

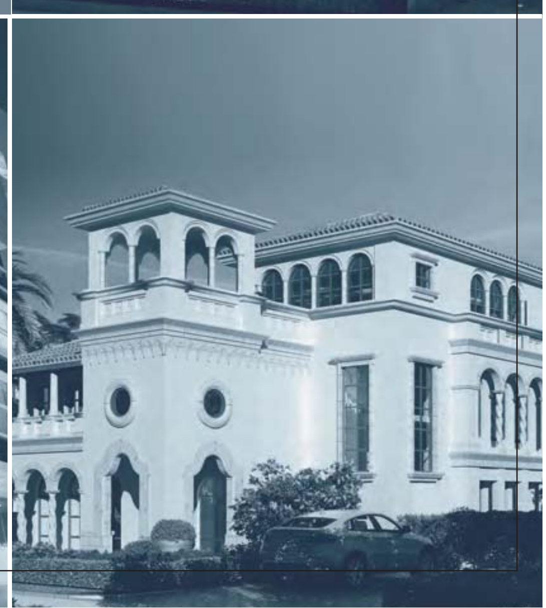



Nitesh® ESTATES

NITESH ESTATES LIMITED
EIGHTH ANNUAL REPORT
2011 - 2012







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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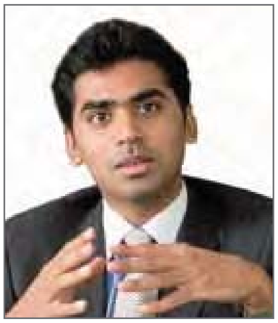
Letter to Shareholders



Chairman & Managing Director

Revenue

Rs. 130 Cr

Net Profit

2.45 Cr

Project Launch

55% increase in developable area

Sales performance

41% of area sold

World-class Practices

SAP deployed and being enhanced

Organisation design in partnership with Accenture

Entreprise Risk Management

Occupational Health and Safety practices

Environment Protection and Sustainability

Dear Valued Shareholders

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

We have completed yet another eventful year and remain committed to profitably growing Nitesh Estates Limited.

We launched 2 Projects during the year enhancing the developable area from 3.83 million sq ft to 5.94 million sq ft, representing a growth of 55%. There are 5 residential projects currently under design and approvals stage which will be launched in the coming months and significantly increase the developable area of our product portfolio.

Our current pipeline of residential projects have significant area that is in the early stages of construction and the recognition of revenue, cost and profitability will happen in the coming quarters.

Work on the Ritz Carlton Hotel site is now in the finishing stage and the Hotel should be ready for operation in the current year.

We have adopted SAP as our Enterprise Resource Planning System and are now enhancing our business review and decision making ability by adding the Business Intelligence Module of SAP.

We have had Accenture associate with us to advise us strategically and to help in our Human Resource / Long Term Strategy Processes to build a world class company.

The Company has been enhancing its maturity in the areas of Enterprise Risk Management and Occupational Health & Safety.

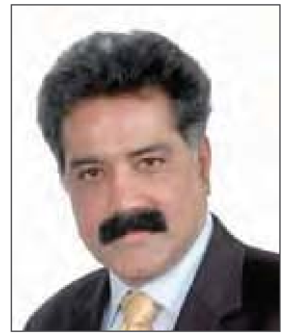
We pioneered the Green Building concept in the residential segment in the Bangalore market and 3 of our residential projects have been planned as Gold Rated Green Building. We stand committed to environment protection and sustainability.

Having established brand equity and attained a certain scale in the Bangalore market we are now actively looking at expansion to other cities in South India.

In the coming financial year we will take your company "Nitesh Estates Limited" to greater heights and fulfill the faith and trust you have reposed in the Company.

Best Regards

Nitesh Shetty
Chairman & Managing Director



Executive Director

Business Development is the engine of every Real Estate Company. Our focus is and always has been to source good land parcels at good locations. We have created a sound land bank to ensure good business continuity to the Company.

Currently our focus is on such land parcels that offers us quick project launching opportunity. Quick Launch of the projects helps us faster rotation of the capital employed in sourcing the land parcel. Joint Development Model which is perfected by us is well accepted by the Landowners in Bangalore who see great value delivered to them. While our current projects and land bank are concentrated in Bangalore, our assessment is that Bangalore Residential Market still offers space and opportunity for us to grow. Notwithstanding this the company wants to move beyond Bangalore in line with the long term strategy.

As per the geographical diversification plan, the Company has decided to spread beyond Bangalore and make our mark in Chennai while we are also looking for good opportunities in Hyderabad.

Chennai Residential Land Market is more in favor of outright sale and is very less open to Joint Development. While we continue our efforts to get the Land parcels on Joint Development, we have decided to be open for a land buy and then develop. We have observed that the Chennai Residential Market offers faster cash-flows compared to Bangalore.

Coming year we will be focusing on adding more commercial space to our portfolio. This is in line with the Vision of the Company to have a strong long term income yielding assets in terms of commercial and retail portfolio. Construction work of our first Retail Development will start in 2012-13 and we are highly confident of making this mall as ‘the destination’ of retail need of Bangalore. Two of our projects focused on commercial development are likely to be launched a year from now.

We are already in a strong growth phase with 11 projects under various stages of development. All these projects have elicited healthy response from the market. We have sized up new opportunities that we will be kick-starting shortly. Additionally, we have consolidated our internal systems and processes that will enable us to implement these projects on time and budget and to the quality that our group has come to be known for.

We are extremely excited about the prospects that we feel the future holds for our group and are determined to strive hard to ensure that we come good on the trust that various stakeholders have reposed in us.

L. S. Vaidyanathan
Executive Director

Executive Director & Chief Operating Officer

We started the fiscal year with 10 projects in the construction stage having a total developable area of 3.83 million sq ft and added 2 projects during the year bringing the total developable area to 5.94 million sq ft - an increase of 55%. Both the aforesaid projects, namely Nitesh Cape Cod and the Retail Mall in Indiranagar, Bangalore have seen very enthusiastic response and give us the confidence that our brand is well received by the customers.

Our product portfolio by the end of the fiscal year had 73% of the developed area in residential segment, 19% in the retail segment and 8% in the hospitality segment. This is in line with our vision of having an appropriate mix of the “build and sell” projects and “build and earn” projects.

53% of the inventory in our residential projects has been sold out and 21% of the planned cost has already been incurred. These projects have generated a cash surplus and the recognition of revenue, cost and profitability will happen during the coming couple of years.

There are 5 residential projects having a total developable area of 4 million sq ft which are in the design and approval stage. These projects will be launched in the coming months and will continue to fuel the rapid growth of our business.

We have continued to focus on the internal business processes and organisational development initiatives and this has helped us in building the capability to scale up the business rapidly. SAP as the Entreprise Resource Planning System has stabilized and all functions of the Company including Sales, CRM, Projects, Materials Management, Finance and Land Acquisition operate through it. We are now implementing the Business Intelligence module of SAP to improve the quality of management reports required to analyse and drive the business towards our goal.

