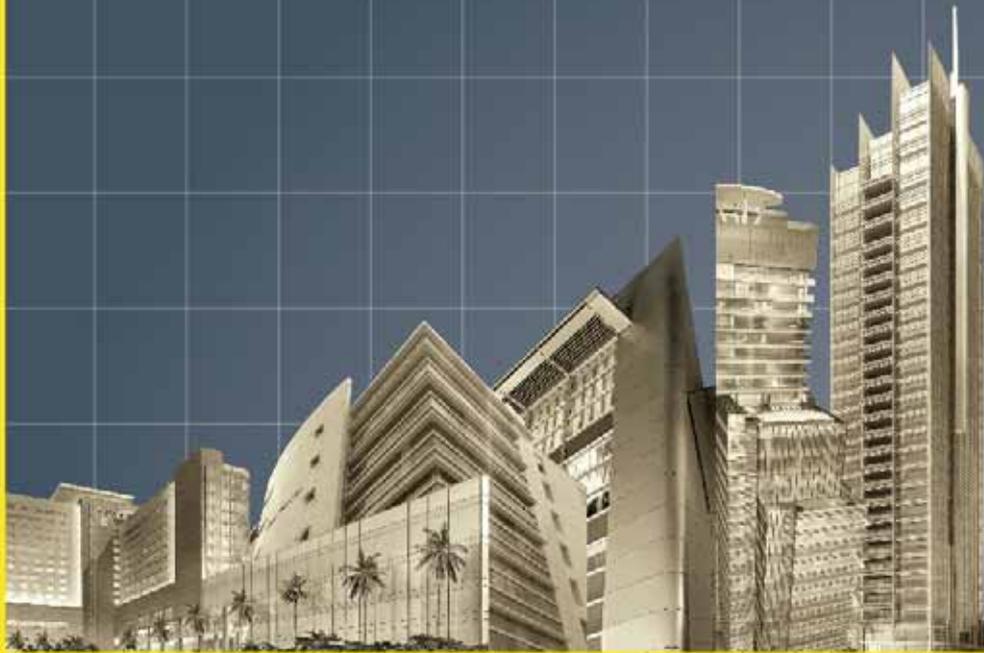


Nitesh[®]
ESTATES

EXPECT MORE

10th annual report 2013-14





annual report

Momentum 2014

Most often, a solid start and a great finish is bridged by a magical middle – momentum. It's a strong pat of appreciation for what we've accomplished and a gentle reminder that there is much left to be done. In short, it's the life force of progress. At Nitesh Estates, we've completed 10 years, and we're throbbing with this energy.

While we have grown in numbers, we've grown in sales area and in terms of value and average realization per square feet, we've also grown fittingly well in stature with the opening of the prestigious The Ritz-Carlton Hotel, Bangalore, and our residential portfolio potential of ₹ 4000 crore. We are in fact, on the fastest lanes on the road to progress.

As we look ahead, we will continue to harness the power of momentum. We will allow it to encode our DNA with a new culture of performance and competency. And in the process, herald a promising tomorrow.

10th



Message from Chairman & Managing Director

Dear Valued Shareholders,

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

Your Company which was founded a decade ago, started with the vision of achieving the perfection in all our endeavours with unwavering adherence to excellence, commitment and integrity to create greater value for our customers and loyalty to our investors.

One of the key pillars of the company's strategy is to build a large portfolio and execute over the next 5 years and deliver world

class products to its customers. As the Indian customers preferences and aspirations grow, we are there to meet it.

The macro economic scenario for financial year 2013-14 was a very challenging and uncertainty prevailed for the most part. Despite this your company grew its top line revenues to ₹ 301 Cr and the Company has turned around from loss situation to a Profit after Tax of around ₹ 24 Cr.

The revenue potential of the Residential portfolio which are under various stages of development is around ₹ 4000 Crore.

The Ritz Carlton hotel a true 5 star luxury property, another landmark asset in India by your company was opened and made functional last year. This 277 room hotel with 7 F & B outlets, a 1600 Sq. mtr. SPA and has one of the largest Ballrooms, has

already started creating waves in the country.

With new supply in luxury hotels being limited this gives us a chance to get higher occupancy and better rates in the next 3 years.

Essential to our success are the talented men and women of Nitesh Estates and their dedication to the highest integrity and commitment to ethical behavior.

From the ways we design our developments to operate our facilities, to how we engage our business partners, governments, and stake holders, our commitment to integrity pervades everything we do. We maintain an unwavering focus on safety and environmental responsibility.

The methods the company employs to attain results are as important as the results themselves. We remain committed to being a responsible corporate citizen.

In retail, we have got all our approvals for our first shopping

Mall and signed with Larsen and Toubro to build one of India's best shopping, entertainment and lifestyle malls in Indiranagar Bangalore. Going forward, your company will be actively engaged in the shopping mall business.

Finally, I would like to thank all our shareholders and also our customers, suppliers vendors, project contractors, lenders for their unstinted support to the company during the year.

Thank you for your investment in Nitesh Estates. I appreciate the confidence investors have in our company, employees and ability to deliver top quality real estate products.

As you read this report, you will see various new projects being launched and investment being made into solid long term assets.

Best wishes,

NITESH SHETTY

Chairman & Managing Director

HIGHLIGHTS 2014

Revenue	₹ 301 crore
EBIDTA	₹ 61 crore
PBT	₹ 29 crore
PAT	₹ 24 crore
Key Accomplishments	Completion/Opening of the 5 STAR Luxury Hotel, The RITZ-CARLTON, Bangalore.
New Launches	4 Residential projects
Revenue Potential of Residential Portfolio	₹ 4000 crore
Total Number of Units Sold	475 units
Total Number of Employees (Group)	750

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Without continual growth and progress, such words as improvement, achievement, and success have no meaning.

-Benjamin Franklin

Message from Executive Director

We at Nitesh Estates understand how the Growth and Progress are imperative for success. Keeping growth in focus, we strive to select the good land parcels in best of locations with the prospect of faster project launches to achieve higher average price realisation. Company will continue to follow the 'Asset Lite' philosophy which allows us to have more projects in different locations to create portfolio effect while maintaining healthy pipeline of projects and adequate inventory levels.

Government with clear majority in the Center, with its stated position on 'Growth' agenda is really a welcome change for the economic climate of the country. Stable and predictable taxation regime, clarity on FDI in Real Estate, goal of creating '100 Smart Cities' and focus on Infrastructure development announced by

the new government are indications of Progressive outlook.

Growth projection at 5.4-5.9% for 2014-15 is a good indication of revival of the Indian economy. Further, advance estimates by Central Statistics Organisation (CSO) has projected Services Sector which includes Real Estate Sector to grow at 11.2 % in 2014-15 (up from 10.9 % in 2012-13).

Subdued demand for Real Estate in the past two years owing to political and policy uncertainties would continue in the short term but with the change in government at the center, the medium to long term outlook is encouraging. Though the clear sign of reversal in trend is not evident yet, the direction set in the recent Budget looks promising for overall economy. We are hopeful about two key elements affecting Real Estate i.e. Interest Rate and inflation. We expect the interest rates to soften and Inflation will be controlled to help the Real Estate Sector.

Our geographic focus continues to be Bangalore which offered and continues to offer stable demand in Mid Income Residential Segment. Our faith in Bangalore market is validated by the rock steady performance of Residential Price

Index in Bangalore as highlighted by Residex Index published by National Housing Bank (NHB). Bangalore can benefit greatly if the Government acts and aids the infrastructure of the city. Removing the blockades for the Peripheral Ring Road (PRR) is expected to make available vast land parcels for development.

Year 2013-14 for Southern Realty market was characterised by steadiness of Bangalore, peaking of Chennai, turbulence of Hyderabad and continued underperformance of Kochi.

We are cautiously observing the significant rise of Residential prices in Chennai (with Residex Index Value of 349, highest in India) and likely to witness significant correction in the next couple of years. Turbulence of Hyderabad has temporarily subsided and if the governments of Telangana and Andhra Pradesh come up with right policies, both the regions can throw up interesting opportunities for Real Estate sector.

This year too, our focus will continue to be in the Mid Income Segment for Residential Development, with the ticket size of ₹ 50 to 80 Lacs. Keeping in view of customers preference for more livable space for a given ticket size, we have come up with variants like 2.5 BHK and also more options within 3 BHK to meet the market requirement.

Cities are getting congested, land and residences getting more expensive, most productive time is spent in travelling short distances. We see opportunity in self contained development on large tract of land just on the periphery of the city but with good connectivity to minimise the avoidable and painful travelling time without compromising on quality of life.

Our first plotted development project, Nitesh Long Island, was well received in the market. Encouraged by this new segment which has faster project turnaround time, we plan to add more projects in this segment which would significantly improve the liquidity.

Introduction of Real Estate Investment Trusts (REITs) and relaxations in Foreign Direct Investment (FDI) were the two major policy announcements in Union Budget 2014-15 connected with Real Estate Sector. REITs will give a boost to Commercial Space segment and we hope that the cost of funding Commercial Assets would come down eventually, thus opening up the sector. We are keenly studying the unfolding of the REIT policy to take advantage and to benefit our shareholders. New financial instruments like Commercial Mortgage Backed Securities (CMBS) and Listed Bonds/ Debentures are helping the Developers to reduce the excessive reliance on Banks to raise project finance and also reduce the interest cost for the Commercial development. Increased liquidity with Banks is likely to benefit the Residential development.

Brand 'Nitesh' has grown strong with an array of residential projects that have made an impression on the foot print of Bangalore within 10 years of our existence. With more projects nearing completion, our reach has increased to a wider section of the population. We feel it is time for us to increase our market share by cashing on the strong Brand Value. While our main focus remains Residential, good opportunities that may come up in Commercial, and further opportunity in Retail segment will also be keenly monitored. With our Mall Project in Indiranagar, we have already forayed into the growing Retail Segment.

With the Organisation reaching reasonable level of maturity with people and process, we are confident of achieving our aggressive growth plans and taking the Nitesh Brand to the position of Leadership in the Southern Indian Market in the coming years.

L. S. VAIDYANATHAN
EXECUTIVE DIRECTOR



Message from Executive Director & Chief Operating Officer

The fiscal year 2014, ending on 31st March, 2014 was a landmark year in the evolution of Nitesh Estates. The year was characterized by robust operational performance and validating that the Company is scaling up and moving towards consistent and sustainable financial growth. The sales area during the year was 81 thousand sq. mtr. and this represents a growth of more than 100% over the previous fiscal year. In terms of Value, the growth was 39% over the fiscal year 2013. The growth in terms of area is significantly higher than the growth in terms of value and this is on account of the change in product mix which by the end of the fiscal year had larger proportion of area in the mid income segment. In spite of this change, the average realization was strong at ₹. 65,281 per sq. mtr. and this is

among the best in the Bangalore real estate market. The high Average Realization is a testimony to the strong brand value Nitesh Estates has been able to create over the years through its high quality offerings in prime locations.

Opening of The Ritz-Carlton Hotel

31st October 2013 was a red letter day for the Company when we opened the doors of The Ritz-Carlton Hotel, Bangalore – The first hotel of this iconic brand in India – to the public. The hotel has a stunning panoramic view of the upscale Residency Road and has 277 richly appointed spacious rooms and suites, 7 innovative and varied dining establishments, 1600 sq. mtr. of Ritz-Carlton Spa and 1700 sq. mtr. of meeting space that can accommodate 1000 guests including one of the largest ballrooms in the city.

Projects Handed over

Apart from The Ritz-Carlton Hotel which was opened during the year, we also completed and delivered 2 residential projects namely Nitesh Central Park and Nitesh Camp David, both located in Bangalore.

New Launches

During the year under review, we added 4 projects to the ongoing projects portfolio, all located in Bangalore:

- 1) Nitesh Palo Alto: A villament development with 112 thousand sq. mtr. of developable area located off Sarjapur-Marathalli Outer Ring Road, the most active micro-market in Bangalore.
- 2) Nitesh Long Island: A plotted development project with 83 thousand sq. mtr. of developable area. Being developed on a site along 2 national highways in Devanahalli near the Bangalore International Airport.
- 3) Nitesh Park Avenue: An iconic high-rise luxury development project with 13 thousand sq. mtr. of developable area in the Central Business District.
- 4) Nitesh British Columbia: A mid-segment high-rise condominium project in Anjanapura, off Kanakpura Road in South Bangalore with 50 thousand sq. mtr. of developable area.

Current Portfolio

We are in a sure footed manner increasing the scale of the Company. The revenue potential of the residential projects of the Company at the end of the fiscal year 2014 was ₹ 3,305 crores. There are 13 residential projects having a total developable area of 891 thousand sq. mtr. The projects are varied in many ways.

Geographically, they are dispersed and located in micro markets that are attractive – the emerging North Bangalore, East Bangalore which has seen a spate of development over the last 2 decades and continues to attract people, the traditional residential South Bangalore, and also the Central Business District of Bangalore where our luxury projects are located. 12 out of the 13 residential projects are located in Bangalore while one project is located in a very scenic part of South Goa. In terms of type of development, our range

spans across high rise apartments, low rise apartments, villas, villaments and plotted development.

The price range of residential units is also varied. Thus, we have on offer a unit that can suit the requirement of anyone looking for a home.

Apart from the 13 residential projects, the Company is also developing a shopping mall having a developable area of 103 thousand sq. mtr. in Indiranagar, Bangalore, an attractive up-market residential area characterized by a demography with high disposable income.

Operational Initiatives

The Company is continuously engaged in improvement of internal business processes and systems. Towards achieving greater efficiency and predictability in operations, the Company is currently focused on 3 major areas:

- Firstly, the Company is conducting a review and documentation of all Standard Operating Procedures (SOPs) so as to achieve operational excellence within the Company consistent with the significantly scaled up business.
- Secondly, we have initiated the installation of a Document Management System. This will enable the operating staff to retrieve and view documents in soft as well as hard form with ease. This will give us the benefit of quicker decision making and assuring that the documents mandatory for statutory purposes is retrievable and available easily when required.
- Thirdly, the Company is strengthening the team to manage the increasing scale and complexity of operations.

Strategy and Outlook

Nitesh Estates is a pioneer of the JDA model of operation and it continues to be the cornerstone of our strategy. This asset light business model has enabled the

Company to rapidly scale up the business with higher returns on investments.

The Company is consciously focused on the Bangalore market. Bangalore is an end user driven market and therefore the speculative forces are weak. It continues to experience steady demand across micro markets even under the current macroeconomic environment characterized by elevated interest rates and inflation.

The focus area for Nitesh Estates continues to be the residential segment. While the predominant part of development will be in the mid-income segment, we will continue to participate in the high-end luxury residential space in the Central Business District area. With rising incomes and the IT sector growth in Bangalore, the residential segment has been a source of consistent demand and is expected to continue to be so. The luxury end of the market is relatively small in

terms of area, but we have developed a keen sense to understand and cater to the discerning needs of these customers, offer them the value they need, and at the same time realize superior returns for the Company.

Our robust pipeline of projects will contribute to the financial performance of the Company in the coming years. We are constantly engaged with our business partners and customers, and will continue to rapidly expand the portfolio of our projects. The progress made by the Company in the fiscal year 2014 gives us the confidence and optimism that we will be able to sustainably grow the Company profitably in the future.

Ashwini Kumar

Executive Director and Chief Operating Officer



Message from Chief Financial Officer

Nitesh Estates demonstrated exceptional performance and laid the foundation for its future growth during FY2014. This is exemplified by the exponential growth in Revenue, supported by sound profitability on the EBITDA as well as the Profit after Tax (PAT) levels. The Company's financial performance was a result of increasing income recognition from projects due to its continuous focus on execution. Nitesh Estates completed and handed over 2 projects, namely Nitesh Central Park and Nitesh Camp David during the year. The Company currently has a portfolio of 14 ongoing projects, which include 13 residential projects and 1 mall. The remaining income potential of close to ₹ 23.8 billion from the residential projects coupled with an increasing pipeline of upcoming projects provides the foundation

for significant growth of the Company in the coming years. During the year, the Company also made the full redemption of the Optionally-Convertible Debentures by repaying the final portion of ₹ 62 crores. This provides strength to the capital structure of Nitesh Estates and is also expected to facilitate higher profitability by reducing the debt service obligation.

Consolidated Financial Performance

FY2014 marked a major milestone in the growth and evolution of Nitesh Estates. The Company recorded Revenue of over ₹ 300 crores for the year, which is close to 3.5 times the FY2013 revenue. The EBITDA and Profit After Tax margins were also healthy at 20% and 8% respectively. As a matter of fact, the Q1 FY2014 revenue itself was higher than the full year FY2013 revenue. The robust financial performance was achieved due to continued progress in ongoing projects leading to increasing recognition in the financials. This is also emphasized by the fact that 6 out of the 13 ongoing projects are due for delivery in the next 12 months. As more projects come into revenue recognition, the Company expects increasing topline and

bottomline performance going forward coupled with a higher momentum in sales due to additional launches.

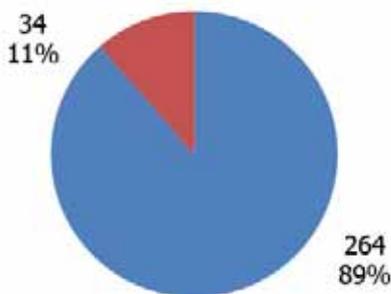
Revenue Recognition

According to the accounting standard for real estate development projects, the recognition of revenue is mandated to occur as per the construction of the project, which generally extends to 3 or 4 years. The Company had 8 projects in Bangalore which are under revenue recognition at the end of the year.

Out of the 8 projects, Nitesh Napa Valley and Nitesh Cape Cod crossed the revenue recognition threshold during the year and started contributing to revenues. Continuous progress in execution of these projects resulted in significantly higher revenue recognition and profitability during the year as compared to the previous year.

Nitesh Estates derived revenue majorly from property development during the year. The chart below summarizes the division of revenue by type of activity:

Revenue by Activity (₹ crore, %)



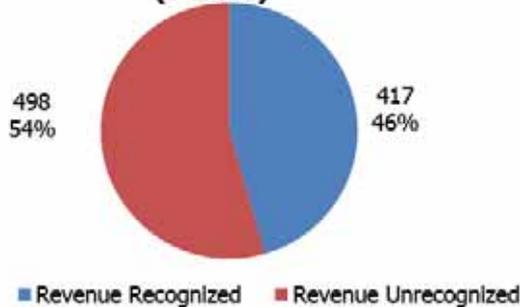
■ Property Development ■ Contractual Activities

A large proportion of the revenue was derived from the Company’s build-and-sell portfolio of residential properties. Contractual activities and facility management also contributed to the overall revenue.

The revenue potential of 13 ongoing residential projects for the Company’s share is ₹ 2,802 crores. Out of this amount, the

remaining income potential is ₹ 2,384 crores, which represents over 85% of the overall revenue potential. Therefore, a significant amount of revenue remains unrecognized which is expected to provide a major fillip to the Company’s financial performance in the ensuing years. The chart below summarizes the breakup of sales booked till date:

Revenue Recognized/Unrecognized (₹ crore)



Further, as the Company makes increasing progress on the construction of existing projects, the coming financial year is expected to record considerable growth in topline.

Debt position

The Gross Debt of the Company was ₹ 336 crores as on March 31, 2014 while the Cash & Cash Equivalents were ₹ 36 crores. Consequently, the Net Debt position of the Company was ₹ 300 crores. This represented a Net Debt / Equity ratio of 0.92x.

During the year, the Company fully repaid the Optionally-Convertible Debentures by making the final payment of ₹ 62 crores. This measure realigns and strengthens the capital structure of the Company and would reduce the interest burden, leading to higher profitability in the coming future. Further, Nitesh Estates is closely monitoring the leverage position and plans to reduce the high cost debt from the cash generated from ongoing projects.

Cash Flow

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

Particulars	2013-14 ₹ in Crore	2012-13 ₹ in Crore
Net cash generated from operating activities	46.09	(156.95)
Net cash generated from investing activities	(61.20)	62.70
Net cash generated from financing activities	7.49	95.75
Net cash increase/(decrease) in cash and cash equivalents	(7.61)	1.50
Cash inflows due to acquisition of subsidiaries/joint ventures	-	-
Cash and cash equivalents as at beginning of the year	20.90	19.39
Cash and cash equivalents as at end of the year	13.29	20.90

The Company collected ₹ 330 crores during the year from the sale of projects, as compared to ₹ 269 crores during FY2013, an increase of 22.7%. The cumulative Collections till March 31, 2014 represents 69.3% of the cumulative Sales

booked, thereby providing a ready cash stream for future cash requirements.

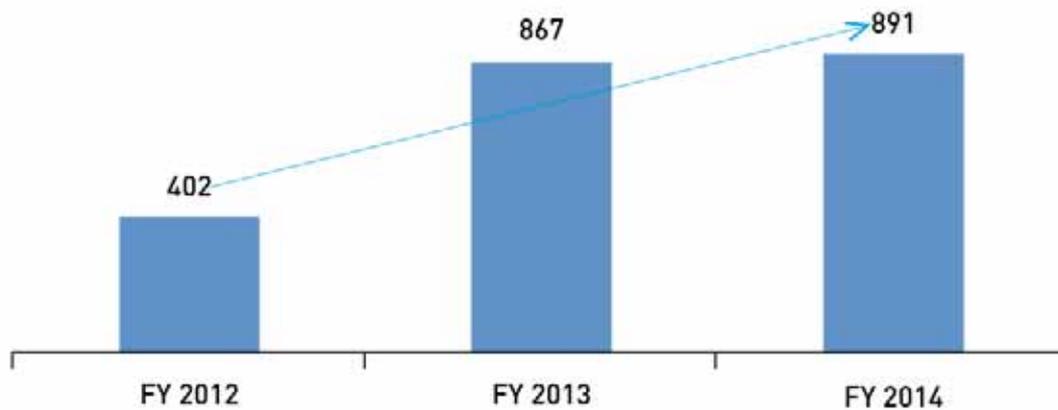
Venkateshan M.A.
Chief Financial Officer

KEY FINANCIAL HIGHLIGHTS

Growth of Developable Area:

- Increased from 402 thousand sq. mtr. in FY2012 to 891 thousand sq. mtr. in FY2014
- CAGR of 49%

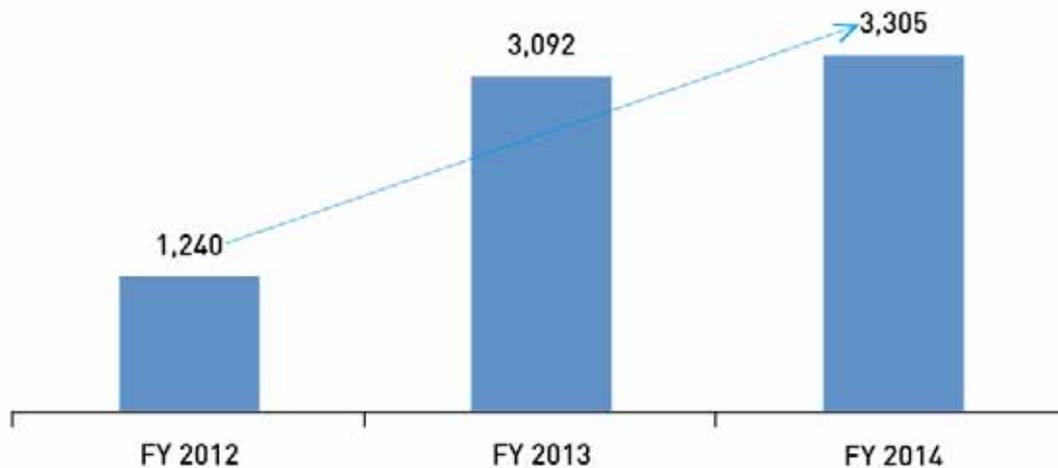
Developable Area ('000 Sq. mtr.)



Growth in Revenue Potential:

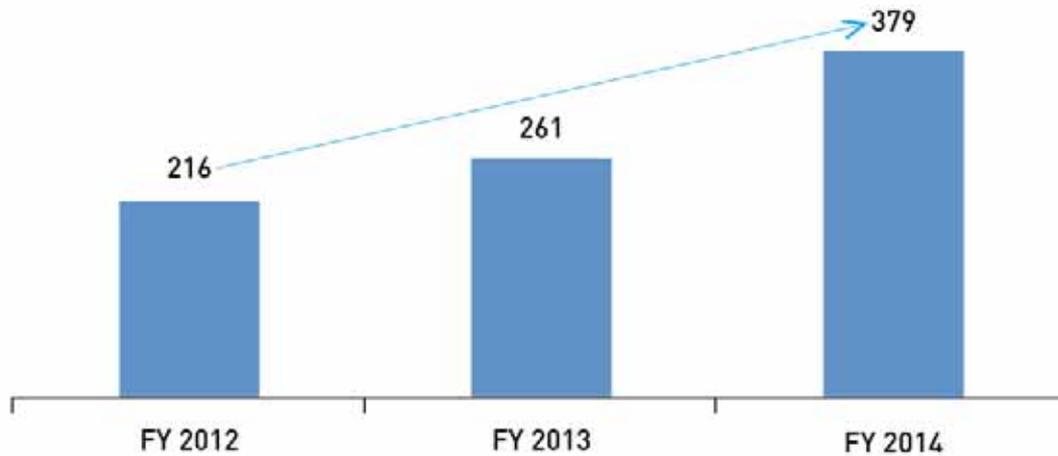
- Increased from ₹ 1,240 Crores in FY2012 to ₹ 3,305 Crores in FY2014
- CAGR of 63%

Revenue Potential (₹ Crore)

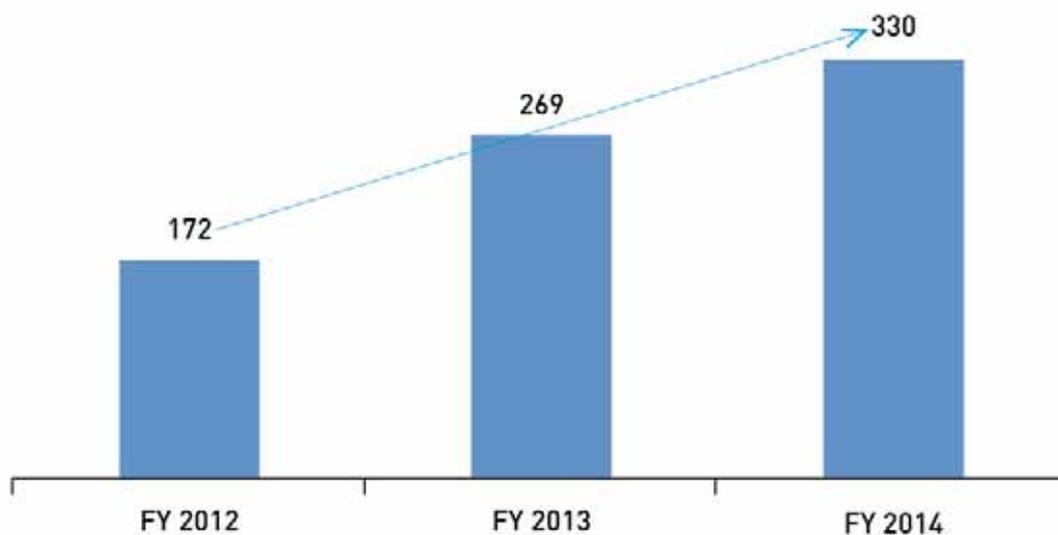


Growth in Sales Bookings:

- Increased from ₹ 216 Crores in FY2012 to ₹ 379 Crores in FY2014
- CAGR of 32%

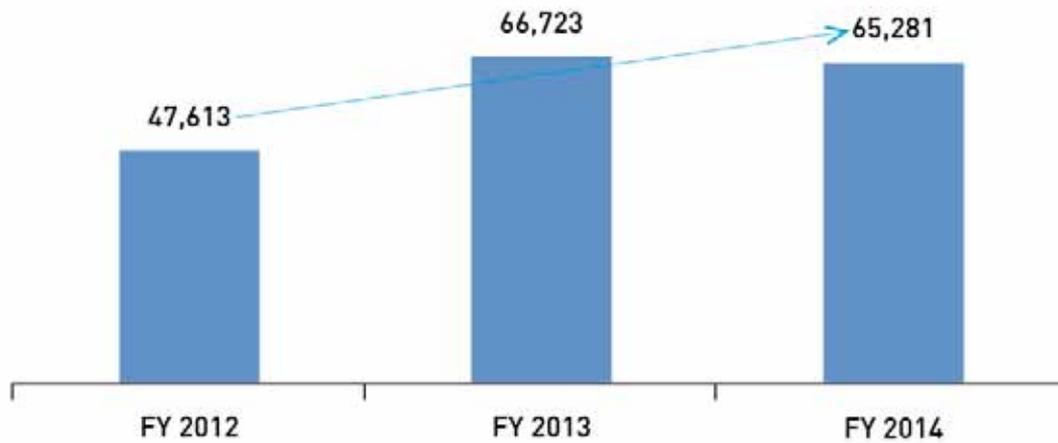
Sales Bookings (₹ Crore)**Growth in Collections:**

- Increased from ₹ 172 Crores in FY2012 to ₹ 330 Crores in FY2014
- CAGR of 39%

Collections (₹ Crore)

Growth in Average Price Realization:

- Reported Average Price Realization increased from ₹ 47,613 per sq. mtr. in FY2012 to ₹ 65,281 per sq. mtr. in FY2014
- CAGR of 17%

Average Price Realization (₹ per sq. mtr.)**High Cost Debt Redeemed:**

- High cost debt of ₹ 62 crores fully redeemed.

