COVER

NITESH ESTATES LIMITED
9TH ANNUAL REPORT
2012-13


Nitesh

NITESH ESTATES

EVOLUTION 2013

Evolution can only take you in one direction. Forward. Which is why, at Nitesh Estates, we consistently evolve our industry practices to create cityscapes of tomorrow. From introducing radical architecture and design to taking on a versatile range of projects, our every venture is meant to steer our cityscapes forward, rather than just change with it.

A guide to our evolutionary progress thus far, this Annual Report 2013 covers our growth over the past year, and showcases some of our landmark projects as well.

We hope you look forward to the future as much as we do.

MESSAGE FROM CHAIRMAN

Dear Valued Shareholders,

I hope this letter finds you in the best of health and spirits.

Your Company which is nine years old now had been started with the vision of achieving perfection in all our endeavors with unwavering adherence to excellence, commitment and integrity to create greater value for our customers and loyalty to our investors.

I am happy to share with you that we are on the right track. In spite of the fact that the macro-economic environment is weak, we have more than doubled the area that is under development in the residential segment. Sales grew during the year by 21% and the growth in cash collection was 57%. This is a testimony to the fact that the brand equity of the Company is robust. What heartens me most is that we have been able to significantly increase the price realization during this financial year to Rs 6,201 per sq ft which was at Rs 4,425 per sq ft in the previous year. This shows that our customers are prepared to give greater value for the superior quality, unique design and the attention to detail. Indeed, we take great pride in the professional quality of our work.

The revenue potential of the 14 residential projects which are under development is Rs 3,092 Crore. We have so far recognized only Rs 192 Crore as revenue and the balance will get recognized along with the corresponding profitability in the coming 3 to 4 years providing significant growth in financial performance as we progress from quarter to quarter.

A significant event in the last year was the reduction in our average cost of borrowing. However, along with the redemption of this high cost debt we had to accrue the one-time redemption premium on a cumulative basis and this has had an impact on the profitability of the Company in FY2013. On the positive side, we can now look at the future with a great deal of confidence. We have created a strong brand pull and our pipeline of 16 projects is robust. Our customers have a choice geographically in Bangalore to own a Nitesh home in any of the important markets – be it the East, South, the emerging market in the North or the Central Business District. They also have a choice across price categories and across the types of development. In our portfolio, we have high rise condominium developments as also independent villas, low rise town houses (villaments) and plotted developments. Our brand equity with land owners has also moved from strength to strength as reflected by the number of opportunities that come to us for joint development. We were the pioneers of the joint development model and continue to be wedded to this asset light model. Last year, we grew the area under residential development by 115% and are confident to continue on this growth path in FY2014 and beyond. Having said this, I affirm that we recognize the uncertainties in the environment and the need to be watchful and cautious.

I am particularly happy to report to you that we have built a strong partnership with leading architectural firms, design houses, quantity survey firms and this allows us to quickly bring any project to market. As a matter of strategy we are entrusting the construction contracts only to large and process oriented firms with proven track record such as Larsen & Toubro, Simplex Infrastructure and Ahluwalia Contracts. This is to ensure timely completion of projects. The internal processes of the Company have matured with time and as a team we have now much better predictability in our operations.

The Ritz-Carlton, Bangalore is now in the process of being handed over to the Operator. All statutory approvals have been obtained. The leadership team has been on board for some time and individually they have extensive experience across the globe with international luxury brands. Along with nearly 300 employees they are now getting prepared to open the doors of the hotel to customers. The hotel has 277 spacious rooms and suites, exquisite restaurants, meeting and flexible events spaces, an opulent spa and will be a new luxury landmark in our country.

We pioneered the Green Building concept in the residential segment in the Bangalore market and 5 of our projects have been planned as Gold Rated Green Building. We have taken the initiative of diffusing awareness of the green concept among home buyers and how it benefits them. We are firmly committed to innovation, environment protection and sustainability.

My optimism about what we can do in the future stems entirely from the value creating machinery consisting of each and every member of our team who have taken us through this critical stage of Company building, our joint development partners who have placed their trust in us, our dedicated design and supply chain partners who team with us to deliver value to customers, the investors who have relied on us and our customers who are the reason for our existence. I would like to place on record our sincere appreciation for their continued trust and confidence.

We are very well poised to take your company "Nitesh Estates Limited" to greater heights and fulfill the faith and trust you have reposed in us.

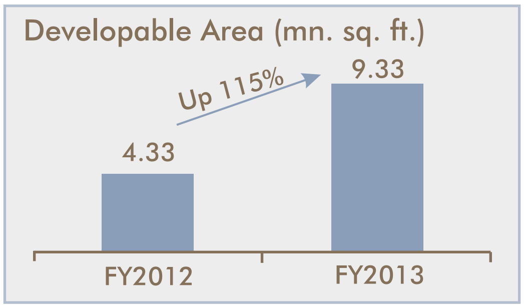
Best wishes,

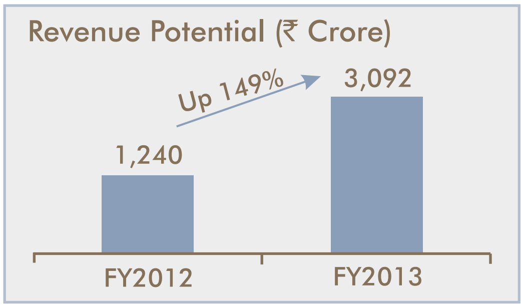
Nitesh Shetty
Chairman & Managing Director

CONTENTS

KEY HIGHLIGHTS

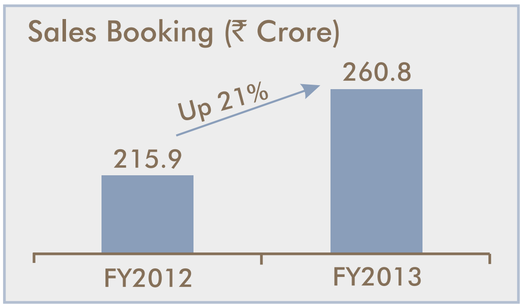
Growth of Residential Portfolio:
up 115% compared to FY2012
Developable area increased from 4.33 million sq ft to 9.33 million sq ft
Total Revenue potential increased from ₹ 1,240 Crore to ₹ 3,092 Crore





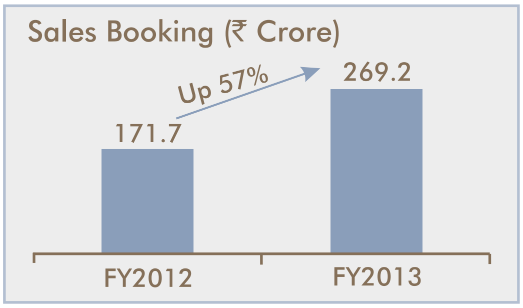
Growth in Sales Bookings:

Increased from ₹ 216 Crore in FY2012 to ₹ 260 Crore in FY2013
An increase of 21% compared to FY2012



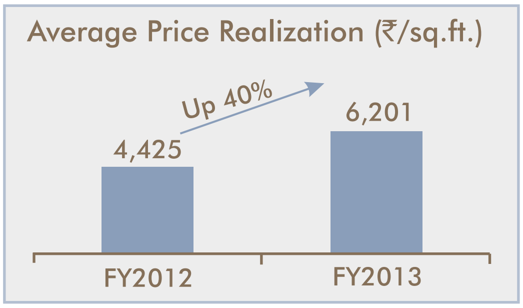
Growth in Collections:

Increased from ₹ 172 Crore in FY2012 to ₹ 269 Crore in FY2013
An increase of 57% compared to FY2012



Growth in Average Price Realization:

Increased from ₹ 4,425 per sq. ft. in FY2012 to ₹ 6,201 per sq. ft. in FY2013
An increase of 40% compared to FY2012



High Cost Debt Redeemed:

₹ 40 Crore of 26% Mezzanine Debt redeemed
Impact of ₹ 70.6 Crore on account of conversion of OCD absorbed during the year

EXECUTIVE DIRECTOR

Over the last 9 years Nitesh Estates has been recognised as the one of the most preferred and recognized brands in real estate domain. Brand Nitesh is strengthened by clear focus on quality and value proposition to our customers which is visible in all of 21 million sq ft area brought under development.

Current macroeconomic environment with rising input costs, higher cost of funds and lack of industry status continue to challenge the real estate sector. The contribution of the real estate sector to India's GDP has been estimated at 6.3% in 2013. Residential segment continues to be the biggest contributor (accounting for 98%) out of 3.6 billion sq ft of total supply pipeline estimated for completion in the year 2013. We observe that Real Estate product cycles are getting shorter when compared to historical product cycle trends and posing huge challenge for long term sustainable strategy. Your company is geared to meet the challenges and has been growing even in an unpredictable environment.

Strategy of the Company was to have right mix across all asset classes namely Residential, Commercial, Hospitality and Retail.

Our focus continues to be on the Residential segment that too in the range of Rs. 50-80 Lac ticket size targeted at the mid-income segment. North, West and South-West Bangalore are going to be the new growth areas due to general infrastructure development including the proposed Peripheral Ring Road (PRR) that makes new land parcels available for meaningful development. Expansion of Metro Rail will further increase the demand in already established micro markets of Bangalore. While Bangalore continues to be our focus area for the Residential expansion, opportunities in Chennai are also keenly monitored.

We are also witnessing rapid uptake in the plotted development units, particularly beyond the sub-urban periphery of Bangalore. Plotted development projects by established real estate players such as Nitesh Estates have good demand as it offers good infrastructure at a reasonable price range. These projects also offer future growth potential to investors.

Commercial and Retail segments are hugely influenced by the global economic scenario besides macro economic conditions in India. While we have ventured into retail with a Mall project at Indiranagar, Bangalore, expansion to Commercial space is awaiting for an opportune moment.

Our foray into Super Luxury Hospitality segment will be complete with the forthcoming inauguration of India's first Ritz Carlton Hotel at Bangalore.

Your company is aggressively targeting to add more land parcels in the coming financial year and to significantly grow the pipeline of projects.

L. S. Vaidyanathan
Executive Director

EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

FY2013 has been a very exciting year for us. There are 3 aspects that are noteworthy – expansion of our project portfolio, improvement in sales performance and enhancement of our operational capability.

Business Segments and Project Portfolio

We are operating in 5 business segments – Homes, Hotels, Office Buildings, Shopping Malls and Property Management.

Our focus is now predominantly on growing the Homes segment. We added 5 projects to the Homes segment, all located in Bangalore:

1) Nitesh Napa Valley: a villa development with 0.59 million sq ft of developable area in North Bangalore which saw an excellent response from customers
2) Nitesh Palo Alto: a town house (villament) development with 1.21 million sq ft of developable area located off Sarjapur - Marathalli Outer Ring Road, the most active micro-market in Bangalore
3) Nitesh Long Island: a plotted development with 0.86 million sq ft of developable area, a site along 2 national highways and located in Devanahalli near the Bangalore International Airport.
4) Nitesh Park Avenue: an iconic high rise luxury development with 0.14 million sq ft of developable area in the Central Business District
5) Nitesh Hunter Valley: a high rise mid-segment condominium development with 2.2 million sq ft of developable area in the upcoming Hennur micro-market of North Bangalore

Thus, we grew the residential portfolio in terms of area under development to 9.33 million sq ft which at the beginning of the year was 4.33 million sq ft – a growth of 115%. We now have 14 residential projects in the pipeline and customers have a variety to choose from, in terms of geographical location, type of development, price point and the stage of construction.

We have consciously not added projects in the Office Buildings, Hotels and Shopping Malls segments of business. In the Hotels segment, The Ritz-Carlton, Bangalore is getting ready to open its doors to customers. We will soon begin the construction of the Shopping Mall project located in Indiranagar, Bangalore – a large residential area close to the Central Business District, characterized by demography of high disposable income.

We carry out the facility management of all projects developed by the Company internally. This is an added service to our customers to ensure that the properties are safe, clean and that the gardens, amenities and electro-mechanical equipment are in fine fettle.

Improvement in Sales Performance

We have been cautiously watching the market scenario in view of the declining economic environment. In spite of the subdued mood, we have been able to grow the sales booking by 21% during FY2013 to Rs 261 Crore. The collection from customers increased by 57% to Rs 269 Crore. The average price realisation increased by 40% to Rs 6,201 per sq ft. Partly, this is on account of the type of projects in our portfolio, but significantly this is also on account of the higher price realization from projects that were carried forward from the previous year.

This is a validation that the Brand Equity of Nitesh Estates is improving and that customers are prepared to pay a higher price for quality, superior location, better design and attention to detail.

Operational Capability

We have continued to focus on the internal business processes and systems.
We had adopted SAP as the ERP system. The internal team is conversant with the system and the first stage of initiative has been successfully completed. We are implementing the Business Intelligence module of SAP which will enable decision makers and reviewers of business to conveniently access information.

The aspects that are under focus for improvement are: 1) the ability to quickly take any project to market, 2) the ability to track the changes that happen in the design and cost of projects as they evolve from the concept stage to the "good for construction" stage and ensure that they comply with the technical, market and statutory requirements, 3) the ability to construct as per specifications and with adherence to the quality requirements, 4) the ability to manage the safety and hygiene at sites, 5) the ability to manage the timeliness of projects, and 6) the ability to manage the budget of projects. We have taken initiatives to improve our performance in all the aforesaid aspects. Internal audit has had a rigorous review in each of the 4 financial quarters of the year. While, there has been significant improvement in the aforesaid areas, the actions for continuous improvements are in progress.

FY 2013 has been a great year to bring the Company to a point in terms of brand equity, internal capability and the size of the project portfolio from where we can look ahead with a great deal of confidence.

Ashwini Kumar
Executive Director and Chief Operating Officer

CHIEF FINANCIAL OFFICER

Fy2013 was a milestone period in the evolution of the Company, with as many as 16 projects under various stages of development. The aggregate developable area of these projects is 10.94 million sq ft and comprises of 14 residential projects, a shopping mall and a hotel. The total income potential of these projects is close to Rs. 3,092 Crore with the unrecognized income to date being Rs. 476.2 Crore. The pending revenue potential is Rs. 2,362 Crore by FY2017. The Company launched 2 projects during the year, namely Nitesh Palo Alto and Nitesh Napa Valley, with a total revenue potential of over Rs. 940 Crore. Further, the Company also redeemed 39,91,290 Convertible Debentures worth Rs. 39.9 Crore during the year, aimed at optimizing and strengthening its capital structure.

Consolidated Financial Performance

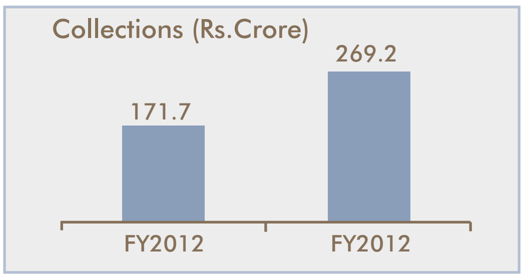
Out of the 14 ongoing residential projects, the stage of completion of 8 projects has reached reasonable level of progress, thereby crossing the threshold for revenue recognition. During FY2013, the Company has been able to register growth of 21% in Sales Value and 40% in Average Realization over the previous year. Income from Property Development was the primary source of revenue during the current fiscal year, accounting for 63% of the overall Revenue from Operations, compared to 42% in FY 2012.

Cash Flow

The table below summarizes the Company's cash flow for the periods indicated:

Particulars	2012-13 ₹ in Crore	2011-12 ₹ in Crore
Net cash generated/(used in) from operating activities	(45.07)	(63.83)
Net cash generated/(used in) from investing activities	(50.50)	31.51
Net cash generated/(used in) from financing activities	95.75	44.99
Net cash increase/(decrease) in cash and cash equivalents	0.18	12.67
Cash inflows due to acquisition of subsidiaries/joint ventures	-	0.14
Cash and cash equivalents as at beginning of the year	19.39	6.58
Cash and cash equivalents as at end of the year	19.57	19.39

Collection from customers during FY2013 was Rs. 269.2 Crore as compared to Rs. 171.7 Crore in FY2012 representing a growth of 56.8%. As on March 31, 2013, 35% of cumulative sales booked, i.e. Rs. 256.3 Crore will be collected in cash, ensuring continuous cash inflows for the Company in the coming future.



Revenue Recognition

As per the accounting guidelines, the revenue recognition for real estate development is spread over the project construction cycle, which is normally estimated between 3 to 4 years from the launch of the project. As the accounting of revenues tends to be lower in the initial year of launch, owing to the nature of the accounting guidelines, the income from operations recorded for the year under review, was lower. The Revenues were also impacted by an exceptional reversal of sales of prior periods in the current financial year.

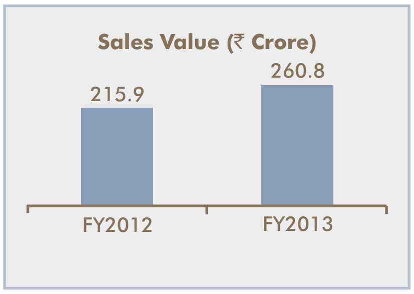
During the year, the ongoing residential projects reached a reasonable level of progress, thereby positioning the Company for growth in the coming future. Further, 2 projects i.e. Nitesh Cape Cod and Nitesh Napa Valley are expected to cross the threshold limit for income recognition during FY2014, ensuring the Company is well-placed for higher revenue growth in the ensuing fiscal year.

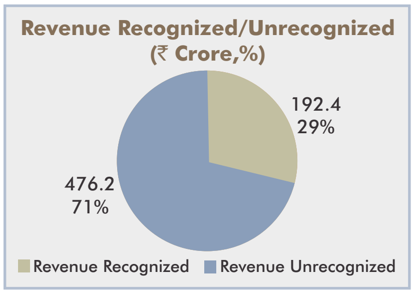
The table gives the summary of potential project sales revenue:

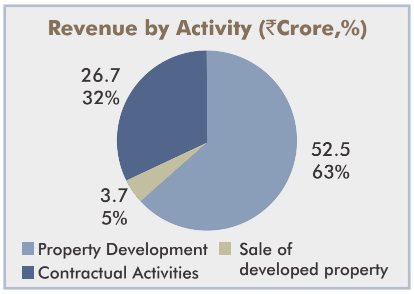
Particulars	No of projects	Sales Value ₹ Crore
Existing projects	11	2,233
To be launched projects	3	859
Total	**14**	**3,092**

The Sales Value was Rs. 260.8 Crore, recorded a 21% increase during the year while the Area Sold during the year was 0.42 msft. This represents an Average Realization of Rs. 6,201 per sq ft compared to Rs. 4,425 per sq ft in FY2012, an increase of 40%.

Unrecognized Income as on March 31, 2013 is Rs. 476.2 Crore, representing 71% of the cumulative revenue recognition potential. This amount will be recognized as income in the ensuing years, based on construction progress resulting in increased Percentage of Completion (POC).







Debt position

The Net Debt on a consolidated basis was Rs. 243.0 Crore as at end March 2013 and the Net Debt gearing was 0.76. Net Worth was Rs. 320.9 Crore.

M.A. Venkateshan
Chief Finance Officer

ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE
Official airline partner
virgin atlantic
HIGHLY COMMENDED
LANDSCAPE ARCHITECTURE
INDIA
Nitesh Napa Valley
by Nitesh Estates Limited
2013-2014
KOHLER
ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT
Official airline partner
virgin atlantic
★★★★★
BEST DEVELOPMENT MARKETING
INDIA
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2013-2014
smeg
ASIA PACIFIC PROPERTY AWARDS
Official airline partner
virgin atlantic
BEST DEVELOPMENT MARKETING
ASIA PACIFIC
Nitesh Napa Valley
by Nitesh Estates Limited
2013-2014
YAMAHA

AWARDS

It is with great pleasure we would like to announce to you that Nitesh Napa Valley has been highly honored at the prestigious Asia Pacific Property Awards. The International Property Awards are open to residential and commercial property professionals from around the globe. They celebrate the highest levels of achievement by companies operating in all sectors of the property and real estate industry. An International Property Award is a world-renowned mark of excellence.

- Best Development Marketing – Asia Pacific
- Best Development Marketing – India
- Highly Commended Landscape Architecture – India

Also receiving accolades in domestic forums like "Red Carpet Customers - Best Customer Engagement Program" at the recently held Great Indian Realty Marketing Awards Program, and Designomics – Print – Direct Response.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nitesh Shetty
Chairman & Managing Director

Mr. L S Vaidyanathan
Executive Director

Mr. Ashwini Kumar
Executive Director & Chief Operating Officer

Mr. Mahesh Bhupathi
Non-Executive Director

Mr. G N Bajpai
Independent Director

Mr. Jagdish Capoor
Independent Director

Mr. Rangaswamy Iyer
Independent Director

Mr. Ashok Aram
Independent Director

Mr. M A Venkateshan
Chief Finance Officer

Mr. D Srinivasan
Company Secretary & Chief Compliance Officer

STATUTORY AUDITORS

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Chartered Accountants,
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11-12/1 Inner Ring Road,
Koramangala
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Fax: +91 80 3980 6999

INTERNAL AUDITORS

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100/2 Richmond Road
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Fax: +91 80 66276013

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Plot Nos. 17 to 24 Vittalrao Nagar
Madhapur, Hyderabad – 500 081
Telephone No. : 040 23420818
Fax No.: 040 23421551
Email: mailmanager@karvy.com

EQUITY SHARES LISTED AT

National Stock Exchange of India Limited (NSE)
Bombay Stock Exchange Limited (BSE)

PRINCIPAL BANKERS

Housing Development Finance Corpn. Ltd
Corporation Bank Limited
HDFC Bank Limited
Bank of Baroda
State Bank of India
Punjab National Bank

SOLICITORS

Amarchand & Mangaladas & Suresh A. Shroof & Co.
J. Sagar Associates
Holla & Holla Advocates
Shetty and Hedge Associates

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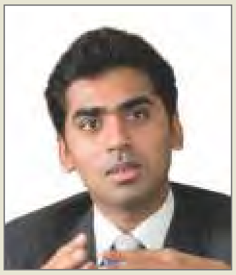
BOARD OF DIRECTORS

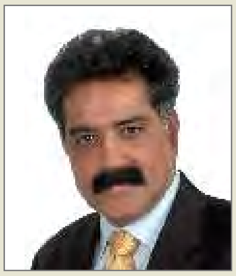


Mr. Nitesh Shetty
Chairman & Managing Director

Nitesh Shetty a first generation entrepreneur is the founder and Chairman of Nitesh Estates. Under his leadership the company has scaled up in 9 years and successfully completed a initial public offering and raised series of Private equity capital.

A former tennis Player started his career as a 19 year old with the Billboard business and has interests in Infrastructure and Hotels.

He sets the Big Vision for the growth of the company.



Mr. L S Vaidyanathan
Executive Director

Mr. L S Vaidyanathan holds a degree of Bachelor of Science from Madras University. He is a fellow member of the Institute of Chartered Accountants of India.

Before joining the Company in the year 2005, Mr. L S Vaidyanathan was a practicing Chartered Accountant.

Mr L S Vaidyanathan has been associated with the real estate industry for the last 23 years in various capacities. Overall he has over 28 years of experience in auditing, consulting, and in the real estate industry.

As a Director of the Company, Mr. L S Vaidyanathan is responsible for all strategic initiatives relating to business including business development, transaction strategy, resources mobilisation and Taxation (Direct).

Mr. Ashwini Kumar
Executive Director & Chief Operating Officer

Mr. Ashwini Kumar, joined the Company on 2nd November, 2009 as the Chief Operating Officer and is responsible for the business operations of the Company. He was elevated to Board as Executive Director and Chief Operating officer effective April 19, 2012.

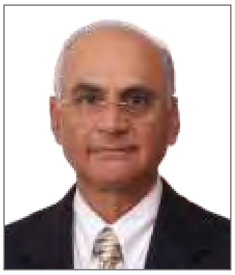
Most recently, prior to joining Nitesh Estates Limited, he was the Managing Director of Lineage Power India Pvt. Ltd. a leading US based MNC in the area of Power Electronics and responsible for their business in India and South East Asia. Prior to this he worked as Director with Tyco Electronics and Lucent Technologies and was responsible for their telecom power electronics business in India.

In all he has an experience of 30 years starting with functional roles, in sales, project management, manufacturing, performance improvement and culminating in business leadership roles.

He is a Mechanical Engineer from NIT, Rourkela (1981) and Post Graduate in Business Management from XLRI, Jamshedpur (1983).

Mr. Mahesh Bhupathi
Non-Executive Director

India's first & only 10 times Grand Slam title winner and US Open mixed doubles titles holder, Mr. Mahesh Bhupathi has been associated with the Company since June 2005.

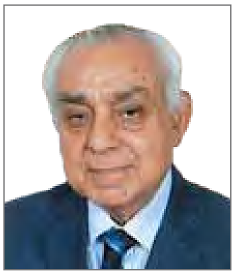


Mr. G N Bajpai
Independent Director

Mr. G N Bajpai holds a Master in Commerce Degree from the University of Agra and Bachelors in Law Degree from the University of Indore.

Former Chairman of the Securities and Exchange Board of India (SEBI), has also been the Chairman of Life Insurance Corporation of India (LIC). Winner of "Outstanding Contribution to the Development of Finance" award from Dr. Manmohan Singh, Prime Minister of India.

Mr. Bajpai is a visiting faculty at leading institutes of management and also currently serves as Non-Executive Chairman and a Director on the board of several companies, both in India and overseas.



Mr. Jagdish Capoor
Independent Director

Mr. Jagdish Capoor, the former Chairman of HDFC Bank, brings with him a wealth of knowledge regarding the banking and financial sector. He has worked at the Reserve Bank of India (RBI) as Deputy Governor of the Bank.

Mr. Capoor's other assignments include serving on the Board of Directors of the Indian Hotels Co Ltd, Non Executive Chairman of Manappuram Finance Limited, Board of Governors of the Indian Institute of Management, Indore.

He also held roles on Academic Advisory Board of Asian Business School and as a Chairman of Governing Board of the Derivatives Segment of the Bombay Stock Exchange Ltd. [BSE].

He is a Fellow of Indian Institute of Banking and Finance and holds a Masters of Commerce from University of Agra.

Mr. Rangaswamy Iyer
Independent Director

A financial management graduate, Mr. Rangaswamy Iyer has had extensive experience as an accomplished business leader. He is currently a Consultant advising Companies on Business Strategy, Business Development, Mergers & Acquisition. Prior to this Mr. Iyer was the Managing Director of pharma major, Wyeth Ltd., where he held this position for 9 years. In that capacity he played a key role in its rapid growth, contributing tremendously to the Company's emergence as an industry leader.

Mr. Ashok Aram
Independent Director

Mr. Ashok Aram is the Managing Director of Deutsche Bank (Middle East, North Africa). Prior to this he was the Head of Global Banking Division and was MD of Abraaj Capital, one of the largest PE fund in Middle East, which currently has US$4 billion under management.

OUR GUIDING PRINCIPLES

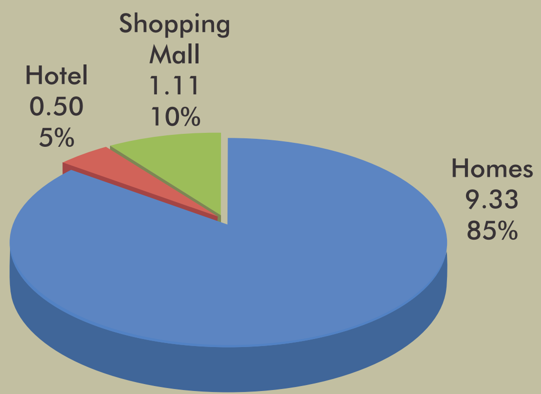
VISION

"To achieve absolute perfection in all our endeavors with our unwavering adherence to excellence, commitment and integrity in order to be a leading national developer with the commitment to create greater value for our customers and loyalty to our investors"

BUSINESS PRINCIPLES

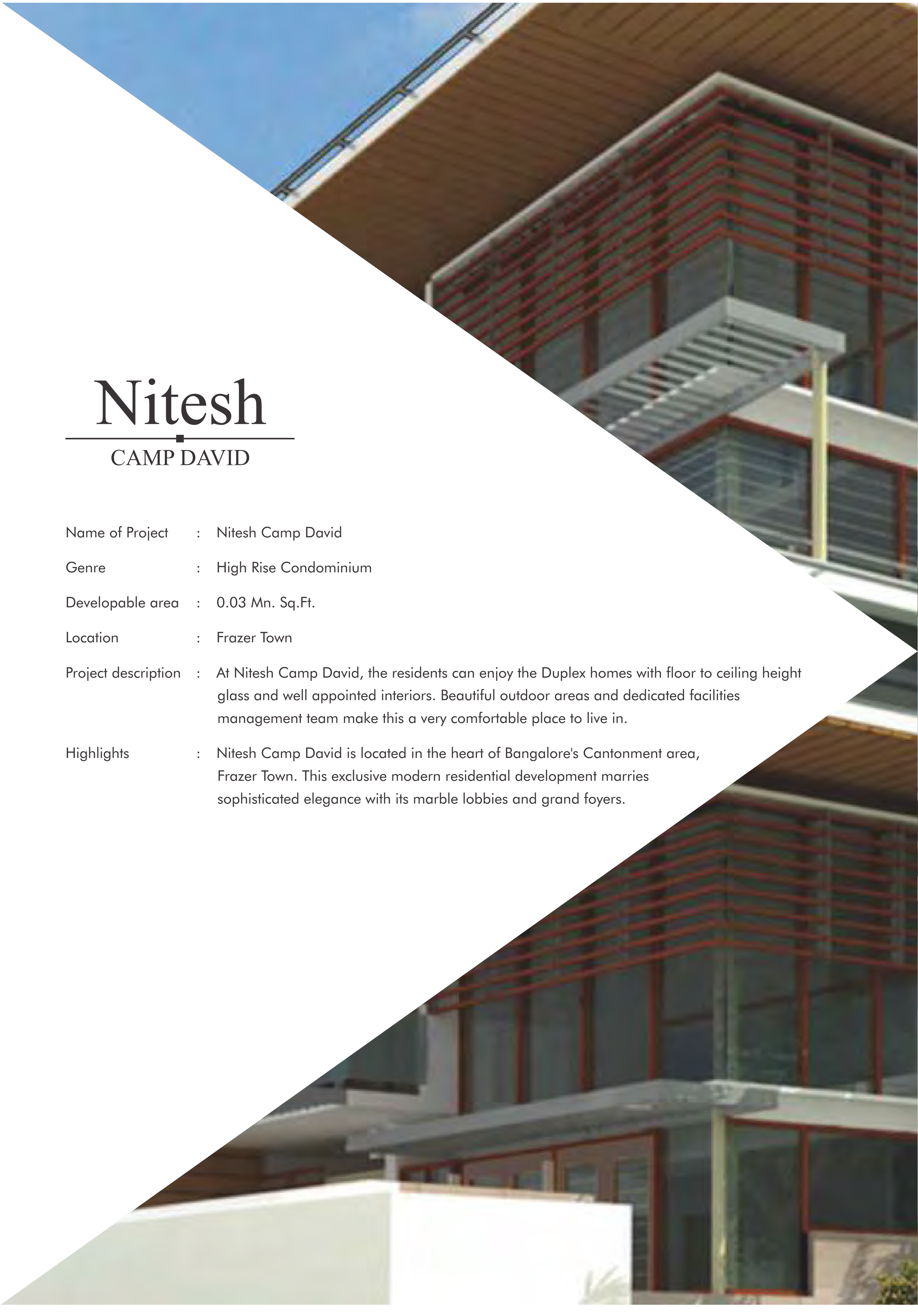
- Our foremost goal is to construct/create the best quality buildings which can be benchmarked against the best real estate developments globally
- Our client's interest always comes first.Our experience shows that if we serve our clients well, our own success will follow
- Our assets are our people, brand and reputation. If any of these is ever compromised, the last is the most difficult to restore. We undertake to comply fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard
- We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in all that we create like hotels, residential condominiums, office buildings and retail. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest
- We stress teamwork in everything we do. While individual creativity is always encouraged, we have found that team effort often produces the best results. We have no room for those who put their personal interests ahead of Nitesh Estates or it's clients.
- The dedication of our people to the company, the intense effort they put into their jobs is greater than one finds in most other organizations.We think that this is an important part of our success. Nitesh Estates is an organization with a human touch
- We consider size an asset and try to grow substantially year on year. We want to be big enough to undertake the largest project that any of our clients cancontemplate, yet small enough to maintain the loyalty, and the humbleness that we all treasure and that contributes greatly to our success
- Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the company and in their personal lives. This culture is imbued into our people from the moment they enter the company
- At Nitesh Estates Environment, Health and Safety is a standard which is at the heart of our business. We ensure that in all our projects and our people follow our internal Environment Health and Safety norms stringently and deliver projects keeping this paradigm in mind.