We had Accenture to partner with us in defining the vision of the Company and consistent with it, designing the appropriate organisation structure. The new organisation structure is currently under implementation. We also engaged our employees in determining the desired culture of the Company and are reinforcing consistently within the organisation the shared view of building a process oriented Company based on values, trust and internal collaboration which allows the employees to enhance their skills and grow.

Entreprise Risk Management is another area where we are gaining maturity. The framework for enterprise risk management has been defined and rolled out to all the employees in the organisation.

Another area that saw significant improvement is Occupational Health and Safety administration. All workers at the site undergo toolbox talks which enhance the importance of safe work methods. There is a separate team which audits and enforces safe work practices such as personal protective equipment, safe earth cutting methods, barricades and safety nets, work permits, equipment certification.

We have been pioneers in the Bangalore market in development of green buildings. Currently, three of our residential projects that are under construction have been planned for gold rated certification and stand testimony to our commitment to environment protection and sustainability.

This is a very exciting stage of rapid growth in the Company and we are looking at continuously improving the performance at all levels – the individual employee, the department or function and ultimately the Company.

Ashwini Kumar
Executive Director & Chief Operating Officer

Chief Finance Officer

The fiscal year 2011-12 has been a remarkable one for the Company, with 11 projects under various stages of development, having aggregate developable area of close to 6 million square feet, comprising of 9 residential projects, a Shopping Mall and a Hotel. The Company is also planning to launch 5 new residential projects with an aggregate developable area of around 4 million square feet, in the ensuing fiscal year 2012-13, taking the overall developable area to approx. 10 million square feet, in order to achieve its objective of fastest growth for the Company.

Performance on Consolidated Basis

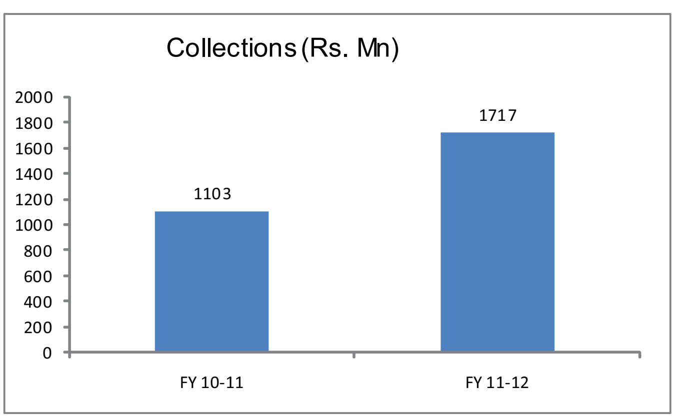
Out of the 9 ongoing residential projects, the stage of completion of 8 projects has reached reasonable level of progress, thereby crossing the threshold for Revenue recognition. This has helped the Company to register significant growth of 114% in Income from Property development for fiscal year 2011-12, over the previous year. Consequently, the Income from Property development has been the main stream of revenue during the current fiscal year 2011-12, clocking 50% of the overall Revenue from Operations, vis-à-vis 24% in the last fiscal year.

Cash Flow

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

Particulars	2011-12 Rs. in Mn	2010-11 Rs. in Mn
Net cash generated/(used in) from operating activities	(335.14)	(1229.32)
Net cash generated/(used in) from investing activities	71.43	(980.42)
Net cash generated/(used in) from financing activities	390.41	2199.77
Net cash increase/(decrease) in cash and cash equivalents	**126.70**	**(9.98)**
Cash inflows due to acquisition of subsidiaries/joint ventures	1.45	0.16
Cash and cash equivalents as at beginning of the year	**65.79**	**75.61**
Cash and cash equivalents as at end of the year	**193.94**	**65.79**

Collection from customers during 2011-12 is Rs. 1717 Mn as compared to Rs. 1103 Mn in 2010-11. This is due to faster pace of execution and improved bookings in 2011-12.



Revenue Recognition

As per the accounting guidelines, the revenue recognition for real estate development is spread over the project construction cycle, which is normally estimated between 3 to 4 years from the launch of the project. As the accounting of revenues tends to be lower in the initial year of launch, owing to the nature of the accounting guidelines, the income from operations recorded for the year under review, was lower.

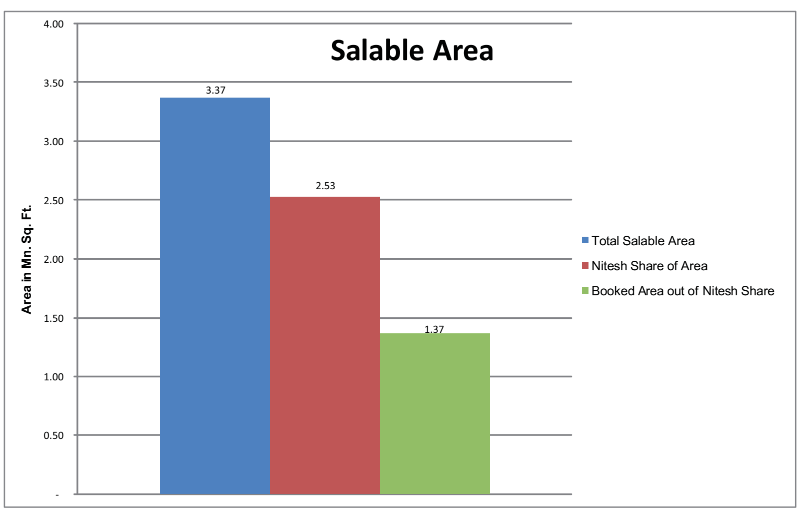
During the year, the ongoing residential projects having reached reasonable level of progress, the Company is well poised and positioned favorably for growth. With the further scaling up of the pace of execution & improving the bookings, the company is well placed to achieve higher growth in revenues, in the ensuing fiscal year 2012-13.

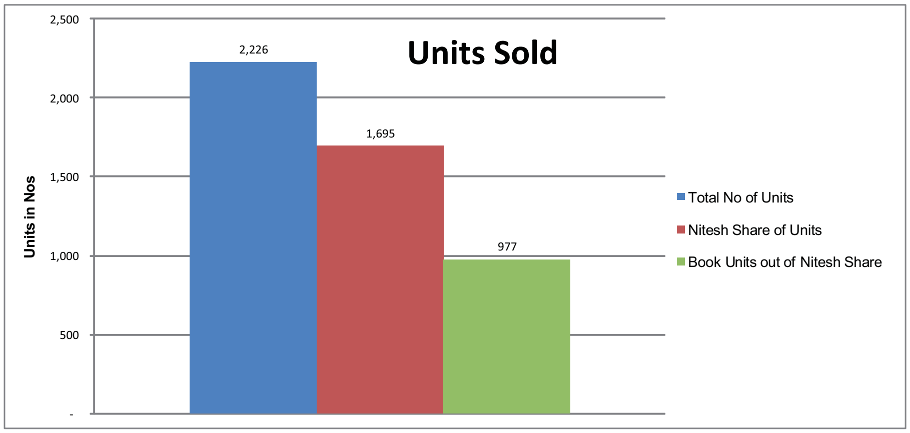
The table gives the summary of potential project sales revenue

