

NITESH URBAN DEVELOPMENT PRIVATE LIMITED

CIN: U45201KA2007PTC044561

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

DIRECTORS' REPORT

The Board of Directors present their report for the financial year ended March 31, 2014 along with the Audited Statement of Accounts.

FINANCIAL RESULTS:

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

Particulars	Figures in Rs.	
	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
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)

DEBENTURES:

As disclosed in the previous year, the Company had entered into an Investment Agreement with JM Financial Trustee Company Private Limited (Investor), a trustee of JM Financials Property Fund II and pursuant to which, the Company had issued Unsecured Zero-Coupon Compulsorily Convertible Debentures to the Investor aggregating to Rs.35 Crores. The Investor and the Company are mutually exploring the possibilities of including another project Nitesh Palo Alto and necessary applications have been made with the relevant authorities for approvals.

AUDITORS:

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

DIRECTORS:

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

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

NITESH URBAN DEVELOPMENT PRIVATE LIMITED

CIN: U45201KA2007PTC044561

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

DIRECTORS RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the accounts for the financial year ended March 31, 2014, on a going concern basis.

BOARD'S RESPONSE TO THE AUDITORS' OBSERVATIONS

Auditors' Observations:

"As stated in note 35 to the financial statement, the Company has advanced an amount aggregating Rs 365,095,402 as at 31 March 2014, to various parties for purchase of land/properties, purchase of transferable development rights as well as certain advances to vendor for construction services. Considering the timeline of these advances, the same should have been converted into acquired land or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which the 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 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."

NITESH URBAN DEVELOPMENT PRIVATE LIMITED

CIN: U45201KA2007PTC044561

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

Board's reply :

The Company has advanced an amount aggregating Rs 365,095,402 as at 31 March 2014, to various parties for purchase/joint development of land/ properties. Management continues to believe that these advances have been made to parties with which a joint development agreements / acquisition of land will be consummated and in the event that it does not consummate, these advances can be recovered.

PARTICULARS OF EMPLOYEES:

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company is not covered by the schedule which requires it to furnish details as per the provision of Sections 217 (1) (e) of the Companies Act, 1956.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has not earned any foreign exchange. However the Company had spent foreign exchange of Rs. 36,02,673/- during the financial year 2013-14.

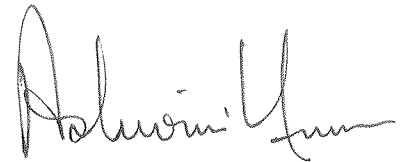
ACKNOWLEDGMENTS:

Your Directors are pleased to place on record their sincere appreciation for the valuable assistance and co-operation extended to the Company by its Bankers, State and Central Government authorities.

For and on behalf of the Board of Directors
of NITESH URBAN DEVELOPMENT PRIVATE LIMITED



L. S. Vaidyanathan
Director



Ashwini Kumar
Managing Director

Place: Bangalore
Date: May 27, 2014

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

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

Independent Auditor's report

To the Members of Nitesh Urban Development Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Nitesh Urban Development Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended on that date and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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



Nitesh Urban Development Private Limited
Auditor's report (continued)

Basis for Qualified Opinion

As stated in note 35 to the financial statement, the Company has advanced an amount aggregating Rs 365,095,402 as at 31 March 2014, to various parties for purchase of land/ properties, purchase of transferable development rights as well as certain advances to vendor for construction services. Considering the timeline of these advances, the same should have been converted into acquired land or these amounts should have been recovered. Management continues to believe that these advances have been made to parties for which the 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 acquisition of land and considering that they are not secured, we are unable to comment on the recoverability of these advances and the consequential effect, if any, on the financial statement for the year ended 31 March 2014.