AWARDS

ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT

Official airline partner

virgin atlantic

★★★★★
BEST DEVELOPMENT MARKETING INDIA

Nitesh Napa Valley
by Nitesh Estates Limited

2013-2014

ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE

Official airline partner

virgin atlantic

HIGHLY COMMENDED
LANDSCAPE ARCHITECTURE INDIA

Nitesh Napa Valley
by Nitesh Estates Limited

2013-2014

ASIA PACIFIC PROPERTY AWARDS

Official airline partner

virgin atlantic

BEST DEVELOPMENT MARKETING ASIA PACIFIC

Nitesh Napa Valley
by Nitesh Estates Limited

2013-2014

smeg
technology with style

KOHLER

YAMAHA

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. G N Bajpai
Independent Director

Mr. Jagdish Capoor
Independent Director

Mr. M D Mallya
Independent Director

Mr. Sudhakar Rao
Non – Executive Director

Mr. Venkateshan M.A.
Chief Financial Officer

Mr. Ashok Aram
Independent Director

Mr. Mahesh Bhupathi
Non-Executive Director

Mr. L S Vaidyanathan
Executive Director

Mr. Ashwini Kumar
Executive Director & Chief Operating Officer

Mr. D Srinivasan
Company Secretary & Chief Compliance Officer

STATUTORY AUDITORS

B S R & Co. LLP
Chartered Accountants,
Maruti Info-Tech Centre
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Koramangala
Bangalore 560 071
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Fax: +91 80 3980 6999

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Fax: +91 80 66276013

REGISTRAR & SHARE TRANSFER AGENTS

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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
- HDFC Bank Limited
- Bank of Baroda
- Punjab National Bank
- Canara Bank

SOLICITORS

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

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CIN: L07010KA2004PLC033412

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BOARD OF DIRECTORS



Mr. Nitesh Shetty
Chairman and Managing Director

Nitesh Shetty a first generation entrepreneur is the founder and Chairman of Nitesh Estates. Under his leadership of over a decade, the company has scaled up and successfully completed an initial public offering, and raised a 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. 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. M D Mallya
Independent Director

Mr. M D Mallya has 31 years of rich experience in banking at various levels and positions. He has served as an executive director of Oriental Bank of Commerce and has done the successful merger of Global Trust Bank, he has served as the Chairman and Managing Director of Bank of Maharashtra and Bank of Baroda. He has headed various committees in banking industry and has won the Best Banker Award in 2010.



Mr. Sudhakar Rao
Non Executive Director

Mr. Sudhakar Rao IAS (Retd.) was formerly a member of Public Enterprises Selection Board (PESB), Government of India during 2009-2010. He was Chief Secretary to the Government of Karnataka during the year 2008-09.

He was Chairman of Bangalore Development Authority. He was Principal Secretary to the Government & Resident Commissioner of Karnataka in New Delhi.

He was the Minister (Economic Affairs), Embassy of India, Washington. He was the Joint Secretary to the Ministry of Power, Government of India. He also served as Director to the Prime Minister's Office, Government of India and was involved with policy making for social development in the country for several specific sectors such as Health, Education, Agriculture and Women and Child Development.



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.



Mr. Mahesh Bhupathi
Non-Executive Director

Mr. Mahesh Bhupathi is India's first and only 10 times Grand Slam title winner and US Open Mixed Doubles Title holder.

Mr. Mahesh Bhupathi has been associated with the Company since June 2005. 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 10 years of professional experience in sports, media and the entertainment industry.



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 24 years in various capacities. Overall he has over 29 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 31 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).

OUR GUIDING PRINCIPLES

VISION

“To achieve absolute perfection in all our endeavours 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 its 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 organisations. 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 can contemplate, 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.

CORPORATE SOCIAL RESPONSIBILITY

The Company as a responsible corporate citizen voluntarily supports the cause of social development, woman development and the cause of education.

Cherysh Trust – for education and women’s sustainability in rural Karnataka, and Goa.

Cherysh Trust is a registered non-profit organization, working towards empowering women and



girl children in rural Karnataka, Goa and soon Maharashtra. Our aim is empowerment through learning and livelihood.

Cherysh focusses on the transformative journey from an early stage learning for the girl child, vocational skill’s training for work

choices to secure their future as self-reliant women. We feel strongly that change starts at the beginning of a girl child’s birth. Nitesh estates is vocal about women empowerment through providing them education and infrastructure - collaborating and providing financial aid to Cherysh was a clear route to enable this vision.

Contribution for treatment of Cancer Patients

Donation of dividend received from HDFC Mutual Fund’s investment for treatment of Cancer patients



Supporting Indian Performing Arts

We fiercely understand and acknowledge the heritage and culture of what India has to offer. Providing financial aid to build a platform for various budding artists – The Convention/cultural Centre in Mumbai promotes Indian performing arts and plethora of cultural activities.

Lady Shri Ram College – Contribution to women’s education

We feel strongly about standing for education and support for women. Joining hands with Lady Shri Ram College for Women, long recognized as a premier institution of higher learning for women in India, is another initiative. LSR is committed to nurturing and creating women who are equipped to be world citizens. Nitesh Estates has contributed as one of the main participants in the fund raiser in support of the academic and infrastructure expansion plans for LSR in New Delhi. NEL has contributed to construction of an academic block for Lady Shri Ram College, New Delhi, as a measure towards development of women’s education.

Joining hands with Ekam Foundation – Healthy Child Health Community

Ekam Foundation addresses the neo-natal, pediatric and maternal health care needs of under-privileged children and mothers by complementing and augmenting existing public and private healthcare services.

Nitesh Estates has contributed generously in order for Ekam to fulfill their dream of reducing infant mortality rate and improving healthcare outcomes for neonatal, infants and children.

PROJECTS



Name of the Project: The Ritz-Carlton Hotel

Genre: Luxury Hotel

Location: Residency Road, Bangalore

Project Description: Exquisite luxury hotel

Highlights:

- Stunning panoramic view of the upscale Residency Road commercial area
- 277 richly appointed, spacious rooms and suites, exclusive club level access which redefines the luxury hotel experience
- 7 innovative and varied luxurious dining establishments
- 1600 sq. mtr. Ritz-Carlton spa and internationally acclaimed Rossano Ferreti Salon
- 1700 sq. mtr. of meeting space that can accommodate up to 1,000 guests including one of the largest ballroom in the city
- The impressive development combined with the legendary The Ritz-Carlton service gives the hotel the edge.





Nitesh

NAPA VALLEY

OFF BELLARY ROAD, NORTH BANGALORE

Name of the Project: Nitesh Napa Valley

Genre: Luxury Villas

Developable Area: 55 thousand Sq. Mtr.

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.





Nitesh PARK^{AVE}

Name of the Project: Nitesh Park Avenue

Genre: High Rise Premium Luxury Condominium

Developable Area: 13 thousand Sq. Mtr.

Location: Sankey Road, Bangalore

Project Description: An architecturally stunning tower with luxurious private residences

Highlights: Nitesh Park Avenue comprising luxurious private residences will be a new iconic landmark in the town, ushering in a new paradigm-enviable lifestyle of the privileged 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 phenomenal future 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.





Nitesh LOGOS

AGA ABBAS ALI ROAD
OFF M.G. ROAD, BANGALORE

Name of the Project: Nitesh Logos

Genre: Low Rise Luxury Condominium

Developable Area: 8 thousand Sq. Mtr.

Location: Aga Abbas Ali Road, Bangalore

Project Description: Super Premium Luxury Residences

Highlights: Nitesh Logos has distinguished itself as the most opulent and spectacular address in Bangalore. The residents will have the convenience of luxury hotels, lifestyle retail, and other world class shopping along with some of the finest banks, making this the most desirable place to live in.





Nitesh

PLAZA

ALI ASKER ROAD, BANGALORE.

Name of Project: Nitesh Plaza

Genre: Mixed use

Developable Area: 37 thousand Sq. Mtr

Location: Ali Asker Road, Bangalore

Project Description: A sophisticated tower, with designated retail, residential and commercial space.

Highlights: Nitesh Plaza, a striking new landmark, located at the Ali Asker road, a prime location in the heart of downtown Bangalore. The residences and office 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.





SHOPPING MALL

Name of Project: Shopping Mall

Genre: Retail Mall

Developable Area: 103 thousand Sq. Mtr.

Location: Indiranagar, Bangalore

Project Description: The largest mall in the central business district of Bangalore

Highlights: The Shopping Mall with 103 thousand Sq. Mtr. 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. The Shopping 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, Shopping Mall promises to be the epitome of luxury, opulence, style, delectable indulgence and a shopper's delight.





Nitesh

FISHER ISLAND

RESORT VILLAS, GOA

Name of the Project: Nitesh Fisher Island

Genre: Luxury Villas

Developable Area: 19 thousand Sq. Mtr.

Location: Goa

Project Description: Super Stylish Premium Villas.

Highlights: A water-front development located on the serene banks of the River Sal. On this mystical island, 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.





Nitesh
PALO ALTO
PREMIER VILLAMENTS
SARJAPUR - MARATHALLI RING ROAD,
BANGALORE.

Name of Project: Nitesh Palo Alto

Genre: Villament

Developable Area: 112 thousand Sq. Mtr.

Location: Off Sarjapur - Marathalli Ring Road, Bangalore

Project Description: Premium intelligent villaments, developed with the future in mind

Highlights: Nitesh Palo Alto brings alive intelligent homes and 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.





Nitesh

MELBOURNE PARK
HENNUR MAIN ROAD

Name of Project: Nitesh Melbourne Park

Genre: Low Rise Luxury Condominiums

Developable Area: 76 thousand Sq. Mtr.

Location: Hennur Main Road, Bangalore

Project Description: A Premium Condominium Development

Highlights: Nitesh Melbourne Park is an upcoming premium condominium development project by Nitesh Estates, for those who seek nothing but the best in a truly international style project. Situated in the northern part of Bangalore, Nitesh Melbourne Park will offer spectacular living spaces designed with modern and global standards of living. This project promises its residents a sublime blend of luxury and tranquility, with exquisite architecture, landscaped gardens, elegant interiors and lavish amenities.





Nitesh CHELSEA

HOSUR MAIN ROAD

Name of Project: Nitesh Chelsea

Genre: High Rise Condominium

Developable Area: 46 thousand Sq. Mtr.

Location: Hosur Main Road, Bangalore

Project Description: Premium Condominium

Highlights: Nitesh Chelsea is developed on 2.9 acres of plot designed to create iconic built form. The project is a combination of 3 types of units 2, 3-small, 3-big BHK. A state-of-art Club House with modern amenities is designed with a beautiful swimming pool and recreational areas that caters to all age groups. Vehicle-free pedestrian zones are designed with vehicular movements on the periphery. State-of-art security systems are planned for the entire complex.

STATUTORY REPORTS

Nitesh Estates Limited

CIN : L07010KA2004PLC033412

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

Ph. +91-80-4017 4000 Fax: +91-80-2555 0825, Website: niteshestates.com

Notice

NOTICE is hereby given that the Tenth Annual General Meeting of Nitesh Estates Limited will be held at "Chowdiah Memorial Hall", G. D. Park Extension, Vyalikaval, Bangalore – 560 003 on Friday, the 26th September, 2014 at 2.00 P.M., to transact the following business:

ORDINARY BUSINESS:

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

"RESOLVED THAT the audited balance sheet as at 31st March 2014, the statement of profit and loss account and cashflow statement including the consolidated financial statements for the year ended on that date, together with the Directors' report and Auditors' report thereon as presented to the meeting, be and are hereby approved and adopted."

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

"RESOLVED THAT Mr. Mahesh Bhupathi (DIN 01603093) Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

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

"RESOLVED THAT M/s. Ray & Ray, Chartered Accountants, Bangalore having Firm Registration No. 301072E allotted by the Institute of Chartered Accountants of India (ICAI), be and are hereby appointed as Statutory Auditors of the Company in place of M/s. B S R & Co. LLP, Chartered Accountants having Firm Registration No. 101248W/W-100022 allotted by ICAI, from the conclusion of this Annual General Meeting for the first term of five consecutive years, till the conclusion of Fifteenth Annual General Meeting, subject to ratification at every Annual General Meeting, on such remuneration as may be recommended by the Audit Committee and finalized by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. **To appoint Mr. Sudhakar Rao as a Director of the Company:**

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modifications and re-enactments thereof) Mr. Sudhakar Rao (DIN: 00267211), be and is hereby appointed as a Director of the Company whose period of office is liable to be determined by retirement by rotation."

5. **To appoint Mr. G. N. Bajpai as an Independent Director of the Company:**

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modifications and re-enactments thereof) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. G. N. Bajpai (DIN: 00946138), be and is hereby appointed as an Independent Director of the Company to hold office for the first term of five consecutive years from the conclusion of this Annual General Meeting."

6. **To appoint Mr. Ashok T. Aram as an Independent Director of the Company:**

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modifications and re-enactments thereof) read

with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Ashok T. Aram (DIN: 02817547), be and is hereby appointed as an Independent Director of the Company to hold office for the first term of five consecutive years from the conclusion of this Annual General Meeting.”

7. **To appoint Mr. Jagdish Capoor as an Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modifications and re-enactments thereof) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Jagdish Capoor (DIN: 00002516), be and is hereby appointed as an Independent Director of the Company to hold office for the first term of five consecutive years from the conclusion of this Annual General Meeting.”

8. **To appoint Mr. M. D. Mallya as an Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modifications and re-enactments thereof) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. M. D. Mallya (DIN: 01804955) be and is hereby appointed as an Independent Director of the Company to hold office for the first term of five consecutive years from the conclusion of this Annual General Meeting.”

9. **To approve the appointment and the remuneration payable to Mr. Nitesh Shetty, Chairman & Managing Director:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactments thereof (“the Act”), read with Schedule V to the Act and subject to the previous approval of the Central Government, as may be required, approval of the Company be and is hereby accorded to the reappointment of Mr. Nitesh Shetty (DIN: 00304555) as Managing Director of the Company for a period of three years, effective from 15th December, 2014 to 14th December, 2017 (both days inclusive).

RESOLVED FURTHER THAT subject to the provisions of Sections 196, 197 read with Schedule V of the Act, Mr. Nitesh Shetty, Managing Director of the Company, be paid such remuneration (including perquisites) and upon such terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. Nitesh Shetty with the authority to the Board of Directors (“the Board” which shall be deemed to include any Committee thereof) to alter or vary the terms and conditions of his reappointment as may be agreed between the Board and Mr. Nitesh Shetty subject to the limits specified in Schedule V to the Act or such other limits as may be approved by the Central Government.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year or during the tenure of Mr. Nitesh Shetty as Managing Director, the remuneration (including perquisites) as set out in the aforesaid draft Agreement be paid to him as minimum remuneration.

RESOLVED FURTHER THAT subject to the provisions of Section 152 of the Act, Mr. Nitesh Shetty shall not be liable to retire by rotation during his tenure as a Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient, usual or proper to give full effect to this resolution and to accept any modification/ conditions that may be prescribed by the Central Government while according its approval, if any.”

**By order of the Board
For NITESH ESTATES LIMITED**

**D. SRINIVASAN
Company Secretary & Chief Compliance Officer**

Place: Bangalore
Date: August 6, 2014

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. THE INSTRUMENT APPOINTING A PROXY 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.**
A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE PAID UP SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. A Corporate Member entitled to attend the meeting shall along with their authorized representative(s) send a certified true copy of a resolution passed by the Board of Directors and vote on their behalf at the meeting.
3. A Statement pursuant to Section 102 of the Companies Act, 2013 on each item of special business to be transacted at the meeting is annexed hereto as **Annexure-I**.
4. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company between 10.00 A.M. to 12.00 noon from Monday to Friday on all business days up to and including the date of the meeting.
5. The Register of Members and the Register of Securities Transfer will remain closed from Tuesday, the 23rd September, 2014 to Friday, the 26th September, 2014 (both days inclusive).
6. Pursuant to Section 160 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the brief resume / candidature of the Directors seeking appointment / reappointment at the Annual General Meeting is appended to this Notice as **Annexure - II**.
7. Members are requested to advise any changes in their communication address, register their 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).
8. Members are requested to bring their copy of the Annual Report to the meeting. Additional copies will not be provided at the meeting.
9. 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.
10. The Notice is being sent to all the Members (electronic or physical copy), whose names appeared in the Register of Members as on 22nd August, 2014. The Notice of the meeting is also posted on the website of the Company www.niteshestates.com.
11. The businesses as set out in the Notice will be transacted through electronic voting system and the Company will provide a facility for voting by electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional.
12. The voting through electronic means will commence on Saturday, September 20, 2014 at 10.00 A.M. and will end on Monday, September 22, 2014 at 5.00 P.M. The Members will not be able to cast their vote electronically beyond the date and time mentioned here.
13. The Company has appointed Mr. V. Sreedharan, Practicing Company Secretary (FCS 2347, CP No. 833) and Partner of V. Sreedharan & Associates, Company Secretaries, Bangalore to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

The procedure and instructions for the voting through electronic means is, as follows:

Open your web browser during the voting period **and** log on to the e-voting website <https://evoting.karvy.com>

Now, fill up the following details in the appropriate boxes:

User-ID	a) For NSDL:- 8 characters DP ID followed by 8 Digits Client ID b) For CDSL:- 16 digits beneficiary ID
Password :	please refer to the cover email enclosing this Notice
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department
* Members who have not updated their PAN with the Company are requested to use default number 'ABCDE12345' in the PAN field.	

1. After entering the details appropriately, click on **LOGIN**.
2. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
3. You need to login again with the new credentials.
4. On successful login, the system will prompt you to select the EVENT i.e., NITESH ESTATES
5. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You are not required to cast all your votes in the same manner.
6. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
7. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
8. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail: sree@sreedharancs.com
9. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently.
10. **The Portal will remain open for voting from: 10.00 A.M. on 20th Sept, 2014 to 5.00 P.M. on 22nd Sept , 2014 (both days inclusive).**
11. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr.Varghese P.A.of Karvy Computershare Pvt. Ltd. at 040-44655000 or at 1800 345 4001 (toll free).
12. The results of e-voting will be announced by the Company in its website and also informed to the stock exchanges.
Kindly note that once you have cast your vote you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.

By order of the Board
For NITESH ESTATES LIMITED

Registered Office:

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

Place: Bangalore
Date: August 6, 2014

D. SRINIVASAN
Company Secretary & Chief Compliance Officer

Nitesh Estates Limited

CIN : L07010KA2004PLC033412

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

Ph. +91-80-4017 4000 Fax: +91-80-2555 0825, Website: niteshestates.com

Annexure I to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

The following explanatory statements sets out all the material facts relating to the businesses mentioned in the accompanying Notice of Annual General Meeting dated 6th August, 2014 that requires explanatory statement and shall be taken as forming part of the said Notice.

Item No. 3:

M/s. B S R & Co.LLP., Chartered Accountants Firm Registration No. 101248W/W-100022 allotted by the Institute of Chartered Accountants of India (ICAI) were appointed as Statutory Auditors of the Company for the year 2013-14 at the Annual General Meeting held on September 27, 2013 and they hold their office till the conclusion of this Annual General Meeting. They have expressed that they do not wish to get reappointed as Statutory Auditors of the Company in the ensuing Annual General Meeting.

The Board of Directors have recommended M/s. Ray & Ray (Firm Registration No. 301072E allotted by ICAI) for appointment as Statutory Auditors of the Company for the first term of five consecutive years up to the conclusion of 15th Annual General Meeting, subject to the ratification of the members at every Annual General Meeting, on a remuneration as may be agreed by Ray & Ray, Chartered Accountants and the Audit Committee of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is interested in this resolution.

Item No. 4:

Mr. Sudhakar Rao was appointed as an additional director in the Board meeting held on September 27, 2013 under Section 260 of the Companies Act, 1956 and his appointment is valid upto the date this Annual General Meeting. Notice in writing under Section 160 of the Companies Act, 2013 along with the requisite deposit amount has been received from a member signifying his intention to propose Mr. Sudhakar Rao as a candidate for the office of Director of the Company and to move the resolutions set out in item no. 4 of this Notice.

The appointment of Mr. Sudhakar Rao, will be as a Director of the Company, liable to retire by rotation, in terms of Sections 152 of the Companies Act, 2013.

In terms of Section 160 of the Companies Act, 2013 and Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges, a brief profile of Mr. Sudhakar Rao, nature of his expertise in specific functional areas, his other directorships and committee memberships and his shareholdings are appended to this Notice in **Annexure-II**.

None of the Directors, Key Managerial Personnel and their relatives is in any way interested or concerned, in this resolution other than the appointee.

Item No. 5 to 8:

Pursuant to Section 149 of the Companies Act, 2013 ('the Act, 2013') read with the General Circular No.14 Dt. June 09, 2014 notified by the Ministry of Corporate Affairs, it is required to appoint the Independent Director(s) (IDs) for an initial term of five consecutive years, in compliance with the new provisions of the Act 2013, which came into force from 1st April 2014.

Accordingly, the present IDs Mr. G. N. Bajpai, Mr. Ashok T. Aram, Mr. Jagdish Capoor and Mr. M.D. Mallya are proposed to be appointed as IDs pursuant to the provisions of Sec. 149 read with Schedule IV including any other applicable provisions of the Act 2013 and rules made there under for the first term of 5 consecutive years.

All the aforesaid directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of Section 149 read with Schedule IV of the Act, 2013 and rules made there under, being eligible, offer themselves for appointment, for a term of five consecutive years from the conclusion of this Annual General Meeting.

In terms of Section 160 of the Companies Act, 2013 and Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of these IDs, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings are appended to the Notice in **Annexure-II**.

In the opinion of the Board all these directors fulfill the terms and conditions specified under the Act, 2013 and rules made there under for their appointment as IDs by the shareholders and are independent of the management. The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board and / or committees thereof and as per the other applicable provisions of the Act, 2013, as determined by the Board from time to time, within the overall limits specified under the Act, 2013.

Accordingly, the Board recommends the resolutions, as set out in item nos.5 to 8 in relation to the terms of appointment of Mr. G. N. Bajpai, Mr. Ashok T. Aram, Mr. Jagdish Capoor and Mr. M. D. Mallya as IDs for approval by the shareholders.

Written notices have been received from the members of the Company under Section 160 of the Act, 2013, along with requisite deposit amount signifying their intention to propose the candidatures of the aforesaid persons for appointing them as IDs on the Board of the Company and to move the resolutions set out in item nos. 5 to 8 of this Notice.

Except the appointees, none of the other directors, key managerial personnel of the Company and their relatives is concerned or interested, in their respective resolutions for appointment as set out in item nos. 5 to 8.

Item No. 9:

Mr. Nitesh Shetty was appointed as Chairman & Managing Director of the Company for a period of 3 years by the Board on December 13, 2011, w.e.f December 15, 2011 to December 14, 2014. He is also the Managing Director of Nitesh Residency Hotels Private Limited, an associate company.

In view of the term of his office coming to expiry, Board of Directors at their meeting held on August 06, 2014 reappointed Mr. Nitesh Shetty as the Chairman and Managing Director of the Company on the basis of recommendations of the Nomination & Remuneration Committee, for a period of three years from December 15, 2014 to December 14, 2017, on a remuneration detailed out in the statement of information of Schedule V (II) Sl. No.5 hereunder.

The material terms of the aforesaid draft Agreement to be entered into between the Company and Mr. Nitesh Shetty are set out below:-

- 1) Period of appointment: December 15, 2014 to December 14, 2017 (both days inclusive).
- 2) Mr. Nitesh Shetty to perform all duties and responsibilities as the Chairman and Managing Director and as such other duties and responsibilities as may be entrusted to him from time to time by the Board of the Company.
- 3) Mr. Nitesh Shetty to devote his time and attention to the business of the Company.
- 4) Remuneration and perquisites:
 - (i) Salary of Rs. 1,50,00,000 per annum.
 - (ii) Use of telephone(s) installed at Mr. Nitesh Shetty's residence; mobile phone(s) and blackberry phone shall be used for the Company's business which means payment of rent, call charges and other outgoings in respect thereof to be paid by the Company. All personal calls to be charged to Mr. Nitesh Shetty;
 - (iii) A chauffeur driven motor car, all expenses for the running, maintenance and upkeep of such motor car as also the salary of the chauffeur being borne and paid by the Company;
 - (iv) Reimbursement of medical expenses reasonably incurred by Mr. Nitesh Shetty and his family;
 - (v) Reimbursement of entertainment expenses reasonably incurred by Mr. Nitesh Shetty, wholly and exclusively for the purpose of the business of the Company;
 - (vi) Benefit of a personal accident insurance policy effected by the Company, the amount of premium not exceeding Rs. 1,500/- (Rupees One Thousand Five Hundred only) per annum;
 - (vii) Benefit of the Company's Provident Fund Scheme in accordance with the rules of the Scheme in force for the time being provided that the Company's contribution thereto shall not exceed 12% (twelve per cent) of Mr. Nitesh Shetty's salary as laid down in the Income-Tax Rules, 1962 in force for the time being and from time to time;
 - (viii) Leave on full remuneration in accordance with the rules of the Company in force for the time being and from time to time; and
 - (ix) Participate in the Company's Employee Stock Option Plan/ Scheme in accordance with SEBI guidelines.

