

NITESH HOUSING DEVELOPERS PRIVATE LIMITED

CIN:U45201KA2007PTC044553

REGD. OFFICE: 7TH FLOOR, NITESH TIMESQUARE, 8, M.G. ROAD, BANGALORE – 560 001

DIRECTORS' REPORT

Dear Members,

The Board of Directors present the 7th Annual Report on the performance of your Company for the financial year ended on 31st March, 2014 along with the Audited Statement of Accounts.

FINANCIAL RESULTS:

The performance of the company for the financial year ended March 31, 2014 is given hereunder:

(Figures in Rs.)

Particulars	2013-14	2012-13
Paid up Capital	9,15,00,000	9,15,00,000
Reserves & Surplus	14,24,54,665	1,90,72,639
Income From Property Development	113,11,94,625	30,80,87,667
Other Income	27,67,216	2,00,60,691
Profit/(Loss) Before Tax	15,55,82,026	(96,96,97,994)
Profit/(Loss) After Tax	12,33,82,026	(97,06,67,368)

During the year, with mutual consent between the Company and HDFC Asset Management Company Limited, the Sole Debenture Holder, the full redemption of the entire outstanding debentures in multiple tranches completed. The Company had redeemed the entire 62,00,000 Debentures of Rs. 100 each along with the premium payable thereon in full on March 29, 2014.

DIVIDEND:

With a view to augment the resources for the ongoing projects of the Company, the Directors do not recommend for payment of dividend.

CURRENT SCENARIO AND FUTURE PROSPECTS:

The Company has been focusing on the niche segment of the market and the projects are well received by the customers.

The recent increase in interest rates on Housing sector had a marginal impact on the sales, for the industry in general.

The Company, however, has recognized the changed dynamics of the industry and has reacted swiftly to modify the product mix and pricing strategies to suit the market conditions better.

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ONGOING PROJECTS:

The Company has some more projects on hand and these projects will be launched during the current year.

REDEMPTION OF DEBENTURES:

The Company, as mutually agreed with the HDFC Asset Management Company Limited, the sole debenture holder, has fully redeemed the entire outstanding debentures in multiple tranches. The Company has redeemed the entire 62,00,000 Debentures of Rs.100/- each along with the premium payable thereon in full on March 29, 2014.

AUDITORS:

The Statutory Auditors, B. S. R & Co, Chartered Accountants, Bangalore, (Firm Registration No. 101248W) will be retiring at the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTORS:

Mr. L. S. Vaidyanathan, was appointed as Managing Director of the Company by the Board of Directors at their meeting held on 20th August, 2013 for a term of three years from August 20, 2013 till August 19, 2016 without any remuneration and subsequently, the Shareholders approved his appointment including terms of appointment at the Annual General Meeting of the Company held on 25th September, 2013.

Mr. Nitesh Shetty, Director will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the said period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for

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safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) The Directors have prepared the accounts for the financial year ended March 31, 2014, on a going concern basis.

BOARD'S RESPONSE TO AUDITORS' OBSERVATIONS:

Auditors' Observations:

"As stated in note 35 to the financial statements, the Company has advanced an amount aggregating Rs. 1,061,414,974 as at 31 March 2014, to various parties for purchase/joint development of land/properties. Considering the timeline of these advances, the some should have been converted into acquired land /joint development agreements or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which a joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered. However, in the absence of sufficient documentation to justify the timing around when these advances are capable of being converted into joint development agreements /acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the financial results for the year ended 31 March 2014."

Board's reply :

The Company has advanced an amount aggregating Rs. 1, 061,414,974 as at 31 March 2014, to various parties for purchase/joint development of land/ properties. Management continues to believe that these advances have been made to parties with which a joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered.

FIXED DEPOSITS:

The Company has not accepted any deposits during the year. There are no deposits repaid during the year or any unclaimed deposits with the Company.

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PARTICULARS OF EMPLOYEES:

There are no employees in the Company drawing remuneration in excess of the limits prescribed and required to be reported under the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Significant measures are taken to reduce energy consumption by using energy efficient computers and equipments. Company is in process of implementing, ERP package SAP got integrating the various process and operations of the Company.

Expenditure in R&D: It forms part of the project cost and cannot be quantified separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has not earned any foreign exchange during the year under review, whereas the amount spent was Rs. 93,15,092/-.


ACKNOWLEDGMENTS:

Your Directors are pleased to place on record their sincere appreciation for the valuable assistance and co-operation extended to the company by its Customers, Bankers and Financial Institutions, State and Central Government authorities, Service Providers, Contractors and the Land owners.

For and on behalf of the Board of Directors
of NITESH HOUSING DEVELOPERS PRIVATE LIMITED



NITESH SHETTY
Director



L.S. VAIDYANATHAN
Managing Director

Place: Bangalore
Date: May 27, 2014

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999

Independent Auditor's report

To the Members of Nitesh Housing Developers Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Nitesh Housing Developers Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended on that date 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 the cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 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.