Qualified Opinion

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph in our opinion, the balance sheet, the statement of profit and loss, and the cash flow statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the of the Companies Act, 1956; and*



B S R & Co. LLP

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

for B S R & Co LLP

Chartered Accountants

Firm registration number: 101248W



Sampad Guha Thakurta

Partner

Membership No.: 060573

Bangalore

Date: 27 May 2014

Nitesh Urban Development Private Limited
Annexure to the Independent Auditor's report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of fixed assets during the year. Thus paragraph 4(i)(c) of the Order is not applicable.
- (ii) The Company is in the business of real estate development and related services and holds inventories in the form of land, properties under development and constructed properties. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) 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.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, inventory and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion, and according to information and explanations given to us, the particulars of contracts or arrangements referred to Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Sales tax, Service tax, Employees' State Insurance and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of Customs duty, Investor Education and Protection Fund, Wealth tax and Excise duty.
- (b) According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Income tax, Sales 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.
- (c) According to the information and explanation given to us, there are no dues of Income tax, Sales tax and Service tax which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current financial year. *However, the Company has incurred cash loss during the immediately preceding financial year.*
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company has no outstanding dues in respect of financial institutions or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us by the management, term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) 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.
- (xix) The Company has unsecured debentures outstanding during the year on which no security or charge is required to be created.



- (xx) The Company did not raise any money by public issues during the year.
- (xxi) According to the information and explanations furnished by the management, which has been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

for B S R & Co LLP

Chartered Accountants

Firm registration number: 101248W



Sampad Guha Thakurta

Partner

Membership No.: 060573

Bangalore

Date: 27 May 2014

Nitesh Urban Development Private Limited
Balance sheet

	Note	As at 31 March 2014 Rs	As at 31 March 2013 Rs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	65,820,000	65,820,000
Reserves and surplus	4	97,883,249	48,845,859
		<u>163,703,249</u>	<u>114,665,859</u>
Non-current liabilities			
Long-term borrowings	5	350,000,000	350,000,000
Long-term provisions	6	4,041,539	4,228,247
		<u>354,041,539</u>	<u>354,228,247</u>
Current liabilities			
Short-term borrowings	7	216,000,000	96,000,000
Trade payables	8	163,670,708	52,662,286
Other current liabilities	9	741,986,952	927,996,211
Short-term provisions	10	3,899,314	492,075
		<u>1,125,556,974</u>	<u>1,077,150,572</u>
		<u>1,643,301,762</u>	<u>1,546,044,678</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	1,225,732	1,248,338
- Intangible assets	11	165,176	-
		<u>1,390,908</u>	<u>1,248,338</u>
Non-current investments	12	80,200,000	80,200,000
Deferred tax assets, net	13	-	-
Long-term loans and advances	14	206,643,620	206,640,120
		<u>286,843,620</u>	<u>286,840,120</u>
Current assets			
Inventories	15	501,529,939	696,996,037
Trade receivables	16	16,908,450	45,289,958
Cash and bank balances	17	235,602,453	125,054,378
Short-term loans and advances	18	601,026,392	390,615,847
		<u>1,355,067,234</u>	<u>1,257,956,220</u>
		<u>1,643,301,762</u>	<u>1,546,044,678</u>
Significant accounting policies	2		

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

As per our report of even date attached

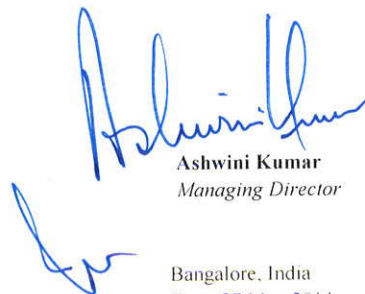
for BSR & Co. LLP
Chartered Accountants
Registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Urban Development Private Limited



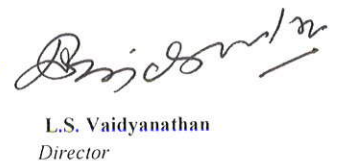
Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014