The expression "family" used in above shall mean Mr. Nitesh Shetty's spouse and dependent children.

Income-tax, if any, on or in respect of the remuneration stated above shall be borne and paid by Mr. Nitesh Shetty.

Save as aforesaid, Mr. Nitesh Shetty shall not be entitled to any other payment, benefit or perquisite, whether by way of remuneration, compensation or otherwise, for or in respect or by virtue of his employment with the Company as Chairman & Managing Director.

In the event of any loss or inadequacy of profit in any of the financial years during the tenure of Mr. Nitesh Shetty as Chairman and Managing Director the remuneration (including perquisites) as set out in the aforesaid draft Agreement be paid to him as minimum remuneration.

STATEMENT OF INFORMATION PROVIDED IN TERMS OF SECTION II (B) OF PART II OF SCHEDULE V

I. General Information

1. Nature of industry	Construction, Development of Projects including Real Estate, Housing, Commercial premises, hospitality etc.			
2. Date or expected date of commencement of commercial production	2004 (Date of Incorporation : 20 th February 2004)			
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable			
4. Financial performance based on given indicators Rs. Cr.	Details	2011-12	2012-13	2013-14
	Paid Up Capital	145.83	145.83	145.83
	Reserves & Surplus	313.36	280.98	288.69
	Turnover	79.15	49.43	114.80
	Profit Before Tax	(7.13)	(28.50)	8.81
	Profit After Tax	(4.56)	(32.38)	7.70
5. Foreign Investment or Collaboration Amount in Rs. Cr.	FDI 2006-07 : 32.85 Cr. 2007-08 : <u>3.65 Cr.</u> Total <u>36.50 Cr.</u> During the IPO in April 2010 total amount in foreign currency collected from FII /QIB Rs. 208.86 Cr., towards Equity and Share Premium.			

II. Information about the appointee:

(1) Background details	Mr. Nitesh Shetty is a Promoter Director of the Company. On graduation he ventured into business in Advertising and promoted Nitesh Estates Private Limited in 2004.
(2) Past 3 (Three) Financial years remuneration	For 2011-14 – Rs. 1,22,93,720/- as approved by the Central Government vide SRN: B33883984/2012-CL-VII, Dated October 04, 2013
(3) Recognition or awards	Not Applicable
(4) Job profile and his suitability	Mr. Nitesh Shetty a first generation entrepreneur is the founder and Chairman of the Company. Under his leadership the Company has scaled up in 10 years and successfully completed an initial public offering and raised series of Private equity capital. He sets the Big Vision for the growth of the Company.
(5) Remuneration proposed	Proposal: (i) Salary of Rs. 1,50,00,000 per annum. (ii) Use of telephone(s) installed at Mr. Nitesh Shetty's residence; mobile phone(s) and blackberry phone shall be used for the Company's business which means payment of rent, call charges and other outgoings in respect thereof to be paid by the Company. All personal calls to be charged to Mr. Nitesh Shetty;

	<p>(iii) A chauffeur driven motor car, all expenses for the running, maintenance and upkeep of such motor car as also the salary of the chauffeur being borne and paid by the Company;</p> <p>(iv) Reimbursement of medical expenses reasonably incurred by Mr. Nitesh Shetty and his family.</p> <p>(v) Reimbursement of entertainment expenses reasonably incurred by Mr. Nitesh Shetty, wholly and exclusively for the purpose of the business of the Company.</p>												
	<p>(vi) Benefit of a personal accident insurance policy effected by the Company, the amount of premium not exceeding Rs. 1,500/- (Rupees One Thousand Five Hundred only) per annum;</p> <p>(vii) Benefit of the Company's Provident Fund Scheme in accordance with the rules of the Scheme in force for the time being provided that the Company's contribution thereto shall not exceed 12% (Twelve per cent) of Mr. Nitesh Shetty's salary as laid down in the Income-tax Rules, 1962 in force for the time being and from time to time;</p> <p>(viii) Leave on full remuneration in accordance with the rules of the Company in force for the time being and from time to time; and</p> <p>(ix) Participate in the Company's Employee Stock Option Plan/ Scheme in accordance with SEBI guidelines</p> <p>The expression "family" used in above shall mean Mr. Nitesh Shetty's spouse and dependent children.</p> <p>Income-tax, if any, on or in respect of the remuneration stated above shall be borne and paid by Mr. Nitesh Shetty.</p> <p>Save as aforesaid, Mr. Nitesh Shetty shall not be entitled to any other payment, benefit or perquisite, whether by way of remuneration, compensation or otherwise, for or in respect or by virtue of his employment with the Company as Chairman & Managing Director.</p>												
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	<p>Mr. Nitesh Shetty, being a Chairman and Managing Director with an experience over 10 years in Real Estate Business the proposed remuneration is much lower compared to other in similar Board level position.</p> <table border="1"> <thead> <tr> <th>Name of the employee and Employer</th> <th>Position, Qualification, Exp.</th> <th>Remuneration as disclosed in Sec 217 (2A) for FY 2013-14</th> </tr> </thead> <tbody> <tr> <td>Mr. M. R. Jaishankar Brigade Enterprises Limited</td> <td>Managing Director, B.SC, MBA 24 Yrs</td> <td>Rs. 6,03,93,556</td> </tr> <tr> <td>Mr. Irfan Razack Prestige Estates Projects Limited</td> <td>Managing Director B.Com 39 Yrs</td> <td>Rs. 7,40,00,000</td> </tr> <tr> <td>Mr. J.C. Sharma Sobha Limited</td> <td>Managing Director B.Com, ACA, ACS. 30 Yrs</td> <td>Rs. 5,03,77,911</td> </tr> </tbody> </table>	Name of the employee and Employer	Position, Qualification, Exp.	Remuneration as disclosed in Sec 217 (2A) for FY 2013-14	Mr. M. R. Jaishankar Brigade Enterprises Limited	Managing Director, B.SC, MBA 24 Yrs	Rs. 6,03,93,556	Mr. Irfan Razack Prestige Estates Projects Limited	Managing Director B.Com 39 Yrs	Rs. 7,40,00,000	Mr. J.C. Sharma Sobha Limited	Managing Director B.Com, ACA, ACS. 30 Yrs	Rs. 5,03,77,911
Name of the employee and Employer	Position, Qualification, Exp.	Remuneration as disclosed in Sec 217 (2A) for FY 2013-14											
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Mr. Irfan Razack Prestige Estates Projects Limited	Managing Director B.Com 39 Yrs	Rs. 7,40,00,000											
Mr. J.C. Sharma Sobha Limited	Managing Director B.Com, ACA, ACS. 30 Yrs	Rs. 5,03,77,911											
(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	<p>There is no pecuniary relationship, direct or indirect with the Company and Mr. Nitesh Shetty is not related to any Director of the Company.</p> <p>Mr. Nitesh Shetty holds 4,29,73,685 (29.46%) equity shares of the Company personally</p>												

III. Other information:

(1) Reasons of loss or inadequate profits	<p>The Company has achieved a turnover of Rs. 115 crores during the last Financial Year 2014 as compared to Rs. 49 crores in Financial Year 2013, on a standalone basis. The robust financial performance was achieved due to continued progress in ongoing projects leading to increasing recognition in the financials.</p> <p>The Company follows the percentage of completion method for recognition of revenue, as per which the projects have to reach a minimum threshold limit of Construction, Sales and Collection, due to which the revenue from the new projects undertaken by the Company could not be recognized. As more projects come into revenue recognition, the Company expects increasing topline and bottomline performance going forward coupled with a higher momentum in sales due to additional launches.</p>												
(2) Steps taken or proposed to be taken for improvement	<p>The Company completed and handed over 2 projects.</p> <p>The Company currently has a portfolio of 6 ongoing projects ,coupled with an increasing pipeline of upcoming projects provides the foundation for significant growth of the Company in the coming years.</p>												
(3) Expected increase in productivity and profits in measurable terms	<p>With more project launches and projects achieving the revenue recognition there will be a significant revenue improvement and profitability. The remaining income potential of close to Rs. 1,134 crores from these residential projects.</p> <p>Projected Profit & Loss (in Rs. Crores)</p> <table border="1" data-bbox="563 855 1442 948"> <thead> <tr> <th>Particulars</th> <th>FY 2014 (Actual)</th> <th>FY 2015 (Estimated)</th> <th>FY 2016 (Estimated)</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>115</td> <td>237</td> <td>352.48</td> </tr> <tr> <td>PAT</td> <td>7.7</td> <td>26</td> <td>54.33</td> </tr> </tbody> </table>	Particulars	FY 2014 (Actual)	FY 2015 (Estimated)	FY 2016 (Estimated)	Total Income	115	237	352.48	PAT	7.7	26	54.33
Particulars	FY 2014 (Actual)	FY 2015 (Estimated)	FY 2016 (Estimated)										
Total Income	115	237	352.48										
PAT	7.7	26	54.33										

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of Mr. Nitesh Shetty, who is proposed to be appointed as a Managing Director in this meeting in terms of the applicable provisions of the Act 2013, nature of his expertise in specific functional areas, his other directorships and committee memberships and his shareholding are appended to the Notice in **Annexure II**.

None of the Directors, Key Managerial Personnel and their relatives are in any way interested or concerned, in this Special Resolution, except Mr. Nitesh Shetty, the appointee and holder of 4,29,73,685 equity shares in the Company and Mrs. Pushpalath Shetty, mother of the appointee and holder of 5,000 equity shares in the Company and Mrs. Sujata K. Shetty, wife of the appointee and holder of 26,300 equity shares in the Company.

Annexure II to the Notice**Profiles of Directors being reappointed / appointed as required under Section 160 of the Companies Act, 2013 and Clause 49 (IV)(G) of the Listing Agreement entered into with the Stock Exchanges.**

Name of Director	Mr. Mahesh Bhupathi (DIN: 01603093)
Age	40
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.

Other Directorships held	<ol style="list-style-type: none"> 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 Limited 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 11. SX Sports Private Limited
Membership of Committees	Nil
No. of shares held in the Company	1,96,410 Shares

Name of Director	Mr. Sudhakar Rao (DIN: 00267211)
Age	64
Qualification	M.A. (Economics), Master of Public Administration, Kennedy School of Government, Harvard University, USA
Date of Appointment	September 27, 2013
Expertise in specific Functional areas	<p>Mr. Sudhakar Rao was formerly a member of Public Enterprises Selection Board (PESB), Government of India during 2009-10, he was Chief Secretary to the Government of Karnataka during the year 2008-09.</p> <p>He had served as Development Commissioner of Government of Karnataka during Sept. 2007 to Feb. 2008. He was the Principal Secretary to the Chief Minister of Karnataka, Home Department, and Finance Department of Government of Karnataka. He was a Chairman of Bangalore Development Authority. He was a Principal Secretary to the Government & Resident Commissioner of Karnataka in New Delhi. He was the Chairman & Managing Director of Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), Bangalore during the year 2001.</p> <p>He was the Minister (Economic Affairs), Embassy of India, Washington. He was the Joint Secretary to the Ministry of Power, Government of India, he had also served as Director to the Prime Minister's Office, Government of India and was involved with policy making for social development in the country for several specific sectors such as Health, Education, Agriculture and Women and Child Development.</p> <p>He was also Deputy Secretary, Department of Economic Affairs, Ministry of Finance, Government of India. He was Deputy Commissioner of Shimoga District. He was Under Secretary of Ministry of Energy, Government of India.</p>
Other Directorships held	<ol style="list-style-type: none"> 1. BSE Institute Limited 2. BSE Limited 3. Nitstone Waste Management Private Limited 4. L&T Infrastructure Development Projects Limited 5. CMC Limited 6. GMR Varalakshmi Foundation 7. United Spirits Limited 8. BFSI Sector Skill Council of India 9. Common Purpose India

Membership of Committees	<p>Audit Committee, member in:</p> <ol style="list-style-type: none"> 1. BSE Institute Limited. 2. BSE Limited. 3. CMC Limited – Chairman. 4. L&T Infrastructure Development Projects Limited – Chairman. 5. United Spirits Limited. 6. Nitesh Estates Limited. <p>Stakeholders Relationship Committee, member in:</p> <ol style="list-style-type: none"> 1. BSE Limited. 2. CMC Limited – Chairman. 3. United Spirits Limited. <p>Nomination and Remuneration Committee, member in :</p> <ol style="list-style-type: none"> 1. United Spirits Limited. 2. Nitesh Estates Limited.
No. of shares held in the Company	Nil

Name of Director	Mr. G.N.Bajpai (DIN: 00946138)
Age	72
Qualification	B.Com, M. Com, LLB
Date of Appointment	November 29, 2007
Expertise in specific Functional areas	Mr. G.N. Bajpai, the former Chairman of the Securities and Exchange Board of India (SEBI), was also the Chairman of Life Insurance Corporation of India (LIC). Winner of “Outstanding Contribution to the Development of Finance” Award from Dr. Manmohan Singh, then Prime Minister of India. He 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.
Other Directorships held	<ol style="list-style-type: none"> 1. Invent Assets Securitisation and Reconstruction Private Limited. 2. Intuit Consulting Private Limited. 3. Future Generali India Life Insurance Company Limited. 4. Future Generali India Insurance Company Limited. 5. Mandhana Industries Limited. 6. International Development Enterprises (India) 7. Future Consumer Enterprise Limited 8. Invent ARC Private Limited 9. Usha Martin Limited 10. Micromax Informatics Limited 11. Walchandnagar Industries Limited 12. Dalmia Cement (Bharat) Limited 13. Institute of Insurance and Risk Management 14. United Spirits Limited
Membership of Committees	<p>Audit Committee, member in –</p> <ol style="list-style-type: none"> 1. Future Generali India Life Insurance Company Limited - Chairman 2. Future Generali India Insurance Company Limited – Chairman. 3. Future Consumer Enterprise Limited – Chairman. 4. Nitesh Estates Limited. 5. Mandhana Industries Limited. 6. Dalmia Cement (Bharat) Limited. 7. United Spirits Limited. <p>Stakeholder Relationship Committee, member in-</p> <ol style="list-style-type: none"> 1. Future Generali India Life Insurance Company Limited. - Chairman 2. Future Generali India Insurance Company Limited – Chairman. 3. United Spirits Limited. <p>Nomination and Remuneration Committee, member in-</p> <ol style="list-style-type: none"> 1. Nitesh Estates Limited – Chairman.
No. of shares held in the Company	1,00,000 Shares

Name of Director	Mr. Ashok T. Aram (DIN: 02817547)
Age	43
Qualification	BE – Electronic & Telecommunication; PG in International Business and Comparative Culture.
Date of Appointment	September 24, 2009
Expertise in specific Functional areas	Mr. Ashok T. Aram is the CEO of Deutsche Bank MENA. He Chairs MENA Executive Committee and is responsible for the maintenance of Corporate Governance Structure. Previously at Deutsche Bank he was the Head of Debt Equity Capital Markets for Central & Eastern Europe; Middle East and African Region during which time he lead some of the largest Capital raising deals in Russia/CIS, Turkey and the Middle East.
Other Directorships held	1. Solition Technologies Private Limited
Membership of Committees	Nil
No. of shares held in the Company	Nil

Name of Director	Mr. Jagdish Capoor (DIN: 00002516)
Age	75
Qualification	M. Com, CAIIB, FIIBF
Date of Appointment	March 14, 2013
Expertise in specific Functional areas	Mr. Jagdish 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, <ul style="list-style-type: none"> • 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.
Other Directorships held	1. Asset Care and Reconstruction Enterprises Limited 2. LICHFL Trustee Company Private Limited 3. Quantum Trustee Company Private Limited 4. Manappuram Finance Limited 5. LIC Pension Fund Limited 6. Entegra Limited 7. LIC Housing Finance Limited 8. Vikas Global one Limited 9. Atlas Documentary Facilitators Company Private Limited 10. Banyan Tree Bank Limited, Mauritius. 11. HDFC Securities Limited.
Membership of Committees	Audit Committee, member in – <ol style="list-style-type: none"> 1. Nitesh Estates Limited – Chairman. 2. LIC Pension Fund Limited 3. Entegra Limited 4. Quantum Trustee Company Private Limited 5. Atlas Documentary Facilitators Company Private Limited Stakeholder Relationship Committee, member in- <ol style="list-style-type: none"> 1. Nitesh Estates Limited – Chairman Nomination and Remuneration Committee, member in- <ol style="list-style-type: none"> 1. Nitesh Estates Limited. 2. Manappuram Finance Limited.
No. of shares held in the Company	Nil

Name of Director	Mr. M. D. Mallya (DIN: 01804955)
Age	61
Qualification	B E Post Graduate Diploma in Management from IISc, Bangalore, Certificate of Industrial Finance from IIBF.
Date of Appointment	February 12, 2014
Expertise in specific Functional areas	Mr. M.D. Mallya has 31 years of rich experience in banking at various levels and positions. He has served as an executive director of Oriental Bank of Commerce and has done the successful merger of Global Trust Bank, he has served as the Chairman and Managing Director of Bank of Maharashtra and Bank of Baroda. He has headed various committees in banking industry and has won the Best Banker Award in 2010.
Other Directorships held	<ol style="list-style-type: none"> 1. India Infradebt Limited 2. Emami Limited 3. State Bank of India 4. Nitesh Housing Developers Private Limited 5. Nitesh Urban Development Private Limited 6. Nitesh Indiranagar Retail Private Limited
Membership of Committees	<p>Audit Committee, member in:</p> <ol style="list-style-type: none"> 1. India Infradebt Limited – Chairman 2. Nitesh Estates Limited <p>Nomination and Remuneration Committee, member in :</p> <ol style="list-style-type: none"> 1. India Infradebt Limited 2. Nitesh Estates Limited
No. of shares held in the Company	Nil

Name of Director	Mr. Nitesh Shetty (DIN: 00304555)
Age	37
Qualification	Bachelor Degree in Commerce
Date of Appointment	February 02, 2004
Expertise in specific Functional areas	<p>Mr. Nitesh Shetty is a Promoter Director of the Company. On graduation he ventured into business in advertising and promoted Nitesh Estates Private Limited in 2004.</p> <p>Mr. Nitesh Shetty the first generation entrepreneur is the Founder and Chairman of the Company. Under his leadership the Company has scaled up in 10 years and successfully completed an initial public offering and raised series of Private equity capital.</p> <p>He sets the Big Vision for the growth of the Company.</p>
Other Directorships held	<ol style="list-style-type: none"> 1. Nitesh Urban Development Private Limited 2. Photo Concierge Private Limited 3. Nisco Ventures Private Limited 4. Nitesh Healthcare Private Limited 5. Nitesh Hospitals Private Limited 6. Nitesh Agrico Private Limited 7. Southern Hills Developers Private Limited 8. Nitesh Industries Private Limited 9. Nitesh Residency Hotels Private Limited 10. Nitesh Indiranagar Retail Private Limited 11. Nitesh Warehousing Private Limited 12. Nitesh Housing Developers Private Limited 13. Nitesh Mylapore Developers Private Limited 14. Bolgati Enterprises Private Limited 15. Pushrock Environment Private Limited 16. Nitesh Energy Private Limited 17. Nitstone Wastemanagement Private Limited 18. Hampton Investments Private Limited 19. Heypillow Technology Private Limited
Membership of Committees	<p>Nomination and Remuneration Committee, member in:</p> <ol style="list-style-type: none"> 1. Nitesh Estates Limited.
No. of shares held in the Company	4,29,73,685 Shares

Directors' Report

Your Directors present their Tenth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2014.

FINANCIAL RESULTS:

Rupees in Lakh

Particulars	STANDALONE		CONSOLIDATED	
	2013-14	2012-13	2013-14	2012-13
Income :				
Income from operations	11290	4688	29757	8287
Other Income	189	255	339	530
Total Income	11479	4943	30096	8817
Profit/(Loss) before depreciation	1039	(2679)	3107	(13508)
Less : Depreciation	158	171	171	179
Profit/(Loss) before tax	881	(2850)	2936	(13688)
Less : Income tax	111	388	581	574
Profit / (Loss) after tax	770	(3238)	2355	(14262)
Less: Minority interest & share of profit in Associate	0	-	(1830)	56
Net Profit/(Loss)	770	(3238)	525	(14206)

DIVIDEND:

The Directors could not recommend dividend to conserve the funds for the projects growth and sound financial position of the Company.

PREPARATION OF FINANCIAL STATEMENTS, DIRECTORS' REPORT ETC.

Members are hereby informed that the Companies Act, 2013 ('the Act, 2013') has been enacted by the Parliament with effect from April 1, 2014 replacing the Companies Act, 1956. The Rules as required under the various provisions of the Act, 2013 also have been notified by the Ministry of Corporate Affairs in phased manner along with the new e-forms and formats for filing returns, disclosures, applications with the concerned authorities and also for maintaining statutory documents under the Act, 2013.

Pursuant to the General Circular No. 08/2014 dated April 4, 2014 by the Ministry of Corporate Affairs, it is clarified that the provisions of the Companies Act, 1956 shall continue to be in force with regard to maintenance of books of accounts, preparations/adoption/filing of financial statements, Auditors report, Directors' Report and attachments to such statements and reports for the Financial Year 2013-14. The relevant provisions of the Act, 2013 shall be applicable from the Financial Year 2014-15.

OPERATIONS:

Standalone:

During the year under review the Company could achieve turnover of Rs.11,290 Lakh as against Rs. 4,688 Lakh in the previous year and other income of Rs. 189 Lakh as compared to Rs. 255 Lakh in the previous year. The operations had resulted in a profit of Rs. 770 Lakh as against a loss of Rs. 3,238 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 2014 amounted to Rs. 30,096 Lakh including other income of Rs. 339 Lakh, as compared to Rs. 8,817 Lakh in the previous year. The Company has achieved a profit after tax of Rs. 2,355 Lakh as compared to previous year loss of Rs. 14,262 Lakh and a Net profit of Rs. 525 Lakh for the year (Previous year Net loss of Rs. 14,206 Lakh), after adjusting the minority interest in subsidiary companies and share of Profit/(Loss) from associate company amounting to Rs. (1,830) Lakh (Previous year profit Rs. 56 Lakh).

The audited consolidated Balance Sheet as at 31st March, 2014, consolidated Profit and Loss account for the year ended as on that date, Cash flow Statement 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 financial year 2012-13, the Company had 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 and as per the terms of repayment, the Company had redeemed 400 Debentures of Rs. 1,00,000 each in one quarterly installment of Rs. 4 Crore including interest payable thereon. The value of outstanding Debentures as on 31st March 2014 was Rs. 56 Cr.

SUBSIDIARY COMPANIES:

NITESH HOUSING DEVELOPERS PRIVATE LIMITED ('NHDPL'):

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

The financial highlights are:

Figures in Rs.

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

Nitesh Housing Developers Private Limited, as mutually agreed between the Company and the Sole Debenture Holder, HDFC Asset Management Company Limited has completed full redemption of the entire outstanding debentures in multiple tranches. The subsidiary had redeemed the entire 62,00,000 Debentures of Rs. 100 each along with the premium payable thereon in full on March 29, 2014.

NITESH INDIRANAGAR RETAIL PRIVATE LIMITED ('NIRPL'):

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

The financial highlights are:

Figures in Rs.

Particulars	2013-14	2012-13
Paid up Capital	13,24,80,000	13,24,80,000
Reserves & Surplus	1,11,85,87,660	114,04,66,105
Other Income	3,794	4,482
Profit/(Loss) Before Tax	(2,18,78,445)	(2,16,79,416)
Profit/(Loss) After Tax	(2,18,78,445)	(2,97,79,916)

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

During the year, the Subsidiary and Nitesh Estates Limited have executed the Supplementary Agreement to Joint Development Agreement dt. 11.02.2011 with the land owner on February 11, 2014 to give effect to certain modifications in terms and conditions of Joint Development Agreement agreeing for extended period of time and time line for the project.

During the year the Subsidiary had approached the Banks for Term Loan facility of Rs. 300 Crores for financing the Retail Mall Project. Accordingly, the loan application is under consideration of the Consortium bankers comprising of Bank of Baroda, Punjab National Bank and Corporation Bank.

NITESH URBAN DEVELOPMENT PRIVATE LIMITED ('NUDPL'):

NUDPL is a 100% subsidiary of the Company.

The financial highlights are:

Figures in Rs.

Particulars	2013-14	2012-13
Paid up Capital	6,58,20,000	6,58,20,000
Reserves & Surplus	9,78,83,249	4,88,45,859
Income from operation	64,22,89,832	----
Other Income	39,53,010	61,00,677
Profit/(Loss) Before Tax	6,11,77,390	(8,92,68,066)
Profit/(Loss) After Tax	4,90,37,390	(9,81,67,785)

Nitesh Cape Cod project being executed by the Subsidiary has obtained all the approvals from the relevant authorities and the project is progressing well.

As reported in the last report, JM Financial Property Fund II had invested in the Subsidiary by way of Unsecured Zero Coupon Compulsorily Convertible Debentures aggregating to Rs. 35 Cr. The investor and Subsidiary is exploring possibility of including another project Nitesh Palo Alto. Necessary applications have been made with the relevant authorities for project approval.

NITESH PROPERTY MANAGEMENT PRIVATE LIMITED ('NPMP'):

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

The financial highlights are:

Figures in Rs.

Particulars	2013-14	2012-13
Paid up Capital	1,00,000	1,00,000
Reserves & Surplus	(1,77,840)	(58,42,981)
Current Liabilities	2,32,57,327	1,92,91,591
Income from Operations	4,91,17,379	3,71,47,297
Other income	81,60,100	6,78,297
Profit/(Loss) Before Tax	57,63,837	(60,24,210)
Profit/(Loss) After Tax	56,65,141	(64,36,647)

KAKANAD ENTERPRISES PRIVATE LIMITED ('KEPL'):

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

The status of the Subsidiary :

Figures in Rs.

Particulars	2013-14	2012-13
Paid up Capital	1,00,000	1,00,000
Reserves & Surplus	(4,73,107)	(3,58,123)
Income	Nil	Nil
Profit/(Loss) Before Tax	(1,14,984)	(1,08,083)
Profit/(Loss) After Tax	(1,14,984)	(1,08,083)

The Board of the Subsidiary 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.

