

September 28, 2017

The B S E Limited,
(Stock Code: 533202)
Floor 25, P J Towers
Dalal Street
Mumbai-400 001

The National Stock Exchange of India Ltd.,
(Stock Code: NITESHST, Series- EQ)
Exchange Plaza
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir / Madam,

Subject: Submission of the 13th Annual Report of Nitesh Estates Limited

We are pleased to submit the 13th Annual Report of the Company in compliance with Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Request you to take the same on record.

Thanking you,

For **Nitesh Estates Limited**

A handwritten signature in blue ink, appearing to read "D Srinivasan".

D Srinivasan
Company Secretary & Chief Compliance Officer

Encl: a/a



Nitesh Estates Limited

CIN : L07010KA2004PLC033412

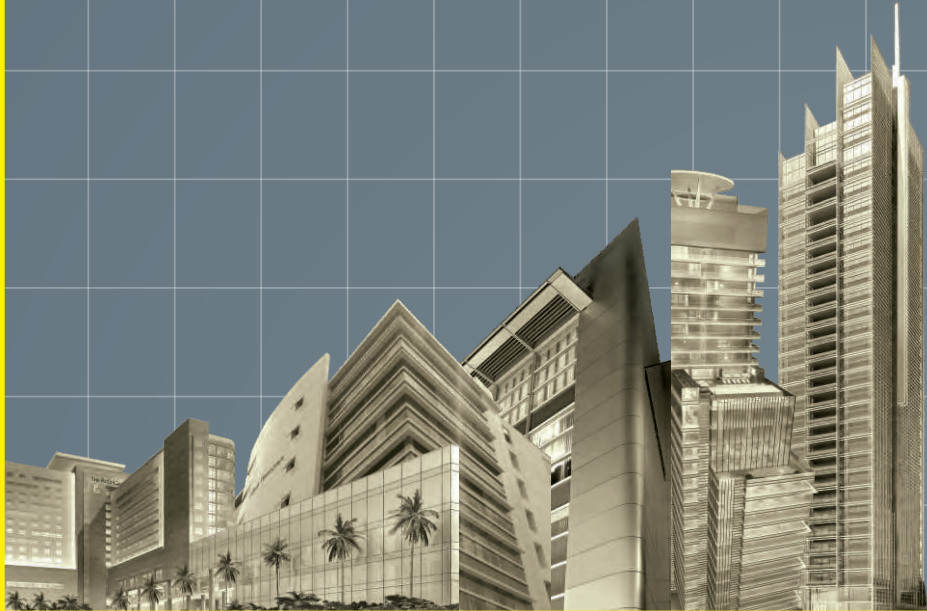
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P +91- 80-4017 4000 F +91- 80-2555 0825. W: www.niteshestates.com



Expect More

13th annual report 2016-17



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 the best than the 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 organizations. We think that this is an important part of our success. Nitesh Estates is an organization with a human touch
- ▶ We consider size an asset and try to grow substantially year on year. We want to be big enough to undertake the largest project that any of our clients 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.

OUR BRAND

NITESH ESTATES LOGO

After a decade of operations, our brand Nitesh Estates has evolved. We now have a new logo.



Expect More

We have continued with the credo "Expect More". And continued with our strong palette of Yellow and Black.

BRAND AMBASSADOR

The brand has roped in star cricketer and captain of India's Test team, the charismatic Virat Kohli, as Brand Ambassador.





Nitesh PARK^{AVE}

Name of the Project: Nitesh Park Avenue

Genre: High-rise Ultra Luxury Condominium

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 city, 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.

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MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR

Dear Shareholders and friends,

Financial year 2016-17 was remarkable for India Inc. Structural reforms such as demonetisation, new indirect tax system (Goods and Services Tax) and Real Estate (Regulation and Development) Act (RERA) paved a new way for Indian corporates. Real Estate industry, which was known for its lack of transparency, saw the implementation of RERA: the single most positive reform the industry has seen since its inception. Another important regulatory initiative by the government, Real Estate Investment Trust (REIT), is all set to launch this year. It will provide incentive for commercial asset development by solving fund-raising issue for developers.

As per our commitment to shift from a heavy residential base to commercial development, we have 4 commercial projects in the pipeline with an area of more than 1 million sq. ft. As Bangalore witnesses the lowest vacancy rate in commercial space

among all cities, we expect the new supply of office spaces will strongly contribute to our top line. We are also looking for new lines of businesses and waiting for right opportunities to embark upon.

Our Pune mall has crossed occupancy level of 73% and is expected to be fully leased by the end of current fiscal. Ritz-Carlton has set the benchmark of being an internationally recognized luxury hotel in India. Its occupancy touched 82% in February.

Although sales in our residential segment have slowed down due to macroeconomic shocks and impacted our top line, it is expected to pick up by the 2nd quarter of FY 2018. We are committed to timely delivery of on-going projects to our customers.

We have reduced our cost of debt by 140 basis points in the financial year. In this new era of low interest rate, we expect our cost of capital to go down further that would help us in better management of our cash flows.

In terms of our most valuable resource, employees, we refined the appraisal system by linking it with the Annual Operating Plan that helps us in creating a balanced score card and hence a better way to review the performance. We strive to make your company the best place to work in terms of learning, challenges and growth.

As uncertainties in real estate sector fade away, we expect regulatory approvals to be easier than before, reducing the time and cost for developers. Customer-friendly regime would definitely bring back the consumer confidence and hence our revenue and profits will take an upturn.

I would like to thank our board members, customers, employees and business partners for all the support over the years and look forward to meeting you at our Annual General Meeting (AGM).

Best wishes,

NITESH SHETTY

Chairman and Managing Director



Nitesh
NAPA VALLEY
OFF BELLARY ROAD NORTH BANGALORE

Name of the Project: Nitesh Napa Valley

Genre: Luxury Villas

Location: Off Bellary Road, Bangalore

Project Description: Premium Luxury Villas

Highlights: Nitesh Napa Valley is a picturesque development off Bellary Road, Bangalore. This international gated villa community is spread over 20 acres of verdant terrain. Each stylish villa is dotted through the lush green property. It proposes to be the harmonious blend of splendid location interpreted in International style and elegance which promises you uncompromised luxury, privacy and convenience. Coupled with top-notch quality in construction, design and style, this project will cater to a global lifestyle with special focus on providing a living experience beyond all of your expectations. Generous plot sizes and dramatic landscaping provide seclusion.



MESSAGE FROM EXECUTIVE DIRECTOR

The year under review was a slow and difficult year for the real estate sector across the country, due to major impending changes in the regulatory environment reinforced by overall weak consumer sentiment. Real Estate sector saw implementation of two landmark reforms – Real Estate (Regulation & Development) Act (RERA) and Goods & Services Tax (GST). Industry was already in oversupply resulting in limited price appreciation. Moreover, due to regulatory uncertainty many consumers postponed buying decision till the regulatory changes came into effect.

Bangalore's rapid progress in technology and global connectivity continue to drive real estate growth in the city. However, some headwinds originating from global geopolitical uncertainties have put the outlook of the IT sector under the scanner.

Over the last year, the Government of India has launched a number of initiatives which

are targeted at bringing in more transparency to improve the prospects of the industry further. These include focus on affordable housing development, relaxation of the FDI norms in the sector, push for 100 smart cities, banking reforms and control on inflation. Most recent introduction of the RERA and GST in conjunction with Benami Transaction Act, Demonetization drive are sure to address serious issues of transparency which have plagued the sector for long and diminished consumer confidence. This will infuse comfort to customers and investors and will eventually be beneficial to all stakeholders. However, there is a need to improve the complicated regulatory approval process in the sector. A system with streamlined and timely approval processes will be very beneficial for the long term growth of the real estate sector and economy at large.

Given deceleration in new supplies, we expect the inventory levels to come down leading to new launches in the coming year. Reduction in interest rates will also help in improving the consumer sentiment. Overall, this year we expect better absorption across all products.

Commercial real estate space continues to offer attractive avenues for growth. Last year saw a marked appreciation in rentals across all major cities owing to very low vacancy rates. Indian economy is expected to grow rapidly in the coming years. Business expansion across sectors poses a unique opportunity in commercial real estate space. We are actively pursuing this particular market opportunity and are confident that this is going to be the pillar to drive our company's next growth phase.

India continues to be one of the fastest growing economies, and real estate sector is bound to be the key beneficiary of this growth. With new regulations, Nitesh Estates is very well positioned to capitalize on the upturn in the real estate industry.

L.S. Vaidyanathan
Executive Director



Nitesh
CHELSEA
HOSUR MAIN ROAD

Name of the Project: Nitesh Chelsea

Genre: Commercial

Location: Hosur Main Road, Bangalore

Project Description: A-Grade Office Spaces

Highlights: Located in the heart of the start-ups action, and the life line of the IT corridor, Nitesh Chelsea is a LEED Gold A-Grade Office building of 410,000 sq. ft. The location is ideally situated on the Hosur Main Road with quick access to areas like HSR Layout, Koramangala, and Electronic City.



MESSAGE FROM EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

There are two Acts which are having a profound impact on the Indian real estate industry - The Real Estate (Regulation and Development) Act and The Central Goods and Service Tax Act. These Acts required major changes in the internal business processes, reconfiguration of the SAP system, training of all employees for operating in the new environment as also communications with our business partners and customers about the changes. We welcome both the Acts. The Real Estate (Regulation & Development) Act brings in transparency and consequently it will enhance the trust factor between the customers and developers and also increase the confidence of the investors. The CGST Act will make compliance much easier. These Acts usher in a completely new business environment. Since the changes are major, therefore glitches or requirement of changes at a short notice

may be encountered. The internal team is well prepared to work in this new situation.

While the Company was undergoing the implementation of the aforesaid changes, the Indian real estate industry continued to witness subdued demand in the fiscal year 2016-17. The customers remained engaged with us but we saw them deferring their purchase decisions due to the uncertainty of impact of the regulatory changes on the price. Demonetization was another major event during the last fiscal year which made the customers to expect a reduction in demand and consequent reduction in the price. Yet another factor that alarmed customers was the highly publicized environmental concerns related with water bodies. The deferment of buying decisions however is building latent demand and now that most of the uncertainties are out of the way, we expect that gradually the demand will pick up.

The interest rates and price points remain attractive for the buyers.

Current Portfolio

Nitesh Estates has a robust portfolio of projects. There are 10 ongoing residential projects and 4 residential projects which are under design and planned for launch during the fiscal year 2017-18. There are 4 commercial projects, 1 operational hotel and 1 operational retail project. The total developable area of the aforesaid projects is 7.3 million sq. ft. (0.7 million sq. m.). There are 16 projects located in Bangalore and one project each in Pune and Goa.

Nitesh Hub, the operational shopping mall in Pune has ramped up its occupancy to 73% and will get fully leased in one year.

The Ritz-Carlton Hotel in Bangalore is a major landmark in the city of Bangalore and the occupancy rates have steadily shown a rise.

Strategy and Outlook

Over the years, Nitesh Estates has created strong brand equity for itself in the real estate market. We will continue to be focused primarily on the Bangalore market which even today remains the most attractive city in terms of demand.

The residential segment has been our main focus segment but we have been able to seize attractive opportunities in the commercial and retail segment to diversify our revenue stream. We will continue to look for suitable opportunities in these segments either by constructing new commercial spaces or by acquisition.

Now that the uncertainties in the minds of the customers related with the regulatory changes and events like demonetization are no more, we look at the future with greater optimism.

Ashwini Kumar

Executive Director & Chief Operating Officer



Nitesh
MELBOURNE PARK
HENNUR MAIN ROAD

Name of the Project: Nitesh Melbourne Park

Genre: Low-rise Luxury Condominium

Location: Hennur Main Road, Bangalore

Project Description: A Premium Condominium Development

Highlights: Nitesh Melbourne Park is an upcoming premium condominium development by Nitesh Estates, for those who seek nothing but the best in a truly international style. 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.



MESSAGE FROM CHIEF FINANCIAL OFFICER

The performance for the financial year 2016-17 continued to reflect the challenging environment in the Real Estate Industry. During the financial year, the Company sold 0.51 million sq. ft. of area having a total Sales Value of Rs. 128 Crore with an average realization of Rs. 8,480/- per sq. ft.

The Company has a portfolio of 20 ongoing & upcoming projects having an overall area of around 11 million sq. ft. comprising 13 Residential Projects, 6 Commercial Projects and a hospitality Project, under various stages of construction.

The Real Estate industry is looking forward to some positive impact with the recent regulatory changes in the form of implementation of Real Estate Regulation Act (RERA) with effect from July 2017. The Company, with a strong pipeline for development, with projects across price points and at attractive locations to cater to varied customer requirements is well poised to benefit from the anticipated growth in the industry.

Consolidated Financial Performance

During the financial year 2016-17, the Company generated a total income of Rs. 195 Crore, compared with Rs. 261 Crore in the previous financial year. The Earnings before interest, tax, depreciation and amortization (EBIDTA) for the year was at Rs. (-) 21 Crore as compared to Rs. 13 Crore in the previous year. There were 10 projects under income recognition during the year with unrecognized income of Rs. 186 Crore. The Company expects increased revenue recognition going forward owing to more projects getting closer to advanced stages of construction. We are focusing on execution of the projects and expect at least a couple of projects to cross the revenue recognition threshold in the coming financial year.

The Income from Operations continues to be derived mainly from the Company's build and sell portfolio of residential properties. The sole retail property i.e. the shopping mall in Pune, which is in operation, has shown significant growth in the leasing operations during the year, compared with the previous year and

contributed around Rs. 10 Crore to the top line for the current financial year.

Debt Leverage Profile

As of March 31, 2017, the Company had cash and cash equivalents of Rs. 6 Crore. On a standalone basis, the Company had a total debt of Rs. 292 Crore and the net worth was at Rs. 388 Crore. The Company is closely monitoring the debt levels and plans to reduce the high cost debt from the cash generated from ongoing projects and exiting some non-core assets in the portfolio from time to time. During the current financial year the Company retired some of the high cost debts thereby reducing the average cost of borrowing to around 14.1% level as of end March 2017, compared to 15.5% as of last March 2016. Net Debt, as of 31st March 2017, on a consolidated basis was at Rs. 990 Crore.

During the financial year 2017-18, we expect a strong turnaround in both operational as well as financial performance. The sales booking will be driven by existing projects as well as new launches on approval of certain new projects. Our continuous focus on execution is expected to drive revenue recognitions as new projects cross revenue recognition thresholds.

CA M.A. Venkateshan
Chief Financial Officer



Nitesh

PLAZA

ALI ASKER ROAD, BANGALORE.

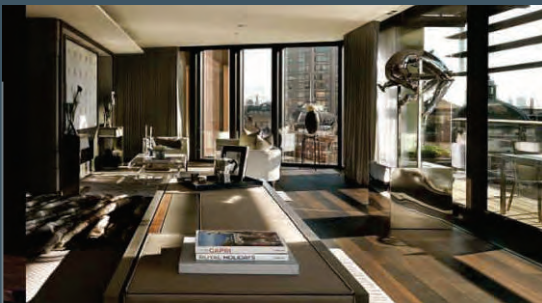
Name of the Project: Nitesh Plaza

Genre: Commercial

Location: Ali Asker Road, Bangalore

Project Description: A-Grade Office Spaces

Highlights: Nitesh Plaza comprises truly exclusive work spaces, located at the powerful address of Ali Asker Road, that aim to create an inspiring environment for any business. It is located on a very prominent 2.5-acre site in Central Bangalore, off Cunningham Road. The project includes 4,00,000 sq ft (37,161 sq m) of development comprising multiple zones, all within an iconic tower.



Nitesh

KNIGHTSBRIDGE

PALACE ORCHARDS | SADASHIVANAGAR

Name of the Project: Nitesh Knightsbridge

Genre: Luxury Homes

Location: Sadashivanagar, Bangalore (Upper Palace Orchards)

Project Description: Premium homes

Highlights : A resplendent blend of contemporary architecture and state-of-the-art luxury homes, Nitesh Knightsbridge is a product of a global acumen and inclination, what with the team of expert designers combining the knowhow and expertise of architects from the United Kingdom to create the final product. Located in Bangalore's upscale residential neighbourhood of Sadashiv Nagar, Nitesh Knightsbridge is poised to become a luxurious highlight in the skyline of the city. Artfully designed by the world-renowned architects, these luxury residences exude sophistication and elegance. Equipped with floor-to-ceiling windows, rooftop with seating area, swimming pool, and the finest finishes, Nitesh Knightsbridge is the perfect example of an opulent yet functional design.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. NITESH SHETTY,
Chairman & Managing Director

MRS. DIPALI KHANNA
Independent Director

MR. G. N. BAJPAI
Independent Director

MR. MAHESH BHUPATHI
Non-Executive Director

MR. JAGDISH CAPOOR
Independent Director

MR. L. S. VAIDYANATHAN
Executive Director

MR. M. D. MALLYA
Independent Director

MR. ASHWINI KUMAR
Executive Director & Chief Operating Officer

Mr. M A Venkateshan
Chief Financial Officer

Mr. D Srinivasan
Company Secretary & Chief Compliance Officer

COMMITTEES OF THE BOARD

Audit Committee

Mr. Jagdish Capoor - Chairman
Mr. G. N. Bajpai - Member
Mr. M. D. Mallya - Member
Mr. L. S. Vaidyanathan - Member

Nomination & Remuneration Committee

Mr. G. N. Bajpai –Chairman
Mr. M. D. Mallya - Member
Mr. Jagdish Capoor - Member

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

Mr. Jagdish Capoor –Chairman
Mr. Nitesh Shetty - Member
Mr. L. S. Vaidyanathan - Member

STATUTORY AUDITORS

M/s Ray & Ray
Chartered Accountants,
No: 824, Ground Floor, 2nd Cross,
11th Main, Hal 2nd Stage, Indiranagar,
Bangalore-560 008

CORPORATE INFORMATION

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Chartered Accountants,
No: 824, Ground Floor, 2nd Cross,
11th Main, Hal 2nd Stage, Indiranagar,
Bangalore-560 008

M/s. S R B C & Co. LLP.,
Chartered Accountant,
C-401, 4th Floor, Panchshill Tech Park,
Yerwada (Near Don Bosco School),
Pune – 411 006

INTERNAL AUDITORS

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"Deloitte Center", Anchorage II, 100/2,
Richmond Road,
Bangalore - 560 025

SECRETARIAL AUDITORS

M/s. S. Kedarnath & Associates,
Practicing Company Secretaries
004, Ojus Apartments, 4th Main Road,
Malleswaram, Bangalore-560 003

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Karvy House, No. 46, 8-2-609/K
Avenue 4, Street No. 1, Banjara Hills,
Hyderabad – 500 038
Telangana, India.
Telephone No. : 91-40 23312454 / 23320751
Email: mailmanager@karvy.com

EQUITY SHARES LISTED AT

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

PRINCIPAL BANKERS

HDFC Limited
Yes Bank Limited
HDFC Bank Limited
Corporation Bank

SOLICITORS

Holla & Holla
Ravi B Naik
Cyril Amarchand Mangaldas
J. Sagar Associates

REGISTERED OFFICE

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Tel: +91 80 4017 4000
email ID: investor@niteshestates.com
Website: www.niteshestates.com

BOARD OF DIRECTORS



Mr. Nitesh Shetty
Chairman & Managing Director

Mr. Nitesh Shetty, a first generation entrepreneur is the founder and Chairman of Nitesh Estates. 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 started a Billboards business at the age of 19, and then ventured into Infrastructure, Hotels, Shopping Malls, and Diversified Investments.

He is the founder and has a big vision for the growth of the company.



Mr. G. N. Bajpai
Independent Director

Mr. G. N. Bajpai holds a Masters 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. M. D. Mallya
Independent Director

Mr. M. D. Mallya was a Chairman and Managing Director of Bank of Baroda since May 2008, and retired in November 2012. He has been the Business Standard Banker of the Year 2011-12. Prior to joining the Bank, he was the Chairman & Managing Director of Bank of Maharashtra.

Mr. Mallya, born on 9th November 1952, passed Bachelor of Engineering with Distinction from Karnataka Regional Engineering College, Suratkal. Subsequently, he completed Post-graduate Diploma in Management from Indian Institute of Science, Bangalore with Distinction.

His tenure as Executive Director of Oriental Bank of Commerce (OBC) was marked by several new initiatives and providing leadership inputs, the merger of erstwhile Global Trust Bank with OBC, etc.

Mr. M. D. Mallya has been on various committees of Indian Banks' Association and National Institute of Bank Management (NIBM), Pune like - Member of the Managing Committee of IBA and Standing Committee on Legal and Banking Operations of IBA, Member of the Governing Board of NIBM, Finance Committee of NIBM and Campus Committee of NIBM., Member of the Governing Council of Indian Institute of Banking and Finance, Member of the Governing Council of Institute of Banking Personnel Selection.

BOARD OF DIRECTORS



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.



Mrs. Dipali Khanna
Independent Director

Mrs. Dipali Khanna holds Masters in Arts from the Delhi University (Lady Sri Ram College) and she is M.Sc. (National Security) from the National Defence College, ICMA and Certificate of Leadership Programme, Harvard.

Mrs. Khanna was in Indian Railway Accounts Services in 1976. She retired as Member Secretary of Indira Gandhi National Centre for Arts which is analogues to Secretary to Government of India. Prior to that she was an Additional Member (Finance) of Railway Board and was also a Financial Adviser with National Disaster Management Authority for over 10 years and served in senior roles in the Ministry of Defense and the Ministry of Power.

She also served on the Boards of large Public Sector Undertakings such as MDL, GRSC and GS. She has chaired various sub-committees of the Boards. Currently, she is also on the board of HAL.



Mr. Mahesh Bhupathi
Non-Executive Director

Mr. Mahesh Bhupathi is India's first & only 10 times Grand Slam title winner and the US Open Mixed Double titles holder. He has the distinction of winning three Doubles titles including French Open and Wimbledon. He has also been part of the first Doubles team to reach the finals of all four Grand Slams.

Mr. Mahesh Bhupathi is the Managing Director of Globosport and the founder of The International Tennis Premier League (ITPL)

BOARD OF DIRECTORS



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 25 years in various capacities. Overall he has over 30 years of experience in auditing, consulting, and in the real estate industry. He is a Professional member of the Royal Institute of Chartered Surveyors (UK)

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

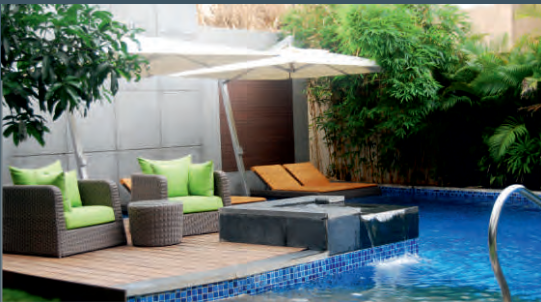
Executive Director & Chief Operating Officer

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.

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 over 30 years starting with functional roles in sales, project management, manufacturing, performance improvement and culminating in business leadership roles.

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



Nitesh LOGOS

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

Name of the Project: Nitesh Logos
Genre: Low-rise Luxury Condominium
Location: Aga Abbas Ali Road, Bangalore
Project Description: 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 hotel, lifestyle retail, and other world class shopping along with some of the finest banks, making this the most desirable place to live in.

CORPORATE SOCIAL RESPONSIBILITY

Joining hands with Ekam Foundation - Healthy Child Healthy Community



Ekam Foundation addresses the neo-natal pediatric and maternal healthcare needs of underprivileged children and mothers by complementing and augmenting existing public and private healthcare services.

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

MANAGEMENT TEAM

**Mr. L S Vaidyanathan**

Executive Director

Mr. LS Vaidyanathan is a Chartered Accountant (CA) and has more than 30 years of work experience in auditing and consulting.

As the Executive Director of the company, he is responsible for all strategic initiatives related to Business Development, Transactional Strategy, Growth Strategy of the residential business, evaluation of deals, and building the residential portfolio.

He is also the Managing Director of Nitesh Housing Developers Pvt. Ltd. (NHDPL) and sits on the boards of various companies of the Group.

**Mr. Ashwini Kumar**

Executive Director & Chief Operating Officer

An MBA from XLRI, Jamshedpur, Mr. Ashwini Kumar has a total experience of over 30 years. He hails from a telecom and power electronics background, and his work has taken him around the world.

He heads Operations, Strategic Planning, and Investor Relations among other responsibilities as the company's Executive Director & COO.

Prior to Nitesh Estates, he has worked in leadership roles at Lineage Power India Pvt. Lt. and Tyco Electronics.

**Mr. M A Venkateshan**

Chief Financial Officer

A Chartered Accountant, Cost Accountant, Company Secretary, and Lawyer (LL.B. - special) by qualification, Mr. MA Venkateshan is equipped with a rich experience of over 33 years.

He heads the Finance department in the company.

He was last associated with JSW Steel Ltd., Mumbai as Senior VP, Finance for 16 years. He has also worked with Jindal Praxair Oxygen Company Limited and Deutsche Babcock Balcke Durr Ltd.

**Mr. Pradeep Narayan**

EVP - Sales, Marketing & CRM

Mr. Pradeep Narayan is a Mechanical Engineer, and an MBA from IIM-Ahmedabad. He has about 27 years of experience in Sales, Marketing, Retailing, Dealer & Channel Management, and Operations with additional exposure to Key Account Selling, Rural Marketing, and Business Development.

He heads the Marketing, Sales and CRM functions here, and is responsible for driving the brand, devising sales strategies, and customer service.

Earlier, he has worked at MNCs like Essilor India, Tata Teleservices Ltd., Bharti Airtel Ltd., Tata Motors Ltd., and Godrej & Boyce Mfg. Co. Ltd., to name a few.

MANAGEMENT TEAM



Mr. Shantanu Karkun

President Projects

A Civil Engineer from IIT Kharagpur, Mr. Shantanu Karkun has a varied, multi-disciplinary experience of 36 years in large power, refinery, telecom, and infrastructure projects across public and private sectors behind him.

As the President, Projects at Nitesh Estates, he ensures smooth execution of all projects within prescribed budgets and timelines while maintaining high quality standards.

Previously, he was the Business Head, President, and CEO at Punj Lloyd Ltd., Reliance Power Ltd., and RIL, respectively.



Mr. Mahesh Laxman

CEO – Commercial & Rental Business

Member of the Royal Institute of Chartered Surveyors, Great Britain, an MBA, and a Commerce graduate, Mr. Mahesh Laxman comes with an experience of over 37 years in Sales & Marketing.

He has come on board as the CEO, Commercial and Rental business, and is behind all the strategic initiatives for the same.

Equipped with a solid background in real estate, he has proved himself time and again at companies like L&T Realty, Equinox Realty & Infrastructure, Indiabulls Real Estate, and Jones Lang LaSalle while holding key positions there.



Mr. Srinivasan D

Company Secretary & Chief Compliance Officer

A Fellow Member of ICSI (FCS) and MBA – LL.M., Mr. D Srinivasan comes armed with 3 decades of experience in Corporate Secretarial and Legal Controlling services.

He is the Company Secretary and Chief Compliance Officer at Nitesh Estates and ensures adherence to all statutory and regulatory requirements.

In the past, he has been associated with the likes of TVS Electricals Ltd., and Caterpillar Power India Ltd., and has several accolades and achievements under his belt.



Mr. Reghunadhan Pillay

Vice President – Legal

Mr. KG Reghunandhan Pillay is a post-graduate in Law from Mumbai University and has 27 years of experience across Corporate, Commercial, Property, and Industrial Law.

He is the head of the Legal department and is in charge of all the legal affairs of the company.

He comes on board with a solid experience of 27 years at Housing and Urban Development Corporation Ltd (HUDCO).

MANAGEMENT TEAM

**Ms. Sunitha George**

Vice President – CRM

A post-graduate in Business Administration, and a Commerce graduate from Bangalore University,

Ms. Sunitha George has experience of over 2 decades in the Telecom and ITES sector with a strong focus on Customer Service.

She heads CRM at Nitesh Estates and is responsible for handling all customer-related affairs for the company.

She has a vast experience in big companies like Tata Docomo, Spice BPO, Spice Telecom, Maxworth Homes Ltd., Real Value Appliances Ltd., and Blue Dart Express.

**Mr. Ashok P C**

Finance Controller- Hospitality & Retail

Mr. PC Ashok is a Finance professional with diverse expertise, and has over 33 years of experience.

He has been a long-serving member of the company and is presently the Financial Controller for Retail & Hospitality businesses at Nitesh Estates. He looks after all financial and accounts-related operations of the same. In addition, he handles the Finance, Commercial and Risk Management roles of all Commercial, Retail, and rental properties. Mr. Ashok is also a key member of the Goldman Sachs partnership platform of the company.

He has worked in various organizations like M/s Venkatachalam Aiyer & Co. Chartered Accountants, Luciya Group of Hotels, Bangalore Leather Innovations (P) Ltd. & Raghavendra Minerals & Granites, Shree Vaishnavi Printers (P) Ltd., and Pradeep & Pradeep Chartered Accountants across Accounting, Auditing and Finance functions.

**Mr. Jayaram N**

Head – HR & Administration

Mr. Jayaram N is a Commerce graduate and holds a Post-Graduate Diploma in Industrial Relations & Personnel Management from Bharatiya Vidya Bhavan. He is a seasoned HR professional with over 30 years of experience.

He heads the Human Resources and Administration departments at Nitesh Estates.

Previously, he has worked with GMR Infrastructure Ltd., TSI Ventures India Pvt. Ltd., Jurong India, Kenmore Farida Ltd., and GE Power Controls.

**Mr. PV Narasimha Rao**

Head – Internal Audit

A post-graduate in Commerce from Delhi School of Economics, Mr. PVN Rao has a work experience of more than 4 decades.

He is the head of Internal Audit and his stringent measures ensure the company remains compliant in following processes at all times.

Prior to joining Nitesh estates, he has worked with Corporation Bank for 40 years.

MANAGEMENT TEAM

**Mr. Subramaniam G**

Finance Controller - Residential

A Chartered Accountant (CA), Mr. Subramaniam G has spent more than 20 years in the Manufacturing industry.

As the head of Treasury, he is responsible for managing cash flow and profitability of the Residential part of the business.

Previously, he has worked with Premier Tissues India Ltd., BPL, Drachem Specialty Chemicals Ltd., and Tamilnadu Chemical Products Ltd. among others.

**Mr. Shreesh Misra**

Sr. General Manager – Nitesh HUB, Pune

Mr. Shreesh Misra holds a diploma in Hotel Management, and has over 25 years of experience spanning Customer Service, Administration, and Management across Hospitality, Real Estate and Retail industries.

He is responsible for Operations at Nitesh HUB, a premium mall in Pune.

Before joining here, he has been associated with Phoenix Marketcity, Pantaloons, Taj Residency Hyderabad, Ramada Plaza Palm Grove, The Taj President, and Anuttam Developers.

**Mr. Sreenivasa Sharma Anantha**

EVP - Corporate

Mr. Sreenivasa Sharma Anantha came on board with a vast experience of 36 years in the Banking sector.

He heads Facilities Management of all the handed-over projects in his capacity as the Executive Vice-President, Corporate.