Ashwini Kumar
Managing Director

Bangalore, India
Date: 27 May 2014



L.S. Vaidyanathan
Director



Nitesh Urban Development Private Limited
Statement of profit and loss

	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
		Rs	Rs
Income			
Revenue from operations	19	642,289,832	-
Other income	20	3,953,010	6,100,677
		<u>646,242,842</u>	<u>6,100,677</u>
Expenses			
Cost of land and construction		502,788,341	-
Employee benefits	21	35,287,589	31,444,141
Finance costs	22	408,197	268,396
Depreciation and amortisation	11	335,083	151,939
Other expenses	23	46,246,242	63,504,267
		<u>585,065,452</u>	<u>95,368,743</u>
Profit/(Loss) before tax		61,177,390	(89,268,066)
Tax expense:			
- current tax/ minimum alternate tax		12,140,000	-
- deferred tax (credit)/ charge		-	8,899,719
Profit/(Loss) for the year		<u>49,037,390</u>	<u>(98,167,785)</u>
Profit/(Loss) per share (equity shares, par value of Rs 10 each)	28		
- Basic		7.45	(14.91)
- Diluted		3.01	(14.91)
Significant accounting policies	2		

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

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Urban Development Private Limited

Sampad Guha Thakurta
Partner
Membership No. 060573

Ashwini Kumar
Managing Director

L.S. Vaidyanathan
Director

Bangalore, India
Date: 27 May 2014

Bangalore, India
Date: 27 May 2014



	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	61,177,390	(89,268,066)
Adjustments:		
Depreciation	335,083	151,939
Interest income	(3,853,010)	(5,398,677)
Operating profit/ (loss) before working capital changes	57,659,463	(94,514,804)
Decrease/ (increase) in inventories	195,466,098	(636,155,894)
Decrease/ (increase) in trade receivables	28,381,508	(45,289,958)
Decrease/ (increase) in loans and advances	(210,414,045)	(253,358,104)
Decrease/ (increase) in escrow accounts	15,814,969	(48,345,407)
(Decrease) / increase in liabilities	(75,000,837)	733,770,942
(Decrease) / increase in provisions	217,302	4,707,067
Cash generated from / (used in) operations	12,124,458	(339,186,158)
Income taxes paid	(9,136,771)	(539,868)
Net cash generated from / (used in) operating activities	2,987,687	(339,726,026)
Cash flow from investing activities		
Purchase of fixed assets	(477,653)	(1,400,277)
Investments in bank deposits (having maturity of more than three months)	(131,974,349)	-
Interest received	3,853,010	5,398,677
Net cash generated from / (used in) investing activities	(128,598,992)	3,998,400
Cash flow from financing activities		
Secured loans from banks received, net	120,000,000	40,000,000
Proceeds from issue of debentures	-	350,000,000
Net cash provided by/ (used in) financing activities	120,000,000	390,000,000
Net increase / (decrease) in cash and cash equivalents	(5,611,305)	54,272,374
Cash and cash equivalents at the beginning of the year	76,708,971	22,436,597
Cash and cash equivalents at the end of the year	71,097,666	76,708,971
Components of cash and cash equivalents	As at 31 March 2014	As at 31 March 2013
Cash on hand	90,017	52,409
Balances with banks		
- in current accounts	10,514,290	12,521,793
- deposits with original maturity of less than three months	60,493,359	64,134,769
Total cash and cash equivalents (refer note 17)	71,097,666	76,708,971

As per our report of even date attached

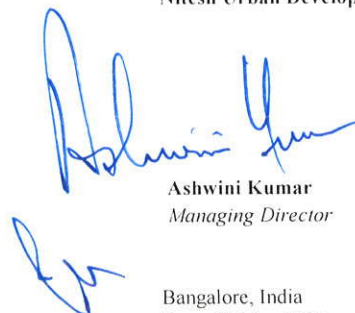
for BSR & Co. LLP
Chartered Accountants
Registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Urban Development Private Limited



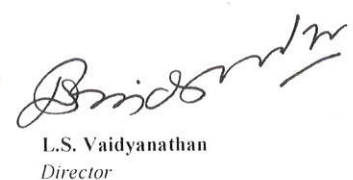
Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014



Ashwini Kumar
Managing Director

Bangalore, India
Date: 27 May 2014



L.S. Vaidyanathan
Director



1 Company overview

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

The Company is primarily engaged in business of the real estate development.

