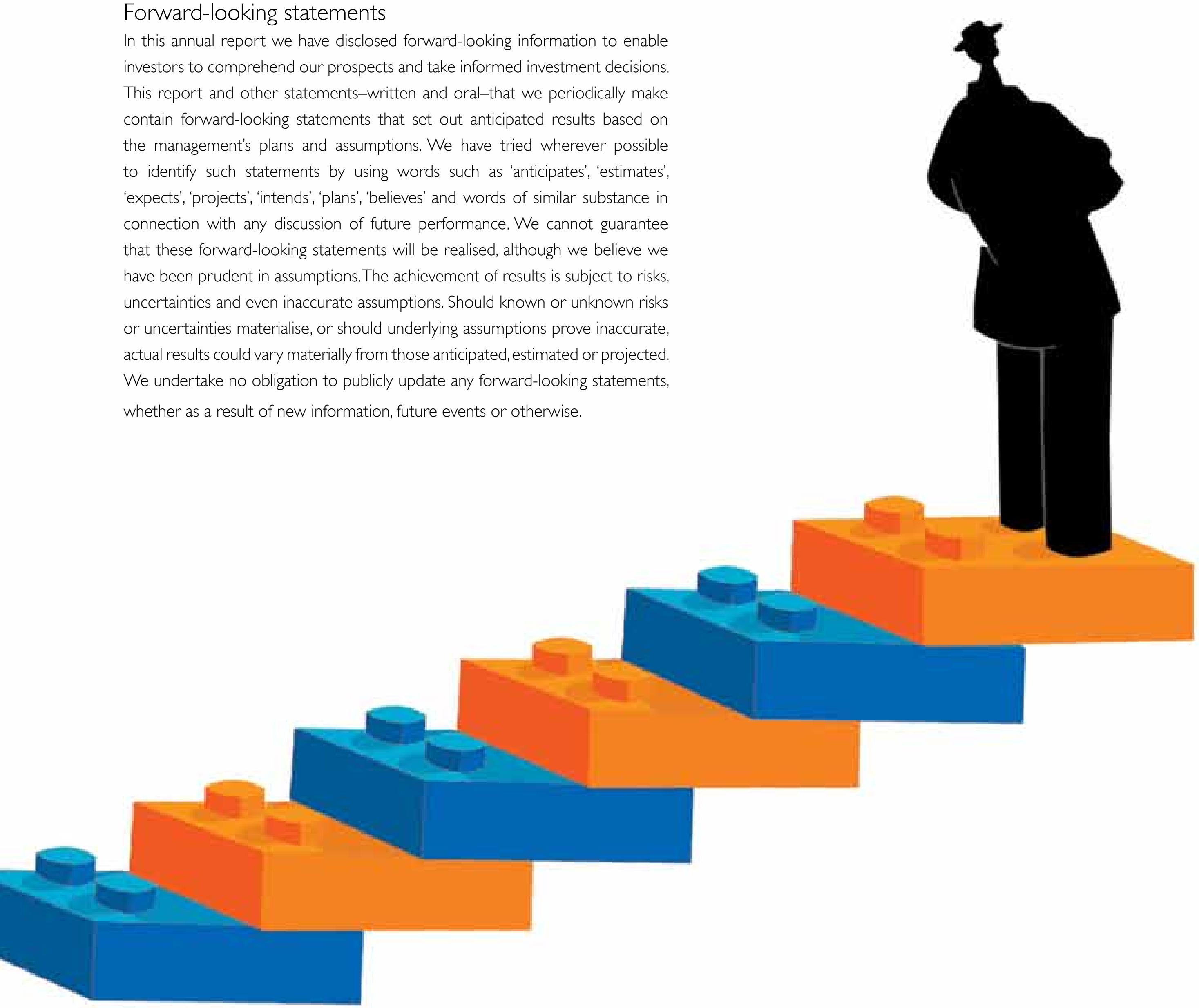
NITCO LIMITED

ANNUAL REPORT 2012-13

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



Corporate Information

Board of Directors
Mr. Vivek Talwar, *Managing Director*
Mr. Pradeep Saxena, *Director*
Mr. Vishal Malik, *Director*
Mr. Rohan Talwar, *Director*

Chief Executive Officer
Mr. Ashok Goyal

Chief Finance Officer
Mr. B.G. Borkar

Company Secretary and Compliance Officer
Mrs. Reena Raje

Auditors
A. Husein Noumanali & Co.,
Chartered Accountant

Corporate Office
Nitco Marble Land,
Plot no. 3, Kanjur village Road
Kanjur Marg (East),
Mumbai 400 078, Maharashtra
Tel: 91 22 67521555
Fax : 91 22 67521500

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

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

Marble division (Mumbai)
Nitco Marble Land,
Plot no. 3, Kanjur village Road
Kanjur Marg (East),
Mumbai 400 078, Maharashtra

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

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NITCO.
A Company that believes in being innovative, manufacturing quality products, and being trendsetters.

The result: Nitco is now one of the largest manufacturers of floor tiles in India.

At NITCO, we are taking our business ahead through joint ventures and contract production arrangements, with the potential to translate into higher margins, profits and shareholder value.

Vision

To continuously improve the quality and design of products and constantly increase customer focus is our prime vision.

Mission

- To launch innovative and world-class products to help customers realise their dreams.
- To manufacture products of the highest quality, creating industry benchmarks.
- To be fast and flexible to be able to grasp opportunities in a fast-changing world.
- To be transparent and fair to customers, shareholders, suppliers and employees in all our dealings.

What we are?

- NITCO (established in 1966 by Mr. Pran Nath Talwar) is among the top premium tile companies in India.
- The Company manufactures a vast portfolio of tiles(floor and wall), marble, mosaic or metal craft.

Where we are?

- The Company is headquartered in Mumbai, India.
- Its pan-India presence is facilitated through 22 offices.
- Its strong distribution network comprises more than 1100 direct dealers.
- The Company exports tiles to countries like Belgium, The Netherlands, Muscat, Saudi Arabia, Bahrain, Qatar, Oman and other European and African countries.
- The Company's shares are listed on the BSE and NSE.
- The promoters own 48.90% of the Company's equity.

Our product portfolio

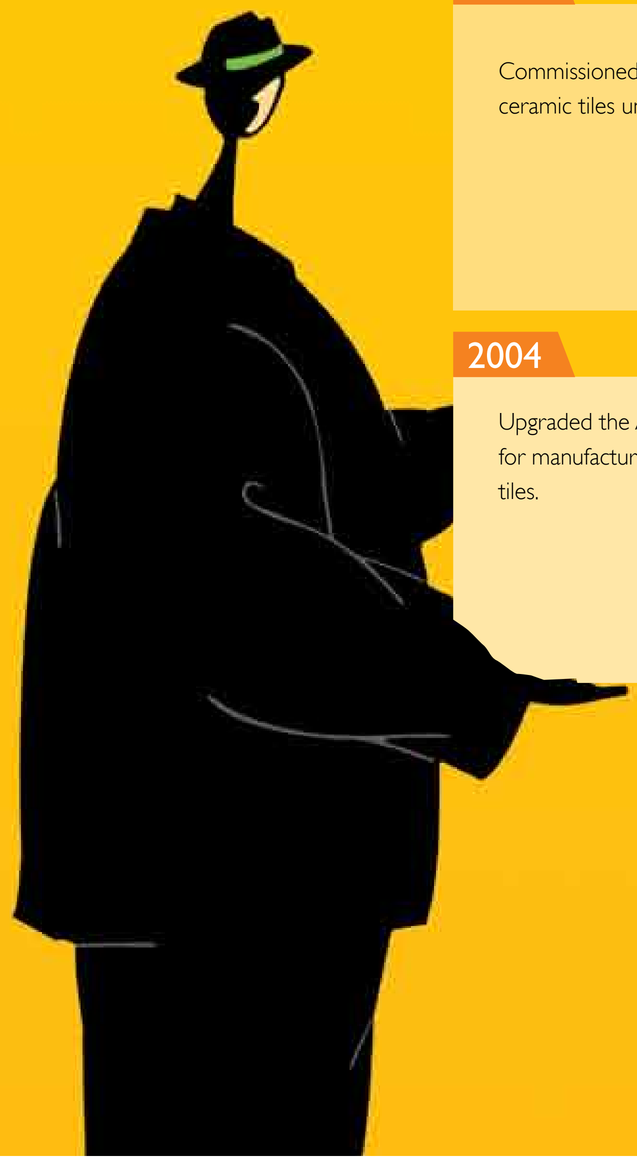
Products	Portfolio
Floor tiles	Ceramic tiles, vitrified tiles, polished glazed vitrified tiles, naturoc gres tiles and duracottura tiles.
Wall tiles	HD digital tiles and mosaic highlighters
Marble	Natural marble and engineered marble
Mosaic	Signature collection, magnum opus collection, décor collection, solitaire collection, naturale collection, crust collection, frame collection, steps, risers and skirting

Pioneering presence

The Company has carved out a distinctive reputation through the manufacture of pioneering and innovative products comprising the following:

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

Milestones



1966
- Incorporated as NITCO Tiles Pvt Limited.
- Commenced cement tiles manufacture at Thane (Mumbai).

1984
Commenced marble processing at Kanjurmarg.

1997
Commissioned the Alibaug ceramic tiles unit.

2002
Received the quality excellence award for ceramic floor tiles from the Institute of Trade and Industrial Development.

2004
Upgraded the Alibaug plant for manufacturing porcelain tiles.

2006
- Mobilised Rs.168 crore through an IPO.
- Installed six windmills (7.5 MW) at Dhule (Maharashtra).

2007
- Entered real estate development through NITCO Realties (subsidiary) with a 100% shareholding.
- Launched 16 exclusive showrooms under the Le Studio brand.

2008
Embarked on the creation of exclusive franchised showrooms under Le Studio Express.

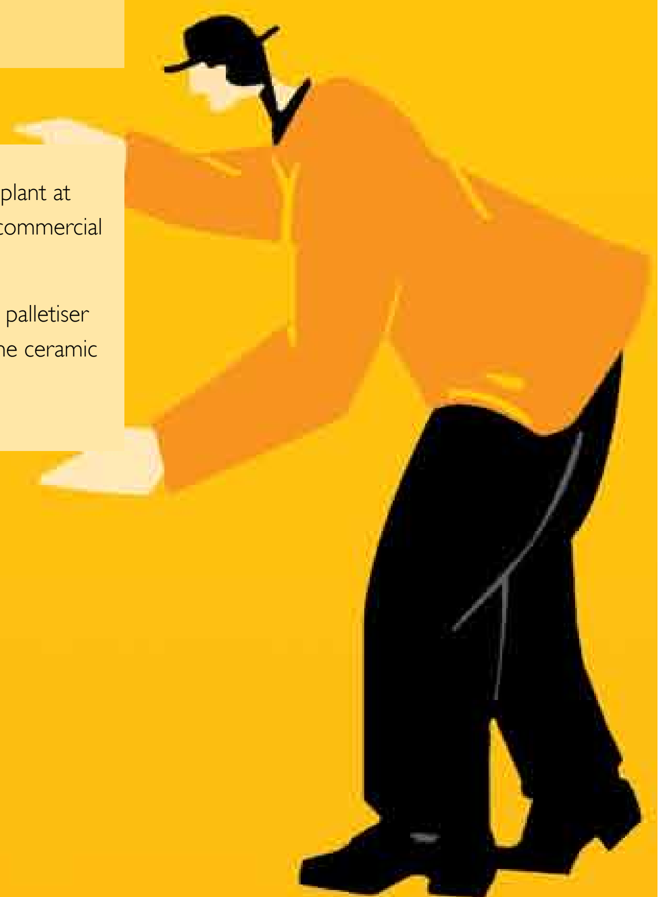
2013
Acquired 51% stake in the equity of New Vardhman Vitrified Pvt Ltd.

2009
- Received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications.
- GAIL commenced RLNG supplies at Alibaug.

2010
Launched premium category porcelain tiles under the Naturoc brand

2011
- Commissioned a 5.5 MW cogeneration gas-based power plant at Alibaug.
- Completed the construction of the Biz Park at Thane, spread across an area of 2 lakh sq. ft.

2012
- Marble processing plant at Silvassa commenced commercial operations.
- Installed automatic palletiser and polishing line at the ceramic tiles plant at Alibaug.



our edge

Marketing network

- NITCO's wide reach covers more than 5000 retail outlets.
- The Company dealer community (more than 1100 direct dealers) translates into a wide pan-India presence.
- The Company's 27 depots provide an efficient distribution network.

Manufacturing technology

- The Company possesses world-class manufacturing technologies.
- The fully-automated production line delivered a globally-benchmarked product quality.
- State-of-the-art Italian machines delivered consistent cutting precision.
- The supply of high gloss marble was at par with the best global standards.
- The automated marble processing plant at Silvassa is one of the few of its kind in the world and the only such plant in India.

International expertise

- NITCO leveraged advanced Italian know-how.
- The superior marble was drawn from select mines in Italy and other global locations.

Innovative design

- The Company introduced super-gloss scratch-proof floor tiles (resistant to dirt and bacteria).
- The 100% matte finish tiles possessed anti-skid properties.
- Rectangular wooden strips were introduced for the first time in India, reconciling wood textures and colours.

NITCO's wide reach covers more than 5000 retail outlets.

our business model

Nitco went into business at a time when its business segment in India was largely unorganised. The Company was created with the vision to inspire stakeholder trust through high product quality, brand building, efficient manufacture and timely distribution.

Geographic focus

Nitco is a pan-Indian tiles company. For years, the Company selected to import vitrified tiles as part of its asset-light approach. However, in view of the unexpected movements in the value of the Indian currency in relation to the US Dollar, the Company has now resolved to source material from largely within India to service its Indian or international requirements.

Brand

Nitco is a brand-led company, the Company's brand standing for 'pioneering' and 'innovative'. Over the years, the Company is investing a reasonable amount in these themes with an increasing brand spend. Over the years, this brand spend has translated into a growing sales push.

Asset-lightness

Nitco has evolved its model from a singular dependence on captively owned manufacturing facilities to a joint-venture-led approach. In the latter 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 acquisition has helped the Company capitalise on prevailing market trend without expending a couple of years to build a new facility. This inorganic approach helped the Company moderate its capital cost per sq m, strengthening its future profitability.

Dual

Nitco is not just a tiles company; it is also a marble flooring solutions provider. Besides, the Company is not just engaged in interior and exterior flooring solutions; it is also engaged in real estate development. The Company possesses land at Mumbai, Alibaug, etc which will be developed in near future. The proceeds from this real estate assets will be applied towards the liquidation of the Company's long-term debt.

Customer focus

Nitco derives revenues from two customer types – the retail and the institutional. Over the years, the Company selected to focus on the retail segment where it enjoyed higher margins and a relative derisking from the competitive institutional segment. The result is that during the year under review, the Company generated majority of its revenues from the retail segment and the institutional business is also in a growth path. This ratio is expected to sustain over the foreseeable future.

"We are sitting on an attractive volume-value potential in 2013-14 and beyond, which should make EBITDA-positive starting 2013-14 and enable us to break even at the net level in the years to come"

Mr. Vivek Talwar, *Managing Director,* explains NITCO's turnaround strategy

Q: How did the Company perform during the year under review?

A: The challenging circumstances that the Company had encountered earlier, a sharp devaluation in the value of the Indian currency resulting in an increase in import costs without a corresponding increase in realisations, extended into the year under review as well. The Company was contracted to deliver tile volumes at a pre-agreed price across a certain period of time. The Company addressed its commitments, resulting in a deficit that extended into the year under review. The devaluation of the Indian currency increased our landed cost of imported material which majorly contributed to our EBITDA loss of Rs. 39.64 crore.

Q: What shareholders would want to know is how the Company expects to protect itself from a recurrence of such an impact and how it expects to grow.

A: There are a number of initiatives that NITCO has embarked upon to return to erstwhile growth. Principally, the Company has resolved that its business model will combine products arising out of direct manufacture on the one hand and outsourced manufacture on the other. Within the ambit of this model, the Company recognises that all growth would need to be asset-light. So the Company has resolved that over the foreseeable future, it will expand capacity at its existing locations and strengthen manufacturing alliances with companies that already possess on-the-ground manufacturing capacities. What I am pleased to state is that this is not a wish list: much work has already happened and one can state categorically that had it not been for these initiatives, the impact on the Company's bottom line would have been more severe in 2012-13.

Q: What are the aggressive initiatives that the Company has taken to return to profitability.

A: At NITCO, we recognised that the most effective strategy to fight the economic slowdown on the one hand and the Company's financial position on the other was through portfolio growth. The Company would not just market the same products it had in the past; it would increase the product range, it would enhance a sense of wow and its brand would continue to stand for the one thing for which it became prominent: cutting-edge products. In line with this, the Company launched vitrified polished tiles in November 2012 and wall tiles in May 2013. These products are value-added and we expect that over the next few years, we should be able to scale these brands to double the annual revenues from them.

Q: One would have expected most of the Company's efforts to be focused on fire-fighting. How did the Company strengthen its business instead in 2012-13?

A: Through a combination of defensive action following which we expect to reduce our costs and through aggressive action by which we expect to enhance our revenues. Let me start by discussing defensive action: when we were engaged in the import of vitrified tiles, we needed to import in large shiploads to be able to rationalise logistic costs. Thereafter, this inventory needed to be warehoused for onward despatch as and when demand arose. This worked well in a stable currency environment with an order-to-sales cycle that ran into a few months. However, when the Company recognised that the safest thing would be to source material from within the country and hedge the currency risk, it resolved to reduce its warehousing presence; whatever needed to be supplied would be provided directly from the Company's factories to the extent possible. In this way, we reduced the warehousing space as well as the warehousing cost. Besides, we increased the procurement of tiles from our recently - acquired subsidiary which will further reduce the cost of purchase and increase margins in the year to come.

Q: What shareholders want to know is if the worst is indeed over for the Company.

A: Based on the prevailing realities, I would think so – for a good reason. The corporate debt restructuring was approved in December 2012 and implemented subsequently. The result of the CDR is that the approximate average cost of our debt will reduce to nearly 11 per cent per annum; we have also been allowed a moratorium of 18 months for interest payment and 24 months for principal repayment.; The average tenure of our debt has extended from three-and-a-half years to around eight years with corresponding cash flow implications.

Q: What are some of the positives that have emerged from the crisis?

A: NITCO now has an inventory-light approach where it has selected to deliver material with speed from its plants rather than keep stock in the pipeline. The Company made a successful transition from Chinese imports to Indian material without any compromise. The Company grew in volume and value terms over the last couple of years, albeit marginally, which talks highly of the fact that the Company's brand remained largely unaffected by the financial crisis. The volume of sales achieved by the Company was based on the superior factory-to-customer delivery model as opposed to the conventional factory-to-depot-to-customer approach. So the slowdown notwithstanding, the Company was able to maintain its receivables days at par with the level of the previous year.