He has worked at Oriental Bank of Commerce, Global Trust Bank Ltd., and Vysya Bank Ltd. prior to joining Nitesh Estates Limited.



Name of the Project: The Ritz-Carlton Hotel, Bangalore

Genre: Luxury Hotel

Location: Residency Road, Bangalore

Project Description: 5 star Luxury hotel



THE RITZ - CARLTON

BANGALORE

Highlights:

- Nitesh Estates has developed India's first Ritz Carlton hotel, one of the world's finest luxury hotel brands
- 5 world class restaurants offering guests multi-cuisine dining experience
- Also offers 18,000 sq. ft. of stylish indoor ballrooms and outdoor venues
- Within a short span of time after being operational, the Hotel has won several coveted awards such as Conde Nast, Travel + Leisure, GeoSpa Asia



NITESH HUB



Coming soon
Pune Central
anchor store.

Name of the Project: Nitesh HUB

Genre : Retail Mall

Location : Koregaon Park, Pune

Project Description:

- Spread over 6 acres of land, with a built up area of 1 mnsqft, the mall is located in Koregaon, an upmarket prime location in Pune
- Has the capacity to accommodate 130 retail outlets and houses luxury brands such as Collective, Swarovski, Tommy Hilfiger, M.A.C, U.S Polo Assn. and Crossword
- Operational cinemas of PVR and hypermarket of SPAR draws high footfalls
- Strategic location facilitates higher footfall for the shops and is expected to generate a rental income of Rs. 450 mn per annum
- Current leasing of around 50%; Expect the mall to be fully occupied in the next fiscal year

AWARDS



ASIA PACIFIC PROPERTY AWARDS
INTERIOR DESIGN

HIGHLY COMMENDED
HOTEL INTERIOR INDIA

The Ritz-Carlton, Bangalore
by Nitesh Estates Limited

2015-2016




Track2Realty
BRAND X REPORT
2015-2016

Top 10 developers in the hospitality segment across India

THE RITZ CARLTON AWARDS

Travel+ Leisure
Number 1 Business Hotel in India -2014

Conde Nast Readers Travel Awards 2014
Favourite New Business Hotel in India

GeoSpa Asia Spa-India Awards 2014
Best New Spa (Hotel)
The Ritz Carlton, Bangalore

Times Food Award 2014
The Lantern Best Chinese Restaurant

Times Food Awards 2015
Bang Best Alfresco Bar

The Market
Best All Day Dinning

realty

The Ritz Carlton Hospitality Project of the Year

siliconindia

Best design Project of the Year,
Nitesh Hyde Park, South Bangalore



Track2Realty
BRAND X REPORT
2015-2016

Top 10 developers in South India across asset class



ASIA PACIFIC PROPERTY AWARDS
ARCHITECTURE

HIGHLY COMMENDED
HOTEL INTERIOR INDIA

The Ritz-Carlton, Bangalore
by Nitesh Estates Limited

2015-2016

realty

Nitesh Napa Valley
recognised as one of the
Top 100 luxury project in India



Bangalore Hot 50
by Paul Writer

realty

Nitesh Napa Valley -
Super Luxury Project of the Year



Track2Realty
BRAND X REPORT
2015-2016

Top 10 Super Luxury Segment Across India

Asia's Greatest Brands & Leaders 2016

Nitesh Shetty - Best Leader
Nitesh Estates - Best Brand



Asia Pacific Entrepreneurship Awards 2017 India

Top Entrepreneur in Property Development

STATUTORY REPORTS

Directors' Report

Dear Members,

Your Directors present their Thirteenth Annual Report with the standalone and consolidated annual audited accounts of the Company for the year ended March 31, 2017.

1. Financial Results:

(Rupees in Lakh)

| Particulars | STANDALONE | | CONSOLIDATED | |
|--|---------------|---------------|----------------|---------------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Income : | | | | |
| Income from operations | 7432 | 8712 | 19313 | 25351 |
| Other Income | 20 | 193 | 214 | 751 |
| Total Income | 7452 | 8905 | 19527 | 26102 |
| Profit/(Loss) before depreciation | (4414) | (2039) | (8888) | (3643) |
| Less : Depreciation | 70 | 132 | 1414 | 1418 |
| Profit/(Loss) before tax | (4484) | (2171) | (10302) | (5061) |
| Less : Income tax | (19) | (34) | (14) | (9) |
| Profit / (Loss) after tax | (4465) | (2137) | (10288) | (5052) |
| Less: Minority interest & share of profit/ (loss) in Associate | 0 | 0 | 0 | (2220) |
| Net Profit/(Loss) | (4465) | (2137) | (10288) | (7272) |

2. Dividend:

No dividend has been declared for the financial year ended 31st March, 2017 as the Company has incurred loss and it is proposed to conserve the existing reserves for the projects growth and sound financial position of the Company.

3. State of Company's Affairs:

I. Standalone:

During the year under review the Company has achieved a turnover of Rs. 7,432 Lakh as against Rs. 8,712 Lakh in the previous year and other income of Rs. 20 Lakh as compared to Rs. 193 Lakh in the previous year. The operations had resulted in a loss of Rs. 4,465 Lakh as compared to previous year loss of Rs. 2,137 Lakhs.

II. Consolidated:

In compliance with the applicable provisions of the Companies Act, 2013 and Regulations of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and as per the applicable Accounting Standards issued by the Institute of Chartered Accountants of India the Company has prepared the Consolidated Financial Statements.

The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to the Annual Report. The total consolidated revenue for the year ended 31st March 2017 amounted to Rs. 19,527 Lakh including other income of Rs. 214 Lakh, as compared to Rs. 26,102 Lakh in the previous year. The Company has incurred a loss after tax of Rs. 10,288 Lakh a(previous year's Loss Rs. 7,272 Lakh).

The audited consolidated Balance Sheet as at 31st March, 2017, consolidated Profit and Loss account for the year ended as on that date, Cash flow Statements together with the Notes and Reports of Auditors thereon forms part of the Annual Report. The financial figures have been regrouped in line with Schedule III of the Companies Act, 2013 disclosure requirements.

III. Material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year to which the financial statement relate and the date of the report:

- The Company has redeemed 700 Non Convertible Debentures (Unlisted NCD)s out of 1250 Non Convertible Debentures held by IDFC Limited for the aggregate value of Rs 70 Cr.
- The Company, being one of the promoters of Nitesh Residency Hotels Private Limited (NRHPL) had transferred 1,59,70,675 Class A Equity shares held in NRHPL to Mr. Nitesh Shetty (another promoter of NRHPL), thus, NRHPL is no longer an Associate Company as defined under Section 2 (6) of the Companies Act, 2013.

IV. Significant or material orders passed by the regulators/ courts :

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals against the Company, impacting the going concern status and Company's operations in future.

4. The Board of Directors and the Committees thereof**I. Composition of the Board**

The Board of the Company comprises of 8 (Eight) Directors of which four are Independent Directors. The Composition of the Board of Directors is in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149 (6) of the Companies Act, 2013 and in the Listing Regulations.

II. Change in the Board

During the year under review Mr. Sudhakar Rao (DIN: 00267211) and Mr. Ashok T Aram (DIN: 02817547) have resigned from the Board of the Company with effect from October 12, 2016 and February 7, 2017 respectively, due to their professional commitments.

Mr. L. S. Vaidyanathan (DIN:00304652), Whole time director designated as Executive Director –Business Development was re-appointed for a term of 3 consecutive years with effect from 1st April, 2017, the re-appointment was approved by way of special resolution by the shareholders at a general meeting held through postal ballot on 30th March, 2017.

III. Meetings

During the year under review, the Board met 7 (Seven) times on the following dates,

| | | | |
|-------------------|------------------|-----------------|--------------------|
| May 28, 2016 | August 9, 2016 | August 25, 2016 | September 28, 2016 |
| November 11, 2016 | February 9, 2017 | March 23, 2017 | |

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 23rd March, 2017.

IV. Re-appointment of Director Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Mahesh Bhupathi (DIN: 01603093) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors has recommended the re-appointment of Mr. Mahesh Bhupathi, as Director retiring by rotation.

V. Annual Evaluation of the Board, its Committees and Individual Directors

The Independent Directors of the Company at their separate meeting held as per the provisions of Section 149 read with Schedule V of the Companies Act, 2013 and Listing Regulations had carried out an annual evaluation of the Board, Committees and individual directors' performance. The performance of the Board was evaluated after seeking inputs from the Independent Directors on the basis of criteria such as Board composition, structure, board processes and their effectiveness, information given to the Board etc.

The Board and the Nomination and Remuneration Committee (NRC) reviewed the performance of the individual directors on the basis of criteria such as their participation, contribution at the meetings, their preparedness on the agenda items to be discussed etc. Additionally the Chairman was also evaluated on key aspects of his role.

VI. Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

The Company also keeps the Board updated on the applicable laws, regulations, enactments etc. and any changes, amendments thereon from time to time.

5. Directors' Responsibility Statement

In terms of the requirements of Section 134(5) of the Companies Act, 2013, we, on behalf of the Board of Directors, hereby state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) the directors had 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 at the end of the financial year and of the profit of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. Nomination and Remuneration Policy

The Nomination and Remuneration Committee (NRC) has formulated a policy relating to nomination of and remuneration for the Directors, Key Managerial Personnel and Senior Management personnel.

The Nomination and Remuneration policy has been prepared pursuant to the applicable provisions of the Companies Act, 2013 and Listing Agreement / Listing Regulations.

Non-Executive Directors are remunerated by way of sitting fees for attending the meetings of the Board and the Committees thereof. The sitting fees paid for Audit Committee and Board meeting is Rs. 50,000/- per meeting respectively, Nomination & Remuneration Committee is Rs 25,000/- per meeting and Stakeholders Relationship Committee, other Committees including for a separate meeting of Independent Directors is Rs. 20,000/- per meeting respectively.

The extract of the Nomination & Remuneration Policy is reproduced in **Annexure A** to this report.

Remuneration Details of Directors and Employees

[Pursuant to Section 134 of the Companies Act, 2013 and the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. Ratio of remuneration of each director to the median remuneration of the employees and percentage increase in the remuneration is as follows:

| Sl. No | Name of the Directors | Designation | Ratio of remuneration to median remuneration of the Company | % increase in the remuneration of Directors |
|--------|--------------------------------|--|---|---|
| 1 | Mr. Nitesh Shetty | Chairman & Managing Director | 21 | 0.0% |
| 2 | Mr. L. S. Vaidyanathan | Executive Director | 17 | 0.0% |
| 3 | Mr. Ashwini Kumar | Executive Director & Chief Operating Officer | 15 | 21.4% |
| 4 | Mr. G. N. Bajpai | Independent Director | NA | NA |
| 5 | Mr. Jagdish Capoor | Independent Director | NA | NA |
| 6 | Mr. M. D. Mallya | Independent Director | NA | NA |
| 7 | Mrs. Dipali Khanna | Independent Director | NA | NA |
| 8 | Mr. Ashok T. Aram ¹ | Independent Director | NA | NA |
| 9 | Mr. Sudhakar Rao ² | Non-Independent Director | NA | NA |
| 10 | Mr. Mahesh Bhupathi | Non-Independent Director | NA | NA |

1. Resigned from the Board on 7th February, 2017.
2. Resigned from the Board on 12th October, 2016.

Note:

- i. The median remuneration of employees during the financial year was Rs. 7,61,457/- (Rupees Seven Lakh Sixty One Thousand Four hundred and Fifty Seven only)
- ii. The percentage increase in the remuneration for the year ended 31st March, 2017 to the Key Managerial Personnels (other than Directors) namely, Company Secretary & Chief Compliance Officer and Chief Financial Officer is 9.5 % and 4.6% respectively.
- iii. The median remuneration of employees during the financial year 2016-17 was Rs. 7,61,457/- as compared to Rs. 6,37,584/- during the previous financial year 2015-16. Hence, there is no increase in the percentage of median remuneration of employees.
- iv. The number of permanent employees on the rolls of the Company as on 31st March, 2017 was 87 (the group has 279 employees).

7. Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism policy for its directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct/business ethics that provides for adequate safeguards against victimization of the director(s) and employee(s) who avail of the mechanism. None of the directors/employees of the Company have been denied access to the Chairman of the Audit Committee. No complaint has been received during the financial year 2016-17.

8. Corporate Social Responsibility

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company has constituted the Corporate Social Responsibility Committee and has adopted the policy for Corporate Social Responsibility. As per the provisions of Section 135 Corporate Social Responsibility contribution is not applicable for this financial year.

9. Internal Financial Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the Company (with its inherent weaknesses), work performed by the internal, statutory and secretarial auditors and external consultants specially appointed for this purpose, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the Board of the Company is of the opinion that the Company's internal financial controls were adequate and effective during the period ended as on 31st March, 2017.

10. Statutory Auditors

At the 10th Annual General Meeting of the Company held on 26th September, 2014, M/s Ray & Ray (Firm Registration Number: 301072E), the Chartered Accountants were appointed as the Statutory Auditors of the Company for an initial term of 5 (five) consecutive years which is subject to annual ratification by the members of the Company in terms of Section 139 of the Companies Act, 2013 read with the rules made thereunder. The Audit Committee and the Board of the Company recommends to the Members of the Company to ratify the appointment of M/s. Ray & Ray as the Statutory Auditors of the Company.

There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors of the Company. The Statutory Auditors have expressed an unmodified opinion in their Audit Report for the financial year ended 31st March, 2017.

11. Secretarial Auditor

M/s. Kedarnath & Associates, the Practicing Company Secretaries, were appointed as the Secretarial Auditors of the Company for the financial year 2016-17 by the Board of Directors of the Company.

The Secretarial Audit Report for the year ended 31st March, 2017 issued by the Secretarial Auditors in accordance with the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder is annexed to this report separately as **Annexure - B**.

There are no qualifications or adverse remarks in the Secretarial Audit Report which requires any explanation from the Board of Directors of the Company.

12. Particulars of employees

The details of remuneration to directors, key managerial personnel and the statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 of the Companies Act, 2013 read with rules made thereunder has been provided in **Annexure C** to this report.

13. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In terms of Section 134 of the Companies Act, 2013 read with rules made thereunder, the particulars of conservation of energy, technology absorption, and foreign exchange earnings and outgo are set out in **Annexure D** to this report.

14. Corporate Governance

The report on Corporate Governance and a certificate from M/s. S. Kedarnath & Associates, Practicing Company Secretaries affirming the compliance with the various provisions of the Corporate Governance in terms of Regulation 27 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

15. Code of Conduct

In terms of Regulation 34 read with Schedule V of the Listing Regulations, a declaration signed by Mr. Nitesh Shetty, the Chairman & Managing Director of the Company affirming compliance with the Code of Conduct by the Directors and Senior Management Personnel of the Company for the financial year 2016-17 forms part of the Corporate Governance Report.

16. Management Discussion and Analysis Report

In terms of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is presented in a separate section of the Annual Report.

17. Extract of the Annual Return

In accordance with the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in the prescribed format of MGT-9 for the financial year 2016-17 is provided in **Annexure–E** to this Report.

18. Particulars of Loans, Guarantees and Investments

Pursuant to the provisions of Section 134 of the Companies Act, 2013 the particulars of the loans, guarantees and investments made by the Company under Section 186 of the Companies Act, 2013 is detailed in the Notes to Accounts section of the Annual Financial Statements.

19. Related Party Transactions

During the year under review, the Company has not entered into any contract/ arrangement/ transaction with a related party which can be considered as material in terms of the policy adopted by the Company, Section 188 of the Companies Act, 2013 and the Listing Regulations on the Related Party transactions.

The related party transactions under AS 18 undertaken during the financial year 2016-17 are detailed in the Notes to Accounts section of the Annual Financial Statements.

20. Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace. No complaint was received by the Management during the year.

21. Review of Subsidiaries and Associates

Pursuant to Section 129 of the Companies Act, 2013, the consolidated financial statements of the Company and its subsidiaries and associates, prepared in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the rules made thereunder, forms part of this Annual Report.

Pursuant to the provisions of the said section, a statement containing the salient features of the financial statements of the Company's subsidiaries and associates is annexed to the Consolidated Financial Statement in the prescribed format of **Form AOC-1**.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with the relevant documents and separate accounts in respect of subsidiaries are available on the website of the Company.

There have been no material changes in the nature of the business of the subsidiaries (including Associate Company) during the financial year 2016-17.

In terms of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has adopted a policy for determining material subsidiaries. The Policy as approved may be accessed on the Company's website at the link: [http://www.niteshestates.com/Investor relations/Policies & Other Related Matters/Material Subsidiary Policy](http://www.niteshestates.com/Investor%20relations/Policies%20&%20Other%20Related%20Matters/Material%20Subsidiary%20Policy)

A. Nitesh Housing Developers Private Limited (NHDPL):

NHDPL is a wholly owned subsidiary of the Company.

The financial highlights are as below:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|--------------------------|---------------|---------------|
| Paid up Capital | 91,500,000 | 91,500,000 |
| Reserves & Surplus | 74,042,600 | 291,755,031 |
| Revenue from operations | 641,027,468 | 1,039,881,480 |
| Other Income | 8,531,467 | 4,093,570 |
| Profit/(Loss) Before Tax | (217,574,822) | 28,775,217 |
| Profit/(Loss) After Tax | (217,712,431) | 24,413,165 |

B. Nitesh Urban Development Private Limited (NUDPL):

NUDPL is a wholly owned subsidiary of the Company.

The financial highlights (Standalone) are as below:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|----------------------------------|--------------|--------------|
| Paid up Capital | 65,820,000 | 65,820,000 |
| Reserves & Surplus | (13,937,382) | 77,246,209 |
| Income from property development | 376,962,050 | 515,595,121 |
| Other Income | 4,754,369 | 1,401,939 |
| Profit/(Loss) Before Tax | (91,042,614) | (33,697,012) |
| Profit/(Loss) After Tax | (91,351,149) | (31,674,560) |

C. NITESH INDIRANAGAR RETAIL PRIVATE LIMITED (NIRPL):

NIRPL is a wholly owned subsidiary of the Company.

The financial highlights (Standalone) are as below:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|--------------------------|---------------|---------------|
| Paid up Capital | 699,100,000 | 699,100,000 |
| Reserves & Surplus | 1,048,661,394 | 634,777,174 |
| Other Income | NIL | 46,228,752 |
| Profit/(Loss) Before Tax | 1,701,466 | 48,750,442 |
| Profit/(Loss) After Tax | (16,178,694) | (273,901,373) |

D. NITESH PUNE MALL PRIVATE LIMITED (formerly Anuttam Developers Private Limited)

Nitesh Pune Mall Private Limited has become Tier II Subsidiary of the Company.

The financial highlights of Nitesh Pune Mall Private Limited are as follows:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|----------------------------------|---------------|---------------|
| Paid up Capital | 280,409,530 | 280,409,530 |
| Reserves & Surplus | (738,118,416) | (150,290,703) |
| Income from property development | 100,506,120 | 53,227,928 |
| Other Income | 4,298,839 | 2,323,204 |
| Profit/(Loss) Before Tax | (232,359,745) | (328,976,653) |
| Profit/(Loss) After Tax | (232,359,745) | (328,976,653) |

E. NITESH PROPERTY MANAGEMENT PRIVATE LIMITED (NPMP):

NPMP is a 100% wholly owned subsidiary of the Company. NPMP is mainly into the business of maintenance contracts with the owners of completed apartments developed by the Company.

The financial highlights are:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|--------------------------|----------------|-----------------|
| Paid up Capital | 3,000,000 | 3,000,000 |
| Reserves & Surplus | (30,239,008) | (6,153,964) |
| Current Liabilities | 67,788,031 | 31,863,347 |
| Income from operations | 69,626,302 | 58,518,595 |
| Other Income | 64,228 | 23,836 |
| Profit/(Loss) Before Tax | (24,065,933) | (10,599,176) |
| Profit/(Loss) After Tax | (24,085,044) | (10,774,136) |

F. NITESH OFFICE PARKS PRIVATE LIMITED (Formerly Kakanad Enterprises Private Limited) :

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

The status of the Subsidiary:

Figures in Rs.

| Particulars | 2016-17 | 2015 -16 |
|--------------------------|----------------|-----------------|
| Paid up Capital | 500,000 | 500,000 |
| Reserves & Surplus | (1,668,115) | (1,589,180) |
| Income from operations | NIL | NIL |
| Profit/(Loss) Before Tax | (78,936) | (1,017,825) |
| Profit/(Loss) After Tax | (78,936) | (1,017,825) |

22. Additional Information to shareholders

All important and pertinent investor information such as financial results, investor presentations, press releases, project updates are made available on a regular basis on the website (www.niteshestates.com) of the Company.

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 the Company's operations.

Your Directors also place on record their appreciation on the significant contributions 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 27, 2017

NITESH SHETTY
Chairman & Managing Director
DIN : 00304555

Nomination & Remuneration Policy

1. PREAMBLE

The Board of Directors (the "Board") of the Company has adopted this policy and procedures with regard to Nomination and remuneration of the Board Members, Key managerial personnel and the Senior Management in the Company. The Board reserves the right to review and amend this policy from time to time based on the recommendation(s) received from the Nomination & Remuneration Committee and/or amendments or modifications in the applicable laws.

This policy is intended to regulate and evaluate the nomination and the remuneration payable to the Board Members and Senior Management in the Company based on the applicable laws and regulations.

2. DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

"Nomination & Remuneration Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) Regulations 2015 and section 178 of the Companies Act, 2013.

"Board" or "Director" shall mean Board of Directors of the Company

"Company" means Nitesh Estates Limited

"Key Managerial Personnel (KMP)" means Key Managerial Personnel as defined under section 2 (51) read with Section 203 of the Companies Act, 2013.

"Policy" means the Nomination & Remuneration Policy of the Company.

"Senior management" means personnel of the Company who are members of its core management team excluding Board, comprising all members of management one level below the executive directors, including the functional heads.

3. APPLICABILITY AND EFFECTIVE DATE

This Policy will be applicable to the Company with effect from 1st October, 2014.

4. PURPOSE

This policy is framed as per the requirements of the SEBI (LODR) Regulations 2015 executed by the Company with the Stock Exchanges and as per the provisions of Companies Act, 2013.

5. COMPOSITION

- i. The Committee shall consist of minimum three (03) members, and all of whom shall be Non-Executive Directors.
- ii. Majority should be Independent Directors.
- iii. Chairman should be an Independent Director. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- iv. Minimum two (2) members shall constitute quorum for the Committee meetings.

6. MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. OBJECTIVE

The Committee will assist the Board of Directors of the Company to:-

- i. Determine, review and propose compensation principles/ policies for the Company.
- ii. Setting the compensation of the Company's Directors, KMPs (as defined under Companies Act, 2013) and Senior Management.
- iii. Approve payments to the managerial personnel as per the policy laid down by the committee.
- iv. Assess and review compensation policy and plans recommended by the management.
- v. Recommend names to the Board of Directors for appointment of both Executive and Non-Executive including Independent Directors on the Board etc.
- vi. Devising a policy on Board diversity.

8. RESPONSIBILITIES AND DUTIES:

The responsibilities and duties of the Committee can be categorized into:-

A. Nomination Policy:

- a) Lay down the principles and policy for the selection, criteria for evaluation and retirement of Independent and Non-Executive Directors.
- b) Identify persons who are qualified to become directors-Independent, Non-Executive & Executive and also persons who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and Senior Management.

B. Remuneration Policy:

- a) Submission of the Remuneration Policy to the Board for their approval.
- b) The Committee will provide compensation plans and practices on the basis of remuneration principles.
- c) Describe main roles, responsibilities and competencies involved in the Remuneration process.
- d) Provide specific guidelines for the setting of Board of Directors and Executive Board members' remuneration.
- e) The Committee would also review the company's remuneration principles.
- f) The Committee will specify the sitting fees payable to Non- Executive / Independent Director for attending meetings of Board or Committee thereof provided the same shall not exceed the prescribed limits under the Act.
- g) The Committee would periodically review the implementation of the Remuneration Policy
- h) The Committee may look into the Company's Internal Audit function limited to performing periodic reviews on the remuneration to ensure the applicable rules and standards are complied with.
- i) The Committee would set working standards for determining the remuneration of the members of the Senior Management of the Company and recommend to the Board for their approval.
- j) The Committee would review and recommend the bonus/ performance pay to the Executive Directors to the Board.
- k) Review and recommend to the Board of Director for approval of any Mandatory Disclosures of the Management Compensation
- l) The Committee shall ensure, that:
 - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

9. PERFORMANCE REVIEW:

- a) The Committee would review competitor's market data, trend analysis, Performance and the methodology for determining annual Remuneration pools with the management.
- b) The Committee would assess individual performance evaluations of the Executive Board members including their performance inclusive of managing risk, compliance to the code of conduct etc.
- c) The Committee would get the inputs from the Company's internal control function, Code of Conduct for reviewing the performance.

10. REPORTING TO THE BOARD OF DIRECTOR:

- a) The Committee would provide a periodical report to the Board of Directors on its activities, implementation of the Remuneration Policy and adhering to the applicable standards and rules and Remuneration paid to the Executive Board members.
- b) The Committee would review and approve the annual Remuneration report prior to the Board of Directors approval, and ensure that the same will satisfy the Remuneration principles, policy, plans for the year.
- c) The Committee would review the compensation setting process on annual basis.

11. DISCLOSURES

- a) The Company is required to disclose the remuneration policy and evaluation criteria in the Annual Report.
- b) The Company is also required to disclose pecuniary relationship or transaction of the non-executive directors' vis-à-vis the Company and to make all other disclosures as required under Clause 49 of the SEBI (LODR) Regulations 2015 with the Stock exchange in the Annual Report of the Company.

12. GENERAL

This Policy and any amendments or replacements thereof will be communicated to the Board members, Key Managerial Personnel, the Senior management and other concerned persons. Nothing in this Policy shall override any provisions of law made in respect of any matter stated herein.

**EVALUATION OF PERFORMANCE OF DIRECTORS
(PROFORMA)**

| Sl. No. | Name of the Director | Views of the Evaluators |
|----------|--|-------------------------|
| Criteria | | |
| 1 | Attendance | |
| 2 | Preparedness for the Board Meeting | |
| 3 | Contribution in the Board room using expertise & knowledge and experience & wisdom | |
| 4 | Independence of views and judgment | |
| 5 | Interpersonal relationship | |
| 6 | Safeguarding minority shareholders' interest | |
| 7 | Facilitating best Corporate Governance practices | |
| 8 | Ownership of value building | |

Process

Objective (narrative assessment) by all the Directors except himself

SUMMARY OF PERFORMANCE ASSESSMENT PROCESS OF BOARD COMMITTEES

| Audit Committee | |
|-------------------------------------|---|
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Compliance Committee | |
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Nomination & Remuneration Committee | |
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Board Effectiveness Evaluation | |
| 1 | Composition |
| 2 | Board Meetings |
| 3 | Board Agenda |
| 4 | Allocation of Board's time |
| 5 | Minutes |
| 6 | Superintendence of Board Committees |
| 7 | Input Management |
| 8 | Board Culture |
| 9 | Monitoring of Governance processes |
| 10 | Substance of effectiveness |

SECRETARIAL AUDIT REPORT

*[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
(FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017)*

To,
The Members,
Nitesh Estates Limited,
Bengaluru - 560 001.

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by Nitesh Estates Limited having **CIN: L07010KA2004PLC033412** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
3. The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made there under;
4. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under as applicable;
5. The Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time.
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Company has complied with the requirements of The SEBI (Prohibition of Insider Trading) Regulations, 2015 as to the requirements of providing necessary information on the Company's website and other necessary disclosures;
 - iii. There were no occasions needing compliance under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; hence not applicable
 - iv. The Company has not issued any securities under ESOP/ESPS during the year under the provisions of the Securities and Exchange Board of India (Share Based Employees Benefits) Guidelines, 2014;
 - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the year under review.
 - vii. The Company has not applied for delisting of Equity Shares in any stock exchanges under the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and hence not applicable.
 - viii. The Company has not bought back any securities during the financial year under the provisions of The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and hence not applicable

We further report that based on the guidelines issued by the Institute of Company Secretaries of India ('the ICSI') on the applicability of industry specific laws as applicable to the Company and as per the information received from the management, records maintained, and on test check basis, the Company has, in our opinion, generally complied with the provisions of the following Industry specific laws / Guidelines to the extent applicable to it:

- (a) The Urban Land (Ceiling & Regulation) Act, 1976 ("Urban Land Ceiling Act") and the rules made there under.
- (b) Transfer of Property Act, 1882 ("T.P. Act") and the rules made there under.
- (c) Registration Act, 1908 ("Registration Act") and the rules made there under.
- (d) The Indian Stamp Act, 1899 ("Stamp Act") and the rules made there under.
- (e) Easements Act, 1882 ("Easements Act") and the rules made there under.
- (f) The Land Acquisition Act, 1894 and the rules made there under.
- (g) Karnataka Land Revenue Act, 1964 ("KLR Act") and the rules made there under.
- (h) Karnataka Apartment Ownership Act, 1972 ("KAO Act") and the rules made there under.
- (i) Karnataka Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1972 and the rules made there under.
- (j) Karnataka Rent Control Act, 1999 ("Rent Act") and the rules made there under.
- (k) Karnataka Stamp Act, 1957 ("KSA") and the rules made there under.
- (l) Bangalore Water Supply and Sewage Act, 1964 and the rules made there under.
- (m) Karnataka Town and Country Planning Act, 1961 ("KTCP Act") and the rules made there under.
- (n) Karnataka Municipal Corporation Act, 1976 ("KMC Act") and the rules made there under.
- (o) Bangalore Mahanagara Palike Building Bye Laws - 2003 ("BMP Bye Laws") and the Rules made there under.
- (p) Bangalore Development Authority Act, 1976 ("BDA Act") and the rules made there under.
- (q) Bangalore Metropolitan Region Development Authority Act, 1985 ("BMRDA Act") and the rules made there under.
- (r) The Building and Other Construction Workers (Regulation of Employment and Condition of Service) Act, 1996 ("Constructions Workers") and the rules made there under.

We have also examined compliances with respect to:

- a) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and report that the Company has generally complied with the said Standards.
- b) The applicable clauses of the Listing Agreement with the BSE Limited and National Stock Exchange Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR) and report that the Company has generally complied with the same.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We state that since the provisions relating to Audit of Accounts and the related financial records including Central Excise, Sales Tax, Customs Law and other connected laws, orders and notifications have not been dealt with in any manner in our Secretarial Audit.

We further report that:

The Board and the Committees thereunder are constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors. The changes in the composition of the Board and committees thereunder that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while dissenting members views were captured or recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report, the following specific actions / events having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., covering the audit period 2016-17.

1. On 30th March, 2017, a General Meeting through the process of postal ballot was conducted for rescinding the resolution passed with regard to increase in the Authorised Share Capital passed at the Annual General Meeting held on 28th September 2016.
2. The Company has redeemed 700 Secured Redeemable Non-Convertible debentures issued by IDFC Alternatives Limited
3. Nitesh Residency Hotels Private Limited ceased to be an Associate of the Company.

