

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 **44TH Annual General Meeting** of the Members of **Nitco Limited** will be held on Wednesday the 15th day of September, 2010 at 11.00 a.m. at M. C. Ghia Hall, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400001 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, 2010 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. Prannath 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.

SPECIAL BUSINESS

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

   "RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 11th December, 2007, pursuant to provisions of Section 293(1)(d) of the Companies Act, 1956 and applicable statutory provisions, including any statutory modifications or re-enactments thereof for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loan obtained from the bankers in the ordinary course of business) will or may exceed the aggregate of paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided however, that the total amount(s) so borrowed by the Board and outstanding at any point of time shall not exceed the sum of Rs. 1,000 Crores, exclusive of interest.

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

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

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

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification(s) or re-enactment thereof, for the time being in

force) and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Mr. Vivek Talwar as the Managing Director of the Company, for a period of three years from 1st April 2011 to 31st March 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice conveying this Meeting, with liberty to the Board (which term shall be deemed to include the Committee of the Board constituted to exercise its powers, including the powers by this resolution), from time to time, to alter and vary the terms and conditions of the said appointment/remuneration in such manner as may be agreed to between the Board and Mr. Vivek Talwar, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT in the event of no profit or the profits being inadequate in any financial year of the Company during the currency of tenure of Mr. Vivek Talwar as Managing Director, he shall be paid salary, allowances and perquisites not exceeding limits as set out in Schedule XIII to the Companies Act, 1956 or any modification thereof unless otherwise approved by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this Resolution."

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

B. G. BORKAR
CFO & Company Secretary

3rd August, 2010
Mumbai

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the Meeting (Item No.4 and 5 of the Notice) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 9th day of September, 2010 to Wednesday, the 15th day of September, 2010 (both days inclusive).
4. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the Meeting, so that the information could be made available at the Meeting.
5. Members are requested to notify any change in their address and bank account details to the Depository Participant where they maintain their Demat account.
6. Members are advised to get their shares demated by sending Dematerialization Request Form (DRF) alongwith Share Certificates through their Depository Participant (DP) to Company's Registrar Link Intime India Private Limited (Link Intime).
7. Particulars of Directors seeking reappointment: Relevant particulars of Mr. Prannath Talwar and Mr. Vivek Talwar are given in the report on Corporate Governance.
8. Members wishing to claim dividends, which remain unclaimed, are requested to approach the Company Secretary at its registered office address and/or Link Intime. Members are requested to note that the Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
9. Corporate Members intending to send their authorised representatives are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representatives to attend and vote on their behalf at the Meeting.
10. As a measure of economy, members are requested to bring copy of the Annual Report to the Meeting. Member / proxy holders shall hand over the attendance slips, duly filled in all respect, at the entrance for attending the Meeting.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 4

Under section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow monies apart from temporary loan obtained from the Company's banker in the ordinary course of business in excess of the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose. The Company at its Annual General Meeting held on 11th December, 2007, had empowered the Board of Directors of the Company to borrow and raise money not exceeding Rs. 600 Crores. Considering the increase in the level of operations and its expansion plans, the Board is of the opinion that this limit needs to be increased to Rs. 1,000 crores from the existing limit of Rs. 600 crores. It is desirable, as a matter of abundant caution also, to provide a sufficient margin for such loans/borrowing by one or another means as detailed in the resolution, to be covered under borrowing powers of the Board.

The consent of the Members is being sought in terms of section 293(1)(d) of the Companies Act, 1956 to authorize the Board of Directors to borrow monies in excess of paid up capital and free reserve, and to specify total amount up to which the amount may be borrowed by the Board of Directors.

The Board recommends the resolution for approval of the Members.

None of the directors are interested in the resolution.

Item No. 5

Mr. Vivek Talwar was reappointed as Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2006. Accordingly, his tenure of appointment will expire on 31st March, 2011. In terms of the recommendations of the Remuneration Committee and subject to the approval of the members, the Board of Directors of the Company in its meeting held on 3rd August, 2010 has decided to re-appoint Mr. Vivek Talwar as Managing Director for a further period of three years with effect from 1st April, 2011, on the terms and conditions as are set out hereunder:

A. Remuneration:

i) **Salary:** Rs. 4,00,000/- per month

ii) **Commission:** 1% of the net profit of the Company for the financial year computed in the manner laid down in Section 349 to 351 of the Companies Act, 1956.