Auditor's 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 misstatement.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 modified audit opinion.

Basis for qualified opinion

As stated in note 35 to the financial statement, the Company has advanced an amount aggregating Rs 1,061,414,974 as at 31 March 2014, to various parties for purchase / joint development of land / properties. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreement or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which joint development agreement / acquisition of land will get consummated and in the event that it does not consummate, these advances can be recovered. However, in the absence of sufficient documentation to justify the timing around when these advances are capable of being converted into joint development agreements / acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the financial statement for the year ended 31 March 2014.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for qualified opinion paragraph, 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 31 March 2014;*
- (b) in the case of the statement of profit and loss, of the profit 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.*

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:
 - (a) 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;
 - (b) 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;
 - (c) 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;
 - (d) *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph 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 of the Companies Act, 1956; and*



(e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W



Sampad Guha Thakurta

Partner

Membership No.: 060573

Bangalore

Date: 27 May 2014

Annexure to the Independent Auditor's report

The Annexure referred to in the Independent Auditor's Report to the Members of Nitesh Housing Developers Private Limited ("the Company") for the year ended 31 March 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of fixed assets during the year. Thus paragraph 4(i)(c) of the Order is not applicable.
- (ii) The Company is in the business of real estate development and related services and holds inventories in the form of land, properties under development and constructed properties. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the clauses 4(iii)(a) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has taken loan from a director, covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year-end balance of such loan was Rs. 100,000.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions for such interest free loans are not prima facie prejudicial to the interest of the Company.
- (d) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company. The loan taken is interest free.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, inventory and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion, and according to information and explanations given to us, the particulars of contracts or arrangements referred to Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.



- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Sales tax, Service tax, Employees State Insurance and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of Customs duty, Investor Education and Protection Fund, Wealth-tax and Excise duty.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Service tax, Employee State Insurance and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income tax, Sales tax and Service tax which have not been deposited on account of any dispute.
- (x) *The accumulated losses at the end of the financial year are more than fifty percent of the net-worth of the Company. The company has not incurred cash losses in the current financial year. However, the company had incurred cash losses amounting to Rs 969,434,544 in the immediately preceding financial year.*
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or debenture holders. The Company has no outstanding dues in respect of financial institutions.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.



B S R & Co. LLP

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) In respect of debentures issued by the Company and outstanding during the year, charge has been created.
- (xx) The Company did not raise any money by public issues during the year.
- (xxi) According to the information and explanations furnished by the management, which has been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W



Sampad Guha Thakurta

Partner

Membership No.: 060573

Bangalore

Date: 27 May 2014

Nitesh Housing Developers Private Limited
Balance sheet

	Note	As at 31 March 2014 Rs	As at 31 March 2013 Rs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,500,000	91,500,000
Reserves and surplus	4	142,454,665	19,072,639
		<u>233,954,665</u>	<u>110,572,639</u>
Non-current liabilities			
Long-term provisions	5	3,329,958	3,945,997
		<u>3,329,958</u>	<u>3,945,997</u>
Current liabilities			
Short-term borrowings	6	1,602,501,023	946,217,445
Trade payables	7	535,388,451	203,013,203
Other current liabilities	8	1,809,382,626	2,227,992,855
Short-term provisions	9	73,520,995	43,889,711
		<u>4,020,793,095</u>	<u>3,421,113,214</u>
		<u>4,258,077,718</u>	<u>3,535,631,850</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	10	1,824,509	1,152,885
- Intangible assets	10	269,685	345,891
		<u>2,094,194</u>	<u>1,498,776</u>
Deferred tax assets, net	11	-	-
Long-term loans and advances	12	1,774,286,697	1,555,222,084
		<u>1,774,286,697</u>	<u>1,555,222,084</u>
Current assets			
Current investments	13	-	100,000
Inventories	14	1,572,266,050	1,154,542,656
Trade receivables	15	99,431,370	309,409,317
Cash and bank balances	16	42,028,293	39,814,128
Short-term loans and advances	17	712,897,885	475,044,889
Other current assets	18	55,073,229	-
		<u>2,481,696,827</u>	<u>1,978,910,990</u>
		<u>4,258,077,718</u>	<u>3,535,631,850</u>
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014

for and on behalf of the Board of Directors of
Nitesh Housing Developers Private Limited

L.S. Vaidyanathan
Managing Director

Nitesh Shetty
Director

Bangalore, India
Date: 27 May 2014



Nitesh Housing Developers Private Limited
Statement of profit and loss

	Note	For the year ended 31 March 2014 Rs	For the year ended 31 March 2013 Rs
Income			
Revenue from operations	19	1,131,194,625	308,087,667
Other income	20	2,767,216	20,060,691
		<u>1,133,961,841</u>	<u>328,148,358</u>
Expenses			
Cost of inventories sold		625,891,936	269,018,949
Employee benefits	21	25,030,243	22,637,894
Finance costs	22	215,549,031	735,791,379
Depreciation and amortisation	10	310,744	263,450
Other expenses	23	111,597,861	119,692,187
		<u>978,379,815</u>	<u>1,147,403,859</u>
Profit / (Loss) before exceptional item and tax		155,582,026	(819,255,501)
Exceptional item	24	-	150,442,492
Profit / (Loss) before tax		<u>155,582,026</u>	<u>(969,697,994)</u>
Tax expense:			
- current tax / minimum alternate tax		32,200,000	-
- deferred tax charge		-	969,374
Profit / (Loss) for the year		<u>123,382,026</u>	<u>(970,667,368)</u>
Earnings / (Loss) per share (equity shares, par value of Rs 10 each)			
- Basic and diluted	29	24.68	(194.13)