During the year, the Subsidiary has mortgaged its immovable property situated at Bolghatty, Kanaynnur Taluk District in favour of the Corporation Bank to partly secure a loan facility of Rs. 7.50 Crore extended to Nitesh Estates Limited, Holding Company. The Subsidiary has also provided a corporate guarantee to secure the said loan facility.

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 28, 2014. 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 Standalone financials of the Company.

MATERIAL NON-LISTED INDIAN SUBSIDIARY:

Pursuant to Clause 49 of the Listing Agreement, Nitesh Housing Developers Private Limited, Nitesh Urban Development Private Limited and Nitesh Indiranagar Retail Private Limited will be treated as a material non-listed Indian subsidiary for the financial year 2013-14. Necessary steps are being taken as required under the Listing Agreement.

RITZ CARLTON

Your Company is the co-promoter and developer of the luxury hotel The Ritz Carlton, Bangalore, owned by Nitesh Residency Hotels Private Limited, an associate company. The hotel has commenced its operations from 30th October, 2013.

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, 2014 and of the profit 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:

B S R & Co. LLP, the Statutory Auditors' for the financial year ended 31st March, 2014 have qualified as below in their Audit Report for the financial year 2013-14 :

1. *As stated in note 37 of the financial statements, the Company has advanced an amount aggregating Rs. 157,000,000 as at 31 March 2014, to various parties for purchase/joint development of land/properties. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreements or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which a joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered. However, in the absence of sufficient documentation to justify the timing around when these advances are capable of being converted into joint development agreements / acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the financial statements for the year ended 31 March 2014.*

Board's Reply to Auditors' Qualification:

The Company has advanced an amount aggregating Rs. 157,000,000 as at 31st March 2014, to various parties for purchase/joint development of land/ properties. In respect of these advances, acquisition of land and obtaining approvals for development of projects is under progress. Management continues to believe that these advances have been made to parties with which a joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 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 Corporate 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:

During the year Mr. Ranga Iyer resigned from the Board effective 29th Aug 2013. Mr. Sudhakar Rao, who was appointed as an Additional Director on 30th Aug 2013, vacated office on 27th Sept. 2013 as per Sec . 260 of the Companies Act, 1956. The Board at their meeting held on 27th Sept. 2013 appointed him as an Additional Director.

Mr. M. D. Mallya was appointed as an Additional Director on 12th Feb 2014.

As per Section 256 of the erstwhile Companies Act, 1956, Mr. Mahesh Bhupathi will retire by rotation and pursuant to the Companies Act, 1956 and the Companies Act, 2013, would be eligible for reappointment.

The Ministry of Corporate Affairs (MCA) during the year, had notified the provisions relating to selection, manner of appointment, roles, functions, duties, reappointment of independent directors (IDs) with effect from 1st April 2014. Further, in terms of the provisions

of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years and shall not be liable to 'retire by rotation'. It is, therefore, proposed to appoint Mr. G.N.Bajpai, Mr. Jagdish Capoor, Mr. Ashok T. Aram and Mr. M.D. Mallya (who was appointed by the Board will vacate office at the ensuing Annual General Meeting and would be eligible for reappointment pursuant to the provisions of the Act, 2013) as Independent Directors for the first term of five consecutive years at the ensuing Annual General Meeting.

Mr. Sudhakar Rao, who was appointed by the Board will vacate office at the ensuing Annual General Meeting and will be eligible for appointment under the Companies Act, 2013.

Necessary resolutions will be placed before the ensuing Annual General Meeting.

The Board also reconstituted the Committees of Board in line with the provisions of Companies Act, 2013, at their meeting held on 27th Sept 2013:

A. Audit Committee:

- Mr. Jagdish Capoor
- Mr. G. N. Bajpai
- Mr. Sudhakar Rao
- Mr. L. S. Vaidyanathan

B. Stakeholders Relationship Committee:

- Mr. Jagdish Capoor
- Mr. L. S. Vaidyanathan

C. Nomination & Remuneration Committee (formerly 'Remuneration Committee'):

- Mr. Jagdish Capoor
- Mr. G. N. Bajpai
- Mr. Sudhakar Rao
- Mr. Nitesh Shetty

D. Corporate Social Responsibility:

The Board also constituted CSR Committee, with the following members :

Mr. Sudhakar Rao
Mr. Nitesh Shetty
Mr. L. S. Vaidyanathan

The management of the Company is committed to the development of weaker sections of the society and has been contributing for cause of women education, development of art etc.

Mr. M.D. Mallya, Independent Director was appointed as an additional member on the Audit Committee and Nomination and Remuneration Committee in the Board meeting held on 28th May, 2014. The Board also noted the declaration by Mr. Sudhakar Rao, as Non-Executive Non-Independent Director.

AUDITORS:

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

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 28, 2014

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, 2014**

Employee Name	Designation	Qualification	Total experience	Age	Date of Joining	Gross Remuneration (in Rs.)	Previous Employment
Ashwini Kumar	Executive Director and Chief Operating Officer	B.E, PGDBM	31	56	2nd Nov 2009	8,600,000	MD-Lineage Power India Pvt. Ltd.
Nitesh Shetty	Chairman and Managing Director	B.Com	13	37	20th Feb 2004	12,293,724	-
L. S. Vaidyanathan	Executive Director	B.Sc, FCA	29	53	6th Jan 2005	11,200,000	Practicing Chartered Accountant
Venkateshan M.A.	Chief Financial Officer	B.Com, LLB, FICWA, FCS, FCA	32	58	9th Oct 2010	7,969,636	Sr-VP (Fin), JSW Steel Ltd.

Notes :

- All appointments are contractual and terminable by notice on either side.
- 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 28, 2014**

**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 (Indian 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 overseas 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 Rupees

Particulars	Year ended 31-Mar-14	Year ended 31-Mar-13
Architect and Professional & consultancy charges	2,16,08,235	2,86,69,020

There is no foreign exchange earnings / inflow during the year.

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 28, 2014

NITESH SHETTY
Chairman & Managing Director

Annexure III

Management Discussion and Analysis

Socio Economic Environment

During FY2014, the overall economy continued to remain under pressure due to low levels of investments in infrastructure projects and weak business activity levels. The GDP growth has consistently remained below 5% for last eight quarters and estimated to be at 4.9% for FY2014 as per advance estimates from the Ministry of Finance. Industrial output, as measured by the Index of Industrial Production (IIP) showed a weak trend over the year and declined by 0.1% for the FY2014 compared with a mere 1.1% growth in the last year. This contraction in the IIP is its first ever annual contraction since 1981.

However, during the second half of the year there were some early signs of improvement in the economy with the twin-deficits now under manageable levels. Sustained hike in import duties and implementation of quantitative based restrictions resulted in a decline in the trade deficit in FY2014. This improved level of trade deficit was coupled with sub 2% current account deficit levels.

Inflation has showed moderation in the recent months with WPI declining to 5.7% in March 2014 from a high of 7.52% in November 2013. CPI also showed a similar trend and decreased to 8.31% in March 2014 from 11.16% in November 2013 but it is still high at uncomfortable levels. The RBI has steadily increased the interest rates during the year with the Repo rate at 8.0% and the Reverse Repo at 7.0%. However, it has indicated that further near term increases in interest rates are not expected and would depend on the future data.

The RBI's Current Situation index showed an increasing trend for the last 2 quarters and increased by 10.1% q-o-q for Q4 FY2014. The Future Expectations Index also showed a similar trend and increased by 14.6% q-o-q. Net response for perceptions of current household circumstances showed an increase in Q4 FY2014 after declining for 2 quarters.

Real Estate Market

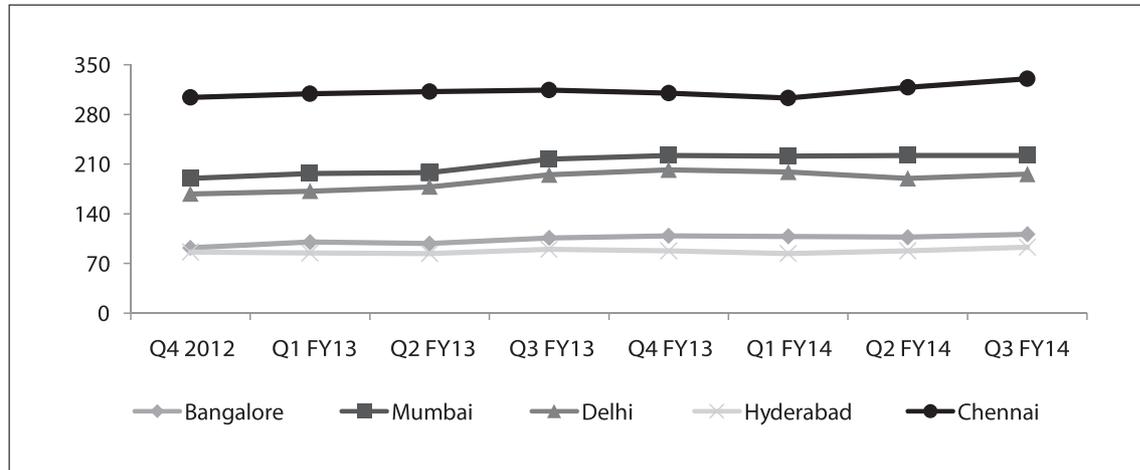
Indian Real Estate Market

The real estate market in India has been affected by a weak demand scenario, liquidity concerns and high inventory levels. Absorption levels have continuously declined during FY2014 as high interest rates and real estate prices along with uncertain job prospects deterred end users from buying properties. This has resulted in an increase in the inventory levels across the country. Further, delay in approval process, high cost of funds and subdued demand has led to liquidity shortfall in the sector. According to the Department of Industrial Policy & Promotion (DIPP), Foreign Direct Investment in the housing and real estate sector during Apr-Feb 2014 was estimated at approximately \$1,051 million compared with \$1,332 million for Apr-Mar 2013 period.

Recently the regulators have proposed some policy initiatives such as setting up the Real Estate Investment Trusts (REITs) in India and the Real Estate Regulation Bill which will have an impact on the overall industry. The REIT regulation is an encouraging measure and can significantly increase investments in the sector. The Company is fully geared up for the implementation of the proposed bill.

Bangalore Real Estate Market

Despite a subdued real estate environment across the country, the Bangalore real estate market has been stable and showed steady growth. This is primarily due to the market being end user driven with one of the lowest real estate prices in the country. The mid-income segment has seen continued interest from the buyers although the luxury segment has experienced moderation in demand. However, rising input costs in a stable pricing environment has been a concern for the industry.

NHB Residex Index

Source: National Housing Board

According to a survey by ASSOCHAM, Bangalore has been judged as being most preferred city for buying a house in 2014. This is due to the availability of better connectivity, infrastructure and basic facilities in the city. During FY2014, the sales volumes have shown an overall rising trend in the Bangalore market. This is in contrast to other major cities where the volumes have remained steady or declined.

The high number of project launches in Bangalore has been supported by a steady demand environment. This resulted in a steady decrease in inventory levels in Bangalore in FY2014 with a significant decline in Q3 FY2014. The demand trends have not matched with the supply in most of the other cities, leading to continuous increase in inventory levels.

Bangalore office market had one of the lowest vacancy levels across Indian cities. Absorption levels have shown improving trends over the last couple of quarters and there is strong pipeline of enquiries. During the year, there was some re-location and consolidation of offices from CBD to suburban and peripheral micro-markets resulting in relatively lower absorption levels compared with previous year.

The Company**Company Overview and Market Positioning**

Incorporated in 2004, Nitesh Estates Limited ("Nitesh Estates" or "Company") is an integrated property developer and one of India's most recognized luxury real estate brands with presence in multiple asset classes. The Company made its initial public offering in May 2010 and was listed on the Bombay Stock Exchange and the National Stock Exchange. Within a span of 10 years, the Company has brought over 1952 thousand sq. mtr. of area under development and has built a strong reputation for high quality.

Nitesh Estates operates through the Joint Development Agreement (JDA) model, which is asset-light leading to low capital requirements and is easily scalable. It has a sound pipeline of ongoing and upcoming projects covering 1766 thousand sq. mtr. of area across multiple cities and operating segments. Over the years, the Company has received investments from large institutional investors such as HDFC and Apollo.

Over the years, the Company has completed 12 projects across residential, commercial and hospitality segments covering a developable area of 207 thousand sq. mtr. The current project portfolio of the Company comprises of 13 high and mid-income residential projects and a mall. The residential projects have a sales potential of Rs. 3,300 crores till FY2018. Nitesh Estates is also developing Nitesh Mall in Indiranagar, Bangalore, one of the major shopping centers in the city. Further, the Company has several upcoming projects with a developable area of 770 thousand sq mtr. across Bangalore, Chennai and Kochi.

Ritz Carlton, one of the world's finest brands for luxury hospitality, partnered with the Company to bring India's first Ritz Carlton Hotel in Bangalore. The Company also has partnership with leading firms like KPF, WATG, Callison and L&T for design and construction services.

Nitesh Estates has a comprehensive corporate governance framework with an eminent Board and strong management team with significant experience across industries. In line with best in class corporate governance practices, the Company has a high proportion of independent directors / Non-executive directors with 5 out of the 9 directors being independent.

Operational Performance

During the year, the Company sold 81 thousand sq. mtr. of area with a Sales Value of Rs. 379 crores. This signifies an increase of 203% and 139% respectively over FY2013. The average realization for the year was Rs. 65,281 per sq. mtr. which is one of the best in the Bangalore real estate industry. The area under development was 994 thousand sq. mtr. as on March 31, 2014. The Company sold 475 units in the mid-income, high-income and luxury residential segments. The collections were at Rs. 330 crores, an increase of 123% over FY2013. The cumulative collections were at Rs. 792 crores at the end of the year and represented 71% of the cumulative sales. Unrecognized Income from the ongoing projects, as on March 31, 2014, was at Rs. 498 crores.

In FY2014, four residential projects were launched, namely Nitesh Long Island, Nitesh Palo Alto, Nitesh Park Avenue and Nitesh British Columbia. These projects have a sales potential of ~Rs. 1,180 crores. The Ritz Carlton hotel also commenced commercial operations in October 2013. Spread over an area of 46 thousand sq. mtr. the hotel features a multitude of lavish facilities and amenities. It also has a convenient downtown location, richly-appointed guest rooms & suites and multiple dining options.

During the year, the Company also signed the Supplementary Agreement with the landowners of the Nitesh Mall. As a result, the construction of the mall is expected to commence in FY-15 and is expected to get completed in ~3 years. The mall is spread over 102 thousand sq. mtr. of area and has a revenue potential of Rs. 60 crores per annum for Nitesh Estates.

Financial Performance

Nitesh Estates generated revenue of Rs. 301 crores, which is 3.4 times FY2013 revenue of Rs. 88 crores. The Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs. 60.8 crores at 20% margin, as compared to a loss of Rs. 42.7 crores in the previous year. The Profit after Tax (PAT) during the year was Rs. 23.6 crores at a margin of 8.0% and Net Profit was Rs. 5.3 crores. This compares to losses of Rs. 142.6 crores and Rs. 142.1 crores respectively, in the last year. The Basic Earnings per Share (EPS) was Rs. 0.36.

The robust financial performance of the Company may be attributed to increased revenue recognition from projects. During FY2014, 3 projects crossed the revenue recognition threshold, taking the number of projects under revenue recognition to 8. The Company expects increased revenue going forward owing to various projects getting to advanced stages of construction.

Revenue Breakup

Rs. crores	FY2014	% share	FY2013	% share
Property Development	263.6	88.9%	52.5	63.3%
Contractual Activities	29.0	9.7%	26.7	32.2%
Maintenance Income	4.9	1.6%	3.7	4.5%
Total	297.5		82.9	

Financial Summary

(Rupees in Crore)

Particulars	March 31, 2014	March 31, 2013
Sources of funds		
a. Shareholders' funds	326.16	320.91
b. Minority Interest	-	-
c. Loan funds	336.21	270.92
Total	662.37	591.83
Application of funds		
a. Fixed assets (net)	63.42	64.92
b. Investments	125.23	76.37
c. Net current assets	473.69	450.51
d. Deferred tax/ miscellaneous expense, among others	0.03	0.03
Total	662.37	591.83

(Rupees in Crore)

Particulars	12 months ended March 31, 2014	12 months ended March 31, 2013
Profit before tax	29.35	(136.86)
Add: Adjustments	30.76	74.47
Add: Net working capital	(12.26)	(91.35)
Less: Income Tax paid	(1.76)	(3.21)
Net cash flow from operating activities	46.09	(156.95)
Net cash flow from investing activities	(61.20)	62.69
Cash flow from financing activities	7.50	95.75
Net cash inflow / (outflow)	(7.61)	1.50

As on March 31, 2014, Nitesh Housing Developers Pvt. Ltd., a subsidiary of the Company fully redeemed the Optionally Convertible Debentures of Rs. 62 Crore issued to HDFC Asset Management Company Ltd. with an aggregate payout of Rs. 141.95 Crore including interest at an IRR of 26%.

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, 2014, the Company had cash and cash equivalents of Rs. 36.4 Crore and debt of Rs. 336.2 Crore. The Company's net debt to equity ratio is 0.92.

Business Strategy

Joint Development Model

Nitesh Estates follows the Joint Development (JDA) model wherein it does not need to create a "land bank" and develops properties jointly with the land owners. Under this model, an agreement is executed with the land owner which entitles the Company irrevocably to plan the project, obtain approvals and sanctions from the relevant authorities, construct the project and have the right over a share of the developed property.

The Company is also entitled to name and market the project. A power of attorney is executed by the owners in favour of the Company which entitles it to enter into sale or lease agreements and have the right to transfer the Company's share of the developed area. It can also raise finance against mortgage of the property as it is also entitled to the custody of title deeds. The owners of the land are entitled to payment of monies as deposit, which may be partly non-refundable, besides a share of the developed area. The owner indemnifies the Company from any claims against the title of the property.

This model requires very limited land acquisition cost while also providing the rights over land to the Company. It also mitigates the risk related with the title of land and the fluctuation in land value due to a shift in consumer preferences. The Company, therefore, can effectively deploy the capital towards project development rather than developing a land bank. The JDA model is asset light and enables a higher internal rate of return to the Company.

Resource Deployment and Delivery Model

Nitesh Estates deploys its own employees for 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.

Depending on the project type and the end consumer segment, the Company also partners with external firms for architectural and design. It has associations with leading international firms such as KPF, WATG, Callison and L&T as well as local firms such as RK Associates and CnT Design and Construction Services. For some of its projects, Nitesh Estates also deploys specialist firms for project management and quantity survey for high and sustainable growth of business.

Business Structure – subsidiaries and associate companies

Nitesh Estates follows the strategy of creating special purpose vehicles so as to enable investments by investors in specific segments or projects of 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. were created in line with this strategy.

The Company has also created a wholly owned subsidiary – Nitesh Property Management Pvt. Ltd., to engage in the business of facility management. Further, Nitesh Estates has two joint ventures namely Nitesh Estates Whitefield and Courtyard Construction Pvt. Ltd. and an associate company called Nitesh Residency Hotels Pvt. Ltd.

Geographical Footprint

The Company believes that deep insights into the community and clientele and a thorough understanding of the policies, priorities and processes of the local Government are essential factors that drive success. In line with this belief, Nitesh Estates has chosen to operate in the South Indian market. Majority of the ongoing and upcoming projects are located in Bangalore, where the Company has strong experience of executing several projects since its incorporation. Nitesh Estates is also selectively pursuing opportunities in other southern cities such as Chennai, Kochi and Goa.

Market Segments

The Company aims to diversify its business by operating in various real estate segments. Towards this objective, Nitesh Estates operates in four business segments namely homes, hotels, office buildings and shopping malls. These segments have different characteristics and therefore varying risk and return profiles. The homes segment is a “build and sell” business where the payback period is low while the other three segments are “build and earn” capital intensive businesses where the payback period is high. During the year, Nitesh Estates brought the Ritz Carlton hotel under operations. The Company targets to maintain the right balance between these segments so as to diversify its business risk. Currently, there are 14 projects in the construction stage, 13 of which are in the homes 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 cyclical nature 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 14 projects currently in execution having a developable area of 994 thousand sq. mtr. There are another 11 projects having a developable area of 848 thousand sq. mtr. 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 Chadvarkar & 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 Bangalore. 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 591 employees compared to 568 in the previous year. The function-wise break-up of our employees is as below.

Function	Current	% share	FY2013	% share
Construction Management	99	16.75%	81	14.3%
Sales & Marketing	40	6.77%	41	7.2%
Administration & Secretarial	38	6.43%	38	6.7%
Internal Support (HR, IT and F&A)	30	5.08%	30	5.3%
Facility Management	28	4.74%	22	3.9%
Pre-Construction	11	1.86%	15	2.6%
Quality Management	11	1.86%	11	1.9%
Contracts & Procurement	10	1.69%	9	1.6%
MD & COO's Office	8	1.35%	9	1.6%
Business Development	12	2.03%	8	1.4%
Legal	4	0.68%	4	0.7%
Ritz Carlton Operations	300	50.76%	300	52.8%
Total	591		568	

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 28, 2014

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 9 Directors, which includes the Managing Director and two Whole Time Director / Executive Director who are not liable to retire by rotation. The remaining six are Non-Executive Directors, of which five are Independent Directors.

The composition of the Board is as under:

Category of Directors	Names of Directors
Non- Independent	Mr. Nitesh Shetty – Chairman & Managing Director
Whole Time/ Executive Non-Independent	Mr. L S Vaidyanathan –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. Ashok T. Aram Mr. Sudhakar Rao* Mr. M.D. Mallya*

* Mr. Sudhakar Rao and Mr. M.D. Mallya were inducted to the Board on Sept 27, 2013 and Feb 12, 2014 respectively and designated as Non-Executive Independent Director.

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

The Board met 6 times on the following dates during the financial year 2013-14.

April 17, 2013
May 30, 2013
August 5, 2013
September 27, 2013
November 12, 2013
February 12, 2014

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, 2014*		Number of Chairmanship/ Committee membership as at March 31, 2014**	
					Chairman	Director	Chairman	Member
Mr. Nitesh Shetty	Chairman & Managing Director	6	5	Yes	-	-	-	-
Mr. L. S. Vaidyanathan	Executive Director	6	6	Yes	-	-	-	2
Mr. Ashwini Kumar	Executive Director & Chief Operating Officer	6	6	Yes	-	-	-	-
Mr. Mahesh Bhupathi	Non Executive Non Independent Director	6	Nil	No	-	-	-	-
Mr. G.N. Bajpai	Independent Director	6	6	Yes	-	12	5	9
Mr. Rangaswamy Iyer +	Independent Director	6	1	N A	-	1	-	1
Mr. Ashok T. Aram	Independent Director	6	Nil	No	-	-	-	-
Mr. Jagdish Capoor	Independent Director	6	6	Yes	-	8	2	7
Mr. Sudhakar Rao ++	Independent Director	6	1	N A	-	8	3	6
Mr. M. D. Mallya +++	Independent Director	6	--	N A	-	4	1	-

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/reappointment 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.
- + Mr. Rangaswamy Iyer resigned from the Board w.e.f 29th August, 2013.
 - ++ Mr. Sudhakar Rao was appointed as an Additional Director on 27th September, 2013.
 - +++ Mr. M. D. Mallya was appointed as an Additional Director on 12th February, 2014.

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/ reappointment 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. Reappointment 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 sub-section (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 SEVEN times during the year:**

April 17, 2013	November 12, 2013
May 30, 2013	December 21, 2013
June 26, 2013	February 12, 2014
August 5, 2013	

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. Jagdish Capoor* Non-Executive Independent Director	Chairman	7	7
Mr. G.N. Bajpai Non-Executive Independent Director	Member	7	7
Mr. L. S. Vaidyanathan Executive Director	Member	7	7
Mr. Sudhakar Rao** Non-Executive Independent Director	Member	7	2

* Mr. Jagdish Capoor was appointed as Member on April 17, 2013.

** Mr. Sudhakar Rao was appointed as Member on September 27, 2013

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

- a) Share Holders/ Investors Grievance Committee has met 4 times during the year on May 30, 2013, Aug 5, 2013, Nov 12, 2013 and Feb 12, 2014.

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

Name	Category	Meetings held during the year	Attendance
Mr. Jagdish Capoor* Non-Executive Independent Director	Chairman	4	4
Mr. L. S. Vaidyanathan Executive Director	Member	4	4

* Mr. Jagdish Capoor was appointed as Member on 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, 2014		
a) For quarter ended June 2013	Nil	Nil
b) For quarter ended September 2013	1	Non receipt of Annual Report
c) For quarter ended December 2013	1	Non receipt of Annual Report
d) For quarter ended March 2014	Nil	Nil
Complaints resolved during the year ended March 31, 2014	2	

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 and renamed as 'Nomination and Remuneration Committee' on Sept 27, 2013 to conform to the requirements of Schedule-XIII of the Companies Act, 1956, and Listing agreement and also to comply with the requirements of applicable new provisions of the Companies Act, 2013. 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. Jagdish Capoor Non-Executive Independent Director	Member	2	2
Mr. Sudhakar Rao Non- Executive Independent Director	Member	2	2
Mr. Nitesh Shetty Chairman and Managing Director	Member	2	2

Remuneration Committee has met two times during the year on: Dec 21, 2013 and Feb 12, 2014

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 Executive Directors for the year ended March 31, 2014

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 - Business Development	1,17,00,000	Nil	9,360	1,17,09,360
Mr. Ashwini Kumar Executive Director & COO	90,00,000	Nil	9,360	90,09,360

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. Nitesh Shetty, Mr. L. S. Vaidyanathan and Mr. Ashwini Kumar.

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

Non-Executive Directors

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

Name of Director	Sitting Fees (Rs.)
Mr. G. N. Bajpai	3,00,000
Mr. Rangaswamy Iyer	20,000
Mr. Jagdish Capoor	3,80,000
Mr. Sudhakar Rao	1,00,000

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
2013	September 27, 2013	2.00 PM	Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003
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

b) Whether any special resolutions were 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
Friday September 27, 2013 at 2.00 P.M.	Nil	Not Applicable
Wednesday September 26, 2012 at 2.00 P.M.	Nil	Not Applicable
Wednesday September 28, 2011 at 3.00 PM	1	Reappointment of Mr. L. S. Vaidyanathan as a Whole-time Director designated as "Director-Business Development" for a period of three years from 1 st April 2011 up to and including 31 st 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.

Extraordinary General Meeting (EGM):

No Extraordinary General Meeting was held during the financial year 2013-14.

c) Postal Ballot conducted during the financial year 2013-14:

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 for,

- approving the investments, loan and giving of guarantee under Section 372A of the Companies Act, 1956 in an Associate Company.
- approving the investments, loan and giving of guarantee under Section 372A of the Companies Act, 1956 in a Subsidiary Company.
- approving the investment by way of purchase of 5,05,000 Equity shares of Nitesh Housing Developers Private Limited (Subsidiary Co.) from HDFC AMC Limited under Section 372A of the Companies Act, 1956.

Details of the Postal Ballot conducted are as follows:

Resolution No. 1 - Approval for making investments, loan and giving of guarantee under Section 372A of the Companies Act 1956 in an Associate Company.