Ongoing Projects Breakup
(million sq ft, %)



ONGOING PROJECTS

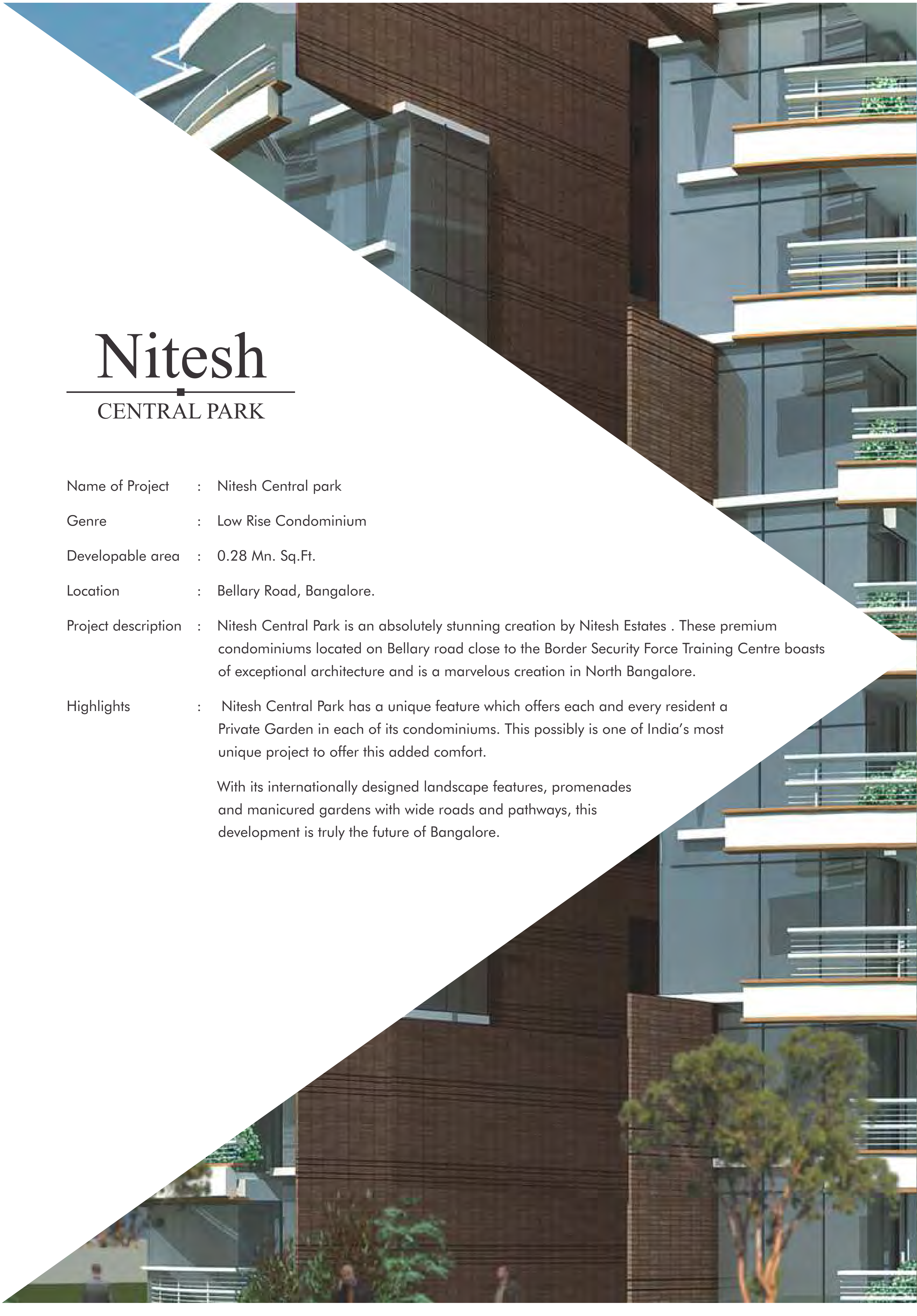
No.	Project	Land Area (acres)	Developable Area (mn.sq.ft)	Type of Project
1	Nitesh Camp David	0.29	0.03	Low Rise Condominium
2	Nitesh Central Park	1.20	0.28	High Rise Condominium
3	Nitesh Flushing Meadows	2.00	0.38	High Rise Condominium
4	Nitesh Colombus Square	4.36	0.73	High Rise Condominium
5	Nitesh Logos	0.64	0.09	Low Rise Luxury Condominium
6	Nitesh Hyde Park	5.43	0.68	High Rise Condominium
7	Nitesh Caesar's Palace	5.00	0.94	High Rise Condominium
8	Nitesh Fisher Island	9.32	0.20	Luxury Villas
9	Nitesh Cape Cod	4.36	1.00	High Rise Condominium
10	Nitesh Long Island	43.00	0.86	Plotted Development
11	Nitesh Napa Valley	20.13	0.59	Luxury Villas
12	Nitesh Park Avenue	0.62	0.14	High Rise Premium Luxury Condominium
13	Nitesh Palo Alto	11.12	1.21	Villament
14	Nitesh Hunter Valley	21.53	2.20	High Rise Condominium
	Sub Total Residential	**129.00**	**9.33**	
15	The Ritz Carlton Hotel	2.58	0.50	Luxury Hotel
16	Shopping Mall	5.06	1.11	Retail Mall
	Total	**136.64**	**10.94**	



Nitesh
CAMP DAVID

Name of Project	:	Nitesh Camp David
Genre	:	High Rise Condominium
Developable area	:	0.03 Mn. Sq.Ft.
Location	:	Frazer Town
Project description	:	At Nitesh Camp David, the residents can enjoy the Duplex homes with floor to ceiling height glass and well appointed interiors. Beautiful outdoor areas and dedicated facilities management team make this a very comfortable place to live in.
Highlights	:	Nitesh Camp David is located in the heart of Bangalore's Cantonment area, Frazer Town. This exclusive modern residential development marries sophisticated elegance with its marble lobbies and grand foyers.

UNDER HANDOVER



Nitesh
CENTRAL PARK

Name of Project	:	Nitesh Central park
Genre	:	Low Rise Condominium
Developable area	:	0.28 Mn. Sq.Ft.
Location	:	Bellary Road, Bangalore.
Project description	:	Nitesh Central Park is an absolutely stunning creation by Nitesh Estates . These premium condominiums located on Bellary road close to the Border Security Force Training Centre boasts of exceptional architecture and is a marvelous creation in North Bangalore.
Highlights	:	Nitesh Central Park has a unique feature which offers each and every resident a Private Garden in each of its condominiums. This possibly is one of India's most unique project to offer this added comfort. With its internationally designed landscape features, promenades and manicured gardens with wide roads and pathways, this development is truly the future of Bangalore.


UNDER HANDOVER

Nitesh
FLUSHING MEADOWS

Name of Project	:	Nitesh Flushing Meadows
Genre	:	High Rise Condominium
Developable area	:	0.38 Mn. Sq.Ft.
Location	:	Whitefield main road
Project description	:	Nitesh Flushing Meadows, a premium condominium development is strategically located on the Whitefield main road just a few minutes away from ITPL, EPIP Zone and some of the finest Schools and Health Care facilities.
Highlights	:	These premium condominiums have been uniquely designed with a V-Shaped structure to achieve utmost privacy. Nitesh Flushing Meadows offers ample garden space and amenities like a Club House, Ample car Parking, Swimming Pool and a dedicated Facilities Management Team. Nitesh Flushing Meadows is very attractively priced and is truly a precious asset to own for your next generation.

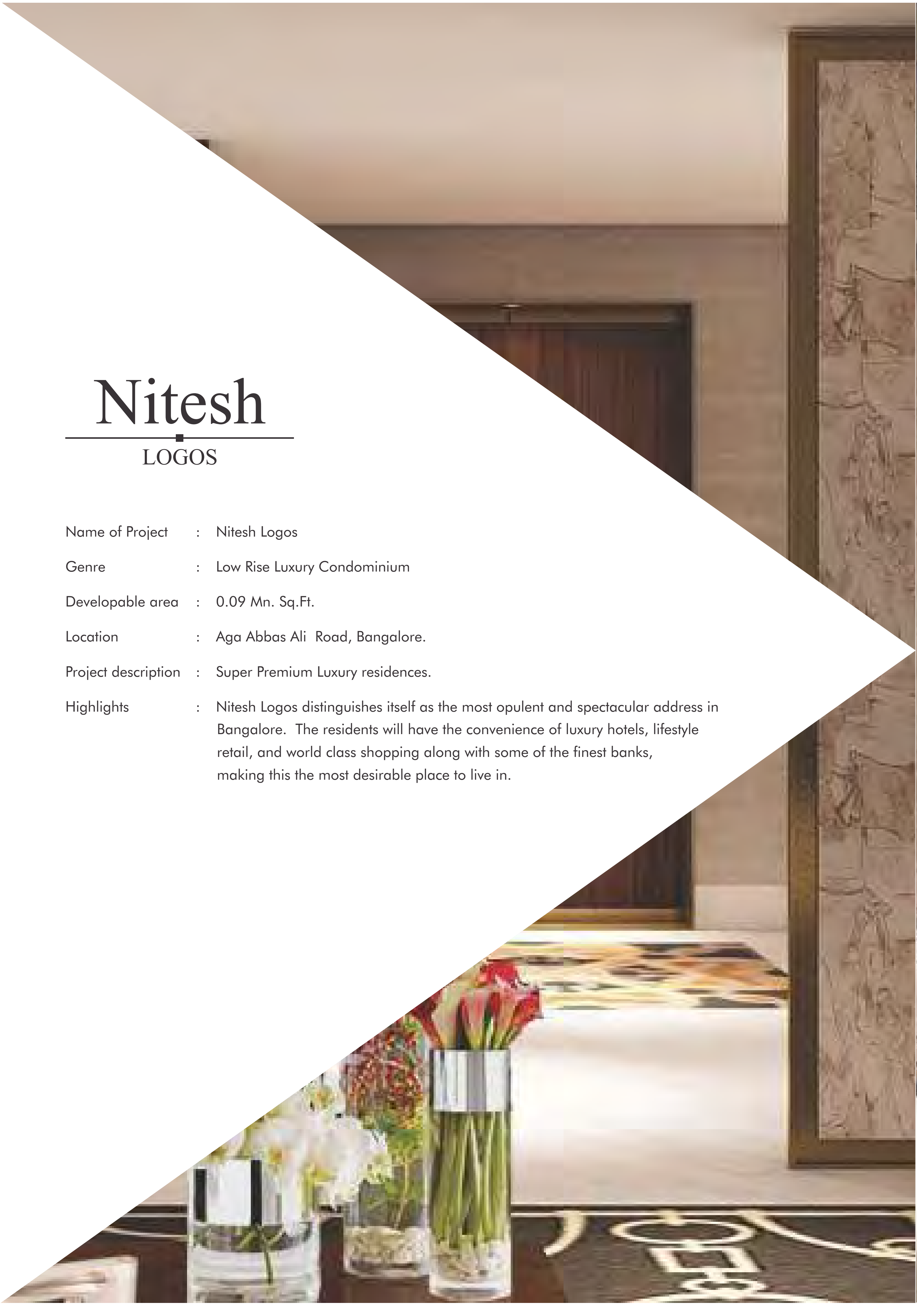
UNDER CONSTRUCTION

Nitesh
COLUMBUS SQUARE

Name of Project	:	Nitesh Columbus Square
Genre	:	High Rise Condominium
Developable area	:	0.73 Mn. Sq.Ft.
Location	:	Off Bellary Road, Bangalore.
Project description	:	Eco-friendly residential Condominium.
Highlights	:	Nitesh Columbus Square is one of the most impressive interpretations of premium condominiums. A pre-certified Gold, this eco-friendly residential conclave is located in upcoming North Bangalore and close to modern conveniences, premium healthcare facilities and educational institutions.

Fitted out with the best amenities, Nitesh Columbus Square caters to a life of absolute repose. The most interesting features at Nitesh Columbus Square are the vertical green walls and the long landscaped terrace garden which seamlessly interconnects the entire project together to give it a 100% green finish. With a great location and designed with rich specifications, a home at Nitesh Columbus Square will be an absolute joy to own.

UNDER CONSTRUCTION



Nitesh

LOGOS

Name of Project	:	Nitesh Logos
Genre	:	Low Rise Luxury Condominium
Developable area	:	0.09 Mn. Sq.Ft.
Location	:	Aga Abbas Ali Road, Bangalore.
Project description	:	Super Premium Luxury residences.
Highlights	:	Nitesh Logos distinguishes itself as the most opulent and spectacular address in Bangalore. The residents will have the convenience of luxury hotels, lifestyle retail, and world class shopping along with some of the finest banks, making this the most desirable place to live in.

Nitesh

HIDE PARK

Name of Project	:	Nitesh Hyde Park
Genre	:	High Rise Condominium
Developable area	:	0.68 Mn. Sq.Ft.
Location	:	Bannerghatta Road, Bangalore.
Project description	:	Premium Condominium development.
Highlights	:	Nitesh Hyde Park, a premium condominium development located in South Bangalore on Banerghatta Road. Designed by UK based architects, this modern development given its residents unparalleled value. The condominiums at Nitesh Hyde Park boast of fantastic amenities and beautiful landscaped gardens.

Nitesh Hyde Park is strategically located in close proximity to premium schools. hospitals like Apollo and Fortis, shopping destinations and upcoming hotels. With a serene lake being right next door, Nitesh Hyde Park will offer its residents a truly global living experience and much, much more!

UNDER CONSTRUCTION

Nitesh

CAESER’S PALACE

Name of Project	:	Nitesh Caesar's Palace
Genre	:	High Rise Condominium
Developable area	:	0.94 Mn. Sq.Ft.
Location	:	Kanakpura Road, Bangalore.
Project description	:	Premium High Rise Condominium development.
Highlights	:	Nitesh Ceaser’s Palace located in South Bangalore on the Kanakapura Main Road is a modern development for young urban India. For those who believe in living life with vigour, zest and spontaneity, it’s majestic attitude is epitomized by its elegant contemporary design and imaginative craftsmanship.

This premium high rise condominium development has ample space to live and relax. Designed, keeping in mind the young global citizen, who has an eye for detail and a keen sense of style. This development is fitted out with amenities where the children can play and the young can relax making a world of difference to its residents for whom work-life balance is extremely important.

UNDER CONSTRUCTION

Nitesh
FISHER ISLAND

Name of Project	:	Nitesh Fisher Island
Genre	:	Luxury Villas
Developable area	:	0.20 Mn. Sq.Ft.
Location	:	Goa
Project description	:	PSuper stylish premium villas.
Highlights	:	A water front development located on the serene banks of the river Sal. On this mystical land, escape to a world of tropical bliss, super stylish premium villas with private infinity pools- all ensconced amid lush tropical foliage overlooking the infinite expanses of the water front.

UNDER CONSTRUCTION

Nitesh

CAPE COD

Name of Project	:	Nitesh Cape Cod
Genre	:	High Rise Condominium
Developable area	:	1.00 Mn. Sq.Ft.
Location	:	Sarjapur Marathhalli Outer Ring Road, Bangalore.
Project description	:	Contemporary green premium condominiums.
Highlights	:	The "WOW" Factor - Nitesh Cape Cod, modern and stylish premium green condominiums have a modern, chic look with distinctive amenities that work hand in hand with the environment.

At Nitesh Cape Cod, you can enjoy the "Outside With Nature" concept with world-class exercise stations and rich landscaped gardens with extreme style and comfort.


Nitesh CAPE COD

Nitesh
LONG ISLAND

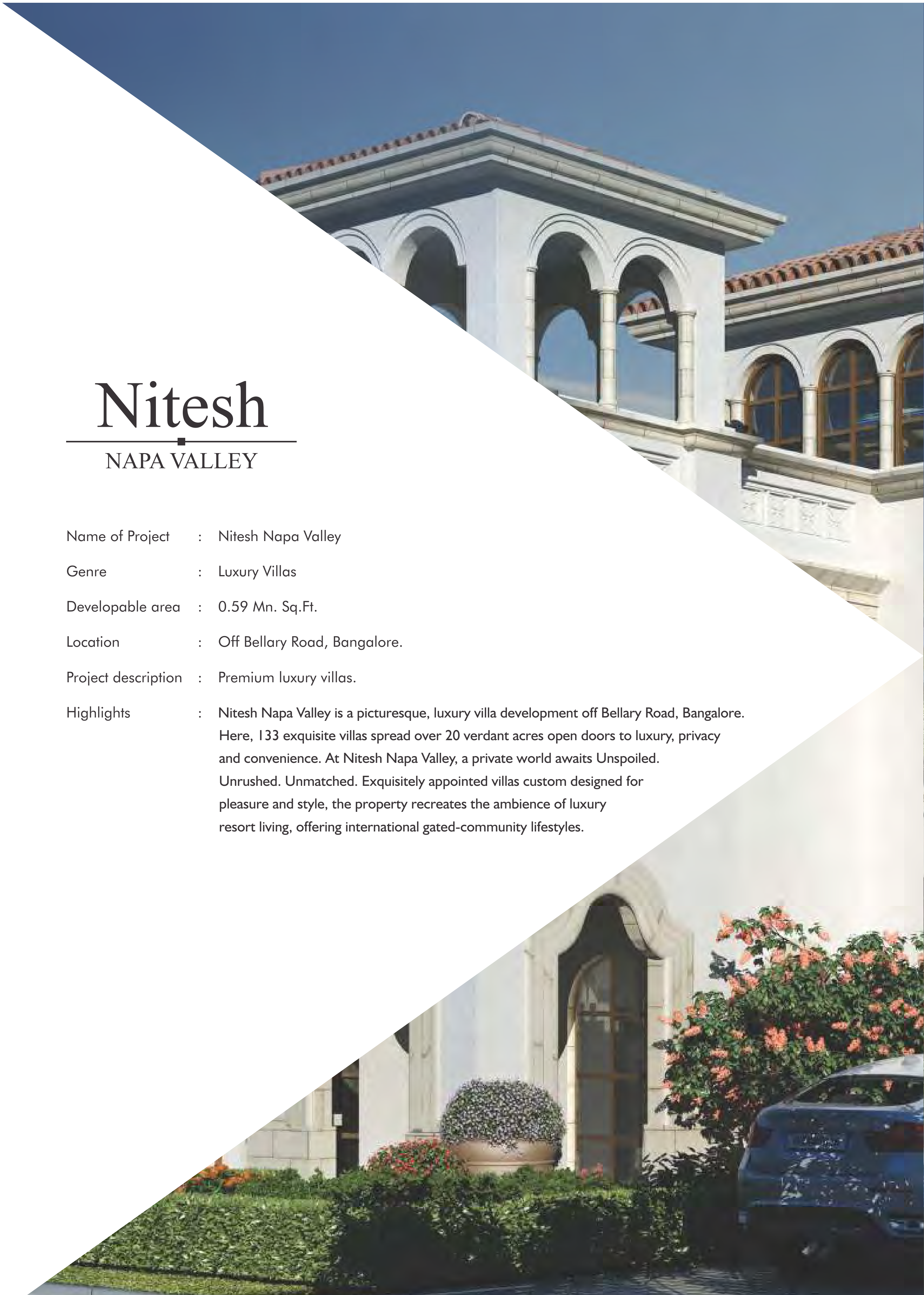
Name of Project	:	Nitesh Long Island
Genre	:	Plotted Developement
Developable area	:	0.86 Mn. Sq.Ft.
Location	:	Devanahalli
Project description	:	Nitesh Long Island located on Devanahalli main road is a gated community with top of the line infrastructure and amenities. A well thought through combination of gardens, water bodies, play areas, etc. make this development give you a true international lifestyle.
Highlights	:	With its internationally designed landscape features, promenades and manicured gardens with wide roads and pathways, this development is truly the future of Bangalore.


WELCOME TO LIFE
IN THE
LAND
OF
KINGS

Nitesh

NAPA VALLEY

Name of Project	:	Nitesh Napa Valley
Genre	:	Luxury Villas
Developable area	:	0.59 Mn. Sq.Ft.
Location	:	Off Bellary Road, Bangalore.
Project description	:	Premium luxury villas.
Highlights	:	Nitesh Napa Valley is a picturesque, luxury villa development off Bellary Road, Bangalore. Here, 133 exquisite villas spread over 20 verdant acres open doors to luxury, privacy and convenience. At Nitesh Napa Valley, a private world awaits Unspoiled. Unrushed. Unmatched. Exquisitely appointed villas custom designed for pleasure and style, the property recreates the ambience of luxury resort living, offering international gated-community lifestyles.



UNDER CONSTRUCTION

Nitesh
PARK AVENUE

Name of Project	Nitesh Park Ave.
Genre	High Rise Premium Luxury Condominium
Developable area	0.14 Mn. Sq.Ft.
Location	Sankey Road, Bangalore.
Project description	An architecturally stunning tower with luxurious private residences.
Highlights	Nitesh Park Ave., luxurious private residences which will be the new iconic landmark in town ushering in a new paradigm, enviable lifestyle of the privileged and pampering that can only be from the Nitesh Estates brand. The architecturally stunning tower is at Bangalore's most sought-after location - High Grounds, Sankey Road and distinguishes itself as the most opulent and spectacular address in Bangalore.

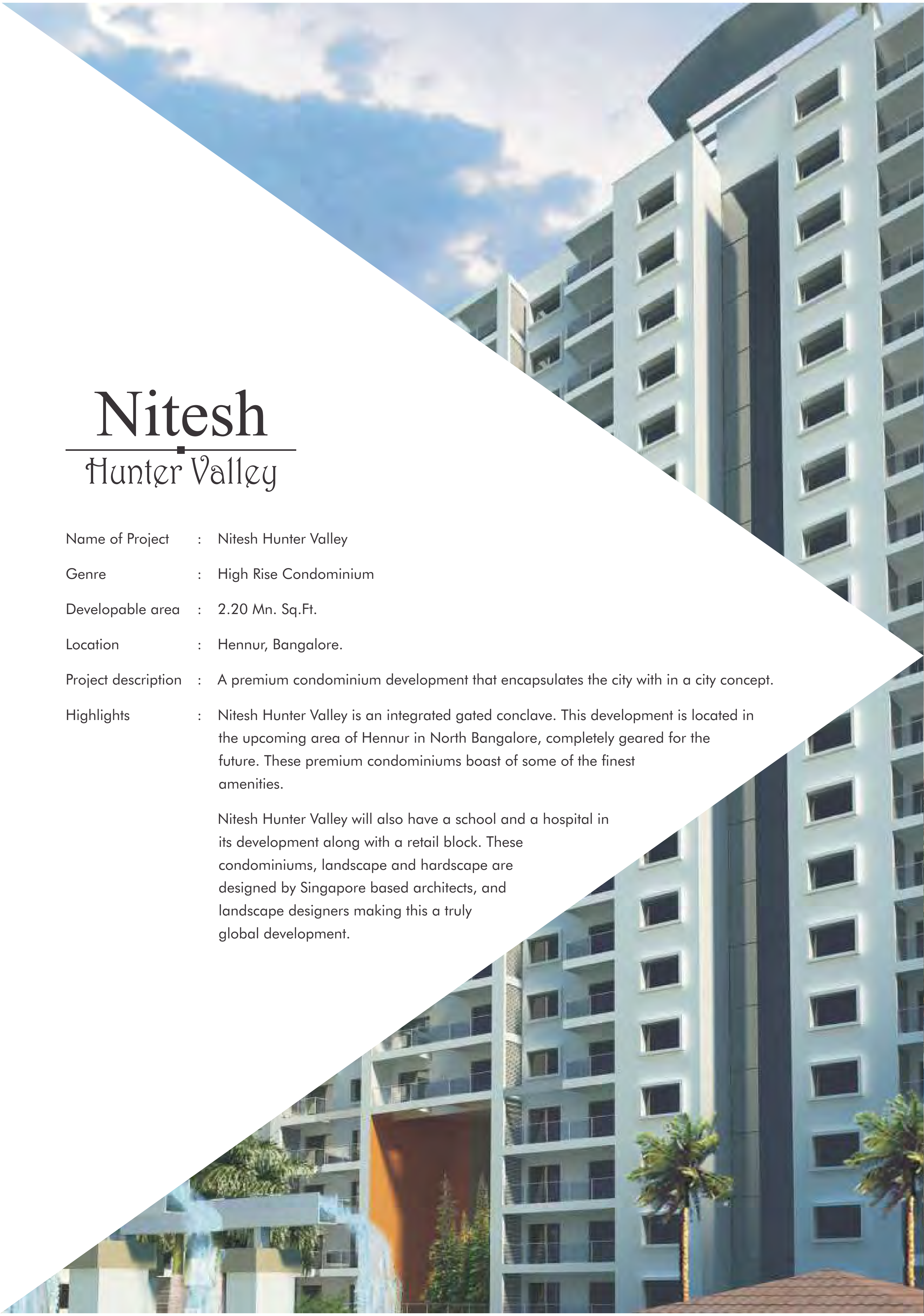
This development takes luxury to new heights by offering sweeping 360 degree views of the prestigious Bangalore Golf Club and Downtown Bangalore. An exclusive address for the most discerning connoisseurs of luxury.

UNDER CONSTRUCTION

Nitesh
PALO ALTO

Name of Project	:	Nitesh Palo Alto
Genre	:	Villament
Developable area	:	1.21 Mn. Sq.Ft.
Location	:	off Sarjapur-Marathalli Ring Road, Bangalore.
Project description	:	PIntelligent villaments, developed with the future in mind.
Highlights	:	Nitesh Palo Alto brings alive intelligent homes, unparalleled living experience for the true technology aficionados. Entwining the aesthetics of new age architecture seamlessly with technology that enhances living for the global Indian, it delivers a futuristic promise that no other villament development offers.

PRE-CONSTRUCTION



Nitesh
Hunter Valley

Name of Project	:	Nitesh Hunter Valley
Genre	:	High Rise Condominium
Developable area	:	2.20 Mn. Sq.Ft.
Location	:	Hennur, Bangalore.
Project description	:	A premium condominium development that encapsulates the city with in a city concept.
Highlights	:	Nitesh Hunter Valley is an integrated gated conclave. This development is located in the upcoming area of Hennur in North Bangalore, completely geared for the future. These premium condominiums boast of some of the finest amenities.

Nitesh Hunter Valley will also have a school and a hospital in its development along with a retail block. These condominiums, landscape and hardscape are designed by Singapore based architects, and landscape designers making this a truly global development.

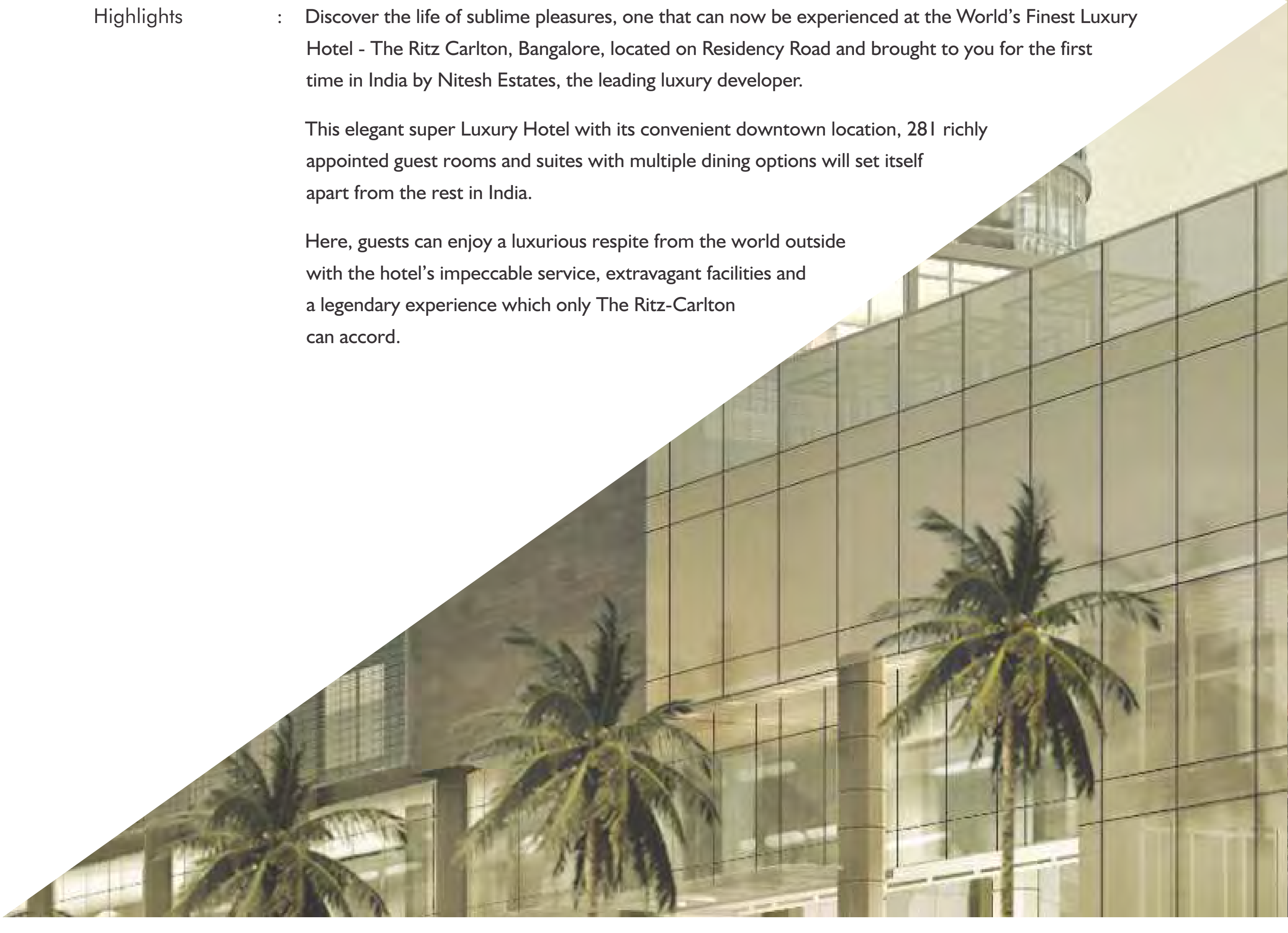

PRE-CONSTRUCTION

THE RITZ-CARLTON HOTEL

Name of Project	:	The Ritz-Carlton Hotel
Genre	:	Luxury Hotel
Developable area	:	0.50 Mn. Sq.Ft.
Location	:	Residency Road, Bangalore.
Project description	:	Exquisite luxury hotel.
Highlights	:	Discover the life of sublime pleasures, one that can now be experienced at the World's Finest Luxury Hotel - The Ritz Carlton, Bangalore, located on Residency Road and brought to you for the first time in India by Nitesh Estates, the leading luxury developer.