Q: What you are indicating is that the Company's most precious asset – its brand – continued to be strong.

A: Absolutely. Even though the Company's financials remained challenging, the management invested attractively in the NITCO brand during the year under review. The Company won three awards based on its tile quality. It is a pleasure to share that we participated in the World HRD Congress Awards 2013 in February and stood 20th in the "Dream Company To Work For" award category.

What is the Company's outlook?

A: The outlook is positive for some good reasons. One, the November launch of polished vitrified tiles will result in lower costs compared to outsourcing. Two, the wall tile launch represents our first serious entry in this rapidly growing segment. The company's monthly overheads are likely to be moderated. The combination of the Alibaug plant and subsidiary plant at Morbi is expected to translate into a 2013-14 throughput of 16 mn sq m. The result is that we are sitting on an attractive volume-value potential in 2013-14 and beyond, which should make EBITDA-positive starting 2013-14 and enable us to break even at the net level in the years to come.

Q: What would you like to communicate to shareholders about the value inherent in the NITCO stock?

A: NITCO's decline in market capitalization is largely the result of reported losses in its profit and loss account and increase in debt. What I want to communicate is that the Company is focusing on real estate asset development in the next two to three years with the objective to use the proceeds and reduce its gearing.

! the best way to predict the future is to invent it.

Alan Kay

The acquisition of a 51% equity stake in New Vardhman Vitrified Pvt. Ltd. has provided Nitco an extended manufacturing capacity of 8 million square metres.

In the competitive business of tile manufacture, there was for long a contradictory reality: each time the Company raised its production capacity, it increases its break-even point as a result of the relatively higher cost of fresh capacity.

In the last couple of years, NITCO, among select few Indian companies, reversed this longstanding anomaly. The Company successfully enhanced its effective production capacity without correspondingly increasing its average cost of sq metre (except for the increases in power and fuel costs which are beyond the control of the Company).

NITCO countered a lingering disadvantage through the following initiatives:

- The Company responded innovatively through the acquisition of a 51% equity stake in New Vardhman Vitrified Pvt. Ltd. that owned manufacturing facilities in Morbi.
- This acquisition provided the Company with approximately 8 million square metres of manufacturing capacity at a cost lower than greenfield costs

The outsourced sales from the newly acquired subsidiary at Morbi will have a positive implication on the Company's margins.

Strengthening its competitiveness.

Any fool can reduce prices, but it takes genius to produce a

better product.

Anonymous

In the competitive business of tile manufacture, it would be relatively simple to cut costs and carve out a large market share; it would be considerably more challenging to enrich the product mix, enhance realizations and increase market share.

At NITCO, we focused on doing the more difficult.

During a year when most buyers were hesitant to buy higher priced products, NITCO responded through contrarian initiatives.

The Company introduced HD Digital wall tiles for the first time in its existence.

Strengthening its realizations.

At NITCO, we focused on doing the more difficult by including the manufacture of HD Digital wall tiles for the first time in its existence

The Company expects that the CDR package will enhance its cash flow and progressively restore the Company's financials back to health.

Leaders keep their eyes on the horizon, not just on the bottomline.

Warren G. Bennis

In the competitive business of tile manufacture and real estate development – the Company's prime businesses – the Company was affected by sharp currency fluctuations which resulted in a net loss of Rs.231 crores during the year ended 31st March 2013.

Due to a depreciation of the rupee against the US Dollar and a stressed market scenario, the Company approached its bankers to restructure its debt under a corporate debt restructuring (CDR) arrangement. This was done with the objective to reschedule debt repayment and enhance financial stability.

The Company expects that the CDR package will enhance cash flow, moderate interest outflow, structure debt repayment and progressively restore the Company's financials to health.

Strengthening viability.

Management discussion and analysis

Ceramic tile industry statistics

1.	World production	9,515 million sq.mt
2.	India's share	600 million Sq.mt.
3.	World ranking (in production)	3
4.	Per capita consumption	0.50 sq.mt.
5.	Global industry growth rate	11%
6.	Growth rate (Indian domestic market)	15%
7.	**National player's turnover (India)**	Rs 7,200 crore
	a) Glazed wall tile share	20%
	b) Glazed floor tile share	23%
	c) Vitrified tile share	50%
8.	**Regional player's turnover**	Rs 10,800 crore
9.	National sector:	
	a) Share of production	40%
	b) No. of units	14
10.	**Regional sector**	
	a) Share of production	60%
	b) No. of units	200 (approx) (70%-based in Gujarat)

Indian Economy

India's economic growth decelerated for the second year in succession, declining from 6.2% in 2011-12 to 5% in 2012-13, the slowest growth in a decade. In turn, the subdued performance of the services sector was largely due to a slowdown in the global economy. India's industrial output declined 1.8%, led mainly by a sharp contraction in the manufacturing, mining and capital goods sectors (proxies for investment activity). The issues constraining industrial production growth were low investment on account of high interest rates, depreciating rupee, inflation and policy slowdown.

CRISIL estimates that the economy could grow 6.7% in 2013-14 due to a consumption revival catalysed by an acceleration in the agricultural sector (predicated on a normal monsoon), lower interest rates and higher governmental spending.

Ceramic tiles industry in india – overview

Ceramic tiles have become an integral part of home improvement. It can make a huge difference to the way one's interiors and outdoors should look. The Indian tile industry, despite an overall slowdown of the economy, continues to grow at a healthy 15% per annum. Investments in the last five years have aggregated over Rs. 5,000 crore. The overall size of the Indian ceramic tile industry is approximately Rs 18,000 crore (FY12). Production during 2011-12 stood at approximately 600 million square metres.

The Indian tile industry is divided into the organised and unorganised sectors. The organised sector comprises approximately 14 large players. The current size of the organised sector is about Rs 7,200 crore. The unorganised sector accounts for nearly 60% of the total industry.

India ranks in the top three countries in terms of tile production. With planning and better quality control, India's exports (presently insignificant) can significantly increase.

The Indian tile industry addresses the bottom end of the export market. In terms of volume it constitutes less than half a percent of the global market. But this reality could change as Indian exports are rapidly rising. The top-end of the global export market is dominated by China (36.8%) and Italy (15.1%).

Global ceremic tiles industry

Global industry analysts predict the global ceramic tile market could grow to a volume of almost 93 billion square feet by 2015. The global ceramic tiles market is expected to reach almost $18 billion by 2017 fuelled by technological innovation and demand from new end-use markets.

The building construction industry is an important end-use market for ceramic tiles, demand continues to hinge on factors like the economic climate, purchasing power, construction activity and GDP growth. Industry players need to constantly innovate to satisfy demand, which is influenced by parameters such as style and sustainability. The report states that Asia Pacific and Europe collectively account for more than 80% share of the global market.

Drivers of tile industry in india

Increasing population of India: The Indian population is expected to grow at a CAGR of 1.2% during 2010-2020.

Growth of urban India: There are 42 cities in India with a population in excess of a million people. This number is expected to grow to 68 cities by end 2030 translating into a population of 590 million.

Growth of real estate: India's real estate sector is estimated to have 3.6 billion sq ft lined up for completion in 2013, with about 98% concentrated in the residential segment.

Hospitality industry: India's sector is expected to grow at 10% CAGR over the next five years.

Organised retail: With per capita income crossing the USD 1,000-mark, India is now an important global retail destination. As Indian retail becomes more organised, the offtake of large format polished tiles could increase.

Rising incomes: India's per capita income is estimated to have gone up 11.7 percent to Rs 5,729 per month in 2012-13 compared with Rs 5,130 in the previous fiscal.

Growing middle-class: The Indian middle-class is expected to grow from 58 million in 2010 to 110 million by 2020. This segment is evolving towards international standards, translating into an upsurge in the demand for modern tiles.

Business segment overview

> The Company is one of the world's few to possess an integrated plant at Silvassa using Breton technology.

Business Segment I

Tiles

Overview

The segment constitutes three products – ceramic floor and wall tiles, vitrified tiles and naturoc tiles. The product portfolio encompasses tiles with gloss, matte, wood, metal, stone and rustic finishes.

The Company's total tile production capacity was approximately 16 million sq m as on 31st March 2013. The total manufacturing capacity of ceramic tiles stood at 8 million sq m at Alibaug and 8 million sq m (vitrified and wall tiles) at the subsidiary plant at Morbi.

Vitrified tiles: The Company manufactures niche products like abrasion-resistant and stain-resistant vitrified tiles.

Naturoc tiles: NITCO launched a one-of-a-kind premium full-body porcelain tile under the Naturoc brand in 2010. The gloss and matte finished products were coupled with enhanced tile strength and anti-skid quality.

Duracottura tiles: These tiles characterised a unique blend of cutting-edge technology and high-grade raw materials. These tiles emerged as the preferred choice in a competitive environment due to their superior finish, tensility and diverse designs.

Key highlights, 2012-13

- Economic Times ACETECH awarded the Best Tile Design to TruLife design Mayan Moss. NITCO's reputation as an innovator and premium company was endorsed by the response from the trade and consumers.
- The first set of digital tiles was introduced.

Outlook, 2013-14

- In the floor and wall segment, NITCO intends to manufacture large tiles.
- Volume, value and margins are likely to be enhanced through premium products.

Business Segment II

Marble

Overview

The Company's state-of-the-art plant at Silvassa processes imported marble blocks. The marble comprises superior designs and quality used in flooring solutions (interior and exterior).

Our Products

Natural Marble: NITCO is one of India's largest natural marble importers from Italy, Spain, Turkey, Egypt and China. The Company's high-end marble variants are available in more than 200 different shades. The Company is one of the world's few to possess an integrated plant at Silvassa using Breton technology.

Engineered Marble: This cost-effective alternative to natural marble (comprising resin, pigments and additives) ensures consistency and durability

Outlook, 2013-14

Due to the initiation of a number of luxury projects, the production of marbles is expected to increase by around 10-15%.

Business Segment III

Real estate development

Overview

The Company ventured into the realm of real estate development through NITCO Realties (100% subsidiary) to unlock the value of its real estate assets at prime locations in Mumbai, Thane and Alibaug.

The Company completed its first premium project in 2011 (NITCO Biz Park) at Thane, a six-storey building spread across 2,00,000 sq.ft with a three-storied landscaped atrium. The environment-friendly building is equipped with modern amenities comprising cutting-edge security surveillance, dedicated security control room and an 'intelligent' building management system with a 100%-power backup. The environment-friendly and energy-efficient focus resulted in the building being awarded a LEED (Leadership in Energy and Efficient Design) pre-certification.

Following the amalgamation with Particle Boards India Ltd., the Company acquired a plot measuring 4.01 acres at Kanjurmarg (Mumbai), which will be developed following approvals from relevant authorities.

Going forward, NITCO and its subsidiaries expect to enhance their exposure in residential and commercial projects.

Excellence driver

Excellence driver I

Operations

Overview

In an industry marked by intense competition, the parameters that determine supremacy are plant efficiency, productivity and optimal energy consumption. Over the years, NITCO invested in state-of-art technological resources and fully-automated assets to reinforce its foundation.

Key highlights, 2012-13

- The Company utilised alternative materials leading to cost reduction.
- Increased the production of value-added products.
- Installed digital printing machines from Italy.
- Sustained energy-efficiency in ceramic tile manufacture by using 100% of waste heat from the gas turbine.

Key initiatives, 2012-13

- Modified the process without affecting the overall quality and by reducing power consumption.
- Optimised costs by installing air-less devices for reducing engobe and glazes.
- Minimised shade variations; introduced tintometric systems (automatic color matching system).
- To reduce process time, the Company invested in new equipment (airless devices, digital printing machine, surface inspection at green stages and Kiln energy savings).
- Strengthened quality checks of finished products using electronic devices.
- Upgraded its laboratory through a stringent control of incoming raw-materials in line with LEED certification standards (Green Building).

Excellence driver II

Intellectual capital

Overview

Nitco is driven by a team of 1121 individuals (as on 31st March 2013) translating into improvements in quality, efficiency, output and innovation.

Key highlights, 2012-13

- Training was conducted across various disciplines including leadership development, marketing and behavioral aspects.
- Created a culture of engaging Gen Y - moving NITCO from a traditional command-and-control management style to the coach-and-collaborate model.

Key initiatives

Recruitment

The Company added around 158 employees to manage its increasing operations and marketing. It hired various employees through campus hiring as management trainees, executive trainees and graduate engineering trainees.

Training

- Quality training was provided to workers for an enhanced insight into product manufacture.
- The Company initiated a course for young prospective engineers through shop-floor training.

Leadership

Launched job posting programmes identifying talent development potential. This enhanced lateral and vertical movement within the organisation.

Excellence driver III

Information technology

Overview

At NITCO, information technology forms the cornerstone around which the superstructure of the Company has been erected. This is a critical business driver, assimilating the Company's widespread manufacturing and marketing operations and helping it stay connected with dealers 24x7.

Key highlights, 2012-13

- Implemented the SAP ERP system to facilitate the efficient processing of Morbi-based outsourced tile planning, procurement and dispatch.
- Automated the planning and procurement systems of the Alibaug factory; outsourced vendor locations, which improved inventory and working capital management.
- Strengthened the Customer Relationship Management (CRM) system for the sales team for the effective use of online order discount approvals, order and inventory status, customer account details, MIS etc., which improved productivity and customer responsiveness.
- Rolled out SAP Payroll module for the entire payroll processing of NITCO employees.
- Implemented online MIS dashboards and reports for senior management through SAP Data Warehouse and SAP Business Intelligence system; facilitated decision making and operations monitoring.
- Simplified various paper-based approval processes by converting these into online processes, which helped advance speed and efficiency.
- Automated the sales team's incentives and dealer schemes processes for online computation and efficient processing.
- Introduced checks and balances in supply chain and commercial processes, through automation and SAP process controls, to facilitate monitoring and decision making in freight management and debtor's control.
- Implemented backup connectivity to the Alibaug factory and major warehouses. Initiated primary connectivity to all new warehouse locations.
- Optimised IT operating expenses through video conferencing solutions, printing solutions and consolidation of network connectivity.

Outlook 2013-14

- The SAP system was upgraded to a higher version, ensuring better performance and stability to the information systems.
- To ensure high availability and performance management, the Company plans to restore major servers, storage and key IT infrastructure.
- NITCO's major focal point will be on the deployment of mobility-based solutions to be executed through smart phones and tablets in sales force automation, workflow management and decision-making tools.
- SAP ERP systems will be prime focus areas for business process improvements, MIS, process controls and decision making support.
- Cost reduction through the innovative use of cloud computing solutions, productivity improvement solutions and virtual desktop initiatives

Financial Statement Analysis

Segment performance

	2012-13	2011-12	Y-O-Y increase/ (decrease)
Vitrified tiles			
Sales value (Rs. Lakhs)	43,813	52,818	(17%)
Sales (in lakhs sq mt) per annum	87	93	(6%)
Average realization (in Rs. Per sq. mt)	505	567	(11%)
Ceramic and Gres Porcelain tiles			
Sales value (Rs. Lakhs)	35,311	27,628	28%
Sales (in lakhs sq mt) per annum	72	63	14%
Average realization (in Rs. Per sq. mt)	492	437	13%
Marble			
Sales value (Rs. Lakhs)	6,945	14,404	(52%)
Sales (in lakhs sq mt) per annum	30	61	(51%)
Average realization (in Rs. Per sq. mt)	235	236	(1%)
Total tiles and related products (sales value Rs.Lakhs)	86,069	94,850	(9%)
Real estate (Rs. Lakhs)	1,850	1120	65%
Total gross sales (Rs.Lakhs)	**87,919**	**95,970**	**(8%)**

Segment-wise highlights

Vitrified Tiles

- Comprised 50% of the total turnover of the Company in 2012-13.
- Volume decreased by 6% from 93 lakhs sq m in 2011-12 to 87 lakhs sq m in 2012-13
- Divisional turnover decreased by 17% from Rs. 52,818 lakhs in 2011-12 to Rs. 43,813 lakhs in 2012-13.
- Average realisation decreased 11% from Rs. 567 per sq m in 2011-12 to Rs. 505 per sq m in 2012-13.

Ceramic and Gres Porcelain Tiles

- Comprised 40% of the total turnover of the Company in 2012-13.
- Volume increased by 14% from 63 lakhs sq m in 2011-12 to 72 lakhs sq m in 2012-13
- Divisional turnover increased by 28% from Rs. 27,628 lakhs in 2011-12 to Rs. 35,311 lakhs in 2012-13.
- Average realisation increased 13% from Rs. 437 per sq m in 2011-12 to Rs. 492 per sq m in 2012-13.

Marble

- Comprised 8% of the total turnover of the Company in 2012-13.
- Volume decreased by 51% from 61 lakhs sq. feet in 2011-12 to 30 lakhs sq. feet in 2012-13
- Divisional turnover decreased by 52% from Rs. 14,404 lakhs in 2011-12 to Rs. 6,945 lakhs in 2012-13.
- Average realisation dropped by 1% from Rs. 236 per sq. foot in 2011-12 to Rs. 235 per sq. foot in 2012-13.

Real Estate

Sales value increased to Rs.1,850 lakhs in 2012-13 from Rs. 1,120 lakhs in 2011-12, an increase of 65%.

Export Sales

Sales value increased by Rs. 385 lakhs to Rs. 1,220 lakhs in 2012-13 from Rs. 835 lakhs in 2011-12, an increase of 46%.

Domestic Sales

Sales value decreased by Rs. 8,438 lakhs to Rs. 86,578 lakhs in 2012-13 from Rs. 95,016 lakhs in 2011-12, a drop of 9%.

Revenues by source

Other operating revenues increased from Rs. 119 lakhs to Rs.121 lakhs, mainly due to increased rent received during the year from the lease of office space at the newly constructed Thane Biz Park.

Expense Analysis

- **Cost of goods sold:** Material costs, as a proportion of net sales, increased by 3.16% and accounted for 68.46% of net sales due to the sale of imported trade in stock goods procured at a higher cost in the earlier yearsr.
- **Power and fuel:** It increased 39% from Rs. 3,825.18 lakhs in 2011-12 to Rs.5,309.25 lakhs in 2012-13, due to increase in capacity utilization and also due to a rise in the price of RLNG.
- **Employee benefit expense:** It increased 40.75% from Rs. 4,665.09 lakhs in 2011-12 to Rs.6,566.14 lakhs in 2012-13, owing to new recruitments, annual increments and salary corrections in line with market requirements.
- **Finance costs:** It increased from Rs.7,511.39 lakhs in 2011-12 to Rs.15,167.39 lakhs in 2012-13. In the year 2011-12, the finance cost of Rs. 7511.39 lakhs was exclusive of interest capitalised of Rs. 2,520.38 lakhs. The total increase in interest cost was 101.93 %. Consequent to the Corporate Debt Restructuring and funding of interest, the borrowings of the Company increased resulting in increased borrowing cost. Please refer to Note no 23 of the Financial Statements.

