal matters	93.39	82.09
Gail (India) Limited *	1,497.15	-

\*A demand has been raised by GAIL on Holding Company towards supply of underdrawn quantities of Re-Liquified Natural Gas (RLNG) under long term Supply Agreement of RLNG for the calendar year January 2014 to December 2014. The Company has represented to GAIL to reduce the said amount which is pending resolution and accordingly no effect has been provided in the

**31. Corporate Debt Restructuring:**

The Holding Company's business model until FY12, was based on selling own manufactured product to the extent of about 1/3rd of sales, and marketing the tiles imported from China to the extent of 2/3rd of its total sales. The company suffered losses on account of sudden sharp depreciation of Rupee which had high impact on the landed cost of tiles by end of fiscal FY12 and adversely affected the financial performance of the Company and its cash flow. The import based business model suddenly became unviable. Consequently the Company made a reference to Corporate Debt Restructuring (CDR) Cell in May 2012 for comprehensive restructuring of its loan liabilities and accordingly CDR cell sanctioned a scheme of restructuring vide LOA dated 26th December 2012, and the lenders executed Master Restructuring Agreement (MRA) on 6th March 2013. The said package sanctioned Funded Interest Term Loan (FITL) for 18 months from the Cut Off date and moratorium for principal repayment for 24 months. The working capital lenders were to provide additional working capital approximately of ₹ 3000 lacs fund based and ₹ 14700 lacs non fund based facility. The package also envisaged disposal of non core assets of ₹ 44500 lacs until March 2015. However due to adverse market conditions, the non core assets could not be disposed of and the working capital lenders failed to release additional working capital facilities as per the approved CDR package. Consequently the Company defaulted on its obligation to its lenders and most of the lenders have classified the Company's debts as Non Performing Asset (NPA).

Some of the Lenders aggregating approximately 39% of overall CDR lenders of the Company assigned their debts to an Asset Reconstruction Company (ARC). Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR vide their letter dated 12th May 2015. In view of the above position, the Company has not provided for interest after the date the loan has become NPA with the respective Banks. Had the interest as per Loan Agreements been provided for, the interest for the year would have been higher by ₹ 107,39.55 lacs and Losses would have been higher by ₹ 107,39.55 lacs and corresponding liability would have been increased by ₹ 107,39.55 lacs. The Company has also been informed that in the meeting held on 9th March 2015, the CDR Empowered Group had approved the exit of the Company from CDR.

- 32.** In accordance with the requirement of Schedule II to Companies Act 2013, the Group has reassessed the estimated useful life of fixed assets w.e.f April 01, 2014 and depreciation is provided on the basis of useful lives as prescribed in Schedule II. This has resulted in the depreciation expenses for the year ended 31st March 2015 higher by ₹ 2,213.28 lacs. Depreciation of ₹ 514.67 Lacs on account of assets whose useful life is already exhausted as on April 01, 2014, has been adjusted in Opening Reserve.
- 33.** Previous year's figures have been regrouped / restated / reclassified / rearranged wherever necessary to make them comparable with those of the current year.













[www.nitco.in](http://www.nitco.in)



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

## NOTICE

Notice is hereby given that the 49TH Annual General Meeting of the Members of NITCO Limited will be held on Monday, the 21st day of September, 2015 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
  - a) the Audited Balance Sheet as at 31st March, 2015 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors of the Company thereon;
  - b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended on 31st March, 2015 together with the Report of the Auditor's thereon;
2. To appoint a Director in place of Mr. Vivek 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 to 142 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), and pursuant to the recommendation of the Audit Committee, appointment of M/s. A. Husein Noumanali & Co., Chartered Accountants (Registration Number 107173W), be and are hereby ratified as Auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in addition to the out of pocket expenses as may be incurred in connection with the audit of accounts of the Company for the financial year ending March 31, 2016;

### 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 there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sharath Bolar (DIN: 07009701), 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 is not liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 2013 and whose term expires at this Annual General Meeting in his capacity as an additional director (Independent) and in respect of whom the Company has received a Notice in writing from a Member along with 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 and he shall hold office for a term not exceeding 5 (Five) consecutive years to hold office from the date of his appointment till the conclusion of 53rd (Fifty Third) AGM of the Company and who shall not be liable to retire by rotation."

5. 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 there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Bharti Dhar (DIN: 00442471), Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office is not liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 2013 and whose term expires at this Annual General Meeting in her capacity as an additional Director (Independent) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, being so eligible, be appointed as an Independent Director of the Company and she shall hold office for a term not exceeding 5 (Five) consecutive years to hold office from the date of his appointment till the conclusion of 53rd (Fifty Third) AGM of the Company and who shall not be liable to retire by rotation."

6. 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 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(s) thereof, for the time being in force), Messrs R. K. Bhandari & Co., Cost Accountants, (Firm Registration Number 10682), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary proper to expedient to give effect to this resolution.”