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Housing Developers Private Limited



Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014



L.S. Vaidyanathan
Managing Director

Bangalore, India
Date: 27 May 2014



Nitesh Shetty
Director,



Nitesh Housing Developers Private Limited
Cash flow statement

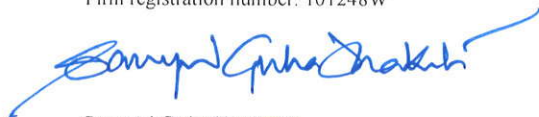
	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs	Rs
Cash flow from operating activities		
Profit / (loss) before tax	155,582,026	(969,697,994)
Adjustments:		
Depreciation	310,744	263,450
Interest	215,213,884	735,564,545
Dividend income	(6,764)	(7,467)
Interest income	(1,059,496)	(17,887,658)
Operating profit / (loss) before working capital changes	370,040,394	(251,765,124)
(Increase) in inventories	(417,723,394)	(813,083,344)
Decrease/ (increase) in trade receivables	209,977,947	(178,238,772)
(Increase)/ decrease in other current assets	(55,073,229)	294,949,233
(Increase) in loans and advances	(469,137,505)	(458,475,773)
Increase in liabilities	387,256,019	1,267,062,672
(Decrease)/increase in provisions	(626,206)	1,350,299
Cash generated from / (used in) operations	24,714,026	(138,200,809)
Income taxes paid (net)	(2,558,549)	(6,183,959)
Net cash generated from / (used in) operating activities	22,155,477	(144,384,768)
Cash flow from investing activities		
Purchase of fixed assets	(906,163)	(772,778)
Proceeds from sale of investments	100,000	-
Interest received	1,059,496	17,887,658
Dividends received	6,764	7,467
Net cash generated from investing activities	260,097	17,122,347
Cash flow from financing activities		
Proceeds from issue of 9% Non-cumulative redeemable preference shares	-	1,611,667
Repayment of debentures	(220,871,000)	(399,129,000)
Receipt of secured loans from banks and financial institutions	656,283,578	946,217,445
Repayment of secured loans from banks and financial institutions	-	(24,954,428)
Interest paid	(467,833,884)	(482,944,545)
Net cash (used in)/ provided by financing activities	(32,421,306)	40,801,139
Net increase / (decrease) in cash and cash equivalents	(10,005,732)	(86,461,282)
Cash and cash equivalents at the beginning of the year	37,274,499	123,735,781
Cash and cash equivalents at the end of the year	27,268,768	37,274,499

Components of cash and cash equivalents

	As at 31 March 2014	As at 31 March 2013
Cash on hand	199,552	82,785
Balances with banks		
- in current accounts	27,069,216	37,191,714
Total cash and cash equivalents (refer note 17)	27,268,768	37,274,499

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W



Sampad Guha Thakurta
Partner
Membership No. 060573

Bangalore, India
Date: 27 May 2014

for and on behalf of the Board of Directors of
Nitesh Housing Developers Private Limited



L.S. Vaidyanathan
Managing Director

Bangalore, India
Date: 27 May 2014



Nitesh Shetty
Director



Notes to financial statements

1 Company overview

Nitesh Housing Developers Private Limited ('the Company') was incorporated on December 4, 2007. The registered office of the Company is located at Bangalore. The Company is a subsidiary of Nitesh Estates Limited ('NEL', the holding company).

The Company is primarily engaged in business of the Real Estate Development.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government, the provision of the Companies Act, 2013 (to the extent notified), the Companies Act, 1956 (to the extent applicable) the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2.2 Going concern

These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation. Nitesh Estates Limited, the holding company has accepted to provide the necessary level of financial support to enable the Company to operate as a going concern and meet its obligations as and when they fall due. These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenditure during the year reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from operations is net of sales tax/ value added tax and net of adjustments on account of cancellation/ returns.

Recognition of revenue from property development:

For projects commenced and revenue recognition started before 1 April 2012

Revenue from real estate development is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.