Expenses excluding power and fuel

It increased 36.93% from Rs.12,017.11 lakhs in 2011-12 to Rs.16,454.64 lakhs in 2012-13. This comprised an increase in rent due to higher warehouse space to cater to the storage of higher inventories. Consumption of stores increased on account of overhauling equipments at the plant. Freight forwarding expenses increased due to an increase in freight and change in business model from imports-led sourcing to domestic base sourcing. Legal & professional expenses increased on account of services availed for improved operations.

- **Depreciation and amortization expenses:** The Company provided depreciation on the Straight Line Method in accordance with and rates prescribed in the Companies Act, 1956.
- **Tax:** No tax was provided on account of losses during the year as well as the previous year.

Balance Sheet Analysis

Equity and Liabilities

Equity share capital

The equity share capital of the Company was Rs. 3,260.01 lakhs comprising 32,600,132 shares of Rs. 10 each.

Reserves and surplus

Reserves and surplus decreased by Rs.23,133.82 lakhs from Rs. 44,747.49 lakhs in 2011-12 to Rs. 21,613.67 lakhs in 2012-13. This decrease was on account of losses incurred during the year.

Non-Current Liabilities

Total Non-Current liabilities increased from Rs.34,562.22 lakhs in FY 2011-12 to Rs.117,066.73 lakhs in FY 2012-13. The increase in loan was consequent to the restructuring under the CDR mechanism under which short-term facilities were converted into long-term loans (including Working Capital Loans) as well as funding of interest. Please also refer to Note No 3 of the Financial Statements.

Current Liabilities

Current liabilities decreased from Rs. 93,012.70 lakhs in FY 2011-12 to Rs.13,165.93 lakhs in FY 2012-13 mainly due to a decrease in trade payables on account of the conversion of short-term facilities from banks into long-term and decrease in trade payables.

Assets

Non current assets

Total Non-Current assets increased from Rs. 90,935.84 lakhs in FY 2011-12 to Rs.91,830.78 lakhs in FY 2012-13 mainly due to investment of 51% stake in New Vardhman Vitrified Pvt Ltd. and advances given to them. This was offset by decrease in net block by Rs. 2,846.88 lakhs on account of depreciation provision.

Current Assets

Current assets decreased from Rs. 84,646.58 lakhs in FY 2011-12 to Rs.66,075.56 lakhs in FY 2012-13 mainly on account of decrease in inventories.

Inventories

Inventories decreased from Rs. 38,936.51 lakhs in 2011-12 to Rs.23,270.99 lakhs in 2012-13 owing to an decrease in Stock in Trade and Finished Goods stock inventory.

Trade receivables

Trade receivables reduced marginally from Rs. 9,533.15 lakhs in 2011-12 to Rs.9,500.56 Lakhs in 2012-13.

Cash and cash equivalents:

The cash and cash equivalents decreased from Rs. 5,708.09 lakhs in 2011-12 to Rs.2,328.02 lakhs in 2012-13.

Risk management

Risk is inherent in every business. Some focus on its mere mitigation, others treat it as an opportunity to face challenges, strengthening business tenacity, to learn and accelerate growth of the business, the industry and the economy. At NITCO, we believe in the latter approach.

Perception risk Inability to sustain historical growth rates could adversely impact perception.	**Mitigation argument:** The Company may not be able to sustain the growth rate of the earlier years as the base has expanded over a short time. While the growth percentage could be lower than the historic average, the absolute growth numbers could continue to be larger than the previous years due to a dynamic business plan that encompasses sustained volume increase, continuous innovation towards a sales-mix skewed in favour of value-added products and improving operational efficiencies. As a result, the Company will continue to outperform the average industry growth.
Business slowdown risk A slowdown in India's economic progress could create a huge gap between the estimated budget and ground realities.	**Mitigation argument:** An economic deceleration primarily impacts metros and urban cities. Besides, a majority of the demand for consumer products is emerging from Tier-II and III towns, which usually remains largely unaffected by economic slowdowns. The Company strengthened its distribution network in new demand pockets leading to a significant out-performance.
Foreign Exchange Risk risk A weaker Indian currency is a threat to importers.	**Mitigation argument:** 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 fully 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 gas prices could affect profitability.	**Mitigation argument:** The sustained increase in gas prices is completely beyond the control of the Company; it impacts sectoral profitability. To minimise the impact, the Company is raising the share of value-added products (large format tiles, vitrified tiles and digitally printed tiles).
Competition risk Competition from organised and the unorganised players hamper margins.	**Mitigation argument:** The Indian tile industry is undergoing a consolidation phase where organised/branded players (with marketing skills and a vast distribution network) are partnering with unbranded players (with low-cost manufacturing expertise). As a result, competition from the unbranded sector is expected to decline.
Technology obsolescence risk Technology obsolescence may result in compromise of quality standards.	**Mitigation argument:** The Company scaled its IT infrastructure by investing in SAP, enabling real-time open communication between the sales, distribution and manufacturing divisions.
Client attrition risk Institutional clients constitute a substantial portion of the Company's total sales; client attrition can impact growth	**Mitigation argument:** The Company has initiated measures like providing post-sale services to retail customers and offering guidance programmes for institutional customers to reinforce their relationship with the customers. It also customises products to cater to specific requirements. Its products are recommended by brand-enhancing customers like Pantaloons, Reliance Retail, Rahejas, Godrej, Oberoi Construction, DLF, L&T and Unitech.
Human Resource risk Attrition of key executives and personnel could affect the Company's efficiency.	**Mitigation argument:** Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as roll out of strategic talent management system, training and integration of learning activities. Various HR initiatives have been initiated to involve and encourage staff for decision making and participation management.
Dealer Attrition risk Reduction in the number of dealers could affect sales.	**Mitigation argument:** The Company furthered its dealer network by introducing the fast-moving range of tiles. ▫ It helped increase dealer income prospects by widening product assortment. ▫ It provides a variety of dealer-centric options for efficient working (online order placement, tracking stock movement and secure payment processing). ▫ It represented one of the largest industry dealership networks by adding new dealers in 2012-13, bringing the total direct dealers to around 1,100.

Five Year Financials

(Rs. in Cr.)

	2012-13	2011-12	2010-11	2009-10	2008-09
Share Capital*	32.60	32.60	32.60	32.12	32.12
Share application money	28.00				
Reserves	216.14	447.47	502.92	477.26	485.97
Loan Funds	1,178.88	720.84	572.34	455.50	291.13
Gross Block	900.40	889.13	679.22	466.90	442.03
Net Block	709.54	737.58	559.82	370.06	366.23
Capital Work in Progress	2.95	3.38	77.83	149.06	65.96
Investments	31.24	11.84	9.84	9.16	8.57
Current Assets	835.33	846.47	697.32	664.51	537.89
Current Liabilities	131.66	509.91	268.41	209.61	151.13
Net Current Assets	703.67	336.56	428.91	454.90	386.76
Deferred tax (assets) Liability	20.35	20.35	20.35	18.30	18.30
Turnover (Gross)	**877.98**	**958.52**	**728.28**	**465.33**	**674.66**
Excise Duty	28.77	22.21	16.74	16.23	8.52
Sales Tax	80.13	97.44	71.31	46.14	60.73
Net Sales	**769.07**	**838.87**	**640.24**	**402.97**	**605.41**
Other Income	1.92	1.55	1.90	0.30	0.09
Material Costs	527.33	548.55	410.81	230.00	386.78
Power Costs	53.09	38.25	26.36	30.11	28.25
Employee Costs	65.66	46.65	35.36	31.07	29.21
Other Manufacturing Expenses	18.94	10.48	7.31	6.98	7.09
Administration & Selling Expenses	145.61	109.69	83.14	77.04	78.86
Total Expenses	**810.63**	**753.62**	**562.98**	**375.20**	**530.18**
EBDITA	**(39.63)**	**86.80**	**79.16**	**28.08**	**75.32**
Interest	151.67	75.11	28.09	15.65	23.55
EBDT	**(191.31)**	**11.69**	**51.07**	**12.43**	**51.77**
Depreciation	40.03	32.66	22.71	21.14	14.41
Exceptional Items	-	34.47	-	-	-
PBT	(231.34)	(55.44)	28.36	(8.71)	37.36
Tax	-	-	2.05	-	12.39
PAT	**(231.34)**	**(55.44)**	**26.31**	**(8.71)**	**24.97**
Net Worth	276.74	480.08	535.52	509.38	518.09
Capital Employed	1,447.40	1,089.36	1,076.39	983.18	827.52
EPS (Rs.)	(70.96)	(17.01)	8.07	(2.71)	7.77
Book Value (Rs.)*	84.89	147.26	164.27	158.57	161.28
Dividend Per Share (Rs.)*	-	-	0.50	-	1.00
RONW (%)	(83.59)	(11.55)	4.91	(1.71)	4.82
ROCE (%)	(6.28)	5.00	5.48	0.77	8.33

* Face value of Rs. 10 per share

Statement of Value-Addition

(Rs. in Cr.)

	2012-13	2011-12	2010-11	2009-10	2008-09
Sales (Gross)	877.98	958.52	728.28	465.33	674.66
Other Income	1.92	1.55	1.90	0.30	0.09
Increase/(Decrease) in Stock	(173.18)	96.22	40.33	62.76	(10.71)
	706.72	1,056.29	770.51	528.39	664.04
Less					
Raw Material Consumed	132.92	175.78	200.12	144.56	186.22
Trading Goods Purchased	221.23	468.99	251.01	148.20	189.85
Material consumed	**354.15**	**644.77**	**451.14**	**292.76**	**376.07**
Manufacturing Expenses	72.03	48.73	33.67	37.08	35.34
Other Expenses	145.61	144.16	83.14	77.04	78.86
	571.79	837.67	567.95	406.88	490.26
Total Value-Addition	**134.94**	**218.63**	**202.57**	**121.51**	**173.78**

Our Contribution to the National Exchequer

(Rs. in Cr.)

	2012-13	2011-12	2010-11	2009-10	2008-09
Revenue	877.98	958.52	728.55	465.33	674.66
Contribution to Ex-Chequer					
Excise Duty/Service Tax	31.91	24.89	23.11	13.74	10.38
Custom Duty	21.19	68.02	44.25	25.09	57.72
Sales tax/Octroi	83.49	87.42	57.18	49.62	65.14
Income Tax	0.00	4.07	5.15	-	4.82
Dividend Distribution Tax	0.00	0.00	0.26	-	0.55
Total	**136.60**	**184.39**	**129.96**	**88.45**	**138.60**

Director's Report

Your Directors are pleased to present the Annual Report with the audited statement of accounts of the Company for the year ended March 31, 2013.

Financial results

The highlights of the financial results for the year ended March 31, 2013 are as follows:

(Rs. in lakhs)

For the year ended March 31	2013	2012
Gross Sales	87919	95970
Profit before interest depreciation and tax	(3964)	8680
Interest & Financial Charges (Net)	15167	7511
Depreciation	4003	3266
Exceptional Items	–	3447
Profit/(loss) before tax	(23134)	(5544)
Provision for tax	–	–
Profit/(loss) after tax	(23134)	(5544)
Balance brought forward from previous year	7188	12732
Balance carried forward	(15946)	7188

Review of operation

During the year under review, your Company's gross sales have declined by 8.38% over last year. The increase in costs of production, interest cost etc resulted in increase in net loss to Rs. 23134 lakhs.

Continued Challenges faced by the Company

The slump in real estate has taken a toll on volumes as well as sales realization. While the costs have increased sharply due to devaluation of currency, increase in power and fuel cost, employee cost and the interest cost, the competition from unorganised sector and weak market has restricted our ability to pass on increased cost to customers. Consequently the gross sales of the Company during year ended 31st March 2013 has dropped to Rs. 87919 lakhs as against Rs. 95970 lakhs during previous year ended 31st March 2012.

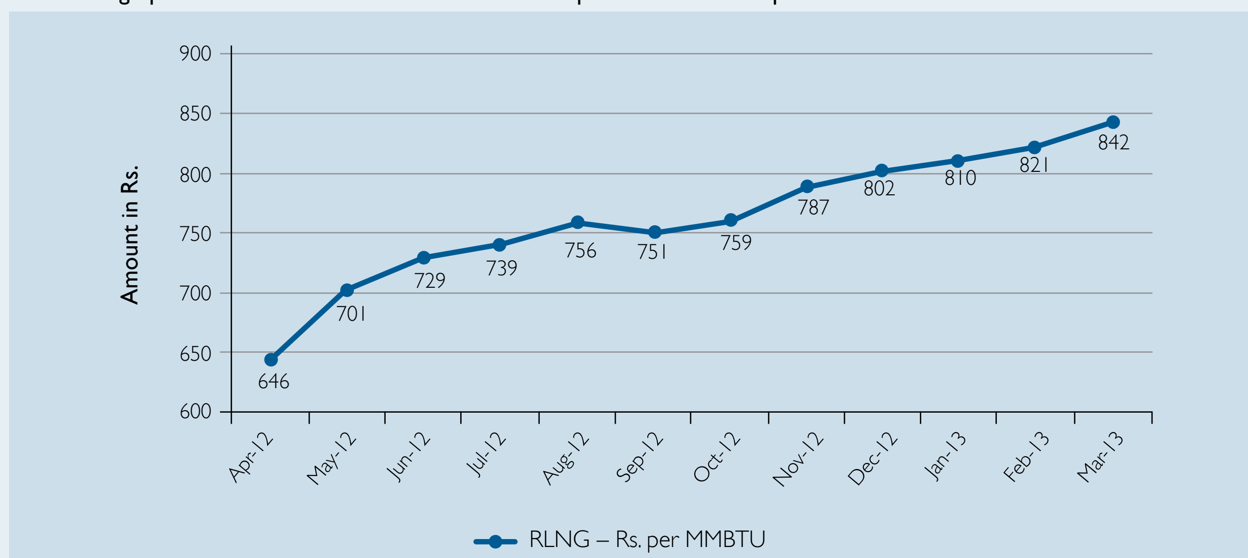
Demand for Tiles is primarily linked with growth of Real Estate sector. Real Estate sector has been grappling with problems. Slow sales and a glut of properties are hampering the real estate market in major metro and A-class cities in India. The glut is likely to extend into 2014 as steady streams of new developments are launched on the market. The overall sentiments of the market and the consistent rate of new project launches in major cities give a clear indication of an impending oversupply in 2013 and 2014. Analysts tracking the prices and unsold property inventory levels believe that the fall would continue for a longer period and prices would remain stagnant for some time.

As the economy shows signs of decreasing GDP growth rate, the Indian real estate industry faces its own share of concerns. Real estate developers are reeling under high debt and FDI inflows have also slowed down. Amidst these macroeconomic conditions, Indian real estate asset classes across the prime cities of India have seen mixed sentiments.

Increased cost of Regasified liquefied natural gas (RLNG)

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

The below graph shows the increase in the cost of RLNG per MMBTU from April 2012 to March 2013:



Corporate Debt Restructuring

Due to significant depreciation of Rupee against US Dollar, the performance for the Company for the last few quarters was impacted due to substantial exposure to foreign currency in respect of large imports of vitrified tiles. The competitive pressure and weak market sentiment have restricted our ability to pass on increase in purchase cost to customers.

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

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

b. The total existing term loan of Rs. 425.37 Crores outstanding is restructured. The principal repayment shall be in 32 quarterly structured installments for the period commencing from 30th June 2014 and ending on 31st March 2022. Interest rate is 11.25% per annum.

c. Carving out working capital irregularities has been converted into Working Capital Term Loan (WCTL). WCTL is Rs. 603.63 crores .WCTL is payable in 24 quarterly structured installments period commencing from 30th June 2014 and ending on 31st March 2020. WCTL carries Interest at 10.75% p.a.

d. Funded Interest on the term loan (FITL) for a period of 18 months from COD, amounting to Rs. 153.18 Crores. Repayment shall be in 24 quarterly installments period commencing from 30th June 2014 and ending on 31st March 2020. FITL carries Interest at 10.75% p.a.

e. Promoters require to bring in Rs 55.69 crores as their contribution under the package. Out of the same Rs.28 crores has been brought in by March 31, 2013 and balance to be brought by June 30, 2013.

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

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

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

Joint Venture with New Vardhman Vitrified Tiles Pvt. Ltd.

With imports from China becoming progressively unviable, Company has shifted sourcing based in India. As a part of this strategy, your Company has acquired 51% equity stake in New Vardhman Vitrified Tiles Pvt. Ltd (NVVPL). The said company has set up a plant in Wakaner, Morbi, Gujarat for manufacturing 8 million sq. mtrs (approximately) of vitrified tiles and wall tiles. The plant has commenced its production towards the end of the financial year. The entire 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.

Dividend

In view of the losses incurred during the year, your Board is not able to recommend any dividend for the financial year ended 31st March 2013.

Consolidated Financial Statements

As required by the Listing Agreement with the Stock Exchanges and in accordance with the Accounting Standards AS-21 on consolidated financial statements, your Directors provide the audited annual consolidated financial statements in this Annual Report.

Directors' Responsibility Statement

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

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

b) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013 and of the loss of the Company for the year ended March 31, 2013;

c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

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

Subsidiary companies

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company shall provide a copy of the Annual Report of its subsidiary companies, free of cost, as required under Section 212 of the Act to members on their written request to the Company Secretary at the registered office of the Company. These documents will also be available for inspection by any shareholder at the registered office of your Company on any working day during business hours. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

A statement pursuant to section 212 of the Companies Act, 1956, containing details of subsidiaries of the Company also forms part of this Annual Report.

Directors

Mr. Rohan Talwar, Director of the Company, is due for retirement by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. Brief resume of Mr. Rohan Talwar, the nature of his expertise in specific functional areas and the names of the companies in which he holds directorships as stipulated in Clause 49 of the Listing agreement is provided in the report on Corporate Governance annexed to the Annual Report.

Corporate Governance

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

Management Discussion and Analysis

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

Personnel

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

Transfer to Investor Education and Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of Rs .272,852/- to Investor Education and Protection Fund, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents application money due for refund which remained unpaid/ unclaimed by the shareholders of the Company for a period of 7 years from its due date of payment.

Cost Auditor

The Cost Audit Branch of Government of India, Ministry of Corporate Affairs (MCA), New Delhi, vide Cost Order No. 52/26/CAB-2010 dated November 6, 2012 have issued industry wise Orders for appointment of Cost Auditors from FY

2013-14 onwards for companies engaged in the manufacturing of Ceramic and Marble products. The provisions of The Companies (Cost Accounting Records) Rules, 2011 shall be applicable to all the products/activities of the Company and pursuant to the same the Board of Directors of the Company has appointed M/s. R. K. Bhandari & Co. Cost Accountants, Jaipur, as the "Cost Auditor" and "Cost Accountant" under Section 233B and Section 209(1) (d) of the Companies Act, 1956 for the Financial year 2013-14.