Particulars	No. of Shares of (Rs. 10 Each)	% of total paid up equity capital
a. Total Postal Ballot dispatched as on 29 th April, 2013	145832100	--
b. Total postal ballot forms received (includes where votes were cast both for and against)	68755125	--
Less: Invalid postal ballot votes	23496	--
Net valid postal ballot votes	68731629	100.00
Postal ballot forms with assent for Resolution No 1 as a percentage of net valid shares polled.	66154150	96.25
Postal ballot forms with dissent for Resolution No 1 as a percentage of net valid shares polled	2576379	3.75
Votes not fully exercised	1100	0.00

Result:

The votes cast in favor of the Special Resolution are 96.25% of the total votes received and consequently, the Special Resolution mentioned in the Resolution 1 of the Notice dated 17th April, 2013 has been declared as passed by the requisite majority.

Resolution No. 2 - Approval for making investments, loan and giving of guarantee under Section 372A of the Companies Act, 1956 in a Subsidiary Company

Particulars	No. of Shares of (Rs. 10 Each)	% of total paid up equity capital
a. Total Postal Ballot dispatched as on 29 th April, 2013	145832100	--
b. Total postal ballot forms received (includes where votes were cast both for and against)	68755125	--
Less: Invalid postal ballot votes	45506	--
Net valid postal ballot votes	68709619	100.00
Postal ballot forms with assent for Resolution No. 2 as a percentage of net valid shares polled.	66120119	96.23
Postal ballot forms with dissent for Resolution No. 2 as a percentage of net valid shares polled	2588443	3.77
Votes not fully exercised	1057	0.00

Result:

The votes cast in favor of the Special Resolution are 96.23% of the total votes received and consequently, the Special Resolution mentioned in the Resolution 2 of the Notice dated 17th April, 2013 has been declared as passed by the requisite majority.

Resolution No. 3 - To approve investment by way of purchase of 5,05,000 Equity Shares of Nitesh Housing Developers Private Limited (Subsidiary Co.) from HDFC AMC Limited

Particulars	No. of Shares of (Rs. 10 Each)	% of total paid up equity capital
a. Total Postal Ballot dispatched as on 29th April, 2013	145832100	--
b. Total postal ballot forms received (includes where votes were cast both for and against)	68755125	--
Less: Invalid postal ballot votes	45706	--
Net valid postal ballot votes	68709419	100.00
Postal ballot forms with assent for Resolution No. 3 as a percentage of net valid shares polled.	66115543	96.23
Postal ballot forms with dissent for Resolution No. 3 as a percentage of net valid shares polled	2592218	3.77
Votes not fully exercised	1658	0.00

Result:

The votes cast in favor of the Special Resolution are 96.23% of the total votes received and consequently, the Special Resolution mentioned in the Resolution 3 of the Notice dated 17th April, 2013 has been declared as passed by the requisite majority.

Procedure adopted for Postal Ballot

- The Board at its meeting held on April 17, 2013 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.
- Mr. S. Kedarnath, Practicing Company Secretary (C.P. No. 4422), S. Kedarnath & Associates, Bangalore and who is not in employment with the Company was appointed as the Scrutinizer for the poll process.
- Notice of postal ballot along with the ballot papers were sent to the shareholders on April 29, 2013 along with a self-addressed Business Reply envelope addressed to the Scrutinizer.
- An advertisement was published in newspapers, in English in Financial Express and in Kannada in Hosa Digantha on 30th April, 2013 about the dispatch of ballot papers and notice of postal ballot.
- The duly completed postal ballot papers were received by the Scrutinizer.
- Scrutinizer gave his report to the Chairman & Managing Director on June 3, 2013.
- The Chairman & Managing Director announced the results of the postal ballot on June 3, 2013.

Result:

The results of the Postal Ballot were announced by the Chairman & Managing Director on June 3, 2013 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 96.25% for resolution No. 1 and 96.23% for Resolution No. 2 and 96.23% for Resolution No. 3 of the total votes received. Consequently, the Special Resolutions mentioned in the Item No. 1, 2 and 3 of the Notice were 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 Hosa Digantha. 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, 2014.

- Nitesh Housing Developers Private Limited
- Nitesh Indiranagar Retail Private Limited
- Nitesh Urban Development Private Limited
- Nitesh Property Management Private Limited
- Kakanad Enterprises Private Limited

Out of the aforesaid subsidiaries, Nitesh Housing Developers Private Limited, Nitesh Urban Development 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 Boards 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 Indian 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, 2014 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 areas.

8. Means of Communication

- I. The quarterly results were published in the following newspapers 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 Digantha (Kannada)
- II. The financial results are displayed on www.nithestates.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 26, 2014
Time : 2.00 P. M.
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 Books will remain closed from Tuesday, September 23, 2014 to Friday, September 26, 2014 (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

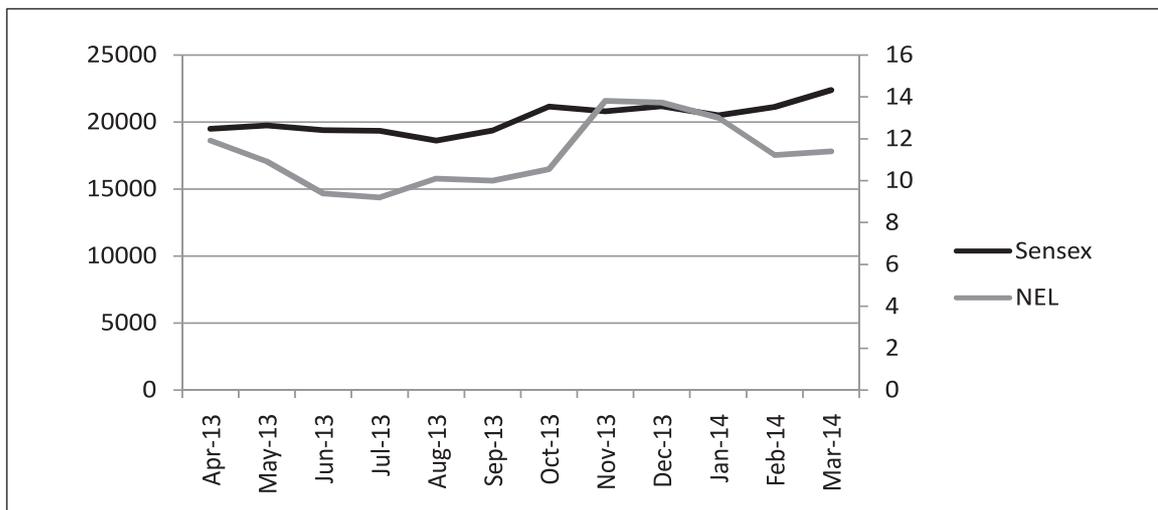
The ISIN Number of the Company's Equity share is **NE639K01016**.

V. Stock Data**a. Monthly High & Low prices at BSE & NSE during the Financial Year 2013-14**

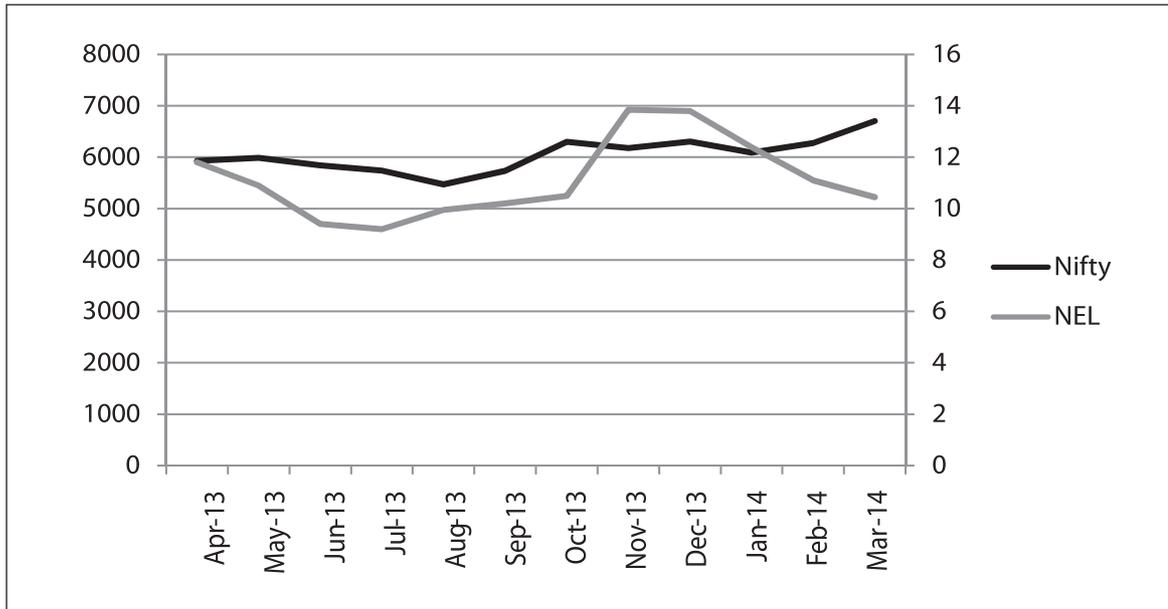
	Bombay Stock Exchange Limited (in Rupees)		National Stock Exchange of India Limited (in Rupees)	
	High	Low	High	Low
April – 2013	13.20	11.40	13.40	11.00
May – 2013	13.20	10.55	13.20	10.40
June – 2013	12.45	9.34	12.50	9.25
July – 2013	12.00	9.10	12.05	8.65
August – 2013	12.25	8.70	12.40	8.65
September – 2013	10.90	9.60	11.00	9.50
October – 2013	11.49	9.92	11.50	9.80
November – 2013	14.40	10.40	14.40	10.45
December – 2013	14.74	12.82	14.65	13.00
January – 2014	14.70	12.12	14.75	12.10
February – 2014	14.00	11.00	13.80	11.00
March – 2014	12.00	9.99	12.00	9.90

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

- Compared to BSE SENSEX

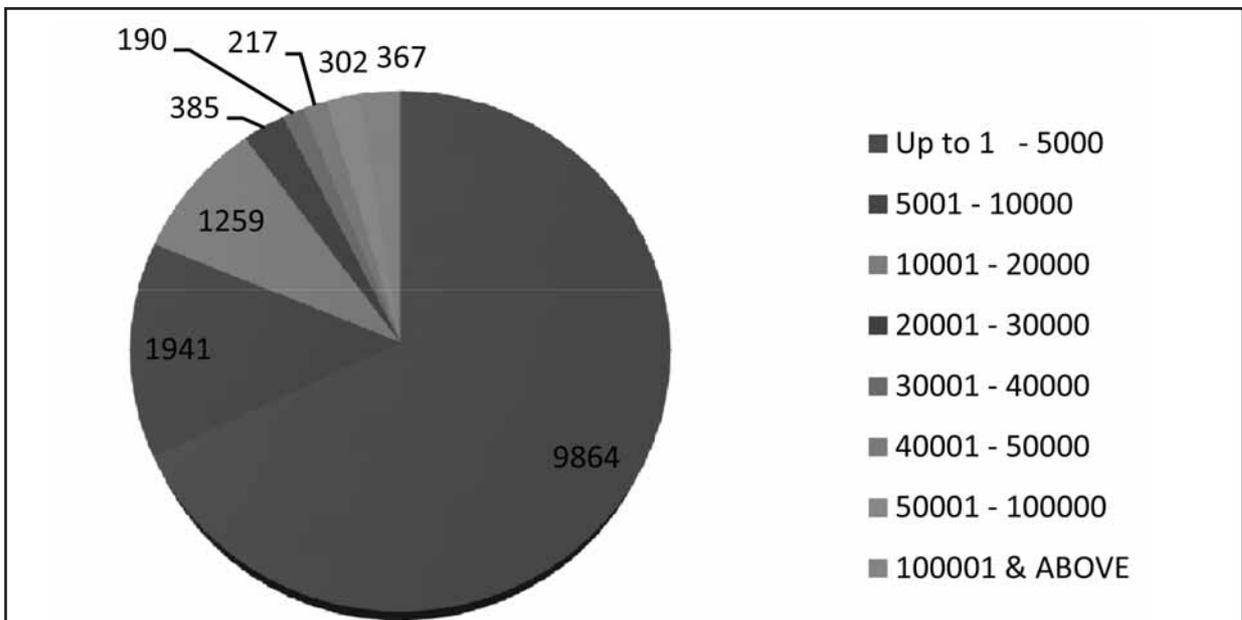


• **Compared to NSE NIFTY**



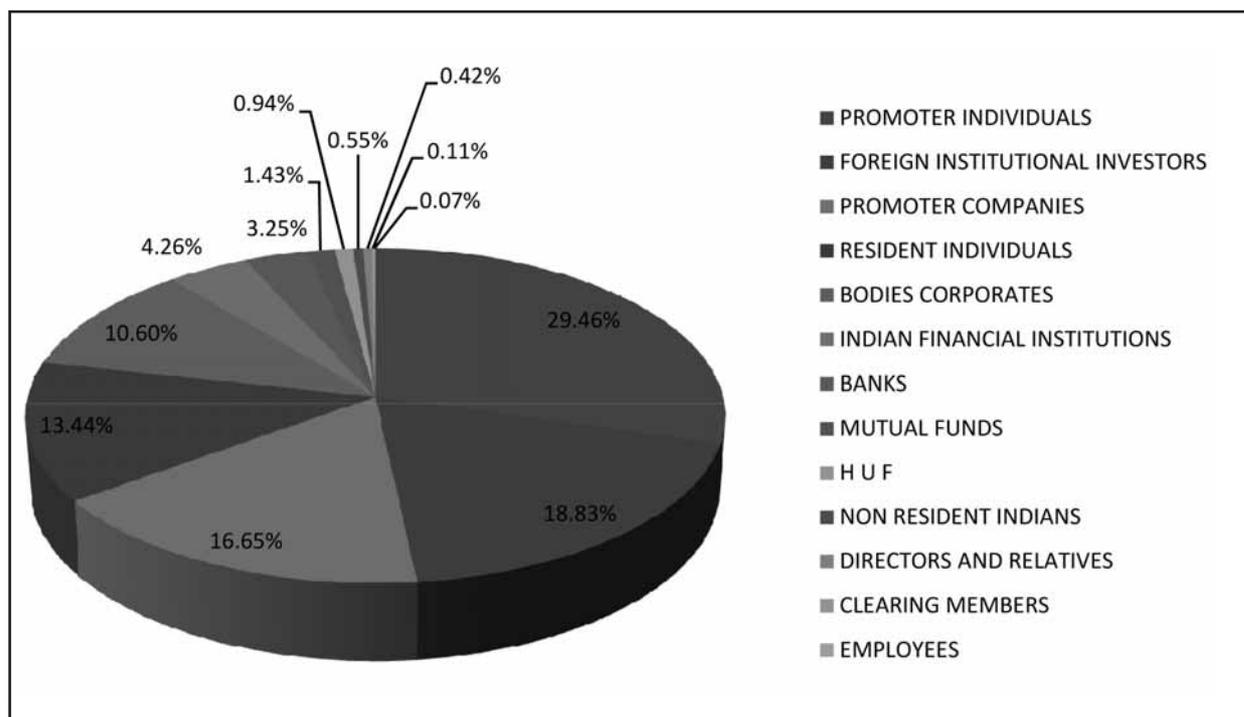
c. **Distribution of shareholding as on March 31, 2014**

Category	No. of Shareholders	% of Shareholders	Amount	% Amount
UPTO 1 - 5000	9864	67.91	20194390	1.38%
5001 - 10000	1941	13.36	16863340	1.16%
10001 - 20000	1259	8.67	20098420	1.38%
20001 - 30000	385	2.65	10030870	0.69%
30001 - 40000	190	1.31	6919040	0.47%
40001 - 50000	217	1.49	10468890	0.72%
50001 - 100000	302	2.08	23504210	1.61%
100001 & ABOVE	367	2.53	1350241840	92.59%
Total	14525	100.00	1458321000	100.00



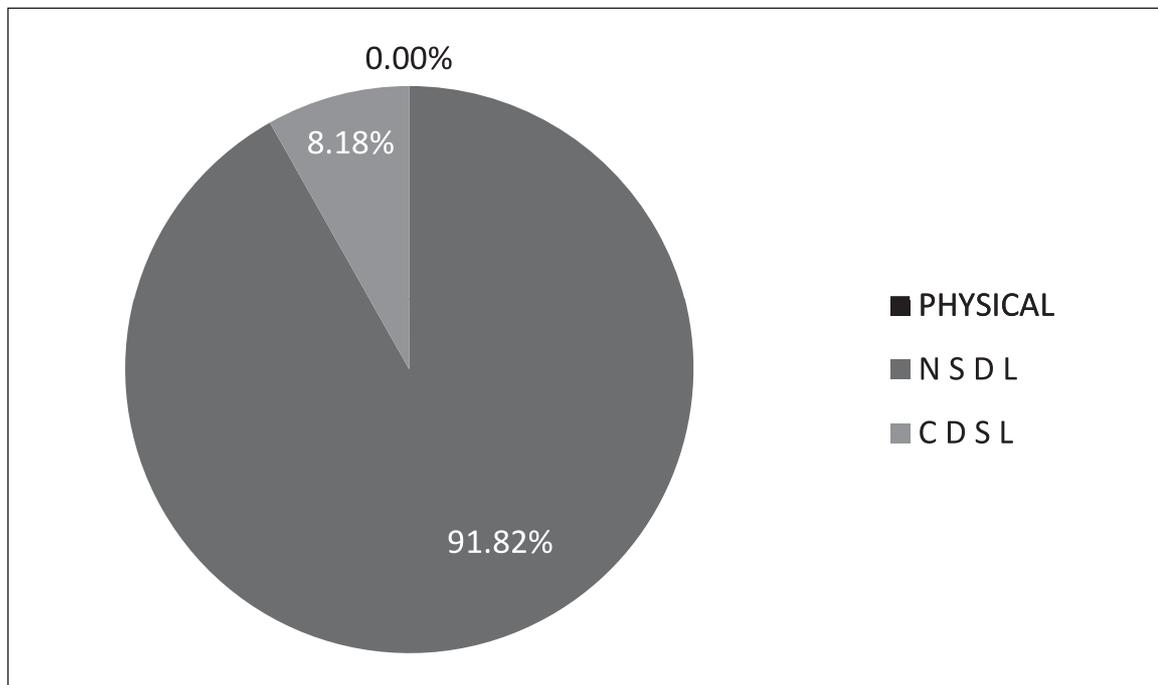
d. Shareholding pattern as on March 31, 2014

Category	No. of Shareholders	Total Shares	% Shareholding
Promoter Individuals	3	42964985	29.46%
Foreign Institutional Investors	4	27455880	18.83%
Promoter Companies	3	24281370	16.65%
Resident Individuals	13482	19593133	13.43%
Bodies Corporates	394	15457877	10.60%
Indian Financial Institutions	1	6208422	4.26%
Banks	2	4732872	3.25%
Mutual Funds	2	2091069	1.43%
H U F	412	1369965	0.94%
Non Resident Indians	142	799172	0.55%
Directors and Relatives	7	609729	0.42%
Clearing Members	54	160852	0.11%
Employees	19	106774	0.07%
Total	14525	145832100	100.00%



e. Shares held in physical and dematerialized form as on March 31, 2014

Description	No. of Holders	No. of Shares	% to Equity
PHYSICAL	5	1008	0.00%
NSDL	9718	133903748	91.82%
CDSL	4802	11927344	8.18%
TOTAL	14525	145832100	100.00

Shares in Electronic and Physical form**f. 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, 2014, 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 28, 2014

Nitesh Shetty
Chairman & Managing Director

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

To

The Board of Directors
Nitesh Estates Limited
Bangalore - 560 001

Dear Sir,

We Nitesh Shetty, Chairman and Managing Director and Venkateshan M.A., Chief Financial 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 2014 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 28, 2014

Venkateshan M.A.
Chief Financial Officer

PRACTICING COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

To

The Shareholders of
Nitesh Estates Limited

We have examined the compliance of conditions of Corporate Governance by Nitesh Estates Limited for the year ended 31st March, 2014 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 ensuring 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 the 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, the 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 28, 2014

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 2014, 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 cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As stated in note 37 to the financial statements, the Company has advanced an amount aggregating Rs 157,000,000 as at 31 March 2014, to various parties for purchase/joint development of land/ properties. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreements or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered. However, in the absence of sufficient documentation to justify the timing around when these advances are capable of being converted into joint development agreements / acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the financial statement for the year ended 31 March 2014.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

Auditor's Report (Contd.)

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;*
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and*
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.*

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph in our opinion, the balance sheet, the statement of profit and loss, and the cash flow statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and*
 - (e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No. 060573

Place: Bangalore

Date: 28 May 2014

Annexure to the Independent Auditor's Report

Annexure referred to in the Independent Auditors' Report to the Members of Nitesh Estates Limited ("the Company") for the year ended 31 March 2014. 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) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly paragraph 4(iii) is not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, inventory and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- 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 generally 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, Employees' State Insurance and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

Annexure to the Independent Auditor's Report (Contd.)

- (b) According to the information and explanations given to us, the following dues of Income tax and Service tax have not been deposited by the Company on account of disputes. The Company does not have any disputed dues in relation to sales tax.

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
Income Tax Act, 1961	Income tax	8,81,108	-	AY 2011-12	Commissioner of Income-tax (Appeals)
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. The Company has not incurred cash losses in the current financial year. *However, the Company had incurred cash losses amounting to Rs 267,859,271 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 3,400,000,000. 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 investment.
- 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, the Company has created security or charge in respect of debentures outstanding during the year.
- 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 **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No. 060573

Place: Bangalore

Date: 28 May 2014

Balance Sheet

	Note	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,458,321,000	1,458,321,000
Reserves and surplus	3	2,886,930,089	2,809,895,271
		4,345,251,089	4,268,216,271
Non-current liabilities			
Long-term borrowings	4	382,843	1,097,573
Long-term provisions	5	4,683,685	4,876,925
		5,066,528	5,974,498
Current liabilities			
Short-term borrowings	6	1,182,929,120	1,084,406,952
Trade payables	7	627,913,865	305,663,967
Other current liabilities	8	1,692,110,848	1,644,528,483
Short-term provisions	9	10,697,963	11,014,129
		3,513,651,796	3,045,613,531
		7,863,969,413	7,319,804,300
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	10	23,764,008	28,800,479
- Intangible assets	10	19,033,833	27,705,184
		42,797,841	56,505,663
Non-current investments	11	4,023,207,169	3,343,034,019
Deferred tax assets, net	12	-	-
Long-term loans and advances	13	929,251,037	1,241,521,470
Other non-current assets	14	16,250,000	17,922,188
		4,968,708,206	4,602,477,677
Current assets			
Inventories	15	1,298,469,952	1,364,058,620
Trade receivables	16	395,944,378	300,601,036
Cash and bank balances	17	51,021,872	94,625,586
Short-term loans and advances	18	811,029,723	823,754,565
Other current assets	19	295,997,441	77,781,153
		2,852,463,366	2,660,820,960
		7,863,969,413	7,319,804,300

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. LLP**
Chartered Accountants
Firm registration number: 101248W

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

Sampad Guha Thakurta
Partner
Membership No. 060573
Place: Bangalore
Date: 28 May 2014

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

Ashwini Kumar
Executive Director

D. Srinivasan
Company Secretary
Place: Bangalore
Date: 28 May 2014

Venkateshan M. A.
Chief Financial Officer

Statement of Profit and Loss

	Note	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Income			
Revenue from operations	20	1,129,032,005	468,846,197
Other income	21	18,915,774	25,540,624
		1,147,947,779	494,386,821
Expenses			
Cost of land and construction		698,519,392	480,046,492
Employee benefits	22	92,625,815	107,999,343
Finance costs	23	80,141,962	36,917,883
Depreciation	10	15,833,745	17,117,402
Other expenses	24	172,692,047	137,282,374
		1,059,812,961	779,363,494
Profit / (Loss) before tax		88,134,818	(284,976,673)
Tax expense:			
- current tax / minimum alternate tax		11,100,000	-
- deferred tax expense		-	38,786,193
Profit / (Loss) for the year		77,034,818	(323,762,866)
Earning/ (loss) per share (equity shares, par value of Rs 10 each)			
- Basic and diluted	28	0.53	(2.22)
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. LLP**
Chartered Accountants
Firm registration number: 101248W

Sampad Guha Thakurta
Partner
Membership No. 060573
Place: Bangalore
Date: 28 May 2014

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

Ashwini Kumar
Executive Director

D. Srinivasan
Company Secretary
Place: Bangalore
Date: 28 May 2014

Venkateshan M. A.
Chief Financial Officer

Cash Flow Statement

	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Cash flow from operating activities		
Profit/(loss) before tax	88,134,818	(284,976,673)
Adjustments:		
Depreciation	15,833,745	17,117,402
Interest	77,184,598	23,533,328
Interest income	(6,815,210)	(22,153,728)
Creditors no longer required, written back	(8,321,522)	-
Operating profit before working capital changes	166,016,429	(266,479,671)
Decrease/ (increase) in inventories	65,588,666	(689,534,384)
Decrease/ (increase) in trade receivables	(95,343,342)	104,469,437
Decrease/ (increase) in other assets	(217,354,077)	21,916,668
Decrease/ (increase) in loans and advances	178,534,829	(50,875,217)
(Decrease)/ increase in liabilities	369,769,284	1,045,582,373
(Decrease)/ increase in provisions	(509,406)	1,816,662
Cash generated from / (used in) operations	466,702,384	166,895,868
Income taxes paid	(5,016,569)	(24,451,457)
Net cash generated from / (used in) operating activities	461,685,815	142,444,411
Cash flow from investing activities		
Purchase of fixed assets	(2,125,922)	(7,949,183)
Sale/ (purchase) of investments, in subsidiaries and associates, net (including share application money pending allotment)	(633,233,150)	(611,106,663)
Loans and inter corporate deposits (given)/ received, net	93,437,016	475,907
Decrease/ (increase) in fixed deposits accounts	(27,572,388)	(3,747,018)
Interest received	5,952,999	22,476,974
Creditors no longer required, written back	8,321,522	-
Net cash generated from / (used in) investing activities	(555,219,923)	(599,849,983)
Cash flow from financing activities		
Secured loans from banks and financial institutions availed/ (repaid)	137,870,416	(56,307,930)
Proceeds from issue of debentures/ (Repayment) of debentures	(40,000,000)	600,000,000
Decrease/ (increase) in fixed deposits accounts kept as escrow/ lien	1,672,188	(8,486,371)
Interest paid	(77,184,598)	(23,533,328)
Net cash provided by/ (used in) financing activities	22,358,006	511,672,371

Cash Flow Statement (Contd.)