2 Significant accounting policies

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

2.1 Basis of preparation of financial statements

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

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

2.2 Use of estimates

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

2.3 Revenue recognition

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

Recognition of revenue from property development:

Recognition of revenue from construction activity and sale of undivided share of land

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

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

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



Notes to financial statements for the year ended 31 March 2014

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

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

2.4 Interest income

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

2.5 Investments

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

2.6 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

Depreciation on fixed assets is provided using written down value method ('WDV') at the rates prescribed under Schedule XIV of the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. However, where the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/ remaining useful life.

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

Asset description	Years
Office equipment	7 years
Vehicles	4 years

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

Intangible assets

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



2.7 Employee benefits

Defined benefit plan

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

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

Other long term benefit

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

Defined contribution plan

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

2.8 Leases

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

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

2.9 Earnings/ (loss) per share

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



2.10 Provisions and contingent liabilities

Provision is recognised when, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

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.

2.11 Impairment of assets

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

2.12 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.

2.13 Cash and cash equivalents

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



2.14 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.

2.15 Recognition and measurement of advances paid and received

Advances paid towards jointly developable properties

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

Advance for purchase of properties/land

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

2.16 Inventories

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

Land

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

Properties under development

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

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

2.17 Land held under joint development arrangements

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

2.18 Foreign exchange transactions

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

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



3 Share capital

(a)	Rs	
	As at 31 March 2014	As at 31 March 2013
Authorised		
10,000,000 (previous year: 10,000,000) equity shares of Rs 10 each	100,000,000	100,000,000
	100,000,000	100,000,000
Issued, subscribed and fully paid up		
6,582,000 (Previous year : 6,582,000) equity shares of Rs.10 each	65,820,000	65,820,000
	65,820,000	65,820,000

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

Particulars	31 March 2014		31 March 2013	
	No of shares	Amount in Rs	No of shares	Amount in Rs
Number of equity shares at the beginning of the year	6,582,000	65,820,000	6,582,000	65,820,000
Add: Equity shares issued during the year	-	-	-	-
Number of equity shares outstanding at the end of the year	6,582,000	65,820,000	6,582,000	65,820,000

(c) Equity shareholders holding more than 5% of equity shares:

Name of the share holder	31 March 2014		31 March 2013	
	No of shares	% holding	No of shares	% holding
Nitesh Estates Limited	6,581,999	100%	6,581,999	100%

(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.

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.

Further, during the previous year, the Company, Nitesh Estates Limited ("Promoter") and the holders ("Investors") of Compulsorily Convertible Debentures ("CCDs") have entered into an investment agreement. The salient rights, entitlements and obligations of the equity shareholders as per the investment agreement include:

- The equity shares held by the Promoter as well as CCDs held by the Investors are not transferable without the prior written consent of the other party.
- The Company shall not and the Promoter shall ensure that the Company does not authorise, designate or issue, whether by reclassification or otherwise, any class of shares or any other securities. Also, there shall not be any alteration to the rights, preferences or privileges of any securities.
- The Promoter have the power to appoint three Directors and Investors have the power to appoint two Directors to the Board of Directors of the Company. The quorum for any meeting of the Board shall be two directors or one-third of its total strength, whichever ever is higher, subject to the presence of at least one Investor Director and one Promoter Director.