Corporate Social Responsibility

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

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

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

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is given in Annexure A, which forms part of this Report.

Risk and Concern

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

Quality Safety and environment

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

Internal control framework

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

Auditors' Report

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

Auditors

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.

Appreciation and acknowledgement

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

Annexure to Director's Report

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

A) Conservation of Energy:

The Company's manufacturing operations are energy intensive. The concern for more efficient 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. The Company has installed a 5.5 MW captive power plant. The waste heat generated from this captive power plant is used in spray driers resulting in a daily savings of RLNG.

B) Technology Absorption:

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

C) Foreign exchange earnings and outgo:

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

For and on behalf of the Board

	Sd/-	Sd/-
Date: 30th May, 2013	**Vivek Talwar**	**Vishal Malik**
Place: Mumbai	*Managing Director*	*Director*

Report on Corporate Governance

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

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

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

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

A. Board of Directors

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

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

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

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

Mr. Vivek Talwar, son of Late Mr. Pran Nath Talwar and aged 56 years, is the Managing Director of your Company. He holds a Bachelor's Degree in Science and has a rich experience of over 30 years in the tile industry. He joined the Company as a Director in 1980. The operational responsibility and day-to-day functioning of the Company were gradually handed over to him. He was instrumental in setting up a plant at Alibaug to manufacture ceramic floor tiles and also in diversifying the business of the Company by entering into new activities such as marketing of imported marble, vitrified tiles and cement in India. Mr. Vivek Talwar holds 63,23,669 equity shares in the Company.

Mr. Pradeep Saxena, aged 65 years, joined the Company as Director in the Board Meeting held on 3rd May, 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 and Management and Business Development. 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. Vishal Malik, aged 41 years, has been appointed as the Director of the Company at its Board Meeting held on 3rd May, 2012. He has over 18 years of experience in the Investment Banking industry, having done extensive work in the areas of M&A, private equity and real estate financing. He formerly worked in the Treasury of Reliance Industries and was a part of the founding team of Stratcap Securities India Pvt ltd, a full service investment bank. He is currently the Managing Partner of Knox Capital Advisors, a boutique investment bank focusing on financing in the SME segment. Vishal is an MBA from Asian Institute of Management, Manila and a Chemical Engineer from Mumbai University.

Mr. Rohan Talwar, aged 28 years, has been appointed as a Non Executive Director of the Company at its Board Meeting held on 3rd May, 2012. He is the son of Mr. Vivek Talwar, the Managing Director of the Company. He has completed his Bachelor's in Business Administration from Carnegie Mellon University, USA. He is currently looking after his business in the hospitality sector. He is not involved in the business of the Company. He retires by rotation and is eligible for reappointment at the ensuing Annual General Meeting. He is a Director in the following Companies:

Sr. No.	Name of the Companies / Firms	Nature of Interest
1.	IB Hospitality Private Limited	Director
2.	Digital Symphony Private Limited	Director
3.	Strongbase Properties Private Limited	Director
4.	Firstlife Properties Private Limited	Director
5.	Watco Engineering Company Private Limited	Director
6.	Watco Trading Private Limited	Director
7.	Watco Chennai Real Estates Private Limited	Director
8.	Watco Hyderabad Properties Private Limited	Director
9.	Guest Infraprojects Private Limited	Director

2. Board procedure

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

3. Directorships and attendance

Your Company had four Directors as on 31st March, 2013. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/ memberships held by them in other companies is given below.

Other directorships do not include alternate directorships, directorships of private limited companies, private companies with unlimited liability, companies incorporated outside India, companies under section 25 of the Companies Act, 1956 and other body corporates. Chairmanship/membership of Board Committees includes only Audit and Shareholders'/Investors' Grievance Committees:

Name	Category	No. of Board meetings held during the year 2012-13		No. of directorships held in other companies		No. of committee positions held in other public companies		Whether attended the last AGM
		Held	Attended	Chairman	Member	Chairman	Member	
Executive								
Mr. Vivek Talwar (Managing Director)	Promoter	5	5	–	–	–	–	Yes
Ms. Poonam Talwar (Wholetime Director)$	Non- Independent	1	–	–	–	–	–	NA
Executive								
Mr. Pran Nath Talwar (Chairman)@	Promoter	–	–	–	–	–	–	NA
Mr. Atul Sud*	Independent	1	1	–	–	–	–	NA
Mr. Gaurav Burman#	Independent	–	–	–	1	–	–	NA
Mr. Vishal Malik**	Independent	5	5	–	–	–	–	Yes
Mr. Pradeep Saxena**	Independent	5	5	–	–	–	–	Yes
Mr. Rohan Talwar**	Non-Independent	5	1	–	–	–	–	Yes

Ceased to be a Director with effect from 24th April, 2012

@ ceased to be a Director of the Company w.e.f. 2nd May, 2012, due to his demise

$ Ceased to be a Director with effect from 8th May, 2012

* Ceased to be a Director with effect from 26th June, 2012

** Appointed as Additional Directors with effect from 3rd May, 2012.

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

3rd May 2012; 27th July, 2012; 14th August 2012; 7th November 2012 and 14th February, 2013.

4. Code of conduct

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

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

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

B. Committees of the Board

1. Audit Committee

The Company has an Audit Committee in accordance with the requirement of Section 292A of the Companies Act, 1956, and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges. All the members of the Committee possess strong accounting and financial knowledge. The composition and attendance of each member at the meetings held during the year ended 31st March 2013, is as follows:

Name of Director	Category	No. of Committee meetings	
		Held	Attended
Mr. Vishal Malik (Chairman)	Independent	4	4
Mr. Atul Sud*	Independent	1	1
Mr. Pradeep Saxena	Independent	4	4
Mr. Vivek Talwar	Managing Director	4	4

* Ceased to be a member with effect from 26th June, 2012.

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

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

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

b) Investigation of any activity within its terms of reference

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

d) Reviewing of the annual financial statement with the management

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

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

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

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

2. Shareholders'/ Investors' Grievance Committee

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

The composition and attendance of each member at the meetings held during the year ended 31st March, 2013, is as follows:

Name of Director	Category	No. of Committee meetings	
		Held	Attended
Mr. Vishal Malik	Independent	6	6
Mr. Atul Sud*	Independent	1	1
Mr. Vivek Talwar	Managing Director	7	7

* Ceased to be a member with effect from 26th June, 2012.

The members elect a Chairman of the Committee from amongst themselves.

Mrs. Reena Raje, Company Secretary has been appointed as the Compliance Officer.

The Company's shares are listed for trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. During the year, 10 investor complaints were received and resolved. There were no pending investor complaints as on 31st March, 2013.

3. Remuneration Committee

The Board, on the recommendation of the Remuneration Committee, determines the remuneration payable to the Managing Director. The remuneration of the Non-Executive Directors is restricted only to sitting fees for attending the Board/Committee meetings. The members of the Remuneration Committee are all Independent Directors. The Committee was re-constituted at the Board Meeting held on 27th July, 2012, and Mr. Vishal Malik and Mr. Pradeep Saxena were appointed as the members of the Committee. The members elect a Chairman of the Committee from amongst themselves.

Meetings of the Remuneration Committee are held as and when required, for appointments of Executive Directors. Time schedule for holding the meetings is finalised in consultation with the Committee members. During the year, no meeting of the Remuneration Committee was required to be held.

Details of remuneration paid to Directors during the financial year ended 31st March, 2013 are as under:

(Rs. in lakhs)

Name of Directors	Category	Salary	Perquisites and other benefits	Comm-ission	Sitting fees	Total
Mr. Vivek Talwar	Managing Director	48.00	23.61	–	–	71.61
Mr. Atul Sud*	Independent Director	–	–	–	0.42	0.42
Mr. Pradeep Saxena	Independent Director	–	–	–	1.80	1.80
Mr. Vishal Malik	Independent Director	–	–	–	1.92	1.92
Mr. Rohan Talwar	Non – Independent Director	–	–	–	–	–

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

* Ceased to be a Director with effect from 26th June, 2012.

Tenure of the Managing Director is three years from 1st April, 2011

None of the Directors hold any instrument convertible to shares.

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

C. Details of shares of the Company held by Directors as on 31st March, 2013 are as below:

Director	Category
Mr. Vivek Talwar	63,23,669
Mr. Rohan Talwar (w.e.f 3rd May, 2012)	–
Mr. Pradeep Saxena (w.e.f 3rd May, 2012)	–
Mr. Vishal Malik (w.e.f 3rd May, 2012)	–

D. General Body Meetings

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

Year	Date	Time	Venue	Special Resolution passed
2011–12	22nd September, 2012	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	–
2010–11	28th September, 2011	11.00 a.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	–
2009-10	15th September, 2010	11.00 a.m.	M. C. Ghia Hall, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400001	Re-appointment of Mr. Vivek Talwar as the Managing Director of the Company for a period of three years with effect from 1st April, 2011.

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

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

Postal Ballot: No postal ballot was conducted during the year under review. Subsequent to the year end, the Board of Directors have proposed the following Special Resolutions to be passed through Postal Ballot:

Date of Board Meeting	Description	Last Date of Receiving Postal Ballot Forms	Date of Declaration of Result
30th April, 2013	Special Resolution for Authorisation for Restructuring of Debts	5th June, 2013	7th June, 2013
30th April, 2013	Special Resolution under section 81(1A) of the Companies Act, 1956, for Issue of Equity Shares on Preferential Basis to Promoter(s)	5th June, 2013	7th June, 2013
30th April, 2013	Ordinary Resolution under Sections 16 and 94 of the Companies Act, 1956, for increase in the Authorised Share Capital and Amendment to the Memorandum of Association of the Company	5th June, 2013	7th June, 2013
30th April, 2013	Special Resolution under Section 31 of the Companies Act, 1956, for Amendment to the Articles of Association of the Company	5th June, 2013	7th June, 2013
30th April, 2013	Ordinary Resolution under Section 293 (1) (d) of the Companies Act, 1956, for increasing the borrowing limits of the Company	5th June, 2013	7th June, 2013
30th April, 2013	Ordinary Resolution under Section 293 (1) (a) of the Companies Act, 1956, for approving the creation of charge/mortgage etc. on the properties of the Company	5th June, 2013	7th June, 2013

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

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

E. Subsidiary companies

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

Under this definition, the Company does not have any "material non- listed Indian subsidiary" during the year under review. The Audit Committee reviews the financial statements and the working of the unlisted subsidiary companies.

F. Disclosures

a) Related-party transactions are disclosed in the Notes to Accounts in the financial statements as on 31st March, 2013. However the Company did not have any related-party transactions, which may have potential conflict with the interests of the Company at large.

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

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

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

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

G. Risk management

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

H. Means of communication

- The quarterly and half-yearly results of the Company are published within 48 hours in one English language and One Marathi newspaper with wide circulation. The results, press releases and the shareholding pattern of the Company are displayed on the Company's website www.nitco.in from time to time. Presentations, if any, made to institutional investors and analysts after the declaration of quarterly, half-yearly and annual results are also displayed on the Company's website.
- The Company also informs, by way of intimation, to the stock exchanges all price-sensitive matters or such other matters which in its opinion are material and relevant to shareholders.
- All data/reports required to be filed with the stock exchanges have been regularly filed with them.
- **Management discussion and analysis:** A report on management discussion and analysis is appended and forms part of this annual report.
- **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, announcements, etc. are filed electronically on NEAPS.
- **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system.

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

I. Shareholders' information

a) **The Annual General Meeting** is scheduled to be held on Monday the 30th Day of September 2013 at 11.00 am at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

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

c) **Date of book closure:** 23rd September, 2013 to 30th September, 2013 (both days inclusive).

d) **Dividend Payment Date:** Not Applicable.

e) **Listing on stock exchanges:** The Company's equity shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid listing fees to the stock exchanges for the financial year 2013-14.

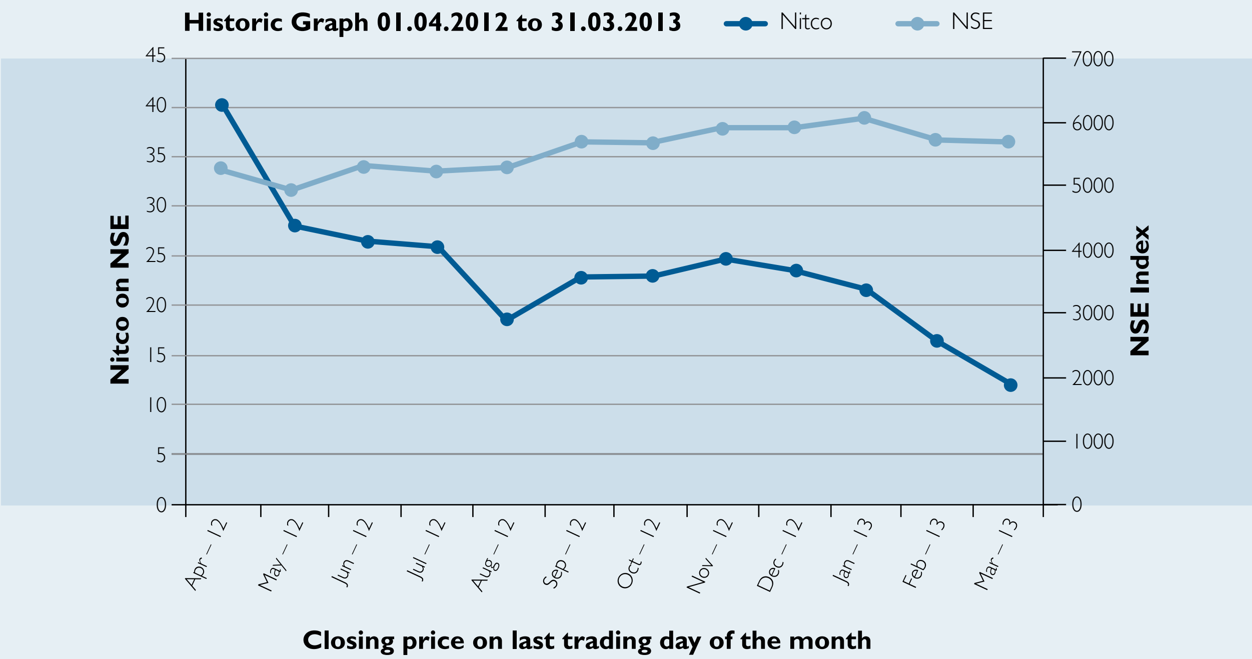
f) **Stock code/symbol**
BSE - 532722
NSE - NITCO
Demat International Security Identification Number in NSDL and CDSL for equity shares - ISIN - INE858F01012.

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

(in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April '12	45.65	38.00	44.80	37.75
May ' 12	40.50	26.50	40.55	26.20
June '12	28.70	24.50	28.60	24.20
July '12	33.65	23.65	34.95	24.10
August '12	26.80	18.60	26.60	18.75
September '12	25.40	18.50	25.50	18.85
October '12	27.70	21.70	28.50	21.75
November '12	28.25	23.45	28.30	23.10
December '12	25.75	22.40	26.00	21.70
January '13	24.10	19.95	25.90	20.00
February '13	22.60	16.15	22.65	16.45
March '13	17.00	11.45	17.05	11.50

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



i) Shareholding pattern as on 31st March 2013

Category	No. of shares held	Percentage of total
Promoters' holding		
Promoters	10405249	31.92
Promoters' group	5535851	16.98
Sub-total	**15941100**	**48.90**
Public shareholding		
Mutual funds	89167	0.27
Financial Institutions/ Banks	2585	0.01
FIIs	3531331	10.83
Private Corporate bodies	5465498	16.77
NRIs/ OCBs	951335	2.92
Other	6619116	20.30
Sub-total	**16659032**	**51.10**
Grand total	**32600132**	**100.00**

J) Distribution of shareholding as on 31st March 2013

No. of equity shares	No. of share holders	Percentage of shareholders	No. of shares held	Percentageof share-holding
1 – 500	11707	85.43	1617668	4.96
501 – 1000	940	6.86	775955	2.38
1001 – 2000	495	3.61	754175	2.31
2001 – 3000	182	1.33	465245	1.43
3001 – 4000	84	0.61	304865	0.94
4001 – 5000	59	0.43	280668	0.86
5001 – 10000	105	0.77	757717	2.32
10001 and above	131	0.96	27643839	84.80
	13703	100.00	32600132	100.00

k) Registered Office

Nitco Limited, Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai - 400 030.
Tel: 022 6616 4555; Fax: 022 6616 4657

l) Corporate Office

Nitco Limited, Plot No.3, Kanjur Village, Station Road, Kanjurmarg (East), Mumbai – 400042.
Tel No.: 022 6752 1555; Fax No.: 022 6752 1500
Email: investorgrievances@nitco.in
Website: www.nitco.in

m) Plant locations

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

n) Registrars and Transfer Agents

Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Tel: 022 2594 6970; Fax: 022 2596 2691
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

o) Share transfer system

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

p) Dematerialization of shares and liquidity

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

Percentage of shares held in physical and dematerialised form as on 31st March, 2013 :

Physical Form : 100444
Electronic Form with CDSL : 18913287
Electronic Form with NSDL : 13586401

We have no GDR/ADR or any convertible instrument.

o) **Equity shares in the Suspense Account**

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

Securities	As on April 1, 2012		Shareholders who approached the Registrars and Shares transferred in their favour during the year		Balance as on March 31, 2013	
	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.

p) **Nomination facility**

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

For and on behalf of the Board

Sd/-

Date: 30th May, 2013

Vivek Talwar

Place: Mumbai

Managing Director

Declaration

In accordance with Clause 49 of the Listing Agreement with the stock exchanges, I hereby confirm and declare that all the Board of Directors and the senior management personnel of the Company have affirmed compliance with the 'Code of Conduct for Board Members and Senior Management' laid down for them for the financial year ended 31st March 2013.

For Nitco Limited

Sd/-

Place: Mumbai

Vivek Talwar

Date: 30th May, 2013

Managing Director

Auditors' certificate on Corporate Governance

To
The Members
Nitco Limited

We have examined the compliance of conditions of Corporate Governance procedures implemented by Nitco Limited for the year ended March 31, 2013, 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 complied in all respects 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.

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

Sd/-
A. Husein Noumanali

Place: Mumbai
Proprietor

Date: 30th May, 2013
Membership No. 14757

Financial Statements

Independent Auditors' Report

To
The Members of **Nitco Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **NITCO Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying, attention is drawn as under:

a) Note no. 37 to the financial statements relating to Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group.

b) The balances of Funded interest on Term Loan from banks aggregating to Rs. 9,004.67 Lacs are subject to reconciliation.

c) The balances of Working Capital Term Loan from banks aggregating to Rs. 59,070.12 Lacs are subject to reconciliation.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of Sub Section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of Sub-Section (1) of section 274 of the Companies Act, 1956.