This elegant super Luxury Hotel with its convenient downtown location, 281 richly appointed guest rooms and suites with multiple dining options will set itself apart from the rest in India.

Here, guests can enjoy a luxurious respite from the world outside with the hotel's impeccable service, extravagant facilities and a legendary experience which only The Ritz-Carlton can accord.



OPENING SHORTLY

SHOPPING MALL

Developable area	:	1.11 Mn. Sq.Ft.
Location	:	Indiranagar, Bangalore.
Project description	:	The largest mall in the central business district of Bangalore.
Highlights	:	Retail Mall with 1.11 million sq. ft. of lifestyle retail outlets, will be one of the largest malls in the Central Business District of Bangalore. This project is being designed by the globally renowned architectural firm, Callison of Seattle. Retail Mall will be the most convenient retail destination for all avid shopaholics in the city. A one-stop-shop for all well-known international and other brands, Retail Mall promises to be the epitome of luxury, opulence, style, delectable indulgence and a shopper's delight.

PRE-CONSTRUCTION

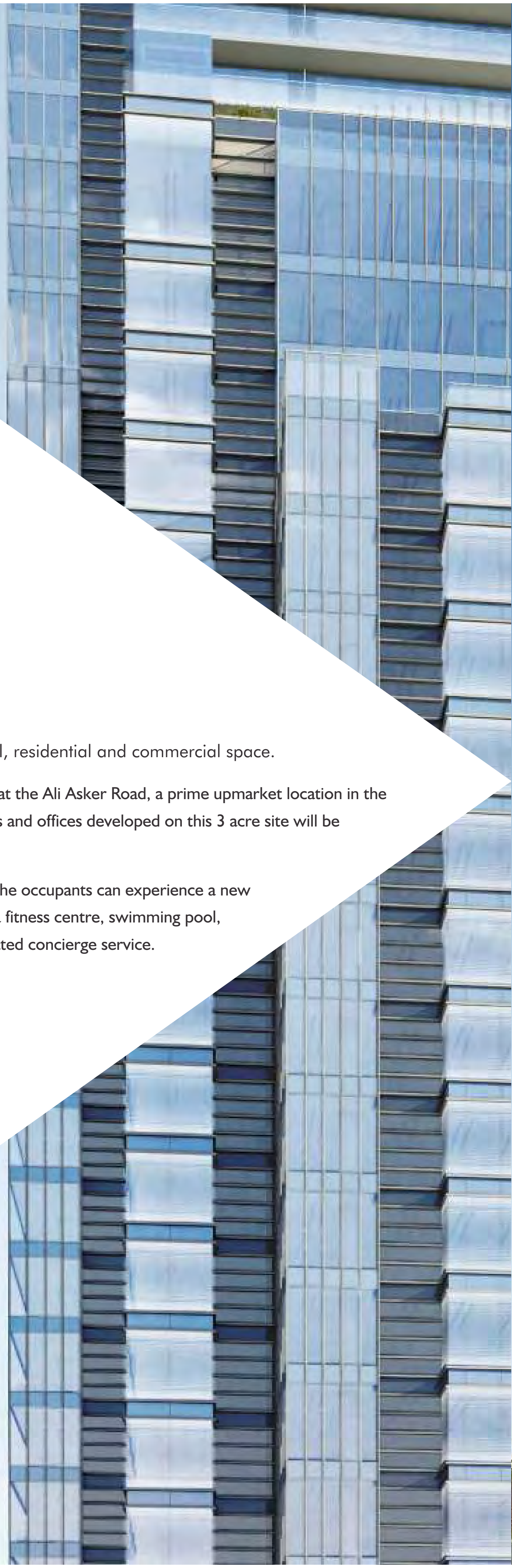
Nitesh
BRITISH COLUMBIA

Name of Project	:	Nitesh British Columbia-
Genre	:	High Rise Condominium
Developable area	:	0.71 Mn. Sq.Ft.
Location	:	Ajanapura, Kanakapura road
Project description	:	Nitesh British Columbia offers you a choice between two and three bedroom condominiums that finely blend impeccable planning and flawless taste together. Structured with your needs in mind, a view that takes your breath away, and scenic lush green open spaces. Fall back on the Property management expertise of Nitesh Estates for managing your dream home and this precious asset of yours.
Highlights	:	Nitesh British Columbia is equipped with picturesque infrastructure and state of the art amenities offering you highly efficient homes. Enjoy the stylish club house the modern swimming pool, the peace of the gardens. Each luxury home faces featured landscape and blends into the horizon. Designed with large windows - that allow natural light while providing your need for privacy. With a play of colors like beige and white that entail the unabashed Nitesh Estates elegance.


COMING SOON

Nitesh
PLAZA

Name of Project	:	Nitesh Plaza
Genre	:	Mixed use
Developable area	:	0.58 Mn. Sq.Ft.
Location	:	Ali Asker Road, Bangalore.
Project description	:	A sophisticated tower, with designated retail, residential and commercial space.
Highlights	:	Nitesh Plaza is striking new landmark, located at the Ali Asker Road, a prime upmarket location in the heart of Downtown Bangalore. The residences and offices developed on this 3 acre site will be one of Nitesh Estate's signature offering. Nitesh Plaza boasts of sweeping urban views, the occupants can experience a new level of luxury with world class amenities like a fitness centre, swimming pool, dining area, entertainment lounge and a dedicated concierge service.



COMING SOON

STATUTORY REPORTS

Notice

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Nitesh Estates Limited will be held on **Friday 27th September, 2013 at 2.00 P.M.** at Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended on that date and the Report's of the Directors' and the Auditors thereon.
2. To appoint a Director in place of Mr. Rangaswamy Iyer, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mahesh Bhupathi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s B. S. R & Co, Chartered Accountants, Bangalore (Firm Registration No. 101248W) as Statutory Auditors of the Company for the year 2013-14 and to fix their remuneration.

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** Mr. Jagdish Capoor, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Jagdish Capoor as a Candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company.

By order of the Board
For NITESH ESTATES LIMITED

Registered Office:
7th Floor, Nitesh Timesquare,
No. 8, M G Road, Bangalore - 560001

Place : Bangalore | **D. Srinivasan**
Date : August 5, 2013 | **Company Secretary**

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant Explanatory Statement as required under section 173 (2) is attached.
3. The Register of Members and the Register of Transfer will remain closed from Tuesday, the 24th September 2013 to Friday, the 27th September 2013 (both days inclusive)..
4. Pursuant to Clause 49 of the Listing Agreement, the prescribed information on Directors seeking appointment / re appointment at the Annual General Meeting is appended to this Notice.
5. Members are requested to advise any changes in communication address, register E-mail address, PAN details and Bank details such as Bank and Branch Name, IFSC Code and MICR No. etc to Karvy Computershare Private Limited, the Registrars and Share Transfer Agents of the Company at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500081, Tel: +91 40 23420818 (B).
6. Members are requested to bring their copy of the Annual Report to the Meeting. Additional copies will not be provided at the Meeting.
7. For the convenience of Members and for the proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form, Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.

Annexure to the Notice

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956

Item No. 5

Mr. Jagdish Capoor was co-opted as an Additional Director appointed as the Non Executive Independent Director of the Company, by the Board of Directors, with effect from March 14, 2013. Pursuant to Section 260 of the Companies Act, 1956 the appointment of Additional Director is valid up to the date of the immediate Annual General Meeting. Notice has been received under section 257 of the Companies act, 1956 from a member signifying his intention to propose Mr. Jagdish Capoor as a Director of the Company. The Board recommends the appointment of Mr. Jagdish Capoor as Non Executive Independent Director of the Company. He is currently serving as Chairman of the Audit Committee and the Shareholders'/Investors' Grievance Committee of the Board.

None of the Directors is interested in this resolution, except Mr. Jagdish Capoor, the appointee.

Profile of Mr Jagdish Capoor is appended below.

By order of the Board
For NITESH ESTATES LIMITED

Registered Office:
7th Floor, Nitesh Timesquare,
No. 8, M G Road, Bangalore - 560001

Place : Bangalore
Date : August 5, 2013

D. Srinivasan
Company Secretary

Name of Director	**Mr. Jagdish Capoor**
Qualifications:	Master in Commerce & Fellow of the Indian Institute of Banking and Finance
Date of Appointment	March 14, 2013
Expertise in specific Functional areas	Mr. Capoor was the Deputy Governor of the Reserve Bank of India and retired after serving for 39 years. While with the Reserve Bank of India, Mr. Capoor was the Chairman of the Deposit Insurance and Credit Guarantee Corporation of India and Bharatiya Reserve Bank Note Mudran Limited. He also served on the boards of • Export Import Bank of India, • National Housing Bank, • National Bank for Agriculture and Rural Development (NABARD) and • State Bank of India. He is also member of the Board of Governors of the Indian Institute of Management, Indore.
Directorships held	1. The Indian Hotels Company Limited 2. Asset Care and Reconstruction Enterprises Limited 3. LICHFL Trustee Co Private Limited 4. Quantum Trustee Co Private Limited 5. Manappuram Finance Limited 6. LIC Pension Fund Limited 7. Entegra Limited 8. LIC Housing Finance Limited 9. Vikas GlobalOne Limited 10. Atlas Documentary Facilitators Company Private Limited
Membership of Committees	Audit Committee member in – 1. Nitesh Estates Limited – Chairman 2. The Indian Hotels Company Limited 3. LIC Pension Fund Limited 4. Entegra Limited 5. Quantum Trustee Co Private Limited 6. Atlas Documentary Facilitators Company Private Limited Shareholders'/Investors' Grievance Committee member in- 1. Nitesh Estates Limited – Chairman Remuneration Committee member in- 1. Nitesh Estates Limited 2. The Indian Hotels Company Limited 3. Manappuram Finance Limited
No of shares held in the Company	Nil

Profile of Directors being re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges

Name of Director	**Mr. Rangaswamy Iyer**
Qualifications	Master in Commerce , Masters in Financial Management from Jamnalal Bajaj Institute and Diploma in Management studies from Bombay University
Date of Appointment	May 28, 2010
Expertise in specific Functional areas	Mr. Ranga Iyer has a Masters in Commerce from Bombay University. He has also a Masters in Financial Management from Jamnalal Bajaj Institute and Diploma in Management studies from Bombay University. In his previous assignment, he was the Managing Director of Wyeth Limited and previous to that he was Vice President (Finance) of Wyeth Limited. He was nominated as 33rd most influential person in the Global Pharma Industry by World Pharmaceutical Frontiers in 2009. He was also President of Organization of Pharmaceutical Producers of India from 2007 to 2009 and past president of American Chamber of Commerce, Mumbai chapter. He is also speaker in various academic Institutes such as Indian School of Business, Hyderabad and other industry forums. He has been the Managing Committee member of the Bombay Chamber of Commerce for the last 4 years and is currently Managing Committee Member of Indian Merchants Chamber. Mr. Iyer's expertise is in Business and Finance. He has strong leadership skills and effective communicator
Directorships held	1. Atul Bioscience Limited 2. Salus Lifecare Private Limited
Membership of Committees	Audit Committee Member in Atul Bioscience Limited Remuneration Committee member Nitesh Estates Limited
No of shares held in the Company	Nil

Name of Director	**Mr. Mahesh Bhupathi**
Qualifications	Degree in Commerce
Date of Appointment	June 30, 2005
Expertise in specific Functional areas	He is a professional tennis player and became the first Indian to win a Grand Slam tournament in 1997 and was ranked number one in the ATP Doubles Rankings in 1999. He has over seven years of professional experience in the sports, media and entertainment industry.
Directorships held	1. Bhupathi Tennis Academy Private Limited 2. Globosport India Private Limited 3. Mahesh Bhupathi Tennis Academies Private Limited 4. Big Daddy Productions Private Limited 5. Globosport Digital Private Limited 6. Play Sports Surfaces & Recreational Solutions Private Llimited 7. Globosport Platinum RYE Private Limited 8. Live Sports 365 E-Retail Private Limited 9. Asian Tennis Premier League Private Limited 10. Czar Cast Private Limited
Membership of Committees	Nil
No of shares held in the Company	1,96,410 Shares

Directors' Report

Your Directors present their Ninth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS:

Rupees in Lakhs

Particulars	STANDALONE		CONSOLIDATED	
	2012-13	**2011-2012**	**2012-13**	**2011-2012**
Income				
Income from operations	4688	7903	8287	11622
Other Income	255	12	530	1359
Total Income	**4943**	**7915**	**8817**	**12981**
Profit/(Loss) before depreciation	(2679)	(532)	(13508)	677
Less : Depreciation	171	181	179	184
Profit/(Loss) before tax	(2850)	(713)	(13688)	493
Less : Income tax	388	(257)	574	248
Profit / (Loss) after tax	**(3238)**	**(456)**	**(14262)**	**245**
Less: Minority interest & share of profit in Associate	-	-	56	214
Net Profit / (Loss)	**(3238)**	**(456)**	**(14206)**	**31**

DIVIDEND:

The Directors could not recommend any dividend in view of the loss.

OPERATIONS:

Stand Alone:

During the year under review the Company could achieve turnover of Rs. 4688 Lakh as against Rs. 7903 Lakh in the previous year and other income of Rs. 255 Lakh as compared to Rs. 12 Lakh in the previous year. The operations had resulted in a loss of Rs. 3238 Lakh as against a loss of Rs. 456 Lakh in the last year.

Consolidated:

In compliance with the applicable Clauses of the Listing Agreement with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India.

The Audited Consolidated Financial Statements along with the Auditors Report have been annexed to this Annual Report. The total consolidated revenue for the year ended 31st March 2013 amounted to Rs. 8817 Lakh including other income of Rs. 530 Lakh, as compared to Rs. 12981 Lakh in the previous year. The Company has incurred loss after tax of Rs. 14262 Lakh (Previous year profit after tax Rs. 245 Lakh) and a Net loss of Rs. 14206 Lakh for the year (Previous year Net Profit of Rs. 31 Lakh), after adjusting the minority interest in subsidiary companies and share of profit from associate company amounting to Rs. 56 Lakh (Previous year Rs. 214 Lakh).

The audited consolidated Balance Sheet as at March 31, 2013, consolidated Profit and Loss account for the year ended on that date, Cash flow together with the Notes and Reports of Auditors thereon form part of this Annual Report. The financial figures have been regrouped in line with the new Schedule VI disclosure requirements.

Debentures:

During the year, the Company has issued 6000 - 18.50% Secured Unlisted Redeemable Non-Convertible Debentures of Rs. 1,00,000 each aggregating to Rs. 60,00,00,000 (Rupees Sixty Crores Only) to PHL Finance Private Limited on February 1, 2013 for financing Hunter Valley project, repayment of loan obtained from Bank of Baroda and for general corporate purposes.

The issue terms and conditions are as follows:

Mode of issue: Private Placement

Nature of Debentures: 18.50% Secured Unlisted Redeemable Non-Convertible Debentures

Issue size: 6000 Debentures of Rs. 1,00,000 each aggregating to Rs. 60,00,00,000 (Rupees Sixty Crores Only)

Coupon Rate: 18.50 % P A

Redemption: Redeemable after expiry of 12 months (moratorium period) in 13 (thirteen) quarterly installments as below:

5 (Five) equal quarterly installments of Rs. 4 Crs

8 (Eight) equal quarterly installments of Rs. 5 Crs

Nature of holding Securities: Electronic (in Demat form)

SUBSIDIARY COMPANIES:

NITESH HOUSING DEVELOPERS PRIVATE LIMITED:

The Company holds 89.9% of equity share capital of this subsidiary.

The financial highlights are:

Figures in Rs.

Particulars	2012-13	2011-12
Paid up Capital	9,15,00,000	5,00,00,000
Reserves & Surplus	1,90,72,640	20,12,40,006
Income From Property Development	30,80,87,667	35,22,59,025
Other Income	2,00,60,691	13,36,03,183
Profit/(Loss) Before Tax	(96,96,97,992)	18,11,29,344
Profit/(Loss) After Tax	(97,06,67,366)	11,58,19,192

On December 12, 2012, this Subsidiary Company had issued to Nitesh Estates Limited (Holding Company) 41,50,000 - 9% Non cumulative Redeemable Preference shares ("NCRPS") at an issue price of Rs. 200/-(Rupees Two Hundred Only) with the face value of Rs. 10/- (Rupees Ten Only) and premium of Rs. 190 (Rupees One Hundred and Ninety Only) per NCRPS, aggregating to Rs. 83,00,00,000 (Eighty Three Crores Only). Consequently, the paid up capital of the Company increased from Rs. 5 Crores to Rs. 9.15 Crores.

During the year, with the consent of HDFC AMC Ltd. (sole Debenture holder), the redemption date of debentures which was September 5, 2012 extended up to June 5, 2013. As mutually agreed between the parties, the second addendum was executed dated November 12, 2012 to the Debenture Subscription and Share Purchase Agreement and Shareholders Agreement to give effect to modifications as below:

- Conversion of Debentures into Optionally Convertible Debentures from existing Compulsory Convertible Debentures
- To redeem the Debentures in multiple tranches as may be mutually agreed between the parties

Accordingly, the Company has made partial redemption of Debentures as below:

Redemption date	No of debenture redeemed	Value of Debenture redeemed (Rs.)	Redemption premium(Rs.)	Total redemption amount(Rs.)
3-Dec-12	2,52,300	2,52,30,000	2,75,26,661	5,27,56,661
24-Jan-13	37,38,990	37,38,99,000	42,61,01,000	80,00,00,000
Total	39,91,290	39,91,29,000	45,36,27,661	85,27,56,661
Balance number of Debentures to be redeemed - 22,08,710				

As decided by the Board of the subsidiary, the premium amount paid on Debentures redemption was charged to the profit and loss account of the Company.

NITESH INDIRANAGAR RETAIL PRIVATE LIMITED:

This Company is a 100% wholly owned subsidiary of Nitesh Estates Limited.

The financial highlights are:

Figures in Rs.

Particulars	2012-13	2011-12
Paid up Capital	13,24,80,000	13,24,80,000
Reserves & Surplus	114,04,66,105	117,02,46,021
Other Income	4,482	6,26,205
Profit/(Loss) Before Tax	(2,16,79,416)	2,86,55,443
Profit/(Loss) After Tax	(2,97,79,916)	(2,11,73,979)

The proposed Nitesh Retail Mall project of this Subsidiary at Indiranagar, Bangalore will have built up area of 700,000 Sq. Ft. housing a hypermarket, 130 shops, food courts, multiplex with 11 screens and restaurants, in Indiranagar, Bangalore.

During the year, the Company had approached the Banks for Term Loan facility of Rs. 300 Crores for financing Nitesh Retail Mall Project. Accordingly, Bank of Baroda, Punjab National Bank and Corporation Bank under consortium arrangement have agreed to sanction the loan. The Company has taken below actions to fulfill the pre-conditions stated in the Banker's sanction letters.

1. The Authorised capital of the Company was increased from current Rs. 15 Crores to Rs. 25 Crores
2. The Articles of Association of the Company amended to allow for dematerialisation of Company's shares and for appointment of Nominee /Special Directors in the Board.

The terms of agreement modified as mutually agreed between the land lord and the Company. The Consortium Bankers have approved the modified terms. The Consortium Agreement was signed on 15 May 2013. The Supplementary agreement will be executed with the Landlord to give effect to agreed terms.

NITESH URBAN DEVELOPMENT PRIVATE LIMITED

This Company is a 100% subsidiary of the Company

The Financial Highlights are:

Figures in Rs.

Particulars	2012-13	2011-12
Paid up Capital	6,58,20,000	6,58,20,000
Reserves & Surplus	4,88,45,859	14,70,13,644
Other Income	61,00,677	1,45,000
Profit/(Loss) Before Tax	(8,92,68,006)	(2,96,91,581)
Profit/(Loss) After Tax	(9,81,67,785)	(2,07,91,862)

Debentures:

On June 9, 2012, this Subsidiary Company has entered into an Investment Agreement with JM Financial Trustee Company Private Limited, a trustee of JM Financials Property Fund II and pursuant to which, had issued Unsecured Zero-Coupon Compulsorily Convertible Debentures to part finance the projects approved by the Investor.

The issue terms and conditions are as follows:

Mode of issue: Private Placement

Nature of Debentures: Zero-Coupon Unsecured Zero Coupon Compulsorily Convertible Debentures

Issue size: 350 Debentures of Rs. 10,00,000 each aggregating to Rs. 35,00,00,000 (Thirty Five Crores Only)

Redemption: Repayable after expiry of 48 months from the closing period as per Investment Agreement

Purpose: To finance two residential FDI Compliant projects - Cape Cod Project and Palo Alto Project approved by the investor.

Consequent to the Investment Agreement, the articles of the Company were modified to incorporate the causes of the agreement.

The Investor has appointed two nominees in the Board, one Director as non-rotational and another Director who is liable to retire by rotation every year.

Cape Cod, a Residential Project:

The Company has obtained all the approval from the relevant authorities for commencement of the project. The final plan approval was obtained on March 19, 2012. This Project is expected to yield total revenue of Rs. 300 Crores.

Palo Alto, a Residential Project:

This project will be financed once the business plan approved by the Investor. The applications are made with the relevant authorities for project approval.

NITESH PROPERTY MANAGEMENT PRIVATE LIMITED:

This Company is a 100% wholly owned subsidiary of the Company. It has entered into Maintenance Contracts with owners of completed apartments developed by the Company.

The Financial Highlights are

Figures in Rs.

Particulars	2012-13	2011-12
Paid up Capital	1,00,000	1,00,000
Reserves & Surplus	58,42,981	5,93,666
Current Liabilities	1,92,91,591	94,88,168
Income from Operations	3,71,47,297	3,20,00,428
Other income	6,78,297	2,62,922
Profit/(Loss) Before Tax	(60,24,210)	8,84,780
Profit/(Loss) After Tax	(64,36,647)	5,93,666

KAKANAD ENTERPRISES PRIVATE LIMITED:

The Company has not commenced its commercial operations. This Company is a 100% subsidiary of the Company.

The Status of the Company:

Figures in Rs.

Particulars	2012-13	2011-12
Paid up Capital	1,00,000	1,00,000
Reserves & Surplus	(3,58,123)	(2,50,040)
Income	Nil	Nil
Profit/(Loss) Before Tax	(1,08,083)	(1,37,751)
Profit/(Loss) After Tax	(1,08,083)	(1,37,751)

The Board of the Subsidiary Company is looking for financially viable projects. Once the suitable projects are identified, additional capital will be infused and with the help of income generated out of such identified project, the net worth erosion will be avoided.

B. EXEMPTION FROM ATTACHING OF SUBSIDIARIES ACCOUNTS

Pursuant to the general permission accorded by Ministry of Corporate Affairs, vide their Circular No. 2/2011 dated February 8, 2011 the Company is not attaching the Annual Reports of the Subsidiary Companies as approved by the Board at their meeting held on May 30, 2013. However, any shareholder who wishes to have information on the Subsidiary Companies or a copy of the Annual report of the subsidiary companies may write to the Company requesting for the same.

The Statements pursuant to Section 212 of the Companies Act, 1956 has been annexed with the Stand-alone financials of the Company.

C. MATERIAL NON-LISTED INDIAN SUBSIDIARY:

Pursuant to Clause 49 of the Listing Agreement, Nitesh Housing Developers Private Limited and Nitesh Indiranagar Retail Private Limited will be treated as a material non-listed subsidiary for the financial year 2012-13. Necessary steps are being taken as required under the Listing agreement.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors, to the best of their knowledge and belief, confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made 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, 2013 and of the loss of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

BOARD'S RESPONSE TO AUDITORS' OBSERVATION:

a) In Clause X of the Annexure to the Auditors' Report for Stand-alone Accounts

The Company has incurred cash losses in the financial year amounting to Rs. 26.79 Crore and an amount of Rs. 5.32 Crore in the immediately preceding financial year. The Company follows the percentage of completion method for revenue recognition, based on which significant quantum of sales revenue recognition takes place in the advanced stage of development of the projects. Currently most of the projects which are under development by the Company are in various stages of construction, due to which the actual revenue recognition is much lower during the current fiscal year. Whereas, the fixed expenses component is directly charged to the P&L A/c in the year in which it is incurred as per the prevalent Accounting Standards. The management is confident that the sales revenue recognition will significantly improve in the ensuing fiscal years as the projects are reaching advanced stage of completion, thereby enabling enhanced profitability.

b) Emphasis of matter in the Auditors' Report for Consolidated Accounts

Nitesh Indiranagar Retail Private Limited (NIRPL), a subsidiary of the Company has entered into a joint development agreement with a land owner to construct a mall in Bangalore and the said agreement stipulates timelines within which NIRPL is required to complete the construction and also stipulates penal financial consequences for each month of delay to NIRPL in the event of a delay. In anticipation that the construction will not be completed within the stipulated time, considering the status of implementation of the project, NIRPL is having ongoing discussions with the land owner and in response NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. The Subsidiary is reasonably confident to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES AT, 1956:

Information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure I and forms part of this Report.

Information in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure II and forms part of this Report.

CORPORATE GOVERNANCE REPORT:

The Company has taken adequate steps to ensure that all mandatory provisions of Governance as prescribed by the Listing Agreement with the Stock Exchanges have been complied with.

The Management Discussion & Analysis Report is attached as Annexure III and forms part of this Report.

A Report on Corporate Governance forming part of the Directors' Report, along with a certificate from the Practicing Company Secretary confirming compliance, is annexed as Annexure IV and forms part of this Report.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Mahesh Bhupathi and Mr. Ranga Iyer will retire by rotation at the ensuing Annual General Meeting and being eligible for reappointment.

During the year, the following changes have taken place in the Board:

- Mr. James Brent , Independent Director resigned on November 15, 2012 due to his external business commitments at his home country.
- Mr. Ashish Dalal, who was appointed as Independent Director w.e.f September 26, 2012, resigned on March 5, 2013
- Mr. Darius Erach Udwadia, Independent Director resigned on February 21,2013
- Ms. Pushpalatha Shetty, Promoter and Non Executive Non Independent Director resigned on March 14, 2013 due to her increasing other commitments.
- Mr. Jagdish Capoor was co-opted as an Additional Director and appointed as Independent Director w.e.f March 14, 2013

During the year, the following changes have taken place in the Board Committees:

A. Audit Committee:

- Mr. Rangaswamy Iyer resigned as member and Chairman on September 26, 2012
- Mr. Ashish Dalal was appointed as Member and Chairman on September 26, 2012 and resigned on March 5, 2013
- Mr. Darius Erach Udwadia resigned as member on February 21, 2013
- Mr. Jagdish Capoor was appointed as member and Chairman w.e.f April 17, 2013.

B. Share Holders/ Investors Grievance Committee:

- Mr. Mahesh Bhupathi resigned as member and Chairman on November 8, 2012
- Mr. Ashish Dalal was appointed as member and Chairman on November 8, 2012 and resigned on March 5, 2013
- Mr. Jagdish Capoor was appointed as member and Chairman w.e.f April 17, 2013.

C. Remuneration Committee:

- Mr. Darius Erach Udwadia ceased to be a member on February 21, 2013
- Mr. Jagdish Capoor was appointed as member w.e.f April 17, 2013

Mr. Jagdish Capoor, Additional Director vacates office at the ensuing Annual General Meeting and is eligible for appointment under Sec 257 of the Companies Act, 1956. The Company has received a notice from a member proposing his candidature with requisite deposit. Necessary resolution will be placed before the ensuing Annual General Meeting.

AUDITORS:

The Auditors, B S R & Co, Chartered Accountants, Bangalore (Firm Regn.101248W) hold office up to the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

CORPORATE SOCIAL RESPONSIBILITY:

While we continue to concentrate on our core business objective of building world-class projects, we are also aware of our responsibilities towards the society we operate in. We conduct our business in a fair and ethical manner and try to be change agents through meaningful contributions and partnerships.

Believing in the adage – 'charity begins at home' and taking cognizance of the fact that our business involves urbanization, we are extremely sensitive to our surroundings and ecology. We try to minimize our carbon footprint by erecting energy efficient buildings and investing in adequate green cover in all our project sites to supplement the ground cover.

ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere appreciation of the valuable assistance and co-operation extended to the company by its Customers, Bankers, Financial Institutions, State and Central Government authorities, Service Providers, Contractors and the Shareholders for their valued support to the Company's operations.

Your Directors also place on record their appreciation of the significant contribution made, and support extended, by the employees of the Company at all levels during the year.

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 30, 2013

NITESH SHETTY
Chairman & Managing Director

Annexure I

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2013

Employee Name	Designation	Qualification	Total experience	Age	Date of Joining	Gross Remuneration	Previous Employment
Ashwini Kumar	Executive Director and Chief Operating Officer	B.E, PGDBM	30	55	11/2/2009	8,100,000	MD-Lineage Power India Pvt. Ltd.
Nitesh Shetty	Chairman and Managing Director	B.Com	12	36	20/2/2004	12,293,724	-
Vaidyanathan L S	Executive Director	B.Sc, FCA	28	52	1/6/2005	11,000,000	Practicing Chartered Accountant
Venkateshan M A	Chief Finance Officer	B Com, LLB, FICWA, FCS, FCA	31	57	10/9/2010	7,440,232	Sr - VP(Fin), JSW Steel Ltd

Notes :

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Leave encashment, Leave Travel Concession, Medical Expenses, Bonus, House Rent Allowance and expenses for providing residential.