Notes to financial statements

For projects commenced on or after 1 April 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after 1 April 2012

Revenue from real estate development is recognised upon transfer of all significant risks and rewards of ownership of such real estate/property, as per the terms of contract entered into with the buyers, which generally coincides with the firming of the sales contracts/agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- a) all critical approval necessary for the commencement of the project has been obtained
- b) the stage of completion of the project has reached a reasonable level of development, i.e., 25% or more of the construction and development cost related to project has been incurred,
- c) atleast 25% of the saleable project area is secured by sales contracts/ agreements with buyers,
- d) atleast 10% of the revenue as per each sales contracts/ agreements with buyers are realized at the balance sheet date

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied project revenue and project costs associated with the real estate project are recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

Contract costs include the estimated cost of construction, development and other directly attributable costs of the projects under construction. In cases where the total project cost is estimated to exceed the total estimated revenue from a project, the loss is recognised immediately.

The estimates for saleable area and contract costs are reviewed by the management periodically and the cumulative effect of changes in these estimates are recognised in the period in which these changes may be reliably measured..

2.5 Interest income

Interest income is recognized using the time-proportion method, based on underlying interest rates.

2.6 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of the investments.

2.7 Fixed assets and depreciation

Tangible fixed assets

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets.

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are expensed as incurred.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

Depreciation

Depreciation on fixed assets is provided using written down value method ('WDV') at the rates prescribed under Schedule XIV of the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. However, where the



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management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/ remaining useful life.

Pursuant to this policy, Management's estimates of useful life of the following assets are as follows:

Asset description	Years
Office equipment	7 years
Computers	2.5 years
Furniture and fittings	6 years

Pro-rata depreciation is provided on all fixed assets purchased or sold during the year. Assets costing individually Rs 5,000 or less are depreciated fully in the year of acquisition.

Intangible assets

Computer software is amortised using straight line method over a period of 5 years, which is estimated by the management to be the useful life of the asset.

2.8 Employee benefits

Defined benefit plan

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

The gratuity scheme is administered through a trust with the Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out as at the year end. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of funds.

Other long term benefit

Cost of long term benefits by way of accumulating compensated absences arising during the tenure of service is calculated taking into account the pattern of availment of leave. The present value of obligations towards availment under such long term benefit is determined based on actuarial valuation carried out by an independent actuary using Projected Unit Credit Method as at the year end. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Defined contribution plan

Contributions to the recognized provident fund and approved superannuation schemes, which are defined contribution schemes, are charged to the profit and loss account.



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2.9 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

For operating leases, lease payments (excluding cost for services, such as insurance and maintenance) are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non- cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

2.10 Earnings / (loss) per share

The basic earnings / (loss) per share is computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

2.11 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

2.12 Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

2.13 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is



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unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.15 Cash and cash equivalents

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

2.16 Recognition and measurement of advances paid and received

Advances paid towards jointly developable properties

These advances represent monies paid to land owners and intermediaries, where the Company proposes to jointly develop the property. Subsequent to a definitive agreement and on actual commencement of development activity, the Company acquires a right in the underlying land at which point, such advances are transferred to capital work in progress. Advances towards joint development rights are valued at cost. On transfer to capital work in progress, measurement is on the basis of cost, less impairment, if any, determined with reference to the discounted values of future anticipated cash flows.

Advance towards purchase of properties/land

These advances represent several intended purchases of parcels of land, which are in various stages of the acquisition process, which is typically long drawn and requires several regulatory compliances. The Company considers the purchase as complete only when all compliances are complete and the ownership right to the land is unfettered. Such advances, depending on the stage of the land acquisition process, are measured with reference to the value of the underlying, at the lower of cost or net realisable value, having regard to the protracted underlying process.

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing the properties to their present location and condition. The method of determination of cost for various categories of inventories is as follows:

Land

Land is valued at cost of acquisition. Cost includes acquisition cost and related development charges. Finished stocks of constructed properties are valued at their cost of construction / acquisition.

Properties under development

Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognized. Real estate work-in-progress is valued at lower of cost and net realizable value.

The net realisable value of work in progress is determined with reference to the selling prices of related constructed property. Raw materials and other supplies held for use in construction of property are not written below cost except in cases where material prices have declined and it is estimated that the cost of constructed property will exceed their net realisable value.



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2.18 Land held under joint development arrangements

In case of joint development with the land owner on space sharing arrangement, land is initially recorded at the estimated cost of construction for the portion of the building to be transferred to the land owner on completion of construction. Changes in the estimate/ actual cost of construction from the estimated cost are adjusted in the cost of land in the year of such change/ occurrence.

2.19 Foreign exchange transactions

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange difference arising on foreign exchange transactions settled during the year are recognised in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognised in the profit and loss account.