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

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

Place: Mumbai
Date: May 30, 2013

Annexure to Independent Auditors' Report

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

1. In respect of its fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
   b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:
   a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records have been appropriately dealt in the books of accounts.

3. a) According to the information and explanation given to us, the Company has taken interest free unsecured loan from one party covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 7.90 crores and year end balance of loan taken from such party is Rs. 7.90 crore. The Company has granted Interest free Loans and Advances to subsidiary companies. The details have been provided in the Notes 32 "Disclosure in respect of related parties pursuant to Accounting Standard 18".
   b) In our opinion, the other terms of conditions on which loans mentioned above have been taken are not prima facie prejudicial to the interest of the company. Further, since the advances have been given to subsidiary companies, in our opinion, it is not prejudicial to the interest of the Company.
   c) In the absence of stipulations in respect of the terms of payment of principal amount and interest for the loans taken/ granted, it is not possible to comment whether principal or interest payments are regular.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.

6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:
   a) According to the records of the Company, undisputed

statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax / TDS, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.

b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Rs. In lacs

Name of Statute	Nature of the dues	Forum		Period to which amount relates
		Commissioner Central Excise & Customs.	Customs, Excise & Service Tax Appellate Tribunal, (CESTAT), Mumbai	
Central Excise Act, 1944	Excise Duty	21.66	1,454.77	2004-05, 2011-12, 2012-13
Customs Act, 1962	Customs Duty	-	1,591.78	2004-05 & 2008-09

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

11. There have been defaults in repayment of dues to the banks, and financial institutions during the year, which have been subsequently either rescheduled by way of Corporate Debt Restructuring package (CDR) or repaid upto the date of our report.

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

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

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

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

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

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

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

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

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

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

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

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

Place: Mumbai
Date: May 30, 2013

Balance Sheet as at March 31, 2013

Rs. in Lacs

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	3,260.01	3,260.01
(b) Reserves and surplus	2	21,613.67	44,747.49
Total Shareholders' Funds		**24,873.68**	**48,007.50**
2 Share application money pending allotment	38	2,800.00	-
3 Non-current liabilities			
(a) Long-term borrowings	3	1,13,899.69	30,061.65
(b) Deferred tax liabilities (Net)		2,034.84	2,034.84
(c) Other Long term liabilities	4	1,132.20	2,465.73
Total Non-Current Liabilities		**1,17,066.73**	**34,562.22**
4 Current liabilities			
(a) Short-term borrowings	5	2,383.48	32,159.19
(b) Trade payables	6	8,134.04	48,952.60
(c) Other current liabilities	7	2,565.66	11,831.33
(d) Short-term provisions	8	82.75	69.58
Total Current Liabilities		**13,165.93**	**93,012.70**
TOTAL - Equity & Liabilities		**1,57,906.34**	**1,75,582.42**
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets	9 & 10		
(i) Tangible assets		70,954.41	73,758.01
(ii) Capital work-in-progress		295.01	338.29
Total Fixed Assets		**71,249.42**	**74,096.30**
(b) Non-current investments	11	3,123.75	1,184.08
(c) Long-term loans and advances	12	17,457.61	15,655.46
Total Non-Current Assets		**20,581.36**	**16,839.54**
2 Current Assets			
(a) Current investments	13	9.27	10.00
(b) Inventories	14	23,270.99	38,936.51
(c) Inventories - Real Estate	15	18,600.77	19,290.75
(d) Trade receivables	16	9,500.56	9,533.15
(e) Cash and cash equivalents	17	2,328.02	5,708.09
(f) Short-term loans and advances	18	3,019.77	3,328.09
(g) Other current assets	19	9,346.18	7,839.99
Total Current Assets		**66,075.56**	**84,646.58**
TOTAL – Assets		**1,57,906.34**	**1,75,582.42**

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2013

Statement of Profit and Loss for the year ended March 31, 2013

Rs. in Lacs

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue From Operations			
Sale of products	20	87,797.98	95,851.96
Less: Excise Duty		2,877.25	2,220.88
Less: Sales Tax		8,013.46	9,743.75
Other operating revenues		120.90	118.56
Net Sales		**77,028.17**	**84,005.89**
II. Other income		71.17	36.36
III. Total Revenue (I + II)		**77,099.34**	**84,042.25**
IV. Expenses:			
Cost of materials consumed	21	13,292.00	17,577.98
Purchases of Stock-in-Trade		22,122.98	46,899.14
Changes in inventories of finished goods work-in- progress and Stock-in-Trade		17,317.63	(9,622.35)
Employee benefits expense	22	6,566.14	4,665.09
Finance costs	23	15,167.39	7,511.39
Depreciation and amortization expense		4,003.13	3,265.87
Other expenses	24	21,763.90	15,842.29
Total Expenses		**1,00,233.17**	**86,139.41**
V. Loss before exceptional and extraordinary items and tax (III-IV)		**(23,133.83)**	**(2,097.16)**
VI. Exceptional items	25	-	3,447.48
VII. Loss before extraordinary items and tax (V - VI)		**(23,133.83)**	**(5,544.64)**
VIII. Extraordinary Items			
IX. Loss before tax (VII- VIII)		**(23,133.83)**	**(5,544.64)**
X. Tax expense:	26		
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Loss for the period from continuing operations (VII-VIII)		**(23,133.83)**	**(5,544.64)**
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Loss for the period (XI + XIV)		**(23,133.83)**	**(5,544.64)**
XVI. Earnings per equity share:			
(1) Basic		(70.96)	(17.01)
(2) Diluted		(70.96)	(17.01)

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2013

Cash Flow Statement for the year ended March 31, 2013

Rs. in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		(23,133.83)		(5,544.64)
Adjustments for:				
Depreciation and amortisation expense (net)	4,003.13		3,265.87	
Diminution in value of investment	0.73			
(Profit) / loss on sale / write off of assets (net)	30.14		36.92	
Finance costs (net)	13,443.98		8,521.10	
Net unrealised exchange (gain) / loss	1,723.41		(1,009.72)	
		19,201.39		10,814.17
Operating Profit Before Working Capital Changes		(3,932.43)		5,269.53
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	16,355.50		(7,322.87)	
Trade receivables	32.59		1,386.15	
Loans and advances	(94.76)		(0.62)	
Margin Money held with Bank	(412.50)		(697.87)	
Other current assets	(1,165.11)		(3,189.88)	
Other non-current assets	-		278.53	
	14,715.72		(9,546.56)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities	(41,813.15)		24,834.25	
Other non-current liabilities	(1,333.53)		(4,039.50)	
	(43,146.68)		20,794.75	
		(28,430.96)		11,248.19
Cash Generated From Operations		(32,363.39)		16,517.72
Direct Taxes Paid (net of refund of taxes)		(341.08)		(131.65)
Net Cash Flow From Operating Activities (A)		**(32,704.47)**		**16,386.07**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets net (after adjustment of increase/decrease in capital work-in-progress)	(1,186.39)		(13,881.91)	
Current / Non-current Investments	(1,939.67)		(209.60)	
Net Cash Flow Used In Investing Activities (B)		**(3,126.06)**		**(14,091.51)**

Cash Flow Statement *(contd.)* for the year ended March 31, 2013

Rs. in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in other than short-term borrowings	75,580.13		7,808.47	
Net increase / (decrease) in short-term borrowings	(29,775.72)		7,040.94	
Share Application Money pending allotment	2,800.00		-	
Advance to Subsidiary/Related Companies	(986.56)		(4,674.27)	
Finance costs (Net)	(13,443.98)		(8,521.10)	
Dividend paid (including tax on distributed profit)				
		34,173.87		1,654.04
Net Cash Flow From / (Used In) Financing Activities		**34,173.87**		**1,654.04**
Net Increase In Cash And Cash Equivalents (A+B+C)		**(1,656.66)**		**3,948.59**
Cash and cash equivalents at the beginning of the year		5,708.09		749.78
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(1,723.41)		1,009.72
Cash And Cash Equivalents at the end of the year		**2,328.02**		**5,708.09**
Cash and cash equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 16 [Refer Footnote (ii)]		2,328.02		5,708.09
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		18.74		36.92
(i) In current accounts		2,291.98		5,640.63
(iii) In earmarked accounts - Unpaid dividend accounts		17.30		30.54
		2,328.02		5,708.09
(iii) Previous year's figures have been regrouped to conform with those of the current year.				

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2013

I. Significant Accounting Policies

A. **Basis of Preparation of Financial Statements:**

i. The financial statements are prepared under the Historical Cost convention in accordance with generally accepted accounting principles and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company. The same are prepared on a going concern basis.

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

B. **Use of Estimate:**

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

C. **Revenue recognition:**

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

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

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

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

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

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

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

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

D. **Fixed Assets and Capital Work in Progress:**

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

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

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

E. **Depreciation:**

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

F. **Expenditure during construction period:**

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

I. Significant Accounting Policies *(contd.)*

G. **Impairment of Assets:**

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

H. **Inventories:**

i. Stores and spare parts are stated at or below cost.

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

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

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

I. **Foreign currency transactions:**

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

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

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

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

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

J. **Employee Benefits:**

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

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

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

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

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

L. **Provisions, Contingent Liabilities and Contingent Assets:**

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

I. Significant Accounting Policies *(contd.)*

M. Financial Derivatives and Hedging Transactions:

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

N. Borrowing Cost:

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

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

O. Leases:

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

P. Investments:

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

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

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

R. Segment reporting:

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

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

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

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

S. Earnings Per Share:

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

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

II. Notes To Financial Statements For The Year Ended March 31, 2013

1. SHARE CAPITAL

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised:		
50,000,000 Equity shares of Rs. 10/- each	5,000.00	5,000.00
Total	5,000.00	5,000.00
Issued, subscribed and paid up:		
32,600,132 Equity shares of Rs. 10 each fully paid up	3,260.01	3,260.01
Total	**3,260.01**	**3,260.01**

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

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

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

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

Particulars	As at March 31, 2013 No. of shares	As at March 31, 2012 No. of shares
Equity shares at the beginning of the year	3,26,00,132	3,21,23,552
Add: Shares issued on merger	Nil	4,76,580
Equity shares at the close of the year	3,26,00,132	3,26,00,132

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

Particulars	No. of Shares	% held as at March 31, 2013	No. of Shares	% held as at March 31, 2012
Vivek Prannath Talwar	63,23,669	19.40	63,23,669	19.40
Aurella Investments & Estates Private Limited	35,77,743	10.97	35,77,743	10.97
Reliance Capital Trustee Co Ltd-Reliance Long Term Equity Fund	--		21,59,203	6.62
CIM Asset Management Ltd A/C Tusk Investments Fund 2	--		19,37,747	5.94
Prasam Trading And Finance Pvt Ltd	16,65,042	5.11	17,40,042	5.34
Rogers Asset Management Ltd A/C Tusk Investments Fund 2	19,37,747	5.94	--	

2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Capital Reserve		
As per last year balance sheet	125.68	125.68
Capital Redemption Reserve		
As per last year balance sheet	965.00	965.00
Securities Premium Account		
As per last year balance sheet	32,112.39	32,112.39
General Reserve		
As per last year balance sheet	4,356.63	4,356.63
Balance in Profit & Loss Account		
Opening balance	7,187.79	12,732.43
(+) Net Loss For the current year	(23,133.83)	(5,544.64)
Closing Balance	**(15,946.03)**	**7,187.79**
Total	**21,613.67**	**44,747.49**

3. LONG TERM BORROWINGS

3.1 Long-Term Borrowings

Term Loans - from banks	1,07,578.94	24917.72
Term Loans - from Financial Institutions	4,003.51	2183.33
Term Loans - from other parties	2,211.31	2,792.03
Long term maturities of finance lease	105.93	168.57
Total	**1,13,899.69**	**30,061.65**

The Company's proposal for restructuring of its debts is sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 26, 2012 read along with letter dated 31st December 2012. For details, refer Note 37.

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

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

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

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

3.2. Security Offered

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

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

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

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

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

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

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

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

Rs. In Lacs

Nature of facility and Rate of interest	Maturity Profile of restructured loan							
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Term loan – 11.25% p.a.	375.00	8,257.63	4,128.82	4,128.82	6,193.23	4,128.82	4,128.82	4,128.82
WCTL – 10.75% p.a.	-	18,109.01	6,036.34	6,036.34	9,054.51	9,054.51	12,072.68	-
FITL – 10.75% p.a.	-	2,836.00	945.33	945.33	1,418.00	1,418.00	1,890.67	-
Total	**375.00**	**29,202.64**	**11,110.49**	**11,110.49**	**16,665.74**	**14,601.33**	**18,092.17**	**4,128.82**

Rs. In Lacs

Nature of facility and Rate of interest	Maturity profile of non- restructured lenders			
	Mar-14	Mar-15	Mar-16	Mar-17
Foreign Bank - 10%	805.00	805.00	402.00	-
NBFCs - 13.70%	800.00	800.00	800.00	611.00
Total	**1,605.00**	**1,605.00**	**1,202.00**	**611.00**

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

4. OTHER LONG TERM LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits	266.83	285.00
Deposits from dealers and others	860.43	820.07
Other Liabilities	4.94	1,360.66
Total	**1,132.20**	**2,465.73**

5. SHORT TERM BORROWINGS

Loan Repayable on Demand		
Secured		
From Banks		
- Cash Credit	2,008.48	18,495.63
Unsecured		
From Banks	375.00	11,396.63
From Others	-	2,266.93
Total	**2,383.48**	**32,159.19**

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

6. TRADE PAYABLE

Micro, Small and Medium Enterprises	10.65	3.26
Other	8,123.39	48,949.34
Total	**8,134.04**	**48,952.60**

7. OTHER CURRENT LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Current Maturity of Long Term Debt	1,604.80	9,862.71
Interest Accrued but not due on borrowings	57.90	119.33
Unpaid Dividends	17.30	30.54
Other Payables	885.66	1,818.75
Total	**2,565.66**	**11,831.33**

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

8. SHORT TERM PROVISIONS

Provision for employee benefits	82.75	69.58
Total	**82.75**	**69.58**

9. FIXED ASSETS

Rs. in Lacs

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the Period	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Freehold Land	5,838.29	0.16	-	5,838.45	-	-	-	-	5,838.45	5,838.29
Buildings	19,400.23	262.24	-	19,662.47	2,229.45	569.98	-	2,799.43	16,863.04	17,170.78
Office Equipment	1,825.25	173.28	1.75	1,996.78	847.63	155.26	0.22	1,002.67	994.11	977.63
Plant & Machinery	53,244.78	799.82	33.39	54,011.21	9,471.45	2,791.03	10.94	12,251.54	41,759.67	43,773.33
Electrical Installations	1,098.55	15.82	-	1,114.37	355.15	52.72	-	407.87	706.50	743.41
Furniture & Fixtures	2,833.45	19.07	-	2,852.52	689.60	179.00		868.60	1,983.92	2,143.85
Windmill	3,680.54	-	-	3,680.54	1,198.33	194.33	-	1,392.67	2,287.87	2,482.21
Total Owned Assets (Current Year)	**87,921.09**	**1,270.39**	**35.14**	**89,156.34**	**14,791.61**	**3,942.32**	**11.16**	**18,722.78**	**70,433.56**	**73,129.49**
Previous Year	**66,935.23**	**21,001.58**	**15.68**	**87,921.11**	**11,606.52**	**3,189.45**	**4.35**	**14,791.61**	**73,129.50**	**55,328.71**
Leasehold Land	145.66	-	-	145.66	-	-	-	-	145.66	145.66
Motor Vehicles	846.20	-	108.59	737.61	363.33	60.81	61.72	362.43	375.18	482.85
Total Leasehold Assets (Current Year)	**991.86**	**-**	**108.59**	**883.27**	**363.33**	**60.81**	**61.72**	**362.43**	**520.84**	**628.52**
Previous Year	**986.67**	**102.85**	**97.68**	**991.84**	**333.83**	**76.43**	**46.92**	**363.33**	**628.51**	**652.84**
Total Assets (Currenty Year)	**88,912.95**	**1,270.39**	**143.73**	**90,039.61**	**15,154.94**	**4,003.13**	**72.88**	**19,085.21**	**70,954.41**	**73,758.01**
Total Assets (Previous Year)	**67,921.89**	**21,104.43**	**113.36**	**88,912.95**	**11,940.34**	**3,265.87**	**51.27**	**15,154.94**	**73,758.01**	**55,981.55**
Capital work-in-progress									295.01	338.29

II. Notes To Financial Statements For The Year Ended March 31, 2013

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

Future obligations towards lease rentals under the lease agreements as on 31st March 2013 is as under: Rs. in Lacs

Particulars	As as March 31, 2013	As as March 31, 2012	Future Interest March 31, 2013	Future Interest March 31, 2012	Future obligation March 31, 2013	Future obligation March 31, 2012
With one year	54.32	67.37	2.42	14.23	56.74	81.60
Later than one year and not later than five years	51.61	101.20	10.14	18.94	61.75	120.14
After five years	-	-	-	-	-	-
Total	**105.93**	**168.57**	**12.56**	**33.17**	**118.49**	**201.74**

11. NON CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of shares	Face value per share	Cost of investments as on March 31, 2013
Investment in subsidiaries			
(Unquoted, Trade - fully paid up):			
Nitco Realties Pvt. Ltd – Equity shares	2,00,000	1.00	694.59
Nitco Holdings HK Co. Ltd – Equity shares	10,000	-	0.64
Foshan Nitco Trading Co – Equity shares			385.39
Keskinkaya Mermer Turkey – Equity shares	10,000	-	3.00
New Vardhman Vitrified Pvt Ltd. – Equity shares	1,27,50,000	10.00	1,561.35
New Vardhman Vitrified Pvt Ltd – Preference shares	47,87,763	10.00	478.78
Total			**3,123.75**

12. LONG TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured and considered good		
Security Deposits	679.70	205.03
Capital Advances	568.79	227.07
Advances to subsidiaries (refer note 32)	16,147.15	15,160.59
Other	61.97	62.77
Total	**17,457.61**	**15,655.46**

13. CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2013
SBI One India Growth Fund	12,136,374	5.00	5.63
SBI Infrastructure Fund- regular plan- Growth	50,000	5.00	3.64
Total		**10.00**	**9.27**

14. INVENTORIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials	3,078.57	2,662.38
Work in Progress	196.27	211.13
Stores & Spares	1,024.84	1,055.20
Finished Goods (manufactured goods including marble)	11,314.89	13,057.31
Stock in Trade (trading)		
Vitrified Tiles	4,729.12	18,080.88
Ceramic Tiles	2,793.28	3,848.86
Goods In Transit	134.02	20.75
Total	**23,270.99**	**38,936.51**

15. INVENTORIES – REAL ESTATE

Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	3,600.77	4,290.75
Total	**18,600.77**	**19,290.75**