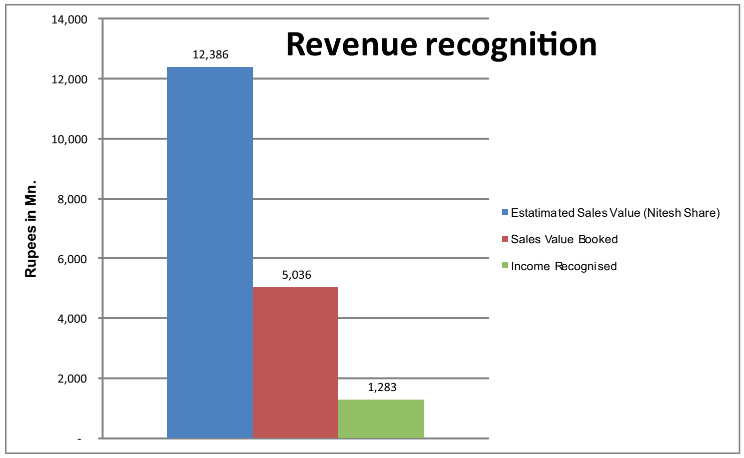
Particulars	No of projects	Sales Value Rs. in Mn
On-going Projects	9	12,386
New projects to be launched	5	14,843
Total	14	27,229

As of end March 2012, the Company has achieved cumulative Real Estate Sales of 977 units comprising of 1.37 million square feet from the ongoing 9 residential projects. The cumulative sales value booked is Rs. 5036 Mn. and the Average Sales Realization is Rs. 4041 per square feet.

The billing in excess of revenue(unrecognized revenue) as on 31.03.2012 is Rs. 471 Mn. will be recognized as income in the ensuing years, based on construction progress and increase in Percentage of Completion (POC).







Debt Equity

The net debt on a consolidated basis is Rs. 626.8 Mn as at end March 2012 and the Debt gearing (excluding CCD's) is 0.14, significantly low compared with the industry norms, as the company has adopted Asset light Joint Development Model for development of its Real Estate Projects.

Execution and Delivery

The Group has completed execution of 9 Real Estate Projects covering 1.42 million square feet of developed area, since inception.

New Launches

During the year 2011-12, the Company has launched Nitesh Cape Cod, a mid segment high rise Apartments project on the Sarjapur-Marathalli Outer Ring Road, Bangalore, which has received good response from the market, registering sales booking of 41%, comprising of 126 Units out of the Company's share of 304 Units. The sales value achieved is Rs. 95.50 Crore, with an average sale price realization of Rs. 4867 per square feet.

Future Launches

During the financial year 2012-13, the Company is planning to launch 5 new residential projects with an product mix of Multi-storied mid segment Apartments, Villaments, Row houses, Super Luxury Villas and high end Luxury Apartments, in Bangalore, covering a total developable area of around 4.31 million square feet, wherein the Company has economic interest of around 2.78 million square feet.

M.A. Venkateshan

Chief Finance Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nitesh Shetty
Chairman & Managing Director

Mr. L S Vaidyanathan
Executive Director

Mr. Ashwini Kumar
Executive Director & Chief Operating Officer

Mr. Mahesh Bhupathi
Non-Executive Director

Mrs. Pushpalatha V Shetty
Director

Mr. G N Bajpai
Independent Director

Mr. Darius Udwadia
Independent Director

Mr. Rangaswamy Iyer
Independent Director

Mr. James Brent
Independent Director

Mr. Ashok Aram
Independent Director

Mr. M A Venkateshan
Chief Finance Officer

Mr. D Srinivasan
Company Secretary & Chief Compliance Officer

STATUTORY AUDITORS

S R Batliboi & Associates,
Chartered Accountants
"UB City" Canberra Block
12th & 13th Floor,
No. 24, Vittal Mallya Road
Bangalore – 560 001
Tel: +91 80 4027 5000
Fax: +91 80 2210 6000

INTERNAL AUDITORS

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100/2 Richmond Road,
Bangalroe 560 025
Tel: +91 80 66276000
Fax: +91 80 66276013

EQUITY SHARES LISTED AT

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

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Plot Nos. 17 to 2a4 Vittalrao Nagar,
Madhapur, Hyderabad – 500 081
Telephone No. : 040 23420818
Fax No.: 040 23421551
Email: mailmanager@karvy.com

PRINCIPAL BANKERS

Corporation Bank
HDFC Bank Limited
Bank of Baroda

SOLICITORS

Shetty & Hegde Associates
Udwadia Udeshi & Argus Partners
Holla & Holla Advocates
J. Sagar Associates
Amarchand & Mangaladas & Suresh A. Shroof & Co.

REGISTERED OFFICE

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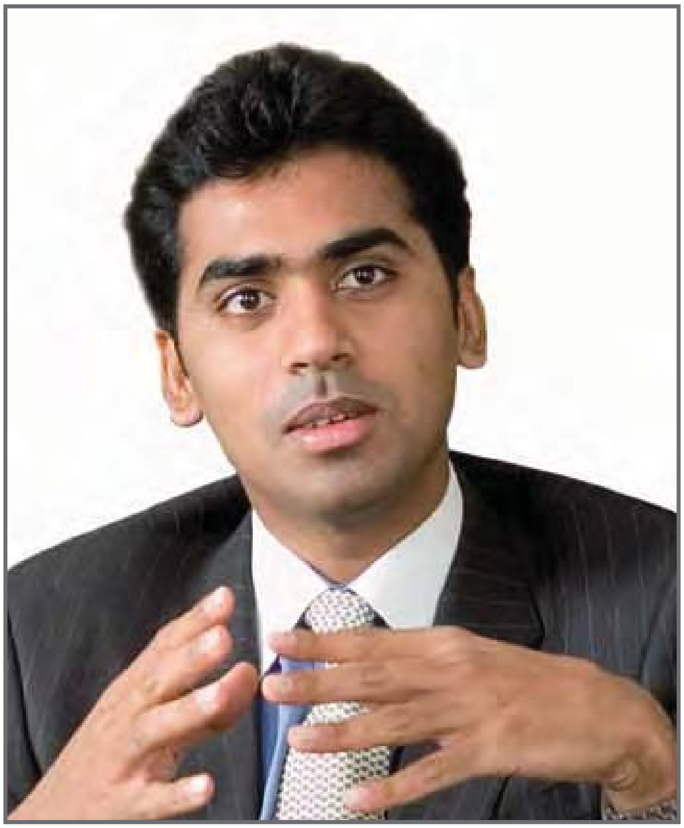
Tel: +91 80 4017 4000 Fax:+91 80 2555 0825
Website: www.niteshestates.com

BOARD OF DIRECTORS



Mr. Nitesh Shetty
Chairman & Managing Director

Nitesh Shetty a first generation entrepreneur is the founder and Chairman of Nitesh Estates. Under his leadership the company has scaled up in 8 years and successfully completed a initial public offering and raised series of Private equity capital.