	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Net increase / (decrease) in cash and cash equivalents	(71,176,102)	54,266,799
Cash and cash equivalents at the beginning of the year	82,430,164	28,163,366
Cash and cash equivalents at the end of the year	11,254,062	82,430,164
	As at 31 March 2014	As at 31 March 2013
Cash and cash equivalents comprise of:		
Cash and bank balance (refer note 17)	11,254,062	82,430,164
	11,254,062	82,430,164

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No. 060573

Place: Bangalore

Date: 28 May 2014

For and on behalf of the Board of Directors of

Nitesh Estates Limited

Nitesh Shetty

Managing Director

L.S. Vaidyanathan

Executive Director

Ashwini Kumar

Executive Director

D. Srinivasan

Company Secretary

Venkateshan M. A.

Chief Financial Officer

Place: Bangalore

Date: 28 May 2014

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, 2013, to the extent applicable and 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. 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.

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 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

Schedules to the accounts (Contd.)

- 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.

e) **Income from Sale of Plots**

Sale of land and plots (including development rights) is recognized in the financial year in which the agreement to sell is executed. Where the Company has any remaining substantial obligations as per the agreements, revenue is recognized on the percentage of completion method of accounting.

f) **Unbilled revenue**

Unbilled receivables represents revenue recognized based on Percentage of Completion Method over and above the amount due as per the payment plans agreed with the customers.

g) **Billings in excess of revenue**

Billing in excess of revenue represents the amount due as per the payment plans agreed with the customers over and above the revenue recognized based on Percentage of Completion Method.

5. **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 depreciation rate of the following assets are as follows:

- Computer equipment : 40%
- Office equipment : 13.91%
- Furniture and fixtures : 18.10%
- Vehicles : 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 amortized over the remaining primary period of lease upto 10 years or their estimated useful life, whichever is shorter, on a straight line basis.

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

6. 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.

7. 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.

8. Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes all applicable costs including borrowing 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.)

9. 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.

10. 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.

For derivative contracts entered into by the Company that are not covered by AS-11, the Company follows the guidance in the announcement of The Institute of Chartered Accountants of India ('ICAI') dated 29 March 2008 whereby for each category of derivatives, the Company records the net mark-to-market losses, if any. Net mark-to-market gains are not recorded for such derivatives.

11. 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.

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

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.

12. 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.

Schedules to the accounts (Contd.)

13. 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.

14. 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.

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

Other long term benefit

Cost of long term benefits by way of accumulating compensated absences arising during the tenure of service is calculated taking into account the pattern of avilment of leave. The present value of obligations towards avilment 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 which is a defined contribution scheme, is charged to the Statement of profit and loss.

15. 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

Schedules to the accounts (Contd.)

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.

16. 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.

17. 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 inventory work in progress. Advances towards joint development rights are valued at cost. On transfer to inventory 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.

18. Cash and cash equivalents

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

19. Cash flow statement

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

Notes to the Financial Statements

2. Share capital

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
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 2014		As at 31 March 2013	
	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 2014		As at 31 March 2013	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,933,685	29%	42,678,685	29%
Nitesh Industries Private Limited	15,188,134	10%	11,253,500	8%
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%

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

	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
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 the 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 2014, 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

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
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
Debentures redemption reserve		
Opening balance	-	-
Add : addition during the year	41,611,111	-
Closing balance	41,611,111	-
Surplus/ (Deficit) in statement of profit and loss		
Opening balance	(315,959,283)	7,803,583
Add: Profit/ (loss) for the year	77,034,818	(323,762,866)
Less: Appropriation		
Transfer to debentures redemption reserve	41,611,111	-
Closing balance	(280,535,576)	(315,959,283)
	2,886,930,089	2,809,895,271

4. Long-term borrowings

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
<i>Secured:</i>		
- Vehicle loans from bank	382,843	1,097,573
	382,843	1,097,573

Notes to the Financial Statements (Contd.)

Vehicle loan from a bank [amounting to: Rs 1,097,572 (previous year: Rs 1,749,325) - including amounts disclosed as current maturities of long-term debts]

Vehicle loans from banks are secured by hypothecation of vehicles.

Repayment and interest terms

Nature of Loan	Repayment and interest terms
Vehicle loans [amounting to: Rs 1,097,573 (previous year: Rs 1,749,325)]	The loans are repayable in 60 equal monthly instalments starting from September 2010 and to be settled by September 2015 with an interest rate of 9.3% per annum.

5. Long-term provisions

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Provision for gratuity (refer note 29)	4,683,685	4,876,925
	4,683,685	4,876,925

6. Short-term borrowings

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Other short term borrowings		
<i>Secured:</i>		
- from banks	75,000,000	-
- from financial institutions	298,162,442	386,489,028
- 18.5 % Non Convertible, Redeemable Debentures	560,000,000	600,000,000
Cash credit	249,766,678	97,917,924
	1,182,929,120	1,084,406,952

Details of security and terms of loans and debentures**(i) Short-term loans from banks are secured by :****Bank term loan amounting to: Rs 75,000,000 (previous year: Rs Nil)**

- i. Equitable mortgage of vacant land situated at Mulavukkad Village, Kanaynnur Taluk district registered with Kakanad Enterprises Private Limited, a Subsidiary Company.
- ii. Developers share of 13,621 sq ft of commercial area on an undivided basis in the Project Nitesh Ceasers Palace situated at Bangalore South Taluk registered with the Company.
- iii. Simple and registered mortgage of a flat in the project Nitesh Camp David situated at Pulakeshi Nagar registered with the Company.
- iv. Personal Guarantee of Mr. Nitesh Shetty.
- v. Guarantee of Subsidiary Company - Kakanad Enterprises Private Limited.

(ii) Short-Term loans from financial institutions are secured by:**a) Term Loan amounting to: Rs Nil (previous year: Rs 119,000,000)**

- i. Mortgage of the projects Nitesh Forest Hills and Nitesh Flushing Meadows to the extent of developers share of 200,021 sq.ft. (i.e. 134 apartments) and common area along with proportionate share of land and along with present and future construction thereon.
- ii. Mortgage of the project Nitesh Forest Hills to the extent of unsold area of 10,019 sq.ft. (i.e. 7 apartments) and common areas along with proportionate share of land and with present and future unsold construction thereon.
- iii. Charge on all the future receivables from the booked, sold and to be sold apartments in the above projects.
- iv. Irrevocable personal guarantee of Mr. Nitesh Shetty.

Notes to the Financial Statements (Contd.)

- b) Term Loan amounting to: Rs 210,000,000 (previous year: Rs 205,000,000)**
- Mortgage of the project Nitesh Logos to the extent of the developers share of units admeasuring 29,695 sq.ft (i.e. 6 apartments) along with the undivided share in land.
 - Mortgage of the project Nitesh Key Biscayne to the extent of the developers share 12 acres of land in the project situated at Chikkasane village, Kasaba Hobli, Devanahalli taluk, Bangalore District.
 - Personal Guarantee of Mr. Nitesh Shetty.
- c) Term Loan amounting to: Rs Nil (previous year: Rs 57,167,772)**
- Mortgage of the projects Nitesh Central Park and Nitesh Camp David to the extent of developers share of 20 apartments and 1 apartment respectively.
 - All future receivables of the project Nitesh Central Park and Nitesh Camp David will be credited to Escrow account.
 - Personal guarantee of Mr. Nitesh Shetty.
- d) Term Loan amounting to: Rs Nil (previous year: Rs 5,321,256)**
- Mortgage of the projects Nitesh Central Park and Nitesh Camp David to the extent of developers share of 20 apartments and 1 apartment respectively.
 - All future receivables of the project Nitesh Central Park and Nitesh Camp David will be credited to Escrow account.
 - Personal guarantee of Mr. Nitesh Shetty.
- e) Term Loan amounting to: Rs 88,162,442 (previous year: Rs Nil)**
- Mortgage of the project Nitesh Flushing Meadows situated at to the extent of developers share of 19 apartments.
 - Escrow of receivables of the project Nitesh Flushing Meadows.
 - Personal guarantee of Mr. Nitesh Shetty.
- (iii) 18.5% Non-Convertible, Redeemable Debentures from financial institution [amounting to Rs. 560,000,000 (previous year: Rs 600,000,000)] are secured by:**
- First and exclusive charge by way of a mortgage by deposit of title deeds over the Hunter Valley Property, Caesar's Palace Property, Long Island Mortgage Property and Nitesh Park Avenue.
 - Escrow account in respect of the receivables from the projects Nitesh Hunter Valley, Nitesh Caesar's Palace, Nitesh Long Island Project, Nitesh Park Avenue.
 - First and exclusive charge by way of hypothecation on the receivables in the projects Nitesh Hunter Valley, Nitesh Caesar's Palace, Nitesh Long Island and Nitesh Park Avenue.
 - Personal Guarantee of Mr. Nitesh Shetty in favour of the Debenture Trustee.
 - Creation of a fixed deposit for an amount equivalent to Rs. 92,50,000 required for maintaining the minimum debt service amount of one months interest with a lien marked in favour of the Debenture Trustee and Security Cheques in respect of the entire value of the Debentures.
- (iv) Cash credit from banks are secured by :**
- a) Cash credit amounting to: Rs 99,949,218 (previous year: Rs 97,917,924)**
- 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.
 - Hypothecation of Receivables/ other current assets.
 - Personal Guarantee of Mr. Nitesh Shetty.
- b) Cash credit amounting to: Rs 149,817,460 (previous year: Rs Nil)**
- Exclusive charge on the Property admeasuring 21,000 Sq ft situated at Sampangi Ramaswamy Temple Road registered with Courtyard Constructions Private Limited.
 - Personal Guarantee of Mr. Nitesh Shetty.
 - Corporate Guarantee of a Joint Venture with Courtyard Construction Private Limited (50% shareholding by Nitesh Urban Development Private Limited).

Notes to the Financial Statements (Contd.)**Repayment and interest terms**

Nature of Loan	Repayment and interest terms
Debentures from Financial Institution amounting to: Rs. 560,000,000 (previous year: Rs. 600,000,000)	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.
Cash credit from Bank amounting to: Rs. 99,949,218 (previous year: Rs. 97,917,924)	Cash credit facility drawn on 23 July 2012 for a period of 12 months , extended for a period of 12 months from 28 Dec 2013 with an interest rate of base rate plus 3%.
Cash credit from Bank amounting to: Rs. 149,817,460 (previous year: Rs. Nil)	Cash credit facility drawn on 25 October 2013 for a period of 12 months upto 18 Oct 2014 at an interest rate of base rate plus 7%.
Term Loan from Bank amounting to: Rs. 75,000,000 (previous year: Rs. Nil)	The amount is repayable in 42 monthly installments beginning 18 months from the date of first disbursement at an interest rate of base rate plus 4.10%.
Term Loan from Financial Institution amounting to: Rs. 210,000,000 (previous year: Rs. 205,000,000)	The amount 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 (CPLR) plus/ minus the spread that will be applicable on each disbursement. The CPLR as on date of sanction is 17.50% per annum and the applicable rate for the said Financial Facility will be 14.75% per annum.
Term Loan from Financial Institution amounting to: Rs. Nil (previous year: Rs. 119,000,000)	'The amount 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 company has prepaid the loan during the year.
Term Loan from Financial Institution amounting to: Rs. Nil (previous year: Rs. 57,167,772)	'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 FRR minus 2%.
Term Loan from Financial Institution amounting to: Rs. Nil (previous year: Rs. 5,321,256)	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 FRR minus 2%.
Term Loan from Financial Institution amounting to: Rs. 88,162,442 (previous year: Rs Nil)	The loan is repayable in 16 equal monthly installments starting from June 2013 and to be settled by August 2014 at an interest rate of FRR minus 2%.

7. Trade payables

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
- Dues to micro and small enterprises (refer note 32)	-	-
- Dues to other creditors	627,913,865	305,663,967
	627,913,865	305,663,967

Notes to the Financial Statements (Contd.)**8. Other current liabilities**

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Current maturities of long-term debt	714,730	651,752
Advance received from related parties towards expenses	5,768,215	48,450,635
Advance received from customers for sale of properties	898,096,934	622,098,914
Consideration under joint development agreement towards purchase of land (refer note below)	315,741,603	496,455,770
Billings in excess of revenue	448,033,320	458,615,230
Accrued salaries and benefits	13,447,261	7,378,445
Other payables		
- for expenses	-	318,257
- withholding and other taxes and duties payable	10,308,785	10,559,480
	1,692,110,848	1,644,528,483

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

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Provision for gratuity (refer note 29)	-	874,087
Provision for compensated absences	10,697,963	10,140,042
	10,697,963	11,014,129

Notes to the Financial Statements (Contd.)

10. Fixed assets

Asset category	Gross block				Depreciation			Net block		Rs.
	As at 1 April 2013	Additions during the year	Deletions during the year	As at 31 March 2014	As at 1 April 2013	Charge for the year	Deletions during the year	As at 31 March 2014	As at 31 March 2013	
Tangible assets										
Leasehold improvements	16,379,381	-	-	16,379,381	8,232,663	1,797,728	-	10,030,391	6,348,990	8,146,718
Office equipments	11,043,399	269,994	-	11,313,393	4,852,227	874,722	-	5,726,949	5,586,444	6,191,172
Computer equipments	21,800,496	50,403	-	21,850,899	16,067,772	2,307,129	-	18,374,901	3,475,998	5,732,724
Furniture and fixtures	9,692,842	7,777	-	9,700,619	4,904,778	866,759	-	5,771,537	3,929,082	4,788,064
Vehicles	17,311,051	1,536,000	-	18,847,051	13,369,250	1,054,307	-	14,423,557	4,423,494	3,941,801
	76,227,169	1,864,174	-	78,091,343	47,426,690	6,900,645	-	54,327,335	23,764,008	28,800,479
Intangible assets										
Computer software	46,301,898	261,748	-	46,563,646	18,596,714	8,933,099	-	27,529,813	19,033,833	27,705,184
	46,301,898	261,748	-	46,563,646	18,596,714	8,933,099	-	27,529,813	19,033,833	27,705,184
Total	122,529,067	2,125,922	-	124,654,989	66,023,404	15,833,744	-	81,857,148	42,797,841	56,505,663
Previous year	114,579,884	7,949,183	-	122,529,067	48,906,003	17,117,402	-	66,023,404	56,505,663	

Notes to the Financial Statements (Contd.)**11. Non-current investments**

Particulars	Face value per share / unit	Number of shares		Value (Rs)	
		As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
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	117,340,579	50,180,579	1,472,405,790	800,805,790
(ii) Investments in preference shares (fully paid up)					
Subsidiary company					
Nitesh Housing Developers Private Limited (refer note ii below)	10	4,150,000	4,150,000	830,000,000	830,000,000
(iii) Investments in Association of Persons (AOP)					
Nitesh Estates -Whitefield (refer note iii below)				115,003,179	106,430,029
Non-trade investments, at cost					
<i>Investment in Government securities (unquoted)</i>					
National Savings Certificate				57,200	57,200
				4,023,207,169	3,343,034,019

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

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

Notes to the Financial Statements (Contd.)**12. Deferred tax assets (net)**

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Deferred tax liability		
Excess of depreciation allowable under the income tax laws over depreciation provided for in the books	2,883,844	4,266,400
	2,883,844	4,266,400
Deferred tax asset		
Unabsorbed depreciation and carry forward loss	2,883,844	4,266,400
	2,883,844	4,266,400
	-	-

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

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Unsecured, considered good		
Security deposits	22,609,659	41,856,659
Other loans and advances		
- Advance against property	428,951,407	668,951,407
- Advance tax, net of provision for tax	61,019,971	67,103,404
Share application money pending allotment	416,670,000	463,610,000
	929,251,037	1,241,521,470

14. Other non current assets

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Fixed deposit accounts with banks (refer note below)	9,250,000	9,250,000
Margin money deposits	-	1,672,188
Minimum alternate tax credit entitlement	7,000,000	7,000,000
	16,250,000	17,922,188

Of the above, Rs 9,250,000 (previous year: Rs 9,250,000) has been provided as collateral security to 6,000, 18.5% Non-Convertible, Redeemable Debentures having a face value of Rs. 100,000 each amounting to Rs.600,000,000.

15. Inventories

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Land	384,592,471	402,834,224
Land held under joint development arrangements	435,519,868	573,040,722
Properties under development	478,357,613	388,183,674
	1,298,469,952	1,364,058,620

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

Notes to the Financial Statements (Contd.)**16. Trade receivables**

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
<i>Unsecured, considered good*</i>		
Receivables outstanding for a period exceeding six months from the date they became due for payment	173,344,429	17,539,822
Other receivables	222,599,949	283,061,214
	395,944,378	300,601,036

* Includes an amount of Rs 134,292,416 (previous year: Rs 123,676,497) receivable from Companies/ firms where directors of the Company are also directors/ members in such other companies.

17. Cash and bank balances

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Cash and cash equivalents		
Cash on hand	537,255	609,657
Balances with banks		
- in current accounts	10,716,807	81,820,507
	11,254,062	82,430,164
Other bank balances		
-in fixed deposits with banks	1,000,000	2,267,212
-in escrow accounts with banks (refer note below)	38,767,810	9,928,210
	51,021,872	94,625,586

Note :

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

18. Short-term loans and advances

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
<i>Unsecured, considered good</i>		
Security deposits	3,422,265	3,632,265
Advances paid towards jointly developable properties	414,117,065	346,117,065
Advance paid to related parties		
- loans and advances to subsidiaries and other related entities	32,791,784	126,228,800
Vendor advances	239,858,848	173,866,313
Advances for supply of goods and rendering of services	27,965,234	19,775,749
Balances with government authorities	-	10,826,302
Prepaid advances for expenses including advertisements	82,073,811	138,277,762
Other advances	10,800,716	5,030,309
	811,029,723	823,754,565

Notes to the Financial Statements (Contd.)**19. Other current assets**

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Interest receivable	1,011,043	148,832
Unbilled revenue	294,986,398	77,632,321
	295,997,441	77,781,153

20. Revenue from operations

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Income from property development including sale of plots	798,971,425	216,809,970
Income from contractual activities	321,487,430	251,151,231
Share of profit from investment in AOP	8,573,150	884,996
	1,129,032,005	468,846,197

21. Other income

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest		
- from banks	947,932	653,728
- from others	5,867,278	21,500,000
Creditors no longer required, written back	8,321,522	-
Miscellaneous	3,779,042	3,386,896
	18,915,774	25,540,624

22. Employee benefits

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and wages	57,935,444	82,070,788
Directors remuneration	32,993,720	23,275,004
Contribution to provident and other funds	1,118,246	1,102,106
Staff welfare	578,405	1,551,445
	92,625,815	107,999,343

23. Finance costs

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest	77,184,598	23,533,328
Processing fees and other bank charges	2,957,364	13,384,555
	80,141,962	36,917,883

Notes to the Financial Statements (Contd.)**24. Other expenses**

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Advertisement and sales promotion	100,911,792	57,506,561
Professional and consultancy	18,446,545	20,254,269
Rent	12,329,737	17,468,773
Travel and conveyance	5,864,817	8,541,517
Repairs and maintenance - others	11,220,386	5,625,496
Power and fuel	3,333,972	3,882,040
Office maintenance	2,069,577	3,791,642
Bad debts written off	-	3,761,059
Insurance charges	2,844,031	3,698,260
Communication	4,989,913	5,622,015
Foreign exchange loss (net)	151,422	1,389,417
Director's sitting fees	800,000	1,015,550
Rates and taxes	775,649	615,870
Lease rent - vehicles	1,330,543	834,000
Miscellaneous	7,623,663	3,275,905
	172,692,047	137,282,374

25. Commitments and contingent liabilities

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Contingent liabilities		
Claims against the company not acknowledged as debts in respect of		
- Income-tax	18,040,389	22,440,182
- Service tax	31,156,450	31,156,450
Corporate guarantee for loans taken by group companies	3,400,000,000	1,020,000,000
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	1,631,001,600	658,464,627

Notes :

- During the previous year, Nitesh Urban Developments 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.
- The Company has entered into various joint development agreements wherein, on completion of all obligations of the land owner and possession of land to the Company, the Company is required to construct and develop the entire property and hand over an agreed proportion of the built up area to the land owner as a consideration for the undivided share in land transferred to the Company.
- The Company has provided support letters to subsidiary companies wherein it has accepted to provide the necessary level of financial support to enable the company to operate as a going concern and meet its obligations as and when they fall due.

Notes to the Financial Statements (Contd.)**d Commitment towards purchase of equity shares of a subsidiary company**

The Company has provided a put option to the investor of Nitesh Housing Developers Private Limited (subsidiary company) whereby the investor has the right to sell the shares held in the subsidiary company at a price which will yield a post-tax internal rate of return of 26% p.a. on their cost of investment, either to the principal promoter (Mr. Nitesh Shetty) or the Company in the following events :

- (a) In the event where the investor exercises the right to sell, the Principal Promoter shall have the obligation to purchase and/ or buy-back the share put securities at the share put price, on a spot delivery basis.
- (b) However, in the event where the Principal Promoter does not perform his obligation and/ or paying the amount to the investor of the Subsidiary Company, the Company shall have the obligation to perform and/ or pay to the investor the amounts payable by the Principal Promoter as if it were the primary obligor.

26. Details of Construction contracts in progress

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Contract revenue recognized during the year	1,120,458,855	467,961,201
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the year end	3,268,431,561	2,446,410,190
The amount of customer advances outstanding for contracts in progress as at the year end	898,096,934	622,098,914
The amount of retention due from customers for contracts in progress as at the year end	-	17,345,998

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

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Statutory audit fees	3,860,000	2,600,000
Reimbursement of expenses	347,934	297,855
	4,207,934	2,897,855

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	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Net profit/(loss) for the year attributable to equity shareholders	77,034,818	(323,762,866)
Weighted average number of equity shares (face value of Rs 10 each) considered for calculation of basic earnings per share	145,832,100	145,832,100
Earnings / (Loss) per share, basic and diluted	0.53	(2.22)

The Company has no potentially dilutive equity shares.

Notes to the Financial Statements (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 Company provides the gratuity benefit through annual contributions to a fund managed by the insurer (Life Insurance Corporation of India). Under this plan, the settlement obligation remains with the Company, although the Employees Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company.

During the previous year, the scheme was unfunded and hence, the disclosures with respect to plan assets as per Accounting Standard - 15 (Revised) - Employee Benefits were 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.

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Obligations at beginning of the year	5,751,012	4,005,909
Service cost	1,088,554	1,614,010
Interest on defined benefit obligation	515,403	472,213
Benefits settled	(518,256)	(93,438)
Actuarial (gain)/ loss	(306,408)	205,775
Liabilities settled on divestiture	-	(453,457)
Obligations at year end	6,530,305	5,751,012
Plan assets at year beginning, at fair value		
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	69,709	-
Contributions	2,295,167	-
Benefits settled	(518,256)	-
Plan assets at year end, at fair value	1,846,620	-
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(6,530,305)	(5,751,012)
Closing fair value of plan assets	1,846,620	-
Liability recognised in the balance sheet	(4,683,685)	(5,751,012)
Gratuity cost for the year		
Service cost	1,088,554	1,614,010
Interest cost	515,403	472,213
Expected return on plan assets	-	-
Actuarial (gain)/loss	(376,117)	205,775
Past service cost	-	157,614
Net gratuity cost	1,227,840	2,449,612
Assumptions		
Discount rate	9.10%	8.05%
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 estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in employment market.

Notes to the Financial Statements (Contd.)**Information of plan assets, defined benefit obligation and experience adjustments:****Rs.**

Particulars	As at				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Present value of the defined benefit obligations	6,530,305	5,751,012	4,005,909	4,622,036	2,980,820
Fair value of plan assets	1,846,620	-	-	-	-
Deficit	(4,683,685)	(5,751,012)	(4,005,909)	(4,622,036)	(2,980,820)
Experienced adjustments on plan liabilities	169,954	(2,625)	(2,967,790)	(197,656)	(185,121)
Experienced adjustments on plan assets	69,709	-	-	-	-

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	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
	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 Industries Private Limited
	Nitstone Environment 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	For the year ended
	31 March 2014	31 March 2013
Loans and advances received/ (repaid)		
Nitesh Indiranagar Retail Private Limited	16,637	(25,480)
Nitesh Urban Development Private Limited	(9,486,444)	-
Nitesh Housing Developers Private Limited	(35,436,099)	-
Southern Hills Developers Private Limited	90,000,000	31,909,932
Kakanad Enterprises Private Limited	-	205,817
Advances received towards reimbursement of expenses		
Nitesh Urban Development Private Limited	-	45,477,938
Nitesh Housing Developers Private Limited	-	41,204,313

Notes to the Financial Statements (Contd.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Advances received from customers		
Nitesh Shetty	-	274,597,694
Nitstone Environment Private Limited	3,400,000	-
Guarantees given		
Nitesh Indiranagar Retail Private Limited	3,000,000,000	-
Share Application money given/ (refunded)		
Nitesh Residency Hotels Private Limited (refer note below)	570,400,000	132,500,000
Nitesh Indiranagar Retail Private Limited	54,160,000	331,110,000
Kakanad Enterprises Private Limited	100,000	-
Allotment of shares out of share application money		
- in equity shares		
Nitesh Residency Hotels Private Limited (refer note below)	671,600,000	195,000,000
- in preference shares		
Nitesh Housing Developers Private Limited	-	830,000,000
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	9,000,000
Advertising and sales promotion expenses		
Serve & Volley Outdoor Advertising Private Limited	6,021,667	23,882,392
Rent paid		
Nitesh Infrastructure and Construction	7,460,803	18,405,628
Nitesh Property Management Private Limited	723,036	755,900
Nitesh Industries Private Limited	4,600,000	-
Nitesh Residency Hotels Private Limited	1,128,348	-
Share of profit from investment in association of persons (post-tax)		
Nitesh Estates – Whitefield	8,573,150	884,996
Income from contractual activities		
Nitesh Residency Hotels Private Limited	180,639,822	152,124,856
Nitesh Estates – Whitefield	132,706,459	97,134,718
Nitesh Infrastructure and Constructions	-	3,630,250

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

Particulars	As at 31 March 2014	As at 31 March 2013
Trade receivables		
Nitesh Estates – Whitefield	125,178,103	106,011,892
Nitesh Residency Hotels Private Limited	77,868,253	34,880,334
Nitesh Infrastructure and Constructions	5,030,000	5,030,000
L. S. Vaidyanathan	-	226,782

Notes to the Financial Statements (Contd.)