16. TRADE RECEIVABLES

Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	1,856.79	2,308.79
Less: Provision for doubtful debts	(90.77)	(90.77)
Others	7,734.54	7,315.13
Total	**9,500.56**	**9,533.15**

17. CASH AND CASH EQUIVALENTS

Cash on Hand	18.74	36.92
Balances with Banks	2,309.28	5,671.17
Total	**2,328.02**	**5,708.09**

18. SHORT TERM LOANS AND ADVANCES

Balances with Banks - Held as Margin Money	2,754.29	2,341.79
Others	265.48	986.30
Total	**3,019.77**	**3,328.09**

19. OTHER CURRENT ASSETS

Unsecured and considered good		
Security Deposits	2,537.58	2,331.40
Income Tax Payment (Net)	1,215.07	873.99
Balance with Excise & Service Tax	3,150.45	2,344.38
Other Current Assets	2,443.08	2,290.22
Total	**9,346.18**	**7,839.99**

20. SALES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Ceramic Tiles	35,311.06	27,628.14
Vitrified Tiles	43,813.09	52,818.45
Marble	6,945.21	14,404.28
Tiles and related products	**86,069.36**	**94,850.87**
Real Estate	1,849.52	1119.65
Total	**87,918.88**	**95,970.52**

21. COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	2,662.38	3,370.29
Add: Purchases	12,325.33	15,218.24
	14,987.71	**18,588.53**
Less: Inventory at the end of the year	3,078.57	2,662.38
Raw Material Consumed	**11,909.14**	**15,926.15**
Packing Material	1,382.86	1,651.83
Total Cost of Material Consumed	**13,292.00**	**17,577.98**
Purchases of stock-in-trade	**22,122.98**	**46,899.14**
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Stock in Trade - Opening	22,980.30	12,344.33
Stock in Trade - Closing	7,522.40	22,980.30
	15,457.90	**(10,635.97)**
Work in Progress - Opening	313.58	617.82
Work in Progress - Closing	196.27	313.58
	117.31	**304.24**
Finished Goods - Opening	13,057.32	13,766.70
Finished Goods - Closing	11,314.89	13,057.32
	1,742.42	**709.38**
Total Change in Inventories	**17,317.63**	**(9,622.35)**

21.1 Details of cost of raw material consumed:

Body Material	3,081.12	3,238.19
Glaze Material	2,647.74	2,518.82
Rough marble Blocks / Slabs	5,011.54	9,476.09
Packing Material	1,382.86	1,651.83
Others (Real Estate)	1,168.74	693.05
Total	**13,292.00**	**17,577.98**

21.2 Purchases of stock- in- trade

Vitrified Tiles	18,835.15	41,339.92
Ceramic Tiles	3,287.83	5,559.22
Total	**22,122.98**	**46,899.14**

22. EMPLOYEES BENEFIT EXPENSES (REFER NOTE 34)

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Salaries and incentives	5,975.43	3,930.84
Contributions to Provident & Other Funds	378.58	402.94
Staff Welfare Expenses	212.13	331.31
Total	**6,566.14**	**4,665.09**

23. FINANCE COST (REFER NOTE 37)

Interest expense	12,817.12	5,478.74
Other borrowing costs	626.86	1,022.94
Applicable net gain/loss on foreign currency transactions and translation	1,723.41	1,009.71
Total	**15,167.39**	**7,511.39**

Note: Interest Expense is net of Rs. Nil (previous year Rs. 2,520.38 Lacs) being the interest capitalized pertaining to qualifying assets.

24. OTHER EXPENSES

Power and fuel.	5,309.25	3,825.18
Consumption of stores and spare parts.	1,676.25	827.19
Rent Rates and Taxes	2,369.51	1,320.03
Electricity Charges Office & Depot	116.63	111.08
Processing Charges Mosaico/Marble	217.38	220.81
Water Charges	44.60	52.07
Postage and Telephone	284.98	266.76
Printing and Stationery	39.72	71.97
Insurance	124.23	230.23
Legal and Professional Fees	521.41	56.67
Travelling & Conveyance Expenses	1,198.04	811.12
Audit Fees	26.66	26.00
Hire Charges	240.62	219.32
Security Charges	92.88	71.29
Repairs and Maintenance		
Buildings	24.43	24.18
Machinery	183.43	87.50
Others Repairs & Maintenance	213.79	175.58
Advertisement & Sales Promotion Expenses	1,044.17	907.75
Freight Forwarding & Distribution Expenses	6,286.44	4,832.04
C&F Charges	1,544.62	1,491.42
Bad Debts	27.45	24.26
Miscellaneous Expenses	177.41	189.84
Total	**21,763.90**	**15,842.29**

25. The management has identified obsolete, slow moving and defective inventory of Rs. Nil (previous Year Rs. 3,447.47 Lacs) and the same has been written off as exceptional items.

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:

Particulars	March 31, 2013		March 31, 2012	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials				
Imported	5,094.80	38.33%	4,393.54	24.99%
Indigenous	8,197.20	61.67%	13,184.44	75.01%
Total	**13,292.00**	**100.00%**	**17,577.98**	**100.00%**
Spares & Components				
Imported	837.40	49.96%	281.96	34.09%
Indigenous	838.85	50.04%	545.23	65.91%
Total	**1,676.25**	**100.00%**	**827.19**	**100.00%**

28. EARNINGS IN FOREIGN EXCHANGE (EXPORTS)

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
FOB Value of Exports	1,220.25	835.27
Revenue from Carbon Credits	13.49	13.29
Total	**1,233.74**	**848.56**

29. VALUE OF IMPORTS CALCULATED ON CIF BASIS:

Goods for Resale	6,350.12	33,200.54
Raw Material	3,348.11	2,340.28
Capital Goods	409.00	28.33
Spare Parts & Components	647.46	441.49
Total	**10,754.69**	**36,010.64**

30. EXPENDITURE IN FOREIGN CURRENCY:

Interest	563.68	507.11
Travel & Lodging	335.07	258.05
Total	**898.75**	**765.16**

31. PAYMENT TO AUDITORS

Statutory audit fees	26.66	26.00
Total	**26.66**	**26.00**

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

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

Transactions during the year with related parties : Rs. In Lacs

Sr. No.	Nature of Transactions Subsidiaries (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others
1	Subscription of Investments				
	- New Vardhman Vitrified Private Limited	2,040.13	-	-	-
		-	-	-	-
2	Share Application Money received				
	- Aurella Estate & Invst. Pvt. Ltd.	-	-	-	2,800.00
		-	-	-	-
3	Net Loans and advances given / (returned)				
	- Nitco Realties Pvt. Ltd.	118.65	-	-	-
		(4,917.50)	-	-	-
4	Interest on Loans Received/Receivable				
	- Nitco Realities Pvt. Ltd.	-	-	-	-
		(1,814.89)	-	-	-
5	Purchases / Material Consumed				
	- New Vardhman Vitrified Pvt. Ltd.	4,296.94	-	-	-
		-	-	-	-

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

Rs. In Lacs

Sr. No.	Nature of Transactions Subsidiaries (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others
	- Foshan Nitco Trading Company Limited	403	-	-	-
		(274.77)	-	-	-
6	Sales Of Goods				
	- Nitco Realities Pvt. Ltd.	-	-	-	-
		(0.04)	-	-	-
7	Payment to Key Managerial Personnel				
	- Vivek Talwar	-	-	76	-
		-	-	(58.28)	-
	- Poonam Talwar	-	-	-	-
		-	-	(20.29)	-
8	Rent				
	- 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)
9	Loans & Advances				
	- Nitco Realties Pvt. Ltd.	15,279.23	-	-	-
		(15,160.58)	-	-	-
	- New Vardhaman Vitrified Pvt. Ltd.	866.87	-	-	-
		(785)	-	-	-
	- Keskinkaya Mermer Madencilik Nakliye Turizm Sanayi Ve Ticaret Limited Sirketi	308.36	-	-	-
		(308.36)	-	-	-
	- Nitco Holding HK Co. Ltd.	-	-	-	-
		(0.24)	-	-	-
10	Deposits				
	- Eden Garden Builders Pvt.Ltd	-	-	-	150
		-	-	-	(150)
	- Enjoy Builders Pvt.Ltd	-	-	-	205
		-	-	-	(205)
	- Prakalp Properties Pvt.Ltd	-	-	-	145
		-	-	-	(145)
	- Rang Madir Builders Pvt.Ltd	-	-	-	200
		-	-	-	(200)
	- Usha Kiran Builders Pvt.Ltd	-	-	-	150
		-	-	-	(150)
	- Lavender Properties Pvt.Ltd	-	-	-	150
		-	-	-	(150)
11	Trade and other payables				
	- New Vardhaman Vitrified Pvt. Ltd.	1,345.07	-	-	-
		-	-	-	-

32. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18: *(contd.)* Rs. In Lacs

Sr. No.	Nature of Transactions Subsidiaries (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others
	- Eden Garden Builders Pvt.Ltd	-	-	-	2.01
		-	-	-	-
	- Enjoy Builders Pvt.Ltd	-	-	-	2.56
		-	-	-	-
	- Lavender Properties Pvt.Ltd	-	-	-	2
		-	-	-	-
	- Prakalp Properties Pvt.Ltd	-	-	-	1.91
		-	-	-	-
	- Rang Madir Builders Pvt.Ltd	-	-	-	2.41
		-	-	-	-
	- Usha Kiran Builders Pvt.Ltd	-	-	-	2
		-	-	-	-
	- Nitco Paints Pvt. Ltd.	-	-	-	790.00
		-	-	-	-

Note: Figures in bracket represents previous years amount

33. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The company has paid dividend in respect of shares held by Non Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non Resident External Account (NRE A/C). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given below:

Final Dividend	2012-13	2011-12
a) Number of Non Resident Shareholders	1	1
b) Number of Equity Shares held by them	8,25,281	8,25,281
c) (i) Amount of Dividend paid (Gross) (Rs. In Lacs)	NIL	4.13
(ii) Year to which dividend relates	2011-12	2010-11

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

Defined Contribution Plans :

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

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund	184.05	170.11
Employer's Contribution to Superannuation Fund	10.16	13.38
Employer's Contribution to Pension Scheme	68.32	62.88

Defined Benefit Plans :

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

Particulars	Obligation			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	253.56	201.06	354.58	269.97
Current Service Cost	41.73	35.05	179.79	188.43
Interest Cost	17.13	16.08	25.70	19.94
Actuarial (gain) / loss	56.26	30.91	-143.94	-82.37
Benefits paid	-78.99	-29.54	-66.56	-41.40
Defined Benefit obligation at year end	289.69	253.56	349.58	354.58

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

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

	Gratuity (Funded)	
	2012-13	2011-12
Fair value of Plan assets at beginning of year	409.58	222.05
Expected return on plan assets	38.63	21.82
Actuarial gain / (loss)	22.44	30.91
Employer contribution	90.67	66.52
Benefits paid	-78.99	-29.54
Fair value of Plan assets at year end	459.62	280.85
Actual return on plan assets	38.36	21.82

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

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Fair value of Plan assets	409.58	253.56	-	-
Present value of obligation	459.62	280.85	349.58	354.58
Amount recognised in Balance Sheet	169.93	27.29	349.58	354.58

IV) Expenses recognized during the year Rs. In Lacs

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	41.73	35.05	179.79	188.43
Interest Cost	17.12	16.08	25.70	19.94
Expected return on Plan assets	(38.67)	(21.82)	-	-
Actuarial (gain) / loss	56.54	30.91	(143.94)	(82.37)
Net Cost	76.72	60.22	61.55	126.00

Rs. In Lacs

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	-	-
Rate of escalation in salary (per annum)	4.00%	4.00%	10.00%	10.00%

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

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

35. SEGMENT INFORMATION

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

a) Tiles and other related products

b) Real Estate

A. Business Segment: Rs. in Lacs

Sr. No	Particulars	As at March 31, 2013	As at March 31, 2012
1	Net sales / Income from operations		
	- Tiles and other related products	75,178.65	82,886.23
	- Real estate	1,849.52	1,119.66
	Total Revenue	**77,028.17**	**84,005.89**
2	Segment results		
	- Tiles and other related products	(8,356.84)	1,706.82
	- Real estate	390.40	259.93
	Total Segment Profit Before Interest and Tax	**(7,966.43)**	**1,966.75**
	Less : Interest and other financial cost	13,443.98	6,501.68
	Foreign exchange loss/(gain)	1,723.41	1,009.71
	Profit Before Tax	**(23,133.83)**	**(5,544.64)**
3	Capital Employed		
	(Segment assets - Segment liabilities)		
	- Tiles and other related products	1,02,939.57	81,504.34
	- Real estate	35,598.71	34,467.24
	- Unallocated/ Corporate	7,806.96	1,973.27
	Total Capital Employed	**1,46,345.24**	**1,17,944.85**

B. Geographical Segment :

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

Particulars	India		Rest of the world		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment revenue	75,777.15	83,162.82	1,251.02	843.07	77,028.17	84,005.89
Carrying cost of Segment assets	1,37,909.03	1,58,653.33	195.71	89.56	1,38,104.74	1,58,742.89
Addition of fixed assets and tangible assets	1,270.42	21,104.43	-	-	1,270.42	21,104.43

36. CONTINGENT LIABILITY

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	5,206.48	5,206.48
Letter of credits opened for which the company is contingently liable	3,306.73	6,903.88
Export Bills discounted / purchased with the banks	-	165.34
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	37.25	711.65
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,476.43	675.67
Custom Duty	1,591.78	398.30

37. CORPORATE DEBT RESTRUCTURING

Demand for Tiles is primarily linked with growth of Real Estate sector. Real Estate sector has been grappling with problems. Slow sales and a glut of properties are hampering the residential real estate market.

Nitco had been following a policy of part in-house manufacturing and part outsourcing from China. The proportion of outsourcing from China had over the years considerably increased. Because of the large lead times in procurement from China and frequent changes in the consumer tastes, there had been a mismatch between products procured and sales achieved. Again, steep depreciation of Indian Rupee against United States Dollar had impacted the landed cost of the outsourced products. Due to competitive pressure the Company was not able to pass on excess burden on account of higher exchange rate to its consumers.

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

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

ii. The total existing term loan of Rs. 425.37 Crores outstanding is restructured. The principal repayment shall be in 32 quarterly structured installments for the period commencing from 30th June 2014 and ending on 31st March 2021. Interest rate is 11.25% per annum.

iii. Carving out working capital irregularities has been converted into Working Capital Term Loan (WCTL). WCTL is Rs. 603.63 crores WCTL is payable in 24 quarterly structured installments period commencing from 30th June 2014 and ending on 31st March 2020. WCTL carries Interest at 10.75% p.a.

iv. Funded Interest on the term loan (FITL) for a period of 18 months from COD, amounting to Rs. 153.18 Crores. Repayment shall be in 24 quarterly installments period commencing from 30th June 2014 and ending on 31st March 2020. FITL carries Interest at 10.75% p.a.

v. Promoters require to bring in Rs 55.69 crores as their contribution under the package. Out of the same Rs.28 crores has been brought in by March 31, 2013 and balance to be brought by June 30, 2013.

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

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

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

38. Share application money pending allotment represents promoters' contribution under the CDR package. Shares will be allotted in accordance with the SEBI guidelines and approval from the stock exchanges and shareholders' approval.

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

As per our report of even date

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

For and on Behalf of the Board

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
30th May, 2013

Statement pursuant to Section 212 of the Companies Act, 1956, Relating to subsidiary Companies

Sr	Name of Subsidiary Company	Nitco Holdings HK Co. Ltd.	Foshan Nitco Trading Co. Ltd.	Keskinkaya Mermer -Turkey	New Vardhman Vitrified Pvt. Ltd.	Nitco Realties Pvt. Ltd.	Glamorous Properties Pvt. Ltd.	Opera Properties Pvt. Ltd.	Nitco IT Parks Pvt. Ltd.	Feel Better Housing Pvt Ltd	Maxwealth Properties Pvt Ltd	Nitco Aviation Pvt Ltd	Quick Solution Properties Pvt Ltd	Roaring-Lion Properties Pvt Ltd	Meghdoot Properties Pvt Ltd	Silver Sky Real Estate Pvt Ltd	Ferocity Property Pvt Ltd	Aileen Property Pvt Ltd
1	Financial year of the subsidiary ended on	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13
2	Shares of the subsidiary held by the Company directly or through it subsidiary companies on March 31,2013																	
a.	Number and face value of Equity Shares	10000 Ordinary Shares of HK$ 1.00 each fully paid-up	NA	NA	12750000 Equity Shares of Rs.10/- each and 4787763 Preference Shares of Rs.10/- each fully paid-up	200000 Equity Shares of Re.1/- each fully paid-up	937500 Equity Shares of Rs.10/- each fully paid-up	5000 Equity Shares of Rs. 100/- each fully paid-up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs. 10/- each fully paid up	100000 Equity Shares of Rs.100/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up	10000 Equity Shares of Rs.10/- each fully paid up
b.	Extent of holding (%)	100	100	100	51	100	75	100	100	100	100	100	100	100	100	100	100	100
3	Net aggregate amount of profit / (loss) of the subsidiary for the financial year of the subsidiary so far as they concern members of the Company																	
a.	Dealt with in the accounts of the Company for the year ended March 31, 2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b.	Not dealt with in the accounts of the Company for the year ended March 31, 2013	(1.53)	(105.75)	NIL	(362.66)	NIL	6.71	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4	Net aggregate amount of profits / (Losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company.																	
a.	Dealt with in the accounts of the Company for the year ended March 31, 2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b.	Not dealt with in the accounts of the Company for the year ended March 31, 2013	25.03	333.80	NIL	NIL	1.51	(13.34)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Information of Subsidiary Companies for the year ended March 31, 2013

Rs. in Lacs

Name of Subsidiary Company	Nitco Holdings HK Co. Ltd.	Foshan Nitco Trading Co. Ltd.	Keskinkaya Mermer -Turkey	New Vardhman Vitrified Pvt. Ltd.	Nitco Realties Pvt. Ltd.	Glamorous Properties Pvt. Ltd.	Opera Properties Pvt. Ltd.	Nitco IT Parks Pvt. Ltd.	Feel Better Housing Pvt Ltd	Maxwealth Properties Pvt Ltd	Nitco Aviation Pvt Ltd	Quick Solution Properties Pvt Ltd	Roaring-Lion Properties Pvt Ltd	Meghdoot Properties Pvt Ltd	Silver Sky Real Estate Pvt Ltd	Ferocity Property Pvt Ltd	Aileen Properties Pvt Ltd
Paid up Capital	0.70	566.25	3.00	3438.78	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	31.77	(571.40)	0.00	(76.31)	697.30	259.19	(0.25)	(0.61)	(0.27)	(0.25)	(0.20)	(0.25)	(0.25)	(0.25)	0.00	(0.07)	(0.17)
Total Assets	57.59	92.90	311.70	16103.29	16,046.50	481.25	383.71	50.46	450.26	334.98	103.36	243.82	113.97	596.17	436.31	394.37	3.27
Total Liabilities	25.13	98.05	308.70	12740.82	15,347.20	97.06	378.96	50.07	449.53	334.23	3.57	243.07	113.22	595.42	435.31	393.44	2.44
Investments (except investment in subsidiary companies)	NiL	NiL	NiL	0.15	1.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	503.90	0.00	0.00	0.00
Turnover	0.00	339.26	0.00	3858.33	Nil	205.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit before taxation	(1.53)	(105.75)	0.00	122.00	Nil	11.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Provision for taxation	NiL	NiL	NiL	484.66	Nil	2.06	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit after taxation	(1.53)	(105.75)	NiL	(362.66)	Nil	8.94	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Proposed dividend	NiL	NiL	NiL	NiL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Consolidated Independent Auditors' Report

To
The Members of **Nitco Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **NITCO Limited** ("the Company"), and its subsidiaries (collectively referred to as 'Nitco group') which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

The consolidated financial statement have been prepared by the Company in accordance with the requirement of accounting standards (AS-21) on consolidated financial statement as prescribed by the Companies (Accounting Standard) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Nitco group as at March 31, 2013;

b. In the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

c. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We have not audited the financial statements / consolidated financial statements of certain subsidiaries whose financial statements / consolidated financial statements reflect total assets of Rs. 35741.71 lacs as at March 31, 2013, and total net income of Rs. 4063.33 lacs for the year ended on that. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors.