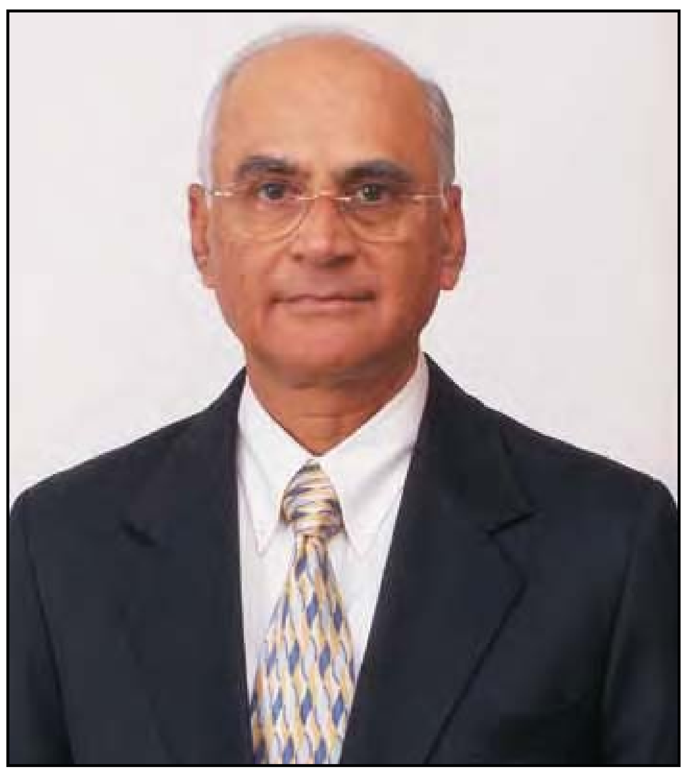
A former tennis Player started his career as a 19 year old with the Billboard business and has interests in Infrastructure and Hotels.

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

Mr. G N Bajpai
Independent Director

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

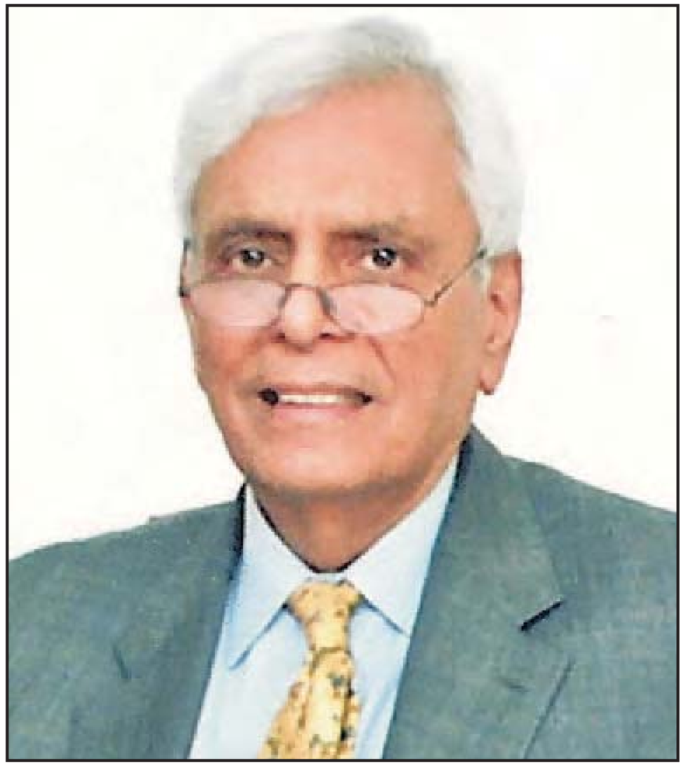


Mr. D. E. Udwadia:
Independent Director

Mr. Darius E Udwadia is a post graduate from University of Bombay. He is an Advocate and Solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.

Mr. Udwadia was a partner of Crawford Bayley & Co., Mumbai, one of the India's leading law firms for nearly 22 years. He is a founder partner of Udwadia & Udeshi, Advocates and Solicitors, Mumbai. Consequent upon the reconstitution of the firm, its name was changed to Udwadia Udeshi & Argus Partners effective 1st April 2012. His firm and he are legal advisors to several Indian and multinational companies and foreign banks having a presence in India.

He has during his nearly 47 years of active law practice acquired valuable knowledge, experience and expertise in the areas of corporate law, mergers, acquisitions and takeovers, corporate restructuring foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.



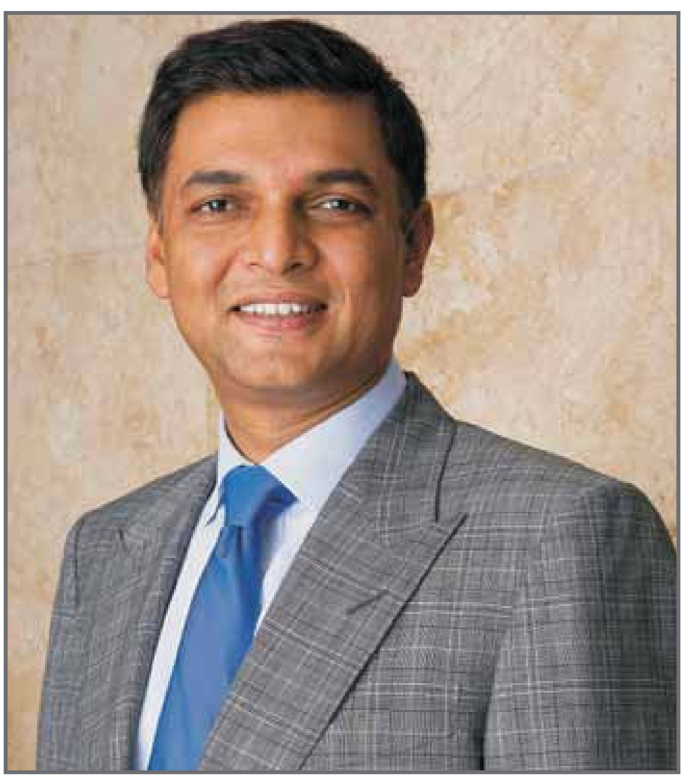
Mr. Rangaswamy Iyer
Independent Director

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

Mr. Iyer leads the Audit Committee at Nitesh Estates as its Chairman.

Mr. James Brent
Independent Director

Former Global Head and Chairman of Citigroup's Real Estate and Lodging Investment Bank, James Brent started his 25-year investment banking career with UK merchant bank, Schroders, becoming their youngest ever director at the age of 29. James is founder and Chairman of the Akkeron Group of companies. The Group has grown in its 4 years to successfully incorporate the hotels and leisure sector, retail, sport, large scale agriculture and urban regeneration – across the UK and in Europe.



Mr. Ashok Aram
Independent Director

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

Mr. Mahesh Bhupati
Non-Executive Director

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

Mr. 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 22 years in various capacities. Overall he has over 27 years of experience in auditing, consulting, and in the real estate industry.

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

Mrs. Pushpalatha V Shetty
Director

Mrs. Pushpalatha V Shetty, is the mother of Mr. Nitesh Shetty, and is promoter director of the Company.