Particulars	As at 31 March 2014	As at 31 March 2013
<i>Loans and advances to subsidiaries and other related entities</i>		
Nitesh Urban Development Private Limited	2,240,123	-
Kakanad Enterprises Private Limited	26,358,739	26,357,896
Southern Hills Developers Private Limited	4,120,672	94,120,672
Nitesh Indiranagar Retail Private Limited	72,250	84,790
Nitesh Estates – Whitefield	-	5,065,087
Nitesh Property Management Private Limited	-	216,105
<i>Advance received from related parties towards common costs</i>		
Nitesh Housing Developers Private Limited	5,768,214	41,204,313
Nitesh Urban Development Private Limited	-	7,246,321
<i>Advance against property</i>		
Nisco Ventures Private Limited	10,762,955	10,762,955
<i>Security Deposits</i>		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
<i>Trade payables</i>		
Nitesh Infrastructure and Construction	644,104	1,521,932
Nitesh Property Management Private Limited	199,485	199,038
Serve & Volley Outdoor Advertising Private Limited	-	3,204,208
Serve & Volley Media Private Limited	2,765,040	2,765,040
Nitesh Residency Hotels Private Limited	1,128,347	-
<i>Advance from customers</i>		
Nitesh Residency Hotels Private Limited	40,000,000	40,000,000
Nitesh Shetty	274,597,694	274,597,694
Nitesh Property Management Private Limited	2,648,239	3,004,920
Nitstone Environment Private Limited	3,400,000	-
<i>Guarantees given outstanding</i>		
Nitesh Housing Developers Private Limited	-	620,000,000
Nitesh Urban Development Private Limited	400,000,000	400,000,000
Nitesh Indiranagar Retail Private Limited	3,000,000,000	-
<i>Share application money pending allotment</i>		
Nitesh Indiranagar Retail Private Limited	385,270,000	331,110,000
Nitesh Housing Developers Private Limited	100,000	-
Nitesh Residency Hotels Private Limited	31,300,000	132,500,000

Notes:

The Company has invested a sum of Rs. 1,472,405,790 (Previous year: Rs.800,805,790) towards 117,340,579 (Previous year: 50,180,579) 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.

Notes to the Financial Statements (Contd.)**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 :

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Assets	146,631,572	167,065,497
Liabilities	59,534,223	88,541,298
Income	63,916,406	37,660,870
Expenses	52,603,876	36,337,608
Net Profit	8,573,150	884,996

Note: The capital expenditure and contingent liability as at and for the year ended 31 March 2014 is Rs. Nil
(Previous year: Rs. Nil).

- 32.** 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 2014 and 31 March 2013 in the financial statements based on information received and available with the Company.

33. Expenditure in foreign currency (on accrual basis)

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Architect and other related fees included under cost of construction	21,608,235	28,669,020

34. Unhedged foreign currency exposure

Foreign currency exposures that have not been hedged by a derivative instrument or otherwise :

Particulars	As at 31 March 2014	
	Amount in foreign currency	Amount in INR
Trade Payables		
- in USD	USD 32,189	1,595,471
- in SGD	SGD 36,250	1,823,340
		3,418,811

There were no unhedged foreign currency exposure as at 31 March 2013.

- 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.

Notes to the Financial Statements (Contd.)

Primary segment information:	Rs.	
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Segment revenue		
Residential	1,129,032,005	468,846,197
Retail	-	-
Hospitality	-	-
Total	1,129,032,005	468,846,197
Less : inter segment revenue	-	-
Net income from operations	1,129,032,005	468,846,197
Segment results		
Residential	149,361,006	(273,600,000)
Retail	-	-
Hospitality	-	-
Total	149,361,006	(273,600,000)
Other income	18,915,774	25,540,624
Interest	(80,141,962)	(36,917,883)
Profit/ (Loss) before tax	88,134,818	(284,977,259)
Segment assets		
Residential	4,540,275,811	4,614,597,266
Retail	1,709,170,000	1,655,000,000
Hospitality	1,503,705,790	933,305,790
Corporate – unallocated	110,817,811	116,901,244
	7,863,969,413	7,319,804,300
Segment liabilities		
Residential	3,518,718,324	3,051,588,029
Retail	-	-
Hospitality	-	-
Corporate – unallocated	-	-
	3,518,718,324	3,051,588,029
Depreciation		
Residential	-	-
Retail	-	-
Hospitality	-	-
Corporate – unallocated	15,833,745	17,117,402
	15,833,745	17,117,402
Capital expenditure		
Residential	-	-
Retail	-	-
Hospitality	-	-
Corporate – unallocated	2,125,922	7,949,183
	2,125,922	7,949,183

Notes to the Financial Statements (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 previous year, NHDPL has partially redeemed principal amounting to Rs 399,129,000. During the current year, NHDPL has redeemed the balance principal due and accordingly, the pledge of shares of NHDPL will be released on exercising the buy-back option by the Company.

Further, HDFC AMC has a put a option to require Mr.Nitesh Shetty to buy the 505,000 shares purchased from NEL under the terms of the agreement. NEL has given corporate guarantee in Sep 2013 in respect of the put option. The guarantee given by NEL in respect of put option is outstanding as on 31 March 2014.

37. The Company has advanced an amount aggregating Rs 157,000,000 as at 31 March 2014, to various parties for purchase/ joint development of land/ properties. Considering the timeline of these advances, the same should have been converted into acquired land/ joint development agreements or these amounts should have been recovered. While these advances are unsecured, Management continues to believe that these advances have been made to parties for which a joint development agreements/ acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered.

38. 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. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No. 060573

Place: Bangalore

Date: 28 May 2014

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

Nitesh Shetty

Managing Director

L.S. Vaidyanathan

Executive Director

Ashwini Kumar

Executive Director

D. Srinivasan

Company Secretary

Venkateshan M. A.

Chief Financial Officer

Place: Bangalore

Date: 28 May 2014

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	01.04.2013 - 31.03.2014	01.04.2013 - 31.03.2014	01.04.2013 - 31.03.2014	01.04.2013 - 31.03.2014	01.04.2013 - 31.03.2014
2	Shares of the subsidiary held by the Company on the above date					
	(a) Number and face value	13248000 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)	(21,878,445)	123,382,026	5,665,141	49,037,390	(114,984)
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	-	-	-	-	-
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

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

Sl. No.	Particulars	Amount in INR						
		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	1,118,587,660	142,454,665	(177,840)	97,883,249	(473,107)		
(c)	Total Assets	1,653,900,980	4,258,077,718	41,873,590	1,643,301,762	26,172,407		
(d)	Total Liabilities	1,653,900,980	4,258,077,718	41,873,590	1,643,301,762	26,172,407		
(e)	Details of Investment	-	-	-	80,200,000	-		
(f)	Turnover incl. Other Income	3,794	1,133,961,841	57,277,479	646,242,842	-		
(g)	Profit before Taxation	(21,878,445)	155,582,026	5,763,837	61,177,390	(114,984)		
(h)	Provision for Taxation	-	32,200,000	98,696	12,140,000	-		
(i)	Profit after Taxation	(21,878,445)	123,382,026	5,665,141	49,037,390	(114,984)		
(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

Consolidated Accounts

Independent Auditor's Report

To the Board of Directors of 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 2014, 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 consolidated financial statements

Management is responsible for the preparation of these consolidated 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 consolidated 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 consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

As stated in note 37 to the consolidated financial statements, the Group has advanced an amount aggregating Rs 1,583,510,376 as at 31 March 2014, to various parties for purchase / joint development of land / properties, purchase of transferable development rights as well as construction services. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreements or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which joint development agreements / acquisition of land will get consummated and in the event that it does not consummate, these advances can be recovered. However, in the absence of sufficient documentation to justify the timing around when these advances are capable of being converted into joint development agreements / acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the consolidated financial statements for the year ended 31 March 2014.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the 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:

Auditor's Report (Contd.)

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matter:

We did not audit the financial statements of three subsidiaries and two joint ventures included in the consolidated financial statements. The financial statements of these subsidiaries and joint ventures reflect total assets of Rs. 1,392,512,434 as at 31 March 2014, total revenue of Rs. 112,923,103 and net cash inflow of Rs. 10,694,899 for the year ended 31 March 2014. These financial statements and other financial information of these subsidiaries and joint ventures 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. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No.: 060573

Place : Bangalore

Date : 28 May 2014

Consolidated Balance Sheet

	Note	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,458,321,000	1,458,321,000
Reserves and surplus	3	1,803,283,750	1,750,788,770
		<u>3,261,604,750</u>	<u>3,209,109,770</u>
Non-current liabilities			
Long-term borrowings	4	351,636,164	352,777,736
Long-term provisions	5	15,246,489	15,775,185
Other long-term liabilities	6	38,945,204	31,275,523
		<u>405,827,857</u>	<u>399,828,444</u>
Current liabilities			
Short-term borrowings	7	3,009,310,143	2,134,504,397
Trade payables	8	1,374,045,249	621,389,873
Other current liabilities	9	4,277,005,849	4,834,287,573
Short-term provisions	10	94,865,618	61,320,870
		<u>8,755,226,859</u>	<u>7,651,502,713</u>
		<u>12,422,659,466</u>	<u>11,260,440,927</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	28,697,581	33,742,970
- Intangible assets	11	19,468,694	28,051,075
Capital work-in-progress		<u>504,822,104</u>	<u>506,242,108</u>
		552,988,379	568,036,153
Goodwill on consolidation		81,195,858	81,195,858
Non-current investments	12	1,252,259,540	763,653,641
Deferred tax assets, net	13	283,142	321,838
Long-term loans and advances	14	3,646,872,417	3,802,760,894
Other non-current assets	15	16,250,000	17,922,188
		<u>4,915,665,099</u>	<u>4,584,658,561</u>
Current assets			
Current investments	16	-	100,000
Inventories	17	3,441,614,508	3,297,146,199
Trade receivables	18	531,314,966	672,214,780
Cash and bank balances	19	363,897,537	278,554,366
Short-term loans and advances	20	2,179,181,825	1,700,581,726
Other current assets	21	356,801,294	77,953,284
		<u>6,872,810,130</u>	<u>6,026,550,355</u>
		<u>12,422,659,466</u>	<u>11,260,440,927</u>

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. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No.: 060573

Place : Bangalore

Date : 28 May 2014

for and on behalf of the Board of Directors of

Nitesh Estates Limited

Nitesh Shetty

Managing Director

L.S. Vaidyanathan

Executive Director

Ashwini Kumar

Executive Director

D. Srinivasan

Company Secretary

Place : Bangalore

Date : 28 May 2014

Venkateshan M.A.

Chief Financial Officer

Consolidated statement of Profit and Loss

	Note	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Income			
Revenue from operations	22	2,975,685,658	828,725,568
Other income	23	33,910,575	52,974,620
		3,009,596,233	881,700,188
Expenses			
Cost of land and construction		1,881,239,050	780,268,957
Employee benefits	24	176,498,805	185,470,670
Finance costs	25	297,167,123	773,620,415
Depreciation	11	17,137,507	17,909,485
Other expenses	26	344,013,650	342,650,311
		2,716,056,135	2,099,919,838
Profit / (Loss) before exceptional item and tax		293,540,098	(1,218,219,650)
Exceptional items	27	-	150,442,492
Profit / (Loss) before tax and minority interest		293,540,098	(1,368,662,142)
Tax expense:			
- current tax / minimum alternate tax		59,205,920	966,889
- tax relating to earlier years		(1,193,600)	-
- deferred tax expense		38,696	56,441,334
Profit / (loss) for the year after tax before minority interest		235,489,082	(1,426,070,365)
Less: Minority Interest		-	(25,429,265)
Less: Share in loss of associate		182,994,101	19,984,991
Net profit / (loss) for the year		52,494,981	(1,420,626,091)
Earning/ (loss) per share (equity shares, par value of Rs. 10 each)	30		
- Basic and diluted		0.36	(9.74)

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. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No.: 060573

Place : Bangalore

Date : 28 May 2014

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

Nitesh Shetty

Managing Director

L.S. Vaidyanathan

Executive Director

Ashwini Kumar

Executive Director

D. Srinivasan

Company Secretary

Place : Bangalore

Date : 28 May 2014

Venkateshan M.A.

Chief Financial Officer

Consolidated cash flow statement

	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Cash flow from operating activities		
Profit/(loss) before tax	293,540,098	(1,368,662,142)
Adjustments:		
Depreciation	17,137,507	17,909,485
Finance costs	297,167,123	773,620,415
Dividend income	(6,764)	(7,467)
Interest income	(6,703,114)	(46,775,452)
Operating profit / (loss) before working capital changes	601,134,850	(623,915,161)
Decrease / (increase) in inventories	(144,468,310)	(2,154,180,481)
Decrease / (increase) in trade receivables	140,899,814	(149,487,624)
Decrease / (increase) in other assets	(278,155,894)	195,517,267
Decrease / (increase) in loans and advances	(520,139,440)	(1,635,038,669)
Decrease/ (increase) in escrow accounts	(25,244,527)	(60,813,246)
(Decrease) / increase in liabilities	706,255,798	2,882,532,978
(Decrease) / increase in provisions	(1,745,823)	7,987,676
Cash generated from / (used in) operations	478,536,468	(1,537,397,260)
Income taxes paid	(17,612,755)	(32,056,159)
Net cash generated from / (used in) operating activities	460,923,713	(1,569,453,419)
Cash flow from investing activities		
Purchase of fixed assets	(2,089,733)	716,360,982
Sale / (purchase) of investments, net	(570,300,000)	(277,642,015)
Loans and inter corporate deposits (given) / received, net	90,590,128	22,818,877
Decrease / (increase) in fixed deposits accounts	(136,207,137)	(737,212)
Interest received	6,010,998	166,180,397
Dividends received	6,764	7,467
Net cash generated from / (used in) investing activities	(611,988,980)	626,988,496

Consolidated cash flow statement (Contd.)

	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Cash flow from financing activities		
Secured loans from banks and financial institutions received / (repaid)	913,772,540	910,981,104
Debentures received / (repaid)	(260,871,000)	550,871,000
Decrease / (increase) in fixed deposits accounts kept as escrow/ lien	1,672,188	(8,486,371)
Interest paid	(579,616,954)	(495,867,368)
Net cash provided by / (used in) financing activities	74,956,774	957,498,365
Net increase / (decrease) in cash and cash equivalents	(76,108,493)	15,033,442
Cash and cash equivalents at the beginning of the year	208,973,908	193,940,466
Cash and cash equivalents at the end of the year	132,865,415	208,973,908

	As at 31 March 2014	As at 31 March 2013
Components of cash and cash equivalents		
Cash on hand	17,437,769	7,324,834
Balances with banks		
- in current accounts	54,859,287	137,444,305
- in deposits with original maturity of less than three months	60,568,359	64,204,769
Total cash and cash equivalents (refer note 19)	132,865,415	208,973,908

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573
Place : Bangalore
Date : 28 May 2014

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

Ashwini Kumar
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place : Bangalore
Date : 28 May 2014

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), issued by the Central Government, the provision of the Companies Act, 2013 (to the extent notified), the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, other pronouncements of the Institute of Chartered Accountants of India ("ICAI").

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. 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) at least 25% of the saleable project area is secured by sales contracts/ agreements with buyers
- d) at least 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.

Notes to consolidated financial statements (Contd.)**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.

e) Income from Sale of Plots

Sale of land and plots (including development rights) is recognized in the financial year in which the agreement to sell is executed. Where the Company has any remaining substantial obligations as per the agreements, revenue is recognized on the percentage of completion method of accounting.

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 using written down value method ('WDV') 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 depreciation rate 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 written down value method.

Intangible assets - Computer software is amortised using written down value 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 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

Notes to consolidated financial statements (Contd.)

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 including borrowing 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.

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 differences 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.

For Forward exchange contracts entered into to hedge the foreign currency risk of firm commitments or highly probable forecasted transactions that are not covered by AS-11, the Group follows the guidance in the announcement of The Institute of Chartered Accountants of India ('ICAI') dated 29 March 2008 whereby for each category of derivatives, the Company records the net mark-to-market losses, if any. Net mark-to-market gains are not recorded for such derivatives.

Notes to consolidated financial statements (Contd.)**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.

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

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.

13. 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.

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.

15. 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.

Notes to consolidated financial statements (Contd.)

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

Other long term benefit

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

Defined contribution plan

Contributions to the recognized provident fund which is a defined contribution scheme, is charged to the statement of profit and loss.

16. 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.

17. 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.

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 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.

Notes to consolidated financial statements(Contd.)

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 inventory work in progress or projects under development, as the case may be. Advances towards joint development rights are valued at cost. On transfer to inventory 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.

19. Cash and cash equivalents

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

20. Consolidated cash flow statement

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

Notes to consolidated financial statements (Contd.)**2. Share capital**

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
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 2014		As at 31 March 2013	
	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 2014		As at 31 March 2013	
	No of shares	% holding	No of shares	% holding
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,933,685	29%	42,678,685	29%
Nitesh Industries Private Limited	15,188,134	10%	11,253,500	8%
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%

(c) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
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.

(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 2014, 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.

Notes to consolidated financial statements (Contd.)

- (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

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
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
Debentures redemption reserve		
Opening balance	-	-
Add: addition during the year	41,611,111	-
Closing balance	41,611,111	-
(Deficit) in statement of profit and loss		
Opening balance	(1,375,065,785)	45,560,307
Add: Profit / (Loss) for the year	52,494,981	(1,420,626,091)
Less: Appropriations		
Transfer to debentures redemption reserve	41,611,111	-
Closing balance	(1,364,181,915)	(1,375,065,784)
	1,803,283,750	1,750,788,770

4. Long-term borrowings

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
<i>Secured:</i>		
- from financial institutions	1,253,321	1,680,163
- from banks	382,843	1,097,573
<i>Unsecured:</i>		
- 350 (Previous year: 350) Zero Coupon Compulsorily Convertible Debentures of Rs 1,000,000 each	350,000,000	350,000,000
	351,636,164	352,777,736

- a) Vehicle loan from a financial institution [amounting to: Rs 1,680,163 (previous year: Rs 2,061,617) - including amounts disclosed as current maturities of long term debts amounting to Rs 426,842 (previous year: Rs 381,454)].

Vehicle loans from banks are secured by hypothecation of vehicles.

Repayment terms

The loans are repayable in 60 equal monthly installments of Rs 49,588 per month.

Notes to consolidated financial statements (Contd.)

- b) Vehicle loan from a bank [amounting to: Rs 1,097,573 (previous year: Rs 1,749,325) - including amounts disclosed as current maturities of long term debts amounting to Rs 714,730 (previous year: Rs 651,752)]

Vehicle loans from banks are secured by hypothecation of vehicles.

Repayment and interest terms

Repayment terms	Interest rate
The loans are repayable in 60 equal monthly installments starting from September 2010 and to be settled by September 2015	9.3% per annum

c) Terms of Zero Coupon Compulsorily Convertible Debentures

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

- Mandatory conversion date i.e. date falling 8 years after the issue of debentures on 20 June 2012;
- 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 entitled for conversion to equity shares in the ratio of 1:27,800 on the conversion date.

5. Long-term provisions**Rs.**

Particulars	As at	As at
	31 March 2014	31 March 2013
Provision for employee benefits	8,272,298	9,581,254
Gratuity (refer note 31)	6,974,191	6,193,931
Compensated absences	15,246,489	15,775,185

6. Other long term liabilities**Rs.**

Particulars	As at	As at
	31 March 2014	31 March 2013
Security deposit	30,020,204	22,350,523
Advances received towards property development	8,925,000	8,925,000
	38,945,204	31,275,523

7. Short-term borrowings**Rs.**

Particulars	As at	As at
	31 March 2014	31 March 2013
Other short term borrowings		
<i>Secured:</i>		
- from banks	1,898,401,023	1,047,117,445
- from financial institutions	298,162,442	386,489,028
- 18.5 % Non convertible, redeemable debentures	560,000,000	600,000,000
Cash credit	249,766,678	97,917,924
<i>Unsecured</i>		
- from director	100,000	100,000
- from others (unsecured)	2,880,000	2,880,000
	3,009,310,143	2,134,504,397

Notes to consolidated financial statements (Contd.)**Details of security and terms of loans and debentures :****i) Short-term loans from banks are secured by:****a) Bank term loan amounting to: Rs 75,000,000 (previous year: Rs Nil)**

- i. Equitable mortgage of vacant land situated at Mulavukkad Village, Kanaynnur Taluk district registered with Kakanad Enterprises Private Limited, a Subsidiary Company.
- ii. Developers share of 13,621 sq ft of commercial area on an undivided basis in the Project Nitesh Ceasers Palace situated at Bangalore South Taluk registered with the Company.
- iii. Simple and registered mortgage of a flat in the project Nitesh Camp David situated at Pulakeshi Nagar registered with the Company.
- iv. Personal Guarantee of Mr. Nitesh Shetty.
- v. Guarantee of Subsidiary Company - Kakanad Enterprises Private Limited.

Repayment and interest terms

Repayment terms	Interest rate
The amount is repayable in 42 monthly installments beginning 18 months from the date of first disbursement	4.10% above base rate

b) Bank term loan amounting to: Rs 1,252,401,023 (previous year: Rs 946,117,445)

- i. Mortgage of the following projects to the extent of unsold area;
 - Nitesh Hyde Park
 - Nitesh Columbus Square
 - Nitesh Napa Valley and
 - Nitesh Fisher Island
- ii. Charge on all the future receivables from the booked, sold and to be sold apartments in the above projects.
- iii. Mortgage of Company's share in the Project 'Nitesh Key Biscayne'
- iv. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The amount is repayable in 17 monthly installments beginning 29th months from the date of first disbursement	Interest rate is based on the Corporate Prime Lending Rate (CPLR) plus / minus the spread that will be applicable from time to time on each disbursement. The banker's CPLR as on date of sanction was 17.75% per annum and the applicable rate for the said financial facility was 15% per annum.

c) Bank term loan amounting to: Rs 350,000,000 (previous year: Rs Nil)

- i. Mortgage of the following projects to the extent of unsold area;
 - Nitesh Hyde Park
 - Nitesh Columbus Square
 - Nitesh Napa Valley and
 - Nitesh Fisher Island
- ii. Charge on all the future receivables from the booked, sold and to be sold apartments in the above projects.
- iii. Mortgage of Company's share in the Project 'Nitesh Key Biscayne' and 'Nitesh Melbourne Park'
- iv. Personal guarantee of Mr. Nitesh Shetty.

Notes to consolidated financial statements (Contd.)**Repayment and interest terms**

Repayment terms	Interest rate
The loan has to be repaid in 5 monthly installments beginning from the 33rd month from the date of disbursement.	Interest rate is based on the Corporate Prime Lending Rate (CPLR) plus / minus the spread that will be applicable from time to time on each disbursement. The banker's CPLR as on date of sanction was 18.50% per annum and the applicable rate for the said financial facility was 14.50% per annum.

d) Bank term loan amounting to: Rs 216,000,000 (previous year: Rs 96,000,000)

- i. Equitable Mortgage of the Company's share of property situated at Varthur Hobli, Bangalore admeasuring 190,633 Sqft along with the proposed building thereon. (The Company 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)
- ii. Hypothecation of receivables of the project 'Nitesh Cape Cod'
- iii. Corporate guarantee of Nitesh Estates Limited
- iv. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The loan is repayable in 12 equal monthly installments starting April 2014	4% above base rate

e) Bank term loan amounting to: Rs 5,000,000 (previous year: Rs 5,000,000)

- i) Term deposits held by the subsidiary company

Repayment and interest terms

Repayment terms	Interest rate
Repayable on demand	11.50%

ii) Short Term loans from financial institutions are secured by:**a) Term Loan amounting to: Rs Nil (previous year: Rs 119,000,000)**

- i. Mortgage of the projects Nitesh Forest Hills and Nitesh Flushing Meadows to the extent of developers share of 200,021 sq.ft. (i.e. 134 apartments) and common area along with proportionate share of land and along with present and future construction thereon.
- ii. Mortgage of the project Nitesh Forest Hills to the extent of unsold area of 10,019 sq.ft. (i.e. 7 apartments) and common areas along with proportionate share of land and with present and future unsold construction thereon.
- iii. Charge on all the future receivables from the booked, sold and to be sold apartments in the above projects.
- iv. Irrevocable personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
'The amount is repayable in 24 monthly installments beginning 3 years from the date of first disbursement	Interest rate is based on the Lender's Prime Lending Rate.

Notes to consolidated financial statements (Contd.)**b) Term Loan amounting to: Rs 210,000,000 (previous year: Rs 205,000,000)**

- i. Mortgage of the project Nitesh Logos to the extent of the developers share of units admeasuring 29,695 sq.ft (i.e. 6 apartments) along with the undivided share in land.
- ii. Mortgage of the project Nitesh Key Biscayne to the extent of the developers share 12 acres of land of Nitesh Key Biscayne project situated at Chikkasane village, Kasaba Hobli, Devanahalli taluk, Bangalore District.
- iii. Personal Guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The amount is repayable in 12 monthly installments of Rs. 30 million beginning from the 19th month	Interest rate is based on the Corporate Prime Lending Rate (CPLR) plus / minus the spread that will be applicable from time to time on each disbursement. The banker's CPLR as on date of sanction was 17.50% per annum and the applicable rate for the said financial facility was 14.75% per annum.

c) Term Loan amounting to: Rs Nil (previous year: Rs 57,167,772)

- i. Mortgage of the projects Nitesh Central Park and Nitesh Camp David to the extent of developers share of 20 apartments and 1 apartment respectively.
- ii. All future receivables of the project Nitesh Central Park and Nitesh Camp David will be credited to Escrow account.
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The loan is repayable in 6 equal monthly installments starting from March 2013 and to be settled by August 2013	Floating Reference Rate (FRR) minus 2%

d) Term Loan amounting to: Rs Nil (previous year: Rs 5,321,256)

- i. Mortgage of the projects Nitesh Central Park and Nitesh Camp David to the extent of developers share of 20 apartments and 1 apartment respectively.
- ii. All future receivables of the project Nitesh Central Park and Nitesh Camp David will be credited to Escrow account.
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The loan is repayable in 6 equal monthly installments starting from February 2013 and to be settled by July 2013	Floating Reference Rate (FRR) minus 2%

e) Term Loan amounting to: Rs 88,162,442 (previous year: Rs Nil)

- i. Mortgage of the project Nitesh Flushing Meadows to the extent of developers share of 19 apartments.
- ii. Escrow of receivables of the project Nitesh Flushing Meadows.
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
The loan is repayable in 16 equal monthly installments starting from June 2013 and to be settled by August 2014	Floating Reference Rate (FRR) minus 2%

Notes to consolidated financial statements (Contd.)**(iii) 18.5% Non-Convertible, Redeemable debentures from financial institution [amounting to Rs. 560,000,000 (previous year: 600,000,000)] are secured by:**

- i. First and exclusive charge by way of a mortgage by deposit of title deeds over the Hunter Valley Property, Caesar's Palace Property, Long Island Mortgage Property, Nitesh Park Avenue.
- ii. Escrow account in respect of the receivables from the projects Nitesh Hunter Valley, Nitesh Caesar's Palace, Nitesh Long Island Project, Nitesh Park Avenue.
- iii. First and exclusive charge by way of hypothecation on the receivables in the projects Nitesh Hunter Valley, Nitesh Caesar's Palace, Nitesh Long Island and Nitesh Park Avenue.
- iv. Guarantee in favour of the Debenture Trustee.
- v. Creation of a fixed deposit for an amount equivalent to Rs. 9,250,000 required for maintaining the minimum debt service amount of one months interest with a lien marked in favour of the Debenture Trustee and Security Cheques in respect of the entire value of the Debentures.