For S Kedarnath & Associates

Company Secretaries

S. Kedarnath

Company Secretary

C P No 4422

Date: 27.05.2017

Place: Bengaluru

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure' to the Secretarial Audit Report

To,

The Members,

Nitesh Estates Limited,

CIN: L07010KA2004PLC033412

Bengaluru - 560 001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Sales Tax, Central Excise, Customs and other related enactments applicable to the Company.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time. The compliance under the industry specific laws were examined based on the list of applicable laws provided by the company.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For S Kedarnath & Associates

Company Secretaries

S. Kedarnath

Company Secretary

C P No 4422

Date: 27.05.2017

Place: Bengaluru

Statement pursuant to Section 134 of the Companies Act, 2013 and Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sl. No. | Name | Age | Designation | Nature of Employment | Gross Remuneration (per Annum) | Qualification | Experience (in years) | Date of commencement of employment | Previous employment held |
|--|------------------------|-----|---|----------------------|--------------------------------|-----------------|-----------------------|------------------------------------|---|
| (A) Employed throughout the financial year | | | | | | | | | |
| 1 | Mr. Nitesh Shetty | 40 | Chairman & Managing Director | Permanent employee | 2,01,51,030 | B.Com | 16 | 20 Feb.2004 | - |
| 2 | Mr. L. S. Vaidyanathan | 55 | Executive Director | Permanent employee | 1,69,64,706 | B. Sc., FCA | 32 | 6 Jan. 2005 | Practicing Chartered Accountant |
| 3 | Mr. Ashwini Kumar | 58 | Executive Director –Chief Operating Officer | Permanent employee | 1,17,41,839 | B E; PGD - BM | 34 | 2 Nov. 2009 | Managing Director – Lineage Power India Pvt. Ltd. |
| 4 | Mr. Shantanu Karkun | 59 | President - Projects | Permanent employee | 1,17,75,272 | B. Tech (Civil) | 37 | 14 Feb. 2017 | President & CEO- Build & Infra, PunjLlyod Ltd. |
| (B) Employed for part of the financial year - NIL | | | | | | | | | |

Note:

- i. Gross remuneration comprises of salary, allowances, company's contribution to the provident fund and taxable value of perquisites.
- ii. None of the employees mentioned above are relative of any Director of the Company.
- iii. All the employees referred above are permanent employees of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 134 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board of Directors

Date: 27th May, 2017
Place: Bangalore

Nitesh Shetty
Chairman & Managing Director
DIN : 00304555

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 appropriately positioned in the best possible directions, so that the direct sun light entering to the flats are reduced, thereby reducing the power consumption.
- 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. 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.

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 have 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 31.03.17 | Year ended 31.03.16 |
|--------------------------------|--------------------------------|--------------------------------|
| Architect & other related fees | 10,878,290 | 135,006 |

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

For and on behalf of the Board of Directors

Date: 27th May, 2017
Place: Bangalore

Nitesh Shetty
Chairman & Managing Director
DIN : 00304555

Form No. MGT-9**Extract of the Annual Return as on the Financial Year ended 31st March, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i. | CIN | L07010KA2004PLC033412 |
| ii. | Registration Date | 20 th February, 2004 |
| iii. | Name of the Company | Nitesh Estates Limited |
| iv. | Category Sub-Category of the Company | Company limited by shares Indian Non-Government Company |
| v. | Address of the Registered office and contact details | Level 7, Nitesh Timesquare, # 8, M.G. Road, Bangalore-560 001 Ph. No. : 080-40174000 www.niteshestates.com email: investor@niteshestates.com |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Pvt. Ltd. Karvy House, No. 46, 8-2-609/K, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 038, Telangana, India. Telephone No. : 91-40 23312454 / 23320751 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| SI No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Development and construction of properties | 410-Construction of buildings | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SL. NO. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|---|-----------------------|--------------------------------------|------------------------|-----------------------|
| i. | Nitesh Housing Developers Private Limited ¹ 7 th Floor, Nitesh Timesquare, No.8, M.G. Road, Bangalore-560 001 | U45201KA2007PTC044553 | Subsidiary | 100% | 2 (87) |
| ii. | Nitesh Urban Development Private Limited 7 th Floor, Nitesh Timesquare, No. 8, M.G. Road, Bangalore-560 001 | U45201KA2007PTC044561 | Subsidiary | 100% | 2 (87) |
| iii. | Nitesh Indiranagar Retail Private Limited 7 th Floor, Nitesh Timesquare, No. 8, M.G. Road, Bangalore-560 001 | U45201KA2007PTC042660 | Subsidiary | 100% | 2 (87) |
| iv. | Nitesh Property Management Private Limited 7 th Floor, Nitesh Timesquare, No.8, M.G. Road, Bangalore-560 001 | U70102KA2010PTC056128 | Subsidiary | 100% | 2 (87) |
| v. | Nitesh Office Parks Private Limited ² (formerly Kakanad Enterprises Private Limited) No. CC 49/2796, 2 nd Floor, North Square, Paramara Road, Kochi, Kerala-682018 | U70200KL2007PTC020808 | Subsidiary | 100% | 2 (87) |
| vi. | Nitesh Pune Mall Private Limited ³ (formerly Anuttam Developers Private Limited) Nitesh Mall, 37/4/2 North Main Road, Ghorpadaigaon, Pune - 411001 | U45209PN2005PTC021214 | Subsidiary | 100% | 2 (87) |
| vii. | Nitesh Residency Hotels Private Limited ⁴ 25A, 2 nd Floor, Imperial Court, Cunnigham Road, Bangalore-560052 | U55101KA2006PTC041203 | - | 19.90% | - |
| viii. | Courtyard Constructions Private Limited ⁵ 94, Maker Chamber VI, Nariman Point, Mumbai 400021 | U70100MH1995PTC088020 | Associate Company | 50% | 2(6) |

Notes:

- 1 Nitesh Estates Limited together with its wholly owned subsidiary Nitesh Office Parks Private Limited holds 100% of the shares in Nitesh Housing Developers Private Limited, wherein Nitesh Estates Limited's shareholding is 89.10%.
- 2 The nomenclatures of Kakanad Enterprises Private Limited changed to Nitesh Office Parks Private Limited with effect from 3rd April, 2017.
- 3 Nitesh Pune Mall Private Limited is a tier 2 subsidiary of the Company effective 22nd May 2015, post-acquisition by Nitesh Indiranagar Retail Private Limited.
- 4 Nitesh Residency Hotels Private Limited is no longer an Associate company with effect from 7th December, 2016.
- 5 Nitesh Urban Development Private Limited, the wholly owned subsidiary of the Company holds 50% stake in Courtyard Constructions Private Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Shareholding**

| Sl. No. | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR | | | | NO. OF SHARES HELD AT THE END OF THE YEAR | | | | % CHANGE DURING THE YEAR |
|------------|---|---|-------------|------------------|-------------------|---|-------------|------------------|-------------------|--------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | (X) | (XI) |
| (A) | PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| (a) | Individual /HUF | 43005695 | 0 | 43005695 | 29.49 | 43005695 | 0 | 43005695 | 29.49 | 0.00 |
| (b) | Central Government/State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 24831207 | 0 | 24831207 | 17.03 | 24930707 | 0 | 24930707 | 17.10 | -0.07 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total A(1) : | 67836902 | 0 | 67836902 | 46.52 | 67936402 | 0 | 67936402 | 46.59 | -0.07 |
| (2) | FOREIGN | | | | | | | | | |
| (a) | Individuals (NRIs/Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total A(2) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total A=A(1)+A(2) | 67836902 | 0 | 67836902 | 46.52 | 67936402 | 0 | 67936402 | 46.59 | -0.07 |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds /UTI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Financial Institutions /Banks | 10911663 | 0 | 10911663 | 7.48 | 10906663 | 0 | 10906663 | 7.48 | 0.00 |
| (c) | Central Government/State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 23435405 | 0 | 23435405 | 16.07 | 10423667 | 0 | 10423667 | 7.15 | 8.92 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total B(1) : | 34347068 | 0 | 34347068 | 23.55 | 21330330 | 0 | 21330330 | 14.63 | 8.92 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate- Break up required | | | | | | | | | |
| | (i) Indian | 10522383 | 0 | 10522383 | 7.22 | 12515500 | 0 | 12515500 | 8.58 | -1.36 |
| | (ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto Rs.1 lakh | 13649228 | 1007 | 13650235 | 9.36 | 16896790 | 1007 | 16897797 | 11.59 | -2.23 |
| | (ii) Individuals holding nominal share capital in excess of Rs.1 lakh | 17957687 | 0 | 17957687 | 12.31 | 25406069 | 0 | 25406069 | 17.42 | -5.11 |
| (c) | Others | 1517824 | 1 | 1517825 | 1.04 | 1746001 | 1 | 1746002 | 1.20 | -0.16 |
| | Sub-Total B(2) | 43647122 | 1008 | 43648130 | 29.93 | 56564360 | 1008 | 56565368 | 38.78 | -8.86 |
| | Total B=B(1)+B(2) | 77994190 | 1008 | 77995198 | 53.48 | 77894690 | 1008 | 77895698 | 53.41 | 0.07 |
| | Total (A+B) | 145831092 | 1008 | 145832100 | 100 | 145831092 | 1008 | 145832100 | 100 | 0 |
| C | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | GRAND TOTAL (A+B+C) | 145831092 | 1008 | 145832100 | 100 | 145831092 | 1008 | 145832100 | 100 | 0 |

(ii) **Shareholding of Promoters**

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | Change in Shareholding | % Change in Shareholding During the Year |
|---------|--------------------------------------|---|----------------------------------|----------------|-------------------------------------|----------------------------------|----------------|------------------------|--|
| | | No. of Shares | % of total Shares of the company | Pledged Shares | No. of Shares | % of total Shares of the company | Pledged Shares | | |
| 1 | NITESH SHETTY | 42974395 | 29.47 | 0 | 42974395 | 29.47 | 0 | 0 | 0.00 |
| 2 | NITESH INDUSTRIES PVT LTD | 15556634 | 10.67 | 0 | 15556634 | 10.67 | 0 | 0 | 0.00 |
| 3 | NITESH LAND HOLDINGS PRIVATE LIMITED | 6802460 | 4.66 | 0 | 6802460 | 4.66 | 0 | 0 | 0.00 |
| 4 | HAMPTON INVESTMENTS PRIVATE LIMITED | 2472113 | 1.70 | 0 | 2497113 | 1.71 | 0 | 25000 | 0.02 |
| 5 | SUJATA K SHETTY | 26300 | 0.02 | 0 | 0 | 0.00 | 0 | 26300 | 0.02 |
| 6 | PUSHPALATHA V SHETTY | 5000 | 0.00 | 0 | 5000 | 0.00 | 0 | 0 | 0.00 |
| | Total | 67836902 | 46.52 | 0 | 67835602 | 46.51 | 0 | 51300 | 0.04 |

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Date wise Increase / Decrease in the shareholding due to market purchase | | | Cumulative Shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|--|--------------|--------------|---|----------------------------------|
| | | No of Shares held | % of total shares of the company | Date | Bought | Sold | No of Shares held as on 31/03/2017 | % of total shares of the company |
| 1 | NITESH SHETTY | 42974395 | 29.47 | - | - | - | 42974395 | 29.47 |
| 2 | NITESH INDUSTRIES PRIVATE LIMITED | 15556634 | 10.67 | - | - | - | 15556634 | 10.67 |
| 3 | BOLGATI ENTERPRISES PRIVATE LIMITED | 6802460 | 4.66 | - | - | - | 6802460 | 4.66 |
| 4 | HAMPTON INVESTMENTS PRIVATE LIMITED | 2472113 | 1.70 | 24.02.2017 | 24832 | - | 2497113 | 1.71 |
| | | | | 03.03.2017 | 13 | - | | |
| 5 | SUJATA K SHETTY | 26300 | 0.02 | - | - | 26300 | 0 | 0.00 |
| 6 | PUSHPALATHA V SHETTY | 5000 | 0.00 | - | - | - | 5000 | 0.00 |
| | Total | 67836902 | 46.52 | - | 24845 | 26300 | 67835602 | 46.51 |

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Date wise Increase / Decrease in shareholding | | | Cumulative Shareholding during the year | | Reason | Shareholding at the end of the year | |
|-----------|--|---|----------------------------------|---|----------|---------|---|----------------------------------|---------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | Date | Bought | Sold | No. of Shares | % of total shares of the company | | No. of Shares | % of total shares of the company |
| 1 | NOMURA INDIA INVESTMENT FUND MOTHER FUND | 12971738 | 8.89 | 31-Mar-16 | 0 | 0 | 12971738 | 8.89 | Market Action | 0 | 0.00 |
| | | | | 13-May-16 | 0 | 58910 | 12971738 | | | | |
| | | | | 20-May-16 | 0 | 241090 | 12912828 | | | | |
| | | | | 27-May-16 | 0 | 80000 | 12671738 | | | | |
| | | | | 26-Aug-16 | 0 | 300000 | 12591738 | | | | |
| | | | | 23-Sep-16 | 0 | 90455 | 12291738 | | | | |
| | | | | 6-Jan-17 | 0 | 300000 | 12201283 | | | | |
| | | | | 13-Jan-17 | 0 | 900000 | 11901283 | | | | |
| | | | | 20-Jan-17 | 0 | 1725000 | 11001283 | | | | |
| | | | | 27-Jan-17 | 0 | 1500000 | 9276283 | | | | |
| | | | | 3-Feb-17 | 0 | 875000 | 7776283 | | | | |
| | | | | 10-Feb-17 | 0 | 2815000 | 6901283 | | | | |
| | | | | 17-Feb-17 | 0 | 3600000 | 4086283 | | | | |
| 24-Feb-17 | 0 | 486283 | 486283 | | | | | | | | |
| 31-Mar-17 | 0 | 0 | 0 | 0.00 | | | | | | | |
| 2 | HSBC BANK (MAURITIUS) LIMITED | 10423667 | 7.15 | 31-Mar-16 | 0 | 0 | 10423667 | 7.15 | Market action | 0 | 0.00 |
| | | | | 26-Aug-16 | 10423667 | 0 | 0 | 0.00 | | | |
| | | | | 31-Mar-17 | 0 | 0 | 0 | 0.00 | | | |
| 3 | LIFE INSURANCE CORPORATION OF INDIA | 6208422 | 4.26 | 31-Mar-16 | 0 | 0 | 6208422 | 4.26 | - | 6208422 | 4.26 |
| | | | | 31-Mar-17 | 0 | 0 | 6208422 | 4.26 | | | |
| 4 | BANK OF BARODA | 4048241 | 2.78 | 31-Mar-16 | 0 | 0 | 4048241 | 2.78 | - | 4048241 | 2.78 |
| | | | | 31-Mar-17 | 0 | 0 | 4048241 | 2.78 | | | |

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year | | Date wise Increase / Decrease in shareholding | | | Cumulative Shareholding during the year | | Reason | Shareholding at the end of the year | | | |
|-----------|--|---|----------------------------------|---|--------|---------|---|----------------------------------|---------------|-------------------------------------|----------------------------------|---|------|
| | | No. of Shares | % of total shares of the company | Date | Bought | Sold | No. of Shares | % of total shares of the company | | No. of Shares | % of total shares of the company | | |
| 5 | INFINITE INDIA INVESTMENT MANAGEMENT LIMITED | 3750000 | 2.57 | 31-Mar-16 | 0 | 0 | 3750000 | 2.57 | Market action | 0 | 0.00 | | |
| | | | | 24-Mar-17 | 0 | 3750000 | 0 | 0 | | | | | |
| | | | | 31-Mar-17 | 0 | 0 | 0 | 0.00 | | | | | |
| 6 | CR RETAIL MALLS INDIA LIMITED | 1183600 | 0.81 | 31-Mar-16 | 0 | 0 | 1183600 | 0.81 | Market action | 0 | 0.00 | | |
| | | | | 24-Mar-17 | 0 | 1183600 | 0 | 0 | | | | | |
| | | | | 31-Mar-17 | 0 | 0 | 0 | 0 | | | | | |
| 7 | SAHJAIN SERVICES LIMITED | 996550 | 0.68 | 31-Mar-16 | 0 | 0 | 996550 | 0.68 | - | 996550 | 0.68 | | |
| | | | | 31-Mar-17 | 0 | 0 | 996550 | 0.68 | | | | | |
| 8 | UNION BANK OF INDIA | 650000 | 0.45 | 31-Mar-16 | 0 | 0 | 0 | 0.46 | - | 650000 | 0.45 | | |
| | | | | 31-Mar-17 | 0 | 0 | 0 | 0.45 | | | | | |
| 9 | ATMARAM PHATANDAS TAHILRAMANI (HUF) | 600000 | 0.41 | 31-Mar-16 | 0 | 0 | 600000 | | Market action | | | | |
| | | | | 27-May-16 | 0 | 47992 | 552008 | | | | | | |
| | | | | 3-Jun-16 | 0 | 51082 | 500926 | | | | | | |
| | | | | 10-Jun-16 | 0 | 6003 | 494923 | | | | | | |
| | | | | 26-Aug-16 | 0 | 175736 | 319187 | | | | | | |
| | | | | 2-Sep-16 | 175983 | 0 | 495170 | | | | | | |
| | | | | 23-Sep-16 | 27290 | 0 | 522460 | | | | | | |
| | | | | 28-Oct-16 | 22690 | 0 | 545150 | | | | | | |
| | | | | 4-Nov-16 | 9314 | 0 | 554464 | | | | | 0 | 0.00 |
| | | | | 18-Nov-16 | 0 | 19933 | 534531 | | | | | | |
| | | | | 25-Nov-16 | 0 | 114411 | 420120 | | | | | | |
| | | | | 2-Dec-16 | 48908 | 0 | 469028 | | | | | | |
| | | | | 13-Jan-17 | 14066 | 0 | 483094 | | | | | | |
| | | | | 20-Jan-17 | 116906 | 0 | 600000 | | | | | | |
| | | | | 10-Mar-17 | 0 | 3447 | 596553 | | | | | | |
| 17-Mar-17 | 0 | 281527 | 315026 | | | | | | | | | | |
| 24-Mar-17 | 0 | 315026 | 0 | 0 | | | | | | | | | |
| 31-Mar-17 | 0 | 0 | 0 | 0 | | | | | | | | | |
| 10 | NETESOF INDIA LIMITED | 600000 | 0.41 | 31-Mar-16 | 0 | 0 | 600000 | 0.41 | - | 600000 | 0.41 | | |
| | | | | 31-Mar-17 | 0 | 0 | 600000 | 0.41 | | | | | |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No | Name of the Shareholders | Shareholding at the beginning of the year | | Date wise Increase / Decrease in shareholding due to market action | | | Cumulative Shareholding during the year | | Shareholding at the end of the year | |
|--------|--------------------------|---|----------------------------------|--|--------|------|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | Date | Bought | Sold | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | Mr. Nitesh Shetty | 42974395 | 29.47 | - | - | - | 42974395 | 29.47 | 42974395 | 29.47 |
| 2 | Mr. L. S. Vaidyanathan | 139501 | 0.10 | - | - | - | 139501 | 0.10 | 139501 | 0.10 |
| 3 | Mr. Ashwini Kumar | 138818 | 0.10 | - | - | - | 138818 | 0.10 | 138818 | 0.10 |
| 4 | Mr. G. N. Bajpai | 100000 | 0.07 | - | - | - | 100000 | 0.07 | 100000 | 0.07 |
| 5 | Mr. Jagdish Capoor | 0 | 0.00 | - | - | - | 0 | 0.00 | 0 | 0.00 |
| 6 | Mr. M D Mallya | 0 | 0.00 | - | - | - | 0 | 0.00 | 0 | 0.00 |
| 7 | Mrs. Dipali Khanna | 0 | 0.00 | - | - | - | 0 | 0.00 | 0 | 0.00 |
| 8 | Mr. Mahesh Bhupathi | 196410 | 0.13 | - | - | - | 196410 | 0.13 | 196410 | 0.13 |
| 9 | Mr. D. Srinivasan | 0 | 0.00 | - | - | - | 0 | 0.00 | 0 | 0.00 |
| 10 | Mr. M. A. Venkateshan | 0 | 0.00 | - | - | - | 0 | 0.00 | 0 | 0.00 |
| | Total | 43549124 | 29.87 | | | | 43549124 | 29.87 | 43549124 | 29.87 |

(VI) Indebtedness of the Company including interest outstanding/accrued but not due for payment:**(Amount in Rs.)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 2,527,164,421 | - | - | 2,527,164,421 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 2,527,164,421 | - | - | 2,527,164,421 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 1,463,094,623 | - | - | 1,463,094,623 |
| • Reduction | 1,066,095,108 | - | - | 1,066,095,108 |
| Net Change | 396,999,515 | - | - | 396,999,515 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2,924,163,935 | - | - | 2,924,163,935 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 2,924,163,935 | - | - | 2,924,163,935 |

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:****(Amount in Rs.)**

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---------|---|--|---|---|--------------------|
| | | Mr. Nitesh Shetty Chairman & Managing Director | Mr. L. S. Vaidyanathan Executive Director | Mr. Ashwini Kumar Executive Director & Chief Operating Officer | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,50,00,000 | 96,56,905 | 93,97,757 | 3,40,54,662 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 51,14,430 | 24,79,877 | 27,05,239 | 1,02,99,546 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit | - | - | - | - |
| 5. | Others, please specify, (i) Variable pay | - | - | - | - |
| | Total (A) | 2,01,14,430 | 1,21,36,782 | 1,21,02,996 | 4,43,54,208 |
| | Ceiling as per the Act | 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 and the rules made thereunder. However, the Company has obtained the approval of the Central Government for the aforesaid remuneration. | | | |

B. Remuneration to other Directors:

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | | Total Amount |
|---------|---|---|----------------------------|------------------|-------------------|--------------------|------------------|
| | | Mr. Jagdish Capoor | Mr. G. N. Bajpai | Mr. M. D. Mallya | Mr. Ashok T. Aram | Mrs. Dipali Khanna | |
| 1. | Independent Directors | | | | | | |
| | • Fee for attending board and committee meetings | 6,75,000 | 5,95,000 | 6,95,000 | Nil | 3,20,000 | - |
| | • Commission | - | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - | - |
| | Total (1) | 6,75,000 | 5,95,000 | 6,95,000 | NIL | 3,20,000 | 22,85,000 |
| | | Mr. Sudhakar Rao | Mr. Mahesh Bhupathi | | | | |
| 2. | Other Non-Executive Directors | | | | | | |
| | • Fee for attending board and/or committee meetings | 1,25,000 | 50,000 | - | - | - | - |
| | • Commission | - | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - | - |
| | Total (2) | 1,25,000 | 50,000 | - | - | - | 1,75,000 |
| | Total (B)=(1+2) | 8,00,000 | 6,45,000 | 6,95,000 | NIL | 3,20,000 | 24,60,000 |
| | Total Managerial Remuneration (A) | - | - | - | - | - | - |
| | Overall Ceiling as per the Act | The Independent Directors and the Non-Executive Directors are paid only the Sitting fees within the limits as prescribed under the Companies Act, 2013 and no other remuneration is being paid to them. | | | | | |

Note: 1. Mr. Sudhakar Rao (DIN:00267211), Non-executive and Non Independent Director and Mr. Ashok T. Aram (DIN: 02817547), Independent Director were resigned on 12th Oct. 2016 and 7th Feb. 2017 respectively from the Board of the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|--|--|--|------------------------------|
| | | Mr. D. Srinivasan, Company Secretary & Chief Compliance Officer | Mr. M. A. Venkateshan, Chief Financial Officer | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 34,49,383 - - | 79,06,644 - - | 1,13,56,027 - - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - as % of profit - others, specify | - - | - - | - - |
| 5. | Others, please specify (i) Variable pay | - | - | - |
| | Total | 34,49,383 | 79,06,644 | 1,13,56,027 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ compounding fees imposed | Authority (RD/ NCLT/ Court) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|--------------------------------|--|
| A. Company | | | | | |
| Penalty | | | | | |
| Punishment | | Nil | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | Nil | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | Nil | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Place: Bangalore
Date : May 27, 2017**NITESH SHETTY**
Chairman & Managing Director
DIN : 00304555

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 to ensure 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 Non-Executive 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, 2013 and the Rules made there under ('the Act'), its Articles of Association, SEBI Guidelines, and the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

1. Board of Directors

Composition

The Board has an optimum combination of Executive and Non-Executive Directors. The composition of the Board is in conformity with the applicable provisions of the Act and the Listing Regulations.

The Board of Directors of the Company consists of 8 Directors, which includes the Chairman & Managing Director and 2 Whole Time Directors / Executive Directors. The remaining 5 are Non-Executive Directors, of which 4 are Independent Directors, including a woman director.

The composition of the Board is as under:

| Category of Directors | Name of Directors | Designation | DIN |
|---|--------------------------|--|------------|
| Executive – Non-Independent- Promoter | Mr. Nitesh Shetty | Chairman & Managing Director | 00304555 |
| Whole time/ Executive – Non-Independent | Mr. L. S. Vaidyanathan | Executive Director-Business Development | 00304652 |
| Whole time/ Executive – Non-Independent | Mr. Ashwini Kumar | Executive Director & Chief Operating Officer | 02034498 |
| Non-Executive-Non-Independent | Mr. Mahesh Bhupathi | Director | 01603093 |
| Non-Executive– Independent | Mr. G. N. Bajpai | Independent Director | 00946138 |
| | Mr. Jagdish Capoor | Independent Director | 00002516 |
| | Mr. M. D. Mallya | Independent Director | 01804955 |
| | Mrs. Dipali Khanna | Independent Director | 03395440 |

Note: Mr. Sudhakar Rao (DIN:00267211), Non-executive & Non Independent Director and Mr. Ashok T. Aram (DIN: 02817547), Independent Director have resigned on 12th Oct. 2016 and 7th Feb. 2017 respectively from the Board of the Company.

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

The Board met 7 (Seven) times on the following dates during the financial year 2016-17

| | | | |
|-------------------|------------------|-----------------|--------------------|
| May 28, 2016 | August 9, 2016 | August 25, 2016 | September 28, 2016 |
| November 11, 2016 | February 9, 2017 | March 23, 2017 | |

All the Directors have disclosed their interest in other companies directorships and memberships of Committees and other positions held by them. The offices held by the directors are in compliance with the Act and the Listing Regulations.

| 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, 2016 ¹ | | Number of Chairmanship/ Committee membership as at March 31, 2016 ² | |
|--------------------------------|--|-------------------------------------|---|---------------------------|--|----------|--|--------|
| | | | | | Chairman | Director | Chairman | Member |
| Mr. Nitesh Shetty | Chairman & Managing Director | 7 | 5 | Yes | - | 1 | - | - |
| Mr. L. S. Vaidyanathan | Executive Director-Business Development | 7 | 7 | Yes | - | 3 | - | 1 |
| Mr. Ashwini Kumar | Executive Director & Chief Operating Officer | 7 | 6 | Yes | - | 3 | - | - |
| Mr. G. N. Bajpai | Independent Director | 7 | 6 | Yes | - | 8 | 2 | 6 |
| Mr. Jagdish Capoor | Independent Director | 7 | 6 | Yes | - | 7 | 2 | 2 |
| Mr. M. D. Mallya | Independent Director | 7 | 7 | Yes | 1 | 5 | 2 | 6 |
| Mrs. Dipali Khanna | Independent Director | 7 | 6 | No | - | 2 | - | - |
| Mr. Mahesh Bhupathi | Non Executive Non Independent Director | 7 | 1 | No | - | - | - | - |
| Mr. Sudhakar Rao ³ | Non Executive Non Independent Director | 4 | 1 | Yes | - | 3 | 1 | 3 |
| Mr. Ashok T. Aram ⁴ | Independent Director | 5 | 0 | No | - | - | - | - |

1. 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.
2. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees.
3. Mr. Sudhakar Rao resigned from the Board of the Company with effect from 12th Oct. 2016.
4. Mr. Ashok T. Aram resigned from the Board of the Company with effect from 7th Feb. 2017.

Note :

- Details of the Directors seeking appointment/reappointment at the Annual General Meeting, together with the information required to be provided pursuant to the Listing Regulations have been given along with the Notice of the Annual General Meeting.
- None of the Directors on the Board are related to one another inter-se.

Scheduling of Meeting of the Board

The meetings of the Board is pre-fixed at the beginning of the financial year by circulating the suggested dates and finalized in consultation with the Directors. The agenda for the meeting has structured pattern as items for noting, items for review and discussion and items for review and approval. The Business agenda is drawn in consultation with all the departments and the requisite material is submitted to the Board for their considered decision and advice.

Post meeting the decisions and action items are discussed by the management team and they are reported back to the Board as Action Taken Report and reviewed by the Board and the Committees thereof, as the case may be.

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 has been posted on the Company's website under the link: [www.nithestates.com/Investor Relations/Policies and other related matters/Code of Conduct](http://www.nithestates.com/Investor%20Relations/Policies%20and%20other%20related%20matters/Code%20of%20Conduct). Further, all the Board members and senior management personnel pursuant to the Regulation 26(3) of the Listing Regulations 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

In compliance with the Section 177 of the Act and Regulation 18 of the Listing Regulations, the Company has duly constituted the Audit Committee and it is responsible for overseeing the Company's financial reporting process, reviewing the quarterly/

half-yearly/annual financial statements, reviewing with the management on the financial statements and adequacy of internal audit function, Internal Financial Control systems, 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.

Powers & Roles of the Audit Committee:

The Powers of the Audit Committee has been based on the terms of reference made by the Board from time to time and as applicable under the Listing Regulations and as prescribed by the SEBI. Some of the powers enumerated below apart from the other prescribed under the Listing Regulations and the Companies Act, 2013:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Powers

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee met 5 (Five) times during the year:

| | | | | |
|--------------|----------------|-----------------|-------------------|------------------|
| May 28, 2016 | August 9, 2016 | August 25, 2016 | November 11, 2016 | February 9, 2017 |
|--------------|----------------|-----------------|-------------------|------------------|

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

| Name | Category | Number of Meetings held during the year for which the directors were entitled to attend | Attendance |
|--|----------|---|------------|
| Mr. Jagdish Capoor, Independent Director | Chairman | 5 | 4 |
| Mr. G. N. Bajpai, Independent Director | Member | 5 | 4 |
| Mr. M.D. Mallya, Independent Director | Member | 5 | 5 |
| Mr. L. S. Vaidyanathan, Executive Director | Member | 5 | 5 |
| Mr. Sudhakar Rao# Non-Executive & Non- Independent Director | Member | 3 | 1 |

Mr. Sudhakar Rao resigned from the Board of the Company with effect from 12th Oct., 2016

3. Nomination and Remuneration Committee

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

The role of the committee shall, inter-alia, include the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. To determine the remuneration packages for executive directors including pension rights and any compensation payments. To determine the remuneration to executive directors as required under the Companies Act, 2013 and the Rules made there under.
2. To formulate criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. The Nomination and 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.
6. 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 Nomination & Remuneration Committee comprises of 3 (Three) Independent Directors as members of the committee.