Mr. Ashwini Kumar
Executive Director & Chief Operating Officer

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

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

In all he has an experience of 29 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)

Overview

Indian Economy

GDP growth of 6.9% in Indian economy in fiscal year 2011-12 which though less than the 8.4% growth achieved in last 2 fiscals is significant when seen in global perspective. Projected GDP growth of 7.5%-8.0% for the fiscal year 2012–2013 (IMF has projected 3.9% global economic growth for 2013) comes with its challenges. Policy reforms including long pending Agricultural reforms, FDI policy revision, Infrastructure Development, Power Sector Reforms, Energy Policy, Disinvestment of the Govt. holding in PSUs would have a bearing on the GDP growth forecast for 2012-13.

Contribution to GDP growth by the Housing Sector is 6%. Projected CAGR growth of institutional credit for housing investment by 18-20% p.a. in next 3-5 years is expected to increase the contribution of housing sector to the Indian GDP growth.

Easing of the Inflation in 2011-12 and the projected inflation rate of 5%-6% for the fiscal year 2012-13 is expected to soften the monetary policy and increase the availability of credit and liquidity in the economy. Weak Rupee against the US Dollar would be a key factor to affect the projected GDP growth and continued political uncertainty has the potential of weakening the Rupee further.

Real Estate Sector

The Real Estate Sector is set for major changes with the under discussion '*The Draft Real Estate Regulation Bill'*. While this Bill has many positive benefits for the consumer of real estate and the real estate companies, prohibitive land compensation and relocation policy coupled with silence on reforms required in land acquisition process is likely to impact the future of real estate development in India.

Company is open to the risks faced by the real estate sector in India such as Supply constraint of skilled manpower, ease of credit, land acquisition challenges, Inflation, outdated/ subjective interpretation of laws and process delay in plan approvals.

Growth Strategy

Our Strength

The Company has readied itself for the challenges faced by the real estate industry and has put the right systems and processes in place with focus on growth while minimizing the risk. Project location plays very important role in the success of any real estate projects. Nitesh is known for its choice of locations.

Good location, researched product mix, good specs, right pricing, effective branding, marketing and sales strategy and timely project execution are the keys to success in real estate.

Operating Model

Joint Development Model

Nitesh Estates is using the Joint Development Model (JD Model) as the engine of growth. The JD model mastered by the Company gives it the advantage to scale up more projects for a given level of capital. The Asset Light model enable the Company to minimize the resources being locked up in land parcels. The Company is known for the quick launch of the new projects. Aggressive sales strategy with fast project execution timelines ensures self sufficiency in completing the project.

Bangalore Residential market showed good demand for projects in mid-income. Sales in Super Luxury Residential projects showed slow movement as the consumers preferred significant progress in the project construction before making the buy decision, while mid-income segment apartment buyers were more forthcoming and benefit from the pre-launch pricing.

Geographical Focus

Currently all developments of Nitesh Estates (with the exception of Villa project in Goa) are based in Bangalore.

The Company has close to 9.8 million square feet of development in progress in Bengaluru. The projects are located in the Central Business District and are bestowed with unique architectural style for each of them. The Company is of the opinion that under current economic conditions, Bangalore provides good opportunities with considerable margins.

The Company considers Goa as a key non-business/ leisure market in India that attracts domestic and foreign travelers alike. Considering the longer ALOS (average length of stay) in Goa, and the second home market that is available for investments, the Company made an entry into the market through the luxury villa segment

Short-term strategy is to expand to rest of South India starting with Chennai. The Company is also watching Hyderabad keenly.

Unique Design & Architecture

Nitesh Estates always believes in bringing world class design and architecture for all its projects. The Company has associated with world renowned architectural firms for designing its projects.

Best in Class Construction

The projects are awarded to best engineering and construction Companies to ensure that world class design and architecture are translated into reality.

Differentiated Projects

Nitesh Estates always recognized that every micro market is unique in its own way, so the developments by the Company followed philosophy of unique designs, hence each project of Nitesh is very unique. The Company continues to believe that it is this differentiated approach which has given salience to brand Nitesh. The company will continue this philosophy of differentiated product offering.

Focus on Mid-income segment

Nitesh's focus is on mid and high end segments. This mid segment has been the core of Company's business offering good volumes and margins. Simultaneously, the Company continues to focus on the high-end segment, especially in the Central Business District of Bangalore, as it offers high margins.

Our Partners

Design and Architecture

The Company has presence in diverse sectors of real estate development encompassing Residential, Commercial, Retail and Hospitality. We are continuously striving and delivering finest living spaces, vibrant and luxurious homes and world class assets in hospitality and retail.

Over and above, our extremely talented and experienced Architects, Engineers, Planners and Project managers, we team up with Global firms and consultants who add value in specific areas of Real estate development viz., Architecture, Design, Landscape, Sustainability, Energy efficiency, Building automation and Green buildings.

A few of our world renowned partnering firms are:

KPF
Kohn Pedersen Fox Associates
(International) PA
Architects and Planning Consultants

KPF headquartered in New Yorkd, USA, is one of the world's pre-wweminent Architecture firms providing architecture, interior, programming and master planning services for clients in both public and private sectors.

They are associated with us in our Project Nitesh Park Avenue.

CALLISON

Nothing succeeds the experience. Callison's Designs that generate economic and emotional returns require more than creativity. Few firms can match the knowledge and cross-market expertise of Callison's world-class team.

Callison is associated with the Retail Mall coming up at Indiranagar, Bangalore

WATG

"Where ever we work, our work at WATG is the same: to design destinations that lift the spirit"

WATG is the Designer of Nitesh Napa Valley project.

WOW

"A leader among regional practices, WOW is focused on delivering innovative solutions that build on context, explore new technologies and leverage our client's programmatic objectives"

WOW is closely working with the Company for Nitesh Logos, Nitesh Napa Valley, Bangalore, and for Nitesh Fisher Island, Goa.

Consultants

sweett

Sweett is a reputed Global Cost Consultant and they are associated with Nitesh Napa Valley and Nitesh Cape Cod Projects.

DLS

DLS is also a world renowned Cost Consultant. They are associated with us in Indiranagar Retail Mall, Nitesh Fisher Island and Nitesh Logos Projects.

Construction Companies

L & T is a world class reputed engineering and construction company, has been commissioned by the Company for the Retail Mall Project at Indiranagar, Bangalore.

Simplex Infrastructure is building several infrastructure projects in India. They build our Nitesh Cape Cod residential condominium.