Repayment and interest terms

Repayment terms	Interest rate
The amount is repayable in 13 unequal quarterly installments starting from February 2014 and to be settled by February 2017	18.5% per annum

(iv) Cash credit from banks are secured by :**a) Cash credit amounting to: Rs 99,949,218 (previous year: Rs 97,917,924)**

- i. 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.
- ii. Hypothecation of Receivables/ other current assets.
- iii. Personal Guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

Repayment terms	Interest rate
Cash credit facility drawn on 23 July 2012 for a period of 12 months, extended for a period of 12 months from 28 December 2013	Base rate plus 3%

b) Cash credit amounting to: Rs 149,817,460 (previous year: Rs Nil)

- i. Exclusive charge on the Property admeasuring 21,000 Sq ft situated at Sampangi Ramaswamy Temple Road registered with Courtyard Constructions Private Limited.
- ii. Personal Guarantee of Mr. Nitesh Shetty.
- iii. Corporate Guarantee of a Joint Venture with Courtyard Construction Private Limited (50% shareholding by Nitesh Urban Development Private Limited).

Repayment and interest terms

Repayment terms	Interest rate
Cash credit facility drawn on 25 October 2013 for a period of 12 months upto 18 October 2014	Base rate plus 7%

8. Trade payables**Rs.**

Particulars	As at	As at
	31 March 2014	31 March 2013
-Dues to micro and small enterprises (refer note 33)	-	-
-Dues to other creditors	1,374,045,249	621,389,873
	1,374,045,249	621,389,873

Notes to consolidated financial statements Contd.)**9. Other current liabilities**

Rs.

Particulars	As at	
	31 March 2014	31 March 2013
Current maturities of long-term debt (refer note a below)	1,141,572	221,904,206
Advance received from customers for sale of properties	1,861,641,916	1,008,277,216
Consideration under joint development agreement towards purchase of land (refer note b below)	1,369,659,187	1,455,485,787
Billing in excess of revenue	964,487,428	1,814,903,456
Accrued salaries and benefits	23,917,072	8,871,618
Advance received from related parties	8,008,336	3,957,574
Interest accrued and not due	10,717	282,460,548
Security deposit	10,000	70,000
Other payables		
- for expenses	7,127,412	8,607,331
- withholding and other taxes and duties payable	41,002,209	29,749,837
	4,277,005,849	4,834,287,573

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

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

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

- b. The Group has entered into a joint development agreement with the land owner whereby the Group, 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 Group 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 2014	31 March 2013
Provision for employee benefits		
Gratuity (refer note 31)	667,131	1,678,788
Compensated absences	13,904,871	14,110,341
Provision for taxation, net of advance tax	80,293,616	45,531,741
	94,865,618	61,320,870

Notes to consolidated financial statements (Contd.)

11. Fixed assets

Asset category	Gross block			Depreciation			Net block		Rs
	As at 1 April 2013	Additions/ Adjustments during the year	As at 31 March 2014	Charge for the year	Deletions during the year	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	
	1 April 2013	31 March 2014	1 April 2013	the year	year	31 March 2014	31 March 2013	31 March 2014	
Tangible assets									
Lease hold improvements	16,379,381	-	16,379,381	1,797,728	-	10,030,391	-	6,348,990	8,146,718
Office equipments	11,966,146	1,424,323	13,390,469	1,033,449	-	5,971,561	-	7,418,908	7,028,034
Computer equipments	22,062,236	50,403	22,112,639	2,352,397	-	18,568,740	-	3,543,899	5,845,893
Furniture and fixtures	10,159,197	67,871	10,227,068	932,675	-	5,993,963	-	4,233,105	5,097,909
Vehicles	21,519,573	1,535,999	23,055,572	2,007,736	-	15,902,893	-	7,152,679	7,624,416
	82,086,533	3,078,596	85,165,129	8,123,985	-	56,467,548	-	28,697,581	33,742,970
Intangible assets									
Computer software	46,770,290	431,141	47,201,431	9,013,522	-	27,732,737	-	19,468,694	28,051,075
	46,770,290	431,141	47,201,431	9,013,522	-	27,732,737	-	19,468,694	28,051,075
Total	128,856,823	3,509,737	132,366,560	17,137,507	-	84,200,285	-	48,166,275	61,794,045
Previous year	115,816,622	13,040,201	128,856,823	17,909,485	-	67,062,778	-	61,794,045	

Notes to consolidated financial statements (Contd.)

12. Non-current investments	Rs.	
Particulars	As at 31 March 2014	As at 31 March 2013
A. Trade investments		
Investments in equity instruments (unquoted)		
Investment in associate company		
117,340,579 (Previous year : 50,180,579) Class A equity shares of Rs.10 each fully paid up in Nitesh Residency Hotels Private Limited	1,472,405,790	800,805,790
Less : Share of loss in associate	(220,203,450)	(37,209,349)
	1,252,202,340	763,596,441
B. Non-trade investments, at cost		
Investment in Government securities (unquoted)		
National Savings Certificate	57,200	57,200
	1,252,259,540	763,653,641

13. Deferred tax assets (net)	Rs.	
Particulars	As at 31 March 2014	As at 31 March 2013
Deferred tax liability		
Excess of depreciation allowable under the income tax laws over depreciation provided for in the books	(2,984,236)	(4,266,400)
	(2,984,236)	(4,266,400)
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	3,252,066	4,266,400
Effect of tax losses	15,312	321,838
	3,267,378	4,588,238
	283,142	321,838

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

14. Long-term loans and advances	Rs.	
Particulars	As at 31 March 2014	As at 31 March 2013
Unsecured, considered good		
Advance for purchase of properties / land and transferable development rights	2,469,719,470	2,511,649,353
Non-refundable deposit paid to landowner	1,055,000,000	1,045,450,000
Advance tax, net of provision for tax	62,005,582	67,643,272
Share application money pending allotment	31,300,000	132,500,000
Security deposits	27,847,365	44,518,269
Capital advances	1,000,000	1,000,000
	3,646,872,417	3,802,760,894

15. Other non current assets	Rs.	
Particulars	As at 31 March 2014	As at 31 March 2013
Fixed deposit accounts with banks (refer note below)	9,250,000	9,250,000
Minimum alternative tax credit entitlement	7,000,000	7,000,000
Margin money deposits	-	1,672,188
	16,250,000	17,922,188

Of the above, Rs 9,250,000 (previous year: Rs 9,250,000) has been provided as collateral security to 5600 (previous year: 6,000), 18.5% Non-convertible, redeemable debentures having a face value of Rs. 100,000 each amounting to Rs 560,000,000.

Notes to consolidated financial statements (Contd.)

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

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Land including land held under joint development agreement	2,227,000,391	2,236,395,686
Properties under development	1,214,614,117	1,060,750,513
	3,441,614,508	3,297,146,199
Refer note 1.9 for accounting policy on disclosure of mode of valuation of inventories		

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
<i>Unsecured, considered good</i>		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- considered good	31,467,145	35,429,823
- considered doubtful	-	7,400,200
Other debts		
- considered good	499,847,821	636,784,957
- considered doubtful	2,528,831	-
	533,843,797	679,614,980
Less: provision for doubtful debts	(2,528,831)	(7,400,200)
	531,314,966	672,214,780

* Includes an amount of Rs 208,578,282 (previous year: Rs 123,676,497) receivable from Companies/ firms where directors of the Company are also directors/ members in such other companies.

Particulars	Rs.	
	As at 31 March 2014	As at 31 March 2013
Cash and cash equivalents		
Cash on hand	17,437,769	7,324,834
Balances with banks		
- in current accounts	54,859,287	137,444,305
- in fixed deposit accounts with banks	60,568,359	64,204,769
	132,865,415	208,973,908
Other bank balances		
-in fixed deposits with bank	144,974,349	8,767,212
-in escrow accounts with banks (Refer note below)	86,057,773	60,813,246
	363,897,537	278,554,366

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 2014	As at 31 March 2013	
<i>Unsecured, considered good</i>			
Security deposits	3,737,265	3,947,265	
Advance paid for purchase of properties / land and joint development agreements	579,378,048	661,429,065	
Advance paid to related parties			
- loans and advances to subsidiaries and other related entities	100,598,594	191,188,723	
Refundable deposits under joint development agreements	196,516,273	91,016,273	
Vendor advances	941,460,797	535,358,944	
Advances for supply of goods and rendering of services	31,804,626	22,575,645	
Advance paid to land owner under revenue sharing arrangement	193,590,179	-	
Balances with Government authorities	29,185,963	35,374,315	
Prepaid advances for advertisement expense	82,073,811	146,661,187	
Prepaid expenses	9,079,075	-	
Other advances	11,757,194	13,030,309	
	2,179,181,825	1,700,581,726	
21. Other current assets			
Particulars	As at 31 March 2014	As at 31 March 2013	Rs.
Interest accrued but not due	1,011,043	318,927	
Unbilled revenue	347,040,251	77,632,321	
Prepaid expenses	8,750,000	-	
Advance tax and tax deducted at source	-	2,036	
	356,801,294	77,953,284	
22. Revenue from operations			
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013	Rs.
Income from property development including sale of plots	2,636,261,607	524,897,637	
Income from contractual activities	290,306,673	266,680,634	
Maintenance income	49,117,378	37,147,297	
	2,975,685,658	828,725,568	
23. Other Income			
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013	Rs.
Interest			
- from banks	6,703,114	6,685,794	
- from others	-	40,089,658	
Dividend from mutual funds	6,764	7,467	
Creditors no longer required written back	15,571,722	-	
Miscellaneous income	11,628,975	6,191,701	
	33,910,575	52,974,620	

Notes to consolidated financial statements (Contd.)

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and wages	136,703,989	146,188,622
Directors remuneration	32,993,720	32,993,720
Contribution to provident and other funds	3,837,393	3,697,036
Staff welfare	2,963,703	2,591,292
	176,498,805	185,470,670

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest and other charges		
- On loans	191,146,702	46,784,051
- Debentures	93,270,768	706,247,661
- Others	9,001,884	6,723,546
Processing fees and other bank charges	3,747,769	13,865,157
	297,167,123	773,620,415

Particulars	Rs.	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Advertising and sales promotion	200,937,499	210,685,431
Professional and consultancy charges	43,961,965	44,043,370
Rent	28,135,895	20,328,463
Travelling and conveyance	13,619,542	13,543,306
Repairs and maintenance - others	13,004,037	5,856,777
Power and fuel	9,160,909	8,349,961
Communication expenses	8,291,003	7,748,661
Insurance charges	3,934,451	4,540,750
Office maintenance expenses	3,703,058	4,650,818
Lease rent - vehicles	2,220,543	1,050,677
Provision for doubtful debts	1,778,831	7,400,200
Rates and taxes	944,971	1,715,127
Director sitting fees	800,000	1,015,550
Foreign exchange loss (net)	179,791	1,581,115
Bad debts written off	-	3,761,059
Miscellaneous expenses	13,341,155	6,379,046
	344,013,650	342,650,311

Notes to consolidated financial statements (Contd.)

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

During the previous year, the Company has decided to redesign one of its residential project. Pursuant to this, the Company and the customers (who in the past years had purchased the residential units) have mutually decided to cancel the previous agreements. Pursuant to these cancellations, the Company 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	Rs.	
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Contingent liabilities		
Claims against the company not acknowledged as debts in respect of		
- Income-tax	18,040,389	22,440,182
- Service tax	31,156,450	31,551,416
- Karnataka Value Added Tax	1,288,637	-
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	4,481,110,134	2,913,442,230

Notes :

- a. During the previous year, Nitesh Urban Developments 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.
- c. **Commitment towards purchase of equity shares of a subsidiary company**
The Company has provided a put option to the investor of Nitesh Housing Developers Private Limited (subsidiary company) whereby the investor has the right to sell the shares held in the subsidiary company at a price which will yield a post-tax internal rate of return of 26% p.a. on their cost of investment, either to the principal promoter (Mr. Nitesh Shetty) or the Company in the following events:
 - (a) In the event where the investor exercises the right to sell, the Principal Promoter shall have the obligation to purchase and/ or buy-back the share put securities at the share put price, on a spot delivery basis.
 - (b) However, in the event where the Principal Promoter does not perform his obligation and/ or paying the amount to the investor of the Subsidiary Company, the Company shall have the obligation to perform and/ or pay to the investor the amounts payable by the Principal Promoter as if it were the primary obligor.

Notes to consolidated financial statements (Contd.)**29. Details of Construction contracts in progress****Rs.**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Contract revenue recognized as revenue for the year	2,926,568,280	789,808,279
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the reporting date for all the contracts in progress	5,109,017,370	3,620,084,912
The amount of customer advances outstanding for contracts in progress as at the reporting date	1,861,641,916	1,008,277,216
The amount of retention due from customers for contracts in progress as at the reporting date	-	17,345,998

30. 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 2014	For the year ended 31 March 2013
Net profit / (loss) for the year attributable to equity shareholders	52,494,981	(1,420,626,092)
Weighted average number of equity shares (face value of Rs 10 each) considered for calculation of basic earnings per share	145,832,100	145,832,100
Earnings / (Loss) per share, basic and diluted	0.36	(9.74)

The Company has no potentially dilutive equity shares.

31. Employee benefits

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

Rs.

Particulars	As at 31 March 2014	As at 31 March 2013
Obligations at beginning of the year	11,260,042	7,642,718
Service cost	3,278,898	2,388,346
Interest on defined benefit obligation	1,102,812	821,763
Benefits settled	(1,007,441)	(93,438)
Actuarial (gain) / loss	(1,620,343)	500,653
Liabilities settled on divestiture	(5,530)	-
Obligations at year end	13,008,438	11,260,042

Change in plan assets

Particulars	As at 31 March 2014	As at 31 March 2013
Plan assets at the beginning of the year, at fair value	-	-
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	200,431	-
Contributions	4,876,019	-
Benefits settled	(1,007,441)	-
Plan assets at year end, at fair value	4,069,009	-

Reconciliation of present value of the obligation and the fair value of the plan assets:

Closing obligations	(13,008,438)	(11,260,042)
Closing fair value of plan assets	4,069,009	-
Asset / (liability) recognised in the balance sheet	(8,939,429)	(11,260,042)

Notes to consolidated financial statements (Contd.)**Gratuity cost for the year**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Service cost	3,278,898	2,388,346
Interest cost	1,102,812	821,763
Actuarial (gain)/loss	(1,820,774)	500,653
Past service cost	-	685,929
Net gratuity cost	2,560,936	4,396,691

Assumptions

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Discount rate	9.10%	8.05%
Estimated rate of return on plan assets	8.00%	0.00%
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 such as supply and demand factors in the employment market.

Information of plan assets, defined benefit obligation and experience adjustments:

Particulars	As at and for the year ended 31 March				
	2010	2011	2012	2013	2014
Present value of the defined benefit obligations	2,980,820	4,622,036	7,642,718	11,260,042	13,008,438
Fair value of plan assets	-	-	-	-	4,069,009
Surplus/ (Deficit)	(2,980,820)	(4,622,036)	(7,642,718)	(11,260,042)	(8,939,429)
Experience adjustment on plan assets	-	-	-	-	200,431
Experience adjustment on plan liabilities	(185,121)	(197,656)	(2,967,790)	(959,115)	(574,480)

32. 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	India	100%
Kakanad Enterprises Private Limited	India	100%
Nitesh Property Management Private Limited	India	100%
Joint venture		

Notes to consolidated financial statements (Contd.)

Name of Company	Country of incorporation	Equity holding
Nitesh Estates – Whitefield [Association of Persons]	India	Refer Note below
Courtyard Construction 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 Avni Financial & Real Estate Private Limited Birch Investment Private Limited HMG Estate & Housing Limited Khubchandani Interbuild Private Limited Nitstone Environment Private Limited
Joint venture	Nitesh Estates – Whitefield Courtyard Constructions Private Limited
Joint venturers	Mr. D. N. Budhrani Mr. 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]

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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Trade advances received / (repaid)		
Southern Hills Developers Private Limited	16,637	31,909,932
Joji Reddy and Showrie Reddy	93,284,300	18,895,774
Share in profit to Joint Venturer		
Showrie Reddy	3,600,723	1,548,743
Joji Reddy	2,914,871	1,253,745
Advances received from customers		
Nitesh Shetty	-	274,597,694
Nitstone Environment Private Limited	3,400,000	-

Notes to consolidated financial statements (Contd.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Share Application money given / (refunded)		
Nitesh Residency Hotels Private Limited	570,400,000	132,500,000
Non-current investments- purchase / (sale) of investments		
Nitesh Residency Hotels Private Limited (refer note b below)	671,600,000	195,000,000
Provision for doubtful debts provided / (reversed) during the year		
Nitesh Shetty	(741,879)	741,879
Nitesh Infrastructure and Constructions	(1,317,370)	1,317,370
Managerial remuneration		
Nitesh Shetty	12,293,720	12,293,720
L.S.Vaidyanathan	11,700,000	11,700,000
Ashwini Kumar	9,000,000	9,000,000
Advertising and sales promotion expenses		
Serve & Volley Outdoor Advertising Private Limited	7,471,667	23,882,392
Rent paid		
Nitesh Infrastructure and Constructions	7,916,364	20,755,087
Nitesh Industries Private Limited	4,600,000	-
Nitesh Residency Hotels Private Limited	1,128,348	-
Nitesh Property Management Private Limited	723,036	755,900
Income from contractual activities		
Nitesh Residency Hotels Private Limited	149,459,065	152,124,856
Nitesh Estates – Whitefield	124,133,309	73,822,386
Nitesh Infrastructure and Constructions	-	3,630,250
Other expenses		
Nitesh Infrastructure and Constructions	1,443,421	269,428
Maintenance charges received from		
Nitesh Shetty	1,005,909	979,483
Nitesh Infrastructure and Constructions	879,958	1,145,621

(iv) Amount outstanding as at the balance sheet date

Particulars	As at 31 March 2014	As at 31 March 2013
Trade receivables		
Nitesh Estates – Whitefield	125,178,103	81,769,038
Nitesh Residency Hotels Private Limited	77,868,253	34,985,095
Nitesh Infrastructure and Constructions	5,531,926	6,841,308
L. S. Vaidyanathan	-	226,782
Nitesh Shetty	134,222	992,033
Unsecured loan		
Nitesh Shetty	100,000	100,000

Notes to consolidated financial statements (Contd.)

Particulars	As at 31 March 2014	As at 31 March 2013
<i>Trade advances to associates and other related entities</i>		
Southern Hills Developers Private Limited	4,120,672	94,120,672
Courtyard Constructions Private Limited	-	12,500,000
Nitesh Estates – Whitefield	-	3,849,466
Joji and Showrie Reddy	115,649,759	112,365,458
<i>Provision for doubtful debts</i>		
Nitesh Shetty	-	741,879
Nitesh Infrastructure and Constructions	-	1,317,370
<i>Advance paid for purchase of properties</i>		
Nisco Ventures Private Limited	10,762,955	10,762,955
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	87,240
Khubchandani Interbuild Private Limited	1,100,000	1,100,000
<i>Security Deposits</i>		
Nitesh Infrastructure and Constructions	17,690,475	17,690,475
<i>Trade payables</i>		
Nitesh Residency Hotels Private Limited	1,128,347	-
Nitesh Infrastructure and Constructions	1,099,665	4,140,819
Nitesh Property Management Private Limited	199,485	-
Serve & Volley Outdoor Advertising Private Limited	1,530,612	3,204,208
Serve & Volley Media Private Limited	2,765,040	2,765,040
<i>Advance from customers</i>		
Nitesh Residency Hotels Private Limited	40,000,000	40,000,000
Nitesh Shetty	274,597,694	274,597,694
Nitstone Environment Private Limited	3,400,000	-
Nitesh Property Management Private Limited	2,648,239	3,004,920
<i>Share Application money pending allotment</i>		
Nitesh Residency Hotels Private Limited	31,300,000	132,500,000

Notes :

a) The Company has invested a sum of Rs. 1,472,405,790 (Previous year: Rs. 800,805,790) towards 117,340,579 (Previous year: 50,180,579) 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 such 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 October 30, 2009, NRHPL became an associate of the Company.

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 Group has no dues to Micro and Small Enterprises as at 31 March 2014 and 31 March 2013 in the financial statements based on information received and available with the Company.

Notes to consolidated financial statements (Contd.)

34. 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 2014	For the year ended 31 March 2013
Segment revenue		
Residential	2,975,685,658	828,725,568
Retail	-	-
Hospitality	-	-
Total	2,975,685,658	828,725,568
Less : Inter segment revenue	-	-
Net income from operations	2,975,685,658	828,725,568
Segment results		
Profit / (loss) before tax and interest		
Residential	578,675,091	(626,336,932)
Retail	(21,878,445)	(21,679,416)
Hospitality	-	-
Total	556,796,646	(648,016,348)
Add : Other income	33,910,575	52,974,620
Less : Interest	(297,167,123)	(773,620,415)
Profit/ (loss) before exceptional item and tax	293,540,098	(1,368,662,143)
Less: Exceptional item	-	(150,442,492)
Profit / (Loss) before tax and minority interest	293,540,098	(1,519,104,635)
Less: Tax expense	(58,051,016)	(57,408,223)
Profit / (loss) for the year after tax	235,489,082	(1,576,512,858)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Carrying value of segment assets		
Residential	9,733,290,173	8,746,194,966
Retail	1,653,900,980	1,653,485,338
Hospitality	1,252,202,340	763,596,441
Less : Unallocated items and intra-group eliminations	(216,734,027)	97,164,181
	12,422,659,466	11,260,440,926

Segment liabilities

Residential	9,103,018,017	8,027,715,470
Retail	402,338,989	380,044,902
Hospitality	-	-
Less : Unallocated items and intra-group eliminations	(344,302,290)	(356,429,215)
	9,161,054,716	8,051,331,157

Notes to consolidated financial statements (Contd.)

Rs.

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Depreciation		
Residential	-	-
Retail	-	-
Hospitality	-	-
Corporate – unallocated	17,137,507	17,909,485
	17,137,507	17,909,485
Capital expenditure		
Residential	-	-
Retail	-	-
Hospitality	-	-
Corporate – unallocated	3,509,737	13,040,201
	3,509,737	13,040,201

35. The Company has taken on lease office facilities, vehicles and other facilities under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total expense under operating leases amounted to Rs 15,806,158 (previous year: Rs 2,859,690).

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 1,033,350 (previous year Rs. 6,134,900).

The Company 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 2014	As at 31 March 2013
Not later than one year	1,070,700	996,000
Later than one year not later than 5 years	554,700	1,625,400

36. The Group has advanced an amount aggregating Rs 1,583,510,376 as at 31 March 2014, to various parties for purchase / joint development of land / properties, purchase of transferable development rights as well as construction services. Considering the timeline of these advances, the same should have been converted into acquired land / joint development agreements or these amounts should have been recovered. Though these advances are unsecured, Management continues to believe that these advances have been made to parties for which a joint development agreement / acquisition of land will get consummated and in the event that it does not consummate, these advances can be recovered.

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

Sampad Guha Thakurta

Partner

Membership No. 060573

Place: Bangalore

Date: 28 May 2014

For and on behalf of the Board of Directors of

Nitesh Estates Limited

Nitesh Shetty

Managing Director

Ashwini Kumar

Executive Director

L.S. Vaidyanathan

Executive Director

D. Srinivasan

Company Secretary

Venkateshan M.A.

Chief Financial Officer

Place: Bangalore

Date: 28 May 2014

NITESH ESTATES LIMITED

CIN No. L07010KA2004PLC033412

Regd. Office 'NITESH TIMESQUARE'; 7th Floor, No.8, M.G. Road, Bangalore 560 001

Tel: +91-80-4017 4000; Fax: +91-80-2555 0825; Web: www.niteshestates.com

ATTENDANCE SLIP

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the **10th Annual General Meeting** of the Company held on Friday the 26th Sept. 2014 at 2.00 P. M. at **Chowdiah Memorial Hall, G.D. Park Extension, Vyalikaval, Bangalore - 560 003.**

Full name of the Member (in block letters)



Signature

Folio No •

DP ID No.* Client ID No.*

No. of Shares:

*Applicable for member holding shares in electronic form

Full name of the Proxy (in block letters)

Signature

PROXY FORM - MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the
Companies (Management and Administration) Rules, 2014]

Name of the Company: NITESH ESTATES LIMITED (CIN No. L07010KA2004PLC033412)

Registered Office : 'NITESH TIME SQUARE', 7th Floor, No. 8, M.G. Road, Bangalore 560001.

Name of the Member (s) : _____

Registered address: _____

E-mail Id: _____ DP ID No.* _____ Client ID No.* _____

I / We, being the member(s) of _____ Equity Shares of Nitesh Estates Limited hereby appoint

1. Name : _____

Address : _____

E-mail Id : _____

Signature : _____, or failing him / her

2. Name : _____

Address : _____

E-mail Id : _____

Signature : _____, or failing him / her

3. Name : _____

Address : _____

E-mail Id : _____

Signature : _____, or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting of the Company, to be held on **Friday, September 26, 2014 at 2.00 p.m. at Chowdiah Memorial Hall, G.D. Park Extension, Vyalikaval, Bangalore - 560 003** and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting as are indicated below:



List of Resolutions :

Resolution No.	Resolution	Vote (Optional) (please refer Note No. 3)		
		For/ Assent	Against/ Descent	Abstain
ORDINARY BUSINESS				
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 st March 2014 together with the Directors' Report and Auditors' Report thereon.			
2.	Appointment of a Director in place of Mr. Mahesh Bhupathi who retires by rotation and being eligible, offers himself for reappointment			
3.	Appointment of M/s. Ray & Ray, Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board to fix their remuneration.			
SPECIAL BUSINESS				
4.	Appointment of Mr. Sudhakar Rao, as Director of the Company			
5.	Appointment of Mr. G. N. Bajpai, as an Independent Director of the Company			
6.	Appointment of Mr. Ashok T. Aram, as an Independent Director of the Company			
7.	Appointment of Mr. Jagdish Capoor, as an Independent Director of the Company			
8.	Appointment of Mr. M. D. Mallya, as an Independent Director of the Company			
9.	Special Resolution: Approve the appointment and the remuneration payable to Mr. Nitesh Shetty, Chairman & Managing Director of the Company.			

Affix Re. 1 Revenue Stamp

Signed this _____ day of _____, 2014

Signature of Shareholder (s)

Signature of Proxy Holder (s)

Note:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- (2) For detailed resolutions and explanatory statements please refer to the notice of 10th Annual General Meeting of the Company.
- (3) It is optional to indicate your preference, if you leave the 'For / Assent', 'Against / Descent' or 'Abstain' column blank against any or all resolutions, your Proxy will be at the option to vote in the manner as he/she may deem appropriate.

* Applicable for member holding shares in electronic form.



Nitesh Estates Limited

CIN: L07010KA2004PLC033412

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Bangalore – 560001, India

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E: investor@niteshestates.com | W: niteshestates.com

Cautionary statement: statements in this annual report describing the company's objectives, projections, estimates and expectations may be 'forward looking statement' within the meaning of applicable laws and regulation. 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 cost.