Composition:

| Name | Category | Meetings held during the year | Attendance |
|--|----------|-------------------------------|------------|
| Mr. G. N. Bajpai, Independent Director | Chairman | 3 | 3 |
| Mr. Jagdish Capoor, Independent Director | Member | 3 | 3 |
| Mr. M D Mallya, Independent Director | Member | 3 | 3 |
| Mr. Sudhakar Rao# Non- Executive Non-Independent Director | Member | 1 | 1 |

Mr. Sudhakar Rao resigned from the Board of the Company with effect from 12th Oct. 2016.

The Committee met 3 (Three) times during the year on 28th May, 2016, 11th November, 2016 and 9th February, 2017.

Evaluation of Performance of Directors (Proforma)

| Sl. No. | Name of the Directors | Views of the Evaluators |
|---------|--|-------------------------|
| | Criteria | |
| 1 | Attendance | |
| 2 | Preparedness for the Board Meeting | |
| 3 | Contribution in the Board room using expertise & knowledge and experience & wisdom | |
| 4 | Independence of views and judgment | |
| 5 | Interpersonal relationship | |
| 6 | Safeguarding minority shareholders' interest | |
| 7 | Facilitating best Corporate Governance practices | |
| 8 | Ownership of value building | |

Process

Objective (narrative assessment) by all the Directors except himself

Summary of Performance Assessment Process Of Board Committees

| Audit Committee | |
|--|---|
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Compliance Committee | |
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Nomination & Remuneration Committee | |
| 1 | General |
| 2 | Deliverance of allocated responsibilities |
| 3 | Qualitative Assessment |
| 4 | Summation : Overall Evaluation |
| Board Effectiveness Evaluation | |
| 1 | Composition |
| 2 | Board Meetings |
| 3 | Board Agenda |
| 4 | Allocation of Board's time |
| 5 | Minutes |
| 6 | Superintendence of Board Committees |
| 7 | Input Management |
| 8 | Board Culture |
| 9 | Monitoring of Governance processes |
| 10 | Substance of effectiveness |

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 the Central Government.

The detailed policy is stated as part of the Directors' Report.

Remuneration paid to the Executive Directors during the financial year 2016-17

| Names of the Executive Directors | Total Remuneration paid (in Rs.) |
|---|---|
| Mr. Nitesh Shetty, Chairman & Managing Director | 1,50,00,000 |
| Mr. L. S. Vaidyanathan, Executive Director-Business Development | 96,11,183 |
| Mr. Ashwini Kumar, Executive Director & Chief Operating Officer | 80,90,640 |

* the Company has obtained necessary approvals for the payment of remuneration to the Executive Directors from the Central Government

Non Executive Directors

Non-Executive Directors are remunerated only by way of sitting fees for the meetings of the Board and the Committees thereof, attended by them and that there are no other pecuniary relationships or transactions of the non-executive directors vis-à-vis with the Company.

In view of the considerable time, expertise and efforts contributed by the Independent Directors at the their separate meeting, the sitting fees of Rs. 20,000/- was approved by the Board to each Independent Director for attending the said meeting to Schedule IV of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

| Name & Designation of Directors | Sitting Fees (Rs.) |
|--|---------------------------|
| Mr. Jagdish Capoor, Independent Director | 6,75,000 |
| Mr. G. N. Bajpai, Independent Director | 5,95,000 |
| Mr. M. D. Mallya, Independent Director | 6,95,000 |
| Mrs. Dipali Khanna, Independent Director | 3,20,000 |
| Mr. Ashok T Aram, Independent Director* | Nil |
| Mr. Sudhakar Rao, Non-Executive & Non- Independent Director* | 1,25,000 |
| Mr. Mahesh Bhupathi, Non-Executive & Non- Independent Director | 50,000 |

*Mr. Sudhakar Rao (DIN:00267211), Non-executive & Non Independent Director and Mr. Ashok T. Aram (DIN: 02817547), Independent Director have resigned on 12th Oct. 2016 and 7th Feb. 2017 respectively from the Board of the Company.

Other than the above Sitting fees no remuneration was paid to Non-Executive Directors.

The number of shares held by Non-Executive Directors is as below:

| Name & Designation of Directors | No. of Equity shares of Rs. 10/- each |
|--|--|
| Mr. G. N. Bajpai, Independent Director | 1,00,000 |
| Mr. Mahesh Bhupathi, Non-Executive & Non- Independent Director | 1,96,410 |

Meeting of the Independent Directors

Pursuant to the provisions of the Act read with the Rules made thereunder and the Listing Regulations, the Independent Directors of the Company are required to meet at least once a year without the presence of the Executive Directors or management personnel. Such a meeting is conducted to enable the Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views to the Chairman of the Board. The Chairman takes appropriate steps to present their views to the Chairman of the Board. The Independent Directors met on 23rd March, 2017 during the financial year.

Board Evaluation

Pursuant to the provisions of the Act the Board has carried out an evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its committees. The evaluation includes the composition of Board, adequacy of independent directors and process of holding the meeting and its committees, culture and execution and performance of the obligations and Governance of the Board as well.

Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility Committee. During the financial year a contribution of Rs. 5,00,000/- (Rupees Five Lakhs Only) was made to CherYsh Trust, a charitable trust working for the up-liftment of women and poor girls by way of educating them.

Risk Management

The Company has formulated a comprehensive risk management policy as provided under Regulation 17 of the Listing Regulations.

Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee met 4 (Four) times during the year on May 28th 2016, August 25th 2016, November 11th 2016 and February 9th 2017.

Stakeholders' Relationship Committee comprises of the following members:

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

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, 2017 | | |
| a) For quarter ended June, 2016 | Nil | |
| b) For quarter ended September, 2016 | 6 | Request for Annual Report/ |
| c) For quarter ended December, 2016 | 1 | Non receipt of Annual Report |
| d) For quarter ended March, 2017 | 3 | |
| Complaints resolved during the year ended March 31, 2017 | 10 | |
| Number of complaints remaining unresolved | Nil | |

Mr. D. Srinivasan, is the Company Secretary & Chief Compliance Officer of the Company.

4. General Meetings

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

| Year | Date | Time | Location |
|------|--------------------|---------|--|
| 2016 | September 28, 2016 | 2.00 PM | Dr. B. R. Ambedkar Memorial Trust (Ambedkar Bhavana), Miller's Road, Vasanthnagar, Bangalore – 560 052 |
| 2015 | September 28, 2015 | 2.00 PM | Dr. B. R. Ambedkar Memorial Trust (Ambedkar Bhavana), Miller's Road, Vasanthnagar, Bangalore – 560 052 |
| 2014 | September 26, 2014 | 2.00 PM | Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003 |

Number of special resolutions passed during the previous three Annual General Meetings (AGM):

| Day, Date & Time of AGM | No. of Special Resolutions Passed | Special Resolution passed |
|--|-----------------------------------|--|
| Wednesday, September 28, 2016 at 2.00 P.M. | - | - |
| Monday, September 28, 2015 at 2.00 P.M. | - | - |
| Friday, September 26, 2014 at 2.00 P.M. | 1 | To approve the appointment and the remuneration payable to Mr. Nitesh Shetty, Chairman & Managing Director |

b) **Extraordinary General Meeting (EGM):** The Company has not conducted any Extra Ordinary General Meeting during the period under review. However a Postal Ballot was conducted on 30th March, 2017.

c) Postal Ballot conducted during the financial year 2016-17:

During the year, a general meeting was conducted through Postal Ballot on 30th March, 2017, was conducted for obtaining:

- Approval for re – appointment of and remuneration payable to Mr. L. S. Vaidyanathan (DIN- 00304652) as the Whole – time Director designated as Executive Director – Business Development of the Company.
- Approval for rescinding the resolution passed for increasing the Authorised Capital of the Company from Rs. 150 Cr to Rs. 500 Cr at the Annual General Meeting held on September 28, 2016.

Details of the outcome of the Postal Ballot conducted are as follows:

Resolution No. 1 - Approval by way of Special Resolution under Section 196, 197 read with Schedule V of the Companies Act, 2013 for re – appointment of and remuneration payable to Mr. L. S. Vaidyanathan (DIN- 00304652) as the Whole – time Director designated as Executive Director – Business Development of the Company.

| Sl. No. | Particulars | No. of Ballot Forms | No. of Shares | % of total paid up equity capital | % of total votes polled |
|---|--|---------------------|---------------|-----------------------------------|-------------------------|
| | Physical Mode: | | | | |
| A | Total Postal Ballot Forms received | 63 | 18437980 | 12.643 | |
| B | Less: Invalid Postal Ballot forms | 6 | 151810 | 0.104 | |
| B(1) | Less Voted | | 1117 | 0.0008 | |
| | (B+B1) | | 152927 | 0.1048 | |
| C | Net Valid Postal Ballot in physical (A-B) | 57 | 18285053 | 12.5382 | |
| | Electronic Mode: | | | | |
| D | Total Postal Ballot Forms received | 26 | 10464588 | 7.176 | |
| E | Less: Invalid Postal Ballot forms | 0 | 0 | 0 | |
| F | Net Valid Postal Ballot in Electronic (D-E) | 26 | 10464588 | 7.176 | |
| | Total Net Valid Postal Ballot in physical and electronic mode (C+F) | 83 | 28749641 | 19.7142 | 100 |
| G | Postal Ballot Forms with Assent as Special Resolution _ Physical | 48 | 18239345 | 12.507 | |
| H | Postal Ballot Forms with Assent as Special Resolution _ Electronic | 21 | 10438437 | 7.158 | |
| | Total Postal Ballot with ASSENT in physical and electronic mode | 69 | 28677782 | 19.665 | 99.75 |
| I | Postal Ballot Forms with Dissent as Special Resolution - Physical | 9 | 45708 | 0.031 | |
| J | Postal Ballot Forms with Dissent as Special Resolution _ Electronic | 5 | 26151 | 0.018 | |
| | Total Postal Ballot with DISSENT in physical and electronic mode | 14 | 71859 | 0.049 | 0.25 |
| In brief, Total Votes polled FOR-SPECIAL RESOLUTION is 99.75 % and total Votes polled Against Resolution is 0.25% | | | | | |

Result:

The votes cast in favor of the Special Resolution are 99.75% of the total votes received and consequently, the Special Resolution mentioned in the Resolution 1 of the Notice dated February 22, 2017 has been declared as passed by the requisite 2/3rd majority.

Resolution No. 2 - Approval by way of Ordinary Resolution for rescinding the resolution passed for increasing the Authorised Capital of the Company from Rs.150 Cr to Rs.500 Cr at the Annual General Meeting held on September 28, 2016.

| Sl. No. | Particulars | No. of Ballot Forms | No. of Shares | % of total paid up equity capital | % of total votes polled |
|---|--|---------------------|---------------|-----------------------------------|-------------------------|
| | Physical Mode: | | | | |
| A | Total Postal Ballot Forms received | 63 | 18437980 | 12.643 | |
| B | Less: Invalid Postal Ballot forms | 9 | 14410 | 0.01 | |
| B(1) | Less Voted | | 1117 | 0.0008 | |
| | (B+B1) | | 15527 | 0.0108 | |
| C | Net Valid Postal Ballot in physical (A-B) | 54 | 18422453 | 12.6322 | |
| | Electronic Mode | | | | |
| D | Total Postal Ballot Forms received | 26 | 10464588 | 7.176 | |
| E | Less: Invalid Postal Ballot forms | 0 | 0 | 0 | |
| F | Net Valid Postal Ballot in Electronic (D-E) | 26 | 10464588 | 7.176 | |
| | Total Net Valid Postal Ballot in physical and electronic mode (C+F) | 80 | 28887041 | 19.8082 | 100 |
| G | Postal Ballot Forms with Assent as ordinary Resolution _ Physical | 51 | 18422148 | 12.632 | |
| H | Postal Ballot Forms with Assent as ordinary Resolution _ Electronic | 22 | 10455615 | 7.17 | |
| | Total Postal Ballot with ASSENT in physical and electronic mode | 73 | 28877763 | 19.802 | 99.97 |
| I | Postal Ballot Forms with Dissent as ordinary Resolution - Physical | 3 | 305 | 0 | |
| J | Postal Ballot Forms with Dissent as ordinary Resolution _ Electronic | 4 | 8973 | 0.006 | |
| | Total Postal Ballot with DISSENT in physical and electronic mode | 7 | 9278 | 0.006 | 0.03 |
| In brief, Total Votes polled FOR-RESOLUTION is 99.97 % and total Votes polled Against Resolution is 0.03% | | | | | |

Result:

The votes cast in favor of the Ordinary Resolution are 99.97% of the total votes received and consequently, the Special Resolution mentioned in the Resolution 2 of the Notice dated February 22, 2017 has been declared as passed by the requisite majority.

Procedure adopted for Postal Ballot

- i) The Board at its meeting held on February 9, 2017 approved the items of business to be passed through postal ballot and authorized Mr. Nitesh Shetty, Chairman and Managing Director and Mr. D. Srinivasan, Company Secretary to be responsible for the entire process of postal ballot.
- ii) Mr. Sudhindra K. S, Practicing Company Secretary (C.P. No. 8190), S. Kedarnath & Associates, Bangalore and who is not in employment with the Company was appointed as the Scrutinizer for the poll process.
- iii) Notice of postal ballot along with the ballot papers were sent to the shareholders on February 27, 2017 along with a self-addressed Business Reply envelope addressed to the Scrutinizer.
- iv) An advertisement was published in the newspapers, English was published in Financial Express and Kannada was in Hosa Digantha on February 28, 2017 regarding the dispatch of ballot papers and notice of postal ballot.
- v) The duly completed postal ballot papers were received by the Scrutinizer.
- vi) Scrutinizer submitted his report to Mr. Nitesh Shetty, Chairman and Managing Director, on March 30, 2017.
- vii) Mr. Nitesh Shetty, Chairman and Managing Director, announced the results on March 30, 2017.

The Postal Ballot result was communicated to the Stock Exchanges, and the same was also published in the newspapers i.e. English in Financial Express and Kannada in Hosa Digantha. The result was also put up on the Company's Website.

Means of Communication

- I. The quarterly unaudited results and Audited Annual Financial Results, in the prescribed format were published in the following Newspapers within 48 hours of the approval by the Board and also been provided to the Stock Exchanges:
 - i. Financial Express (English Daily) and
 - ii. Hosa Digantha (Kannada Daily)
- II. The financial results are also available on the Company's official website i.e. www.niteshestates.com
- III. Management Discussion and Analysis forms part of the Directors' Report.
- IV. The official news releases are posted on the Company's website.
- V. The presentations made to institutional investors/ analysts have been posted on the Company's website.

General Shareholder Information**I. Annual General Meeting**

Date : Thursday, September 28, 2017

Time : 2.30 P.M.

Venue : "Dr. B. R. Ambedkar Memorial Trust" (Ambedkar Bhavana), Miller's Road, Vasanthnagar, Bangalore – 560 052

II. Financial Calendar

Financial Year : April 1 to March 31

III. Date of Book Closure

The Companies Register of Members, Register of Security holders and Securities Transfer Books will remain closed from **Saturday, the 23rd Sept 2017 to Thursday, the 28th Sept 2017 (both days inclusive)** for the purpose of AGM.

IV. Listing Information

The Company's shares are listed on BSE Limited and the National Stock Exchange of India Limited with effect from May 13, 2010. It is hereby confirmed the Company has paid the listing fee as stipulated by the respective stock exchanges.

| Name of the Stock Exchanges | Stock Code |
|---|----------------------|
| B S E Limited, Floor 25, P J Towers, Dalal Street, Mumbai 400 001 | 533202 |
| National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051 | NITESHEST, Series-EQ |

The ISIN Number of the Company's Equity share is **INE639K01016**.

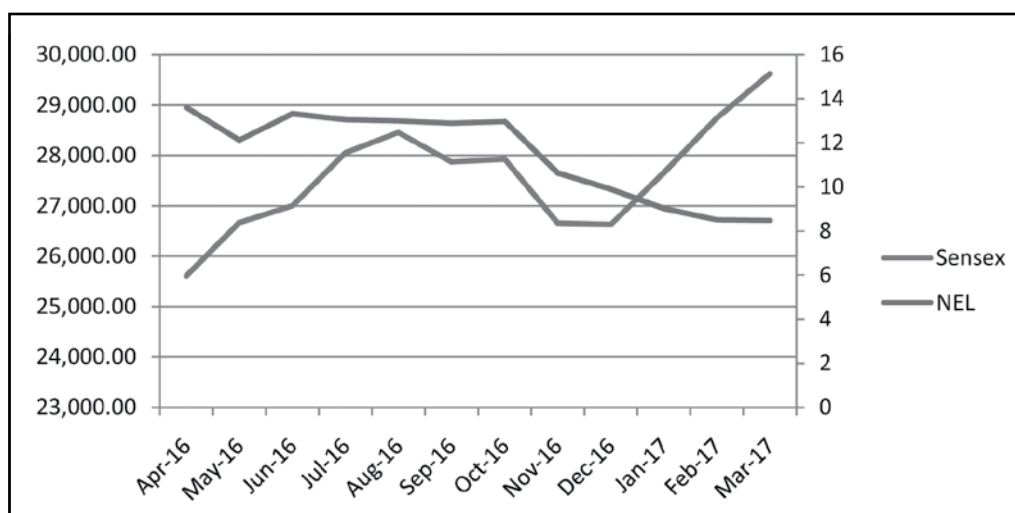
V. Stock Data

a. Monthly High & Low prices at BSE & NSE during the Financial Year 2016-17

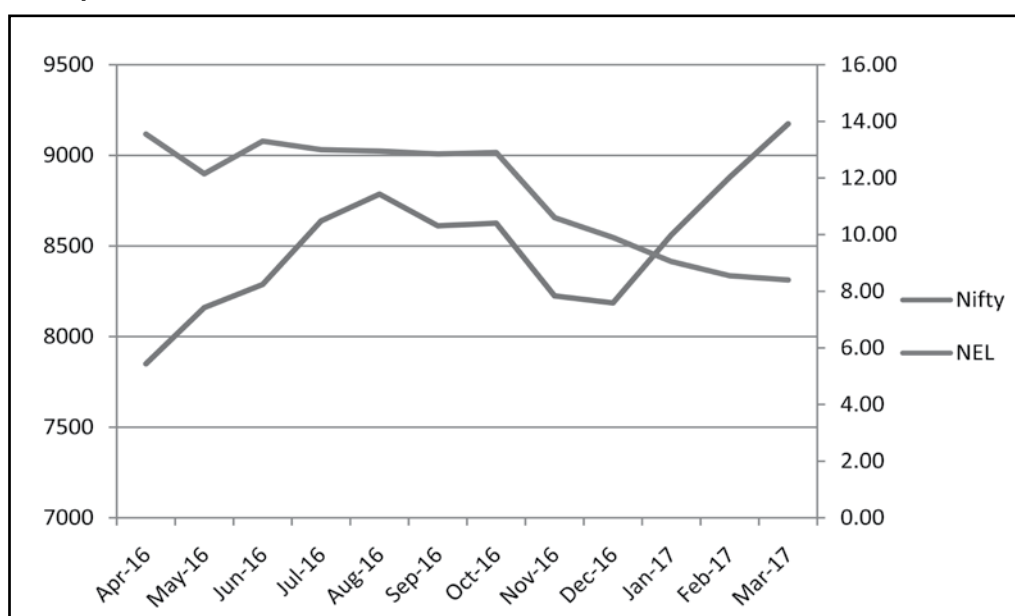
| Month | NSE | | BSE | |
|--------|-------|-------|-------|-------|
| | High | Low | High | Low |
| Mar-17 | 9.25 | 7.60 | 9.25 | 7.60 |
| Feb-17 | 9.50 | 7.05 | 9.50 | 7.13 |
| Jan-17 | 10.65 | 8.20 | 10.50 | 8.21 |
| Dec-16 | 10.90 | 9.05 | 10.83 | 9.00 |
| Nov-16 | 13.65 | 9.65 | 13.70 | 9.50 |
| Oct-16 | 13.95 | 12.60 | 14.00 | 12.70 |
| Sep-16 | 14.90 | 12.70 | 14.75 | 12.70 |
| Aug-16 | 15.20 | 11.90 | 15.40 | 12.00 |
| Jul-16 | 14.70 | 12.90 | 14.75 | 12.50 |
| Jun-16 | 14.00 | 11.05 | 14.00 | 11.25 |
| May-16 | 14.10 | 11.80 | 14.07 | 11.90 |
| Apr-16 | 14.80 | 11.65 | 14.80 | 11.86 |

b. The Company's share performance compared to BSE SENSEX and NSE NIFTY

• Compared to BSE SENSEX

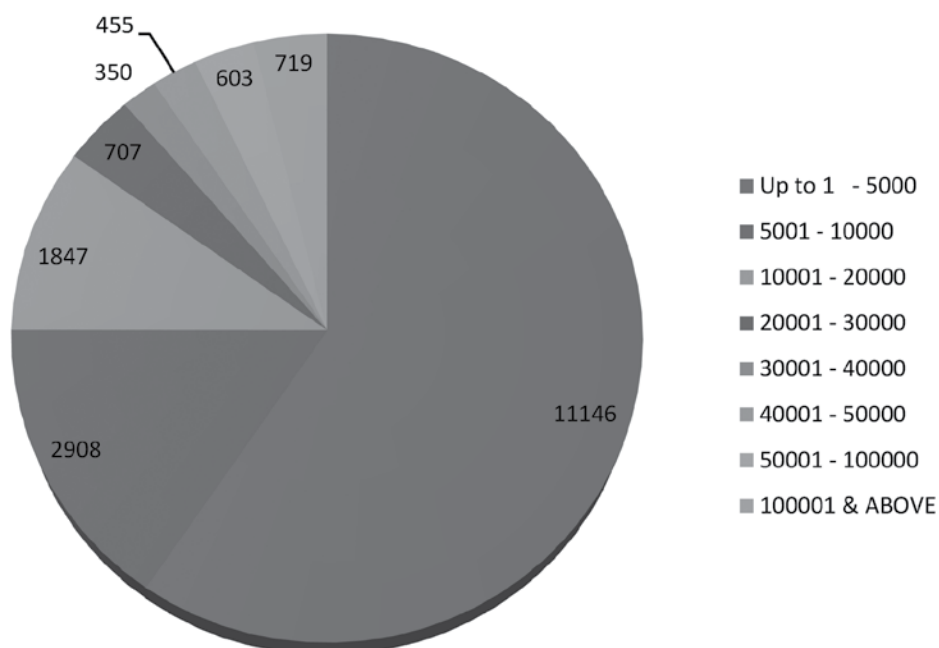


• Compared to NSE NIFTY

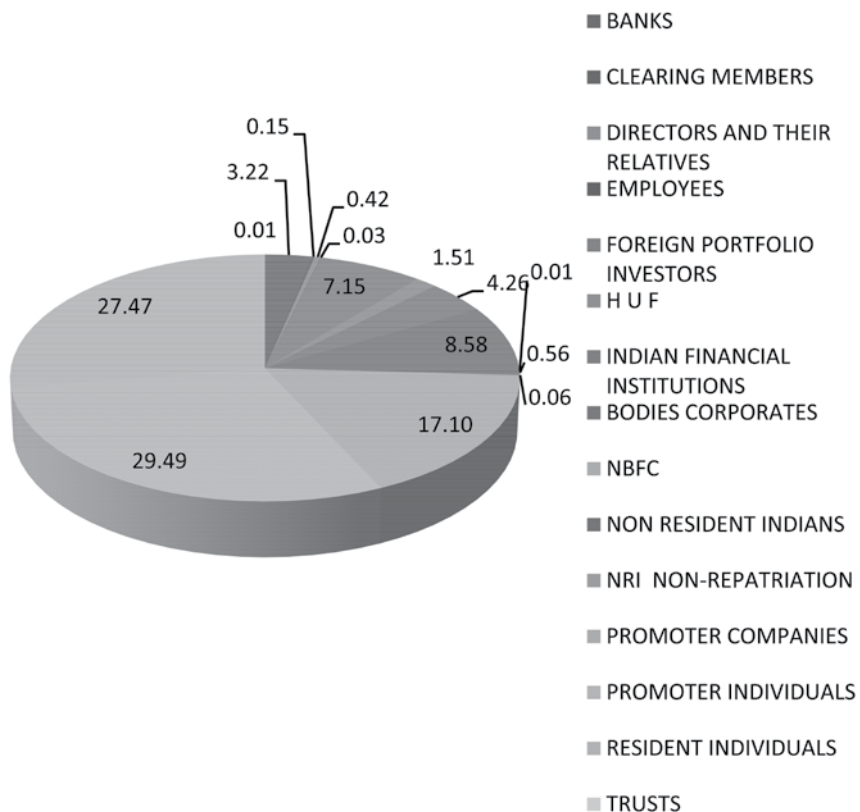


Distribution of shareholding as on March 31, 2017

| Category | No. of Shareholders | % of Shareholders | Amount | % Amount |
|----------------|---------------------|-------------------|----------------------|---------------|
| 1 - 5000 | 11146 | 59.49 | 23168690.00 | 1.59 |
| 5001 - 10000 | 2908 | 15.52 | 25750040.00 | 1.77 |
| 10001 - 20000 | 1847 | 9.86 | 30200610.00 | 2.07 |
| 20001 - 30000 | 707 | 3.77 | 18800340.00 | 1.29 |
| 30001 - 40000 | 350 | 1.87 | 12805000.00 | 0.88 |
| 40001 - 50000 | 455 | 2.43 | 22005530.00 | 1.51 |
| 50001 - 100000 | 603 | 3.22 | 47613480.00 | 3.26 |
| 100001 & ABOVE | 719 | 3.84 | 1277977310.00 | 87.63 |
| Total | 18735 | 100.00 | 1458321000.00 | 100.00 |

**c. Shareholding pattern as on March 31, 2017**

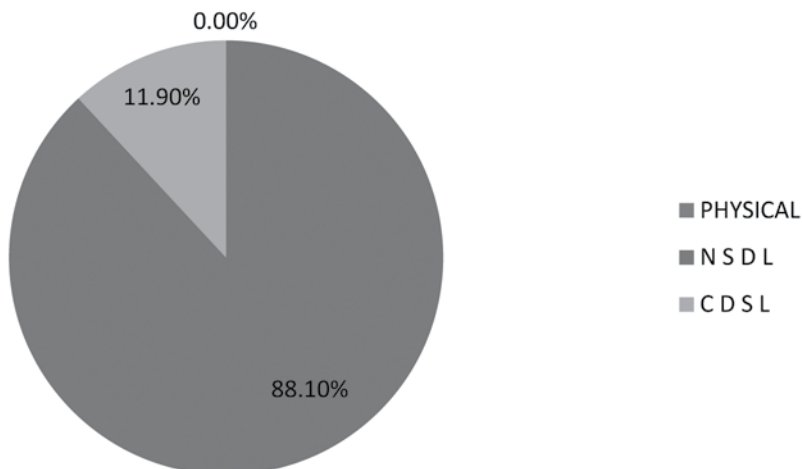
| Category | No. of Share Holders | Total Shares | % Shareholding |
|-------------------------------|----------------------|------------------|----------------|
| BANKS | 2 | 4698241 | 3.22 |
| CLEARING MEMBERS | 67 | 218256 | 0.15 |
| DIRECTORS AND THEIR RELATIVES | 7 | 609729 | 0.42 |
| EMPLOYEES | 12 | 40317 | 0.03 |
| FOREIGN PORTFOLIO INVESTORS | 1 | 10423667 | 7.15 |
| H U F | 533 | 2203710 | 1.51 |
| INDIAN FINANCIAL INSTITUTIONS | 1 | 6208422 | 4.26 |
| BODIES CORPORATES | 371 | 12505104 | 8.58 |
| NBFC | 2 | 10396 | 0.01 |
| NON RESIDENT INDIANS | 133 | 817541 | 0.56 |
| NRI NON-REPATRIATION | 42 | 90476 | 0.06 |
| PROMOTER COMPANIES | 4 | 24930707 | 17.10 |
| PROMOTER INDIVIDUALS | 3 | 43005695 | 29.49 |
| RESIDENT INDIVIDUALS | 17556 | 40059839 | 27.47 |
| TRUSTS | 1 | 10000 | 0.01 |
| Total: | 18735 | 145832100 | 100.00 |



d. Shares held in physical and dematerialized form as on March 31, 2017

| Description | No. of Holders | No. of Shares | % to Equity |
|--------------|----------------|------------------|---------------|
| PHYSICAL | 5 | 1008 | 0.00 |
| NSDL | 11466 | 128475753 | 88.10 |
| CDSL | 7264 | 17355339 | 11.90 |
| TOTAL | 18735 | 145832100 | 100.00 |

Shares in Electornic and Physical form



e. Share Transfer

The Company has appointed Karvy Computer Share Private Ltd., as Registrars and Share Transfer Agents (SEBI Registration No. INR000000221). The real time transfer will take place in case of dematerialised shares and in case of physical shares, the share transfers are normally effected within the maximum period of Fifteen days from the date of receipt, if all the required documentations are submitted.

f. Registrar and Transfer Agents:

Karvy Computershare Private Limited,
Karvy House, No. 46, 8-2-609/K,
Avenue 4, Street No. 1, Banjara Hills,
Hyderabad – 500 038, Telangana, India.
Telephone No. : 91-40 23312454 / 23320751
Email: mailmanager@karvy.com

g. Compliance Officer:

Mr. D. Srinivasan, Company Secretary & Chief Compliance Officer
Level 7, Nitesh Timesquare, # 8, M G Road, Bangalore-560 001
Tel: +91 80 4017 4000
Email: investor@niteshestates.com

5. Disclosures**Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company.**

Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors has formulated a Policy on Related Party Transactions which can be accessed from the website of the Company at [www.niteshestates.com/Investor_Relations/Policies_and_other_related_matters/ Related Party Transaction Policy](http://www.niteshestates.com/Investor_Relations/Policies_and_other_related_matters/Related_Party_Transaction_Policy)

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and do not attract the provisions of Sec 188 of the Companies Act, 2013. The transaction for which the approval of Central Government was obtained under earlier Companies Act, 1956 are reviewed and recorded by the Committee and Board. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. The disclosure of related party transactions as per AS -18 is part of the Notes to Accounts section of the Financial Statement.

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 paid a fine of Rs. 1,000/- for a days delay in filing the Annual Report for 2013-14 and a fine of Rs. 26,000/- for inadvertent wrong filing of Clause 49 (Corporate Governance) of the then Listing Agreement for the quarter ended 30th Sept 2014.

Apart from the foregoing, the Company has complied with the requirements of the Listing Agreements/Listing Regulations as well as regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to the capital markets.

Compliance Certificate certified by the Chief Executive Officer and the Chief Financial Officer

The Chairman & Managing Director and the Chief Financial Officer have certified to the Board that the financials for the year ended March 31, 2017 are in accordance with Schedule II Part B of the Listing Regulations and an extract of the same is attached to this Report.

Whistle Blower Policy and Vigil Mechanism

The Company has a vigil mechanism policy for its directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct/business ethics that provides for adequate safeguards against victimization of the director(s) and employee(s) who avail of the mechanism. None of the directors/employees of the Company have been denied access to the Chairman of the Audit Committee.

No complaints have been received during the financial year 2016-17.