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 30, 2013

Nitesh Shetty
Chairman & Managing Director

Annexure II

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Expenditure

I. CONSERVATION OF ENERGY

a) Energy conservation measure taken:

The company has taken energy savings measures, viz.,

- Installation of solar water heaters to reduce the EB power consumption
- The buildings are ergonomically designed to consume less power, and to include more natural light and ventilation.
- The flats are positioned north-south directions, so that the direct sun light entering to the flats are reduced, thereby reducing the power consumption.
- Use of materials in construction which are certified by IGBC (India Green Building Council)
- Implementing rain water harvesting system in the projects. By this, the ground water table is recharged and rain water is utilized for domestic purposes, thereby reducing the dependency on municipal water supply.

b) Additional investment and proposal,

The company as a matter of policy has regular programme for investments in energy saving devices. Investments are being done for the procurement of lifts which are more efficient and based on variable drive.

c) Impact of measure taken

The impact and the energy conservation by the system adopted in (a) and (b) above will be known in the long run. These cannot be quantified.

II. TECHNOLOGY ABSORPTION

a. Company works on a mechanized process to reduce cost and increase the efficiency of the operations.

I. ERP system using SAP implemented successfully and the company is benefitting from the same.

II. By appointing oversees architects, consultants technology upgradation has been brought to the projects.

III. Use of light weight blocks for construction of walls in the projects – The new technology available from Germany has been adopted in the projects. This has considerably saved the construction cost and time.

IV. Certifying the projects with leed ratings, so that the IGBC guidelines are met and the buildings are more efficient.

V. The Sewage Treatment Plant (STP) – latest technology has been adopted, which is more efficient and energy savings

b. Benefits derived as a result of the above efforts:

The benefits can be listed as follows:

i. The functions and efficiency has improved with more transparency in the system.

ii. The designs brought into our projects have been praised by the customer.

iii. Savings in construction cost and time

iv. The new technology in STP saves space and energy.

c. No remarkable technology has been imported.

III. RESEARCH AND DEVELOPMENT

a. Specific area in which R & D carried out by the Company:

The company has introduced more robust quality checking norms for the building materials and workmanship, so that the quality product is delivered. Safety norms of the Company has been rolled out. The quality and safety work shop are conducted regularly at all the project sites, so that the end user is aware of the standards.

b. Benefits derived as a result of the above R & D

The benefits are in the long run by delivering the quality product to the customer.

c. Future Plan of Action

The continuous improvement in the above fields, identifying new products, identifying new technology in the construction industry, attending seminars, training the staff, etc.,

d. Expenditure on R & D

It forms part of the project cost and cannot be quantified separately.

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange inflow and outflow during the year are as follows:

Expenditure in foreign currency (on accrual basis)

Amount in Rupee

Particulars	Year ended 31-Mar-13	Year ended 31-Mar-12
Architect and Professional & consultancy charges	2,86,69,020	9,21,06,149

There is no foreign exchange earnings / inflow during the year

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 30, 2013

NITESH SHETTY
Chairman & Managing Director

Annexure III

Management Discussion and Analysis

Socio Economic Environment

The overall economic growth is estimated at 5.0% in FY2013, the lowest in a decade, as compared to the growth of 6.2% during FY2012. The GDP growth rate declined sharply to 4.8% in Q4 FY2013 with Agriculture, Industry and Services growing at 1.4%, 2.7% and 6.6% respectively. However, the Government provided some hope in the last two quarters with several reforms which is expected to control the FY2013 fiscal deficit to 5.2% of GDP, and targeting to lower it further to 4.8% for FY2014. Industrial output or the index of industrial production (IIP) also indicated a slowing trend and increased by only 1.0% in FY2013, as compared to 2.9% in FY2012.

Inflation remained consistently above the comfort level with average WPI and CPI inflation rates of 7.34% and 10.21%, respectively during the year. This persistent high inflation forced RBI to keep the Interest rates high during FY2013. However, during the second half of FY2013 RBI cut the interest rates 2 times in a row to boost the growth prospects of the economy. The rates still remain high with Repo rate at 7.5% and Reverse Repo rate at 6.5% at the end of March 2013. The RBI Consumer Confidence Survey showed that the net response for current household circumstances has been consistently declining over the last four quarters. The Current Situation Index declined 13.1% y-o-y and 5.6% q-o-q in March 2013. The Future Expectations Index also showed a similar trend and decreased 13.1% y-o-y and 1.6% q-o-q in March 2013.

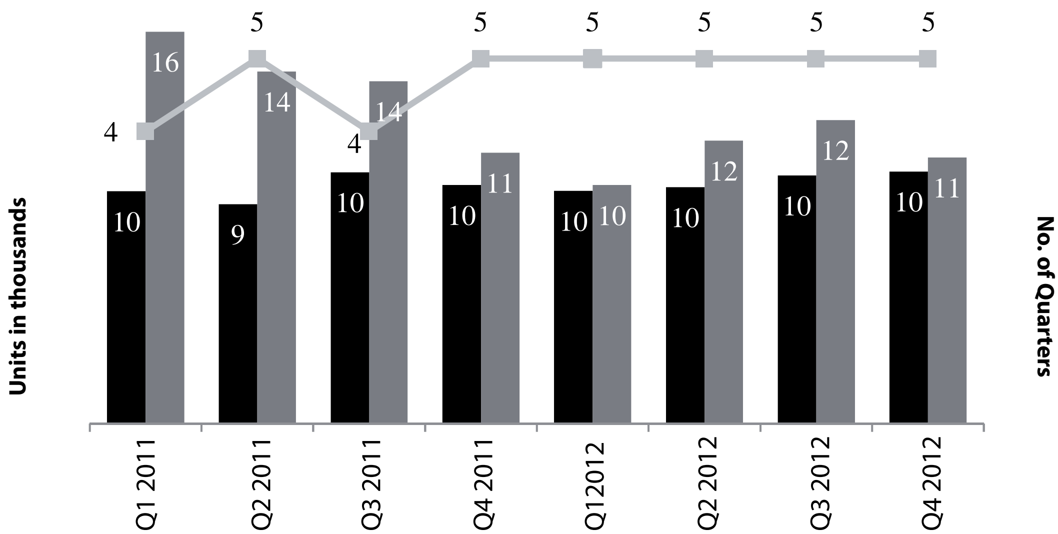
Real Estate Market

Indian Real Estate Market

The Indian Real Estate sector has been impacted by slowing demand, high borrowing cost, increasing leverage and execution challenges. Residential absorption has been declining since 2008 due to broader slowdown in economy, high interest rates and affordability issues. Recent policy initiatives have been a mixed bag for the sector. Reduction in rate of abatement for high-end homes and flats having a higher service component has been a positive development. Although, the levy of TDS at the rate of 1% on the value of immovable properties being transferred where consideration exceeds Rs. 50 lakhs is an impediment. According to the Department of Industrial Policy & Promotion (DIPP), Foreign Direct Investment in the housing and real estate sector during Apr-Feb 2013 was estimated at approximately $1,260 million compared with $3,141 million for Apr-Mar 2012 period. However, longer term industry dynamics remain intact: rising urbanisation, young population and a high savings rate coupled with easy availability of credit.

Bangalore Real Estate Market

The real estate prices in Bangalore have grown at a steady pace with an average annual appreciation of 10-12% over the last five years. The housing price index (RESIDEX) in Bangalore increased to 106 in Oct-Dec 2012 as compared to 92 in Jan-Mar 2012, a 15.2% increase, one of the highest increases among major cities during this period. The city's real estate market is expected to get a boost due to the ongoing and planned infrastructure projects. Bangalore real estate market has seen a largely consistent supply and absorption trend with an inventory overhang of 5 quarters. The residential demand has been steady at around 10,000 units each quarter. The supply of units has reduced from the 2011 levels but has been steady during the year at an average of 11,250 units per quarter.



In the commercial real estate segment, occupiers remained cautious, with most corporates focused upon consolidation besides utilizing their existing space more efficiently.

Despite the adverse macroeconomic scenario, the Company has been able to significantly increase sales bookings, average realization, collection and project portfolio.

The Company

Founded in the year 2004, the Company made its initial public offering in May 2010 and was listed on the Bombay Stock Exchange and the National Stock Exchange. In a very short period of time, Nitesh Estates has built a strong brand reputation owing to the high quality of projects it has delivered. The Company has received investments from global investors such as Och-Ziff, Citi Properties (now Apollo Global Management) and HDFC. The Company also has partnership with leading firms like KPF, WATG, Callison and L&T for design and construction services. It is also developing India's first Ritz Carlton Hotel in Bangalore which is expected to start commercial operations in FY2014.

During the year, Nitesh Estates completed construction and commenced handing over activity at 2 projects: Nitesh Camp David and Nitesh Central Park. After handing over the above two projects, the Company currently has 12 projects under various stages of construction and development. All these 12 ongoing projects have a total sales potential of about Rs. 3,000 Crore. There are 7 residential projects which are currently under construction and have a total revenue potential of over Rs. 1,200 Crore. As construction activity at these projects has advanced, increased revenue recognition will happen in the coming year. There are 2 new residential projects which were launched in FY2013, namely Nitesh Palo Alto and Nitesh Napa Valley. These 2 projects have a sales potential of over Rs. 940 Crore. There are 3 new additional projects under design and approval stages which will be launched in the coming year and will have a sales potential of about Rs. 860 Crore.

Apart from the residential projects, the Company is developing the first Ritz Carlton hotel in India, located in Bangalore for which the project value is Rs 770 Crore. Further, the Company is also developing a mall in Indiranagar, Bangalore for which the project cost is Rs 586 Crore.

The Company follows strong governance practices and has an eminent Board and strong management team with significant experience across industries. The Board constitutes 8 members of which 4 are independent.

Operational and Financial Performance

FY2013 was a difficult year for the economy and real estate industry but Nitesh Estates performed relatively well. The Company has built a strong pipeline of projects. By the beginning of FY2013, the Company had executed 11 projects with developed area of 1.73 million sq. ft. and there were 14 projects under construction. Developable area under construction increased from 4.33 million sq. ft. at the end of FY2012 to 9.33 million sq. ft. at the end of FY2013. During FY2013, the Company handed over 0.31 million sq. ft. of residential development to the customers. During the year, the Company sold 0.42 million sq. ft. of residential development.

Nitesh Estates generated consolidated sales revenue of Rs. 88.2 Crore compared with Rs. 129.8 Crore in the previous year. During the year, the Company recorded an operating profit (EBITDA) of Rs. (42.7) Crore compared with Rs. 7.7 Crore in the previous year and a net profit of Rs. (142.1) compared with Rs. 0.3 Crore last year.

Revenue Breakup

(Rupees in Crore)

Particulars	FY2013	% share	FY2012	% share
Property Development	52.5	63.3%	48.7	*41.9%*
Sale of Developed Property	3.7	4.5%	3.2	*2.8%*
Sale of Villa Plots	-	-	4.2	*3.6%*
Contractual Activities	26.7	32.2%	60.2	*51.8%*
Total	**82.9**		**116.2**	

Financial Condition

(Rupees in Crore)

Particulars	March 31, 2013	March 31, 2012
Sources of funds		
a. Shareholders' funds	320.91	462.97
b. Minority Interest	-	2.54
c. Loan funds	270.92	124.73
Total	**591.83**	**590.25**
Application of funds		
a. Fixed assets (net)	64.92	53.77
b. Investments	76.37	58.86
c. Net current assets	450.51	471.94
d. Deferred tax/ miscellaneous expense, among others	0.03	5.68
Total	**591.83**	**590.25**

(Rupees in Crore)

Particulars	12 months ended March 31, 2013	12 months ended March 31, 2012
Profit before tax	(136.86)	4.93
Add: Adjustments	74.47	(10.55)
Add: Net working capital	20.53	(52.72)
Less: Income Tax paid	3.21	5.49
Net cash flow from operating activities	**(45.07)**	**(63.83)**
Net cash flow from investing activities	(50.50)	31.51
Cash flow from financing activities	95.75	44.99
Net cash inflow / (outflow)	**0.18**	**12.67**

Liquidity

Nitesh Estates has suitable commercial arrangements with its creditors, healthy cash flows and sufficient standby credit lines with banks and financial institutions to meet its working capital requirement. It deploys a robust cash management system to ensure timely servicing of its liquidity obligations. The Company has also been able to arrange for adequate liquidity at an optimized cost to meet its business requirements and has minimized the amount of funds tied-up in the current assets

As of March 31, 2013, the Company had cash and cash equivalents of Rs. 27.9 Crore and debt of Rs. 270.9 Crore. The Company's debt to equity ratio is 0.76.

Business Strategy

Joint Development Model

The Company consciously avoids building a "land bank" and develops real estate jointly with the owners of the land. The agreement with the owners of land entitles the Company irrevocably to plan the project, obtain approvals and sanctions from the appropriate authorities, to carry out the construction of the project and the right over a share of the developed property. The Company is entitled to market the project and name the project. A power of attorney is executed by the owners in favour of the Company which entitles it to enter into agreements of sale or lease, the right to transfer the Company's share of the developed area. The Company is also entitled to the custody of title deeds of the property in order to raise finance against mortgage of the property. The owners of the land are entitled to a share of the developed area and payment of monies as deposit, a part of which may be non refundable. The owner indemnifies the Company from any claims against the title of the property.

This model allows the Company rights over land with low capital exposure and mitigates the risk related with the title of land and the risk associated with land value owing to a shift in consumer preferences. Requires low upfront land acquisition cost. This enables the Company to effectively deploy the capital towards project development rather than building land banks. This is an asset light model and allows higher internal rate of return.

Resource Deployment and Delivery Model

The Company deploys its own resources primarily in managing relations and transactions with land owners, sales and marketing, coordination of design and architecture, planning and monitoring of projects, contracts and procurement, and quality management. The Company partners with external architectural and design firms based on the type of project and the market segment that is catered to. It has partnered with leading international firms like KPF, WATG, Callison as well as local firms such as RK Associates and CnT depending on the type of project.

In order to rapidly grow the business, the Company deploys specialist firms for Project Management and Quantity Surveying for some of its projects.

Business Structure – subsidiaries and associate companies

The promoter of the Company, Mr. Nitesh Shetty has committed to carry out all real estate development business through the Company and will not carry out competing business through any other entity. In order to facilitate investors who wish to invest in the business in a limited segment, special purpose vehicles will be formed by the Company. The subsidiaries of the Company, Nitesh Housing Developers Pvt Ltd, Nitesh Urban Development Pvt Ltd, Nitesh Indiranagar Retail Pvt Ltd and Kakanad Enterprises Private Ltd. exemplify this. Nitesh Property Management Pvt Ltd is a wholly owned subsidiary created to carry out the business of facility Management. Nitesh Estates has two joint ventures called Nitesh Estates Whitefield and Courtyard Constructions Pvt Ltd. The Company also has an associate company called Nitesh Residency Hotels Pvt Ltd.

Geographical Footprint

The Company believes that deep insights into the community and clientele it serves, a good understanding of the policies, priorities and processes of the local Government administering the geographical segment is essential to succeed in the market place. The Company therefore has chosen to operate in the Southern Indian market. Majority of the projects in the current pipeline is located in Bangalore which is the headquarters of the Company.

Market Segments

The Company is in the four business segments of real estate – homes, hotels, office buildings and shopping malls. The homes segment is a "build and sell" business where the payback period is low whereas the other three segments are "build and earn" capital intensive businesses where the payback period is high. With the objective of diversifying its business risk, the Company aims at maintaining a right balance among the four segments. Currently, there are 9 projects in the construction stage, 7 of which are in the homes segment, 1 in the hotels segment and 1 in the shopping malls segment.

Opportunities and Threats

Bangalore is also known as the Silicon Valley of India and contributes to about 33% of Indian IT exports. The 0.8 million IT/ITES professionals based out of Bangalore account for over half of the demand of the organized real estate market. The fundamental growth drivers of the Bangalore real estate market continue to remain intact: employment opportunities, affordability, favourable demographics, urbanization, and preferred location by NRIs, expats and IT/ITES professionals. Further, income tax benefits, interest subvention scheme and availability of financing options support the growing demand. The ongoing and proposed infrastructure development in Bangalore will enhance connectivity and open up newer areas for real estate development. All the aforesaid aspects result in opportunities in all segments of real estate.

The key threats to real estate business emanate from the cyclicality of the business owing to the tide and ebb in consumer and business confidence. The immediate challenges to the business are from:

- environmental risks such as depletion of water table
- potential impact of global slowdown on the Bangalore IT/ITES industry
- increase in cost of commodities and building materials
- increase in interest rates which could result in depressed demand from customers and at the same time increase our interest burden
- shortage of labour and skilled technical manpower and the consequent upward pressure on cost of human resources
- regulatory and policy changes in higher costs and delays in approvals related with projects

Risk management

The Company has defined the enterprise risk management framework which has been approved by the board of the Company. The framework defines the roles and responsibilities of the various stakeholders, the risk identification process, the classification and analysis of risks, the review mechanism and defines the communication channels related with risk management. A risk register has been put in place and the assigned owners manage the risk within their purview. The risk management gets reviewed by the risk management committee which in turn reports to the Audit Committee.

There are several areas of risk related with:

- the title of land and joint development partners
- the information technology systems and disaster recovery
- the project management resulting in deviation from planned time, quality, cost and safety
- the availability and cost of building materials
- the changes in statutes and processes in decision making by the Government
- the availability of finance and the cost of financing
- the human resources – their availability, costs and compliance with the code of ethics of the Company
- the vendors and business partners
- the assets of the Company
- the customers and the competitors

Control Systems

Nitesh Estates deploys a strong internal control system to ensure timely and accurate compilation of financial and operational information, compliance with various regulatory and statutory guidelines, and protect investor’s interest by following highest level of corporate governance. The Company has a strong IT policy to ensure data is secure and protected.

The Company has appointed Deloitte Touche Tohmatsu as their internal auditor. They carry out periodic audits as per an agreed internal audit programme. They bring to the notice of management, issues which require their attention and also highlight the severity of the issue. Corrective actions are then set in place. The internal auditors report is reviewed by the Audit Committee and placed before the Board of Directors for their consideration.

OUTLOOK

The Indian real estate industry witnessed mixed trends in FY2013. However the long term outlook still remains favourable: employment opportunities, affordability, favourable demographics, urbanization, and preferred location by NRIs, expats and IT/ ITES professionals. Further, income tax benefits, interest subvention scheme and availability of financing options support the growing demand. Management would adopt a cautious approach and observe the developments closely while making decisions. The key focus for us in the following year would be:

- Focus on execution and revenue recognition: There are 11 projects currently in execution having a developable area of 6.13 million sq ft. There are another 3 projects having a developable area of 3.20 million sq ft which are in various stages of design and approval and are targeted for launch during the coming quarters. This represents a huge growth in the intensity of the business and correspondingly on the revenue and profits of the Company. We are now focused on staying ahead on the cash collection cycle and accelerate execution. The consumers are highly discerning and the market is competitive. For success in the market place timeliness and quality of delivery are the differentiators.
- Design and Innovation: The Company has always focused on building a strong brand recall and differentiating itself from the competitors by continuous investments in new design and innovation for projects. Our association with leading firms like KPF, WATG, Callison, RK Associates and Chandavarkar & Thacker help us develop projects which provide our customers a unique living experience.
- Cash-flow Management – Tight control on accounts receivables and accounts payables with the objective of reducing the interest burden.
- Customer Relationship – Enhance customer experience at each of their touch points starting with at the stage at which we interact with them to assist in selection of a home till the time it is handed over and thereafter when we provide maintenance services.

Human Resources Development

Our registered and corporate office is located in Bengaluru. This houses employees who oversee our financial, administrative, design and planning and other reporting functions. We have not experienced any material strikes, work stoppages, labour disputes. As part of our strategy to improve operational efficiency, we regularly organise in-house and external training programs for our employees. We also follow a transparent appraisal system for our employees.

Our work-force consists of our permanent employees, consultants and labour work force that work at projects through sub-contractors. We currently have 568 employees compared to 235 in the previous year. The function-wise break-up of our employees is as below.

Function	Current	% share	FY2012	% share
Construction Management	81	*14.3%*	86	*36.6%*
Sales & Marketing	41	*7.2%*	27	*11.5%*
Administration & Secretarial	38	*6.7%*	30	*12.8%*
Internal Support (HR, IT and F&A)	30	*5.3%*	23	*9.8%*
Facility Management	22	*3.9%*	21	*8.9%*
Pre-Construction	15	*2.6%*	13	*5.5%*
Quality Management	11	*1.9%*	9	*3.8%*
Contracts & Procurement	9	*1.6%*	8	*3.4%*
MD & COO's Office	9	*1.6%*	7	*3.0%*
Business Development	8	*1.4%*	8	*3.4%*
Legal	4	*0.7%*	3	*1.3%*
Ritz Carlton Operations	300	*52.8%*	0	*0.0%*
Total	**568**		**235**	

For the development of some of our projects, we also engage third party consultant engineers, architects, interior designers and landscape designers. In addition to our employees, we also engage the services of contractual workers which include tradesmen, car drivers, housekeeping personnel and other skilled, unskilled and semi-skilled workers. Our consultants, contractors and sub-contractors who work on our projects also employ a significant labour force.

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 30, 2013

NITESH SHETTY
Chairman & Managing Director

Annexure IV

Report on Corporate Governance

Company's Philosophy on Code of Governance

Your Company believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence.

The Company's philosophy on Corporate Governance is sustained growth, increase in stakeholders' value, total transparency, accounting fidelity and service quality; all with a view to achieve business excellence. The Company places high emphasis on business ethics. The Company follows the Code of Business Conduct and Ethics.

The Corporate Governance framework of your Company is based on an effective Board with majority being independent Directors, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Companies Act, 1956, its Articles of Association, SEBI Guidelines, and the Listing Agreements with the stock exchanges.

1. ***Board of Directors***

a) Composition

The Board has an optimum combination of Executive and Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements with the stock exchanges on which the Company's Shares are listed.

The Board of Directors of the Company consisted of 8 (eight) Directors, which includes the Managing Director and two Whole time Director / Executive Director who are not liable to retire by rotation. The remaining five are Non-Executive Directors, of which four are Independent Directors.

The composition of the Board is as under:

Category of Directors	Names of Directors
Executive Non-Independent	Mr. Nitesh Shetty – Chairman & Managing Director *(Promoter)* Mr. L S Vaidyanathan –Executive Director - Business Development Mr. Ashwini Kumar – Executive Director and Chief Operating Officer
Non-Executive -Non-Independent	Mr. Mahesh Bhupathi
Non-Executive – Independent	Mr. G N Bajpai Mr. Jagdish Capoor* Mr. Rangaswamy Iyer Mr. Ashok T Aram

* Mr. Jagdish Capoor was inducted to the Board on March 14, 2013 as Non–Executive Independent Director.

b) Number of Board meetings held during the year and attendance thereat of each Director and at last Annual General Meeting

The Board met 11 (eleven times) on the following dates during the financial year 2012-2013

April 19, 2012	November 8, 2012
May 15, 2012	November 28, 2012
May 25, 2012	December 11, 2012
July 19, 2012	February 12, 2013
August 7, 2012	March 14 , 2013
September 26, 2012	

Name	Category	Board meetings held during the year	Board meetings Attended during the year	Whether attended last AGM	Other Directorships held in Public Companies as at March 31, 2013*		Number of Chairmanship/ Committee membership as at March 31, 2013**	
					Chairman	Director	Chairman	Member
Mr. Nitesh Shetty	Chairman & Managing Director	11	7	Yes	-	-	-	-
Mr. L S Vaidyanathan	Executive Director	11	10	Yes	-	-	-	2
Mr. Ashwini Kumar	Executive Director & Chief Operating Officer	11	10	Yes	-	-	-	-
Mrs. Pushpalatha V Shetty+	Non Executive Non Independent Director	11	1	No	-	-	-	-
Mr. Mahesh Bhupathi	Non Executive Non Independent Director	11	Nil	No	-	-	-	-
Mr. G N Bajpai	Independent Director	11	9	Yes	-	11	5	8
Mr. Darius Erach Udwadia++	Independent Director	11	10	Yes	-	-	-	-
Mr. James Stephen Brent+++	Independent Director	11	Nil	No	-	-	-	-
Mr. Rangaswamy Iyer	Independent Director	11	9	Yes	-	1	-	1
Mr. Ashok T Aram	Independent Director	11	Nil	No	-	-	-	-
Mr. Ashish Dalal ++++	Independent Director	11	5	No	-	-	-	-
Mr. Jagdish Capoor +++++	Independent Director	11	Nil	No	-	7	2	7

Note:

*a. Alternate directorships and Directorships in Private Limited Companies, Foreign Companies, Associations and Government Bodies are excluded. Only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for the committee positions.

**b. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the Companies in which he is a Director.

c. Details of the Directors seeking appointment/re-appointment at the Annual General Meeting, together with the information required to be provided pursuant to Clause 49 of the Listing Agreement have been given along with the Notice of Annual General Meeting.

+ Mrs. Pushpalatha V Shetty resigned from the Board on March 14, 2013.

++ Mr. Darius Erach Udwadia resigned from the Board on February 21, 2013

+++ Mr. James Brent resigned from the Board on November 15, 2012

++++ Mr. Ashish Dalal was appointed w.e.f. September 26, 2012, resigned on March 5, 2013

+++++ Mr. Jagdish Capoor was appointed as an Additional Director w.e.f. March 14, 2013

c) **Code of Conduct**

The Company had adopted the Code of Conduct for all the employees including Senior Management and the Directors. The Code of Conduct is posted on the Company's website. Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman & Managing Director forms part of this report.

2. *Audit committee*

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing the quarterly/ half-yearly/annual financial results / statements, reviewing with the management on the financial results / statements and adequacy of internal audit function, recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

a) The Terms of reference of the Audit Committee cover all areas prescribed by Clause 49 II (D) of the Listing Agreement and in compliance with the provisions of Sec 292A of the Companies Act, 1956 mutatis mutandis, as amended from time to time.

b) The Audit Committee has also been granted the following additional powers as prescribed under Clause 49 II (C) of the Listing Agreement:

1. Re-appointment and, if required, the replacement or removal of the statutory auditor
2. Reviewing with management, matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
3. Reviewing with the management, the quarterly financial results before submission to the Board for approval
4. Reviewing the performance of statutory and internal auditors
5. Reviewing the functioning of the Whistle Blower mechanism
6. Reviewing related party transactions
7. Reviewing Management Discussion & Analysis

c) The Audit committee met five times during the year.

May 25, 2012	December 11, 2012
August 7, 2012	February 12, 2013
November 8, 2012	

d) Composition, number of meetings of the Audit Committee held during the year and Attendance of Directors thereat:

Name	Category	Meetings held during the year	Attendance
Mr. Rangaswamy Iyer* Non-Executive Independent Director	Chairman	5	1
Mr. Ashish Dalal** Non-Executive Independent Director	Chairman	5	3
Mr. Darius Erach Udwadia*** Non-Executive Independent Director	Member	5	5
Mr. Jagdish Capoor**** Non-Executive Independent Director	Chairman	5	Nil
Mr. G N Bajpai Non-Executive Independent Director	Member	5	4
Mr. L S Vaidyanathan Executive Director	Member	5	5

* Mr. Rangaswamy Iyer resigned as Member and Chairman on September 26, 2012

** Mr. Ashish Dalal was appointed as Member w.e.f. September 26, 2012 and ceased to be member on March 5, 2013

*** Mr. Darius Erach Udwadia ceased to be member on February 21, 2013

**** Mr. Jagdish Capoor was appointed as Member w.e.f. April 17, 2013.

3. ***Share Holders/ Investors Grievance Committee***

a) Share Holders/ Investors Grievance Committee has met once during the year on February 4, 2013

b) Share Holders/ Investors Grievance Committee comprises the following members:

Name	Category	Meetings held during the year	Attendance
Mr. Mahesh Bhupathi* Non-Executive Director	Chairman	1	Nil
Mr. Ashish Dalal** Non-Executive Independent Director	Chairman	1	1
Mr. Jagdish Capoor*** Non-Executive Independent Director	Chairman	1	Nil
Mr. L S Vaidyanathan Executive Director	Member	1	1

* Mr. Mahesh Bhupathi resigned as Member and Chairman on November 8, 2012

** Mr. Ashish Dalal was appointed as Member w.e.f. November 8, 2012 and ceased on March 5, 2013

*** Mr. Jagdish Capoor was appointed as Member w.e.f. April 17, 2013.

c) **Details of complaints received and resolved during the year are as under:**

Particulars	Nos.	Nature of Complaints
Complaints received during the year ended March 31, 2013		
a) For qtr ended June 2012	Nil	Nil
b) For qtr ended September 2012	1	Non receipt of Annual report
c) For qtr ended December 2012	Nil	Nil
d) For qtr ended March 2013	4	Non receipt of Dividend
Complaints resolved during the year ended March 31, 2013	5	

4. ***Remuneration Committee***

The role of the Remuneration Committee is to recommend to the Board the remuneration package of the Managing Director and the Executive Director.

a) The terms to the reference of the Remuneration Committee are as follows:

1. Determination of remuneration packages for executive directors including pension rights and any compensation payments. To determine the minimum remuneration to executive directors as required under Schedule XIII of the Companies Act, 1956.

2. The Remuneration Committee shall also function as Compensation Committee to look after the Compensation & Benefits of employees. The same committee shall also consider the benefit and administration of the ESOP or any other similar scheme under the Securities Exchange Board of India Guidelines as and when the same is considered by the Board.
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

b) Composition:

The Committee was reconstituted on February 11, 2011 to conform to the requirements of Schedule-XIII of the Companies Act, 1956 and the members of the reconstituted committee are as follows:

Name	Category	Meetings held during the year	Attendance
Mr. G N Bajpai Non-Executive Independent Director	Chairman	2	2
Mr. Darius Erach Udwadia* Non-Executive Independent Director	Member	2	2
Mr. Rangaswamy Iyer Non-Executive Independent Director	Member	2	2
Mr. Jagdish Capoor** Non-Executive Independent Director	Member	2	NIL
Mr. Nitesh Shetty Chairman and Managing Director	Member	2	2

* Mr. Darius Erach Udwadia ceased to be a Member on February 21, 2013

** Mr. Jagdish Capoor was appointed as Member w.e.f. April 17, 2013

Remuneration committee has met two times during the year on:

- April 19, 2012
- May 25, 2012

c) Remuneration Policy

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive / Non-Executive Directors. Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. The remuneration payable to the Managing Director and Executive Director is subject to the approval of the Board of Directors, the Members and Central Government.

Remuneration paid or payable to Managing Directors for the year ended March 31, 2013

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Others (Contribution to Provident Fund (Rs.)	Total (Rs.)
Mr. Nitesh Shetty* Chairman & Managing Director	1,22,84,364	Nil	9,360	1,22,93,724
Mr. L S Vaidyanathan* Executive Director	1,09,90,640	Nil	9,360	1,10,00,000
Mr. Ashwini Kumar * Executive Director & COO	80,90,640	Nil	9,360	81,00,000

* The Company has obtained the approval from Central Government, Ministry of Corporate Affairs, for payment of remuneration under Sections 198, 309(3), 310 of the Companies Act, 1956 for Mr. L.S. Vaidyanathan and the applications made for Mr. Nitesh Shetty and Mr. Ashwini Kumar are pending for approval with the Central Government.

Non-Executive Directors are remunerated by way of sitting fees for attending the meetings of the Board and the Board Committees.