B. Perquisites & allowances in addition to above:

In addition to the salary and commission as outlined above Mr. Vivek Talwar would be entitled to perquisites and allowances as given hereunder:

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

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

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

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

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

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

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

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

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

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

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

Provident Fund, Superannuation / Annuity Fund:

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

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

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

Notes:

1. Notwithstanding anything herein, where in any financial year during the currency of the tenure of office of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits as prescribed in Schedule XIII of the Companies Act, 1956 or any modification thereof unless otherwise approved by the Central Government.
2. The Board of Directors/Remuneration Committee be and are hereby authorised to enhance, alter or vary the scope and quantum of remuneration and perquisites of Mr. Vivek Talwar in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956.
3. So long as Mr. Vivek Talwar functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.
4. Mr. Vivek Talwar shall not be subject to retirement so long as he continues as the Managing Director of the Company.
5. The office of the Managing Director may be terminated by the Company or the concerned Director by giving three (3) months' prior notice in writing.

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

Mr. Vivek Talwar, Mr. Prannath Talwar and Ms. Poonam Talwar, being related to each other, may be deemed to be interested in this resolution. None of the other directors is in any way concerned or interested in this resolution.

The additional information as required under schedule XIII of the Companies Act, 1956 is given below:

I. General Information:

(i) Nature of Industry

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

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

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

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

Not Applicable.

(iv) Financial performance based on given indicators

The relevant financial figures (Audited) as at year ended 31st March 2010 are as under:-

Particulars	Rs. In Lakhs
Total Turnover and other Income (net of excise)	44,940.74
Total Expenses	45,811.42
Profit/(Loss) after Tax	(870.68)
Net worth	50,938.38

(v) Export performance and net foreign exchange collaborations

The Company's earnings in foreign exchange were Rs.360.68 lakhs in the financial year 2009-10. The Company has no significant foreign exchange earnings or outgo in relation to any foreign collaborations.

(vi) Foreign Investments or collaborators, if any

Not Applicable.

II. Information about the Appointee:

(a) Background Details

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

of imported marble, vitrified tiles and development of real estates.

(b) Past Remuneration

Mr. Vivek Talwar received remuneration of Rs.49.12 lakhs in the financial year 2009-10 which is subject to the approval of the Central Government under section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956.

(c) Recognition or Awards

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

(d) Job Profile and his Suitability

Mr. Vivek Talwar is associated with the Company since 1980. At present, he is the Managing Director of the Company. Taking into consideration his qualifications and expertise in relevant fields, Mr. Vivek Talwar is ideally suited to the nature of our Industry, the benefits of which, the Company has reaped over the years.

(e) Remuneration Proposed

The salary proposed for Mr. Vivek Talwar is Rs.4,00,000 per month and other perquisites and allowances as fully set out in the Item No. 5 of the Explanatory Statement to the Notice.

(f) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

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

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

Mr. Vivek Talwar has a pecuniary relationship with the Company as the Promoter and Managing Director of the Company. He is also related to Mr. Prannath Talwar, Chairman and Ms. Poonam Talwar, Whole-time Director of the Company.

III. Other Information:

(a) Reasons of loss or inadequate profits

The financial year 2009-10 was a challenging year for the Company following a search by the Department of Revenue Investigation (DRI) on company's premises leading to the seizure of imported material belonging to the Company lying at the ports and warehouses. The result of this unexpected action was virtual freeze of the sale of imported material for around five months, resulting in revenue decline. Weaker trade sentiment prevented our dealers from stocking afresh and people attrition due to lingering corporate identity further lead to the underperformance of the Company. All these factors correspondingly impacted our profitability for the financial year 2009-10.

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

The Company has mitigated the impact of loss through the introduction of Wall tiles, Gres Porcelain tiles and commissioning of a polishing line during the course of the year. The Global and Indian ceramic tile industry remains fundamentally strong and has a robust outlook. Further the business model of the Company continues to be strong and sustainable and will continue to derive profitability. The steps taken and proposed to be taken by the Company for improvement along with the expected increase in productivity are listed more elaborately in the Company's Annual Report for the financial year 2009-10.

IV. Disclosures:

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

The information and disclosures of the remuneration package of the Board of Directors have been mentioned in the Annual Report in the Corporate Governance Report Section for the year ended 31st March, 2010.

The resolution along with the explanatory statement may also be treated as an abstract of the terms governing the re-appointment of the Managing Director and memorandum of interest under section 302 of the Companies Act,1956.

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

B. G. BORKAR
CFO & Company Secretary

3rd August, 2010
Mumbai

NITCO LIMITED

Innovation for a better life

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.....in the 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 Wednesday the 15th day of September, 2010 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2010.

Affix Revenue Stamp

.....

Signature of Member

Notes:

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.

NITCO LIMITED

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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 Wednesday the 15th day of September, 2010 at 11.00 a.m. at M. C. Ghia Hall, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400001.

....

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.

BRAND NITCO

Nitco Limited | Annual report, 2009-10



Forward-looking statement

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. Readers should bear this in mind.

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

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