Non-mandatory Recommendation under the Listing Regulations

Schedule II Part E of the Listing Regulations states that non-mandatory requirements may be implemented as per the Company's discretion. The Company has adopted the following non-mandatory requirements of the Listing Regulations. The status of compliance of the non-mandatory requirements are as follows:

The Board: The Chairman of the Board is the Managing Director of the Company.

Shareholders Rights: The half-yearly declaration of financial performance together with the summary of significant events is not individually disseminated to the shareholders. However, the information on financial and business performance is updated in the 'Investor Relations' 'Financial Information' section of the Company's website i.e. www.niteshstates.com, on a quarterly basis.

Audit Qualifications: The audited financial statements of the Company for the financial year 2016-17 do not contain any qualifications and the Audit Report does not contain any adverse remarks.

Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee of the Board of Directors of the Company. The Audit Committee is empowered to hold separate meetings and discussions with the Internal Auditor.

[www.niteshstates.com/Investor Relations/Policies and other related matters/ Material Subsidiary Policy](http://www.niteshstates.com/Investor%20Relations/Policies%20and%20other%20related%20matters/Material%20Subsidiary%20Policy)

Directors Training/ Familiarization :

As part of the meetings of the Board any changes in law or updates on the Securities and Exchange Board of India, Companies Act, 2013 and other regulations and rules are updated to the Board Members from time to time.

Compliance Certificate

The Certificate from S. Kedarnath & Associates, Practicing Company Secretary, Bangalore confirming the compliance with the conditions of Corporate Governance under Regulation 27 read with Schedule V of the Listing Regulations forms part of this Annual Report.

The Secretarial Audit Report submitted by the Secretarial Auditor, attached to this Annual report is part of the Directors' Report.

Subsidiary Companies

The Company has following unlisted subsidiary companies as on March 31, 2017.

- i. Nitesh Housing Developers Private Limited
- ii. Nitesh Indiranagar Retail Private Limited
 - a. Nitesh Pune Mall Private Limited (formerly Anuttam Developers Private Limited)
- iii. Nitesh Urban Development Private Limited
- iv. Nitesh Property Management Private Limited
- v. Kakanad Enterprises Private Limited

The Company has a policy for determining 'Material Subsidiary' which is disclosed on the Company's website at [www.niteshstates.com/Investor Relations/Policies and other related matters/ Material Subsidiary Policy](http://www.niteshstates.com/Investor%20Relations/Policies%20and%20other%20related%20matters/Material%20Subsidiary%20Policy)

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

CONFIRMATION OF CODE OF CONDUCT

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 made available on the Company's website.

I hereby confirm that the Company has received the declarations for the financial year ended March 31, 2017 in confirmation of the compliance with the Code of Conduct by the members of the Board of Directors and the Senior Management Personnel of the Company as required under the provisions of Regulation 34 read with Schedule of V of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Place : Bangalore
Date : May 27, 2017

Nitesh Shetty
Chairman & Managing Director
DIN : 00304555

CEO/CFO CERTIFICATION PURSUANT TO REGULATION 17 (8) READ WITH SCHEDULE II OF THE SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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 certify to the Board that:

- a. We have reviewed financial statements and the Cash Flow statement for the year ended 31st March 2017 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 instances of significant 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.

Place : Bangalore
Date : May 27, 2017

Nitesh Shetty
Chairman & Managing Director

Venkateshan M.A.
Chief Financial Officer
DIN : 00304555

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE
BY COMPANY SECRETARY IN PRACTICE**

To

**The Shareholders of
Nitesh Estates Limited
(CIN: L07010KA2004PLC033412)**

We have examined that the compliance of Corporate Governance conditions are complied by Nitesh Estates Limited for the year ended March 31, 2017 as stipulated under Regulations 17 to 27 and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of Corporate Governance conditions are the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of provisions relating to Corporate Governance as stipulated in the aforesaid Listing Regulations. 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, and based on the representations of the Management, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations.

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**
Practicing Company Secretaries

S Kedarnath
Practicing Company Secretary
C.P. No. 4422
FCS. No. 3031

Place : Bangalore
Date : May 27, 2017

Management Discussion and Analysis

Socio Economic Environment

The global economic activity is on a rise with long-awaited cyclical recovery in field of manufacturing, investment and trade. Some of the upside developments include reduced deflationary pressures, optimistic financial markets and expectations of more robust global demand. Indian economy has been growing at one of the fastest rates globally on the strength of domestic absorption. In India, the growth took a blow primarily due to temporary negative consumption shock induced by cash shortages and payment disruptions associated with demonetisation. Despite that Central Statistics Office has estimated economic growth in FY17 at 7.1% as compared to 7.9% in FY16.

In India, against the backdrop of robust macroeconomic stability, the year was marked by two major domestic policy developments, the passage of Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax. The second development was demonetisation which signaled a regime shift to punitively raise the costs of illicit activities. Despite the sharp fall in food inflation in second half of 2017, the distribution of inflation across all categories was largely centered around 4.5% as per RBI Monetary Policy which is between the inflation target of 2% & 6%. With the easing of inflation and moderation in inflationary expectations, the RBI reduced the repo rate by 25 bps in Oct 2016 taking the repo rate down to 6.25% as per RBI Monetary Policy Report.

Economic growth in India is continued to be driven by externalities derived from deep structural reforms by Govt., pick-up in domestic demand and private consumption, prevalence of low inflationary environment and lower interest rates. According to the Economic Survey 2016-17, the Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability in FY17.

The Current Situation Index (CSI) entered into pessimistic zone (98.7) in March 2017 due to worsening sentiments on economic conditions and price situations as per RBI's Consumer Confidence Survey Report April-2017. The Future Expectations Index (FEI) also declined sharply to 121.7 in March 2017 from 129.7 in December 2016. The overall Employment Index increased 4% y-o-y to 261 in March 2017.

Real Estate Market

Indian Real Estate Market

There has been a series of radical and transformational reforms such as demonitisation, Real Estate Regulation & Development Act (RERA), FDI relaxations, GST, Benami Transactions (Prohibition) Amendment Act, Change in Accounting standards, all coming in a row and in quick succession. This will increase the transparency of Indian real estate transactions, making it more credible and attractive with only organized players on the ground. Home ownership being a priority ambition and investment objective for Indians, these reforms will have positive implications for home buyers.

The slowdown which was witnessed after a series of reforms is temporary versus huge demand of housing in India. The primary sales market especially across larger cities will go up as the prices have already bottomed out with no further scope or minimal scope in reduction of prices.

The real estate saw equity investment on a visible return journey to India last year. Indian real estate has attracted USD 32 billion in private equity so far. The catalyzing factors for this were improvement in structural reforms and the more liberalized foreign direct investment regime. Increased transparency brings higher investments into such real estate markets.

Everyone has been staring at the approaching deadline of Real Estate Regulation & Development Act (RERA). This law will enforce hitherto unprecedented transparency and accountability requirements for developers into the system and will increase the confidence of the consumers. The Goods and Service Tax (GST) and Benami Transactions (Prohibition) Amendment Act will also have a major impact on the operations of the real estate developers.

Ministry of Housing and Urban Poverty Alleviation (MoHUPA) has introduced in June 2015, an interest subsidy scheme called Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (URBAN)-Housing for All, for purchase/construction/extension/improvement of house to cater Economical Weaker Section (EWS)/Lower Income Group (LIG)/Middle Income Group (MIG), given the projected growth of urbanization & the consequent housing demands in India. The qualifying criteria for affordable housing were revised to 30sqm and 60sqm on carpet area rather than the saleable area. This effectively increases the size of affordable housing market across India.

Sectors such as IT and ITes, retail, consulting and e-commerce have registered high demand for office space in recent times. The office space absorption in 2016 across the top eight cities amounted to 34 million square feet (msf) with Bengaluru recording the highest net absorption during the year. Information Technology and Business Process Management sector led the total leasing table with 52 per cent of total space uptake in 2016. Mumbai is the best city in India for commercial real estate investment, with returns of 12-19 per cent likely in the next five years, followed by Bengaluru and Delhi-National Capital Region (NCR).

Bangalore Real Estate Market

Bengaluru is proving to be a shining spot for the real estate investors. It has witnessed phenomenal migration in last few decades to become the Silicon Valley of India with a 40% share of IT industry. Due to good market drivers – IT/ITes sector – which ensures strong macro-economic dynamics, most home buyers find Bengaluru a perfect place to settle and retire. There has been a significant decline in the absorption, however Bengaluru has been affected to a lesser extent as compared to the other cities in India. The average yield rental yields are comparatively better ranging between 2-4% as compared to cities like Mumbai where yields are in range of 1-3%. For investors looking for less volatile market in a long term, Bengaluru provides an attractive investment option.

The Company

Company Overview and Market Positioning

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: Residential, Commercial, Hotel and Shopping Mall. Since inception, the Company has brought over 21.60 mn sq. ft. of area under development. The Company made its initial public offering in May 2010 and was listed on the Bombay Stock Exchange and the National Stock Exchange.

The Company has a very strong brand equity, business processes and partnerships to attain the next stage of growth. Since inception, the Company has completed 13 projects across residential, commercial and hospitality segments covering a developable area of 3.61 mn sq. ft. Nitesh Estates currently has 17 ongoing residential projects with a total developable area of approx. 8 mn sq. ft. The revenue potential of these projects is over Rs. 3000 Crore over 3-5 years.

Nestled in the heartland of Pune, Nitesh HUB is a whole new shopping and entertainment destination in Pune spread over 1 mn sq. ft. The mall has a current occupancy level of around 70% and is expected to be fully occupied in FY2018. In the commercial space, Nitesh Estates has 4 ongoing/upcoming commercial projects in Bangalore central business district (CBD) covering an area of over 0.45 mn sq. ft. The Company is targeting to attain an annual rental income of over Rs. 300 Crore within the next 5 years through its portfolio of income generating assets.

The 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 Bengaluru. Operational since October 2013, The Ritz-Carlton is an epitome of luxury and Nitesh Estates development capabilities & has become an important landmark in the city.

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.

Operational Performance

During the year, the Company sold 0.51 mn sq. ft. of area with a Sales Value of Rs. 128 Crore. The average realization for the year was Rs. 8,480 per sq. ft., which is one of the best in the Bengaluru real estate industry. The Company sold 62 units in the mid-income, high-income and luxury residential segments. The collections were at Rs. 100 Crore in FY2017.

Financial Performance

Nitesh Estates generated revenue of Rs. 195 Crore, compared with FY 2016 revenue of Rs. 261 Crore. The Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs. (-) 21 Crore as compared to Rs. 13 Crore in the previous year. The Profit/(Loss) after Tax during the year was Rs. (102) Crore.

There were 10 projects under income recognition during the year with Unrecognized Income of Rs. 186 Crore. The Company expects increased revenue going forward owing to various projects getting to advanced stages of construction.

Revenue Breakup

(Rupees in Crore)

| Particulars | FY2017 | % share | FY2016 | % share |
|------------------------|---------------|---------|---------------|---------|
| Property Development | 149.61 | 77.47% | 239.78 | 94.64% |
| Contractual Activities | 26.50 | 13.72% | 3.25 | 1.28% |
| Maintenance Income | 12.16 | 6.29% | 7.88 | 3.12% |
| Lease Rent | 4.86 | 2.52% | 2.44 | 0.96% |
| Total | 193.13 | | 287.35 | |

Financial Condition

(Rupees in Crore)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|-----------------|-----------------|
| Sources of funds | | |
| a. Shareholders' funds | 98.30 | 236.88 |
| b. Minority Interest | - | - |
| c. Loan funds | 999.43 | 1,205.23 |
| Total | 1,097.73 | 1,442.11 |
| Application of funds | | |
| a. Fixed assets (net) | 421.70 | 329.56 |
| b. Investments | 88.66 | 104.85 |
| c. Net current assets | 585.61 | 1,006.11 |
| d. Deferred tax/ miscellaneous expense, among others | 1.76 | 1.62 |
| Total | 1,097.73 | 1442.11 |

(Rupees in Crore)

| Particulars | 12 months ended March 31, 2017 | 12 months ended March 31, 2016 |
|---|-----------------------------------|-----------------------------------|
| Profit before tax | (103.02) | (50.61) |
| Add: Adjustments | 81.20 | 58.21 |
| Add: Net working capital | 118.11 | (138.73) |
| Less: Income Tax paid | 0.39 | (4.71) |
| Net cash flow from operating activities | 96.68 | (135.84) |
| Net cash flow from investing activities | 203.82 | (563.97) |
| Cash flow from financing activities | (314.59) | 711.68 |
| Net cash inflow / (outflow) | (14.09) | 11.87 |

Liquidity

As of March 31, 2017, the Company had cash and cash equivalents of Rs. 6 Crore. On a standalone basis, the Company had a total debt of Rs. 292 Crore and the net worth was at Rs. 388 Crore. The Company is closely monitoring the debt levels and plans to reduce the high cost debt from the cash generated from ongoing projects and exiting some non-core assets in the portfolio from time to time. During the current financial year the Company retired some of the high cost debts thereby reducing the average cost of borrowing to around 14.1% level as of end March 2017, compared to 15.5% as of last March 2016. Net Debt, as of 31st March 2017, on a consolidated basis was at Rs. 990 Crore.

Business Strategy

Complying with Real Estate Regulation and Development Act

The main motive behind establishment of Real Estate Regulation and Development Act (RERA) is to ensure that real estate transactions happen in an efficient and transparent manner and to protect the interest of the consumers along with establishment of an adjudicating mechanism for speedy dispute redressal. Nitesh Estates has geared up its internal processes for becoming compliant with the requirements of RERA.

Growing the residential business segment in Bangalore

Bangalore continues to be one of the most attractive real estate markets in India. Rightly called the 'Silicon Valley' of India, the city has 40% of India's IT industry. The presence of large IT multinationals, together with the largest number of high-tech start-ups of any Indian city, is providing added impetus to Bangalore's entrepreneurial growth. Most of the demand in Bangalore is consumer driven. Nitesh Estates is one of the most recognized real estate developers in Bangalore. The Company is focused on expanding its market share in the Bangalore market through its strategy of offering a range of products varied by price, location and type of homes.

Revenue diversification and expansion of rental income

Nitesh Estates has been strategically focused on diversifying its revenue to include recurring income stream. In line with this strategy, the Company acquired a shopping mall in Pune, Nitesh Hub.. During FY2016, Nitesh Estates also signed a platform partnership agreement with Goldman Sachs to invest in income generating assets. Total assets/investments under the partnership will be upto \$250-\$300 million. The Company intends to expand its rental revenue to Rs. 300 Crore annually in next 5 years. Nitesh Estates also has 4 ongoing/upcoming commercial properties in Bangalore central business district (CBD) covering an area of over 0.45 mn sq. ft.

Investment in systems and technologies

Information Technology continues to support all aspects of business and operations at Nitesh Estates through continued investment in enterprise wide SAP platform including data analytics.. The Company continues to explore and implement new emerging technologies for furthering business objectives. IT forms the core of all communication and information exchange for ongoing monitoring and effective decision making.

Selective geographic expansion

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 Bengaluru, where the Company has strong experience of executing several projects since its incorporation. Furthermore, Bangalore is considered to be one of the best real estate markets in India. Nitesh Estates is also selectively pursuing opportunities in other southern cities such as Chennai, Kochi and Goa.

Managing and promoting talent

Nitesh Estates' culture is focused on customer-centricity, collaborative team work, result orientation, entrepreneurial mindset and developing people. One of the key growth strategies at Nitesh Estates is to manage and promote talent by providing growth opportunities, rewards, respect, learning and fun. The Company's employees are both an important stakeholder group and key players in its business. With their skills and achievements, the Company is driving a culture of innovation, sustained growth and profitability for Nitesh Estates.

Opportunities and Threats

Opportunities in all segments of real estate development are driven by the macroeconomic forces on account of the unique current situation where a large part of the population consists of people less than 24 years of age, that is people who are young and productive. The benefits to the economy, commonly termed as the demographic dividend is benefitting the real estate sector. The other macroeconomic force is the rapid rate of urbanization on account of migration of population to cities, the growth centres. Implementation of Real Estate Regulation and Development Act (RERA) will bring in more transparency to the real estate transactions and boost buyer's confidence. The disposable income has been steadily increasing and there is easier availability of consumer finance coupled with a declining interest rate trend. All the aforesaid aspects result in opportunities in all segments of real estate.

The key threats to real estate business emanate from the cyclicity of the business owing to the tide and ebb in consumer and business confidence. Going forward, with the e-commerce market in India making itself look attractive, can pose a serious threat to the retail real estate. Other immediate challenges to the business are from:

- environmental risks such as depletion of water table
- potential impact of global slowdown on the Bengaluru 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 results in higher costs and delays in approvals related with projects

Risk management

The Company has an established enterprise risk management framework to optimally identify and manage risks, as well as to address operational, strategic and regulatory risks. The ability to anticipate risks and respond effectively is critical for achieving the Company's objectives and provides value to stakeholders. The risk management process also addresses long term strategic and operational planning, talent acquisition and retention, treasury management, financial reporting and controls, information technology and security, environment health and safety compliance, legal, taxation, communication, regulatory compliance and code of conduct for employees. The Company believes that risk is an integral part of every business and promotes a culture of

building ability to anticipate and manage the risks effectively and converting them into opportunities. Risk assessment is conducted by the risk management committee and the program is reviewed periodically by the Audit Committee.

There are several areas of risk related with:

- the macroeconomic environment
- 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

Internal Control Systems

Nitesh Estates has an elaborate internal control system which monitors compliance to internal processes. It ensures that all transactions are authorized, recorded and reported correctly. Well established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirements. In the networked IT environment of the Company, validation of IT security continues to receive focused attention of the internal audit. The Company has appointed Deloitte Touche Tohmatsu as their internal auditor. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting to the Audit Committee of the Board.

In order to ensure compliance with the Company's Act related with Internal Financial Control (IFC), the Company appointed KPMG to carry out a study on the processes of the Company and suggest remedial measures if any. Certain process changes were instituted and KPMG reported that the Company is compliant with the requirements of IFC. For the subsequent periods, internal audit has been mandated to specifically carry out audits with respect to the compliance with IFC requirements.

The Company strives to continuously strengthen the internal control systems by adopting standard operating procedures and by delegating roles and responsibilities to various Department heads for effective implementation of the same. This is to ensure that the Company conducts its business with highest standards of statutory, legal and regulatory compliance.

OUTLOOK

In 2016, Indian real estate industry saw the biggest policy changes. Policies like GST and RERA are on their way to full implementation. The long term outlook still remains attractive due to economic growth, increasing urbanization, employment opportunities, affordability, favorable demographics, urbanization, and preferred location by NRIs, expats and IT/ITES professionals. Further, income tax benefits, interest subvention scheme, lower interest rates 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 12 residential projects currently in execution having a developable area of 5.87 million sq ft. There are another 5 residential projects having a developable area of 2.16 million sq ft which are in various stages of design and approval and are targeted for launch during the coming quarters. This represents a huge growth in the intensity of the business and correspondingly on the revenue and profits of the Company. We are now focused on staying ahead on the cash collection cycle and accelerate execution. The consumers are highly discerning and the market is competitive. For success in the market place timeliness and quality of delivery are the differentiators.
- **Compliance with RERA:** The Company has been focusing on operational changes to be compliant with RERA. The process includes identification of process which has to undergo change, modification and roll out Standard Operational Procedure (SOP) to be compliant.
- **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 CnT 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.

Human Resources Development

Nitesh Estates employs 659 people across all functions. The Company strives to be an Employer of Choice. High quality recruitment supports the talent management practices of the Company. The Company continues to foster a high performance culture by recognizing good performers and providing them with career enhancing opportunities. Several HR initiatives have been taken for the strategic alignment of the HR function with the business objectives. These initiatives encompass employee engagement, learning & development besides improved internal communication mechanism with employees.

Our registered and corporate office is located in Bengaluru. This houses employees who oversee our financial, administrative, design and planning and other reporting functions. We have not experienced any material strikes, work stoppages, labor disputes. Our work-force consists of our permanent employees, consultants and labor work force that work at projects through sub-contractors. The function-wise break-up of our employees is as below.

| Function | Current | % share | FY2016 | % share |
|-----------------------------------|------------|---------|------------|---------|
| Construction Management | 63 | 9.56% | 91 | 13.50% |
| Sales & Marketing | 36 | 5.46% | 41 | 6.08% |
| Administration & Secretarial | 35 | 5.31% | 33 | 4.90% |
| Internal Support (HR, IT and F&A) | 35 | 5.31% | 38 | 5.64% |
| Facility Management | 30 | 4.55% | 34 | 5.04% |
| Pre-Construction | 8 | 1.21% | 7 | 1.04% |
| Quality Management | 3 | 0.46% | 7 | 1.04% |
| Contracts & Procurement | 6 | 0.91% | 9 | 1.34% |
| MD & COO's Office | 9 | 1.37% | 8 | 1.19% |
| Business Development | 11 | 1.67% | 9 | 1.34% |
| Legal | 8 | 1.21% | 6 | 0.89% |
| Commercial & Rental | 4 | 0.61% | - | - |
| Pune Mall | 22 | 3.34% | 23 | 3.41% |
| Ritz Carlton Operations | 389 | 59.03% | 368 | 54.60% |
| Total | 659 | | 674 | |

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 labor force.

Cautionary Statement

Statements in this Management Discussion and Analysis contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Nitesh Estates' future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Nitesh Estates undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 27, 2017

NITESH SHETTY
Chairman & Managing Director
DIN : 00304555

Standalone Accounts

Independent Auditor's Report

To
The Members of
Nitesh Estates Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **NITESH ESTATES LIMITED ("the Company")** which comprise the Balance Sheet as at 31st March, 2017, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2017, and its profit / loss and its cash flows for the year ended on that date.

Auditor's Report (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2017 from being appointed as director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note to the financial statements;
 - II. The Company has no material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - III. The Company is not required to transfer any amount to the Investor Education and Protection Fund.
 - IV. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For and on behalf of
RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

Bangalore
27th May, 2017

Mrinal Kanti Bandopadhyay
Partner
Membership No. 051472

ANNEXURE A TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **NITESH ESTATES LIMITED** for the year ended March 31, 2017.

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the information and explanation given to us, most of the fixed assets have been physically verified by the Management during the year and no material discrepancies were noted on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There are no immovable properties held in the name of the Company.
- (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. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the procedures of physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits during the year and so the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed under. Accordingly, the provisions of clause 3(v) of the said order are not applicable.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013 for the products of the Company. Accordingly, the provisions of clause 3(vi) of the said order are not applicable.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

There are no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

- (b) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, or Duty of Customs or Duty of Excise or Value Added Tax or Cess which have not been deposited as on 31 March, 2017 on account of disputes are given below:

| Name of Statute | Nature of Dues | Amount (Rs. in lakhs) | Period to which amount Pertains | Forum where Disputes is Pending |
|-----------------|----------------|--------------------------|------------------------------------|------------------------------------|
| Income Tax Act | Income Tax | 66.43 | AY-2011-2012 | Asst Commissioner of Income Tax |
| Income Tax Act | Income Tax | 196.58 | AY 2009-10 | CIT(A) |
| Income Tax Act | Income Tax | 8.81 | AY-2011-2012 | CIT(A) |
| KAVAT ACT | VAT | 247.05 | FY 2011-12 | JCCT(A) |

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) The Company has not raised any money raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.

- (x) No fraud on or by the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(x) of the said order are not applicable.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the said order are not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the said order are not applicable.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the said order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the said order are not applicable to the Company.

For and on behalf of
RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

Bangalore
27th May, 2017

Mrinal Kanti Bandopadhyay
Partner
Membership No. 051472

Annexure - B to the Auditors' Report- Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **NITESH ESTATES LIMITED** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. Management's Responsibility for Internal Financial Controls The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

Bangalore
27th May, 2017

Mrinal Kanti Bandopadhyay
Partner
Membership No. 051472

Balance Sheet

| | Note | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|--------------------------------|------|-------------------------------|-------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1,458,321,000 | 1,458,321,000 |
| Reserves and surplus | 4 | 2,421,829,072 | 2,868,322,862 |
| | | 3,880,150,072 | 4,326,643,862 |
| Non-current liabilities | | | |
| Long-term provisions | 5 | 13,007,061 | 13,382,972 |
| | | 13,007,061 | 13,382,972 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 2,924,163,935 | 2,527,164,421 |
| Trade payables | 7 | 1,269,013,564 | 922,212,431 |
| Other current liabilities | 8 | 1,603,348,051 | 1,349,322,968 |
| Short-term provisions | 9 | 6,587,569 | 3,134,043 |
| | | 5,803,113,119 | 4,801,833,863 |
| | | 9,696,270,252 | 9,141,860,698 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 10 | | |
| - Tangible assets | | 10,119,520 | 10,181,795 |
| - Intangible assets | | 2,078,169 | 3,057,855 |
| - Capital work in progress | | - | 28,099 |
| | | 12,197,689 | 13,267,749 |
| Non-current investments | 11 | 4,723,944,934 | 4,932,050,870 |
| Deferred tax assets, net | 12 | 10,205,045 | 8,332,345 |
| Long-term loans and advances | 13 | 403,127,552 | 368,135,952 |
| Other non-current assets | 14 | 7,000,000 | 7,000,000 |
| | | 5,144,277,531 | 5,315,519,167 |
| Current assets | | | |
| Inventories | 15 | 1,431,770,356 | 1,082,297,109 |
| Trade receivables | 16 | 172,347,440 | 139,669,658 |
| Cash and bank balances | 17 | 19,922,995 | 185,499,206 |
| Short-term loans and advances | 18 | 1,710,861,113 | 1,534,276,139 |
| Other current assets | 19 | 1,204,893,129 | 871,331,669 |
| | | 4,539,795,032 | 3,813,073,782 |
| | | 9,696,270,252 | 9,141,860,698 |

As per our report of even date attached
for **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

Bangalore
27 May 2017

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

Nitesh Shetty
Managing Director
DIN : 00304555

Venkateshan M. A.
Chief Financial Officer
Bangalore
27 May 2017

L.S. Vaidyanathan
Executive Director
DIN : 00304652

D. Srinivasan
Company Secretary

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Statement of Profit and Loss

| | Note | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|------|--|--|
| Income | | | |
| Revenue from operations | 20 | 743,152,354 | 871,222,938 |
| Other income | 21 | 2,069,437 | 19,333,330 |
| | | 745,221,791 | 890,556,268 |
| Expenses | | | |
| Cost of inventories sold | 25 | 588,346,391 | 623,339,345 |
| Employee benefits | 22 | 129,607,020 | 94,545,313 |
| Finance costs | 23 | 298,089,904 | 178,161,621 |
| Depreciation | | 6,943,942 | 13,186,963 |
| Other expenses | 24 | 170,601,024 | 198,392,167 |
| | | 1,193,588,281 | 1,107,625,410 |
| Profit / (Loss) before tax | | (448,366,491) | (217,069,142) |
| Tax expense: | | | |
| - Deferred tax (credit)/ charge | | (1,872,700) | (3,442,122) |
| Profit/(loss) for the period | | (446,493,791) | (213,627,020) |
| Earning/ (loss) per share (equity shares, par value of Rs 10 each) | | | |
| - Basic and diluted | | (3.06) | (1.46) |

As per our report of even date attached
for **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

Place: Bangalore
Date: 27 May 2017

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

Nitesh Shetty
Managing Director
DIN : 00304555

Venkateshan M. A.
Chief Financial Officer
Place: Bangalore
Date: 27 May 2017

L.S. Vaidyanathan
Executive Director
DIN : 00304652

D. Srinivasan
Company Secretary

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Cash Flow Statement

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|-------------------------------------|-------------------------------------|
| | Rs. | Rs. |
| Cash flow from operating activities | | |
| Profit/(loss) before tax | (448,366,491) | (217,069,142) |
| Adjustments: | | |
| Depreciation | 6,943,942 | 13,186,963 |
| Interest | 279,945,805 | 168,608,242 |
| Interest income | (717,852) | (4,553,400) |
| Operating profit before working capital changes | (162,194,595) | (39,827,337) |
| Decrease/ (increase) in inventories | (349,473,249) | 105,647,403 |
| Decrease/ (increase) in trade receivables | (32,677,781) | 191,878,398 |
| Decrease/ (increase) in other assets | (333,561,460) | (399,704,969) |
| Decrease/ (increase) in loans and advances | (206,716,895) | (385,357,300) |
| (Decrease)/ increase in liabilities | 600,826,216 | 337,804,985 |
| (Decrease)/ increase in provisions | 3,077,615 | 1,625,233 |
| Cash generated from / (used in) operations | (480,720,150) | (187,933,587) |
| Income taxes paid | (4,859,680) | 13,737,448 |
| Net cash generated from / (used in) operating activities | (485,579,830) | (174,196,139) |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (5,894,833) | (1,649,358) |
| Sale/ (purchase) of investments, in subsidiaries and associates, net (including share application money pending allotment) | 208,105,936 | (112,531,135) |
| Loans and inter corporate deposits (given)/ received, net | - | 39,235,212 |
| Decrease/ (increase) in fixed deposits accounts | 84,770,378 | (99,883,618) |
| Interest received | 738,806 | 4,553,400 |
| Net cash generated from /(used in) investing activities | 287,720,287 | (170,275,499) |
| Cash flow from financing activities | | |
| Secured loans from banks and financial institutions availed/ (repaid) | 1,096,999,515 | 570,892,460 |
| Proceeds from issue of debentures/ (Repayment) of debentures | (700,000,000) | - |
| Interest paid | (279,945,805) | (168,608,242) |
| Net cash provided by/(used in) financing activities | 117,053,710 | 402,284,218 |

Cash Flow Statement (Contd.)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| | Rs. | Rs. |
| Net increase / (decrease) in cash and cash equivalents | (80,805,833) | 57,812,582 |
| Cash and cash equivalents at the beginning of the year | 85,423,380 | 27,610,798 |
| Cash and cash equivalents at the end of the year | 4,617,547 | 85,423,380 |
| | As at 31 March 2017 | As at 31 March 2016 |
| Cash and cash equivalents comprise of: | | |
| Cash and bank balance (refer note 17) | 4,617,547 | 85,423,380 |
| | 4,617,547 | 85,423,380 |

As per our report of even date attached
for **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

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

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

Nitesh Shetty
Managing Director
DIN : 00304555

L.S. Vaidyanathan
Executive Director
DIN : 00304652

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Venkateshan M. A.
Chief Financial Officer
Place: Bangalore
Date: 27 May 2017

D. Srinivasan
Company Secretary

Place: Bangalore
Date: 27 May 2017

Notes to Financial Statements

1. Company overview

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

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 accrual basis of accounting and comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

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 III to the Companies Act, 2013.

2.2 Going concern

These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation. These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

2.3 Use of estimates

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

2.4 Revenue recognition

Revenue is recognized 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 recognized by reference to the stage of completion of the contract activity of each project at the year end. (Percentage of Completion method)

(b) Recognition of revenue from property development:

For projects commenced and revenue recognition started before 1 April 2012

Revenue from real estate development is recognized 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 recognized on percentage of completion method. Revenue is recognized 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.