Non-Executive Directors

Details of remuneration paid to the Non-Executive Directors are as under:

Name of Director	Sitting Fees (Rs.)
Mrs. Pushpalatha V Shetty	20,000
Mr. Mahesh Bhupathi	Nil
Mr. G N Bajpai	3,00,000
Mr. Darius Erach Udwadia	3,40,000
Mr. James Stephen Brent	Nil
Mr. Rangaswamy Iyer	2,40,000
Mr. Ashok T Aram	Nil
Mr. Ashish Dalal	1,80,000
Mr. Jagdish Capoor	Nil

Other than the above Sitting fees no remuneration is paid to the Non-Executive Directors of the Company.

5. *General Meetings*

a) Date, time and location of the last three Annual General Meetings:

Year	Date	Time	Location
2012	September 26, 2012	2.00 PM	Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003
2011	September 28, 2011	3.00 PM	Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003
2010	September 29, 2010	10.00 AM	Dr. B R Ambedkar Bhawan, Millers Road, Bangalore – 560 052

b) Whether any special resolutions passed in the previous three Annual General Meetings (AGM):

Day, Date & Time of AGM	No of Special Resolutions Passed	Special Resolution passed through show of hands
Wednesday September 26, 2012 at 2.00 PM	Nil	-
Wednesday September 28, 2011 at 3.00 PM	1	Re-appointment of Mr. L. S. Vaidyanathan as a Whole-time Director designated as "Director-Business Development" for a period of three years from 1st April 2011 up to and including 31st March 2014 and the remuneration payable to Mr. L. S. Vaidyanathan including the minimum remuneration payable in the event of any loss or inadequacy of profits in any financial year or during the tenure of his appointment as Whole-time Director.
Wednesday September 29, 2010 at 10.30 AM	1	Change in fund utilization raised from IPO pursuant to Section 61 of the Companies Act, 1956, and Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.

Extraordinary General Meeting (EGM):

No Extraordinary General meetings were held during the financial year 2012-13.

c) Postal Ballot:

During the year, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, one postal ballot was conducted to 1) Approval for making investments, loans and giving of guarantee under Section 372A of the Companies Act, 1956. and 2) Appointment and remuneration payable to Mr. Ashwini Kumar, as Whole Time Director designated as an Executive Director and Chief Operating Officer

Resolution No. 1 - Approval for making investments, loans and giving of guarantee under Section 372A of the Companies Act, 1956.

Particulars	No. of Equity Shares of Rs.10 each (No. of Votes)	Percentage of Vote received
Total Postal Ballot Votes received	6,56,54,119	-
Less: Invalid Postal Ballot Votes	46,889	-
Net Valid Postal Ballot Votes	6,56,07,230	100.00
Assented to Resolution	6,55,82,120	99.96
Dissented to Resolution	22,959	0.04

Result:

The votes cast in favour of the Special Resolution are 99.96% of the total votes received and consequently, the Special Resolution mentioned in the Item No 1 of the Notice dated 19th July 2012 has been declared as passed by the requisite majority.

Resolution No. 2 - Appointment and remuneration payable to Mr. Ashwini Kumar, as Whole Time Director designated as an Executive Director and Chief Operating Officer

Particulars	No. of Equity Shares of Rs.10 each (No. of Votes)	Percentage of Vote received
Total Postal Ballot Votes received	6,56,54,119	-
Less: Invalid Postal Ballot Votes	49,773	-
Net Valid Postal Ballot Votes	6,56,04,346	100.0
Assented to Resolution	6,55,74,961	99.96
Dissented to Resolution	26,907	0.04

Result:

The votes cast in favour of the Special Resolution are 99.96% of the total votes received and consequently, the Special Resolution mentioned in the Item No 2 of the Notice dated 19th July 2012 has been declared as passed with the requisite majority.

Procedure adopted for Postal Ballot

i) The Board at its meeting held on July 19, 2012 approved the items of business to be passed through postal ballot and authorized the Mr. L S Vaidyanathan, Executive Director and the Mr. D Srinivasan, Company Secretary to be responsible for the entire process of postal ballot.

ii) Mr. Sudhindra K S, Company Secretary in Practice, S Kedarnath & Associates, Bangalore and who is not in employment with the Company was appointed as the Scrutinizer for the poll process.

iii) Notice of postal ballot along with the ballot papers were sent to the shareholders on 16th August, 2012 along with a self-addressed Business Reply envelope addressed to the Scrutinizer.

iv) An advertisement was published in newspapers, in English in Financial Express and in Kannada in Hosadigantha on 14th August, 2012 about the dispatch of ballot papers and notice of postal ballot.

v) The duly completed postal ballot papers were received by the Scrutinizer.

vi) Scrutinizer gave his report to the Chairman & Managing Director on September 21, 2012

vii) The Chairman & Managing Director announced the results of the postal ballot on September 21, 2012.

Result:

The results of the Postal Ballot were announced by the Chairman & Managing Director on September 21, 2012 at the Company's Registered Office. The votes cast in favor of the Special Resolution set out in the Notice sent with the Postal Ballot were 99.96% for resolution No. 1 and 99.96% for Resolution No. 2 of the total votes received. Consequently, the Special Resolutions mentioned in the Item No 1 and 2 of the Notice was declared as having been passed with the requisite majority.

The above result was intimated to the Stock Exchanges, and published in the newspapers in English in Financial Express and in Kannada in Hosadigantha. The result was also put up on the Company's Website.

6. *Subsidiary companies*

The Company has following unlisted subsidiary companies as on March 31, 2013.

i. Nitesh Housing Developers Private Limited
ii. Nitesh Indiranagar Retail Private Limited
iii. Nitesh Urban Development Private Limited
iv. Nitesh Property Management Private Limited
v. Kakanad Enterprises Private Limited

Out of the aforesaid subsidiaries, Nitesh Housing Developers Private Limited and Nitesh Indiranagar Retail Private Limited are material non-listed subsidiaries of the Company.

During the current year necessary steps will be taken to nominate Independent Director on the Board of the aforesaid material non-listed subsidiaries of the Company.

The Audit Committee of the Company reviews the financial statements and the investments made by these unlisted subsidiary companies. The minutes of the Board meetings of all the unlisted subsidiary companies including non-material unlisted subsidiary companies are placed at the Board meeting of the Company. The management also periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered, if any, by all the unlisted subsidiary companies.

7. *Disclosures:*

A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Audit Committee is briefed on all related party transactions undertaken by the Company and none of the related party transactions have any potential conflict with the interest of the Company at large.

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with the requirements of the Listing Agreements of the Stock Exchanges as well as regulations and guidelines of SEBI and other Statutory Authority on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by these authorities.

C. CEO/CFO Certification

The Chairman & Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement on the financials for the year ended March 31, 2013 a copy of which is attached to this report

D. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy. The employees of the Company have direct access to the Chairman of the Audit Committee to report their concerns about unethical or inappropriate behavior or violation of the Company's Code of Business Conduct and Ethics policy. No personnel of the Company have been denied access to the Audit Committee.

E. NON-MANDATORY REQUIREMENTS:

The Company has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:

i. The Company has set up a Remuneration Committee pursuant to and in conformity with schedule XIII of the Companies Act, 1956 which has been detailed above.
ii. The Board of Directors of the Company comprises a perfect combination of Executive and Non-Executive Directors who are professionals in their respective area.

8. *Means of Communication:*

I. The quarterly results were published in the following News papers within 48 hours of the approval of the Board and also been provided to the Stock Exchanges:

   i. Financial Express (English Daily) and

   ii. Hosa Digandha (Kannada)

II. The financial results are displayed on www.niteshestates.com

III. Management Discussion and Analysis forms part of the Directors' Report.

IV. The official news releases are posted on the Company's website.

General Shareholder Information

I. Annual General Meeting

Date : Friday, September 27, 2013

Time : 2.00 PM.

Venue : Chowdiah Memorial Hall, G.D. Park Extension, Vyalikaval, Bangalore 560 003

II. Financial Calendar

Financial Year : April 1 to March 31

III. Date of Book Closure

The Companies Register of Members and Share Transfer Book's will remain closed from Tuesday, September 24, 2013 to Friday, September 27, 2013 (both days inclusive) for the purpose of AGM.

IV. Listing Information

The Company's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited with effect from May 13, 2010.

Name of the Stock Exchanges	Stock Code
Bombay Stock Exchange Limited	533202
National Stock Exchange of India Limited	NITESHEST, Series-EQ

The ISIN Number of the Company's Equity share is NE639K01016.

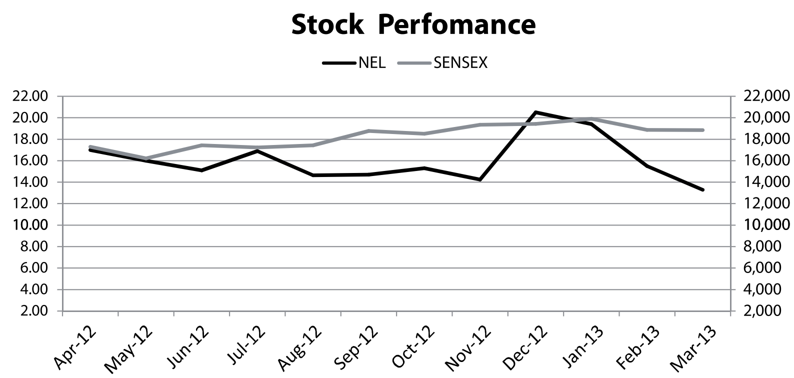
V. Stock Data

a. Monthly High & Low prices at BSE & NSE during the Financial Year 2012-13

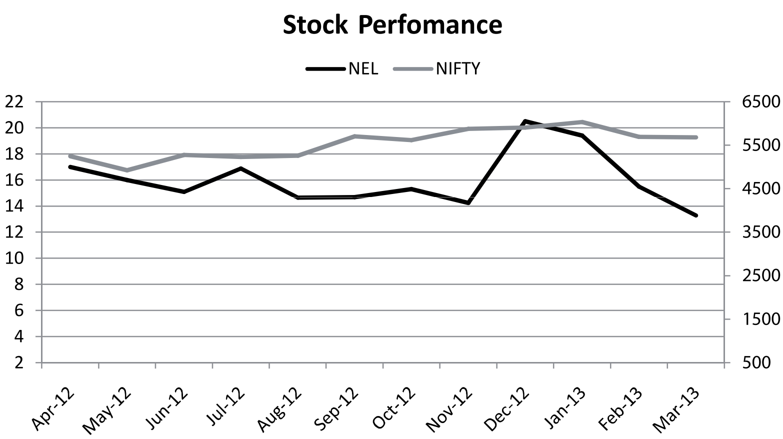
	Bombay Stock Exchange Limited (in Rupees)		National Stock Exchange of (India) Limited (in Rupees)	
	High	**Low**	**High**	**Low**
April – 2012	17.00	15.00	15.35	15.00
May – 2012	16.00	13.25	15.90	13.30
June – 2012	15.10	13.55	14.55	13.45
July – 2012	16.89	13.20	16.80	13.15
August – 2012	14.65	12.50	14.60	11.45
September – 2012	14.70	12.31	15.00	12.25
October – 2012	15.30	12.80	15.20	12.75
November – 2012	14.25	13.10	14.90	13.10
December – 2012	20.50	13.65	20.50	13.60
January – 2013	19.40	14.20	19.45	14.15
February – 2013	15.50	12.10	15.40	12.20
March – 2013	13.28	11.00	13.80	11.00

b. The Company's share performance compared to BSE Sensex

- **Compared to BSE SENSEX**

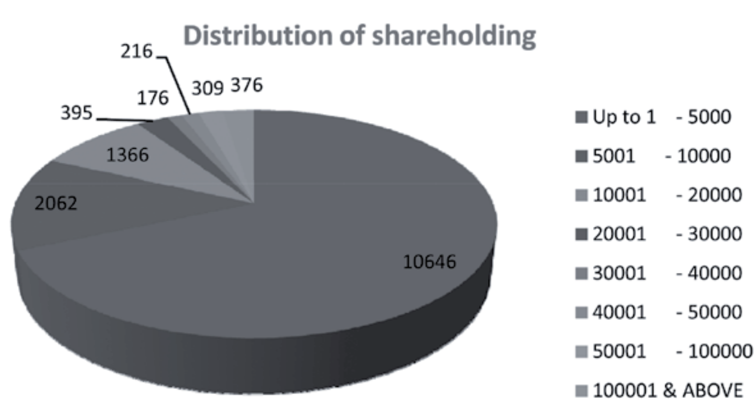


- **Compared to NSE NIFTY**



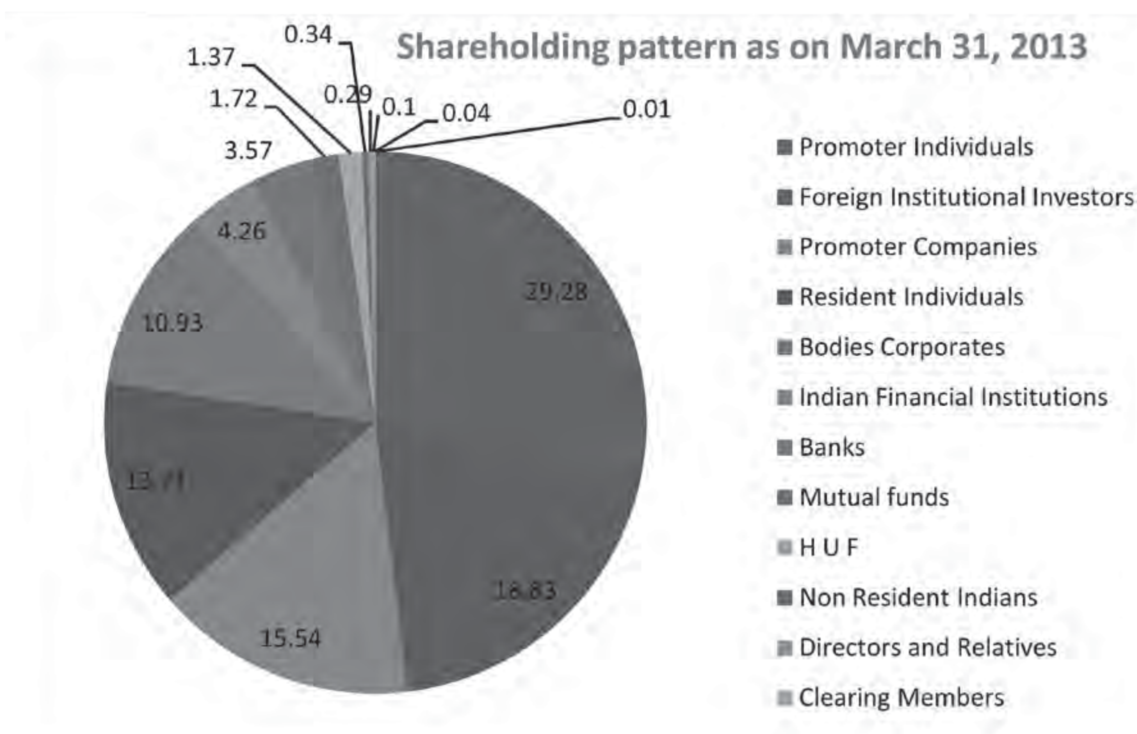
c. Distribution of shareholding as on March 31, 2013

Category	No of Shareholders	% of Shareholders	Amount	% Amount
UPTO 1 - 5000	10,646	68.48	2,19,63,970.00	1.51
5001 - 10000	2,062	13.26	1,79,44,110.00	1.23
10001 - 20000	1,366	8.79	2,20,28,070.00	1.51
20001 - 30000	395	2.54	1,04,20,430.00	0.71
30001 - 40000	176	1.13	64,29,810.00	0.44
40001 - 50000	216	1.39	1,03,86,820.00	0.71
50001 - 100000	309	1.99	2,40,13,190.00	1.65
100001 & ABOVE	376	2.42	1,34,51,34,600.00	92.24
Total	15,546	100.00	1,45,83,21,000.00	100.00



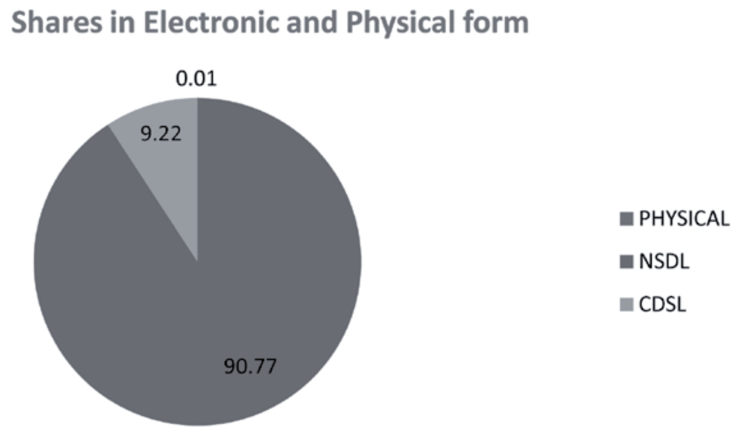
d. Shareholding pattern as on March 31, 2013

Category	No. of Shareholders	Total Shares	% Paid up Equity
Promoter Individuals	4	4,27,09,985	29.287094
Foreign Institutional Investors	4	2,74,55,880	18.827049
Promoter Companies	4	2,26,67,901	15.543835
Resident Individuals	14,377	2,00,00,445	13.714706
Bodies Corporates	474	1,59,34,291	10.926463
Indian Financial Institutions	1	62,08,422	4.257240
Banks	3	52,02,872	3.567714
Mutual funds	2	25,03,946	1.717006
H U F	440	19,95,718	1.368504
Non Resident Indians	151	5,11,231	0.350561
Directors and Relatives	6	4,20,229	0.288159
Clearing Members	54	1,53,473	0.105240
Employees	25	65,707	0.045057
Trusts	1	2,000	0.001371
Total	**15,546**	**14,58,32,100**	**100**



e. Shares held in physical and dematerialized form as on March 31, 2013

Description	No of Holders	No of Shares	% To Equity
PHYSICAL	5	1,008	0.01
NSDL	10,421	13,23,70,594	90.77
CDSL	5,120	1,34,60,498	9.22
TOTAL	**15,546**	**14,58,32,100**	**100.00**



f. Details of Demat Suspense Account:

Sl. No.	Particulars	No of Cases	No of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	1	100
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	1	100
3	Number of shareholders to whom shares were transferred from suspense account during the year	1	100
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Nil	Nil

g. Share Transfer

The Company has appointed Karvy Computer Share Private Ltd., as Registrars and Share Transfer Agents. Karvy's SEBI Registration No. INR000000221. Share transfers are normally effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

h. Registrar and Transfer Agents.

Karvy Computershare Private Limited
Plot Nos. 17 to 24 Vittalrao Nagar,
Madhapur, Hyderabad – 500 081
Telephone No. : 040 23420818 Fax No.: 040 23421551
Email: mailmanager@karvy.com

i. Compliance Officer:

Mr. D Srinivasan
Company Secretary & Chief Compliance Officer
Nitesh Timesquare, 7th Floor,
No. 8 M G Road, Bangalore 560 001
Tel: +91 80 4017 4000 Fax:+91 80 2555 0825
Email: investor@niteshestates.com

CONFIRMATION OF THE CODE OF CONDUCT BY CHAIRMAN & MANAGING DIRECTOR

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and the Senior Management personnel and the same is available on the Company's website.

I confirm that the Company has, in respect of the financial year ended March 31, 2013, received from the Senior Management personnel of the Company and the members of the Board, a declaration on compliance with the Code of Conduct as per applicable to them.

Place : Bangalore
Date : May 30, 2013

Nitesh Shetty
Chairman & Managing Director

PRACTICING COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

To

The Share Holders of
Nitesh Estates Limited

We have examined the compliance of conditions of Corporate Governance by Nitesh Estates Limited for the year ended 31st March, 2013 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuing the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month except where disputed or sub-judice, as per the records the Company, Registrar and Transfer Agents and reviewed by the Board/Committee of the Company.

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

For S Kedarnath & Associates
Company Secretaries,

Mr. S Kedarnath,
Practicing Company Secretary
(C.P. No. 4422),

Place : Bangalore
Date : May 30, 2013

CEO/CFO CERTIFICATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Board of Directors
M/s Nitesh Estates Limited
Bangalore - 560 001

Dear Sir,

We Nitesh Shetty, Chairman and Managing Director and M A Venkateshan, Chief Finance Officer appointed in terms of the Companies Act, 1956 certify to the Board that:

a. We have reviewed financial statements and the Cash Flow statement for the year ended 31st March 2013 and that to the best of our knowledge and belief :
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee
   i. Significant changes in internal control over financial reporting during the year;
   II. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
   III. There is no fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Nitesh Shetty
Chairman & Managing Director

Place : Bangalore
Date : May 30, 2013

M A Venkateshan
Chief Finance Officer

Place : Mumbai
Date : May 30, 2013

Standalone Accounts

Independent Auditor's Report

To The Members of Nitesh Estates Limited

Report on the financial statements

We have audited the accompanying financial statements of Nitesh Estates Limited ("the Company"), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
(b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.

Auditor's Report (Contd.)

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) 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 Act, to the extent applicable;

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

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

Annexure to the Auditors Report

Annexure referred to in our report to the Members of Nitesh Estates Limited ("the Company") for the year ended 31 March 2013. We report that:

1) (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) The Company has not disposed any fixed assets during the year and accordingly clause 4(i)(c) of the Order is not applicable.

2) 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.

3) (a) According to the information and explanations given to us, the Company has granted interest-free advances in the nature of loans to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 110,270 (previous year Rs 12,238,190) and the year-end balance was Rs.nil (previous year Rs 110,270).

(b) In our opinion, the terms and conditions on which loans have been given to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.

(c) In the case of loans granted to parties listed in the register maintained under section 301, there are no specific covenants with regard to the repayment. As informed to us, the party has repaid the advances as demanded during the year, and thus, there has been no default on the part of the party. The advances given are interest free.

(d) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraph 4(iii)(e) to (g) of the Order is not applicable.

4) In our opinion and according to the information and explanations given to us, and having regard to the explanation that sale of certain goods are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, 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 and inventories and sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system.

5) (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 except for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

6) The Company has not accepted any deposits from the public.

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

8) We have broadly reviewed the 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.

9) (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, Sales tax, Income 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.

According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Sales tax, Income-tax, Service tax and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following dues of Service tax have not been deposited by the Company on account of disputes.

Name of the statute	Nature of the dues	Amount of tax under dispute(Rs.)	Amount paid under protest (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	31,156,450	-	AY 2007-08	Customs, Excise and Service Tax Appellate Tribunal

10) The accumulated losses at the end of the financial year are less than fifty percent of the net-worth of the Company. *However, the company has incurred cash losses in the financial year amounting to Rs 267,859,271 and an amount of Rs 53,163,107 in the immediately preceding financial year.*

11) 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, debenture holders or to any financial institutions.

12) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13) 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.

14) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15) According to the information and explanations given to us, the Company has given guarantees for loans availed by subsidiary companies amounting to Rs 1,020,000,000. In our opinion, the terms and conditions on which these guarantees are given are prima facie not prejudicial to the interest of the Company.

16) 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.

17) 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 investments.

18) During the current year, the Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.

19) According to the information and explanations given to us, during the period covered by our audit report, the company has issued 6,000, 18.5 % secured non-convertible debentures, of Rs 100,000 each aggregating Rs 600,000,000. The Company has created a charge in respect of the debentures issued.

20) The Company did not raise any money by public issues during the year.

21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

Balance Sheet

	Note no.	As at 31 March 2013 Rs	As at 31 March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,458,321,000	1,458,321,000
Reserves and surplus	3	2,809,895,271	3,133,658,137
		4,268,216,271	**4,591,979,137**
Non-current liabilities			
Long-term borrowings	4	1,097,573	1,769,883
Long-term provisions	5	4,876,925	3,811,987
		5,974,498	**5,581,870**
Current liabilities			
Short-term borrowings	6	1,084,406,952	540,100,000
Trade payables	7	312,337,080	292,607,025
Other current liabilities	8	1,637,855,370	611,945,623
Short-term provisions	9	11,014,129	10,262,405
		3,045,613,531	**1,454,915,053**
		7,319,804,300	**6,052,476,060**
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	10	28,800,479	33,575,211
- Intangible assets	10	27,705,184	32,098,670
		56,505,663	**65,673,881**
Non-current investments	11	3,343,034,019	2,317,149,023
Deferred tax assets, net	12	-	38,786,193
Long-term loans and advances	13	777,911,470	806,438,060
Other non-current assets	14	17,922,188	9,435,817
		4,138,867,677	**3,171,809,093**
Current assets			
Inventories	15	1,364,058,620	674,524,238
Trade receivables	16	300,601,036	405,070,473
Cash and bank balances	17	94,625,586	36,611,769
Short-term loans and advances	18	1,287,364,565	1,598,765,540
Other current assets	19	77,781,153	100,021,067
		3,124,430,960	**2,814,993,086**
		7,319,804,300	**6,052,476,060**
Significant accounting policies	1		

The notes referred to above form an integral part of the balance sheet

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

For and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place: Bangalore
Date: 30 May 2013

L.S. Vaidyanathan
Executive Director
Place: Mumbai
Date: 30 May 2013

Ashwini Kumar
Executive Director
Place: Mumbai
Date: 30 May 2013

D. Srinivasan
Company Secretary
Place: Mumbai
Date: 30 May 2013

Venkateshan M.A.
Chief Financial Officer
Place: Mumbai
Date: 30 May 2013

Statement of Profit and Loss

	Note no.	For the year ended 31 March 2013 Rs.	For the year ended 31 March 2012 Rs.
Income			
Revenue from operations	20	468,846,197	790,313,861
Other income	21	25,540,624	1,174,421
		494,386,821	**791,488,282**
Expenses			
Cost of construction		480,046,492	564,158,607
Employee benefits	22	107,999,344	116,027,218
Finance costs	23	36,917,883	9,158,563
Depreciation	10	17,117,401	18,132,267
Other expenses	24	137,282,374	155,307,000
		779,363,494	**862,783,655**
Loss before tax		**(284,976,673)**	**(71,295,373)**
Tax expenses			
- current tax		-	-
- deferred tax (credit) / charge		38,786,193	(25,684,359)
Loss for the year		**(323,762,866)**	**(45,611,014)**
Earning/ (loss) per share (equity shares, par value of Rs 10 each)	28		
- Basic and diluted		(2.22)	(0.31)
Significant accounting policies	1		

The notes referred to above form an integral part of the statement of profit and loss

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

For and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place: Bangalore
Date: 30 May 2013

L.S. Vaidyanathan
Executive Director
Place: Mumbai
Date: 30 May 2013

Ashwini Kumar
Executive Director
Place: Mumbai
Date: 30 May 2013

D. Srinivasan
Company Secretary
Place: Mumbai
Date: 30 May 2013

Venkateshan M.A.
Chief Financial Officer
Place: Mumbai
Date: 30 May 2013

Cash Flow Statement

	For the year ended 31 March 2013 Rs.	For the year ended 31 March 2012 Rs.
Cash flow from operating activities		
Profit/(loss) before tax	**(284,976,673)**	**(71,295,373)**
Adjustments:		
Depreciation	17,117,401	18,132,267
Interest	23,533,328	7,004,889
Dividend income	-	(47,065)
Interest income	(22,153,728)	(472,243)
Operating profit before working capital changes	**(266,479,672)**	**(46,677,524)**
Decrease/ (increase) in inventories	(689,534,384)	(288,136,010)
Decrease/ (increase) in trade receivables	104,469,437	128,123,117
Decrease/ (increase) in other assets	21,916,668	(52,139,887)
Decrease/ (increase) in loans and advances	(50,875,217)	(304,354,516)
(Decrease)/ increase in liabilities	1,045,582,373	410,997,345
(Decrease)/ increase in provisions	1,816,662	(40,135,548)
Cash generated from / (used in) operations	**166,895,867**	**(192,323,023)**
Income taxes paid	(24,451,457)	(20,868,413)
Net cash generated from / (used in) operating activities	**142,444,411**	**(213,191,436)**
Cash flow from investing activities		
Purchase of fixed assets	(7,949,183)	(7,632,508)
Sale/ (purchase) of investments, in subsidiaries and associates, net (including share application money pending allotment)	(611,106,663)	(189,049,398)
Loans and inter corporate deposits (given)/ received, net	475,907	53,887,665
Decrease/ (increase) in fixed deposits accounts	(3,747,018)	(7,016,460)
Interest received	22,476,974	323,412
Dividends received	-	47,065
Net cash generated from /(used in) investing activities	**(599,849,983)**	**(149,440,226)**
Cash flow from financing activities		
Secured loans from banks and financial institutions availed/ (repaid)	(56,307,930)	389,526,080
Proceeds from issue of debentures	600,000,000	-
Decrease/ (increase) in fixed deposits accounts kept as escrow/ lien	(8,486,371)	614,183
Interest paid	(23,533,328)	(7,004,889)
Dividend paid, including tax on dividends	-	(2,256,381)
Net cash provided by/(used in) financing activities	**511,672,371**	**380,878,993**

Cash Flow Statement (Contd.)

	For the year ended 31 March 2013	For the year ended 31 March 2012
	Rs.	**Rs.**
Net increase / (decrease) in cash and cash equivalents	54,266,799	18,247,331
Cash and cash equivalents at the begining of the year	28,163,366	9,916,035
Cash and cash equivalents at the end of the year	**82,430,164**	**28,163,366**

Cash and cash equivalents comprise of:	**As at 31 March 2013**	**As at 31 March 2012**
Cash and bank balance (refer note 17)	82,430,164	28,163,366
	82,430,164	**28,163,366**

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

For and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place: Bangalore
Date: 30 May 2013

L.S. Vaidyanathan
Executive Director
Place: Mumbai
Date: 30 May 2013

Ashwini Kumar
Executive Director
Place: Mumbai
Date: 30 May 2013

D. Srinivasan
Company Secretary
Place: Mumbai
Date: 30 May 2013

Venkateshan M.A.
Chief Financial Officer
Place: Mumbai
Date: 30 May 2013

Schedules to the accounts

Note 1: Significant accounting policies

1. Background

Nitesh Estates Limited (the Company or 'NEL') was incorporated on 20 February 2004. NEL is a real estate developer engaged in the business of development, sale, management and operation of residential buildings, retail and hotel projects, commercial premises and other related activities.

2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with Accounting Standards ("AS") prescribed in the Companies (Accounting Standard) Rules 2006, other pronouncements of the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Companies Act, 1956, 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.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

4. Changes in accounting policy

Till the previous year, the Company did not account for its joint development right in land and the corresponding obligation towards the land owner as per agreements entered into with the land owners and was only shown as a commitment. During the current year, the Company changed its policy for accounting for joint development rights held in land. Effective 1 April 2012, the Company records the joint development right in land on entering into the joint development agreement and obtaining necessary approvals for commencement of construction, 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. This change in accounting policy does not have any impact to the statement of profit and loss for the year as compared to the earlier policy.

5. 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.

a) Recognition of revenue from contractual projects

If the outcome of the contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

b) Recognition of revenue from property development

Projects in progress as on 1 April 2012 where revenues were partially recognised in earlier years

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.