3 Share capital

	Rs	
	As at 31 March 2014	As at 31 March 2013
Authorised		
5,000,000 (previous year: 5,000,000) Equity shares of Rs 10 each	50,000,000	50,000,000
5,000,000 (previous year: 5,000,000) 9% Non-cumulative redeemable preference shares of Rs 10 each	50,000,000	50,000,000
	100,000,000	100,000,000
Issued, subscribed and fully paid up		
5,000,000 (Previous year : 5,000,000) Equity shares of Rs. 10 each	50,000,000	50,000,000
4,150,000 (Previous year : 4,150,000) 9% Non-cumulative redeemable preference shares of Rs. 10 each	41,500,000	41,500,000
	91,500,000	91,500,000

(b) Reconciliation of the number of equity and preference shares outstanding at the beginning and at the end of the reporting year is as given below:

Equity shares:

Particulars	March 2014		March 2013	
	No of shares	Amount (Rs)	No of shares	Amount (Rs)
Number of equity shares at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Add: Equity shares issued during the year	-	-	-	-
Number of equity shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

9% Non-cumulative redeemable preference shares:

Particulars	As at 31 March 2014		As at 31 March 2013	
	No of shares	Amount (Rs)	No of shares	Amount (Rs)
Number of preference shares at the beginning of the year	4,150,000	41,500,000	-	-
Add: Non-cumulative redeemable preference shares issued during the year	-	-	4,150,000	41,500,000
Number of preference shares outstanding at the end of the year	4,150,000	41,500,000	4,150,000	41,500,000

(c) Particulars of share holders holding more than 5% shares of a class of shares:

Name of the share holder	As at 31 March 2014		As at 31 March 2013	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs. 10 each				
Nitesh Estates Limited	4,494,900	89.90%	4,494,900	89.90%
HDFC Asset Management Company Limited	505,100	10.10%	505,100	10.10%
9% Non-cumulative redeemable preference shares of Rs.10 each				
Nitesh Estates Limited	4,150,000	100%	4,150,000	100%

(d) The Company has not issued any bonus shares, bought back shares or issued shares for consideration other than cash for a period of 5 years immediately preceding the balance sheet date.

(e) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

(i) **Equity shares:**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



(ii) 9% Non-cumulative redeemable preference shares:

Non-cumulative redeemable preference shares (NCRPS) carries non-cumulative dividend of 9% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each NCRPS holder is entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to NCRPS. These shares may be redeemed, in whole or in part, at the option of the Company at any time on or after 12 December 2012 subject to satisfaction of certain conditions, at the stipulated redemption amount. If not redeemed earlier, these shares will be redeemed on 11 December 2032.

4 Reserves and surplus

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Securities premium		
Opening balance	788,500,000	-
Add: premium received on issue of preference shares	-	788,500,000
Closing balance	<u>788,500,000</u>	<u>788,500,000</u>
Surplus/ (deficit) in statement of profit and loss		
Opening balance	(769,427,361)	201,240,007
Add: profit/(loss) for the year	123,382,026	(970,667,368)
Closing balance	<u>(646,045,335)</u>	<u>(769,427,361)</u>
	<u>142,454,665</u>	<u>19,072,639</u>

5 Long-term provisions

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Provision for employee benefits		
Gratuity (refer note 33)	722,954	1,360,167
Compensated absences	2,607,004	2,585,830
	<u>3,329,958</u>	<u>3,945,997</u>

6 Short-term borrowings

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Secured:</i>		
Short-term loans from bank	1,602,401,023	946,117,445
<i>Unsecured</i>		
Short term-loan from director	100,000	100,000
	<u>1,602,501,023</u>	<u>946,217,445</u>

Short-term secured loans from banks

(i) The term loan from a bank amounting to Rs. 1,252,401,023 (Sanction amount of Rs. 1,500,000,000) is secured by way of mortgage on the Company's share of unsold units in the following projects;

- Nitesh Hyde Park
- Nitesh Columbus Square
- Nitesh Napa Valley and
- Nitesh Fisher Island

and a charge is created on the receivables of sold and unsold units of the projects mentioned above. The loan is further secured by mortgage of Nitesh Estates Limited's (Holding Company) share in the Project 'Nitesh Key Biscayne' and personal guarantee of Director of the Company. The loan balance at the end of the reporting period is Rs.1,252,401,023 (Previous year: Rs. 946,117,445).

Repayment and interest terms

The loan has to be repaid in 17 monthly installments beginning from the 29th month from the date of disbursement. The rate of interest on the loan would be the bank's Corporate Prime Lending Rate (CPLR) plus / minus the spread that will be applicable from time to time on each disbursement.



(ii) The term loan from a bank amounting to Rs. 350,000,000 (Sanction amount of Rs. 600,000,000) is secured by way of mortgage on the Company's share of unsold units in the following projects;

- Nitesh Hyde Park
- Nitesh Columbus Square
- Nitesh Napa Valley and
- Nitesh Fisher Island

and a charge is created on the receivables of sold and unsold units of the projects mentioned above. The loan is further secured by mortgage of Nitesh Estates Limited's (Holding Company) share in the Project 'Nitesh Key Biscayne' and 'Nitesh Melbourne Park' and personal guarantee of Director of the Company. The loan balance at the end of the reporting period is Rs.350,000,000 (Previous year: Rs. Nil).

Repayment and interest terms

The loan has to be repaid in 5 monthly installments beginning from the 33rd month from the date of disbursement. The rate of interest on the loan would be the bank's Corporate Prime Lending Rate (CPLR) plus / minus the spread that will be applicable from time to time on each disbursement.