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

Revenue from real estate development is recognized 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

Notes to Financial Statements (Contd.)

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 recognized 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) 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 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 recognized 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 recognized 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.

Unbilled Receivables & Billed Receivables in excess of 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.

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.

(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 recognized on the basis of such AOP's audited accounts, as per terms of the agreement.

(d) Income from Sale of Land & 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.

(e) Interest income

Interest income is recognized using the time-proportion method, based on the amount outstanding and the rate applicable.

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.

Notes to Financial Statements (Contd.)

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.

Depreciation

Depreciation on Tangible Fixed assets is provided on the useful life computed as per Schedule II of Companies Act 2013.

Pro-rata depreciation is provided on all fixed assets purchased or sold during the year. Assets costing individually Rs 5000 or less are depreciated fully in the year of acquisition.

Intangible Fixed Assets

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

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 recognizes 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 recognized immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Other long term benefit

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

Notes to Financial Statements (Contd.)

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

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

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

2.11 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 recognized 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 recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization 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 realized.

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.

2.13 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 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

Notes to Financial Statements (Contd.)

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 realizable value, having regard to the protracted underlying process.

2.14 Inventories

Inventories are carried at the lower of cost and net realizable 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 realizable 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 realizable value.

2.15 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.

2.16 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 recognized 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 recognized in the profit and loss account.

2.17 Borrowing Cost

Borrowing cost attributable to the acquisition of qualifying assets (ie. The assets that necessarily takes substantial period of time to get ready for the intended use) are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred. Interest has been apportioned over various projects on the basis of loan amount utilize for each.

2.18 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.

2.19 Cash and cash equivalents

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

2.20 Cash flow statement

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

Notes to Financial Statements (Contd.)**3. Share capital**

| Particulars | Rs | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| 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 2017 | | As at 31 March 2016 | |
|--|---------------------|---------------|---------------------|---------------|
| | 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 2017 | | As at 31 March 2016 | |
|--|---------------------|-----------|---------------------|-----------|
| | No of shares | % holding | No of shares | % holding |
| Equity shares of Rs. 10 each fully paid | | | | |
| Nitesh Shetty, Managing Director | 42,974,395 | 29% | 42,974,395 | 29% |
| Nitesh Industries Private Limited | 15,556,634 | 11% | 15,536,634 | 11% |
| Nomura India Investment Fund Mother Fund | - | - | 12,971,738 | 9% |
| HSBC Bank (Mauritius) Limited | 10,423,667 | 7% | 10,423,667 | 7% |

(c) 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 2017, 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.

d) 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.

Notes to Financial Statements (Contd.)**4. Reserves and surplus**

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Security premium | | |
| Opening balance - Security Premium | 3,125,854,554 | 3,125,854,554 |
| Add: addition during the period | - | - |
| Closing balance | 3,125,854,554 | 3,125,854,554 |
| Surplus in statement of profit and loss | | |
| Opening balance | (257,531,692) | (42,190,643) |
| Add: profit/(loss) for the period | (446,493,791) | (213,627,020) |
| Less: Appropriations | | |
| Depreciation effect | - | 1,714,029 |
| Debentures Redemption Reserve | - | - |
| Closing balance | (704,025,482) | (257,531,692) |
| | 2,421,829,072 | 2,868,322,862 |

5. Long-term borrowings

| Particulars | Rs. | |
|------------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Provision for gratuity | 4,451,325 | 4,777,242 |
| Provision for compensated absences | 8,555,736 | 8,605,730 |
| | 13,007,061 | 13,382,972 |

6. Short-term borrowings

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Other short term borrowings | | |
| <i>Secured:</i> | | |
| - from banks | 39,365,198 | 62,481,904 |
| - from financial institutions | 2,182,662,086 | 1,062,926,170 |
| - 18.5% Non convertible, redeemable debentures | 550,000,000 | 1,250,000,000 |
| Cash credit | 152,136,652 | 151,756,347 |
| | 2,924,163,935 | 2,527,164,421 |

Details of security and terms of loans and debentures**(i) Short-Term loans from banks are secured by:****Bank term loan amounting to: Rs 39,365,198 (previous year: Rs. 62,481,904)**

- 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.

Notes to Financial Statements (Contd.)

| 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 |

(ii) Short-Term loans from financial institutions are secured by:**a) Term Loan amounting to: Rs 217,738,520 (previous year: Rs 156,729,130)**

- i. Mortgage of developer's share of unsold units in Nitesh Park Avenue admesuting 0.62 acres and one Pent House (measuring 15221 sq. ft.) of the same project retained by Mr. Nitesh Shetty situated at Sankey Road, Vasant Nagar, Bangalore.
- ii. All future receivables of the project Nitesh Park Avenue.
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 25th Month 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 17.55% per annum and the applicable rate for the said financial facility was 13.30% per annum. |

b) Term Loan amounting to: Rs 19,804,722 (previous year: Rs 23,584,179)

- i. Mortgage of two unsold units in Nitesh Central Park and two unsold units in Nitesh Flushing Meadows.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|--|
| The loan is repayable in 60 equated monthly installments of Rs. 599,158 pm starting from immediately next month of disbursement. | Interest rate is based on the PNBHFR plus / minus the spread that will be applicable from time to time on each disbursement. The FR as on date of sanction was 14.35% per annum and the applicable rate for the said financial facility was 14% per annum. |

c) General purpose Working Capital Loan amounting to: Rs NIL (previous year: Rs 301,602,860)

- i. First and exclusive charge by way of a mortgage by deposit of title deeds of Nitesh Park Avenue project and Hypothecation of future receivables of the project Nitesh Park Avenue.
- ii. First and exclusive charge by way of a mortgage by deposit of title deeds of Land situated at Kochin, Kakanad, registered in the name of the Company.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|---|
| The loan is repayable in 30 Equated Monthly Installment starting from March 15, 2015 to Aug 15, 2017 | Rate of Interest for the facility is 16.25% |

d) General purpose Working Capital Loan amounting to: Rs NIL (previous year: Rs 31,010,000)

- i. First and exclusive charge by way of a mortgage by deposit of title deeds of Nitesh Park Avenue project and Hypothecation of future receivables of the project Nitesh Park Avenue.
- ii. First and exclusive charge by way of a mortgage by deposit of title deeds of Land situated at Kochin, Kakanad, registered in the name of the Company.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| The loan is repayable in 44 Equated Monthly Installment starting from 18th month from the date of first disbursement. | Rate of Interest for the facility is 16.25% |

Notes to the Financial Statements (Contd.)**e) Term Loan amounting to: Rs 1,733,518,843 (previous year: Rs 550,000,000)**

- i. Mortgage of developer's share of receivables of the following projects ;
 - Nitesh British Columbia
 - Nitesh Long Island
 - Nitesh Chelsea (64%)
- ii. Mortgage of developer's share of area of the following projects ;
 - Nitesh Knights Bridge
 - Nitesh RIO
 - Nitesh Hunter Valley
- iii. Mortgage of developer's share of area in the project Nitesh Virgin Island situated at SY No 2/6 and developers share of revenue (65.5%) in the project situated at SY No 2/2, 2/3, 2/4 & 2/5 at Konadasapura Village, Bidarahalli, Bangalore.
- iv. Charge on all the future receivables from the booked, sold and unsold apartments in the above projects.
- v. Mortgage of developer's share of area in the project Nitesh Soho (formerly known as Plaza) situated at Ali Aksar Road.
- vi. Mortgage of Flat No A-04 (on 3rd Floor) in the Project 'Nitesh Buckingham Gate'.
- vii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 37th Month 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 17.65% per annum and the applicable rate for the said financial facility was 15% per annum for 1st tranche & 13.60% for 2nd tranche. |

f) Term Loan amounting to: Rs 31,600,000 (previous year: Rs NIL)

- i. Mortgage of developer's share of area in the project Nitesh SOHO admeasuring appx 110000 sq.ft situated at Ali Asker Road.
- ii. All future receivables of the project Nitesh British Colombia, Long Island, Chelsea and Developers share of area in Projects Nitesh Virgin Island, Rio, Knightsbridge, and Hunter Valley .
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 37th Month from the date of first disbursement | Interest rate is based on the Corporate Prime Lending Rate (CPLR) The banker's CPLR as on date of sanction was 17.65% per annum and the applicable rate for the said financial facility was 15% per annum for 1st tranche & 13.60% for 2nd tranche. |

g) Term Loan amounting to: Rs 180,000,000 (previous year: Rs NIL)

- i. First & exclusive charge by way of mortgage of 3 unsold units in Nitesh Logo aggregating to 16 659 sf area.
- ii. First & exclusive charge by way of Hypothecation if receivables from the mortgages units.
- iii. Escrow of all cash flows, both present & future from the sale of the aforesaid property
- iv. Personal guarantee of Mr. Nitesh Shetty.
- v. Demand promissory note
- vi. Any other security as may be stipulated by our investment Committee and/or detailed in Definitive Agreements.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---------------|
| The amount is repayable in 30 equal monthly installments starting from 19th Month to 48 th Month | 17% per annum |

Notes to the Financial Statements (Contd.)**(iii) Debentures**

- i. First and exclusive charge by way of a mortgage by deposit of title deeds over the Logos & Virgin Island.
- ii. Escrow account in respect of the receivables from the projects Logos & Virgin Island. .
- iii. First and exclusive charge by way of hypothecation on the receivables in the projects Logos & Virgin Island .
- iv. Personal Guarantee of Mr. Nitesh Shetty in favour of the Debenture Trustee.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|-----------------|
| The amount is repayable in 21 equal monthly installments starting from July 15, 2016 to March 15, 2018 | 18.5% per annum |

(iv) Cash credit from banks are secured by :**a) Cash credit amounting to: Rs NIL Dr (previous year: Rs 9,235)**

- 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 152,136,651 (previous year: Rs 151,770,664)

- 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 | Base rate plus 7% |

7. Trade payables

| Particulars | Rs. | |
|--------------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| -Dues to micro and small enterprises | - | - |
| -Dues to other creditors | 1,269,013,564 | 922,212,431 |
| | 1,269,013,564 | 922,212,431 |

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

| Particulars | As at | |
|--|----------------------|----------------------|
| | 31 March 2017 | 31 March 2016 |
| Advance received from related parties | 32,171,268 | 208,485,121 |
| Advance received from customers for sale of properties | 1,047,434,516 | 1,042,422,156 |
| Payable to land owners | 499,877,400 | 73,996,200 |
| Other payables | | |
| - withholding and other taxes and duties payable | 23,864,866 | 24,419,491 |
| | 1,603,348,051 | 1,349,322,968 |

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

9. Short-term provisions**Rs.**

| Particulars | As at | |
|------------------------------------|----------------------|----------------------|
| | 31 March 2017 | 31 March 2016 |
| Provision for gratuity | 2,074,280 | - |
| Provision for compensated absences | 4,513,289 | 2,566,384 |
| Provision for income tax | - | 567,659 |
| | 6,587,569 | 3,134,043 |

Notes to the Financial Statements (Contd.)

10. Fixed assets

| Asset category | Gross block | | | Depreciation | | | Net block | | Rs. |
|--------------------------|-----------------------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----|
| | As at 1 April 2016 | Additions | As at 31 March 2017 | As at 31 March 2016 | Charge for the year | As at 31 March 2017 | As at 31 March 2017 | As at 31 March 2016 | |
| | | | | | | | | | |
| Tangible assets | | | | | | | | | |
| Leasehold improvements | 16,379,381 | - | 16,379,381 | 14,309,335 | 1,736,537 | 16,045,872 | 333,509 | 2,070,046 | |
| Office equipments | 11,376,072 | 17,990 | 11,394,062 | 10,001,711 | 364,238 | 10,365,949 | 1,028,113 | 1,374,361 | |
| Computer equipments | 14,927,287 | 541,108 | 15,468,395 | 12,967,612 | 889,536 | 13,857,148 | 1,611,247 | 1,959,675 | |
| Furniture and fixtures | 9,837,798 | 1,621,899 | 11,459,697 | 7,653,221 | 857,937 | 8,511,158 | 2,948,539 | 2,184,577 | |
| Vehicles | 16,200,039 | 3,390,000 | 19,590,039 | 13,606,903 | 1,285,008 | 15,391,926 | 4,198,113 | 2,593,136 | |
| | 68,720,577 | 5,570,997 | 74,291,574 | 58,538,782 | 5,133,257 | 64,172,054 | 10,119,520 | 10,181,795 | |
| Intangible assets | | | | | | | | | |
| Computer software | 42,417,107 | 831,000 | 43,248,107 | 39,359,253 | 1,810,686 | 41,169,939 | 2,078,169 | 3,057,854 | |
| | 42,417,107 | 831,000 | 43,248,107 | 39,359,253 | 1,810,686 | 41,169,939 | 2,078,169 | 3,057,854 | |
| Total | 111,137,684 | 6,401,997 | 117,539,681 | 97,898,035 | 6,943,942 | 105,341,992 | 12,197,689 | 13,239,649 | |
| Previous year | 117,425,225 | (6,287,541) | 111,137,684 | 90,905,843 | 6,992,192 | 97,898,035 | 13,239,649 | | |

Notes to the Financial Statements (Contd.)

11. Non-current investments

| Particulars | Number of shares | | Value (Rs) | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| 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 | 69,910,000 | 69,910,000 | 1,890,520,000 | 1,890,520,000 |
| Nitesh Housing Developers Private Limited | 4,494,900 | 4,494,900 | 44,949,000 | 44,949,000 |
| Kakanad Enterprises Private Limited | 50,000 | 50,000 | 500,000 | 500,000 |
| Nitesh Urban Development Private Limited | 6,582,000 | 6,582,000 | 236,692,000 | 236,692,000 |
| Nitesh Property Management Private Limited | 300,000 | 300,000 | 3,000,000 | 3,000,000 |
| Associates | | | | |
| Nitesh Residency Hotels Private Limited | 136,401,904 | 152,372,579 | 1,615,107,015 | 1,822,725,790 |
| (ii) Investments in preference shares (fully paid up) | | | | |
| Subsidiaries | | | | |
| Nitesh Housing Developers Private Limited | 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) | | | 103,119,719 | 103,606,880 |
| (iv) Others | | | | |
| <i>Investment in Government and trust securities (unquoted)</i> | | | | |
| National Savings Certificate | | | 57,200 | 57,200 |
| | | | 4,723,944,934 | 4,932,050,870 |

Note :

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

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

Notes to the Financial Statements (Contd.)

12. Deferred tax assets (net)

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| 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 | 10,205,045 | 8,332,345 |
| | 10,205,045 | 8,332,345 |
| | 10,205,045 | 8,332,345 |

13. Long-term loans and advances

| Particulars | Rs. | |
|-----------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Unsecured, considered good | | |
| Security deposit | 403,127,552 | 368,135,952 |
| | 403,127,552 | 368,135,952 |

14. Other non current assets

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Minimum alternate tax credit entitlement | 7,000,000 | 7,000,000 |
| | 7,000,000 | 16,250,000 |

15. Inventories

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Land held under joint development arrangements | 767,474,633 | 452,013,568 |
| Properties under development | 664,295,723 | 613,060,193 |
| Finished goods | - | 17,223,348 |
| | 1,431,770,356 | 1,082,297,109 |

16. Trade receivables

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Unsecured, considered good | | |
| Debts due for a period exceeding Nine months | | |
| - considered good | - | - |
| - considered doubtful | - | - |
| | - | - |
| Other debts | | |
| - considered good | 172,347,440 | 139,669,658 |
| - considered doubtful | - | - |
| | 172,347,440 | 139,669,658 |
| Less: provision for doubtful debts | - | - |
| | 172,347,440 | 139,669,658 |

Notes to the Financial Statements (Contd.)**17. Cash and bank balances**

| Particulars | Rs. | |
|----------------------------------|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Cash and cash equivalents | | |
| Cash on hand | 284,746 | 110,643 |
| Balances with banks | | |
| - in current accounts | 4,332,801 | 85,312,738 |
| Other bank balances | | |
| - in fixed deposits with bank | 15,305,448 | 100,000,000 |
| - in escrow accounts with banks | - | 75,826 |
| | 19,922,995 | 185,499,206 |

18. Short-term loans and advances

| Particulars | Rs. | |
|--|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| <i>Unsecured, considered good</i> | | |
| Advances paid towards jointly developable properties | 984,349,924 | 873,253,148 |
| Vendor advances | 325,223,192 | 372,913,711 |
| Advances for supply of goods and rendering of services | 188,662,662 | 82,513,282 |
| Balances with government authorities | 32,449,569 | 23,266,411 |
| Advance income tax (net of provision, TDS receivable) | 4,859,678 | - |
| Prepaid expenses | 41,910,372 | 57,053,782 |
| Refundable deposits under joint development agreements | 133,405,716 | 125,275,804 |
| | 1,710,861,113 | 1,534,276,139 |

19. Other current assets

| Particulars | Rs. | |
|---------------------|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Interest Receivable | 20,954 | - |
| Unbilled revenue | 1,204,872,175 | 871,331,669 |
| | 1,204,893,129 | 871,331,669 |

Notes to the Financial Statements (Contd.)**20. Revenue from operations**

| Particulars | Rs | |
|------------------------------------|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Income from property development | 478,152,354 | 838,700,335 |
| Income from sale of land | 265,000,000 | - |
| Income from contractual activities | - | 32,522,603 |
| | 743,152,354 | 871,222,938 |

21. Other income

| Particulars | Rs | |
|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Interest | | |
| - from banks | 738,806 | 87,891 |
| - from others | - | 4,465,509 |
| Share of profit/(loss) from investment in AOP | (487,161) | (7,768,865) |
| Miscellaneous | 1,817,792 | 1,354,517 |
| Prior Period Income | - | 21,194,278 |
| | 2,069,437 | 19,333,330 |

22. Employee benefits

| Particulars | Rs | |
|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Salaries, wages and benefits | 88,670,322 | 55,735,795 |
| Directors remuneration | 35,701,475 | 35,701,475 |
| Contribution to provident and other funds | 1,752,788 | 1,468,090 |
| Staff welfare | 3,482,435 | 1,639,954 |
| | 129,607,020 | 94,545,313 |

23. Finance costs

| Particulars | Rs | |
|--|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Interest and other charges | | |
| Interest expense | 279,966,759 | 168,608,242 |
| Processing fees and other bank charges | 18,123,145 | 9,553,379 |
| | 298,089,904 | 178,161,621 |

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

| Particulars | Rs. | |
|---------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Power and fuel | 2,726,573 | 3,994,608 |
| Rent | 13,088,733 | 12,355,720 |
| Repairs and maintenance | 6,194,065 | 7,793,601 |
| Office maintenance expenses | 4,974,345 | 4,433,345 |
| Audit Fees | 2,065,871 | 3,465,000 |
| Insurance charges | 4,877,994 | 1,526,492 |
| Rates and taxes | 8,649,016 | 10,817,704 |
| Legal and professional expenses | 19,887,136 | 30,192,465 |
| Loss on Scraping of Assets | - | 181,943 |
| Advertising and sales promotion | 86,153,195 | 102,675,434 |
| Travel and conveyance | 7,555,912 | 7,394,153 |
| Lease rent-vehicles | 221,645 | 370,452 |
| Communication expenses | 1,492,075 | 1,517,166 |
| Director's sitting fees | 2,460,000 | 3,360,000 |
| Exchange fluctuation | 1,487,204 | 23,363 |
| Miscellaneous expense | 8,767,260 | 8,290,721 |
| | 170,601,024 | 198,392,167 |

25. Cost of inventories sold

| Particulars | Rs. | |
|----------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Land and construction cost | 937,819,639 | 517,691,940 |
| Finished Good | - | - |
| Opening Inventory | 1,082,297,109 | 1,187,944,514 |
| Less: Closing Inventory | 1,431,770,356 | 1,082,297,109 |
| Change in Inventory | (349,473,247) | 105,647,405 |
| | 588,346,391 | 623,339,345 |

Notes to the Financial Statements (Contd.)**26. Commitments and contingent liabilities****Rs.**

| Particulars | As at 31 March 2017 | As at 31 March 2017 |
|---|--------------------------------|--------------------------------|
| Contingent liabilities | | |
| Claims against the company not acknowledged as debts in respect of | | |
| - Income-tax | 27,185,945 | 27,185,945 |
| - Service tax | - | - |
| Corporate guarantee for loans taken by group companies | 7,350,000,000 | 6,450,000,000 |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for | 996,338,606 | 1,493,871,167 |

Notes :

- a 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.
- b 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.

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

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|---|---|
| Contract revenue recognized during the year | 742,665,193 | 885,280,983 |
| Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the year end | 2,325,923,257 | 1,801,509,818 |
| The amount of customer advances outstanding for contracts in progress as at the year end | 1,047,434,516 | 968,025,690 |
| The amount of retention due from customers for contracts in progress as at the year end | - | - |

28. Auditors' remuneration**Rs.**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---------------------------|---|---|
| Statutory Audit fees | 1,200,000 | 2,400,000 |
| Quarterly Review Fees | 750,000 | 900,000 |
| Reimbursement of expenses | 97,500 | 165,000 |
| | 2,047,500 | 3,465,000 |

Notes to the Financial Statements (Contd.)**29. Earnings/(Loss) per share**

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

(Figures in rupees except number of shares)

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31 March 2017 | 31 March 2016 |
| Net profit/(loss) for the year attributable to equity shareholders | (446,493,791) | (213,627,020) |
| 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 | (3.06) | (1.46) |

The Company has no potentially dilutive equity shares.

30. Employee benefits

The Company has a defined benefit gratuity plan. The gratuity plan entitles an employee, who has rendered at least 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. | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2017 |
| Obligations at beginning of the year | 6,569,186 | 5,181,030 |
| Service cost | 1,069,493 | 861,357 |
| Interest on defined benefit obligation | 520,178 | 433,092 |
| Benefits settled | (1,005,187) | (192,064) |
| Actuarial (gain)/ loss | 268,722 | 285,771 |
| Obligations at year end | 7,422,392 | 6,569,186 |
| Plan assets at year beginning, at fair value | 1,791,945 | 1,837,237 |
| Expected return on plan assets (estimated) | 239,817 | 262,162 |
| Actuarial gain / (loss) | (222,014) | (115,390) |
| Contribution by Employer | 92,227 | - |
| Benefits settled | (1,005,187) | (192,064) |
| Plan assets at year end, at fair value | 896,788 | 1,791,945 |
| Reconciliation of present value of the obligation and the fair value of the plan assets: | | |
| Closing obligations | (7,422,392) | (6,569,186) |
| Closing fair value of plan assets | 896,787 | 1,791,944.00 |
| Liability recognised in the balance sheet | (6,525,605) | (4,777,242) |

Notes to the Financial Statements (Contd.)

| Particulars | Rs. | |
|-----------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2017 |
| Gratuity cost for the year | | |
| Service cost | 1,069,493 | 861,357 |
| Interest cost | 520,178 | 433,092 |
| Expected return on plan assets | (239,817) | (262,162) |
| Actuarial (gain)/loss | 490,736 | 401,161 |
| Net gratuity cost | 1,840,590 | 1,433,448 |
| Assumptions | | |
| Discount rate | 7.45% | 7.60% |
| 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.

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

| Particulars | Rs. | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | As at 31-Mar-17 | As at 31-Mar-16 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 |
| Present value of the defined benefit obligations | 7,422,392 | 6,569,186 | 5,181,030 | 6,530,305 | 5,751,012 |
| Fair value of plan assets | 896,788 | 1,791,944 | 1,837,237 | 1,846,620 | - |
| Deficit | (6,525,604) | (4,777,242) | (3,343,793) | (4,683,685) | (5,751,012) |
| Experienced adjustments on plan liabilities | 193,047 | 143,429 | (3,285,085) | 169,954 | (2,625) |
| Experienced adjustments on plan assets | (222,014) | (115,390) | (94,467) | 69,709 | - |

31. 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*

| | |
|--|--|
| 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 Pushrock Environment Private Limited |
|--|--|

Notes to the Financial Statements (Contd.)

| | |
|--|--|
| 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] Venkateshan .M.A.[Chief Financial Officer] D. Srinivasan [Company Secretary] |

(ii) Related party transactions

| Particulars | Rs. | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| <i>Loans and advances received/ (repaid)</i> | | |
| Nitesh Indiranagar Retail Private Limited | (41,327) | (26,671) |
| Nitesh Indiranagar Retail Private Limited - Deposit | 34,825,000 | - |
| Nitesh Urban Development Private Limited | 164,817,743 | (224,793,690) |
| Nitesh Housing Developers Private Limited | 14,169,097 | (300,644,722) |
| Nitesh Property Management Private Limited | (5,742,663) | - |
| Kakanad Enterprises Private Limited | 5,150 | 64,329 |
| <i>Advances received from customers</i> | | |
| Pushrock Environment Private Limited (Plaza) | 71,000,000 | (23,000,000) |
| Pushrock Environment Private Limited (Logos) (Formerly known as Nitstone Environment Private Limited) | (22,100,000) | (57,979,760) |
| Nitesh Shetty - Park Avenue | (11,500,000) | (48,705,817) |
| <i>Guarantees given</i> | | |
| Nitesh Urban Development Pvt Ltd | 1,600,000,000 | 950,000,000 |
| Nitesh Housing Developers Private Limited | 3,150,000,000 | 3,150,000,000 |
| Nitesh Pune Mall Pvt Ltd | 2,350,000,000 | 2,350,000,000 |
| <i>Share Application money given/ (refunded)</i> | | |
| Nitesh Residency Hotels Private Limited | - | 120,300,000 |
| <i>Allotment of shares out of share application money - in equity shares</i> | | |
| Nitesh Residency Hotels Private Limited (refer note below) | - | 120,300,000 |
| <i>Managerial remuneration</i> | | |
| Nitesh Shetty | 13,101,475 | 13,101,475 |
| L.S.Vaidyanathan | 11,700,000 | 11,700,000 |
| Ashwini Kumar | 10,900,000 | 10,900,000 |
| <i>Advertising and sales promotion expenses</i> | | |
| Serve & Volley Outdoor Advertising Private Limited | 4,767,499 | 4,700,000 |
| Globo Sport In Private Limited | - | 750,000 |
| <i>Rent paid</i> | | |
| Nitesh Infrastructure and Construction | 7,322,026 | 7,245,701 |
| Nitesh Property Management Private Limited | 854,495 | 854,495 |
| Nitesh Industries Private Limited | 5,500,000 | 4,800,000 |
| Nitesh Residency Hotels Private Limited | 3,573,426 | 1,966,763 |
| <i>Share of profit from investment in association of persons (post-tax)</i> | | |
| Nitesh Estates – Whitefield | (481,336) | (7,768,865) |
| <i>Income from contractual activities</i> | | |
| Nitesh Residency Hotels Private Limited | - | 10,687,559 |
| Nitesh Estates – Whitefield | - | 21,805,044 |

Notes to the Financial Statements (Contd.)

(iii) Amount outstanding as at the balance sheet date

Rs.

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Trade receivables | | |
| Nitesh Estates – Whitefield | 284,695,037 | 274,813,275 |
| Nitesh Residency Hotels Private Limited | 101,557,318 | 101,557,318 |
| Nitesh Infrastructure and Constructions | 5,030,000 | 5,030,000 |
| Loans and advances to subsidiaries and other related entities | | |
| Nitesh Housing Developers Private Limited | (286,441,398) | (300,610,495) |
| Nitesh Urban Development Private Limited | (51,738,811) | (216,556,554) |
| Kakanad Enterprises Private Limited | 26,629,499 | 26,624,349 |
| Southern Hills Developers Private Limited | 4,120,672 | 4,120,672 |
| Nitesh Property Management Pvt Ltd | (2,967,882) | 2,774,780 |
| Nitesh Pune Mall Pvt Ltd | (238,607) | 92,399 |
| Nitesh Indiranagar Retail Private Limited | 215,158 | 256,485 |
| Advance against property | | |
| Nisco Ventures Private Limited | 10,762,955 | 10,762,955 |
| Security Deposits | | |
| Nitesh Infrastructure and Construction | 17,690,475 | 17,690,475 |
| Trade payables | | |
| Nitesh Infrastructure and Construction | 203,737 | 203,737 |
| Nitesh Property Management Private Limited | 198,710 | - |
| Globosport In Pvt Ltd | - | 8,750 |
| Nitesh Residency Hotels Private Limited | 5,380,539 | 5,380,539 |
| Trade Advances | | |
| Serve & Volley Outdoor Advertising Private Limited | 7,732,307 | 7,973,182 |
| Globosport In Pvt Ltd | - | 850,000 |
| Lease deposit given/(received) | | |
| Nitesh Indiranagar Retail Private Limited | 341,775,000 | 341,775,000 |
| Advance from customers | | |
| Nitesh Residency Hotels Private Limited | 40,000,000 | 40,000,000 |
| Pushrock Environment Pvt Ltd - Plaza | 71,000,000 | 71,000,000 |
| Pushrock Environment Pvt Ltd - Logos (Formerly known as Nitstone Environment Private Limited) | 57,979,760 | 57,979,760 |
| Nitesh Shetty - Park Avenue | 334,803,511 | 323,303,511 |
| Lease Deposits Given/Received | | |
| Nitesh Indiranagar Retail Private Limited | 376,600,000 | 341,775,000 |
| Guarantees given on behalf of the Company and Outstanding | | |
| Nitesh Urban Development Pvt Ltd | 1,600,000,000 | 950,000,000 |
| Nitesh Housing Developers Private Limited | 3,150,000,000 | 3,150,000,000 |
| Nitesh Pune Mall Pvt Ltd | 2,350,000,000 | 2,350,000,000 |

Notes to the Financial Statements (Contd.)**32. 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 2017 | As at 31 March 2016 |
| Assets | 160,962,077 | 161,448,431 |
| Liabilities | 85,748,189 | 85,771,381 |
| Income | - | 5,192,637 |
| Expenses | 483,618 | 12,429,494 |
| Net Profit | (487,162) | (7,768,865) |

Note: The capital expenditure and contingent liability as at and for the year ended 31 March 2017 is Rs. Nil (Previous year: Rs. Nil).

- 33.** The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). The Company has no dues to Micro and Small Enterprises as at 31 March 2017 and 31 March 2016 in the financial statements based on information received and available with the Company.

34. Expenditure in foreign currency (on accrual basis)

| Particulars | Rs. | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Architect and other related fees included under cost of construction | 10,878,290 | 135,006 |

35. Unhedged foreign currency exposure

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

| Particulars | As at 31 March 2017 | |
|----------------|-------------------------------|---------------|
| | Amount in foreign currency | Amount in INR |
| Trade Payables | | |
| - in USD | - | - |
| - in SGD | - | - |
| | - | - |

There were no unhedged foreign currency exposure as at 31 March 2017.