8. We have relied on the unaudited financial statements of certain subsidiaries registered in Hong Kong, Turkey and China whose financial statements reflect total assets of Rs. 462.20 lacs and net income of Rs. 339.26 lacs as at 31st March 2013. These financial statements have been furnished to us by the management and our report in so far as it relates to the amounts included is respect of the said subsidiaries, is based solely on such unaudited financial statements. Our opinion is not qualified in respect of other matters.

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

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

Place: Mumbai
Date: 6th August, 2013

Consolidated Balance Sheet as at March 31, 2013

Rs. in Lacs

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	3,260.01	3,260.01
(b) Reserves and surplus	2	21,124.41	44,585.03
Total Shareholders' Funds		**24,384.42**	**47,845.04**
2 Minority Interest		**1,603.34**	
3 Share application money pending allotment		**2,800.00**	-
4 Non-current liabilities			
(a) Long-term borrowings	3	1,15,674.50	31,069.32
(b) Deferred tax liabilities (Net)		2,494.90	2,034.84
(c) Other Long term liabilities	4	5,284.32	2,476.94
Total Non-Current Liabilities		**1,23,453.72**	**35,581.10**
5 Current liabilities			
(a) Short-term borrowings	5	3,747.00	32,159.19
(b) Trade payables	6	8,836.98	49,403.15
(c) Other current liabilities	7	5,147.22	11,911.14
(d) Short-term provisions	8	112.16	113.82
Total Current Liabilities		**17,843.36**	**93,587.30**
TOTAL - Equity & Liabilities		**1,70,084.84**	**1,77,013.44**
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets	9 & 10		
(i) Tangible assets		81,471.41	73,822.39
(ii) Intangible Assets		323.31	323.05
(ii) Capital work-in-progress		693.54	631.48
Total Fixed Assets		**82,488.26**	**74,776.92**
(b) Non-current investments	11	26.00	26.46
(c) Long-term loans and advances	12	5,235.45	5,107.57
Total Non-Current Assets		**5,261.45**	**5,134.03**
2 Current Assets			
(a) Current investments	13	9.42	10.00
(b) Inventories	14	24,958.00	38,936.51
(c) Inventories - Real Estate	15	30,651.62	31,092.41
(d) Trade receivables	16	9,542.88	9,553.98
(e) Cash and cash equivalents	17	3,807.26	5,821.72
(f) Short-term loans and advances	18	3,997.38	3,724.83
(g) Other current assets	19	9,368.57	7,963.04
Total Current Assets		**82,335.13**	**97,102.49**
TOTAL – Assets		**1,70,084.84**	**1,77,013.44**

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
6th August, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

Rs. in Lacs

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue From Operations			
Sale of products	20	88,129.76	96,036.37
Less: Excise Duty		2889.31	2,220.88
Less: Sales Tax		8,024.20	9,743.75
Other operating revenues		120.90	121.93
Net Sales		**77,337.15**	**84,193.67**
II. Other income		168.32	37.25
III. Total Revenue (I + II)		**77,505.47**	**84,230.92**
IV. Expenses:			
Cost of materials consumed	21	15,156.61	17,717.07
Purchases of Stock-in-Trade		18,544.11	46,845.97
Changes in inventories of finished goods work-in- progress and Stock-in-Trade		16,447.29	(9,622.35)
Employee benefits expense	22	6,797.26	4,830.33
Finance costs	23	15,405.31	7,513.16
Depreciation and amortization expense		4,217.91	3,269.89
Other expenses	24	24,189.77	15,911.03
Total Expenses		**1,00,758.26**	**86,465.10**
V. Loss before exceptional and extraordinary items and tax (III-IV)		**(23,252.79)**	**(2,234.18)**
VI. Exceptional items	25	-	3,447.48
VII. Loss before extraordinary items and tax (V - VI)		**(23,252.79)**	**(5,681.66)**
VIII. Extraordinary Items			
IX. Loss before tax (VII- VIII)		**(23,252.79)**	**(5,681.66)**
X. Tax expense:			
(1) Current tax	26	26.15	3.60
(2) Deferred tax		460.06	-
XI. Loss for the period from continuing operations (VII-VIII)		**(23,739.00)**	**(5,685.26)**
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Loss for the period (XI + XIV)		**(23,739.00)**	**(5,685.26)**
XVI. Earnings per equity share:			
(1) Basic		(72.28)	(17.44)
(2) Diluted		(72.28)	(17.44)

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
6th August, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

Rs. in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		(23,252.79)		(5,681.66)
Adjustments for:				
Depreciation and amortisation expense (net)	4,217.91		3,269.89	
(Profit) / loss on sale / write off of assets (net)	30.14		36.92	
Finance costs	13,681.90		6,503.45	
Net unrealised exchange (gain) / loss	1,723.41		1,009.71	
		19,653.36		10,819.97
Operating Profit Before Working Capital Changes		(3,599.45)		5,138.31
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	14,419.29		(9,692.71)	
Trade receivables	11.10		1,386.01	
Margin Money held with Bank	(412.50)		(697.87)	
Other current assets	(1,030.61)		(3,210.72)	
Other non-current assets	(1,122.99)		277.39	
	11,864.29		(11,937.90)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities	(40,233.04)		24,545.72	
Other non-current liabilities	3,262.57		(3,343.41)	
	(36,970.47)		21,202.31	
		(25,106.17)		9,264.41
Cash Generated From Operations		(28,705.62)		14,402.71
Direct Taxes (Net)		(234.96)		(126.98)
Net Cash Flow From Operating Activities (A)		(28,940.58)		14,275.73
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets (after adjustment of increase/decrease in capital work-in-progress)	(11,959.39)		(13,979.64)	
Current / Non-current Investments	1.04		(0.11)	
		(11,958.35)		(13,979.75)
Net Cash Flow Used In Investing Activities (B)		(11,958.35)		(13,979.75)

Consolidated Cash Flow Statement *(contd.)* for the year ended March 31, 2013

Rs. in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (decrease) Minority Interest	1,603.34		(95.79)	
Net increase / (decrease) in other than short-term borrowings	77,511.34		8,816.15	
Net increase / (decrease) in short-term borrowings	(28,412.19)		3,797.78	
Increase / (decrease) in Reserve on Consolidation	(207.81)		(42.99)	
Share Application Money pending allotment	2,800.00		-	
Advance to Subsidiary/Related Companies	995.09		(432.82)	
Finance costs (Net)	(13,681.90)		(6,503.45)	
		40,607.87		5,538.88
Net Cash Flow From / (Used In) Financing Activities		40,607.87		5,538.88
Net Increase In Cash And Cash Equivalents (A+B+C)		**(291.05)**		**5,834.87**
Cash and cash equivalents at the beginning of the year		5,821.72		996.56
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(1,723.41)		(1,009.71)
Cash And Cash Equivalents At The End Of The Year		**3,807.26**		**5,821.72**
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)]		3,807.26		5,821.72
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		31.48		44.83
(i) In current accounts		3,775.78		5,776.89
(iii) In earmarked accounts - Unpaid dividend accounts		-		-
		3,807.26		5,821.72
(iii) Previous year's figures have been regrouped to conform with those of the current year.				

As per our report of even date

For and on Behalf of the Board

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

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
6th August, 2013

I. Significant Accounting Policies

A. **Principles of Consolidation:**

The consolidated financial statements relate to Nitco Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- In case of foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The subsidiary companies considered in the consolidated financial statements are:

Name of the subsidiary	Country of incorporation	Nature of business	Relationship	Shareholding as at March 31, 2013
Nitco Holdings HK Company Ltd.	Hong Kong	Dealing in Building products	Subsidiary	100%
Foshan Nitco Trading Company Ltd.	China	Dealing in Building products	Subsidiary	100%
NITCO Realties Pvt Ltd.	India	Real Estate Development	Subsidiary	100%
Keskinkaya Mermer - Turkey	Turkey	Dealing in Marble	Subsidiary	100%
Glamorous Properties Pvt Ltd.	India	Real Estate Development	Subsidiary	75%
Opera Properties Pvt Ltd	India	Real Estate Development	Subsidiary	100%
Nitco IT Parks Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Feel Better Housing Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Maxwealth Properties Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Nitco Aviation Pvt. Ltd.	India	Providing Aviation Services	Subsidiary	100%
Quick Solution Properties Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Roaring Lion Properties Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Meghdoot Properties Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Silver Sky Real Estate Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
Ferocity Properties Pvt. Ltd.	India	Real Estate Development	Subsidiary	100%
New Vardhman Vitrified Pvt Ltd (W.e.f 8th October 2012)	India	Dealing in Building products	Subsidiary	51%

For the purpose of consolidation, jointly owned entities, where Nitco Ltd. or its subsidiaries own directly or indirectly more than 50 percent of voting right of a company's share capital, have been accounted for as subsidiaries.

B. Investments other than in subsidiaries and associates have been accounted as per the Accounting Standard (AS) 13 on "Accounting for Investments".

C. Inventories

- Stores and spare parts are stated at or below cost.
- Inventories other than stores and spare parts are valued "At cost or Net Realizable Value, whichever is lower". Cost is generally determined on weighted average cost basis and inclusive of appropriate overheads as applicable. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.
- Cost of raw materials, stores, spare parts and consumables is net of applicable Cenvat credit wherever applicable.
- In case of subsidiaries, the inventories are in form of land and real projects in progress. Inventories of real estate are valued at cost or net realizable value, whichever is lower. Interest and other borrowing costs attributable to real estate inventories during the construction period are allocated as a part of cost of construction.

D. Significant accounting policies and the notes to these consolidated financial statements are intended to serve as a means of informative disclosures and a guide to better understanding the consolidated position of the companies. Recognizing the purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures.

II. Notes to Consolidated Financial Statements For The Year Ended March 31, 2013

1. SHARE CAPITAL

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised:		
50,000,000 Equity shares of Rs. 10/- each	5,000.00	5,000.00
Total	5,000.00	5,000.00
Issued, subscribed and paid up:		
32,600,132 Equity shares of Rs. 10 each fully paid up	3,260.01	3,260.01
Total	**3,260.01**	**3,260.01**

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

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

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

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

Particulars	As at March 31, 2013 No. of shares	As at March 31, 2012 No. of shares
Equity shares at the beginning of the year	3,26,00,132	3,21,23,552
Add: Shares issued on merger	Nil	4,76,580
Equity shares at the close of the year	3,26,00,132	3,26,00,132

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

Particulars	No. of Shares	% held as at March 31, 2013	No. of Shares	% held as at March 31, 2012
Vivek Prannath Talwar	63,23,669	19.40	63,23,669	19.40
Aurella Investments & Estates Private Ltd	35,77,743	10.97	35,77,743	10.97
Reliance Capital Trustee Co Ltd-Reliance Long Term Equity Fund	--		21,59,203	6.62
CIM Asset Management Ltd A/C Tusk Investments Fund 2	--		19,37,747	5.94
Prasam Trading And Finance Pvt Ltd	16,65,042	5.11	17,40,042	5.34
Rogers Asset Management Ltd A/C Tusk Investments Fund 2	19,37,747	5.94	--	

2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Capital Reserve		
As per last year balance sheet	511.75	364.48
Capital Redemption Reserve		
As per last year balance sheet	966.00	966.00
Securities Premium Account		
As per last year balance sheet	32,112.39	32,112.39
General Reserve		
As per last year balance sheet	4356.63	4356.63
Foreign Currency Translation Reserve	**(122.97)**	**(79.14)**
Balance in Profit & Loss Account		
Opening balance	6,864.67	12,549.93
(+) Net Loss For the current year	(23,739.00)	(5,685.26)
(+) Share of Loss transferred to Minority Interest	174.94	-
Closing Balance	**(16,699.39)**	**6,864.67**
Total	**21,124.41**	**44,585.03**

3. LONG TERM BORROWINGS

3.1 Long-Term Borrowings

Term Loans - from banks	1,09,212.95	26,267.72
Term Loans - from Financial Institutions	4,003.51	833.33
Term Loans - from other parties	2,318.23	3,799.70
Long term maturities of finance lease	139.81	168.57
Total	**1,15,674.50**	**31,069.32**

The Company's proposal for restructuring of its debts is sanctioned by the Corporate Debt Restructuring Empowered Group (CDR EG) vide sanction letter dated December 26, 2012 read along with letter dated 31st December 2012. For details, refer Note 37.

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

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

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

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

3.2. Security Offered

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

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

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

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

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

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

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

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

i. Vehicle loan availed on finance lease has been disclosed in point no 10.

j. Loans availed by the subsidiary company is secured by land and building, plant and machinery of owned by the subsidiary company

II. Notes to Consolidated Financial Statements For The Year Ended March 31, 2013

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

Rs. In Lacs

Nature of facility and Rate of interest	Maturity Profile of restructured loan							
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Term loan – 11.25% p.a.	375.00	8,257.63	4,128.82	4,128.82	6,193.23	4,128.82	4,128.82	4,128.82
WCTL – 10.75% p.a.	-	18,109.01	6,036.34	6,036.34	9,054.51	9,054.51	12,072.68	-
FITL – 10.75% p.a.	-	2,836.00	945.33	945.33	1,418.00	1,418.00	1,890.67	-
Total	**375.00**	**29,202.64**	**11,110.49**	**11,110.49**	**16,665.74**	**14,601.33**	**18,092.17**	**4,128.82**

Rs. In Lacs

Nature of facility and Rate of interest	Maturity profile of non- restructured lenders					
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Foreign Bank - 10%	805.00	805.00	402.00	-	-	-
NBFCs - 13.70%	800.00	800.00	800.00	611.00	-	-
Bank 14.5%	1050.00	1050.00	1050.00	1050.00	1050.00	525.00
Total	**2,655.00**	**2,655.00**	**2,252.00**	**1,661.00**	**1050.00**	**525.00**

4. OTHER LONG TERM LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits	266.83	285.00
Deposits from dealers and others	865.31	831.28
Other Liabilities	4,152.18	1,360.66
Total	**5,284.32**	**2,476.94**

5. SHORT TERM BORROWINGS

Loan Repayable on Demand		
Secured		
From Banks		
- Cash Credit	3,372.00	18,495.63
Unsecured		
From Banks	375.00	11,396.63
From Others	-	2,266.93
Total	**3,747.00**	**32,159.19**

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

6. TRADE PAYABLE

Micro, Small and Medium Enterprises	10.65	3.26
Other	8,826.33	49,399.89
Total	**8,836.98**	**49,403.15**

7. OTHER CURRENT LIABILITIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Current Maturity of Long Term Debt	2,734.54	9,862.71
Interest Accrued but not due on borrowings	57.90	119.33
Interest accrued and due on borrowings	34.34	-
Unpaid Dividends	17.30	30.54
Sundry creditors for capital goods and expenses	820.90	-
Share application money pending allotment by subsidiaries	527.49	-
Other Payables	954.75	1,898.56
Total	5,147.22	11,911.14

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

8. SHORT TERM PROVISIONS

Provision for employee benefits	85.42	105.93
Provision for Taxation	26.74	7.89
Total	112.16	113.82

9. FIXED ASSETS

Rs. in Lacs

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the Period	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Freehold Land	5,838.28	0.16	-	5,838.44	-	-	-	-	5,838.44	5,838.28
Borewell	-	0.48	-	0.48	-	-	-	-	0.48	-
Buildings	19,439.50	1,470.39	-	20,909.89	2,268.70	585.67	-	2,854.36	18,055.53	17,170.80
Office Equipment	1,835.75	185.75	1.75	2,019.75	852.35	156.51	0.22	1,008.65	1,011.10	983.40
Plant & Machinery	53,244.77	10,067.57	26.45	63,285.89	9,471.46	2,983.85	57.40	12,397.91	50,887.98	43,773.32
Electrical Installations	1,098.56	17.50	-	1,116.07	355.15	54.39	-	409.54	706.53	743.41
Furniture & Fixtures	2,859.17	34.27	-	2,893.44	702.21	180.36	-	882.57	2,010.87	2,156.96
Windmill	3,680.54	-	-	3,680.54	1,198.32	194.33	-	1,392.65	2,287.89	2,482.22
Livestock	45.25	38.97	-	84.22	-	-	-	-	84.22	45.25
Total Owned Assets (Current Year)	**88,041.82**	**11,815.09**	**28.20**	**99,828.72**	**14,848.19**	**4,155.11**	**57.62**	**18,945.68**	**80,883.04**	**73,193.64**
Previous Year	**67,021.31**	**21,036.38**	**15.88**	**88,041.82**	**11,657.20**	**3,195.60**	**4.61**	**14,848.18**	**73,193.64**	
Leasehold Land	145.66	-	-	145.66	-	-	-	-	145.66	145.66
Motor Vehicles	846.57	69.28	108.59	807.27	363.48	62.80	61.72	364.56	442.71	483.09
Total Leasehold Assets (Current Year)	**992.23**	**69.28**	**108.59**	**952.93**	**363.48**	**62.80**	**61.72**	**364.56**	**588.37**	**628.75**
Previous Year	**987.06**	**102.85**	**97.68**	**992.23**	**333.94**	**76.46**	**46.92**	**363.48**	**628.75**	
Goodwill	323.05	0.26	-	323.31	-	-	-	-	323.31	323.05
Total Intangible Assets (Current Year)	**323.05**	**0.26**	**-**	**323.31**	**-**	**-**	**-**	**-**	**323.31**	**323.05**
Previous Year	**323.01**	**0.04**		**323.05**	**-**				**323.05**	
Total Assets (Current Year)	**89,357.10**	**11,884.63**	**136.79**	**101,104.96**	**15,211.67**	**4,217.91**	**119.34**	**19,310.24**	**81,794.72**	**74,145.44**
Total Assets (Previous Year)	**68,331.38**	**21,139.28**	**113.56**	**89,357.10**	**11,991.14**	**3,272.06**	**51.53**	**15,211.66**	**74,145.44**	
Capital work-in-progress									693.54	631.48