Schedules to the accounts (Contd.)

Projects in progress where revenue recognition commenced 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 coincideswith 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 approvals necessary for the commencement of the project have 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 contract/ agreement 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.

c) Share in profits/ (loss) from investments in Association of Person ('AOP')

The Company's share in profits from AOP where the Company is a member, is recognised on the basis of such AOP's audited accounts, as per terms of the agreement.

d) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

6. 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 on fixed assets is provided on the written down value method as per the rates and in the manner prescribed in Schedule XIV to 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 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.

Schedules to the accounts (Contd.)

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

- Computer equipment: 40%
- Office equipment: 13.91%
- Furniture and fixtures: 18.10%
- Motor cars: 25.89%

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.

Leasehold improvements are amortised over the remaining primary period of lease upto 10 years or their estimated useful life, whichever is shorter, on a straight line basis.

Intangible fixed 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.

7. 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.

8. 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.

9. 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.

Schedules to the accounts (Contd.)

10. Land held under joint development arrangements

In case of joint development with the land owner on space sharing arrangement, on entering into the joint development agreement and obtaining necessary approvals for commencement of construction, 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.

11. 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.

12. 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 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.

The Company offsets, the current tax assets and liabilities (on a year on year basis), where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

13. Provisions and contingencies

The Company recognises 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. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources 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 recognised 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.

14. 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.

Schedules to the accounts (Contd.)

15. Employee benefits

Defined benefit plans

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.

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.

16. 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.

17. Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of business and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. General corporate income and expense items are not allocated to any business segment.

Schedules to the accounts (Contd.)

18. Recognition and measurement of advances paid

a) Advance against property

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.

b) 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.

19. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes on Accounts

2. Share capital

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs
Authorised		
150,000,000 (Previous year: 150,000,000) Equity shares of Rs. 10 each	1,500,000,000	1,500,000,000
	1,500,000,000	**1,500,000,000**
Issued, subscribed and fully paid up		
145,832,100 (Previous year : 145,832,100) Equity shares of Rs.10 each	1,458,321,000	1,458,321,000
	1,458,321,000	**1,458,321,000**

Notes :

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Number of equity shares at the beginning of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000
Add: Equity shares issued during the year	-	-	-	-
Number of equity shares outstanding at the end of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000

(b) Equity shareholders holding more than 5% of equity shares along with the number of equity shares held at the beginning and at the end of the year is as given below:-

Name of the share holder	As at 31 March 2013		As at 31 March 2012	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,678,685	29%	42,513,685	29%
Nitesh Industries Private Limited	11,253,500	8%	14,205,386	10%
Nomura India Investment Fund Mother Fund	12,971,738	9%	12,971,738	9%
HSBC Bank (Mauritius) Limited	11,666,062	8%	11,666,062	8%
AMIF I Limited	-	-	9,969,312	7%

Note: As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date :

	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
Equity shares allotted as fully paid up bonus shares by capitalisation of general reserves	-	-	-	62,804,790	-

Equity shares were allotted during the year ended 31 March 2010 as fully paid bonus shares by capitalisation of securities premium of Rs. 567,020,724 and balance in profit and loss account of Rs.61,027,176 in the ratio of nine equity shares for every one equity share held.

Notes on Accounts (Contd.)

(d) Rights, preferences and restrictions attached to 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.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs.Nil (Previous year : Rs.nil).

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.

(e) There have been no buy back of shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet.

3. Reserves and surplus

Rs

Particulars	As at 31 March 2013	As at 31 March 2012
Securities premium		
Opening balance	3,125,854,554	3,125,854,554
Add: addition during the year	-	-
Closing balance	**3,125,854,554**	**3,125,854,554**
Surplus/ (Deficit) in statement of profit and loss		
Opening balance	7,803,583	55,670,978
Add: (Loss) for the year	(323,762,866)	(45,611,014)
Less: Appropriations		
Dividend for the preceding year	-	2,055,767
Tax on dividend for the preceding year	-	200,614
Closing balance	**(315,959,283)**	**7,803,583**
	2,809,895,271	**3,133,658,137**

4. Long-term borrowings

Rs

Particulars	As at 31 March 2013	As at 31 March 2012
Secured:		
- Vehicle loans from bank	1,097,573	1,769,883
	1,097,573	**1,769,883**

Term loans from banks are secured by :

The Company has taken a loan of Rs. 3,154,184 from a bank on 30 September 2010 for a period of 60 months. The loan is repayable in 60 monthly installments of Rs. 65,544 starting from 30 September 2010 and to be settled by 10 September 2015 with an interest rate of 9.3% per annum. The loan is secured by way of hypothecation of vehicles acquired out of the loan proceeds. The loan balance including current maturities of long term debt at the end of the year is Rs. 1,749,325 (Previous year: Rs. 2,364,209).

Notes on Accounts (Contd.)

5. Long-term provisions

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for gratuity (refer note 29)	4,876,925	3,811,987
	4,876,925	**3,811,987**

6. Short-term borrowings

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Other short term borrowings		
Secured:		
- from banks	-	190,100,000
- from financial institutions	386,489,028	350,000,000
- 18.5 % Non convertible, redeemable debentures (refer note 32)	600,000,000	-
Cash credit	97,917,924	-
	1,084,406,952	**540,100,000**

Details of security and terms of loans and debentures

a) Short-term loans from banks are secured by :

The Company had availed a loan of Rs. 291,357,500 (Sanction amount of Rs.300,000,000) from a bank on 5 May 2011 for a period of 36 months. The loan was repayable in 12 monthly installments of Rs. 25 million beginning from the 25th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. Nil (Previous year: Rs.190,100,000).

b) Short-term loans from financial institutions are secured by :

The Company had availed a loan of Rs.125,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on 17 April 2011 for a period of 60 months. The loan is repayable in 24 monthly installments beginning 3 years from the date of first disbursement at an interest rate based on the Lender's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and hypothecation of project specific receivables of the Company and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the year is Rs.119,000,000 (Previous year: Rs. 125,000,000).

The Company has availed a loan of Rs. 205,000,000 (Sanction amount of Rs. 350,000,000) from a financial institution on 23 June 2011 for a period of 30 months. The loan is repayable in 12 monthly installments of Rs. 30 million beginning from the 19th month at an interest rate based on the Corporate Prime Lending Rate. The loan is secured by way of mortgage on company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 205,000,000 (Previous year: Rs. 150,000,000).

The Company has availed a loan of Rs. 84,500,000 (Sanction amount of Rs. 84,500,000) from a financial institution on 27 June 2012 for a period of 14 months. The loan is repayable in 6 equal monthly installments starting from March 2013 and to be settled by August 2013 at an interest rate of Base Rate plus 2%, in accordance with the applicable spread. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 57,167,772 (Previous year: Rs. Nil).

The Company had availed a loan of Rs. 15,500,000 (Sanction amount of Rs.15,500,000) from a financial institution on 27 June 2012 for a period of 12 months.The loan is repayable in 6 equal monthly installments starting from February 2013 and to be settled by July 2013 at an interest rate of Base Rate plus 2%. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 5,321,256 (Previous year: Rs.nil).

The Company had availed a loan of Rs.150,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on 15 December 2010 for a period of 18 months. The loan is repayable in 12 monthly installments of Rs. 25 million beginning from the 12th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and hypothecation of receivables of the Company and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. Nil (Previous year: Rs.75,000,000).

Notes on Accounts (Contd.)

c) **18.5 % Non convertible, redeemable debentures are secured by :**

The Company has issued 6,000, 18.5% non convertible, reedeemable debentures of Rs. 100,000 each to a financial institution on 28 January 2013 for a period of 48 months. The amount is repayable in 13 unequal quarterly installments starting from February 2014 and to be settled by February 2017 carrying an interest rate of 18.5% per annum.

The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The debenture balance at the end of the reporting period is Rs. 600,000,000 (Previous year: Rs. Nil).

d) **Cash credit from banks are secured by :**

The Company has availed a cash credit facility with a limit of Rs. 100,000,000 from a bank on 23 July 2012 for a period of 12 months with an interest rate of Base Rate plus 3%. The loan is secured by way of mortgage on Company's share of project specific properties, by lien on refundable deposits paid to land owners and which are not hypothecated to any Banks/ Institutions in respect of projects which are under pipeline and for which approvals have not yet been received and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 97,917,924 (Previous year: Rs. Nil).

7. Trade payables

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
- Dues to micro and small enterprises (refer note 33)	-	-
- Dues to other creditors	312,337,080	292,607,025
	312,337,080	292,607,025

8. Other current liabilities

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Current maturities of long-term debt	651,752	594,324
Advance received from related parties towards expenses	48,450,635	-
Advance received from customers for sale of properties	622,098,914	416,861,813
Consideration under joint development agreement towards purchase of land (refer note below)	496,455,770	2,242,279
Billings in excess of revenue	458,615,230	180,036,602
Accrued salaries and benefits	705,333	2,555,496
Other payables		
- for expenses	318,257	224,838
- withholding and other taxes and duties payable	10,559,480	9,430,272
	1,637,855,370	**611,945,624**

The Company has entered into a joint development agreement with the land owner whereby the Company, at its cost, will construct apartments/buildings on the land owned by the land owner, and the portion of building constructed will be exchanged for ownership in the land . Such portion of land to be acquired by the Company as per joint development agreement 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 originally estimated cost are adjusted in the cost of land in the year of such change/ occurrence.

9. Short-term provisions

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for gratuity (refer note 29)	874,087	193,922
Provision for compensated absences	10,140,042	10,068,483
	11,014,129	**10,262,405**

Notes on Accounts (Contd.)

10. Fixed assets

Rs.

Asset category	Gross block				Depreciation				Net block	
	As at 1 April 2012	Additons during the year	Deletions during the year	As at 31 March 2013	As at 1 April 2012	Charge for the year	Deletions during the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets										
Leasehold improvements	16,379,381	-	-	16,379,381	6,434,934	1,797,729	-	8,232,663	8,146,718	9,944,447
Office equipments	10,163,750	879,649	-	11,043,399	3,888,152	964,075	-	4,852,227	6,191,172	6,275,598
Computer equipments	20,668,731	1,131,765	-	21,800,496	12,433,806	3,633,966	-	16,067,772	5,732,724	8,234,925
Furniture and fixtures	7,955,073	1,737,769	-	9,692,842	4,153,683	751,095	-	4,904,778	4,788,064	3,801,390
Vehicles	17,311,051	-	-	17,311,051	11,992,200	1,377,050	-	13,369,250	3,941,801	5,318,851
	72,477,986	**3,749,183**	**-**	**76,227,169**	**38,902,775**	**8,523,915**	**-**	**47,426,690**	**28,800,479**	**33,575,211**
Intangible assets										
Computer software	42,101,898	4,200,000	-	46,301,898	10,003,228	8,593,486	-	18,596,714	27,705,184	32,098,670
	42,101,898	**4,200,000**	**-**	**46,301,898**	**10,003,228**	**8,593,486**	**-**	**18,596,714**	**27,705,184**	**32,098,670**
Total	**114,579,884**	**7,949,183**	**-**	**122,529,067**	**48,906,003**	**17,117,401**	**-**	**66,023,404**	**56,505,663**	**65,673,881**
Previous year	*74,179,334*	*40,400,550*	-	*114,579,884*	*30,773,736*	*18,132,267*	-	*48,906,003*	*65,673,881*	

Notes on Accounts (Contd.)

11. Non-current investments

Particulars	Face value per share / unit	Number of shares		Value (Rs)	
		As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
At cost less provision for other than temporary diminution					
Trade investments					
Unquoted					
(i) Investments in equity instruments (fully paid up), unless otherwise stated					
Subsidiary companies					
Nitesh Indiranagar Retail Private Limited	10	23,598,000	23,598,000	1,323,900,000	1,323,900,000
Nitesh Housing Developers Private Limited	10	4,494,900	4,494,900	44,949,000	44,949,000
Kakanad Enterprises Private Limited	10	10,000	10,000	100,000	100,000
Nitesh Urban Development Private Limited	10	6,672,000	6,672,000	236,692,000	236,692,000
Nitesh Property Management Private Limited	10	10,000	10,000	100,000	100,000
Associate company					
Nitesh Residency Hotels Private Limited	10	50,180,579	30,680,579	800,805,790	605,805,790
(ii) Investments in preference shares (fully paid up)					
Subsidiary company					
Nitesh Housing Developers Private Limited	10	4,150,000	-	830,000,000	-
(iii) Investments in Association of Persons (AOP)					
Nitesh Estates -Whitefield (refer note ii below)				106,430,029	105,545,033
Non-trade investments, at cost					
Investment in Government securities (unquoted)					
National Savings Certificate				57,200	57,200
				3,343,034,019	**2,317,149,023**

Note :

i The Company has made further investments in its subsidiaries based on the independent valuation reports obtained by the Company and as approved by the Board. As at the balance sheet date, the subsidiary companies are in various stages of development/ project set-up and hence, the management believes that there is no diminution other than temporary in the value of its investments.

ii The particulars of partners of the AOP and the profit sharing ratio are as follows:

Partnership firm	Name of Partners	Share of Profit
Nitesh Estates -Whitefield	Nitesh Estates Limited	24%
	Mr. Showri Reddy	42%
	Mr. Joji Reddy	34%

Notes on Accounts (Contd.)

12. Deferred tax assets (net)

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax liability		
Excess of depreciation allowable under the income tax laws over depreciation provided for in the books	4,266,400	4,191,759
	4,266,400	**4,191,759**
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,266,400	4,566,438
Effect of tax losses	-	38,411,514
	4,266,400	**42,977,952**
	-	**38,786,193**

Note:

Deferred tax asset on carried forward business loss and unabsorbed depreciation in tax has been recognized only to the extent there is virtual certainty as enunciated in AS 22 'Accounting for Taxes on Income'.

13. Long-term loans and advances

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Unsecured, considered good		
Security deposits	41,856,659	44,182,629
Other loans and advances		
- Advance against property	668,951,407	719,603,485
- Advance tax, net of provision for tax	67,103,404	42,651,946
	777,911,470	**806,438,060**

14. Other non current assets

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Fixed deposit accounts with banks (refer note below)	9,250,000	1,310,817
Margin money deposits	1,672,188	1,125,000
Minimum alternate tax credit entitlement	7,000,000	7,000,000
	17,922,188	**9,435,817**

Of the above, Rs. 9,250,000 (previous year: Nil) has been provided as collateral security to 6,000, 18.5% non convertible, reedeemable debentures having a face value of Rs. 100,000 each amounting to Rs. 600,000,000.

15. Inventories

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Land	402,834,224	411,260,413
Land held under joint development arrangements	573,040,722	-
Properties under development	388,183,674	263,263,825
	1,364,058,620	**674,524,238**

Refer note 1.8 and 1.9 for accounting policy on disclosure of mode of valuation of inventories

Notes on Accounts (Contd.)

16. Trade receivables

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
*Unsecured, considered good**		
Debts due for a period exceeding six months	17,539,822	51,636,810
Other debts	283,061,214	353,433,663
	300,601,036	**405,070,473**

* Includes an amount of Rs. 123,676,497 (previous year: Rs. 79,757,194) receivable from Companies/ firms where directors of the Company are also directors/ members in such other companies.

17. Cash and bank balances

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Cash and cash equivalents		
Cash on hand	609,657	550,237
Balances with banks		
- in current accounts	81,820,507	15,813,128
- in fixed deposit accounts with banks	-	11,800,000
	82,430,164	28,163,366
Other bank balances		
-in fixed deposits with banks	2,267,212	2,030,000
-in escrow accounts with banks (refer note below)	9,928,210	6,418,403
	94,625,586	**36,611,769**

The above amount in escrow accounts with banks are in lien towards repayment of project loans.

18. Short-term loans and advances

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Unsecured, considered good		
Security deposits	3,632,265	-
Advances paid towards jointly developable properties	346,117,065	313,305,365
Advance paid to related parties		
- loans and advances to subsidiaries and other related entites	126,228,800	126,704,706
Vendor advances	173,866,313	148,767,161
Advances for supply of goods and rendering of services	19,775,749	16,923,826
Share application money pending allotment	463,610,000	878,388,333
Balances with government authorities	10,826,302	17,028,059
Prepaid advances for expenses including advertisements	138,277,762	96,697,631
Other advances	5,030,309	950,458
	1,287,364,565	**1,598,765,540**

Notes on Accounts (Contd.)

19. Other current assets

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Interest accrued but not due	148,832	472,077
Unbilled revenue	77,632,321	99,548,989
	77,781,153	**100,021,067**

20. Revenue from operations

Rs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Income from property development, net of reversals (refer note 30d)	216,809,970	211,406,399
Income from contractual activities	251,151,231	569,806,001
Share of profit from investment in AOP	884,996	9,101,461
	468,846,197	**790,313,861**

21. Other income

Rs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest		
- from banks	653,728	472,243
- from others	21,500,000	-
Dividend from mutual funds	-	47,065
Miscellaneous	3,386,896	655,113
	25,540,624	**1,174,421**

22. Employee benefits

Rs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries and wages	82,070,788	93,209,605
Directors remuneration	23,275,004	19,775,004
Contribution to provident and other funds	1,102,106	1,414,980
Staff welfare	1,551,445	1,627,629
	107,999,344	**116,027,218**

23. Finance costs

Rs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest	23,533,328	7,004,889
Processing fees and other bank charges	13,384,555	2,153,674
	36,917,883	**9,158,563**

Notes on Accounts (Contd.)

24. Other expenses

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Advertisement and sales promotion	57,506,561	69,954,243
Professional and Consultancy	20,254,269	28,205,447
Rent	17,468,773	19,773,718
Travel and conveyance	8,541,517	9,902,375
Repairs and maintenance - others	5,625,496	5,990,514
Power and fuel	3,882,040	3,195,760
Office maintenance	3,791,642	3,290,302
Bad debts written off	3,761,059	-
Insurance charges	3,698,260	3,498,445
Communication	5,622,015	5,543,683
Foreign exchange loss (net)	1,389,417	652,697
Director's sitting fees	1,015,550	820,000
Rates and taxes	615,870	1,082,045
Lease rent - vehicles	834,000	1,543,793
Miscellaneous	3,275,905	1,853,977
	137,282,374	**155,307,000**

25. Commitments and contingent liabilities

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Contingent liabilities		
Claims against the company not acknowledged as debts in respect of		
- Income-tax	22,440,182	35,416,412
- Service tax	31,156,450	-
Corporate guarantee for loans taken by group companies	1,020,000,000	1,020,000,000
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	658,464,627	280,921,873

Notes :

a During the year, Nitesh Urban Development Private Limited, a subsidiary Company, issued compulsorily convertible debentures to an investor amounting to Rs. 350,000,000. Pursuant to this, the Company and the investor have entered into a share sale right agreement whereby the investor has a right (but not obligation) to sell all the debentures to the Company on or after the end of 48 months from the closing date and the Company will be obliged to purchase these debentures at Rs. 787,500,000 if such option is exercised by the investor.

b The Company has entered into various joint development agreements wherein, on completion of all obligations of the landowner 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.

Notes on Accounts (Contd.)

26. Details of Construction contracts in progress

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
		Rs
Contract revenue recognized during the year	467,961,201	781,212,400
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the year end	2,446,410,190	2,777,762,380
The amount of customer advances outstanding for contracts in progress as at the year end	622,098,914	416,861,813
The amount of retention due from customers for coantracts in progress as at the year end	17,345,998	15,020,632

27. Auditors' remuneration (included in legal and professional charges)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
		Rs.
Statutory audit fees	2,600,000	2,700,000
Other services	250,000	650,000
Reimbursement of expenses	297,855	205,842
	3,147,855	**3,555,842**

28. 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)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Net profit/(loss) for the year attributable to equity shareholders	(323,762,866)	(45,611,014)
Weighted average number of equity shares	145,832,100	145,832,100
(face value of Rs. 10 each) considered for calculation of basic earnings per share		
Loss per share, basic and diluted	(2.22)	(0.31)

The Company has no potentially dilutive equity shares.

Notes on Accounts (Contd.)

29. Employee benefits

The Company has a defined benefit gratuity plan. The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half months' salary for each year of completed service at the time of retirement/ exit. The scheme is unfunded and hence the disclosures with respect to plan assets as per Accounting Standard-15(Revised)- Employee benefits are not applicable to the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Rs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Obligations at beginning of the year	4,005,909	4,622,036
Service cost	1,456,395	2,231,750
Interest on defined benefit obligation	472,213	545,798
Benefits settled	(93,438)	(57,850)
Actuarial (gain)/loss	205,775	(3,178,210)
Liabilities settled on divestiture	(453,457)	(157,615)
Obligations at year end	**5,593,397**	**4,005,909**
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	-	-
Contributions	-	-
Benefits settled	-	-
Plan assets at year end, at fair value	**-**	**-**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(5,593,397)	(4,005,909)
Closing fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(5,593,397)**	**(4,005,909)**
Gratuity cost for the year		
Service cost	1,456,395	2,231,750
Interest cost	472,213	545,798
Expected return on plan assets	-	-
Actuarial (gain)/loss	205,775	(3,178,210)
Past service cost	157,614	157,614
Net gratuity cost	**2,291,997**	**(243,048)**
Assumptions		
Discount rate	8.05%	8.55%
Salary increase	6.00%	6.00%
Attrition rate		
- 21-44 years	2.00%	2.00%
- 45-60 years	1.00%	1.00%
Retirement age	60 years	60 years

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

Notes on Accounts (Contd.)

Amounts for the current and preceding years are as follows:

As at	Defined benefit obligation	Experience adjustment on plan liabilities
31 March 2013	5,751,012	(2,625)
31 March 2012	4,163,524	(2,967,790)
31 March 2011	4,622,036	(197,656)
31 March 2010	2,980,820	(185,121)
31 March 2009	1,673,113	(2,180,736)

30. Related parties

(i) Names of related parties and description of relationship:

Enterprises where control exists

Nitesh Indiranagar Retail Private Limited	Subsidiary company
Nitesh Housing Developers Private Limited	Subsidiary company
Nitesh Urban Development Private Limited (formerly Nitesh Boat Club Development Private Limited)	Subsidiary company
Kakanad Enterprises Private Limited	Subsidiary company
Nitesh Property Management Private Limited	Subsidiary company

Related parties where significant influence exists and with whom transactions have taken place during the year

Individuals, Associates and Companies under common control

Associate company	Nitesh Residency Hotels Private Limited
Enterprises owned or significantly influenced by Key Managerial Person	Nisco Ventures Private Limited Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited) Serve & Volley Signages Private Limited Nitesh Infrastructure and Construction Serve & Volley Media Private Limited Serve & Volley Outdoor Advertising Private Limited Grass Outdoor Media Private Limited
Partnership firm in which the Company is a partner	Nitesh Estates – Whitefield
Key management personnel	Nitesh Shetty [Chairman and Managing Director] L.S.Vaidyanathan [Executive Director] Ashwini Kumar [Executive Director and Chief Operating Officer]

(ii) Related party transactions **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Loans and advances received/ (repaid)		
Nitesh Indiranagar Retail Private Limited	(25,480)	(12,127,920)
Nitesh Urban Development Private Limited	-	34,927,839
Nitesh Housing Developers Private Limited	-	(33,647,137)
Nitesh Estates - Whitefield	-	(53,616,386)
Southern Hills Developers Private Limited	31,909,932	(15,474,897)
Kakanad Enterprises Private Limited	205,817	-

Notes on Accounts (Contd.)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Advances received towards reimbursement of expenses		
Nitesh Urban Development Private Limited	45,477,938	-
Nitesh Housing Developers Private Limited	41,204,313	-
Advances received from customers		
Nitesh Shetty	274,597,694	-
Guarantees given		
Nitesh Urban Development Private Limited	-	400,000,000
Share Application money given/(refunded)		
Nitesh Residency Hotels Private Limited	132,500,000	-
Nitesh Housing Developers Private Limited (refer note a below)	-	(75,788,650)
Kakanad Enterprises Private Limited	-	(11,585,000)
Nitesh Indiranagar Retail Private Limited	331,110,000	(160,822,764)
Allotment of shares out of share application money		
- in equity shares		
Nitesh Indiranagar Retail Private Limited	-	1,208,800,000
- in preference shares		
Nitesh Housing Developers Private Limited	830,000,000	-
Non-current investments- purchase /(sale) of investments		
Nitesh Residency Hotels Private Limited (refer note b below)	195,000,000	195,000,000
Nitesh Urban Development Private Limited	-	236,641,000
Managerial remuneration		
Nitesh Shetty (Refer note c below)	12,293,720	12,293,720
L.S.Vaidyanathan	11,700,000	11,700,000
Ashwini Kumar (Refer note c below)	9,000,000	-
Advertising and sales promotion expenses		
Serve & Volley Outdoor Advertising Private Limited	23,882,392	16,285,967
Rent paid		
Nitesh Infrastructure and Construction	18,405,628	18,774,716
Nitesh Property Management Private Limited	755,900	479,583
Share of profit from investment in association of persons (post-tax)		
Nitesh Estates – Whitefield	884,996	9,101,461
Income from contractual activities		
Nitesh Residency Hotels Private Limited	152,124,856	318,756,077
Nitesh Estates – Whitefield	97,134,718	239,529,795
Nitesh Infrastructure and Constructions	3,630,250	11,478,927
L S Vaidyanathan	-	6,960,229
Sales returns- Sale of development rights		
Southern Hills Developers Private Limited		115,862,027

Notes on Accounts (Contd.)

(iii) Amount outstanding as at the balance sheet date **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Trade receivables		
Nitesh Estates – Whitefield	106,011,892	139,551,858
Nitesh Residency Hotels Private Limited	34,880,334	79,757,194
Nitesh Infrastructure and Constructions	5,030,000	5,030,000
L. S. Vaidyanathan	226,782	
Loans and advances to subsidiaries and other related entites		
Nitesh Urban Development Private Limited	-	38,231,617
Kakanad Enterprises Private Limited	26,357,896	26,152,079
Southern Hills Developers Private Limited	94,120,672	62,210,740
Nitesh Indiranagar Retail Private Limited	84,790	110,270
Nitesh Estates – Whitefield	5,065,087	-
Nitesh Property Management Private Limited	216,105	-
Advance received from related parties towards common costs		
Nitesh Housing Developers Private Limited	41,204,313	-
Nitesh Urban Development Private Limited	7,246,321	-
Advance against property		
Nisco Ventures Private Limited	10,762,955	40,762,955
Security Deposits		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
Trade payables		
Nisco Ventures Private Limited	-	1,290,927
Nitesh Infrastructure and Construction	1,521,932	1,450,072
Grass Outdoor Media Private Limited	-	2,765,040
Nitesh Property Management Private Limited	199,038	-
Serve & Volley Outdoor Advertising Private Limited	3,204,208	2,639,539
Serve & Volley Media Private Limited	2,765,040	2,765,040
Advance from customers		
Nitesh Residency Hotels Private Limited	40,000,000	40,000,000
Nitesh Shetty	274,597,694	-
Guarantees outstanding		
Nitesh Housing Developers Private Limited	620,000,000	620,000,000
Nitesh Urban Development Private Limited	400,000,000	400,000,000
Share application money pending allotment		
Nitesh Indiranagar Retail Private Limited	331,110,000	-
Nitesh Housing Developers Private Limited	-	828,388,333
Nitesh Residency Hotels Private Limited	132,500,000	-

Notes on Accounts (Contd.)

Notes :

a Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs. 4,820 million. The said agreement stipulates time lines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs. 75 per square feet for each month of delay to NIRPL in the event of a delay. At 31 March 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. Based on the ongoing discussions with the land owner, NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. NIRPL expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 31 March 2013. As at 31 March 2013, the Company has an investment of Rs.1,655,010,000 (Previous year: Rs. 1,323,900,000) in the equity share capital/share application money pending allotment of NIRPL.

b The Company has invested a sum of Rs.800,805,790 (Previous year: Rs.605,805,790) towards 50,180,579 (Previous year: 30,680,579) Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'). The aforesaid investment has certain transfer restrictions (including consent of another investor) under the Shareholders' Agreement entered into with the other investors in NRHPL. As part of the loan arrangement entered into by NRHPL for funding the hotel project, the Company has provided an undertaking to lenders not to divest its shares in NRHPL. The aforesaid Class A shares have similar voting rights to the Class B shares held by another investor but have different dividend rights in terms of the shareholders agreement. Effective 30 October 2009, NRHPL became an associate of the Company. The Company has a commitment to invest additional share capital in NRHPL along with the other investors. The Company's share of such additional investment as at 31 March 2013 is estimated to be Rs.135,000,000 (Previous year: Rs.135,000,000).

c The company has paid managerial remuneration to two directors amounting to Rs. 21,293,720 for which an application has been made to the Central Government for its approval. The approval from the Central Government is awaited as of date. Management is reasonable confident of obtaining the approval.

d During the year ended 31 March 2009, the Company sold 25% of its development rights under a joint venture to Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited), a company owned by key managerial personnel ('SHDPL') for a consideration of Rs.270,000,000. The Company had incurred cost of Rs. 115,862,027 towards land and other development costs as at the date of sale and had accordingly recognized a profit of Rs. 154,137,973. During the previous year ended 31 March 2012, the Company had bought back the aforesaid development rights from SHDPL for a consideration of Rs.115,862,027 and the same had been recorded as sales return. Accordingly, revenue from operations for the previous year is lower by Rs.115,862,027 with the corresponding impact on (increase) /decrease in inventories. The management is of the view that the aforesaid transaction is based on the contract entered by the parties.

31. Interest in Joint Venture

The Company has a 24% share in the profits and losses of Nitesh Estates - Whitefield (Association of persons), formed in India, a jointly controlled entity, which is engaged in real estate development. The Company's proportionate share of the assets, liabilities, income and expenses of the jointly controlled entity are as follows:

Rs.

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Assets	167,065,497	218,664,948
Liabilities	88,541,298	113,154,336
Income	37,660,870	54,317,072
Expenses	36,337,608	45,215,611
Net Profit	884,996	9,101,461

Note: The capital expenditure and contingent liability as at and for the year ended 31 March 2013 is Rs. Nil (Previous year: Rs. Nil).

Notes on Accounts (Contd.)

32. In accordance with section 117C of the Companies Act read along with circular issued by Department of Company Affairs No 9/2002 which states that the section requires the amount to be credited to debenture redemption reserve only out of profits of the Company, the Company has not transferred any amounts to debenture redemption reserve as it has incurred losses during the year.

33. 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'). The Company has no dues to Micro and Small Enterprises as at 31 March 2013 and 31 March 2012 in the financial statements based on information received and available with the Company.

34. Expenditure in foreign currency (on accrual basis) **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Architect and other related fees included under cost of construction	28,669,020	92,106,149

35. The Company primarily operates only in three business segments - Residential, Retail and Hospitality. All the operations are carried out in India and hence there is no geographical segment.

Accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Assets, liabilities, revenues and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company, therefore, believes that it is not practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as unallocated.