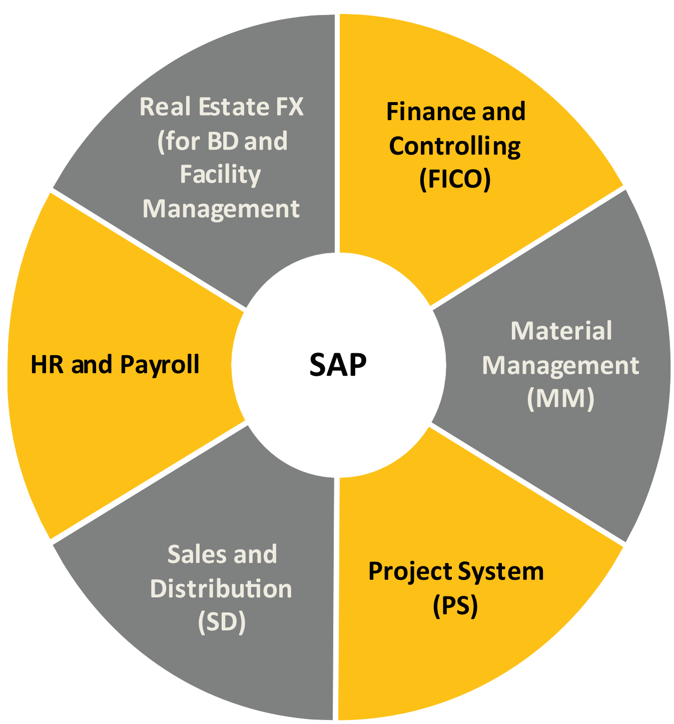
Ahluwalia is a top Indian construction company. They are working with us for the residential project Nitesh Columbus Square.

Initiatives

SAP Implementation

The Company has made significant progress with respect to systems and processes in the last year. The company went live with SAP on April 1, 2011, thus joining the elite league of companies which run on an ERP (Enterprise Resource Planning) software.

In an exercise which lasted about 6 months, the Company implemented the following modules of SAP- Finance and Controlling (FICO), Material Management (MM), Project System (PS), Sales & Distribution (SD), HR and Payroll and Real Estate FX (for Business Development and Facility Management)



The ERP encompasses Nitesh Estates Limited and all its subsidiaries and associate companies. Most of the key processes of the Company including accounts payable, accounts receivables, budgeting and budget control, project management, lead and opportunity management, facility management are automated through SAP.

Currently, about 100 of the 250 employees use SAP in the Company. The payroll and leave management facility is used by most of the employees of the organization. The implementation of SAP has and is significantly enhancing the operational efficiency, MIS availability for decision making and internal controls. The ERP has provided the Company with the right platform to achieve its growth plans.

SAP BI

Data-rich business intelligence

Drive more intelligent processes and decisions - with business intelligence software

With the SAP system stabilizing, the Company is in the process of implementing Business Intelligence module of SAP in order to make decision making process more efficient and effective through high-end analytics.

The Business Intelligence module is expected to provide instant and in-depth information on key performance indicators of the organization, thus enabling the management to take informed decisions.

The tool will also provide valuable inputs for improving critical processes such as procurement, project execution, and financial processes, among others.

Enterprise benefits of SAP BI are:

- Greater ability to access and analyze data without IT involvement
- Faster and more collaborative decision making
- Improved performance metric tracking
- More accountability, with visibility into key performance indicators by line of business
- Faster response times, when exceptions and events occur

Quality

Quality Control is the integral part of the Company. Right from the conceptual stage of selection of site, selection of asset class, design and Project construction the quality control system in the company has been well document with Standard Operating Procedures. A well defined process with proper monitoring level has been set in place to ensure the Quality is assured to ensure Customer Satisfaction and the end purpose is fully met with highest standards.

Nitesh Estates Limited and its subsidiary companies have been subjected to the Quality Audit and have been certified for meeting the Standards by Bureau Veritas

STANDARD	:	ISO 9001:2008

SCOPE OF SUPPLY :

Development
Design
Execution and sale / Lease of commercial and residential projects
Maintenance of building
During and after defect liability period


BUREAU VERITAS
Certification

Certification
Awarded to

NITESH ESTATES LIMITED
NITESH HOUSING DEVELOPERS PRIVATE LIMITED
NITESH URBAN DEVELOPMENT PRIVATE LIMITED
NITESH INDIRANAGAR RETAIL PRIVATE LIMITED
NITESH PROPERTY MANAGEMENT PRIVATE LIMITED.
UNITS OF NITESH GROUP

NITESH TIMESQUARE, 7TH FLOOR, NO. 8, M. G. ROAD,
BANGALORE - 560 001, KARNATAKA, INDIA.

Bureau Veritas Certification (India) Private Limited certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the standard detailed below

STANDARD

ISO 9001:2008

SCOPE OF SUPPLY

DEVELOPMENT, DESIGN, EXECUTION AND SALE / LEASE OF COMMERCIAL AND RESIDENTIAL PROJECTS INCLUDING MAINTENANCE OF BUILDINGS DURING AND AFTER DEFECT LIABILITY PERIOD.

Original Approval Date: 21 April [illegible]
Next Recertification Due Before: [illegible] January [illegible]
Subject to the continued satisfactory operation of the organisation's Management System this certificate is valid until: [illegible] April [illegible]
To check this certificate validity please call: [illegible]
Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organisation.

Certificate Number: [illegible]

R. K. SHARMA
Director

Environment, Health and Safety

At Nitesh, it is our goal that all our sites must be:

- Accident free and absolutely safe to work
- Keeping the environment pollution free and hygiene
- Zero violation on statutory requirements

The Company has formulated the guidelines, Standard Operating Procedures, Operating Manual, check lists to ensure daily micro level schedules are made available for reporting. Apart from this weekly / quarterly meetings are held to discuss the issues and all snags are captured as photographs and actions are taken for rectification.

EHS Committee is being constituted for implementing policy at Site with Project Manager and his team. The activity will be monitored and will be audited by EHS team

Personal Protection Equipments

It is mandatory for all site personnel to wear the appropriate safety equipment such as helmets, safety foot wear, eye and ear protection and respiratory protection

All site personnel working at heights are protected by proper scaffolding, ladders, barricading etc

Sites are protected for electrical hazards, deep excavations, confined zones, fire, traffic etc. proper sanitation conditions are maintained at site.

Sustainability

Sustainable Development

In the Real estate industry the Sustainable Development focusses on the Built Environment that utilises natural and manmade resources, the use of energy, the potential destruction of eco-systems and so on in order to bring about desirable change and economic growth .

Green Buildings

A green building is one that uses energy and material more effectively both in production and operation while polluting and damaging natural systems as little as possible.

Green building (also known as **green construction** or **sustainable building**) refers to a structure and uses process that is environmentally responsible and resource-efficient throughout a building's life-cycle: from concept to design, construction, operation, maintenance, renovation, and demolition. This requires close cooperation of the design team, the architects, the engineers, and the client at all project stages. The Green Building practice expands and compliments the classical building design concerns of economy, utility, durability, and comfort.

Green building practices aim to reduce the environmental impact of buildings.

First rule: The greenest building is the building that doesn't get built.
New construction almost always degrades a building site, so no building is preferable to building.

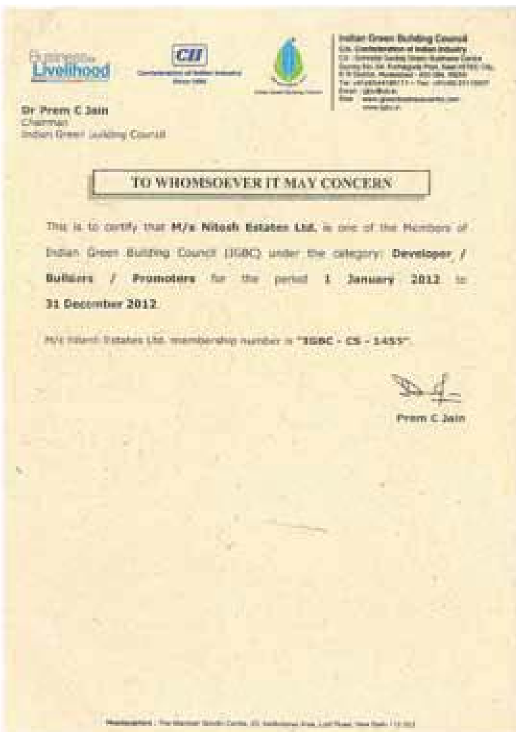
Second rule: Every building should be as small as possible.