(e) Shares reserved for issue under options and contracts/ commitment for sale of shares/disinvestment

	As at 31 March 2014		As at 31 March 2013	
	No of shares	Amount in Rs	No of shares	Amount in Rs
For Zero coupon compulsorily convertible debentures of Rs. 1,000,000 each (also refer to note 5)	9,730,000	97,300,000	9,730,000	97,300,000

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



4 Reserves and surplus

	Rs	
	As at 31 March 2014	As at 31 March 2013
Securities premium		
Opening balance	170,872,000	170,872,000
Add: addition during the year	-	-
Closing balance	170,872,000	170,872,000
(Deficit) in statement of profit and loss		
Opening balance	(122,026,141)	(23,858,356)
Add: Profit/ (Loss) for the year	49,037,390	(98,167,785)
Closing balance	(72,988,751)	(122,026,141)
	97,883,249	48,845,859

5 Long-term borrowings

	Rs	
	As at 31 March 2014	As at 31 March 2013
Unsecured:		
350 (Previous year: 350) zero coupon compulsorily convertible debentures of Rs 1,000,000 each	350,000,000	350,000,000
	350,000,000	350,000,000

a) Terms of Zero coupon compulsorily convertible debentures

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

- Mandatory conversion date i.e. date falling 8 years after the issue of debentures 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.

6 Long-term provisions

	Rs	
	As at 31 March 2014	As at 31 March 2013
Provision for employee benefits		
Gratuity (refer note 32)	658,191	1,079,752
Compensated absences	3,383,348	3,148,495
	4,041,539	4,228,247



7 Short-term borrowings

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Other short term borrowings		
<i>Secured:</i>		
- from banks	216,000,000	96,000,000
	216,000,000	96,000,000

Short-term secured loans from banks

The term loan from a bank amounting to Rs. 216,000,000 (previous year: Rs. 96,000,000) is secured by Equitable Mortgage of the Company's share of property situated at Varthur Hobli, Bangalore admeasuring 190,633 Sq ft 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).

Further, the loan is collaterally secured by hypothecation of receivables of the project and guarantees given by holding company and promoter.

Repayment and interest terms

Repayment terms	Interest rate
The loan has to be repaid in 12 monthly installments starting April 2014	4% above base rate

8 Trade payables

	Rs	
	As at	As at
	31 March 2014	31 March 2013
-Dues to micro and small enterprises (refer note 34)	-	-
-Dues to other creditors	163,670,708	52,662,286
	163,670,708	52,662,286

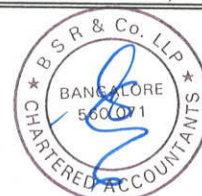
9 Other current liabilities

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Consideration under joint development agreement towards purchase of land*	332,519,724	434,126,092
Advance received from customers for sale of properties	319,486,294	93,961,274
Billing in excess of revenue	78,945,290	388,579,547
Advance received from related parties	2,240,122	-
Other payables		
- accrued salaries and benefits	4,894,969	4,897,898
-withholding and other taxes and duties payable	3,900,553	6,431,400
	741,986,952	927,996,211

*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.

10 Short-term provisions

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Provision for employee benefits		
Gratuity (refer note 32)	-	22,538
Compensated absences	896,085	469,537
Provision for income tax (net of advance tax)	3,003,229	-
	3,899,314	492,075



Nitesh Urban Development Private Limited
Notes to financial statements

11 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	
Tangible assets									
Office equipments	109,718	310,029	-	419,747	2,727	37,140	-	39,867	106,991
Vehicles	1,290,559	-	-	1,290,559	149,212	295,495	-	444,707	1,141,347
	1,400,277	310,029	-	1,710,306	151,939	332,635	-	484,574	1,248,338
Intangible assets									
Computer software	-	167,624	-	167,624	-	2,448	-	2,448	-
	1,400,277	477,653	-	1,877,930	151,939	335,083	-	487,022	1,248,338
<i>Previous year</i>		<i>1,400,277</i>	<i>-</i>	<i>1,400,277</i>	<i>-</i>	<i>151,939</i>	<i>-</i>	<i>151,939</i>	<i>1,248,338</i>