7 Trade payables

	Rs	
	As at	As at
	31 March 2014	31 March 2013
- Dues to micro and small enterprises (refer note 34)	-	-
- Dues to other creditors	535,388,451	203,013,203
	535,388,451	203,013,203

8 Other current liabilities

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Current maturities of long term debt (refer note below)	-	220,871,000
Advance received from customers for sale of properties	612,399,002	197,699,727
Advance received from customers pending refund	10,000,000	80,000,000
Consideration under joint development agreement towards purchase of land	721,397,860	524,903,925
Billings in excess of revenue	436,188,123	937,406,587
Interest accrued but not due	-	252,620,000
Other payables		
- accrued salaries and benefits	5,574,842	3,268,388
-statutory dues payable	23,822,799	11,223,228
	1,809,382,626	2,227,992,855

Note: Nitesh Housing Developers Private Limited (the Company), Nitesh Estates Limited (the Promoter), HDFC AMC Limited (the Investor) and Mr. Nitesh Shetty entered into a Debenture subscription and share purchase agreement (DSSPA) on September 25, 2009 whereby the Company issued 6,200,000 debentures of Rs 100 each aggregating to Rs 620,000,000 to the Investor. On May 15, 2010, the first addendum to DSSPA was entered into between the parties, whereby certain terms of the said agreement were amended to provide that the debentures which were amended from compulsorily convertible debentures (CCD's) to be converted at par to redeemable non-convertible preference shares (RNCPS) on September 5, 2012. The RNCPS are to be redeemed within a period of 15 days of such conversion, at a price that shall entitle the Investor to a post tax IRR of 25% on the subscription amount.

On November 12, 2012 a second addendum to DSSPA was entered into between the parties, whereby certain terms of the agreement were amended to provide that the debentures would be optionally redeemable convertible debentures (OCD's) with a pre-tax IRR of 26% on redemption of the said debentures.

Pursuant to this amendment, the Company redeemed 3,991,290 debentures of Rs 100 each aggregating to Rs 399,129,000 during the previous year at a premium of Rs 453,627,661. During the current year, the Company redeemed the balance 2,208,710 debentures of Rs 100 each aggregating to Rs 220,871,000 at premium of Rs. 345,892,372. The premium / interest paid on redemption of these debentures aggregate to Rs 93,270,768 (Previous year: Rs. 706,247,661) has been debited to the statement of profit and loss for the respective years.

9 Short-term provisions

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Provision for employee benefits		
Gratuity (refer note 33)	-	25,927
Compensated absences	427,153	411,393
Provision for income tax (net of advance tax)	73,093,842	43,452,391
	73,520,995	43,889,711



Nitesh Housing Developers Private Limited
Notes to financial statements

10 Fixed assets

Asset category	Gross block				Depreciation			Net block	
	As at 1 April 2013	Additions/ adjustments during the year	Deletions during the year	As at 31 March 2014	As at 1 April 2013	Charge for the year	Deletions during the year	As at 31 March 2014	As at 31 March 2013
Tangible assets									
Office equipments	813,029	844,300	-	1,657,329	83,157	121,587	-	1,452,585	729,872
Computers	261,740	-	-	261,740	148,572	45,267	-	67,901	113,168
Furniture and fittings	466,355	60,094	-	526,449	156,510	65,916	-	304,023	309,845
	1,541,124	904,394	-	2,445,518	388,239	232,770	-	1,824,509	1,152,885
Intangible assets									
Computer software	468,392	1,769	-	470,161	122,501	77,974	-	269,686	345,891
	468,392	1,769	-	470,161	122,501	77,974	-	269,686	345,891
	2,009,516	906,163	-	2,915,679	510,740	310,744	-	2,094,195	1,498,776
Previous year	1,236,738	772,778	-	2,009,516	247,290	263,450	-	1,498,776	



11 Deferred tax assets (net)

	Rs	
	As at 31 March 2014	As at 31 March 2013
Deferred tax asset		
Excess of depreciation provided in the books over depreciation allowable under income tax laws	15,312	13,132
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	85,080	75,082
Tax losses*	-	-
	<u>100,392</u>	<u>88,214</u>
Deferred tax liability		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	(100,392)	(88,214)
	-	-

* In accordance with AS 22 - "Accounting for taxes on income" the management believes that there is no virtual certainty supported by convincing evidence for recognising deferred tax asset on carry forward losses and unabsorbed depreciation.