- 36.** 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 2017 | For the year ended 31 March 2016 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Segment revenue | | |
| Residential | 743,152,354 | 871,222,938 |
| Retail | - | - |
| Hospitality | - | - |
| Total | 743,152,354 | 871,222,938 |
| Less : inter segment revenue | - | - |
| Net income from operations | 743,152,354 | 871,222,938 |
| Segment results | | |
| Residential | (152,346,023) | (58,240,851) |
| Retail | - | - |
| Hospitality | - | - |
| Total | (152,346,023) | (58,240,851) |
| Other income | 2,069,437 | 19,333,330 |
| Interest | (298,089,904) | (178,161,621) |
| Profit/ (Loss) before tax | (448,366,491) | (217,069,142) |
| Segment assets | | |
| Residential | 9,696,270,252 | 9,141,860,698 |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | - | - |
| | 9,696,270,252 | 9,141,860,698 |
| Segment liabilities | | |
| Residential | 5,816,120,180 | 4,815,216,836 |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | - | - |
| | 5,816,120,180 | 4,815,216,836 |
| Depreciation | | |
| Residential | - | - |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | 6,943,943 | 13,186,963 |
| | 6,943,943 | 13,186,963 |
| Capital expenditure | | |
| Residential | - | - |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | 6,401,997 | 1,838,860 |
| | 6,401,997 | 1,838,860 |

Notes to the Financial Statements (Contd.)**37. Disclosure of Specified Bank Notes(SBN)**

U/s 467 (1) of the Companies Act 2013, the details of specified bank notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|--------|--------------------------|-----------|
| Closing Cash In Hand as on 8.11.2016 | 12,500 | 193,988 | 206,488 |
| (+) Permitted receipts | - | 3,110,000 | 3,110,000 |
| (-) Permitted Payment | 12,500 | 3,224,514 | 3,237,014 |
| (-) Amount Deposited in Banks | - | - | - |
| Closing Cash In Hand as on 30.12.2016 | - | 79,474 | 79,474 |

38. Introduction of Capital :

Nitish Property Management Limited is a 100% wholly owned subsidiary of Nitish Estates Limited.

Since the Company is incurring huge expenses towards running generator, for which customers are not ready to bear the extra cost, NPML is incurring losses. The maintenance of these projects have been discontinued since, the apartment owner association itself is going to maintain the property. Hence, in there will not be any losses in future.

We hereby undertake to infuse Rs. 3 crores. Equity Share Capital to NPML before 30th September 2017 so that there will not be any negative reverse.

Kakanad Enterprises Private Limited is a 100% wholly owned subsidiary of Nitish Estates Limited. We hereby undertake to infuse Rs 15 Lakhs Equity Share Capital to KEPL before 30th September 2017 so that there will not be any negative reverse.

39. The Company has already redeemed debentures worth Rs. 70 cr out of Rs. 125 cr., so there is no requirement of creating Debenture Redemption Reserve as per the Companies Act.

40. The Land and construction cost includes Rs. 803 Lakhs as finance cost towards interest for the year ended on March 31, 2017.

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

As per our report of even date attached

for **Ray & Ray**

Chartered Accountants

Firm registration number: 301072E

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

Mrinal Kanti Bandyopadhyay

Partner

Membership No. 051472

Nitish Shetty

Managing Director

DIN : 00304555

L.S. Vaidyanathan

Executive Director

DIN : 00304652

Ashwini Kumar

Executive Director & Chief Operating Officer

DIN : 02034498

Venkateshan M. A.

Chief Financial Officer

Place: Bangalore

Date: 27 May 2017

D. Srinivasan

Company Secretary

Place: Bangalore

Date: 27 May 2017

Consolidated Accounts

Independent Auditor's Report

To
The Members of
Nitesh Estates Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NITESH ESTATES LIMITED ("the Holding Company")**, its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2017, 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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, 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 audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017, and their profit / loss and their cash flows for the year ended on that date.

Auditor's Report (Contd.)

Other Matter:

We did not audit the financial statements of one joint venture and one subsidiary, whose financial statement reflect total assets of Rs. 28,647 Lakhs as at 31st March, 2017, total revenues of Rs.1,048 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and in our opinion, so far as it relates to the amounts and disclosures included in respect of the subsidiary and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with in this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the Directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company, none of the Directors is disqualified as on 31st March, 2017 from being appointed as director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Note to the consolidated financial statements;
 - II. The Group has no material foreseeable losses, if any, on long-term contracts including derivative contracts .
 - III. The Group is not required to transfer any amount to the Investor Education and Protection Fund.
 - IV. The Group had provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Group.

For and on behalf of
RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

Bangalore
27th May, 2017

Mrinal Kanti Bandopadhyay
Partner
Membership No. 051472

Annexure - A to the Auditors' Report- Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the consolidated internal financial controls over financial reporting of **NITESH ESTATES LIMITED** ("the Holding company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Opinion In our opinion, the Company has, in all material respects, an

Auditor's Report (Contd.)

adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the Holding Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For and on behalf of
RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

Bangalore
27th May, 2017

Mrinal Kanti Bandopadhyay
Partner
Membership No. 051472

Consolidated Balance Sheet

| | Note | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|--------------------------------|------|-------------------------------|-------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1,458,321,000 | 1,458,321,000 |
| Reserves and surplus | 4 | (475,284,241) | 910,443,827 |
| | | 983,036,759 | 2,368,764,827 |
| Non-current liabilities | | | |
| Other long-term liabilities | 5 | 755,543,452 | 385,022,194 |
| Long-term borrowings | 6 | 2,350,000,000 | 5,850,229,535 |
| Long-term provisions | 7 | 30,984,764 | 31,777,057 |
| | | 3,136,528,216 | 6,267,028,786 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 7,644,286,684 | 6,202,093,995 |
| Trade payables | 9 | 2,619,603,961 | 2,101,619,802 |
| Other current liabilities | 10 | 2,983,744,176 | 2,432,343,749 |
| Short-term provisions | 11 | 80,085,831 | 82,268,196 |
| | | 13,327,720,653 | 10,818,325,742 |
| | | 17,447,285,628 | 19,454,119,355 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 12 | | |
| - Capital work in progress | | 1,676,206,489 | 604,237,733 |
| - Tangible assets | | 2,406,643,565 | 2,518,702,612 |
| - Intangible assets | | 2,451,976 | 3,633,378 |
| | | 4,085,302,030 | 3,126,573,723 |
| Goodwill on consolidation | | 131,716,056 | 169,143,521 |
| Non-current investments | 14 | 886,560,881 | 1,048,179,656 |
| Deferred tax assets, net | 15 | 17,598,244 | 16,190,799 |
| Long-term loans and advances | 16 | 211,487,733 | 3,841,412,946 |
| Other non-current assets | 17 | 36,893,985 | 36,893,985 |
| | | 1,152,540,843 | 4,942,677,385 |
| Current assets | | | |
| Current investment | 13 | 537,007 | 291,993 |
| Inventories | 18 | 2,965,666,039 | 2,698,271,662 |
| Trade receivables | 19 | 362,439,896 | 465,295,837 |
| Cash and bank balances | 20 | 61,235,826 | 390,590,692 |
| Short-term loans and advances | 21 | 6,005,902,847 | 6,109,088,944 |
| Other current assets | 22 | 2,681,945,084 | 1,552,185,597 |
| | | 12,077,726,699 | 11,215,724,726 |
| | | 17,447,285,628 | 19,454,119,355 |

As per our report of even date attached

for **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

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

Nitesh Shetty
Managing Director
DIN : 00304555

L.S. Vaidyanathan
Executive Director
DIN : 00304652

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Venkateshan M. A.
Chief Financial Officer

D. Srinivasan
Company Secretary

Bangalore
27 May 2017

Bangalore
27 May 2017

Statement of Consolidated Profit and Loss

| | Note | For the year ended 31 March 2017 Rs. | For the year ended 31 March 2016 Rs. |
|---|------|---|---|
| Income | | | |
| Revenue from operations | 23 | 1,931,274,294 | 2,535,139,701 |
| Other income | 24 | 21,419,806 | 75,073,578 |
| | | 1,952,694,100 | 2,610,213,279 |
| Expenses | | | |
| Cost of inventories sold | 28 | 1,425,360,268 | 1,718,779,340 |
| Employee benefits | 25 | 336,257,763 | 302,368,813 |
| Finance costs | 26 | 683,241,083 | 497,091,095 |
| Depreciation | | 141,390,004 | 141,764,693 |
| Other expenses | 27 | 396,685,624 | 456,356,703 |
| | | 2,982,934,743 | 3,116,360,644 |
| Profit / (loss) before tax | | (1,030,240,643) | (506,147,365) |
| Tax expense: | | | |
| - current tax | | - | 5,597,670 |
| - tax for previous years | | 3,335 | - |
| - deferred tax (credit)/ charge | | (1,407,445) | (6,525,232) |
| Profit / (loss) for the year after tax | | (1,028,836,533) | (505,219,803) |
| Share in loss of associate | | - | 222,010,584 |
| Net profit / (loss) for the year | | (1,028,836,533) | (727,230,387) |

As per our report of even date attached

for **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

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

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

Nitesh Shetty
Managing Director
DIN : 00304555

L.S. Vaidyanathan
Executive Director
DIN : 00304652

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Venkateshan M. A.
Chief Financial Officer

D. Srinivasan
Company Secretary

Bangalore
27 May 2017

Bangalore
27 May 2017

Consolidated cash flow statement

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|-------------------------------------|-------------------------------------|
| | Rs. | Rs. |
| Cash flow from operating activities | | |
| Profit/(loss) before tax | (1,030,240,643) | (506,147,365) |
| Adjustments: | | |
| Depreciation | 141,390,004 | 141,764,693 |
| Finance costs | 683,241,083 | 497,091,095 |
| Dividend income | (1,784,124) | (770,017) |
| Interest income | (10,851,062) | (55,915,800) |
| Operating profit / (loss) before working capital changes | (218,244,742) | 76,022,604 |
| Decrease / (increase) in inventories | (267,394,377) | (252,673,163) |
| Decrease / (increase) in trade receivables | 102,855,941 | 70,649,494 |
| Decrease / (increase) in other assets | (1,137,950,059) | (677,061,847) |
| Decrease / (increase) in loans and advances | 990,563,143 | (891,891,215) |
| Decrease/ (increase) in escrow accounts | 75,826 | 116,382 |
| (Decrease) / increase in liabilities | 1,489,082,531 | 359,279,549 |
| (Decrease) / increase in provisions | 3,906,830 | 4,280,750 |
| Cash generated from / (used in) operations | 962,895,093 | (1,311,277,445) |
| Income taxes paid | 3,862,905 | (47,183,500) |
| Net cash generated from / (used in) operating activities | 966,757,997 | (1,358,460,946) |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (1,100,121,646) | (2,655,043,642) |
| Sale / (purchase) of investments, net | 197,377,661 | (168,363,523) |
| Loans and inter corporate deposits (given) / received, net | 2,740,659,994 | (3,022,903,140) |
| Capital reserve on consolidation | - | 140,734,652 |
| Decrease / (increase) in fixed deposits accounts | 188,349,788 | 7,660,240 |
| Interest received | 10,185,416 | 57,403,307 |
| Dividends received | 1,784,124 | 770,017 |
| Net cash generated from /(used in) investing activities | 2,038,235,337 | (5,639,742,089) |

Consolidated cash flow statement (Contd.)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|---|---|
| | Rs. | Rs. |
| Cash flow from financing activities | | |
| Secured loans from banks and financial institutions received / (repaid) | (588,330,102) | 5,106,791,912 |
| Debentures received / (repaid) | (1,470,000,000) | 2,770,000,000 |
| Provision for premium on redemption(NIRPL) | (355,467,971) | (319,816,782) |
| Interest paid | (732,124,512) | (440,092,401) |
| Net cash provided by / (used in) financing activities | (3,145,922,586) | 7,116,882,728 |
| Net increase / (decrease) in cash and cash equivalents | (140,929,251) | 118,679,694 |
| Cash and cash equivalents at the beginning of the year | 165,675,106 | 46,995,412 |
| Cash and cash equivalents at the end of the year | 24,745,855 | 165,675,106 |
| | As at 31 March 2017 | As at 31 March 2016 |
| Components of cash and cash equivalents | | |
| Cash on hand | 1,677,772 | 906,357 |
| Balances with banks | | |
| - in current accounts | 23,068,083 | 164,768,749 |
| Total cash and cash equivalents (refer note 19) | 24,745,855 | 165,675,106 |

As per our report of even date attached

for **Ray & Ray**

Chartered Accountants

Firm registration number: 301072E

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

Mrinal Kanti Bandyopadhyay

Partner

Membership No. 051472

Nitesh Shetty

Managing Director

DIN : 00304555

L.S. Vaidyanathan

Executive Director

DIN : 00304652

Ashwini Kumar

Executive Director & Chief Operating Officer

DIN : 02034498

Venkateshan M. A.

Chief Financial Officer

D. Srinivasan

Company Secretary

Bangalore

27 May 2017

Bangalore

27 May 2017

Notes to consolidated financial statements

1 Company overview

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 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

The consolidated financial statements of the Group have been prepared and presented on accrual basis of accounting and comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

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 Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

2.2 Principles of consolidation

- In accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements", the financial statements of the parent company and the subsidiaries have been consolidated, 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 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 as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".
- The difference between the cost of investment to the holding company, in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. The holding 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.
- The Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.
- 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.)**2.3 Going concern**

These financial statements have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date and a negative net current assets situation.

These financial statements therefore do not include any adjustments relating to recoverability and classification of asset amounts or to classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

2.4 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.

2.5 Revenue recognition

Revenue is recognized 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 recognized by reference to the stage of completion of the contract activity of each project at year end. (Percentage of Completion method)

(b) Recognition of revenue from property development:

For projects commenced and revenue recognition started before 1 April 2012

Revenue from real estate development is recognized 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 recognized on percentage of completion method. Revenue is recognized 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.

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

Revenue from real estate development is recognized 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 recognized 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 recognized 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 consolidated financial statements (Contd.)

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 recognized 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 recognized in the period in which these changes may be reliably measured.

Unbilled Receivables & Billed Receivables in excess of 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.

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.

(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 recognized on the basis of such AOP's audited accounts, as per terms of the agreement.

(d) Income from Sale of Land & 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.

(e) Interest income

Interest income is recognized using the time-proportion method, based on the amount outstanding and the rate applicable.

2.6 Investments

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments". Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of the investments.

2.7 Fixed assets and depreciation*Tangible fixed assets*

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

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

Depreciation

Depreciation on Tangible Fixed assets is provided on the useful life computed as per Schedule II of Companies Act 2013.

Pro-rata depreciation is provided on all fixed assets purchased or sold during the year. Assets costing individually Rs 5000 or less are depreciated fully in the year of acquisition.

Intangible Fixed Assets

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

Notes to consolidated financial statements (Contd.)**2.8 Employee benefits***Defined benefit plan*

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes 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 recognized immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Other long term benefit

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

2.9 Leases

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

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

2.10 Earnings / (loss) per share

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

2.11 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will

Notes to consolidated financial statements (Contd.)

not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow is remote, no provision or disclosure is made.

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

2.12 Impairment of assets

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

2.13 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Deferred tax assets are recognized 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 recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

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

2.14 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 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 realizable value, having regard to the protracted underlying process.

2.15 Inventories

Inventories are carried at the lower of cost and net realizable 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:

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

2.16 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.

2.17 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 is recognized 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 recognized in the profit and loss account.

2.18 Borrowing Cost

Borrowing cost attributable to the acquisition of qualifying assets (i.e. the assets that necessarily take substantial period of time to get ready for the intended use) are added to the cost upto the date when such assets are ready for their intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred. Interest has been apportioned over various projects on the basis of loan amount utilize for each.

2.19 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.

2.20 Cash flow statement

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

2.21 Cash and cash equivalents

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

Notes to consolidated financial statements (Contd.)

3. Share capital

| Particulars | Rs. | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Authorised | | |
| 150,000,000 (previous year: 150,000,000) equity shares of Rs 10 each | 1,500,000,000 | 1,500,000,000 |
| 5,000,000 (previous year: 5,000,000) 9% Non Cumulative Redeemable Preference Shares of Rs 10 each | 50,000,000 | 50,000,000 |
| | 1,550,000,000 | 1,550,000,000 |
| 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 | 31 March 2017 | | 31 March 2016 | |
|--|---------------|---------------|---------------|---------------|
| | 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 2017 | | As at 31 March 2016 | |
|---|---------------------|-----------|---------------------|-----------|
| | No of shares | % holding | No of shares | % holding |
| Equity shares of Rs.10 each fully paid | | | | |
| Nitish Shetty, Managing Director | 42,974,395 | 29% | 42,974,395 | 29% |
| Nitish Industries Private Limited | 15,556,634 | 11% | 15,536,634 | 11% |
| Nomura India Investment Fund Mother Fund | - | - | 12,971,738 | 9% |
| HSBC Bank (Mauritius) Limited | 10,423,667 | 7% | 10,423,667 | 7% |

(c) 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.

(d) 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.

Notes to consolidated financial statements (Contd.)**4. Reserves and surplus**

| Particulars | Rs. | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Security premium | | |
| Opening balance - Security Premium | 2,806,037,772 | 3,125,854,554 |
| Add: addition during the period | (355,467,969) | (319,816,782) |
| Closing balance | 2,450,569,803 | 2,806,037,772 |
| Surplus in statement of profit and loss | | |
| Opening balance | (1,895,593,945) | (1,305,960,615) |
| Add: profit/(loss) for the period | (1,028,836,533) | (727,230,387) |
| Capital Reserve on consolidation | - | 140,734,652 |
| Less: Appropriations | | |
| Reversal of Goodwill on sale of 10 % in NHDPL | 5,051,000 | 5,051,000 |
| Depreciation effect | - | 1,714,029 |
| Share of loss in AOP | (3,627,434) | (3,627,434) |
| Closing balance | (2,925,854,044) | (1,895,593,944) |
| | (475,284,241) | 910,443,827 |

5. Other long term liabilities

| Particulars | Rs. | |
|------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Security Deposit | 3,587,000 | 1,543,500 |
| Sinking fund | 54,338,157 | 44,736,911 |
| Others | 697,618,295 | 338,741,782 |
| | 755,543,452 | 385,022,194 |

6. Long-term borrowings

| Particulars | Rs. | |
|-------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| <i>Secured:</i> | | |
| - from Banks | - | 2,730,000,000 |
| - from financial institutions | - | 229,535 |
| - Non convertible debentures | 2,350,000,000 | 3,120,000,000 |
| | 2,350,000,000 | 5,850,229,535 |

a) Vehicle loan from a financial institution [amounting to: Nil (previous year: Rs 229,535)]

Vehicle loans from banks are secured by hypothecation of vehicles.

Repayment terms

Loan from a Company is repayable in 60 equated monthly instalments of Rs. 49,588/- per month commencing from September 2012 and ending on August 2017. Loan carries an interest of 11.50% p.a.

Notes to consolidated financial statements (Contd.)**b) Terms of secured redeemable non convertible debentures CY Rs NIL (PY Rs.770,000,000)**

- i. Exclusive First charge by way of Registered Mortgage and Registered equitable mortgage on Development rights on land unsold units of the projects of the Company i.e Cape Cod & PALO Alto
- ii. Hypothecation & Escrow structures on Cash flows of the project
- iii. Corporate guarantee of Nitesh Estates Limited
- iv. Personal guarantee of Promoters.

c) Bank term loan amounting to: Rs NIL(previous year: Rs 2,730,000,000)

- a) Term loan from a Bank is secured against the Hypothecation of all current and movable assets of the Company and Equitable mortgage of leasehold rights on land and building owned by the Company. The loan is guranteed by Nitesh Estates Limited and by Mr. Nitesh Shetty.

| Repayment terms | Interest rate |
|--|--|
| a) Term loan from the Bank is repayable in 36 structured quarterly instalment starting after moratorium period of 36 months. | Loan carries an interest of 2.50% more than the Bank's base rate currently 12.75% p.a. |

d) Non convertible Debentures Rs. 2,350,000,000 (PY Rs. 2,350,000,000)

The subsidiary company and Debenture Trustee have agreed that the Debenture Payments shall be secured as below :-

- (i) a first ranking exclusive mortgage on the Mortgaged Properties, as described in SCHEDULE I of debenture trust deed i.e. non agricultural land and shopping mall in favour of the Debenture Trustees;
- (ii) a first ranking exclusive hypothecation over the Hypothecated Properties, and all monies lying to the credit of Transaction Accounts in favour of the Debenture Trustee under the Deed of Hypothecation;
- (iii) a first ranking exclusive pledge over the pledged securities in favour of the Debenture Trustee under the Securities Pledge Agreement;
- (iv) issuance by the Company of a Demand Promissory Note in favour of the Debenture Trustee;
- (v) a Corporate Guarantee issued by Nitesh Estates Limited (Ultimate Holding Company).

Repayment terms & rate of interest

These NCD's are issued at par and redeemable at premium which gives an IRR of 16% to the debenture holder (inclusive of interest payments) and an additional premium of 10% of prescribed net equity value payable on redemption. The NCD's are redeemable after five years subject to the call options available at the end of three years and one month.

e) Terms of Zero Coupon Compulsory Convertible Debentures CY Rs NIL (PY Rs. 3,120,000,000)

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.

7. Long-term provisions**Rs.**

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|------------------------|------------------------|------------------------|
| Provision for gratuity | 12,776,851 | 12,442,956 |
| Compensated absences | 18,207,913 | 19,334,101 |
| | 30,984,764 | 31,777,057 |

Notes to consolidated financial statements (Contd.)

8. Short-term borrowings

Rs.

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Other short term borrowings | | |
| <i>Secured:</i> | | |
| - from banks | 4,732,507,947 | 3,604,088,977 |
| - from financial institutions | 2,209,162,086 | 1,062,926,170 |
| - 18.5 % Non convertible, redeemable debentures | 550,000,000 | 1,250,000,000 |
| Cash credit | 152,136,652 | 151,756,347 |
| <i>Unsecured:</i> | | |
| - from a director | 100,000 | 100,000 |
| - from others | 380,000 | 133,222,501 |
| | 7,644,286,684 | 6,202,093,995 |

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 39,365,198 (previous year: Rs 62,481,904)

- i. Equitable mortgage of vacant land situated at Mulavukkad Village, Kanayannur 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 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) Term loan amounting to: Rs. 3,093,000,000 (previous year: Rs. 2,924,000,000)

- i. Mortgage of the following projects to the extent of unsold area;
 - Nitesh Hyde Park
 - Nitesh Columbus Square
 - Nitesh Napa Valley I & II
 - Nitesh Fisher Island
 - Nitesh Melbourne Park
 - Nitesh Grand Canyon
- ii. Charge on all the future receivables from the booked, sold and to be sold apartments in the above projects.
- iii. Corporate Gurantee of 'Nitesh Estates Ltd.'
- iv. Personal guarantee of Mr. Nitesh Shetty.
- v. DSRA of one quarter interest and one quarter principal

Repayment and interest terms

| Repayment terms | Interest rate |
|---|-----------------|
| 12 equal quarterly instalments starting from 39th month | 3.5% above YBBR |

c) Term loan amounting to: Rs. 20,142,749 (previous year: Rs. 32,607,073)

- i. Mortgage of Villa No 82 A in the project Nitesh Napa Valley admesuring 5342 sq ft of BUA situated at Vadeyarapurra Village, Yelaanka Hobli.
- ii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|---------------|
| 47 equated monthly installments starting from subsequent month of the disbursement | 13.75 % pa |

Notes to consolidated financial statements (Contd.)**d) Bank term loan amounting to: Rs 1,580,000,000 (previous year: 585,000,000)**

- i. Registered Mortgage on land, development rights, and structures built thereon of the projects of the Company i.e. Cape Cod & Palo Alto.
- ii. Exclusive charge on all Company's share of receivables of the projects.
- iii. Exclusive charge on all current asset, long term loans & advances and moveable fixed assets of the Company.
- iv. Corporate guarantee of Nitesh Estates Limited
- v. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|----------------------|
| The loan is repayable in 12 equal quarterly installments beginning after 36 months from the date of first disbursement | 4.5% above base rate |

ii) Short-Term loans from financial institutions are secured by:**a) Term Loan amounting to: Rs 217,738,520 (previous year: Rs 156,729,130)**

- i. Mortgage of developer's share of unsold units in Nitesh Park Avenue admesuting 0.62 acres and one Pent House (measuring 15221 sq. ft.) of the same project retained by Mr. Nitesh Shetty situated at Sankey Road, Vasant Nagar, Bangalore.
- ii. All future receivables of the project Nitesh Park Avenue.
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 25th Month 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 17.55% per annum and the applicable rate for the said financial facility was 13.30% per annum. |

b) Term Loan amounting to: Rs 19,804,722 (previous year: Rs 23,584,179)

- i. Mortgage of two unsold units in Nitesh Central Park and two unsold units in Nitesh Flushing Meadows.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|--|
| The loan is repayable in 60 equated monthly installments of Rs. 599,158 pm starting from immediately next month of disbursement. | Interest rate is based on the PNBHFR plus / minus the spread that will be applicable from time to time on each disbursement. The FR as on date of sanction was 14.35% per annum and the applicable rate for the said financial facility was 14% per annum. |

c) General purpose Working Capital Loan amounting to: Rs NIL (previous year: Rs 301,602,860)

- i. First and exclusive charge by way of a mortgage by deposit of title deeds of Nitesh Park Avenue project and Hypothecation of future receivables of the project Nitesh Park Avenue.
- ii. First and exclusive charge by way of a mortgage by deposit of title deeds of Land situated at Kochin, Kakanad, registered in the name of the Company.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|---|
| The loan is repayable in 30 Equated Monthly Installment starting from March 15, 2015 to Aug 15, 2017 | Rate of Interest for the facility is 16.25% |

Notes to consolidated financial statements (Contd.)**d) General purpose Working Capital Loan amounting to: Rs NIL (previous year: Rs 31,010,000)**

- i. First and exclusive charge by way of a mortgage by deposit of title deeds of Nitesh Park Avenue project and Hypothecation of future receivables of the project Nitesh Park Avenue.
- ii. First and exclusive charge by way of a mortgage by deposit of title deeds of Land situated at Kochin, Kakanad, registered in the name of the Company.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|---|
| The loan is repayable in 44 Equated Monthly Installment starting from 18th month from the date of first disbursement | Rate of Interest for the facility is 16.25% |

e) Term Loan amounting to: Rs 1,733,518,843 (previous year: Rs 550,000,000)

- i. Mortgage of developer's share of receivables of the following projects ;
 - Nitesh British Columbia
 - Nitesh Long Island
 - Nitesh Chelsea (64%)
- ii. Mortgage of developer's share of area of the following projects ;
 - Nitesh Knights Bridge
 - Nitesh RIO
 - Nitesh Hunter Valley
- iii. Mortgage of developer's share of area in the project Nitesh Virgin Island situated at SY No 2/6 and developers share of revenue (65.5%) in the project situated at SY No 2/2, 2/3, 2/4 & 2/5 at Konadasapura Village, Bidarahalli, Bangalore.
- iv. Charge on all the future receivables from the booked, sold and unsold apartments in the above projects.
- v. Mortgage of developer's share of area in the project Nitesh Soho (formerly known as Plaza) situated at Ali Aksar Road.
- vi. Mortgage of Flat No A-04 (on 3rd Floor) in the Project 'Nitesh Buckingham Gate'.
- vii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 37th Month 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 17.65% per annum and the applicable rate for the said financial facility was 15% per annum for 1st tranche & 13.60% for 2nd tranche. |

f) Term Loan amounting to: Rs 31,600,000 (previous year: Rs NIL)

- i. Mortgage of developer's share of area in the project Nitesh SOHO admeasuring appx 110000 sq.ft situated at Ali Asker Road.
- ii. All future receivables of the project Nitesh British Colombia, Long Island, Chelsea and Developers share of area in Projects Nitesh Virgin Island, Rio, Knightsbridge, and Hunter Valley .
- iii. Personal guarantee of Mr. Nitesh Shetty.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---|
| Repayment starts from the beginning of 37th Month from the date of first disbursement | Interest rate is based on the Corporate Prime Lending Rate (CPLR) The banker's CPLR as on date of sanction was 17.65% per annum and the applicable rate for the said financial facility was 15% per annum for 1st tranche & 13.60% for 2nd tranche. |

Notes to consolidated financial statements (Contd.)**g) Term Loan amounting to: Rs 180,000,000 (previous year: Rs NIL)**

- i. First & exclusive charge by way of mortgage of 3 unsold units in Nitesh Logo aggregating to 16 659 sf area.
- ii. First & exclusive charge by way of Hypothecation if receivables from the mortgages units.
- iii. Escrow of all cash flows, both present & future from the sale of the aforesaid property
- iv. Personal guarantee of Mr. Nitesh Shetty.
- v. Demand promissory note
- vi. Any other security as may be stipulated by our investment Committee and/or detailed in Definitive Agreements.

Repayment and interest terms

| Repayment terms | Interest rate |
|---|---------------|
| The amount is repayable in 30 equal monthly installments starting from 19th Month to 48th Month | 17% per annum |

(iii) Debentures**18.5% Non-Convertible, Redeemable debentures from financial institution amounting to Rs. 550,000,000 (previous year: Rs. 1,250,000,000) are secured by:**

- i. First and exclusive charge by way of a mortgage by deposit of title deeds over the Logos & Virgin Island.
- ii. Escrow account in respect of the receivables from the projects Logos & Virgin Island .
- iii. First and exclusive charge by way of hypothecation on the receivables in the projects Logos & Virgin Island.
- iv. Personal Guarantee of Mr. Nitesh Shetty in favour of the Debenture Trustee.

Repayment and interest terms

| Repayment terms | Interest rate |
|--|-----------------|
| The amount is repayable in 21 equal monthly installments starting from July 15, 2016 to March 15, 2018 | 18.5% per annum |

(iv) Cash credit from banks are secured by :**a) Cash credit amounting to: Rs NIL Dr (previous year: Rs 9,235)**

- 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 152,136,651 (previous year: Rs 151,770,664)

- 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 | Base rate plus 7% |

Notes to consolidated financial statements (Contd.)

| Particulars | Rs. | |
|--------------------------------------|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| -Dues to micro and small enterprises | - | - |
| -Dues to other creditors | 2,619,603,961 | 2,101,619,802 |
| | 2,619,603,961 | 2,101,619,802 |

| Particulars | Rs. | |
|--|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Current maturities of long-term debt | 241,275 | 534,532 |
| Advance received from related parties | 43,980,685 | (18,372,022) |
| Advance received from customers for sale of properties | 1,807,926,171 | 1,734,262,043 |
| Payable to land owners | 719,218,564 | 432,757,427 |
| Billings in excess of revenue | 211,768,187 | 71,573,791 |
| Accrued salaries and benefits | 11,495,232 | 5,688,864 |
| Interest payable | 8,208,613 | 57,092,042 |
| Security Deposit | 80,453,140 | 66,883,258 |
| Other payables | 5,289,826 | 319,499 |
| - for expenses | 6,256,748 | 12,744,257 |
| - withholding and other taxes and duties payable | 88,905,735 | 68,860,059 |
| | 2,983,744,176 | 2,432,343,749 |

| Particulars | Rs. | |
|--|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Provision for gratuity | 6,414,745 | 3,912,386 |
| Provision for compensated absences | 10,323,453 | 8,126,689 |
| Provision for income tax (net of Advance Tax and TDS Receivable) | 63,347,633 | 70,229,121 |
| | 80,085,831 | 82,268,196 |

Notes to consolidated financial statements (Contd.)