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

Rohit Darji  
Asst. Company Secretary & Compliance Officer

29th May, 2015  
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 Monday, the 14th day of September, 2015 to Monday, the 21st day of September, 2015 (both days inclusive).
3. An 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. Particulars of Directors seeking re-appointment/ appointment: Relevant particulars of Mr. Vivek Talwar, Mr. S.P. Bolar and Mrs. Bharti Dhar are given in the report on Corporate Governance.
5. 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.
6. Members are requested to furnish their Bank Account details, change of address, e-mail address etc. to the Company's Registrars and Transfer Agents viz; Link Intime India Pvt. Ltd. at the address mentioned in the Corporate Governance Report, in respect of shares held in the physical form and to their respective Depository Participants, if shares are held in electronic form..
7. 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).
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 erstwhile 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 49th 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 49th 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. Members may also note that the Notice of the 49th Annual General Meeting and the Annual Report for 2014-2015 will also be available on the Company's website www.nitco.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same.
13. 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.
- 14. 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.**
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
16. 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 remote e-voting facility to its Members in respect of the businesses to be transacted at the 49th Annual General Meeting ("AGM"). The Company has engaged the services of Central Depository Services Limited ("CDSL") as the Authorised Agency to provide e-voting facilities.
  - II. Members are requested to note that the business may be transacted through remote 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:

#### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Friday, September 18, 2015 (9.00 a.m) and ends on Sunday, September 20, 2015 (5.00 P.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday, September 14, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Date of Birth (DOB) or Date of Incorporation (DOI)	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.  Please enter the DOB/DOI or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "NITCO LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [nilesh@ngshah.com](mailto:nilesh@ngshah.com) with the copy marked copy to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
17. Any person who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 14th September, 2015 may obtain the login ID and password by sending a request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-voting then you can use your existing password for casting your vote.
  18. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut –off date only shall be entitled to avail the facility of remote e –voting as well as voting at the AGM through ballot paper.
  19. 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.
  20. The facility for voting, either through polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
  21. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
  22. 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. 14th September, 2015.
  23. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.nitco.in](http://www.nitco.in) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
  24. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company



# ANNEXURE TO NOTICE

## **STATEMENT Pursuant to Section 102 of the Companies Act, 2013**

### **Item No. 4:**

On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company has vide their resolution dated 12th November, 2014, appointed Mr. S.P. Bolar as Additional Directors with effect from 12th November, 2014 pursuant to Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. S.P. Bolar will hold the office of Director up to the date of the ensuing Annual General Meeting.

The Company has received from Mr. S.P. Bolar, consent in writing to act as Director in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

Further, the provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into force with effect from 01.04.2014 which requires every Public Company fulfilling the prescribed criteria as laid down in Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 to appoint an Independent Director on its Board. Accordingly, in terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board by way of their resolution dated 12th November, 2014 appointed (subject to the approval of the members at the ensuing General Meeting), Mr. S.P. Bolar as an Independent Directors of the Company within the meaning of Section 2(47) read with Section 149(6) of the Companies Act, 2013 for a term of not exceeding 5 (Five) consecutive years to hold office from the date of his appointment till the conclusion of 53rd (Fifty Third) AGM of the Company and who shall not be liable to retire by rotation.

The Company has received a notice in writing from shareholders along with the requisite deposit pursuant to Section 160 of the Act, proposing the candidatures of Mr. S.P. Bolar for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has also received declaration from Mr. S.P. Bolar that he meets the criteria of independence as prescribed under sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board Mr. S.P. Bolar fulfill the conditions for appointment as an Independent Director as specified in the Companies Act, 2013.

Accordingly, the Board of Directors seek the approval of shareholders for the appointment of Mr. S.P. Bolar as an Independent Director of the Company by passing Ordinary Resolution.

Copy of the draft letter for appointment of Mr. S.P. Bolar as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. Detailed credential of Mr. S.P. Bolar is given in the Corporate Governance Report attached to the Annual Report of the Company.

Save and except Mr. S.P. Bolar, the appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution

### **Item No. 5:**

In order to comply with the provision of Section 149(1) of the Companies Act, 2013 read with Listing Agreement, which requires every Public Company having Turnover exceeding ₹ 300 Crore to have Woman Director on the Board of the Company by 31st March, 2015, the Board of Directors appointed Mrs. Bharti Dhar as Additional Director of the Company wef 31st March, 2015 pursuant to the provisions of the Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mrs. Bharti Dhar will hold the office of Director up to the date of the ensuing Annual General Meeting.

The Company has received from Mrs. Bharti Dhar, consent in writing to act as Director in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

Further, the provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into force with effect from 01.04.2014 which requires every Public Company fulfilling the prescribed criteria as laid down in Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 to appoint an Independent Director on its Board. Accordingly, in terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board by way of their circular resolution dated 31st March, 2015 appointed (subject to the approval of the members at the ensuing General Meeting), Mrs. Bharti Dhar as an Independent Directors of the Company within the meaning of Section 2(47) read with Section 149(6) of the Companies Act, 2013 for a term not exceeding 5 (Five) consecutive years to hold

office from the date of her appointment till the conclusion of 53rd (Fifty Third) AGM of the Company and who shall not be liable to retire by rotation.

The Company has received a notice in writing from shareholders along with the requisite deposit pursuant to Section 160 of the Act, proposing the candidatures of Mrs. Bharti Dhar for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has also received declaration from Mrs. Bharti Dhar that she meets the criteria of independence as prescribed under sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board Mrs. Bharti Dhar, fulfills the conditions for appointment as an Independent Director as specified in the Companies Act, 2013.

Accordingly, the Board of Directors seek the approval of shareholders for the appointment of Mrs. Bharti Dhar as an Independent Director of the Company by passing Ordinary Resolution.

Copy of the draft letter for appointment of Mrs. Bharti Dhar as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. Detailed credential of Mrs. Bharti Dhar is given in the Corporate Governance Report attached to the Annual Report of the Company.

Save and except Mrs. Bharti Dhar, the appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

## Item No. 6:

The Board of Directors at its meeting held on 29th May, 2015, 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 ₹30,000/- (Rupees Thirty 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. 6 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. 6 of this Notice.

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

**Rohit Darji**  
Asst. Company Secretary &  
Compliance Officer

29th May, 2015

Mumbai

## Route Map