12 Long-term loans and advances

	Rs	
	As at 31 March 2014	As at 31 March 2013
Unsecured, considered good		
Security deposit	3,160,036	837,440
Advance towards purchase of properties/lands (Refer note 35)	1,771,126,661	1,554,384,644
	<u>1,774,286,697</u>	<u>1,555,222,084</u>

13 Current investments

	Rs	
	As at 31 March 2014	As at 31 March 2013
Non-trade		
<i>Investment in mutual funds - unquoted</i>		
- HDFC Debt Fund for Cancer Cure [10,000 units (Previous year: 10,000) of Rs.10 each]	-	100,000
	-	<u>100,000</u>
Aggregate book value	-	100,000
Aggregate market value	-	103,304

14 Inventories

	Rs	
	As at 31 March 2014	As at 31 March 2013
Land held under joint development agreements	997,892,764	705,051,446
Properties under development	574,373,286	449,491,210
	<u>1,572,266,050</u>	<u>1,154,542,656</u>



15 Trade receivables

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Unsecured, considered good</i>		
Debts due for a period exceeding six months - considered good	13,311,777	9,601,888
Less: Provision for doubtful receivable	-	-
	<u>13,311,777</u>	<u>9,601,888</u>
Other debts		
- considered good	86,119,593	299,807,429
- considered doubtful	1,778,831	-
Less: Provision for doubtful receivable	(1,778,831)	-
	<u>99,431,370</u>	<u>309,409,317</u>

16 Cash and bank balances

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Cash and cash equivalents		
Cash on hand	199,552	82,785
Balances with banks - in current accounts	<u>27,069,216</u>	<u>37,191,714</u>
	27,268,768	37,274,499
Other bank balances		
Balances with banks - in escrow accounts	14,759,525	2,539,629
	<u>42,028,293</u>	<u>39,814,128</u>

17 Short-term loans and advances

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Unsecured, considered good</i>		
Advance paid to related parties	5,768,215	41,411,313
Advance for purchase of properties/lands and joint development agreements	65,519,983	58,650,000
Vendor advances	373,176,411	215,063,614
Advance paid to land owner under revenue sharing arrangement	193,590,179	-
Balances with government authorities	8,326,824	11,445,689
Refundable deposits under joint development agreements	66,516,273	148,474,273
	<u>712,897,885</u>	<u>475,044,889</u>

18 Other current assets

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Prepaid expenses	8,750,000	-
Revenue in excess of billing	46,323,229	-
	<u>55,073,229</u>	<u>-</u>



19 Revenue from operations

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Income from property development	1,131,194,625	308,087,667
	1,131,194,625	308,087,667

20 Other income

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest income	1,059,496	17,887,658
Miscellaneous income	1,700,956	2,165,566
Dividend income from current investment	6,764	7,467
	2,767,216	20,060,691

21 Employee benefits

	Rs	
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries, wages and bonus	23,169,225	21,673,258
Contribution to provident and other funds	740,495	656,108
Staff welfare	1,120,523	308,528
	25,030,243	22,637,894

22 Finance costs

	Rs	
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest		
- On bank loan	113,121,568	22,806,838
- On debentures (refer note 8)	93,270,768	706,247,661
- Others	8,821,548	6,510,046
Bank and other charges	335,147	226,834
	215,549,031	735,791,379

23 Other expenses

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Advertising and sales promotion	78,780,559	98,381,307
Rent	10,856,858	1,730,890
Professional and consultancy	9,161,530	12,309,272
Travel and conveyance	3,779,994	3,498,031
Provision for doubtful debts	1,778,831	-
Printing, postage and stationery	1,146,617	1,215,858
Office maintenance	1,578,449	829,053
Communication	559,730	282,898
Lease rent - vehicles	540,000	141,677
Exchange fluctuation loss (net)	28,369	191,698
Rates and taxes	119,143	116,832
Repairs and maintenance - others	516,877	72,525
Insurance charges	500,000	-
Miscellaneous expenses	2,250,904	922,146
	111,597,861	119,692,187



24 Exceptional item

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Reversal of		
Income from sale of villa plots	-	234,838,800
Income from property development	-	30,858,638
Cost of inventories sold	-	(115,254,946)
	-	150,442,492

During the previous year, the Company decided to redesign one of its residential project. Pursuant to this, the Company and the customers (who in the past years had purchased the residential units) mutually decided to cancel the previous agreements. Pursuant to these cancellations, the Company reversed the entire revenues and the corresponding cost of sales which were recorded in the previous years. Since the entire project was impacted and all prior agreements to sell were cancelled, which is in the nature of a one-off non recurring transaction, the net effect of reversal of revenue and cost of sales were disclosed as an exceptional item.



25 Commitments and contingent liabilities

	Rs	
	As at 31 March 2014	As at 31 March 2013
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	1,864,853,739	1,020,247,120

The Company has entered into various joint development agreements wherein, on completion of all obligations of the land owner and possession of land to the Company, the Company is required to construct and develop the entire property and hand over an agreed proportion of the built up area to the land owner as a consideration for the undivided share in land transferred to the Company.