Third rule: Do not contribute to sprawl (the tendency for cities to spread out in a disordered fashion

Agency for Assessment of Sustainable Development:

BREEAM	Building Research Establishment Environmental Assessment Method
LEED	Leadership in Environmental Design
NEHR	National Home Energy Rating

In Nitesh Estates, We are committed to minimise the depletion of natural resources and the Company is also registered as a member of India Green Building Council. Nitesh Columbus Square is Certified Green Building and Nitesh Cape Cod project is under evaluation for certification



Dr Prem C Jain
Chairman
Indian Green Building Council

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **M/s Nitesh Estates Ltd.** is one of the Members of Indian Green Building Council (IGBC) under the category: **Developer / Builders / Promoters** for the period **1 January 2012** to **31 December 2012**.

M/s Nitesh Estates Ltd. membership number is **"IGBC - CS - 1455"**.

Prem C Jain

Indian Green Building Council (IGBC)

hereby certifies that

Nitesh Columbus Square

Bangalore

has achieved precertification under the IGBC Green Homes Rating. Documentation has been submitted for this project, which demonstrates an intent to design and build a high performance residential building in accordance with IGBC Green Homes criteria

IGBC Green Homes Precertified Gold

May 2010

Sharukh Mistry, Chairman, IGBC Green Homes Rating

Dr Prem C Jain, Chairman, IGBC

Jamshyd N Godrej, Chairman, CII-Godrej GBC

Water Conservation

All our projects are designed to consume minimum water and the projects have Rain Water Harvesting for avoiding adverse effect on water table. STP treated water with ultra filtration is usable in wash area and for Gardening purpose.

Energy Conservation

Our various projects harness renewable energy resources by Solar water heating and Solar lighting.

Risk Mitigation

Nitesh Estates recognizes that risk is an integral part of conducting business that understanding risk is critical to improved decision making and that managing it is necessary to attain business objectives predictably and consistently. The Company stands committed to proactively managing risks based on the following principles:

- Risk management will be aligned to the business strategy and plan of the Company
- Risk management will be consistent with the interest of all stakeholders of the Company
- The Company will define a framework and process for managing all risks proactively taking into account the consequences in terms of costs and benefits
- All employees shall take responsibility for the effective management of risks
- There shall be no tolerance to any deviation from compliance with statutory requirements

Enterprise Risk Management Framework

In alignment with the enterprise risk management policy stated above the Company has adopted a framework for risk management as described herein. It provides detailed guidance in the following areas:

- Roles and responsibilities
- Risk identification process
- Classification of risks
- Analysis of risks
- Risk register and its contents
- Review mechanism
- Communication
- Incident reporting and disaster management process
- Continuous improvement of enterprise risk management framework

Roles and Responsibilities

The Board and Audit Committee of the Company finally approve all the risk management strategy and corrective actions are reviewed by them. The roles and responsibilities of the Risk Committee, Executives and various individuals have been well defined under the policy.

Risk Identification Process

All employees are duty bound to identify events or actions that may hinder the business objectives from being attained or result in opportunities that may further the attainment of business objectives. Such events or actions are risks that have to be identified and monitored.

Classification of Risks

The various types of risks shall be classified as under:

Strategic Risks - Risks which affect the decisions at the corporate level, for example those related with the choice of business area, its product and service portfolio, geographies in which it operates, strategic partnerships. Such decisions are often impacted by external factors. Possible examples of such risk are:

Statutory and Regulatory	The company is required to comply with various statutes and a deviation can result in financial liability and loss of reputation.
Regulatory	Regulation of real estate industry is imminent and new compliance requirements may be enforced.
Political	Change in political leadership which may bring in a different approach to urban development
Technological	Change in construction technology which may adversely impact the competitive strength of the Company
Economic Environment	Change is employment potential, interest rates, etc which may affect the demand and margin of our products and services
Sociological changes	Change in the type of dwellings that customers need

Legal risks in securing our rights

Risk to Intellectual Property Rights and confidentiality

Hazards – Risks which are unpredictable but can happen. Generally, these risks have the impact of stoppage of business and can be insured. Possible examples of such risk are:

- Fire: Causing damage to assets and resources
- Flood: Causing damage to assets and resources
- Earthquake: Causing damage to assets and resources
- Terrorist attacks
- Burglary
- Accidents

IT Infrastructure Related Risks – The Company has deployed an enterprise resource management system for its operations and hence any malfunctioning of the applications or corruption of data can stop the business. Possible examples of such risks are:

- Damage to hardware or malfunction of hardware
- Malfunction of various applications and software
- Loss of data
- Loss of connectivity
- Inadequate licensing rights

Documentation Risks – The operations of the company require a variety of documents to be stored and retrieved. Examples of such documents are contracts, design information, documents related with financial transactions. If the document cannot be retrieved then the operations get affected, our ability to comply or enforce contractual and statutory obligations get impaired.

Financial Risks – These are risks related with financial viability of the Company, cash-flows and financial performance. Examples of such risks are:

- Receivables risks
- Debt obligation defaults
- Vendor payment defaults
- Customer refund defaults
- Statutory payment defaults
- Default in investor related obligations
- Inadequate insurance and claim management risks
- Foreign exchange risks
- Risk of impairment of assets and investments

Operational Risks – Theses risks are related with the value addition process deployed by the Company and the delivery of our products and services. Examples of such risks are:

- Delay in time of delivery of products or services
- Deviation in quality of delivery of products or services
- Safety risks related with the product and the process
- Occupational health risks of human resources deployed
- Risks related with human resource management
- Risk to environment posed by our products and processes
- Risk to plant and machinery
- Vendor default risks

Analysis of Risks

Each department head shall own the risk pertaining to their domain and the business processes that they own. The owner of the risk shall interface with other department heads as may be required whenever there are cross-functional business processes involved. The risk shall be entered in the risk register along with the owner's name. The risk shall then be analyzed to determine its materiality. The materiality of any risk is dependent on two aspects: i) the probability of its occurrence, and ii) the severity of its impact on the reputation and profitability of the Company. The two aspects shall be used to score the materiality of the risk using a "3X3" matrix as depicted below:

The risk materiality scores have the following implications:

- **Score of 1**: Such risks would require no action and there would be no need to review it
- **Score of 2 to 4**: Such risks should be reviewed on a quarterly basis for adequacy of risk mitigation measures
- **Score of 5 to 7**: Such risks should be reviewed on a monthly basis for adequacy of risk mitigation measures
- **Score of 8 and 9**: Such risks have high materiality and progress on action items for risk mitigation would require weekly monitoring

RISK MATERIALITY MODEL				
SEVERITY OF IMPACT		LOW	MEDIUM	HIGH
	HIGH	7	8	9
	MEDIUM	4	5	6
	LOW	1	2	3
		PROBABILITY OF OCCURRENCE		

Risk Register

The risk register will be updated with the details and the probability of occurrence and the mitigating measure to be taken.