12 Non-current investments

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>(At cost less permanent diminution, if any)</i>		
Trade - unquoted		
<i>Investment in joint venture</i>		
-Courtyard Constructions Private Limited	80,200,000	80,200,000
[5,490 equity shares (Previous year: 5,490) of Rs.10 each fully paid up]		
	80,200,000	80,200,000

13 Deferred tax assets (net)

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Deferred tax asset		
Excess of depreciation provided in the books over depreciation allowable under income tax laws	55,837	1,700
Tax losses*	-	-
	<u>55,837</u>	<u>1,700</u>
Deferred tax liability		
Excess of depreciation allowable under the income tax laws over depreciation provided for in the books	(55,837)	(1,700)
	<u>-</u>	<u>-</u>

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

14 Long-term loans and advances

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Unsecured, considered good</i>		
Advance for purchase of transferable development rights	205,891,402	205,891,402
Security deposits	212,350	208,850
Advance tax, net of provision for tax	539,868	539,868
	206,643,620	206,640,120

15 Inventories

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>(Valued at lower of cost and net realisable value)</i>		
Land held under joint development agreements	355,367,534	500,902,590
Properties under development*	146,162,405	196,093,447
	501,529,939	696,996,037

* Properties under development includes interest cost of Rs 24,010,179 for the year ended 31 March 2014 (Previous year: Rs 14,528,950) inventorised.

Refer note 2.15 for accounting policy on disclosure of mode of valuation of inventories.



16 Trade receivables

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Unsecured</i>		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- considered good	99,280	1,601,258
Other debts		
- considered good	16,809,170	43,688,700
	<u>16,908,450</u>	<u>45,289,958</u>

17 Cash and bank balances

	Rs	
	As at	As at
	31 March 2014	31 March 2013
Cash and cash equivalents		
Cash on hand	90,017	52,409
Balances with banks		
- in current accounts	10,514,290	12,521,793
- deposits with original maturity of less than three months	<u>60,493,359</u>	<u>64,134,769</u>
	71,097,666	76,708,971
Other bank balances		
Balances with banks		
- in escrow accounts	32,530,438	48,345,407
- deposits with original maturity for more than three months but less than twelve months	<u>131,974,349</u>	<u>-</u>
	164,504,787	48,345,407
	<u>235,692,453</u>	<u>125,054,378</u>

18 Short-term loans and advances

	Rs	
	As at	As at
	31 March 2014	31 March 2013
<i>Unsecured, considered good</i>		
Security deposits	315,000	315,000
Refundable deposits under joint development agreements	130,000,000	130,000,000
Advance paid to related parties	25,000,000	32,246,321
Vendor advances	328,425,538	146,429,017
Balances with government authorities	11,791,429	4,043,084
Prepaid expenses	5,753,425	8,378,425
Advance for purchase of properties/land and joint development agreement	99,741,000	69,204,000
	<u>601,026,392</u>	<u>390,615,847</u>



19 Revenue from operations

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Income from property development	642,289,832	-
	642,289,832	-

20 Other income

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest		
- from banks	3,853,010	5,398,677
Miscellaneous income	100,000	702,000
	3,953,010	6,100,677

21 Employee benefits

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries, wages and bonus	32,881,995	29,328,676
Contribution to provident and other funds	1,445,137	1,624,051
Staff welfare	960,457	491,414
	35,287,589	31,444,141

22 Finance costs

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest and other charges		
- Others	-	33,500
Bank charges	408,197	234,896
	408,197	268,396

23 Other expenses

	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Advertising and sales promotion	20,061,964	48,762,057
Professional and consultancy charges	10,304,196	9,208,463
Rent	4,949,300	1,128,800
Travel and conveyance	3,708,419	1,357,106
Power and fuel	1,394,783	266,052
Repairs and maintenance - others	1,084,481	40,064
Printing, postage and stationery	802,746	223,908
Communication	405,440	23,474
Lease rent - vehicles	350,000	75,000
Insurance charges	334,162	168,540
Office maintenance	55,033	30,123
Rates and taxes	19,938	323,646
Miscellaneous expenses	2,775,780	1,897,034
	46,246,242	63,504,267



24 Commitments and contingent liabilities

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Commitments		
Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for	985,254,794	1,099,186,483

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.