26 Details of Construction contracts in progress

	Rs	
	As at 31 March 2014	As at 31 March 2013
Contract revenue recognized as revenue for the year	1,131,194,625	308,087,667
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to year end	1,348,010,875	668,276,126
The amount of customer advances outstanding as at year end	612,399,002	197,699,727
The amount of retention due from customers for contracts in progress as at year end	-	-

27 Auditors' remuneration (included in professional and consultancy charges)

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
As statutory auditors		
Statutory audit fees	480,000	400,000
Limited reviews	360,000	176,808
Out of pocket expenses	124,566	-
	964,566	576,808

28 Expenditure in foreign currency (on accrual basis)

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Consultancy charges	9,315,092	20,678,696
	9,315,092	20,678,696

29 Earnings / (Loss) per share

The following table sets forth the computation of basic and diluted earnings per share:

	(Figures in rupees except number of shares)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Net profit / (Loss) for the year attributable to equity shareholders	123,382,026	(970,667,368)
Number of weighted average shares considered for calculation of basic earnings per share	5,000,000	5,000,000
Add: Dilutive effect of preference shares	-	-
Number of weighted average shares considered for calculation of diluted earnings per share	5,000,000	5,000,000
Earnings / (loss) per share, basic and diluted	24.68	(194.13)

The Company has no potentially dilutive equity shares.



30 Related parties disclosures

Related parties where control exists

A. Holding company

- Nitesh Estates Limited

Related parties with whom transactions have taken place during the year

B. Enterprises owned or significantly influenced by Key managerial personnel

- Nitesh Infrastructure and Construction

C. Key management personnel

- L S Vaidyanathan Managing Director
- Nitesh Shetty Director
- Ashwini Kumar Director

D. The following is a summary of related party transactions

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Trade advances paid/(received)		
Nitesh Estates Limited (net)	(35,643,098)	41,411,313
Preference share allotted during the year (including premium) to:		
Nitesh Estates Limited	-	788,500,000
Rent:		
Nitesh Infrastructure and Construction	10,471,884	1,771,738

E. The following is a summary of balances receivable from and payable to related parties:

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Unsecured loan:		
Nitesh Shetty	100,000	100,000
Trade payables:		
Nitesh Infrastructure and Construction	-	1,771,738
Loans and advances:		
Nitesh Estates Limited	5,768,215	41,411,313
Guarantees given on behalf of the Company and outstanding:		
Nitesh Shetty / Nitesh Estates Limited	-	620,000,000

31 Segment reporting

The Company's operations solely relate to real estate development in India and hence does not have any primary or secondary business segments. Since the relevant information is available from the balance sheet and statement of profit and loss itself, the Company is not required to disclose segment information as per AS 17 ('Segment Reporting').



32 Leases

The Company has taken on lease office facilities, vehicles and other facilities under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total expense under operating leases amounted to Rs 10,856,858 (previous year: Rs. 1,730,890).

33 Gratuity plan

The following table sets out the status of the unfunded gratuity plan as required under revised AS 15 'Employee benefits'.

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Reconciliation of the projected benefit obligations		
Obligations at beginning of the year	1,386,094	936,525
Service cost	603,831	367,024
Interest on defined benefit obligation	159,145	110,471
Past service cost	-	-
Benefits settled	(291,306)	-
Liabilities assumed / (settled on divestiture)	(5,530)	(22,177)
Actuarial (gain)/loss	(430,275)	(5,749)
Obligations at year end	1,421,959	1,386,094

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Change in plan assets		
Plans assets at the beginning of the year, at fair value	-	-
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	26,387	-
Contributions	963,924	-
Benefits settled	(291,306)	-
Plan assets at year end, at fair value	699,005	-

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Reconciliation of present value of the obligation and the fair value of the plan assets		
Closing obligations	(1,421,959)	(1,386,094)
Closing fair value of plan assets	699,005	-
Liability recognised in the balance sheet	(722,954)	(1,386,094)

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Gratuity cost for the year		
Service cost	603,831	367,024
Interest cost	159,145	110,471
Expected return on plan assets	-	-
Actuarial (gain)/loss	(456,662)	(5,749)
Net gratuity cost	306,314	471,746

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Assumptions		
Discount rate	9.1%	8.1%
Estimated rate of return on plan assets	8.00	-
Salary increase	6.0%	6.0%
Attrition rate	1% to 2%	2% to 5%
Retirement age	60	60

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in employment market.



Particulars	Information of plan assets, defined benefit obligation and experience adjustments:				Rs
	As at and for the year ended 31 March				
	2010	2011	2012	2013	2014
Present value of the defined benefit obligations	-	669,055	936,525	1,386,094	1,421,959
Fair value of plan assets	-	-	-	-	699,005
Surplus/ (Deficit)	-	(669,055)	(936,525)	(1,386,094)	722,954
Experience adjustment on plan assets	-	-	-	-	26,387
Experience adjustment on plan liabilities	-	-	(24,855)	(100,565)	(245,448)

- 34 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2014 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.
- 35 The Company has advance an amount aggregating Rs 1,061,414,974 as at 31 March 2014, to two parties for purchase / joint development of land / properties. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreement or these amount should have been recovered. Though these advances are unsecured, Management continues to believe that these advances have been made to parties for which joint development agreement / acquisition of land will get consummated and in the event that it does not consummate, these advances can be recovered.
- 36 Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached
for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Housing Developers Private Limited



Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014



L.S. Vaidyanathan
Managing Director

Bangalore, India
Date: 27 May 2014



Nitesh Shetty
Director