Notes to consolidated financial statements (Contd.)

12. Fixed assets

| Asset category | Gross block | | Depreciation | | Net block | |
|-------------------------------|-----------------------|------------------------|-----------------------|--------------------------|------------------------|------------------------|
| | As at 1 April 2016 | As at 31 March 2017 | As at 1 April 2016 | Charge for the period | As at 31 March 2017 | As at 31 March 2016 |
| Tangible assets | | | | | | |
| Freehold land | 549,201,283 | - | - | - | - | 549,201,283 |
| Project permits and approvals | 221,632,758 | 18,520,370 | 40,135,798 | 8,846,844 | 48,982,642 | 191,170,486 |
| Mall Building | 2,261,878,988 | 989,116 | 744,486,254 | 73,076,268 | 817,562,522 | 1,517,392,734 |
| Electrical installation | 181,922,441 | 10,938 | 99,311,550 | 14,827,628 | 114,139,178 | 67,794,201 |
| Leasehold improvements | 16,379,381 | - | 14,309,335 | 1,736,537 | 16,045,872 | 333,509 |
| Office equipments | 314,000,896 | 1,192,791 | 157,629,922 | 31,255,608 | 188,885,530 | 126,308,157 |
| Computer equipments | 17,911,384 | 1,039,092 | 15,591,762 | 1,348,869 | 16,940,631 | 2,009,845 |
| Furniture and fixtures | 39,451,098 | 2,176,247 | 18,216,610 | 5,898,449 | 24,115,059 | 17,512,286 |
| Vehicles | 24,100,295 | 3,390,000 | 18,094,686 | 2,387,393 | 20,482,079 | 7,008,216 |
| | 3,626,478,524 | 27,318,554 | 1,107,775,917 | 139,377,596 | 1,247,153,513 | 2,406,643,565 |
| Intangible assets | | | | | | |
| Computer software | 43,697,149 | 831,000 | 40,063,765 | 2,012,408 | 42,076,173 | 2,451,976 |
| | 43,697,149 | 831,000 | 40,063,765 | 2,012,408 | 42,076,173 | 3,633,384 |
| Total | 3,670,175,673 | 28,149,554 | 1,147,839,682 | 141,390,004 | 1,289,229,686 | 2,522,335,991 |
| Previous year | 128,418,444 | 3,541,757,229 | 94,452,585 | 1,053,387,096 | 1,147,839,681 | 2,522,335,992 |

Notes to consolidated financial statements (Contd.)

| 13. Current investments | Rs. | |
|--|--------------------------------|--------------------------------|
| Particulars | As at 31 March 2017 | As at 31 March 2016 |
| Investment in mutual funds | 537,007 | 291,993 |
| | 537,007 | 291,993 |
| 14. Non-current investments | Rs. | |
| Particulars | As at 31 March 2017 | As at 31 March 2016 |
| At cost less provision for other than temporary diminution | | |
| Trade investments | | |
| Unquoted | | |
| i. Investments in equity instruments (fully paid up), unless otherwise stated | | |
| Associates | | |
| Nitesh Residency Hotels Private Limited | 886,503,681 | 1,048,122,456 |
| ii. Others | | |
| <i>Investment in Government and trust securities (unquoted)</i> | | |
| National Savings Certificate | 57,200 | 57,200 |
| | 886,560,881 | 1,048,179,656 |
| 15. Deferred tax assets (net) | Rs. | |
| Particulars | As at 31 March 2017 | As at 31 March 2016 |
| Deferred tax liability | | |
| Excess of depreciation allowable under the income tax laws over depreciation provided for in the books | - | 52,953,354 |
| | - | 52,953,354 |
| 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 | 16,891,716 | 16,076,072 |
| Impact of differences between tax depreciation and depreciation/amortization charged for financial reporting | - | 48,117,310 |
| On account of timing differences in recognition of expenses | 706,528 | 4,950,771 |
| | 17,598,244 | 69,144,153.00 |
| | 17,598,244 | 16,190,799 |

Notes to consolidated financial statements (Contd.)

| 16. Long-term loans and advances | | Rs. | |
|--|--------------------------------|--------------------------------|------------|
| Particulars | As at 31 March 2017 | As at 31 March 2016 | |
| <i>Unsecured, considered good</i> | | | |
| Security deposits | 39,721,473 | 216,828,739 | |
| Advance paid to related parties | | | |
| - towards jointly developable properties | 109,215,868 | 575,240,913 | |
| - others | - | 1,398,253 | |
| Non refundable deposit to land owner | | 1,055,000,000 | |
| Other loans and advances | | | |
| - Vendor advance | 2,043,500 | 8,644,062 | |
| - Advance against property | - | 1,915,026,687 | |
| - Advance tax, net of provision for tax | 6,580,637 | 8,468,810 | |
| - Others | 53,926,256 | 60,805,482 | |
| | 211,487,733 | 3,841,412,946 | |
| 17. Other non current assets | | | |
| Particulars | As at 31 March 2017 | As at 31 March 2016 | Rs. |
| Land at cost | 26,572,085 | 26,572,085 | |
| Advance towards participation in real estate development project | 3,321,900 | 3,321,900 | |
| Minimum alternate tax credit entitlement | 7,000,000 | 7,000,000 | |
| | 36,893,985 | 36,893,985 | |
| 18. Inventories | | | |
| Particulars | As at 31 March 2017 | As at 31 March 2017 | Rs. |
| Land | 26,452,590 | 359,359,978 | |
| Land held under joint development arrangements | 1,133,982,462 | 631,180,165 | |
| Properties under development | 1,805,230,987 | 1,690,508,170 | |
| Finished goods | - | 17,223,348 | |
| | 2,965,666,039 | 2,698,271,662 | |
| 19. Trade receivables | | | |
| Particulars | As at 31 March 2017 | As at 31 March 2016 | Rs. |
| <i>Unsecured, considered good</i> | | | |
| Debts due for a period exceeding Nine months | | | |
| - considered good | 19,426,416 | 21,746,725 | |
| - considered doubtful | 1,016,375 | 13,022,444 | |
| | 20,442,791 | 34,769,169 | |
| Other debts | | | |
| - considered good | 343,647,672 | 444,183,305 | |
| - considered doubtful | - | - | |
| | 343,647,672 | 444,183,305 | |
| Less: provision for doubtful debts | 1,650,568 | 13,656,636 | |
| | 362,439,896 | 465,295,837 | |

Notes to consolidated financial statements (Contd.)

| Particulars | Rs. | |
|----------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Cash and cash equivalents | | |
| Cash on hand | 1,677,772 | 906,357 |
| Balances with banks | | |
| - in current accounts | 23,068,083 | 164,768,749 |
| Other bank balances | | |
| -in fixed deposits with bank | 36,489,971 | 224,839,760 |
| -in escrow accounts with banks | - | 75,826 |
| | 61,235,826 | 390,590,692 |

| Particulars | Rs. | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Unsecured, considered good | | |
| Security deposits | 601,450 | 465,350 |
| Advance paid for purchase of properties | 1,619,711,594 | 215,629,505 |
| Refundable deposits under joint development agreements | 2,551,879,255 | 1,317,975,939 |
| Advance paid to related parties | | |
| - loans and advances to subsidiaries and other related entities | 293,132,050 | 3,033,792,043 |
| Advance for construction of inventory | 325,223,192 | 372,913,711 |
| Advances for supply of goods and rendering of services | 816,418,019 | 829,852,978 |
| Balances with government authorities | 97,532,381 | 43,550,181 |
| Advance income tax (net of provision, TDS receivable) | 13,774,062 | - |
| Prepaid expenses | 263,631,607 | 293,267,351 |
| Interest accrued | 283,582 | 696,215 |
| Other receivables | 23,715,655 | 945,671 |
| | 6,005,902,847 | 6,109,088,944 |

| Particulars | Rs. | |
|---|------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Interest accrued but not due | 821,861 | 1,487,507 |
| Unbilled revenue | 2,681,123,224 | 1,541,841,871 |
| - Advance tax, net of provision for tax | - | 8,856,219 |
| | 2,681,945,084 | 1,552,185,597 |

| Particulars | Rs. | |
|------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Income from property development | 1,496,141,872 | 2,397,899,612 |
| Income from contractual activities | - | 32,493,243 |
| Income from sale of land | 265,000,000 | - |
| Building Maintains income | 119,169,183 | 78,800,609 |
| Lease Rent Income | 48,572,285 | 24,427,742 |
| Other operating income | 2,390,954 | 1,518,496 |
| | 1,931,274,294 | 2,535,139,701 |

Notes to consolidated financial statements (Contd.)

| 24. Other Income | Rs. | |
|---|---|---|
| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Interest | | |
| - from banks | 8,572,561 | 4,317,791 |
| - from others | 2,278,502 | 51,598,009 |
| Dividend from current investments | 1,784,124 | 770,017 |
| Provision no longer required | 1,589,711 | 1,273,628 |
| Share of profit from investment in AOP | (487,161) | (7,768,865) |
| Miscellaneous income | 7,682,069 | 3,688,720 |
| Prior Period Income | - | 21,194,278 |
| | 21,419,806 | 75,073,578 |
| 25. Employee benefits | Rs. | |
| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Salaries and wages | 288,218,347 | 255,191,933 |
| Directors remuneration | 35,701,475 | 35,701,475 |
| Contribution to provident and other funds | 6,136,373 | 6,563,283 |
| Staff welfare | 6,201,568 | 4,912,122 |
| | 336,257,763 | 302,368,813 |
| 26. Finance costs | Rs. | |
| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Interest and other charges | | |
| - On bank loan | 627,118,576 | 463,033,415 |
| - On debentures | 12,247,345 | 6,940,680 |
| - Others | 180,000 | 1,404,866 |
| Processing fees and other bank charges | 43,695,162 | 25,712,134 |
| | 683,241,083 | 497,091,095 |

Notes to consolidated financial statements (Contd.)

| Particulars | Rs. | |
|--------------------------------------|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Power and fuel | 52,785,706 | 13,347,607 |
| Rent | 30,906,656 | 29,635,416 |
| Repairs and maintenance - others | 10,655,361 | 45,769,170 |
| Office maintenance expenses | 5,652,063 | 5,486,270 |
| Bad debts written off | 11,851,069 | 510,066 |
| Insurance charges | 6,619,622 | 3,095,821 |
| Rates and taxes | 27,642,183 | 27,536,398 |
| Professional and consultancy charges | 33,978,233 | 73,365,511 |
| Payment to Auditors | 4,251,505 | 6,565,103 |
| Advertising and sales promotion | 178,312,255 | 197,820,779 |
| Travelling and conveyance | 13,578,806 | 17,769,269 |
| Lease rent - vehicles | 676,645 | 1,134,080 |
| Loss on Scraping of Assets | - | 181,943 |
| Communication expenses | 2,892,801 | 3,348,142 |
| Printing, postage and stationery | 1,042,363 | 1,360,240 |
| Director Sitting fees | 3,360,000 | 3,400,000 |
| Housekeeping Charges | 9,946 | 732,899 |
| Hire Charges | 3,290,043 | 3,850,532 |
| Sales office expense | 17,999 | 90,702 |
| Security Charges | 249,391 | 1,603,965 |
| Bank charges | 596,340 | 2,229,786 |
| Interest and other charges | 179,017 | 302,686 |
| Foreign exchange loss (net) | 1,478,432 | 9,755 |
| Provision for doubtful debts | (12,006,069) | - |
| Miscellaneous expenses | 18,665,258 | 17,210,562 |
| | 396,685,624 | 456,356,703 |

| Particulars | Rs. | |
|----------------------------|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Land and construction cost | 1,692,754,645 | 1,971,452,504 |
| Finished Good | - | - |
| Opening Inventory | 2,698,271,662 | 2,445,598,499 |
| Less: Closing Inventory | 2,965,666,039 | 2,698,271,662 |
| Change in Inventory | (267,394,377) | (252,673,163) |
| | 1,425,360,268 | 1,718,779,340 |

Notes to consolidated financial statements (Contd.)**29. Commitments and contingent liabilities****Rs.**

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Contingent liabilities | | |
| Claims against the company not acknowledged as debts in respect of | | |
| - Income-tax | 86,090,705 | 86,090,705 |
| - Service tax | 394,966 | 394,966 |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on projects (net of advances) and not provided for | 3,859,193,254 | 3,437,785,047 |

Notes :

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.

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

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Contract revenue recognized as revenue for the year | 1,952,694,100 | 2,812,974,556 |
| Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the reporting date for all the contracts in progress | 6,015,157,603 | 5,216,689,969 |
| The amount of customer advances outstanding for contracts in progress as at the reporting date | 1,807,926,171 | 1,599,265,166 |
| The amount of retention due from customers for contracts in progress as at the reporting date | - | - |

31. Earnings / (Loss) per share

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

(Figures in rupees except number of shares)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Net profit / (loss) for the year attributable to equity shareholders | (1,028,836,533) | (727,190,387) |
| 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 | (7) | (5) |

The Company has no potentially dilutive equity shares.

Notes to consolidated financial statements (Contd.)

32. Employee benefits

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

| Reconciliation of the projected benefit obligation | | | Rs. |
|---|--------------------------------|--------------------------------|------------|
| Particulars | As at 31 March 2017 | As at 31 March 2016 | |
| Obligations at beginning of the year | 15,406,073 | 13,008,438 | |
| Service cost | 3,839,939 | 3,210,005 | |
| Interest on defined benefit obligation | 1,462,894 | 1,348,349 | |
| Benefits settled | (4,152,624) | (716,361) | |
| Actuarial (gain) / loss | 662,025 | (1,444,358) | |
| Liabilities settled on divestiture | - | - | |
| Obligations at year end | 17,218,307 | 15,406,073 | |

| Change in plan assets | | | Rs. |
|--|--------------------------------|--------------------------------|------------|
| Particulars | As at 31 March 2017 | As at 31 March 2016 | |
| Plan assets at the beginning of the year, at fair value | 3,447,308 | 3,845,447 | |
| Expected return on plan assets (estimated) | 309,915 | 463,569 | |
| Actuarial gain / (loss) | (478,997) | (352,349) | |
| Contributions | 3,425,717 | 207,002 | |
| Benefits settled | (4,092,715) | (716,361) | |
| Plan assets at year end, at fair value | 2,611,228 | 3,447,308 | |

| Reconciliation of present value of the obligation and the fair value of the plan assets: | | | Rs. |
|---|--------------------------------|--------------------------------|------------|
| Particulars | As at 31 March 2017 | As at 31 March 2016 | |
| Closing obligations | (20,440,769) | (15,308,848) | |
| Closing fair value of plan assets | 1,956,256 | 3,447,308 | |
| Asset / (liability) recognised in the balance sheet | (18,484,513) | (11,861,540) | |

| Gratuity cost for the year | | | Rs. |
|-----------------------------------|---|---|------------|
| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 | |
| Service cost | 3,839,939 | 3,210,005 | |
| Interest cost | 1,462,894 | 1,348,349 | |
| Expected return on plan assets | (309,915) | (353,298) | |
| Actuarial (gain)/loss | 1,081,113 | (1,222,688) | |
| Past service cost | - | - | |
| Net gratuity cost | 6,074,031 | 2,982,368 | |

| Assumptions | | | Rs. |
|---|---|---|------------|
| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 | |
| Discount rate | 7.90% | 9.10% | |
| Estimated rate of return on plan assets | 8.00% | 8.00% | |
| 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 | |

Notes to consolidated financial statements (Contd.)

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:**Rs.**

| Particulars | As at and for the year ended 31 March | | | | |
|--|---------------------------------------|-------------|--------------|-------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Present value of the defined benefit obligations | 11,260,042 | 13,008,438 | 15,308,848 | 10,786,456 | 20,440,769 |
| Fair value of plan assets | - | 4,069,009 | 3,447,308 | 2,137,669 | 1,956,256 |
| Surplus/ (Deficit) | (11,260,042) | (8,939,429) | (11,861,540) | (8,648,787) | (18,484,513) |
| Experience adjustment on plan assets | - | 200,431 | (352,349) | (366,640) | (478,997) |
| Experience adjustment on plan liabilities | (959,115) | (574,480) | 675,311 | 352,349 | 478,997 |

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

| Name of Company | Country of incorporation | Equity holding |
|--|--------------------------|----------------|
| Subsidiaries | | |
| Nitesh Indiranagar Retail Private Limited | India | 100% |
| Nitesh Housing Developers Private Limited | India | 100%* |
| Nitesh Urban Development Private Limited | India | 100% |
| Kakanad Enterprises Private Limited | India | 100% |
| Nitesh Property Management Private Limited | India | 100% |
| Joint Venture | | |
| Nitesh Estates – Whitefield [Association of Persons] | India | 24% |

* NEL holds 89.9% & KEPL holds 10.1%

(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 Nitesh Industries Private Limited Serve & Volley Outdoor Advertising Private Limited Grass Outdoor Media Private Limited Avni Financial & Real Estate Private Limited Birch Investment Private Limited HMG Estate & Housing Limited Khubchandani Interbuild Private Limited Pushrock Environment Private Limited |
| Joint venture | Nitesh Estates – Whitefield Courtyard Constructions Private Limited |
| Joint venturers | D. N. Budhrani H. N. Budhrani Khubchandani Joji Reddy Showrie Reddy |

Notes to consolidated financial statements (Contd.)

| | |
|--------------------------|---|
| Key management personnel | Nitesh Shetty [Chairman and Managing Director] L.S.Vaidyanathan [Executive Director] Ashwini Kumar [Executive Director and Chief Operating Officer] Venkateshan .M.A.[Chief Financial Officer] D. Srinivasan [Company Secretary] |
|--------------------------|---|

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

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|---|---|
| <i>Share in Profit to Joint Venturer</i> | | |
| Showrie Reddy | (647,925) | (10,332,591) |
| Joji Reddy | (524,511) | (8,364,478) |
| <i>Advances received from customers</i> | | |
| Pushrock Environment Private Limited (Formerly known as Nitstone Environment Private Limited) | (51,400,000) | 78,479,760 |
| Nitesh Shetty - Park Avenue | 11,500,000 | 48,705,817 |
| <i>Share Application money given/ (refunded)</i> | | |
| Nitesh Residency Hotels Private Limited (refer note below) | - | 120,300,000 |
| <i>Allotment of shares out of share application money - in equity shares</i> | | |
| Nitesh Residency Hotels Private Limited | - | 120,300,000 |
| <i>Managerial remuneration</i> | | |
| Nitesh Shetty | 13,101,475 | 13,101,475 |
| L.S.Vaidyanathan | 11,700,000 | 11,700,000 |
| Ashwini Kumar | 10,900,000 | 10,900,000 |
| <i>Advertising and sales promotion expenses</i> | | |
| Serve & Volley Outdoor Advertising Private Limited | 6,077,499 | 12,405,000 |
| Globo Sport In Private Limited | - | 750,000 |
| <i>Rent paid</i> | | |
| Nitesh Infrastructure and Construction | 23,243,044 | 22,805,793 |
| Nitesh Property Management Private Limited | 1,349,495 | 1,322,493 |
| Nitesh Industries Private Limited | 5,500,000 | 4,800,000 |
| Nitesh Residency Hotels Private Limited | 3,817,971 | 2,325,996 |
| <i>Income from contractual activities</i> | | |
| Nitesh Residency Hotels Private Limited | - | 10,687,559 |
| Nitesh Estates – Whitefield | - | 21,805,044 |
| <i>Maintenance charges received from</i> | | |
| Nitesh Shetty | - | 731,842 |
| Nitesh Infrastructure and Constructions | - | 732,112 |

Notes to consolidated financial statements (Contd.)

(iv) Amount outstanding as at the balance sheet date

Rs.

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Trade receivables | | |
| Nitesh Estates – Whitefield | 284,695,037 | 274,813,275 |
| Nitesh Residency Hotels Private Limited | 101,557,318 | 37,689,952 |
| Nitesh Infrastructure and Constructions | 5,030,000 | 5,030,000 |
| Loans and advances to subsidiaries and other related entities | | |
| Southern Hills Developers Private Limited | 4,120,672 | 4,120,672 |
| Joji Reddy and Showrie Reddy | 117,154,543 | 117,154,543 |
| 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 |
| Security Deposits | | |
| Nitesh Infrastructure and Construction | 17,690,475 | 17,690,475 |
| Trade payables | | |
| Nitesh Infrastructure and Construction | 203,737 | 203,737 |
| Serve & Volley Outdoor Advertising Private Limited | 23,442 | 23,442 |
| Nitesh Residency Hotels Private Limited | 5,380,539 | 5,380,539 |
| Nitesh Property Management Private Limited | 198,710 | 198,710 |
| Globo Sport in Private Limited | 8,750 | 8,750 |
| Trade Advances | | |
| Nitesh Infrastructure and Construction | 4,680,000 | 4,680,000 |
| Courtyard Constructions Private Limited | 25,000,000 | 25,000,000 |
| Globosport In PVT LTD | - | 850,000 |
| Serve & Volley Outdoor Advt. Pvt. Ltd. | 9,333,865 | 9,574,740 |
| Advance from customers | | |
| Nitesh Residency Hotels Private Limited | 40,000,000 | 40,000,000 |
| Nitesh Shetty | 323,303,511 | 323,303,511 |
| Pushrock Environment Private Limited (Formerly known as Nitstone Environment Private Limited) | 145,940,985 | 163,159,760 |

Notes :

- a) The Company has invested a sum of Rs. 1,776,725,790 (Previous year: Rs.1,702,425,790) towards 152,372,579 (Previous year: 140,342,579) 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.
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'). The Group has no dues to Micro and Small Enterprises as at 31 March 2017 and 31 March 2016 in the financial statements based on information received and available with the Company.

Notes to consolidated financial statements (Contd.)

35. 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:

| Particulars | Rs. | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Segment revenue | | |
| Residential | 1,931,274,294 | 2,535,139,701 |
| Retail | - | - |
| Hospitality | - | - |
| Total | 1,931,274,294 | 2,875,968,379 |
| Less : Inter segment revenue | | - |
| Net income from operations | 1,931,274,294 | 2,875,968,379 |
| Segment results | | |
| Profit / (loss) before tax and interest | | |
| Residential | (126,138,369) | 191,626,649 |
| Retail | (242,280,997) | (273,901,373) |
| Hospitality | - | (222,010,584) |
| Total | (368,419,366) | (304,285,308) |
| Add : Other income | 21,419,806 | 75,073,578 |
| Less : Interest | (683,241,083) | (497,091,095) |
| Profit/ (loss) before exceptional item and tax | (1,030,240,644) | (726,302,825) |
| Less: Exceptional item | | - |
| Profit / (Loss) before tax and minority interest | (1,030,240,644) | (726,302,825) |
| Less: Tax expense | 1,404,110 | (927,562) |
| Profit / (loss) for the year after tax | (1,028,836,533) | (727,230,387) |

| Particulars | Rs. | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Carrying value of segment assets | | |
| Residential | 12,061,377,614 | 3,478,764,328 |
| Retail | 5,176,486,716 | 7,311,731,758 |
| Hospitality | - | 1,894,364,258 |
| Less : Unallocated items and intra-group eliminations | 209,421,296 | (7,105,642,507) |
| | 17,447,285,627 | 19,790,502,851 |
| Segment liabilities | | |
| Residential | 12,338,669,754 | 11,869,731,778 |
| Retail | 3,886,434,208 | 5,977,854,585 |
| Hospitality | - | - |
| Less : Unallocated items and intra-group eliminations | 239,144,907 | (712,277,633) |
| | 16,464,248,869 | 17,135,308,729 |

Notes to consolidated financial statements (Contd.)

| Particulars | Rs. | |
|----------------------------|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Depreciation | | |
| Residential | - | - |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | 141,390,005 | 141,764,693 |
| | 141,390,005 | 141,764,693 |
| Capital expenditure | | |
| Residential | - | - |
| Retail | - | - |
| Hospitality | - | - |
| Corporate – unallocated | - | - |
| | - | - |

- 36.** 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 30,629,362 (previous year: Rs 29,616,416).

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. NIL (previous year Rs. NIL).

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 | Rs. | |
|--|--------------------------------|--------------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Not later than one year | - | - |
| Later than one year not later than 5 years | - | 469,474 |

- 37.** The Land and construction cost includes Rs. 2695 Lakhs as finance cost towards interest for the year ended on March 31, 2017.

- 38.** 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 **Ray & Ray**
Chartered Accountants
Firm registration number: 301072E

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

Mrinal Kanti Bandyopadhyay
Partner
Membership No. 051472

Nitesh Shetty
Managing Director
DIN : 00304555

L.S. Vaidyanathan
Executive Director
DIN : 00304652

Ashwini Kumar
Executive Director & Chief Operating Officer
DIN : 02034498

Venkateshan M. A.
Chief Financial Officer

D. Srinivasan
Company Secretary

Bangalore
27 May 2017

Bangalore
27 May 2017

Annexure
FORM NO. AOC.1
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Part "A": Subsidiaries

| (Information in respect of each subsidiary presented with amounts in Rs.) | | | | | |
|---|--|--|---|---|--|
| 1 | 2 | 3 | 4 | 5 | |
| | Nitesh Housing Developers Pvt. Ltd. | Nitesh Indiranagar Retail Pvt. Ltd. | Nitesh Property Management Pvt. Ltd. | Nitesh Office Parks Private Limited | |
| 2 | Name of the subsidiary | Nitesh Urban Development Pvt. Ltd. | Nitesh Indiranagar Retail Pvt. Ltd. | Nitesh Property Management Pvt. Ltd. | Nitesh Office Parks Private Limited |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA | NA | NA | NA |
| 5 | Share capital | 91,500,000 | 65,820,000 | 3,000,000 | 500,000 |
| 6 | Reserves & surplus | 74,042,600 | (13,937,382) | (30,239,008) | (1,668,115) |
| 7 | Total assets | 4,997,939,522 | 2,506,345,837 | 96,242,691 | 82,157,947 |
| 8 | Total Liabilities | 4,997,939,522 | 2,506,345,837 | 96,242,691 | 82,157,947 |
| 9 | Investments | - | 80,200,000 | - | - |
| 10 | Turnover | 641,027,468 | 376,962,050 | 69,626,302 | - |
| 11 | Profit before taxation | (217,574,822) | (91,042,614) | (24,065,933) | (78,936) |
| 12 | Provision for taxation | 137,609 | 308,535 | 19,111 | - |
| 13 | Profit after taxation | (217,712,431) | (91,351,149) | (24,085,044) | (78,936) |
| 14 | Proposed Dividend | - | - | - | - |
| 15 | % of shareholding | 89.90 | 100 | 100 | 100 |
| 1 | Names of subsidiaries which are yet to commence operations: | | | | |
| | Nitesh Office Parks Private Limited | | | | |

Notes to consolidated financial statements (Contd.)**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| | Name of Associates/Joint Ventures | Nitesh Estates-Whitefield | Courtyard Constructions Pvt. Ltd. |
|----|---|----------------------------------|--|
| 1. | Latest audited Balance Sheet Date | 31.03.2017 | 31.03.2017 |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end | | |
| | No. | | 5,490 |
| | Amount of Investment in Associates/Joint Venture | 103,119,719 | 80,200,000 |
| | Extend of Holding % | 24 | 50 |
| 3. | Description of how there is significant influence | 24% of stakeholding | 50% of stakeholding |
| 4. | Reason why the associate/joint venture is not consolidated | NA | NA |
| 5. | Networth attributable to Shareholding as per latest audited Balance Sheet | 75,213,888 | (1,316,487) |
| 6. | Profit / Loss for the year | | |
| | i. Considered in Consolidation | (487,161) | (89,583) |
| | ii. Not Considered in Consolidation | - | - |

1 Names of associates or joint ventures which are yet to commence operations.

2 Names of associates or joint ventures which have been liquidated or sold during the year.

As per our report of even date attached

for **Ray & Ray**

Chartered Accountants

Firm registration number: 301072E

For and on behalf of the Board of Directors of
Nitesh Estates Limited**Mrinal Kanti Bandyopadhyay**

Partner

Membership No. 051472

Nitesh Shetty

Managing Director

DIN : 00304555

L.S. Vaidyanathan

Executive Director

DIN : 00304652

Ashwini Kumar

Executive Director & Chief Operating Officer

DIN : 02034498

Venkateshan M. A.

Chief Financial Officer

D. Srinivasan

Company Secretary

Bangalore

27 May 2017

Bangalore

27 May 2017

Notes to consolidated financial statements (Contd.)

Additional information:
Schedule III of the Companies Act, 2013

| Name of the entity in the | | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
|--|--|--|--------------------|-------------------------------------|------------------------|
| | | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| 1 | | 2 | 3 | 4 | 5 |
| Parent | | | | | |
| Nitesh Estates Limited | | -57.98% | (569,931,247) | 43.40% | (446,493,791) |
| Subsidiaries | | | | | |
| Indian | | | | | |
| 1 | Nitesh Indiranagar Retail Private Limited | 177.79% | 1,747,761,394 | 1.57% | (16,178,694) |
| 2 | Nitesh Housing Developers Private Limited | 15.14% | 148,822,796 | 19.02% | (195,723,476) |
| 3 | Nitesh Property Management Private Limited | -2.77% | (27,239,008) | 2.34% | (24,085,044) |
| 4 | Nitesh Urban Development Private Limited | 5.28% | 51,882,617 | 8.88% | (91,351,148) |
| 5 | Kakanad Enterprises Private Limited | -0.12% | (1,168,115) | 0.01% | (78,936) |
| 6 | Nitesh Pune Mall Private Limited(PUNE) | -46.56% | (457,708,885) | 22.58% | (232,359,745) |
| Minority Interests in all subsidiaries | | | | | |
| | Nitesh Housing Developers Private Limited | 1.70% | 16,719,802 | 2.14% | (21,988,956) |
| Joint Ventures(as per proportionate consolidation/investment as per the equity method) | | | | | |
| Indian | | | | | |
| 1 | Nitesh Estates - whitefiled | 7.65% | 75,213,888 | 0.05% | (487,161) |
| 2 | Courtyard Constructions Private Limited | -0.13% | (1,316,487) | 0.01% | (89,583) |
| Total | | 100.00% | 983,036,755 | 100.00% | (1,028,836,533) |
| Add: Investment in Associates: | | | | | |
| | Nitesh Residency Hotels Private Limited | 0.00% | - | 0.00% | - |
| Grand Total | | 100.00% | 983,036,755 | 100.00% | (1,028,836,533) |

As per our report of even date attached

for **Ray & Ray**

Chartered Accountants

Firm registration number: 301072E

For and on behalf of the Board of Directors of
Nitesh Estates Limited**Mrinal Kanti Bandyopadhyay**

Partner

Membership No. 051472

Nitesh Shetty

Managing Director

DIN : 00304555

L.S. Vaidyanathan

Executive Director

DIN : 00304652

Ashwini Kumar

Executive Director & Chief Operating Officer

DIN : 02034498

Venkateshan M. A.

Chief Financial Officer

D. Srinivasan

Company Secretary

Bangalore
27 May 2017Bangalore
27 May 2017



Expect More

Nitesh Estates Limited

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

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