25 Details of Construction contracts in progress

Particulars	Rs	
	As at and for the year ended 31 March 2014	As at and for the year ended 31 March 2013
Contract revenue recognized as revenue for the year	642,289,832	-
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to year end	574,177,083	-
The amount of customer advances outstanding as at year end	319,486,294	93,961,274
The amount of retention due from customers for contracts in progress as at year end	-	-

During the previous year, the Company had commenced construction in a project "Nitesh Cape Cod". However, no revenues had been recognised as the relevant thresholds specified in the 'Guidance Note on Recognition of Revenue by Real Estate Developers - Revised 2012' issued by ICAI had not been met as at 31 March 2013.

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

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
As statutory auditors		
Statutory audit fees	240,000	200,000
Limited reviews	180,000	100,000
Out of pocket expenses	48,873	32,905
	468,873	332,905

27 Expenditure in foreign currency

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Consultancy charges	3,602,673	1,894,987
	3,602,673	1,894,987



28 Earnings / (Loss) per share

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

(Figures in rupees except number of shares)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit / (Loss) for the year attributable to equity shareholders	49,037,390	(98,167,785)
Number of weighted average shares considered for calculation of basic earnings per share	6,582,000	6,582,000
Add: Dilutive effect of zero coupon compulsorily convertible debenture*	9,730,000	-
Number of weighted average shares considered for calculation of diluted earnings per share	16,312,000	6,582,000
Earnings / (Loss) per share		
-Basic	7.45	(14.91)
-Diluted	3.01	(14.91)

*As the effect of conversion of debentures is anti-dilutive, dilutive effect for the previous year has been considered as Nil.

29 Related parties disclosures

Related parties where control exists

A. Holding company

- Nitesh Estates Limited

Related parties with whom transactions have taken place during the year

B. Joint venture company

- Courtyard Constructions Private Limited

C. Enterprises owned or significantly influenced by Key management personnel

- Nitesh Infrastructure and Construction

- Serve & Volley Outdoor Advertising Private Limited

D. Key management personnel

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

E. The following is a summary of related party transactions

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Trade advances paid / (received):		
Nitesh Estates Limited (net)	(9,486,443)	45,477,938
Guarantees given on behalf of the Company:		
Nitesh Estates Limited	120,000,000	40,000,000
Advertising and sales promotion expenses:		
Serve & Volley Outdoor Advertising Private Limited	1,450,000	-
Rent:		
Nitesh Infrastructure and Construction	2,474,650	577,721
Other expenses:		
Nitesh Infrastructure and Construction	1,443,421	269,428



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

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Other current liabilities:		
Nitesh Estates Limited	2,240,122	-
Trade payables:		
Nitesh Infrastructure and Construction	455,561	847,149
Serve & Volley Outdoor Advertising Private Limited	1,450,000	-
Trade advances:		
Nitesh Estates Limited	-	7,246,321
Courtyard Constructions Private Limited	25,000,000	25,000,000
Investment:		
Courtyard Constructions Private Limited	80,200,000	80,200,000
Guarantees given on behalf of the Company and outstanding:		
Nitesh Shetty / Nitesh Estates Limited	216,000,000	96,000,000

30 Segment reporting

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

31 Leases

The Company has taken on lease office facilities, vehicles and other facilities under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total expense under operating leases amounted to Rs 4,949,300 (previous year: Rs 1,128,800).