Primary segment information: **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Segment revenue		
Residential	468,846,197	790,313,861
Retail	-	-
Hospitality	-	-
Total	**468,846,197**	**790,313,861**
Less : inter segment revenue	-	-
Net income from operations	**468,846,197**	**790,313,861**
Segment results		
Profit/ (loss) before tax and interest		
Residential	(273,599,413)	(63,311,230)
Retail	-	-
Hospitality	-	-
Total	(273,599,413)	(63,311,230)
Other income	25,540,624	1,174,421
Interest	(36,917,883)	(9,158,563)
(Loss) before tax and interest	**(284,976,672)**	**(71,295,373)**
Capital employed		
Residential	2,709,561,095	3,139,063,674
Retail	1,655,000,000	1,323,900,000
Hospitality	933,305,790	605,805,790
Corporate – unallocated	56,505,663	65,673,881
	5,354,372,548	**5,134,443,345**

Notes on Accounts (Contd.)

36. On 24 September 2009, NEL invested a sum of Rs.49,999,000 in the equity shares (99.9%) of Nitesh Housing Developers Private Limited ('NHDPL'), a subsidiary of NEL. Subsequently, on 25 September 2009, NEL sold 10.1% of its investment in NHDPL to another party ('the Buyer'). As at 31 March 2013, NEL holds 89.9% of the equity share capital of NHDPL. On 25 September 2009, NEL, NHDPL, the Buyer and Mr. Nitesh Shetty have entered into an agreement whereby NHDPL would issue and allot to the Buyer, 6,200,000 Debentures of Rs.100 each aggregating to Rs.620,000,000. The Debentures and interest thereon are secured by way of pledge of the entire shareholding of NEL in NHDPL and a part of shareholding of Mr. Nitesh Shetty in NEL, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of NEL and personal guarantee of Mr. Nitesh Shetty. During the year, NHDPL has partially redeemed principal amounting to Rs. 399,129,000. The Buyer has an option to sell and Mr. Nitesh Shetty has an obligation to buy 505,000 shares.

37. Advance against property as at 31 March 2013 includes Rs.215,000,000 (Previous year: Rs.215,000,000) paid to an intermediary party for purchase of a particular parcel of land and consequently, the intermediary party entered into an agreement with the landlord for purchase of the said land. Subsequently, at the request of the Company, the intermediary party assigned its rights and obligations under the agreement with the landlord to the Company. There is no specific confirmation from the landlord in acceptance of the aforesaid assignment. The Company has obtained an independent legal opinion based on which it is confident of the enforceability of the assignment agreement and has accordingly initiated the legal proceedings with respect to refund of the aforesaid amount and is confident that the legal proceedings would be in favour of the Company. Accordingly, the management is of the view that no adjustment is required to be made in respect of the carrying value of the advance against property as at 31 March 2013**.**

38. Previous years' figures have been regrouped/ reclassified wherever necessary to conform to current years' presentation.

As per our report attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place: Bangalore
Date: 30 May 2013

For and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place: Bangalore
Date: 30 May 2013

L.S. Vaidyanathan
Executive Director
Place: Mumbai
Date: 30 May 2013

Ashwini Kumar
Executive Director
Place: Mumbai
Date: 30 May 2013

D. Srinivasan
Company Secretary
Place: Mumbai
Date: 30 May 2013

Venkateshan .M.A.
Chief Financial Officer
Place: Mumbai
Date: 30 May 2013

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiaries

Sl. No.	Particulars	Nitesh Indiranagar Retail Pvt. Ltd.	Nitesh Housing Developers Pvt. Ltd.	Nitesh Property Management Pvt. Ltd.	Nitesh Urban Development Pvt. Ltd.	Kakanad Enterprises Pvt. Ltd.
		1	2	3	4	5
1	Financial year of the subsidiary	01.04.2012 - 31.03.2013	01.04.2012 - 31.03.2013	01.04.2012 - 31.03.2013	01.04.2012 - 31.03.2013	01.04.2012 - 31.03.2013
2	Shares of the subsidiary held by the Company on the above date					
	(a) Number and face value	13247900 Equity shares of Rs.10/- each fully paid up	4494900 Equity shares of Rs.10/- each fully paid up	9999 Equity shares of Rs.10/- each fully paid up	6581999 Equity shares of Rs.10/- each fully paid up	9999 Equity shares of Rs.10/- each fully paid up
	(b) Extent of holding	100.00%	89.90%	100%	100%	100%
3	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's accounts					
	(a) for the financial year of the subsidiary - profit / (loss)	(29,779,916)	(872,629,962)	(6,436,647)	(98,167,785)	(108,083)
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	(21,173,979)	104,121,454	593,666	(20,791,862)	(137,751)
4	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary dealt with in the Company's accounts					
	(a) for the financial year of the subsidiary - profit	-	-	-	-	-
	(b) for the previous financial years since it became a subsidiary - profit	-	-	-	-	-

For and on behalf of the Board of Directors of Nitesh Estates Limited

Nitesh Shetty	**L.S. Vaidyanathan**	**Ashwini Kumar**	**D. Srinivasan**	**Venkateshan M.A**
Managing Director	**Executive Director**	**Executive Director**	**Company Secretary**	**Chief Financial Officer**
Place : Bangalore	Place : Mumbai	Place : Mumbai	Place : Mumbai	Place : Mumbai
Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013

Disclosure of information relating to subsidiaries as required by the Central Government under Section 212(8) of the Companies Act, 1956

(Amount in INR)

Sl. No.	Particulars	Nitesh Indiranagar Retail Pvt. Ltd.	Nitesh Housing Developers Pvt. Ltd.	Nitesh Property Management Pvt. Ltd.	Nitesh Urban Development Pvt. Ltd.	Kakanad Enterprises Pvt. Ltd.
(a)	Capital	132,480,000	91,500,000	100,000	65,820,000	100,000
(b)	Reserves	1,140,466,105	19,072,640	(5,842,981)	48,845,859	(358,123)
(c)	Total Assets	1,653,485,338	3,535,631,851	24,170,767	1,546,044,678	26,177,091
(d)	Total Liabilities	1,653,485,338	3,535,631,851	24,170,767	1,546,044,678	26,177,091
(e)	Details of Investment	-	100,000	-	80,200,000	-
(f)	Turnover incl. Other Income	4,482	328,148,358	37,825,594	6,100,677	-
(g)	Profit / (Loss) before Taxation	(21,679,416)	(969,697,992)	(6,024,210)	(89,268,066)	(108,083)
(h)	Provision for Taxation	8,100,500	969,374	412,437	8,899,719	-
(i)	Profit / (Loss) after Taxation	(29,779,916)	(970,667,366)	(6,436,647)	(98,167,785)	(108,083)
(j)	Proposed Dividend		-	-	-	-

For and on behalf of the Board of Directors of Nitesh Estates Limited

Nitesh Shetty	**L.S. Vaidyanathan**	**Ashwini Kumar**	**D. Srinivasan**	**Venkateshan M.A**
Managing Director	**Executive Director**	**Executive Director**	**Company Secretary**	**Chief Financial Officer**
Place : Bangalore	Place : Mumbai	Place : Mumbai	Place : Mumbai	Place : Mumbai
Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013	Date : May 30, 2013

Consolidated Accounts

Independent Auditor's Report

To The Board of Directors Nitesh Estates Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Nitesh Estates Limited ("the Company") and its subsidiaries, joint ventures and associate (collectively referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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 Group 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2013;

(b) in the case of the consolidated statement of profit and loss, of the loss for the year ended on that date; and

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

Emphasis of matter

Without qualifying our opinion, we draw attention to note 33(a) to the consolidated financial statements wherein it is stated that

Auditor's Report (Contd.)

Nitesh Indiranagar Retail Private Limited (NIRPL), a subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs. 4,820 million. The said agreement stipulates timelines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs. 75 per square feet for each month of delay to NIRPL in the event of a delay. At 31 March 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. Based on the ongoing discussions with the land owner, NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. The Company expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 31 March 2013. NIRPL is audited by another firm of Chartered Accountants, B.K Ramadhyani & Co. The statutory auditors of NIRPL, in their report have drawn attention to the said matter.

Other Matter

We did not audit the financial statements of three subsidiaries and two joint ventures. The financial statements of these subsidiaries and joint ventures reflect total assets of Rs. 1,902,167,018 as at 31 March 2013, total revenue of Rs. 74,218,318 and net cash outflow of Rs. 1,781,187 for the year ended 31 March 2013. These financial statements and other financial information of these subsidiaries, joint ventures and associate company have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors.

for **B S R & Co**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No.: 48814

Place : Bangalore
Date : 30 May, 2013

Consolidated Balance Sheet

	Note No.	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,458,321,000	1,458,321,000
Reserves and surplus	3	1,750,788,769	3,171,414,861
		3,209,109,769	4,629,735,861
Minority interest		-	25,429,265
Non-current liabilities			
Long-term borrowings	4	352,777,736	1,769,881
Long-term provisions	5	15,775,185	6,701,828
Other long-term liabilities	6	43,775,523	43,306,571
		412,328,444	51,778,280
Current liabilities			
Short-term borrowings	7	2,134,504,397	624,970,028
Trade Payables	8	621,389,873	658,406,103
Other current liabilities	9	4,834,287,573	2,032,339,211
Short-term provisions	10	61,320,870	68,648,543
		7,651,502,713	3,384,363,885
		11,272,940,926	**8,091,307,291**
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	33,742,970	34,262,193
- Intangible assets	11	28,051,075	32,401,136
Capital work-in-progress		506,242,108	389,888,112
		568,036,152	456,551,441
Goodwill on consolidation		81,195,858	81,195,858
Non-current investments	12	763,653,641	588,638,632
Deferred tax asset, net	13	321,838	56,763,170
Long-term loans and advances	14	3,709,464,894	3,220,977,341
Other non-current assets	15	17,922,188	9,435,817
		4,491,362,560	3,875,814,960
Current assets			
Current investments	16	100,000	100,000
Inventories	17	3,297,146,199	1,142,965,717
Trade receivables	18	672,214,780	522,727,156
Cash and bank balances	19	278,554,366	201,970,466
Short-term loans and advances	20	1,806,377,726	1,417,106,197
Other current assets	21	77,953,284	392,875,496
		6,132,346,355	3,677,745,032
		11,272,940,926	**8,091,307,291**
Significant accounting policies	1		

The notes referred to above form an integral part of the balance sheet.

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place : Bangalore
Date : 30 May, 2013

for and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place : Bangalore
Date : 30 May, 2013

L.S. Vaidyanathan
Executive Director
Place : Mumbai
Date : 30 May, 2013

Ashwini Kumar
Executive Director
Place : Mumbai
Date : 30 May, 2013

D. Srinivasan
Company Secretary
Place : Mumbai
Date : 30 May, 2013

Venkateshan M.A.
Chief Financial Officer
Place : Mumbai
Date : 30 May, 2013

Consolidated statement of Profit and Loss

	Note no.	For the year ended 31 March 2013 Rs.	For the year ended 31 March 2012 Rs.
Income			
Revenue from operations	22	828,725,568	1,162,252,445
Other income	23	52,974,620	135,861,058
		881,700,188	**1,298,113,503**
Expenses			
Cost of construction		780,268,957	814,128,153
Employee benefits	24	185,470,670	164,347,784
Finance costs	25	773,620,415	9,406,997
Depreciation	11	17,909,485	18,346,851
Other expenses	26	342,650,312	242,582,148
		2,099,919,839	**1,248,811,933**
(Loss)/ Profit before exceptional item and tax		(1,218,219,651)	49,301,570
Exceptional items	27	150,442,492	-
(Loss)/ Profit before tax		**(1,368,662,143)**	**49,301,570**
Tax expense:			
- current tax		966,889	68,427,136
- deferred tax (credit)/ charge		56,441,334	(43,681,812)
(Loss)/ Profit for the year		**(1,426,070,366)**	**24,556,246**
Less: Transfer to minority interest		(25,429,265)	13,209,641
Less: Share in loss of associate		19,984,991	8,203,884
		(1,420,626,092)	**3,142,721**
Earning/ (loss) per share (equity shares, par value of Rs. 10 each)	31		
- Basic and diluted		(9.74)	0.02
Significant accounting policies	1		

The notes referred to above form an integral part of the Statement of Profit and Loss.

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place : Bangalore
Date : 30 May, 2013

for and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place : Bangalore
Date : 30 May, 2013

L.S. Vaidyanathan
Executive Director
Place : Mumbai
Date : 30 May, 2013

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Executive Director
Place : Mumbai
Date : 30 May, 2013

D. Srinivasan
Company Secretary
Place : Mumbai
Date : 30 May, 2013

Venkateshan M.A.
Chief Financial Officer
Place : Mumbai
Date : 30 May, 2013

Consolidated cash flow statement

	For the year ended 31 March 2013 Rs	For the year ended 31 March 2012 Rs
Cash flows from operating activities		
Profit/(loss) before tax	**(1,368,662,143)**	**49,301,570**
Adjustments:		
Depreciation	17,909,485	18,346,851
Finance costs	773,620,415	9,406,997
Dividend income	(7,467)	(58,028)
Interest income	(46,775,452)	(133,187,727)
Operating profit/ (loss) before working capital changes	**(623,915,163)**	**(56,190,337)**
Decrease/ (increase) in inventories	(2,154,180,481)	(479,099,392)
Decrease/ (increase) in trade receivables	(149,487,624)	67,889,256
Decrease/ (increase) in other assets	195,517,267	(239,469,456)
Decrease/ (increase) in loans and advances	(589,588,669)	(1,088,151,980)
(Decrease)/ increase in liabilities	2,895,032,978	1,242,307,102
(Decrease)/ increase in provisions	7,987,676	(30,633,302)
Cash generated from / (used in) operations	**(418,634,017)**	**(583,348,109)**
Income taxes paid	(32,056,158)	(54,914,336)
Net cash generated from / (used in) operating activities	**(450,690,174)**	**(638,262,445)**
Cash flows from investing activities		
Purchase of fixed assets	(329,089,018)	235,754,184
Sale/ (purchase) of investments in associate, net	(277,642,015)	(274,737,065)
Loans and advances to associates and other related entites	10,318,877	243,105,590
Decrease/ (increase) in fixed deposits accounts	(74,800,191)	(6,593,057)
Interest received	166,180,397	117,508,519
Dividends received	7,467	58,028
Net cash generated from /(used in) investing activities	**(505,024,482)**	**315,096,199**

Consolidated cash flow statement (Contd.)

	For the year ended 31 March 2013 Rs.	For the year ended 31 March 2012 Rs.
Cash flows from financing activities		
Secured loans from banks and financial institutions received/ (repaid)	511,852,104	1,076,210,708
Debentures received / (repaid)	950,000,000	(620,000,000)
Decrease/ (increase) in fixed deposits accounts kept as escrow/ lien	(8,486,371)	614,183
Interest paid	(495,867,368)	(4,699,496)
Dividend including tax on dividends paid	-	(2,256,381)
Net cash provided by/ (used in) financing activities	**957,498,365**	**449,869,014**
Net increase / (decrease) in cash and cash equivalents	1,783,709	126,702,768
Cash and cash equivalents at the begining of the year	193,940,466	65,793,633
Proportionate cash inflow in acquisition of joint venture	-	1,444,065
Cash and cash equivalents at the end of the year	**195,724,175**	**193,940,466**

Cash and cash equivalents comprise of:

	31 March 2013	31 March 2012
Cash and bank balance (refer note 19)	195,724,175	193,940,466
	195,724,175	**193,940,466**

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

Zubin Shekary
Partner
Membership No. 48814
Place : Bangalore
Date : 30 May, 2013

for and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
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Company Secretary
Place : Mumbai
Date : 30 May, 2013

Venkateshan M.A.
Chief Financial Officer
Place : Mumbai
Date : 30 May, 2013

Notes to consolidated financial statements

Note 1: Significant accounting policies

1. Background

Nitesh Estates Limited ('the Company' or 'NEL' or 'the holding company') was incorporated on February 20, 2004. NEL together with its subsidiaries, joint ventures and associate are hereinafter collectively referred to as 'the Group'. The Group is a real estate developer engaged in the business of development, sale, management and operation of all or any part of housing and hotel projects, commercial premises and other related activities.

2. Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Companies Act, 1956, to the extent applicable.

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year, except for the change in accounting policy explained below.

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

3. Principles of consolidation

- The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.
- The Group accounts for investments in associate companies by the equity method of accounting in accordance with AS-23 "Accounting for Investment in Associates in Consolidated Financial Statements", where it is able to exercise significant influence over the operating and financial policies of the investee. Inter company profits and losses have been proportionately eliminated until realised by the investor or investee.
- The proportionate share of Group's interest in Joint Ventures is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealised profits, to the extent it pertains to the Group.
- The excess / deficit of cost to the parent company of its investment in the subsidiaries, joint ventures and associates over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.
- Minority interest in the net assets of consolidated subsidiaries consists of: (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and (b) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Notes to consolidated financial statements (Contd.)

4. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

5. Changes in accounting policy

Till the previous year, the Group did not account for its joint development right in land and the corresponding obligation towards the land owner as per agreements entered into with the land owners and was only shown as a commitment. During the current year, the Group changed its policy for accounting for joint development rights held in land. Effective 1 April 2012, the Group records the joint development right in land on entering into the joint development agreement and obtaining necessary approvals for commencement of construction, 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. This change in accounting policy does not have any impact to the statement of profit and loss for the year as compared to the earlier policy.

6. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

a) Recognition of revenue from contractual projects

If the outcome of the contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

b) Recognition of revenue from property development

Projects in progress as on 1 April 2012 where revenues were partially recognised in earlier years

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 Group 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.

Projects in progress where revenue recognition commenced 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 Group 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 approvals necessary for the commencement of the project have 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 contract/ agreement with buyers are realized at the balance sheet date

Notes to consolidated financial statements (Contd.)

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.

c) Share in profits/ (loss) from investments in Association of Person ('AOP')

The Group's share in profits from AOP where the Group is a member, is recognised on the basis of such AOP's audited accounts, as per terms of the agreement.

d) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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 on fixed assets is provided using written down value method at the rates and in the manner prescribed in Schedule XIV to 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 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:

- Computer equipment: 40%
- Office equipment: 13.91%
- Furniture and fixtures: 18.10%
- Motor cars: 25.89%

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.

Leasehold improvements are amortised over the remaining primary period of lease upto 10 years or their estimated useful life, whichever is shorter, on a straight-line basis.

Intangible fixed 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.

Notes to consolidated financial statements (Contd.)

8. Impairment of assets

The Group 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 Group 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.

9. 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.

10. 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.

11. Land held under joint development arrangements

In case of joint development with the land owner on space sharing arrangement, on entering into the joint development agreement and obtaining necessary approvals for commencement of construction, 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.

12. 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.

Notes to consolidated financial statements (Contd.)

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 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.

The Group offsets, the current tax assets and liabilities (on a year on year basis), where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis..

14. Provisions and contingencies

The Group recognises 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. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources 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 recognised 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.

15. 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.

16. Employee benefits

Defined benefit plans

The Group'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.

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

Notes to consolidated financial statements (Contd.)

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.

17. Leases

Leases under which the Group 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..

18. Segment reporting

The Group's operating businesses are organized and managed separately according to the nature of business and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. General corporate income and expense items are not allocated to any business segment.

19. Recognition and measurement of advances paid

a) Advance against property

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 Group 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.

b) Advances paid towards jointly developable properties

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

20. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes to consolidated financial statements (Contd.)

2. Share capital

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs.
Authorised		
150,000,000 (previous year: 150,000,000) equity shares of Rs. 10 each	1,500,000,000	1,500,000,000
	1,500,000,000	**1,500,000,000**
Issued, subscribed and fully paid up		
145,832,100 (Previous year : 145,832,100) equity shares of Rs.10 each	1,458,321,000	1,458,321,000
	1,458,321,000	**1,458,321,000**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

Particulars	As at 31 March 2013		As at 31 March 2012	
	No of shares	Amount	No of shares	Amount
Number of equity shares at the beginning of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000
Add: Equity shares issued during the year	-	-	-	-
Number of equity shares outstanding at the end of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000

(b) Equity shareholders holding more than 5% of equity shares along with the number of equity shares held at the beginning and at the end of the year is as given below:-

Name of the Shareholder	As at 31 March 2013		As at 31 March 2012	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,678,685	29%	42,513,685	29%
Nitesh Industries Private Limited	11,253,500	8%	14,205,386	10%
Nomura India Investment Fund Mother Fund	12,971,738	9%	12,971,738	9%
HSBC Bank (Mauritius) Limited	11,666,062	8%	11,666,062	8%
AMIF I Limited	-	-	9,969,312	7%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date :

	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
Equity shares allotted as fully paid up bonus shares by capitalisation of general reserves	-	-	-	62,804,790	-

Equity shares were allotted during the year ended 31 March 2010 as fully paid bonus shares by capitalisation of securities premium of Rs. 567,020,724 and balance in profit and loss account of Rs.61,027,176 in the ratio of nine equity shares for every one equity share held.

Notes to consolidated financial statements (Contd.)

(d) Rights, preferences and restrictions attached to 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.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs. Nil (Previous year : Rs. Nil). 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.

(e) There have been no buy back of shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet.

3. Reserves and surplus

Rs.

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Securities premium		
Opening balance	3,125,854,554	3,125,854,554
Add: addition during the year	-	-
Closing balance	**3,125,854,554**	**3,125,854,554**
Surplus/ (Deficit) in statement of profit and loss		
Opening balance	45,560,307	44,673,967
Add: (Loss)/ Profit for the year	(1,420,626,092)	3,142,721
Less: Appropriations	-	
Dividend for the preceding year	-	
Tax on dividend for the preceding year	-	2,055,767
Closing balance	-	200,614
	(1,375,065,785)	**45,560,307**
	1,750,788,769	**3,171,414,861**

4. Long-term borrowings

Rs.

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Secured:		
- from financial institutions	1,680,163	-
- from banks	1,097,573	1,769,881
Unsecured:		
- 350 (Previous year: Nil) zero coupon compulsorily convertible debentures of Rs. 1,000,000 each	350,000,000	-
	352,777,736	**1,769,881**

Notes to consolidated financial statements (Contd.)

a) Term loans from financial institutions:

The loan is repayable in 60 monthly installments of Rs.49,588. The loan is secured by way of hypothecation of vehicles acquired out of the loan proceeds. The loan balance at the end of the year is Rs. 1,680,163 (Previous year: Nil).

b) Term loans from banks are secured by :

The Group has taken a loan of Rs. 3,154,184 from a bank on 30 September 2010 for a period of 60 months. The loan is repayable in 60 monthly installments of Rs. 65,544 starting from 30 September 2010 and to be settled by 10 September 2015 with an interest rate of 9.3% per annum. The loan is secured by way of hypothecation of vehicles acquired out of the loan proceeds. The loan balance including current maturities of long term debt at the end of the year is Rs. 1,749,325 (Previous year: Rs. 2,364,209).

c) Terms of Zero coupon compulsorily convertible debentures

The debentures shall be converted into equity shares on earlier of the following dates:

- Mandatory conversion date i.e. date falling 8 years after the issue of debentures;
- Optional conversion date i.e.
  (a) dates falling 48 months from the issue date;
  (b) at the investors' option, upon the occurrence of an event of default;
  (c) if the project is completed and all sale proceeds have been realised prior to expiry of 48 months from the closing date and if both the parties mutually agree.

The debentures are entitiled for conversion to equity shares in the ratio of 1:27,800 on the conversion date.

5. Long-term provisions

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for gratuity (refer note 32)	9,581,254	6,701,828
Compensated absences	6,193,931	-
	15,775,185	**6,701,828**

6. Other long term liabilities

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Security deposit	22,350,523	21,624,512
Advances received towards property development	21,425,000	21,682,059
	43,775,523	**43,306,571**

7. Short-term borrowings

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Other short term borrowings		
Secured:		
- from financial institutions	386,489,028	374,854,428
- from banks	1,047,117,445	246,100,000
- 18.5 % Non convertible, redeemable debentures	600,000,000	-
Cash credit	97,917,924	-
Unsecured		
- from director	100,000	-
- from others	2,880,000	4,015,600
	2,134,504,397	**624,970,028**

Notes to consolidated financial statements (Contd.)

Details of security and terms of loans and debentures

a) Short-term loans from financial institutions:

The Group had availed a loan of Rs.125,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on 17 April 2011 for a period of 60 months. The loan is repayable in 24 monthly installments beginning 3 years from the date of first disbursement at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on the Group's share of project specific properties and hypothecation of project specific receivables of the Group and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the year is Rs.119,000,000 (Previous year: Rs. 125,000,000).

The Group had availed a loan of Rs. 205,000,000 (Sanction amount of Rs.350,000,000) from a financial institution on 23 June 2011 for a period of 30 months. The loan is repayable in 12 monthly installments of Rs. 30,000,000 beginning from the 19th month at an interest rate based on the Corporate Prime Lending Rate. The loan is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. 205,000,000 (Previous year: Rs.150,000,000).

The Group has availed a loan of Rs. 84,500,000 (Sanction amount of Rs.84,500,000) from a financial institution on 27 June 2012 for a period of 14 months. The loan is repayable in 6 equal monthly installments starting from March 2013 and to be settled by August 2013 at an interest rate of Base Rate plus 2%, in accordance with the applicable spread. The loan is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. 57,167,772 (Previous year: Rs. Nil).

The Group has availed a loan of Rs. 15,500,000 (Sanction amount of Rs.15,500,000) from a financial institution on June 27, 2012 for a period of 12 months.The loan is repayable in 6 equal monthly installments starting from February 2013 and to be settled by July 2013 at an interest rate of Base Rate plus 2%. The loan is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. 5,321,256 (Previous year: Rs. Nil).

The Group has availed a loan of Rs.150,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on 15 December 2010 for a period of 18 months. The loan is repayable in 12 monthly installments of Rs. 25,000,000 beginning from the 12th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Group's share of project specific properties and hypothecation of receivables of the Group and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. Nil (Previous year: Rs. 75,000,000).

The term loan from a bank amounting to Rs. 24,854,428 (Sanction amount of Rs. 25,000,000) is secured by corporate receivable in the form of refundable deposit towards a property under joint development and further secured by personal guarantee of a Director of the Group. The loan balance at the end of the reporting period is Rs. Nil (Previous year: Rs. 24,854,428). The loan had to be repaid in 17 monthly installments beginning from the 19th month from the date of disbursement with an interest rate of 4.85% above base rate.

b) Short-term loans from banks:

The term loan from a bank amounting to Rs. 96,000,000 (previous year : 56,000,000) (Sanction amount of Rs. 400,000,000) is secured by Equitable Mortgage of the Group's share of property situated at Varthur Hobli, Bangalore admeasuring 190,633 Sq ft along with the proposed building thereon. (The Group is entitled for a share of 62% on available floor area ratio of the normal built up area plus 92% of additional built up area, if any, in the form of undivided share, right, title and interest in the proposed building thereon). The loan balance at the end of the reporting period is Rs.96,000,000 (Previous year: Rs.56,000,000). Further, the loan is collaterally secured by hypothecation of receivables of the project and guarantees given by holding company and promoter. The loan has to be repaid in 12 monthly installments starting April 2013 with an interest rate of 4% above base rate.

Notes to consolidated financial statements (Contd.)

The Group has availed a loan of Rs. 291,357,500 (Sanction amount of Rs. 300,000,000) from a bank on 5 May 2011 for a period of 36 months. The loan was repayable in 12 monthly installments of Rs. 25,000,000 beginning from the 25th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. Nil (Previous year: Rs.190,100,000).

The term loan from a bank amounting to Rs. 946,117,445 (Sanction amount of Rs. 1,500,000,000) is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Director of the Group. The loan balance at the end of the reporting period is Rs. 946,117,445 (Previous year: Rs. Nil). The loan has to be repaid within 45 months from the date of disbursement starting at 19th month with an interest rate of 14.75%.

Loan taken from banks of Rs. 5,000,000 (previous year: Rs. Nil) is secured against term deposits held by a subsidiary company and carries an interest rate of 11.50%.

c) 18.5 % Non convertible, redeemable debentures :

The Group has issued 6,000, 18.5% non convertible, reedeemable debentures of Rs. 100,000 each to a financial institution on 28 January 2013 for a period of 48 months. The amount is repayable in 13 unequal quarterly installments starting from February 2014 and to be settled by February 2017 carrying an interest rate of 18.5% per annum.

The loan is secured by way of mortgage on Group's share of project specific properties and further secured by personal guarantee of Managing Director of the Group. The debenture balance at the end of the reporting period is Rs. 600,000,000 (Previous year: Rs. Nil).

d) Cash credit from banks:

The Group has availed a cash credit facility with a limit of Rs. 100,000,000 from a bank on 23 July 2012 for a period of 12 months with an interest rate of Base Rate plus 3%. The loan is secured by way of mortgage on Group's share of project specific properties, by lien on refundable deposits paid to land owners and which are not hypothecated to any Banks/ Institutions in respect of projects which are under pipeline and for which approvals have not yet been received and further secured by personal guarantee of Managing Director of the Group. The loan balance at the end of the reporting period is Rs. 97,917,924 (Previous year: Rs. Nil).

8. Trade payables **Rs.**

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
- Dues to micro and small enterprises (refer note 35)	-	-
- Dues to other creditors	621,389,873	658,406,103
	621,389,873	**658,406,103**

Notes to consolidated financial statements (Contd.)

9. Other current liabilities **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Current maturities of long-term debt (refer note a below)	221,904,206	620,594,326
Advance received from related parties towards expenses	3,957,574	-
Advance received from customers	1,008,277,216	887,372,070
Capital creditors	-	8,694,821
Billing in excess of revenue	1,356,288,226	471,111,912
Consideration under joint development agreement towards purchase of land (refer note b below)	1,455,485,787	2,242,279
Unearned income	458,615,230	-
Accrued salaries and benefits	8,871,618	2,806,437
Interest accrued and not due	282,460,548	4,707,501
Security deposit	70,000	-
Other payables		
- for expenses	8,607,331	4,600,742
- withholding and other taxes and duties payable	29,749,837	30,209,123
	4,834,287,573	**2,032,339,211**

a. Nitesh Housing Developers Private Limited (Subsidiary Company), Nitesh Estates Limited (Company), HDFC AMC Limited (the Investor) and Mr. Nitesh Shetty entered into a Debenture subscription and share purchase agreement (DSSPA) on 25 September 2009 whereby the Subsidiary Company issued 6,200,000 debentures of Rs. 100 each aggregating to Rs. 620,000,000 to the Investor. On 15 May 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 would be compulsorily convertible debentures (CCD's) to be converted at par to redeemable non-convertible preference shares (RNCPS) on 5 September 2012. The RNCPS were 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 12 November 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 year at a premium of Rs. 453,627,661. The premium on such redemption has been debited to the statement of profit and loss for the year. Further, the redemption/conversion date for the balance outstanding debentures has been extended upto 5 June 2013. The Company has also accrued for the redemption premium on the outstanding debentures of Rs. 220,871,000 upto 31 March 2013.