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

Future obligations towards lease rentals under the lease agreements as on 31st March 2013 is as under: Rs. in Lacs

Particulars	As as March 31, 2013	As as March 31, 2012	Future Interest March 31, 2013	Future Interest March 31, 2012	Future obligation March 31, 2013	Future obligation March 31, 2012
With one year	65.79	67.37	5.62	14.23	93.82	81.60
Later than one year and not later than five years	74.02	101.20	12.41	18.94	106.42	120.14
After five years	-	-	-	-	-	-
Total	139.81	168.57	18.03	33.17	200.24	201.74

11. NON CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of shares	Face value per share	Cost of investments as on March 31, 2013
Investment in subsidiaries			
(Unquoted, Trade - fully paid up):			
Soumya Buildcon Pvt Ltd – Equity shares	1000	10.00	1.00
Aero Ports & Infrastructure Projects Pvt. Ltd. – Equity shares	50000	10.00	5.00
J M Township & Real Estate Pvt. Ltd. – Equity shares	200000	10.00	20.00
Total			26.00

12. LONG TERM LOANS AND ADVANCES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured and considered good		
Security Deposits	680.31	205.39
Capital Advances	568.79	227.07
Loans & Advances to Related parties	1,517.44	2,512.53
Acquisition of Land/Right in Land/Development Rights	2105.52	2051.58
Other Loan & Advances	363.39	111.00
Total	5,235.45	5,107.57

13. CURRENT INVESTMENTS

Rs. in Lacs

Particulars	No of Units	Cost of investments	Market value As at March 31, 2013
SBI One India Growth Fund	12,136,374	5.00	5.63
SBI Infrastructure Fund- regular plan- Growth	50,000	5.00	3.64
Government Securities			0.15
Total			9.42

14. INVENTORIES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials	3,724.84	2,662.38
Work in Progress	413.36	211.13
Stores & Spares	1,339.96	1,055.20
Finished Goods (manufactured goods including marble)	11,968.13	13,057.31
Stock in Trade (trading)		
Vitrified Tiles	4,584.41	18,080.88
Ceramic Tiles	2,793.28	3,848.86
Goods In Transit	134.02	20.75
Total	24,958.00	38,936.51

15. INVENTORIES – REAL ESTATE

Land at Kanjurmarg	15,000.00	15,000.00
Biz Park at Thane	3,600.77	4,290.75
Other Land	11,907.19	11,661.17
Work In Progress (Valued at Cost)	143.66	140.49
Total	30,651.62	31,092.41

16. TRADE RECEIVABLES

Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	1,856.79	2,308.79
Less: Provision for doubtful debts	(90.77)	(90.77)
Others	7,776.86	7,335.96
Total	9,542.88	9,553.98

17. CASH AND CASH EQUIVALENTS

Cash on Hand	31.48	44.83
Balances with Banks	3,775.78	5,776.89
Total	3,807.26	5,821.72

18. SHORT TERM LOANS AND ADVANCES

Balances with Banks - Held as Margin Money	2,754.29	2,341.79
Others	1,243.09	1,383.04
Total	3,997.38	3,724.83

19. OTHER CURRENT ASSETS

Unsecured and considered good		
Security Deposits	2,537.58	2,331.40
Income Tax Payment (Net)	1,232.02	997.06
Balance with Excise & Service Tax	3,150.45	2,344.38
Other Current Assets	2,448.52	2,290.20
Total	9,368.57	7,963.04

20. SALES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Ceramic Tiles	35,319.56	27,628.14
Vitrified Tiles	43,932.31	52,818.45
Marble	6,945.21	14,404.28
Tiles and related products	**86,197.08**	**94,850.87**
Real Estate	2,053.58	1307.43
Total	88,250.66	96,158.30

21. COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	2,662.38	3,370.29
Add: Purchases	14,679.68	15,357.33
	17,342.06	**18,727.62**
Less: Inventory at the end of the year	3,724.84	2,662.38
Raw Material Consumed	**13,617.22**	**16,065.24**
Packing Material	1,539.39	1,651.83
Total Cost of Material Consumed	**15,156.61**	**17,717.07**
Purchases of stock-in-trade	**18,544.11**	**46,845.97**
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Stock in Trade - Opening	22,980.30	12,344.33
Stock in Trade - Closing	7,522.41	22,980.30
	15,457.89	**(10,635.97)**
Work in Progress - Opening	313.58	617.82
Work in Progress - Closing	413.36	313.58
	(99.78)	**304.24**
Finished Goods - Opening	13,057.32	13,766.70
Finished Goods - Closing	11,968.13	13,057.32
	1,089.18	**709.38**
Total Change in Inventories	**16,447.29**	**(9,622.35)**

22. EMPLOYEES BENEFIT EXPENSES (REFER NOTE 34)

Salaries and incentives	6,176.43	4,079.60
Contributions to Provident & Other Funds	380.33	402.94
Staff Welfare Expenses	240.50	347.79
Total	6,797.26	4,830.33

23. FINANCE COST (REFER NOTE 37)

Interest expense	13,043.22	5,478.74
Other borrowing costs	130.13	206.50
Other financial charges	508.55	818.21
Applicable net gain/loss on foreign currency transactions and translation	1,723.41	1,009.71
Total	15,405.31	7,513.16

Note: Interest Expense is net of Rs. 140.61 Lacs (previous year Rs. 2,520.38 Lacs) being the interest capitalized pertaining to qualifying assets.

24. OTHER EXPENSES

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Power and fuel.	6,824.56	3,825.18
Consumption of stores and spare parts.	1,746.36	827.19
Rent Rates and Taxes	2,468.30	1,334.43
Electricity Charges Office & Depot	726.03	113.49
Processing Charges Mosaico/Marble	217.38	220.81
Water Charges	44.81	52.07
Postage and Telephone	286.65	270.89
Printing and Stationery	41.71	73.26
Insurance	129.19	233.56
Legal and Professional Fees	547.71	60.39
Travelling & Conveyance Expenses	1,214.16	853.52
Audit Fees	31.07	26.35
Hire Charges	246.30	219.32
Security Charges	95.11	71.56
Repairs and Maintenance		
Buildings	24.43	24.18
Machinery	183.43	87.50
Others Repairs & Maintenance	217.24	177.05
Advertisement & Sales Promotion Expenses	1,044.48	907.75
Freight Forwarding & Distribution Expenses	6,310.05	4,814.18
C&F Charges	1,544.62	1,491.42
Bad Debts	27.45	24.26
Miscellaneous Expenses	218.73	202.67
Total	**24,189.77**	**15,911.03**

25. The management has identified obsolete, slow moving and defective inventory of Rs. Nil (previous Year Rs. 3,447.47 Lacs) and the same has been written off as exceptional items.

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

Relationship	Name of the Related Party	
Key Managerial Personnel	Mr. Vivek Talwar	
Enterprises over which Key Managerial Personnel are able to exercise significant influence	Delicious Properties Pvt.Ltd.	Kshamta Properties Pvt. Ltd.
	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.	Nitco Sales Corporation (Delhi)
	Ushakiran Builders Pvt.Ltd.	Maryland Realtors Pvt. Ltd.
	Strength Properties Pvt.Ltd.	Strongbase Properties Pvt. Ltd.
	Nitco Paints Pvt.Ltd	Firstlife Properties Pvt. Ltd.
	Norita Investments Pvt.Ltd.	Blue-Whale Properties Pvt. Ltd.
	Aurella Estates and Investments Pvt. Ltd.	Nitco Tiles
	Orchid Realtors Pvt.Ltd.	Bambalina Developers Private Limited

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

Relationship	Name of the Related Party	
	Rhythm Real Estates Pvt.Ltd	Vihaan Properties Private Limited
	Anandshree Bombay (Holding) Pvt.Ltd.	Brunelle Properties Private Limited
	Merino Realtors Pvt.Ltd.	Vilasini Properties Private Limited
	Cosmos Realtors Pvt.Ltd.	Kanushi Properties Private Limited
	Alpine Agro and Dairy Farms Pvt. Ltd.	Nitco Tiles Sales Corporation (Bombay)
	Rejoice Realty Private Limited	The Northern India Tiles Corporation (Delhi)
	Melisma Finance and Trading Pvt. Ltd.	Northern India Tiles (Sales) Corporation
	Nitco Consultants & Exports Pvt.Ltd.	Maharashtra Marble Co.
	Brighton Properties Pvt. Ltd.	Vivek Talwar (HUF)
	Nitco Exports	Aqua Marine Properties Pvt Ltd.

Transactions during the year with related parties :

Rs. In Lacs

Sr. No.	Nature of Transactions Subsidiaries (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others
1	Subscription of Investments				
2	Share Application Money received				
	- Aurella Estate & Invst. Pvt. Ltd.	- -	- -	- -	2,800.00 -
3	Net Loans and advances given / (returned)				
4	Interest on Loans Received/Receivable				
5	Purchases / Material Consumed				
6	Sales Of Goods				
	- Nitco Realities Pvt. Ltd.	- (0.04)	- -	- -	- -
7	Payment to Key Managerial Personnel				
	- Vivek Talwar	- -	- -	76.00 (58.28)	- -
8	Rent				
	- 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)
9	Loans & Advances				
10	Deposits				
	- Eden Garden Builders Pvt.Ltd	- -	- -	- -	150.00 (150.00)
	- Enjoy Builders Pvt.Ltd	- -	- -	- -	205.00 (205.00)
	- Prakalp Properties Pvt.Ltd	- -	- -	- -	145.00 (145.00)
	- Rang Madir Builders Pvt.Ltd	- -	- -	- -	200.00 (200.00)
	- Usha Kiran Builders Pvt.Ltd	- -	- -	- -	150.00 (150.00)
	- Lavender Properties Pvt.Ltd	- -	- -	- -	150.00 (150.00)

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

Rs. In Lacs

Sr. No.	Nature of Transactions Subsidiaries (Excluding reimbursements)	Subsidiaries	Associates	Key Managerial Personnel	Others
11	Trade and other payables				
	- Eden Garden Builders Pvt.Ltd	-	-	-	2.01
		-	-	-	-
	- Enjoy Builders Pvt.Ltd	-	-	-	2.56
		-	-	-	-
	- Lavender Properties Pvt.Ltd	-	-	-	2.00
		-	-	-	-
	- Prakalp Properties Pvt.Ltd	-	-	-	1.91
		-	-	-	-
	- Rang Madir Builders Pvt.Ltd	-	-	-	2.41
		-	-	-	-
	- Usha Kiran Builders Pvt.Ltd	-	-	-	2
		-	-	-	-
	- Nitco Paints Pvt. Ltd.	-	-	-	790.00
		-	-	-	-

Note : Figures in bracket represents Previous Year's amount.

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

Defined Contribution Plans :

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

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund	184.05	170.11
Employer's Contribution to Superannuation Fund	10.16	13.38
Employer's Contribution to Pension Scheme	68.32	62.88

Defined Benefit Plans :

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

Particulars	Obligation			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	253.56	201.06	354.58	269.97
Current Service Cost	41.73	35.05	179.79	188.43
Interest Cost	17.13	16.08	25.70	19.94
Actuarial (gain) / loss	56.26	30.91	-143.94	-82.37
Benefits paid	-78.99	-29.54	-66.56	-41.40
Defined Benefit obligation at year end	289.69	253.56	349.58	354.58

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

	Gratuity (Funded)	
	2012-13	2011-12
Fair value of Plan assets at beginning of year	409.58	222.05
Expected return on plan assets	38.63	21.82
Actuarial gain / (loss)	22.44	30.91
Employer contribution	90.67	66.52
Benefits paid	-78.99	-29.54
Fair value of Plan assets at year end	459.62	280.85
Actual return on plan assets	38.36	21.82

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

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

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Fair value of Plan assets	409.58	253.56	-	-
Present value of obligation	459.62	280.85	349.58	354.58
Amount recognised in Balance Sheet	169.93	27.29	349.58	354.58

IV) Expenses recognized during the year Rs. In Lacs

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	41.73	35.05	179.79	188.43
Interest Cost	17.12	16.08	25.70	19.94
Expected return on Plan assets	-38.67	-21.82	-	-
Actuarial (gain) / loss	56.54	30.91	(143.94)	(82.37)
Net Cost	**76.72**	**60.22**	**61.55**	**126.00**

Rs. In Lacs

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	-	-
Rate of escalation in salary (per annum)	4.00%	4.00%	10.00%	10.00%

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

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

29. SEGMENT INFORMATION

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

a) Tiles and other related products

b) Real Estate

A. Business Segment: Rs. in Lacs

Sr. No	Particulars	As at March 31, 2013	As at March 31, 2012
1	Net sales / Income from operations		
	- Tiles and other related products	75,283.57	82,886.23
	- Real estate	2,053.58	1,307.44
	Total Revenue	**77,337.15**	**84,193.67**
2	Segment results		
	- Tiles and other related products	(7,832.82)	1,708.59
	- Real estate	(14.66)	122.91
	Total Segment Profit Before Interest and Tax	**(7,847.48)**	**1,831.50**
	Less : Interest and other financial cost	13,680.87	6,503.45
	Foreign exchange loss/(gain)	1,724.44	1,009.71
	Profit Before Tax	**(23,252.79)**	**(5,681.66)**

II. Notes to Consolidated Financial Statements For The Year Ended March 31, 2013

29. SEGMENT INFORMATION *(contd.)*

A. Business Segment:

Rs. in Lacs

Sr. No	Particulars	As at March 31, 2013	As at March 31, 2012
3	Capital Employed		
	(Segment assets - Segment liabilities)		
	- Tiles and other related products	118,335.84	81,504.34
	- Real estate	32,545.04	36,455.70
	- Unallocated/ Corporate	7,837.28	7,488.00
	Total Capital Employed	**158,718.16**	**125,448.04**

B. Geographical Segment :

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

Rs. in Lacs

Particulars	India		Rest of the world		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment revenue	76,086.13	83,347.23	1,251.02	846.44	77,337.15	84,193.67
Carrying cost of Segment assets	158,492.12	124,998.30	226.03	449.74	158,718.15	125,448.04
Addition of fixed assets and tangible assets	11,884.64	21,139.28	-	-	11,884.64	21,139.28

30. CONTINGENT LIABILITY

Rs. in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Guarantees / Counter Guarantees given by the company / by banks on behalf of company	5,206.48	5,206.48
Letter of credits opened for which the company is contingently liable	3,306.73	6,903.88
Export Bills discounted / purchased with the banks	-	165.34
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	37.25	711.65
Demands against the company not acknowledged as debts and not provided for against which the company is in appeal:		
Excise Duty	1,476.43	675.67
Custom Duty	1,591.78	398.30

31. Share application money pending allotment represents promoters' contribution under the CDR package. The shares will be allotted in accordance with the SEBI guidelines and approval from the stock exchanges and shareholders' approval.

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

As per our report of even date

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

For and on Behalf of the Board

A. Husein Noumanali
Proprietor
Membership No. 14757

Vivek Talwar
Managing Director

Vishal Malik
Director

Reena Raje
Company Secretary

Mumbai,
6th August, 2013

NITCO LIMITED

Innovation for a better life

Regd. Office: Nitco House, Recondo Compound, Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

NOTICE

Notice is hereby given that the 47th Annual General Meeting of the Members of Nitco Limited will be held on Monday, the 30th day of September, 2013 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 business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors of the Company thereon;

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

3. To re-appoint M/s. A. Husein Noumanali & Co., Chartered Accountants, the retiring Auditors, as a Statutory Auditor of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

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

Sd/-

30th May, 2013 — **Reena Raje**
Mumbai — *Company Secretary*

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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd day of September, 2013 to Monday, the 30th day of September, 2013 (both days inclusive).
3. 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.
4. Members are requested to notify any change in their address and bank account details to the Depository Participant where they maintain their Demat account.
5. 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).
6. Particulars of Director seeking re-appointment: Relevant particulars of Mr. Rohan Talwar are given in the report on Corporate Governance.
7. 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 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
8. 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.
9. 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.

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NITCO LIMITED

Regd. Office: Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.

PROXY FORM

DP & Client ID no.: .... **No. of Shares:**...

Regd. Folio No.: ....

I/We...of...inthe district of.. being a Member / Members of the above named company hereby appoint ....of...in the district of .... or failing him / her.. of .... in the district of .... as my / our Proxy to vote for me / us on my/our behalf at the Annual General Meeting of the Company to be held on Monday September 30, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this .... day of .... 2013.

Affix
Revenue
Stamp

Signature of Member

1. The Instrument of proxy duly stamped, signed and completed, must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Proxy need not be a member of the Company.

Innovation for a better life

NITCO LIMITED

Regd. Office: Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.

ATTENDANCE SLIP

DP & Client ID no.: .... **No. of Shares:**...

Regd. Folio No.: ....

Full Name of the Member: ....

Full Name of the Proxy : ....

I hereby record my presence at the Annual General Meeting of the Company being held on Monday September 30, 2013 at 11.00 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018.

....

Signature of Member/ Authorized Representative Signature of Proxy

Notes: A Member / Proxy attending the meeting must complete this Attendance slip in legible writing and hand it over at the entrance. Sign at appropriate place as applicable to you.

NITCO LIMITED

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NITCO
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FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

Sr. No.	PARTICULARS	
1.	Name of the Company	Nitco Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Matter of Emphasis: Without qualifying, attention is drawn as under: a) Note no. 37 to the financial statements relating to Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group. b) The balances of funded interest on Term Loan from banks aggregating to Rs. 9,004.67 Lacs are subject to reconciliation. c) The balances of Working Capital Term Loan from banks aggregating to Rs. 59,070.12 Lacs are subject to reconciliation.
4.	Frequency of observation	The matter has appeared first time in the books. The Observation of the Auditor is with respect to emphasis and hence the same is self-explanatory.
5.	To be signed	
	Managing Director	For Nitco Limited Vivek Talwar Managing Director
	Chief Executive Officer	For Nitco Limited AR Goyal Ashok Goyal Chief Executive Officer

Contd...2

NITCO LIMITED MUMBAI

TUV NORD ISO 9001

	Chief Financial Officer	For Nitco Limited B. G. Borkar Chief Financial Officer
	Auditor	For **A. Husein Noumanali & Co.** *Chartered Accountants* Firm Registration No. 107173W A. Husein Noumanali Proprietor Membership No. 14757
	Audit Committee Chairman	For Nitco Limited Vishal Malik Chairman of the Audit Committee

NITCO LIMITED MUMBAI