32 Gratuity plan

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

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Reconciliation of the projected benefit obligations		
Obligations at beginning of the year	1,102,290	-
Service cost	987,987	16,147
Interest on defined benefit obligation	167,360	1,378
Benefits settled	(197,879)	-
Liabilities assumed	-	528,315
Actuarial (gain) / loss	(509,591)	556,450
Obligations at year end	1,550,167	1,102,290

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Change in plan assets		
Plans assets at the beginning of the year, at fair value	-	-
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	79,929	-
Contributions	1,009,926	-
Benefits settled	(197,879)	-
Plan assets at year end, at fair value	891,976	-

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(1,550,167)	(1,102,290)
Closing fair value of plan assets	891,976	-
Liability recognised in the balance sheet	(658,191)	(1,102,290)

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Gratuity cost for the year		
Service cost	987,987	16,147
Interest cost	167,360	1,378
Liabilities assumed	-	528,315
Actuarial (gain) / loss	(589,520)	556,450
Net gratuity cost	565,827	1,102,290

Particulars	Rs	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Assumptions		
Discount rate	9.1%	8.1%
Estimated rate of return on plan assets	8.0%	-
Salary increase	6.0%	6.0%
Attrition rate	2% to 5%	2% to 5%
Retirement age	60	60

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

Particulars	Rs				
	As at and for the year ended 31 March				
	2010	2011	2012	2013	2014
Present value of the defined benefit obligations	-	-	-	1,102,290	1,550,167
Fair value of plan assets	-	-	-	-	891,976
Surplus / (Deficit)	-	-	-	(1,102,290)	(658,191)
Experience adjustment on plan assets	-	-	-	-	79,929
Experience adjustment on plan liabilities	-	-	-	478,245	(282,624)



33 Interest in joint venture

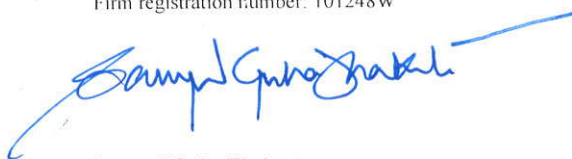
The Company holds 50% interest in Courtyard Constructions Private Limited, a Company, formed in India. This is a jointly controlled entity which is involved in real estate development.
The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity (as per the audited financial statements available with the company) are as follows:

Particulars	Rs	
	As at 31 March 2014	As at 31 March 2013
Assets		
Non-current assets	29,897,735	29,898,985
Current assets	1,357,050	1,369,340
Liabilities		
Non current liabilities	31,425,000	31,425,000
Current liabilities	921,247	911,562
Income	-	-
Expenses	23,225	72,378

- 34 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2014 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.
- 35 The Company has advanced an amount aggregating Rs 365,095,402 as at 31 March 2014, to various parties for purchase of land/ properties, purchase of transferable development rights as well as certain advances to vendor for construction services. Considering the timeline of these advances, the same should have been converted into acquired land or these amounts should have been recovered. Though these advances are unsecured, Management continues to believe that these advances have been made to parties with which the acquisition of land will get consummated and in the event that it does not consummate, these advances can be recovered.
- 36 Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

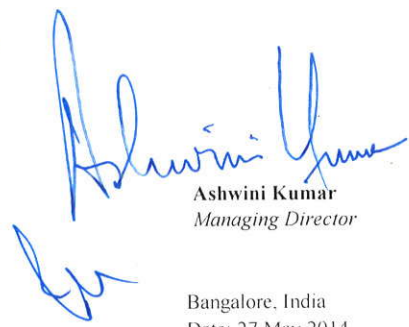
As per our report of even date attached
for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W

for and on behalf of the Board of Directors of
Nitesh Urban Development Private Limited



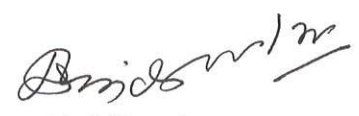
Sampad Guha Thakurta
Partner
Membership No.: 060573

Bangalore, India
Date: 27 May 2014



Ashwini Kumar
Managing Director

Bangalore, India
Date: 27 May 2014



L.S. Vaidyanathan
Director