   Upto the previous year, since the instrument was mandatorily convertible into preference shares post which it were to be redeemed, the Company had decided to debit the redemption premium to securities premium and hence had not recorded for such redemption premium.

b. The Group has entered into a joint development agreement with the land owner whereby the Company, at its cost, will construct apartments/buildings on the land owned by the land owner, and the portion of building constructed will be exchanged for ownership in the land. Such portion of land to be acquired by the Company as per joint development agreement 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 originally estimated cost are adjusted in the cost of land in the year of such change/ occurrence.

10. Short-term provisions **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for gratuity (refer note 32)	1,678,788	845,645
Provision for compensated absences	14,110,341	16,029,165
Provision for taxation, net of advance tax	45,531,741	51,773,733
	61,320,870	**68,648,543**

Notes to consolidated financial statements (Contd.)

11. Fixed assets

Rs

Asset category	Gross block				Depreciation				Net block	
	As at 1 April 2012	Additons during the year	Deletions during the year	As at 31 March 2013	As at 1 April 2012	Charge for the year	Deletions during the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets										
Leasehold improvements	16,379,381	-	-	16,379,381	6,434,934	1,797,729	-	8,232,663	8,146,718	9,944,447
Office equipments	10,327,406	1,638,740	-	11,966,146	3,931,761	1,006,351	-	4,938,112	7,028,034	6,395,645
Computer equipments	20,930,471	1,131,765	-	22,062,236	12,506,932	3,709,411	-	16,216,343	5,845,893	8,423,539
Furniture and fixtures	8,421,428	1,737,769	-	10,159,197	4,241,717	819,571	-	5,061,288	5,097,909	4,179,711
Vehicles	17,311,051	4,208,522		21,519,573	11,992,200	1,902,957	-	13,895,157	7,624,416	5,318,851
	73,369,737	**8,716,796**	**-**	**82,086,533**	**39,107,544**	**9,236,019**	**-**	**48,343,563**	**33,742,970**	**34,262,193**
Intangible assets										
Computer software	42,446,885	4,323,405	-	46,770,290	10,045,749	8,673,466	-	18,719,215	28,051,075	32,401,136
	42,446,885	**4,323,405**	**-**	**46,770,290**	**10,045,749**	**8,673,466**	**-**	**18,719,215**	**28,051,075**	**32,401,136**
Total	**115,816,622**	**13,040,201**	**-**	**128,856,823**	**49,153,293**	**17,909,485**	**-**	**67,062,778**	**61,794,045**	**66,663,329**
Previous year	*74,815,887*	*41,000,735*	-	*115,816,622*	*30,806,442*	*18,346,851*	-	*49,153,293*	*66,663,329*	

Notes to consolidated financial statements (Contd.)

12. Non-current investments

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs.
A. Trade investments		
Investments in equity instruments (unquoted)		
Investment in associate company		
50,180,579 (Previous year : 30,680,579) Class A equity shares of Rs.10 each fully paid up in Nitesh Residency Hotels Private Limited	800,805,790	605,805,790
Less : Share of loss in associate	(37,209,349)	(17,224,358)
	763,596,441	**588,581,432**
B. Non-trade investments, at cost		
Investment in Government securities (unquoted)		
National Savings Certificate	57,200	57,200
	763,653,641	**588,638,632**

13. Deferred tax assets (net)

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs.
Deferred tax liability		
Excess of depreciation allowable under the income tax laws over depreciation provided for in the books	4,266,400	4,235,550
	4,266,400	**4,235,550**
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,266,400	5,588,487
Effect of tax losses	321,838	55,410,233
	4,588,238	**60,998,720**
	321,838	**56,763,170**

Deferred tax asset on carried forward business loss and unabsorbed depreciation in tax has been recognized only to the extent there is virtual certainty as enunciated in AS 22 'Accounting for Taxes on Income'.

14. Long-term loans and advances

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs.
Unsecured, considered good		
Capital advances [refer note 33(a)]	1,046,450,000	855,450,000
Security deposits	44,518,269	45,593,094
Other loans and advances		
- Advance for purchase of property	2,550,853,353	2,277,280,265
- Advance tax, net of provision for tax	67,643,272	42,653,982
	3,709,464,894	**3,220,977,341**

15. Other non current assets

Particulars	As at 31 March 2013	As at 31 March 2012
		Rs.
Fixed deposit accounts with banks (refer note below)	9,250,000	1,310,817
Margin money deposits	1,672,188	1,125,000
Minimum alternate tax credit entitlement	7,000,000	7,000,000
	17,922,188	**9,435,817**

Of the above, Rs. 9,250,000 (previous year: Nil) has been provided as collateral security to 6,000, 18.5% non convertible, reedeemable debentures having a face value of Rs. 100,000 each amounting to Rs.600,000,000.

Notes to consolidated financial statements (Contd.)

16. Current Investments **Rs.**

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Investment in mutual funds - unquoted		
- HDFC Debt Fund for Cancer Cure	100,000	100,000
[10,000 units (Previous year: 10,000) of Rs.10 each]		
	100,000	**100,000**
Aggregate market value	103,304	100,707

17. Inventories **Rs.**

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Land	430,828,844	437,412,491
Land held under joint development arrangements	1,805,566,842	-
Properties under development	1,060,750,513	705,553,226
	3,297,146,199	**1,142,965,717**

Refer note 1.9 for accounting policy on disclosure of mode of valuation of inventories

18. Trade receivables **Rs.**

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Unsecured *		
Debts due for a period exceeding six months		
- considered good	35,429,823	102,409,282
- considered doubtful	7,400,200	-
Other debts		
- considered good	636,784,957	420,317,874
	679,614,980	522,727,156
Less: Provision for doubtful debts	(7,400,200)	-
	672,214,780	**522,727,156**

* Includes an amount of Rs. 123,676,497 (previous year: Rs. 79,757,194) receivable from Companies/ firms where directors of the Company are also directors/ members in such other companies.

19. Cash and bank balances **Rs.**

Particulars	**As at 31 March 2013**	**As at 31 March 2012**
Cash and cash equivalents		
Cash on hand	7,324,834	8,372,161
Balances with banks		
- in current accounts	188,329,341	173,768,305
- in fixed deposit accounts with banks	70,000	11,800,000
	195,724,175	193,940,466
Other bank balances		
- in fixed deposits with bank	72,901,981	8,030,000
- in escrow accounts with banks *	9,928,210	-
	278,554,366	**201,970,466**

* The above amount in escrow accounts with banks are in lien towards repayment of project loans.

Notes to consolidated financial statements (Contd.)

20. Short-term loans and advances **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Unsecured, considered good		
Security deposits	3,947,265	30,400,000
Advance paid for purchase of properties	146,108,000	99,292,833
Advances paid towards jointly developable properties	476,117,065	313,305,365
Loans and advances to associates and other related entites	203,688,723	214,007,600
Refundable deposits under joint development agreements	91,016,273	60,266,273
Vendor advances	535,358,944	513,530,192
Advances for supply of goods and rendering of services	22,575,645	11,166,656
Share application money pending allotment	132,500,000	50,000,000
Balances with government authorities	35,374,315	27,489,189
Prepaid advances for expenses towards advertisements	146,661,187	96,697,631
Other advances	13,030,309	950,459
	1,806,377,726	**1,417,106,197**

21. Other current assets **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Interest accrued but not due	318,927	119,723,872
Unbilled revenue	77,632,321	273,151,624
Advance tax, net of tax deducted at source	2,036	-
	77,953,284	**392,875,496**

Notes to consolidated financial statements (Contd.)

22. Revenue from operations

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Income from property development, net of reversals (refer note 33d)	524,897,637	486,931,588
Income from contractual activities	264,910,642	592,704,968
Income from sale of villa plots (refer note 27)	-	41,514,000
Building maintenance income	37,147,297	32,000,428
Share of profit from investment in AOP	1,769,992	9,101,461
	828,725,568	**1,162,252,445**

23. Other Income

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest		
- from banks	6,685,794	596,948
- from others	40,089,658	132,590,779
Dividend from mutual funds	7,467	58,028
Miscellaneous income	6,191,701	2,615,303
	52,974,620	**135,861,058**

24. Employee benefits

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries and wages	146,188,622	136,147,862
Directors remuneration	32,993,720	23,993,720
Contribution to provident and other funds	3,697,036	2,248,165
Staff welfare	2,591,292	1,958,037
	185,470,670	**164,347,784**

25. Finance costs

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest and other charges		
- on loans	46,784,051	6,845,633
- debentures (refer note 9a)	706,247,661	-
- others	6,723,546	895,753
Processing fees and other bank charges	13,865,157	1,665,611
	773,620,415	**9,406,997**

Notes to consolidated financial statements (Contd.)

26. Other expenses

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
		Rs.
Advertisement and sales promotion	210,685,431	125,311,717
Professional and consultancy	44,043,370	34,417,081
Rent	20,328,463	20,468,998
Travel and conveyance	13,543,306	12,045,764
Power and fuel	8,349,961	4,940,827
Provision for doubtful debts	7,400,200	-
Repairs and maintenance - others	5,856,777	8,170,733
Office maintenance	4,650,818	7,597,309
Insurance	4,540,750	3,735,581
Bad debts written off	3,761,059	-
Rates and taxes	1,715,127	4,540,645
Communication	7,748,661	6,593,889
Foreign exchange loss (net)	1,581,115	761,170
Lease rent - vehicles	1,050,677	1,651,793
Director sitting fees	1,015,550	820,000
Capital work-in-progress written off	-	7,790,619
Miscellaneous	6,379,047	3,736,022
	342,650,312	**242,582,148**

27. Exceptional item

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
		Rs.
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 year, the Group decided to redesign one of its residential project. Pursuant to this, the Group and the customers (who in the past years had purchased the residential units) have mutually decided to cancel the previous agreements. Pursuant to these cancellations, the Group has reversed the entire revenues and the corresponding cost of sales which were recorded in the previous years. Since the entire project has been impacted and all prior agreements to sell have been cancelled, which is in the nature of a one-off non recurring transaction, the net effect of reversal of revenue and cost of sales has been disclosed as exceptional item.

28. Commitments and contingent liabilities

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
		Rs.
Contingent liabilities		
Claims against the Group not acknowledged as debts in respect of		
- Income-tax	22,440,182	35,416,412
- Service tax	31,551,416	394,966
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	2,913,442,230	889,810,793

Notes to consolidated financial statements (Contd.)

Notes :

a. During the year, Nitesh Urban Development Private Limited, a subsidiary Company, issued compulsorily convertible debentures to an investor amounting to Rs. 350,000,000. Pursuant to this, the Company and the investor have entered into a share sale right agreement whereby the investor has a right (but not obligation) to sell all the debentures to the Company on or after the end of 48 months from the closing date and the Company will be obliged to purchase these debentures at Rs. 787,500,000 if such option is exercised by the investor.

b. The Group has entered into various joint development agreements wherein, on completion of all obligations of the land owner and possession of land to the Group, the Group 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 Group.

29. Details of Construction contracts in progress **Rs.**

Particulars	**For the year ended 31 March 2013**	**For the year ended 31 March 2012**
Contract revenue recognized as revenue for the year	789,808,279	1,121,150,556
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to year end	3,620,084,912	4,676,934,551
The amount of customer advances outstanding as at year end	1,008,277,216	887,372,070
The amount of retention due from customers for contracts in progress as at year end	17,345,998	15,020,632

30. Auditors' remuneration (included in legal and professional charges) **Rs.**

Particulars	**For the year ended 31 March 2013**	**For the year ended 31 March 2012**
Statutory audit fees, including limited review	3,500,000	2,700,000
Other services	-	650,000
Reimbursement of expenses	297,855	205,842
	3,797,855	**3,555,842**

31. 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)

Particulars	**For the year ended 31 March 2013**	**For the year ended 31 March 2012**
Net profit/(loss) for the year attributable to equity shareholders	(1,420,626,092)	3,142,721
Weighted average number of equity shares	145,832,100	145,832,100
(face value of Rs. 10 each) considered for calculation of basic earnings per share		
Earnings/(Loss) per share, basic and diluted	(9.74)	0.02

The Company has no potentially dilutive equity shares.

Notes to consolidated financial statements (Contd.)

32. Employee benefits

The Group has a defined benefit gratuity plan. The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half months' salary for each year of completed service at the time of retirement/ exit. The scheme is unfunded and hence the disclosures with respect to plan assets as per Accounting Standard-15 (Revised)- Employee benefits are not applicable to the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Rs.

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Obligations at beginning of the year	7,642,718	5,528,389
Service cost	2,388,346	4,364,874
Interest on defined benefit obligation	821,763	733,014
Benefits settled	(93,438)	(113,275)
Actuarial (gain)/loss	500,653	(2,870,284)
Liabilities settled on divestiture	-	-
Obligations at year end	**11,260,042**	**7,642,718**
Plan assets at year beginning, at fair value		
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	-	-
Contributions	-	-
Benefits settled	-	-
Plan assets at year end, at fair value	**-**	**-**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(11,260,042)	(7,642,718)
Closing fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(11,260,042)**	**(7,642,718)**
Gratuity cost for the year		
Service cost	2,388,346	4,364,874
Interest cost	821,763	733,014
Expected return on plan assets	-	-
Actuarial (gain)/loss	500,653	(2,870,284)
Past service cost	685,929	157,614
Net gratuity cost	**4,396,691**	**2,385,218**
Assumptions		
Discount rate	8.01%- 8.05%	8.40%- 8.60%
Estimated rate of return on plan assets	-	-
Salary increase	6.00%	6.00%
Attrition rate		
- 21-44 years	2% to 5%	2% to 5%
- 45-60 years	1.00%	1.00%
Retirement age	60 years	60 years

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

Notes to consolidated financial statements (Contd.)

Amounts for the current and preceding years are as follows:

As at	Defined benefit obligation	Experience adjustment on plan liabilities
31 March 2013	11,260,042	(959,115)
31 March 2012	7,642,718	(2,992,645)
31 March 2011	5,291,091	(197,656)
31 March 2010	2,980,820	(185,121)
31 March 2009	1,673,113	(2,180,736)

33. Related parties

(i) The details of subsidiaries, joint ventures and associate companies consolidated in these financial statements are:

Name of Company	Country of incorporation	Equity holding
Subsidiaries		
Nitesh Indiranagar Retail Private Limited	India	100%
Nitesh Housing Developers Private Limited	India	89.90%
Nitesh Urban Development Private Limited (formerly Nitesh Boat Club Development Private Limited)	India	100%
Kakanad Enterprises Private Limited	India	100%
Nitesh Property Management Private Limited	India	100%
Joint venture		
Nitesh Estates – Whitefield [Association of Persons]	India	24%
Courtyard Constructions Private Limited	India	50%
Associate		
Nitesh Residency Hotels Private Limited	India	23%

(ii) Related parties with whom transactions have taken place during the year

Associate company	Nitesh Residency Hotels Private Limited
Enterprises owned or significantly influenced by Key Managerial Person	Nisco Ventures Private Limited Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited) Serve & Volley Signages Private Limited Nitesh Infrastructure and Construction Serve & Volley Media Private Limited Serve & Volley Outdoor Advertising Private Limited Grass Outdoor Media Private Limited Nitesh Mylapore Developers Private Limited Winter Lands Developers Private Limited Madison Developers Private Limited Richmond Trading Enterprises Avni Financial & Real Estate Private Limited Birch Investment Private Limited HMG Estate & Housing Limited Khubchandani Interbuild Private Limited

Notes to consolidated financial statements (Contd.)

Joint venture	Nitesh Estates – Whitefield (Refer note below) Courtyard Constructions Private Limited
Joint venturers	D. N. Budhrani H. N. Budhrani Mr. Khubchandani Mr. Joji Reddy Mr. Showrie Reddy
Key management personnel	Nitesh Shetty [Chairman and Managing Director] L.S.Vaidyanathan [Executive Director] Ashwini Kumar [Executive Director and Chief Operating Officer]

The disclosures below pertain to the share of the other joint venturers in Nitesh Estates – Whitefield and Courtyard Constructions Private Limited.

(iii) Related party transactions **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Loans and advances received/ (repaid)		
Southern Hills Developers Private Limited	31,909,932	(198,573,720)
Winter Lands Developers Private Limited	(362,149,313)	(22,000,000)
Joji Reddy and Showrie Reddy	18,895,774	20,358,394
Advances received from customers		
Nitesh Shetty	274,597,694	-
Share Application money given/(refunded)		
Nitesh Residency Hotels Private Limited	132,500,000	-
Non-current investments- purchase /(sale) of investments		
Nitesh Residency Hotels Private Limited (refer note b below)	195,000,000	195,000,000
Managerial remuneration		
Nitesh Shetty (Refer note c below)	12,293,720	12,293,720
L.S.Vaidyanathan	11,700,000	11,700,000
Ashwini Kumar (Refer note c below)	9,000,000	-
Advertisement and sales promotion		
Serve & Volley Outdoor Advertising Private Limited	23,882,392	16,285,967
Rent paid		
Nitesh Infrastructure and Construction	20,755,087	18,774,716
Share of profit from investment in association of persons (post-tax)		
Nitesh Estates – Whitefield	1,769,992	9,101,461
Income from contractual activities		
Nitesh Residency Hotels Private Limited	152,124,856	318,756,077
Nitesh Estates – Whitefield	73,822,386	182,042,644
Nitesh Infrastructure and Constructions	3,630,250	11,478,927
L S Vaidyanathan	-	6,960,229
Sales returns- Sale of development rights		
Southern Hills Developers Private Limited	-	115,862,027

Notes to consolidated financial statements (Contd.)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Purchase of shares in Courtyard Constructions Private Limited		
Nitesh Mylapore Developers Private Limited	-	80,000,000
Other expenses:		
Nitesh Infrastructure and Construction	269,428	-
Interest income:		
Winter Lands Developers Private Limited	17,887,658	132,501,995
Capital advances paid/ (received)		
Madison Developers Private Limited	-	(228,000,000)
Richmond Trading Enterprises	-	(38,700,000)
Southern Hills Developers Private Limited	-	(9,800,000)
Maintanance charges received from		
Nitesh Shetty	979,483	834,571
Nitesh Infrastructure and Constructions	1,145,621	660,368
Nitesh Residency Hotels Private Limited	413,296	-
Provision for doubful debts provided during the year		
Nitesh Shetty	741,879	-
Nitesh Infrastructure and Constructions	1,317,370	-

(iv) Amount outstanding as at the balance sheet date **Rs.**

Particulars	As at 31 March 2013	As at 31 March 2012
Trade receivables		
Nitesh Estates – Whitefield	81,769,038	106,059,412
Nitesh Residency Hotels Private Limited	34,985,095	79,757,194
Nitesh Infrastructure and Constructions	6,841,308	5,690,368
L. S. Vaidyanathan	226,782	-
Nitesh Shetty	992,033	877,992
Loans and advances to associates and other related entites		
Southern Hills Developers Private Limited	94,120,672	62,210,740
Nitesh Estates – Whitefield	3,849,466	-
Joji Reddy and Showrie Reddy	112,365,458	93,469,684
Advance against property		
Nisco Ventures Private Limited	10,762,955	40,762,955
Winter Lands Developers Private Limited	444,086,687	806,236,000
Avni Financial & Real Estate Private Limited	18,925,000	18,925,000
Birch Investment Private Limited	1,880,000	1,880,000
HMG Estate & Housing Limited	87,240	362,240
Khubchandani Interbuild Private Limited	1,100,000	1,100,000
Security Deposits		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
Trade payables		
Nisco Ventures Private Limited	-	1,290,927
Nitesh Infrastructure and Construction	4,140,819	1,450,072
Grass Outdoor Media Private Limited	-	2,765,040
Serve & Volley Outdoor Advertising Private Limited	3,204,208	2,639,539
Serve & Volley Media Private Limited	2,765,040	2,765,040

Notes to consolidated financial statements (Contd.)

Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Advance from customers		
Nitesh Residency Hotels Private Limited	40,000,000	40,000,000
Nitesh Shetty	274,597,694	-
Share application money pending allotment		
Nitesh Residency Hotels Private Limited	132,500,000	50,000,000
Loans and advances:		
Courtyard Constructions Private Limited	12,500,000	12,500,000
Unsecured loan:		
Nitesh Shetty	100,000	100,000
Interest receivable:		
Winter Lands Developers Private Limited	135,350,687	119,251,795
Provision for doubtful debts		
Nitesh Shetty	741,879	-
Nitesh Infrastructure and Construction	1,317,370	-

Notes :

a) Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs. 4,820 million. The said agreement stipulates time lines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs. 75 per square feet for each month of delay to NIRPL in the event of a delay. At 31 March 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. Based on the ongoing discussions with the land owner, NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. NIRPL expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 31 March 2013. As at 31 March 2013, the Company has an investment of Rs.1,655,010,000 (Previous year: Rs. 1,323,900,000) in the equity share capital/share application money pending allotment of NIRPL.

b) The Company has invested a sum of Rs. 800,805,790 (Previous year: Rs. 605,805,790) towards 50,180,579 (Previous year: 30,680,579) Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'). The aforesaid investment has certain transfer restrictions (including consent of another investor) under the Shareholders' Agreement entered into with the other investors in NRHPL. As part of the loan arrangement entered into by NRHPL for funding the hotel project, the Company has provided an undertaking to lenders not to divest its shares in NRHPL. The aforesaid Class A shares have similar voting rights to the Class B shares held by another investor but have different dividend rights in terms of the shareholders agreement. Effective 30 October 2009, NRHPL became an associate of the Company. The Company has a commitment to invest additional share capital in NRHPL along with the other investors. The Company's share of such additional investment as at 31 March 2013 is estimated to be Rs. 135,000,000 (Previous year: Rs.135,000,000).

c) The Company has paid managerial remuneration to two Directors amounting to Rs. 21,293,720, for which an application has been made to the Central Government for its approval. The approval from the Central Government is awaited as of date.

d) During the year ended 31 March 2009, the Company sold 25% of its development rights under a joint venture to Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited), a company owned by key managerial personnel ('SHDPL') for a consideration of Rs. 270,000,000. The Company had incurred cost of Rs. 115,862,027 towards land and other development costs as at the date of sale and had accordingly recognized a profit of Rs. 154,137,973. During the previous year ended 31 March 2012, the Company had bought back the aforesaid development rights from SHDPL for a consideration of Rs. 115,862,027 and the same had been recorded as sales return. Accordingly, revenue from operations for the previous year is lower by Rs.115,862,027 with the corresponding impact on (increase) / decrease in inventories. The management is of the view that the aforesaid transaction is based on the contract entered by the parties.

e) During the previous year, the Company had given an advance of Rs. 806,236,000 to a company, in which key management personnel are interested, towards certain real estate projects, which were in various stages of development/project setup. During the current year, the related entity settled these advances in full by transferring its interest in a property to the

Notes to consolidated financial statements (Contd.)

company and refunding the balance advance.

34. In accordance with section 117C of the Companies Act read along with circular issued by Department of Company Affairs No 9/2002 which states that the section requires the amount to be credited to debenture redemption reserve only out of profits of the Group, the Group has not transferred any amounts to debenture redemption reserve as it has incurred losses during the year.

35. 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'). The Group has no dues to Micro and Small Enterprises as at 31 March 2013 and 31 March 2012 in the financial statements based on information received and available with the Group.

36. Expenditure in foreign currency (on accrual basis) **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Architect fees and consultancy charges	51,242,703	96,697,118

37. The Group primarily operates only in three business segments - Residential, Retail and Hospitality. All the operations are carried out in India and hence there is no geographical segment.

Accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Assets, liabilities, revenues and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore, believes that it is not practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as unallocated.

Primary segment information: **Rs.**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Segment revenue		
Residential	828,725,568	1,162,252,445
Retail	-	-
Hospitality	-	-
Total	**828,725,568**	**1,162,252,445**
Less : inter segment revenue	-	-
Net income from operations	**828,725,568**	**1,162,252,445**
Segment results		
Profit/ (loss) before tax and interest		
Residential	(626,336,932)	(67,311,042)
Retail	(21,679,416)	(28,655,443)
Hospitality	-	-
Total	(648,016,348)	(95,966,485)
Add : Other income	52,974,620	135,861,058
Less : Interest	(773,620,415)	9,406,997
Profit/ (loss) before tax	**(1,368,662,143)**	**49,301,570**
Capital employed		
Residential	3,781,070,006	3,901,874,956
Retail	1,274,626,268	1,302,726,021
Hospitality	800,805,790	605,805,790
Corporate – unallocated	61,794,044	66,663,329
	5,918,296,108	**5,877,070,096**

Notes to consolidated financial statements (Contd.)

38. On 24 September 2009, NEL invested a sum of Rs. 49,999,000 in the equity shares (99.9%) of Nitesh Housing Developers Private Limited ('NHDPL'), a subsidiary of NEL. Subsequently, on 25 September 2009, NEL sold 10.1% of its investment in NHDPL to another party ('the Buyer'). As at 31 March 2013, NEL holds 89.9% of the equity share capital of NHDPL. On 25 September 2009, NEL, NHDPL, the Buyer and Mr. Nitesh Shetty have entered into an agreement whereby NHDPL would issue and allot to the Buyer, 6,200,000 Debentures of Rs.100 each aggregating to Rs. 620,000,000. The Debentures and interest thereon are secured by way of pledge of the entire shareholding of NEL in NHDPL and a part of shareholding of Mr. Nitesh Shetty in NEL, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of NEL and personal guarantee of Mr. Nitesh Shetty. During the year, NHDPL has partially redeemed principal amounting to Rs. 399,129,000. The Buyer has an option to sell and Mr. Nitesh Shetty has an obligation to buy 505,000 shares.

39. Advance against property as at 31 March 2013 includes Rs. 215,000,000 (Previous year: Rs. 215,000,000) paid to an intermediary party for purchase of a particular parcel of land and consequently, the intermediary party entered into an agreement with the landlord for purchase of the said land. Subsequently, at the request of the Company, the intermediary party assigned its rights and obligations under the agreement with the landlord to the Company. There is no specific confirmation from the landlord in acceptance of the aforesaid assignment. The Company has obtained an independent legal opinion based on which it is confident of the enforceability of the assignment agreement and has accordingly initiated the legal proceedings with respect to refund of the aforesaid amount and is confident that the legal proceedings would be in favour of the Company. Accordingly, the management is of the view that no adjustment is required to be made in respect of the carrying value of the advance against property as at 31 March 2013.

40. The Group 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. 2,859,690 (previous year: Rs. Nil). Further, the Company has operating lease with the landowner towards relocation expenses. Rental expenses for such operating leases recognized in the financial statements for the year are Rs. 6,134,900 (previous year Rs. 1,500,000).

The Group has taken certain office facilities on operating leases on non cancelable basis. The total minimum lease payments under the non cancellable operating leases as under:

Particulars	As at 31 March 2013	As at 31 March 2012
Not later than one year	996,000	-
Later than one year not later than 5 years	1,625,400	-

41. Previous years' figures have been regrouped/ reclassified wherever necessary to conform to current years' presentation.

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No. 48814
Place : Bangalore
Date : 30 May, 2013

for and on behalf of the Board of Directors of
Nitesh Estates Limited

Nitesh Shetty
Managing Director
Place : Bangalore
Date : 30 May, 2013

L.S. Vaidyanathan
Executive Director
Place : Mumbai
Date : 30 May, 2013

Ashwini Kumar
Executive Director
Place : Mumbai
Date : 30 May, 2013

D. Srinivasan
Company Secretary
Place : Mumbai
Date : 30 May, 2013

Venkateshan M.A.
Chief Financial Officer
Place : Mumbai
Date : 30 May, 2013

NINTH ANNUAL GENERAL MEETING

NITESH ESTATES LIMITED

Registered office: 7th Floor, Nitesh Timesquare, # 8, M G Road, Bangalore 560 001

ATTENDANCE SLIP

DATE	VENUE	TIME
27th day of september, 2013	Chowdiah Memorial Hall, G.D Park Extention, Vyalikaval, Bangalore – 560 003	02.00 PM

Name: ....

Address of the Member ....

....

I certify that I am a Member / Proxy for the Meeting holding..shares.

Please ☑ in the Box

☐ Member ☐ Proxy

....

Member's Signature

Name of the Proxy in Block Letters

....

Proxy's Signature

Note: i) Members / Proxyholders who wish to attend the Annual General Meeting (AGM) must bring their Admission Slip to the AGM and hand over the same duly signed at the entrance.

ii) Duplicate Admission Slips will not be issued at the venue.

Tear Here

NITESH ESTATES LIMITED

Registered office: 7th Floor, Nitesh Timesquare, # 8, M G Road, Bangalore 560 001

PROXY FORM

I/We ....

of ....being a Member / Members of Nitesh Estates Limited or here by appoint

....of ....

or failing him ....of ....

or failing him ....of ....

as my / our proxy to attend vote for me / us on my / our behalf at the Ninth Annual General Meeting (AGM) of the Company to be held on 27th day of September, 2013 and at my adjournment thereof.

As witness my / our hand(s) this .... day of 2013

Affix
Revenue
Stamp

Signed by the said..

Signature(s) of the
Shareholder(s)

Note: i) The Proxy form must be received at the Investor Service Center, Nitesh Estates Limited, 7th Floor, Nitesh Timesquare, # 8, M. G. Road, Bangalore - 560 001 not less than 48 hours before the commencement of the AGM i.e. by 02.00 PM on 25th September, 2013.

ii) Please mark the envelope "NITESH ESTATES - PROXY".

Nitesh ESTATES
EXPECT MORE

Nitesh Timesquare, Level 7, #8, M.G. Road, Bangalore - 560 001
T: +91 80 40174000 I W: niteshestates.com

CAUTIONARY STATEMENT: Statements in this Annual report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a downtrend in the real estate sector, significant changes in political and economic environment in India or key financial markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

Nitesh®
ESTATES
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Form A

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

1	Name of the Company	Nitesh Estates Limited
	Address	'Nitesh Timesquare', 7^{th} Floor, No. 8 M G Road, Bangalore 560 001. Karnataka, India Office: +91-80-4017-4000 Fax: +91-80-2555-0825
2	Annual financial statements for the year ended	March 31, 2013
3	Type of Audit observation	**Emphasis of matter** : The report of statutory auditors contains the following observation on the consolidated financial statements: "Without qualifying our opinion, we draw attention to note 33(a) to the consolidated financial statements wherein it is stated that Nitesh Indiranagar Retail Private Limited (NIRPL), a subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs 4,820 million. The said agreement stipulates timelines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs 75 per square feet for each month of delay to NIRPL in the event of a delay. At 31 March 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. Based on the ongoing discussions with the land owner, NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. The Company expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 31 March 2013. NIRPL is audited by another firm of Chartered Accountants, B.K Ramadhyani & Co. The statutory auditors of NIRPL, in their report have drawn attention to the said matter."

4	Frequency of observation	The above observation has been reported for the first time during the year ended March 31, 2013.
5	To be signed by -	
	• **CEO/Managing Director** Mr. Nitesh Shetty Chairman & Managing Director	
	• **CFO** Mr. M A Venkateshan Chief Finance Officer	
	• **Auditor of the Company** For B S R & Co, Chartered Accountants (Firm registration no.: 101248W) Zubin Shekary - Partner Membership No.: 48814	
	• **Audit Committee Chairman** Mr. Jagdish Capoor Chairman of the Audit Committee	