Review Mechanism

The risk register shall be reviewed by the Risk Management Committee once in a month. In the event that an incident is reported or in the event that the severity of the risk is enhanced, then immediate action shall be initiated by the risk owner to mitigate the risk and he may call for an immediate meeting of the risk management committee to support the owner in dealing with the situation.

The outcome of the review meeting shall form the basis of quarterly assurance statements of the risk owners to the Audit Committee of the Board of Directors of the Company.

Communication

The Enterprise Risk Management Policy and the Risk Management Framework shall be communicated to all employees and posted on the internal website. The department heads shall promote the importance and compliance among their team members through their staff meetings.

The employees are duty bound to escalate through the organizational hierarchy whenever they encounter a situation that exposes the Company to a new risk. Such risk would then have to be placed on the risk register, analyzed and risk mitigation measures determined.

Incident Reporting and Disaster Management Process

An incident reporting system shall be put in place laying down what has to be reported the timing of such reports, the contents of the report and the initiator and recipients of such reports. This shall be integrated with the Enterprise Risk management framework.

A disaster management process shall be set up for recovering from any disastrous event, if it takes place. This is pertinent particularly for risks classified as hazards. The incident reporting and disaster management process shall be integrated with the enterprise risk management framework.

Continuous Improvement of Enterprise Risk Management Framework

The enterprise risk management framework shall be reviewed on a quarterly basis for its efficacy and shall be continuously improved keeping in context the organizational goals. It is emphasized here that continuous improvement of risk management will improve the quality of decision making in the Company and also improve the consistency and predictability with which we meet the organizational goals.

Risk Management Training

All employees shall be exposed to training in risk management where they are familiarized with the enterprise risk management framework are made aware of their role and responsibility in this regard. This shall form a mandatory part of the orientation of any new employee joining the Company.

People

The Company has total employee strength of 235 in the last financial year, 50% of which comprises the Junior level employee.

The age structure graph of the Company illustrates that it is well balanced between young professionals and experienced individuals.

Out of the total employee strength of 235, the Construction Management team has around 86 people followed by Sales and Marketing Department and Facility Management Department. There are almost 30 employees dedicated to undertake administrative and secretarial activities.

HR Initiative

The company has invested in carrying out various studies in order to improve the existing organization structure and working culture in the Company. One of those is engaging Accenture Management Limited for revalidation study of the existing structure and working culture in the Company. Accenture's scope of work primarily includes

Phase 1: Organisation restructuring and recommendations of cultural setup of the Company

Phase 2: Revalidating the existing compensation structure and performance management system and suggest reforms

Accenture has submitted their recommendations for Phase 1 to the Company and is proposed to initiate their work on Phase 2 by September 2012.

Asset Management

Facility Management

Post completion of the projects, the Company, through its 100% wholly owned subsidiary Nitesh Property Management Private Limited (NPMPL), provides Facility Management Services to Commercial Buildings, Luxury Residential Complexes and Multi Storied Apartments.

This measure is to ensure maintaining our projects at best standards to ensure the customer satisfaction.

The services are provided post completion of the projects and include:

- Housekeeping services – To ensure general cleanliness of the common areas of the building and surroundings.
- Security services – To provide for round the clock security by trained personnel, ensuring the safety of the building and its residents.
- Electromechanical services – Maintenance of all the electrical equipment, lifts, generators and fire equipment.
- Horticulture & Landscape - Ensure that the horticulture and landscaping is aesthetically done and maintained, creating a pleasing and soothing environment. The maintenance of landscaping at road medians falling under the purview of Nitesh estates Limited is monitored to enhance the brand image of 'Nitesh'.
- Pest control services are also provided at all the complexes. Minor repairs both civil and electromechanical are carried out by the personnel of NPMPL.

The primary aim of NPMPL is to provide the above services without compromising on quality in any way. Periodic meetings are held with the owners to ensure that their problems/apprehensions are addressed in a timely manner ensuring that cordial and harmonious relations are maintained. In the near future the company will expand its organization and portfolio with the addition of new projects.

Corporate Social Responsibility

At NEL, people believe in the philosophy of ‘paying back to the society’, therefore carrying out their responsibilities towrads the society. The company has taken initiatives towards reducing their carbon footprints by adhering to the principles of energy efficient designs for the buildings. Each project site is planned in a way that adequate importance in given to the presence of green cover and open areas within the site.

As a part of their CSR initiatives, the Company has recently donated a Dialysis Machine along with a UPS to the CSI Hospital, thereby supporting the needy patients.

Their other CSR initiatives include:

- Financial support to Genesis Foundation for a charitable event called ‘CEOs Sing for Their Supper’ organised by the organisation in Bengaluru. The proceeds of the event is donated to provide medical assistance to seven critically ill, underprivileged children suffering from Cancer, Cardiac Disorder and Organ Failure
- Financial support to provide free education to poor tribal children of Kalinga Relief & Charitable Trust, through Toofles Foundation
- Funding support to Dr Graham’s Home – a popular mainstream school in Kalimpong
- Provided ambulances to few government hospitals in Bangalore
- Donation of dividend received from HDFC Mutual Fund Investment for treatment to Cancer Patients
- Promoting Indian art and paintings through sponsorships

Awards

CNBC AWAAZ CRISIL - CREDAI REAL ESTATE AWARD

Best Luxury Segment Residential Property in India - Nitesh Garden Enclave

Mr. Ashwini Kumar, COO, Nitesh Estates Ltd., receiving award from Honorable Urban Development Minister Mr. Kamal Nath for Nitesh Garden Enclave, Bangalore in the Best Luxury Segment Residential Property in India held at Marina Bay Sands in Singapore.

International Property Awards Asia Pacific

Development Marketing India - Nitesh Fisher Island

Construction Source India Award

Winner of the Best Builder of the Year

CREDAI Cricket

Nitesh Estates Limited Team has emerged as winner of Bangalore CREDAI Cricket League 2012

Notice

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Nitesh Estates Limited will be held on **Wednesday 26th September, 2012** at **2.00 P.M.** at Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on that date and the Report's of the Directors' and the Auditors thereon.

2. To appoint a Director in place of Mrs. Pushpalatha V Shetty, who retires by rotation and being eligible, offers herself for re-appointment.

3. To appoint a Director in place of Mr. Ashok T Aram, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

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

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

   "**RESOLVED THAT** B. S. R & Co, Chartered Accountants, Bangalore, (Firm Registration No. 101248W), be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company in the place of S. R. Batliboi & Associates, Chartered Accountants (Firm Regn. 101049W) who retire at this Annual General Meeting, on a remuneration to be mutually agreed to between the Auditors and the Audit Committee.

By order of the Board
For Nitesh Estates Limited

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

Place: Bangalore
Date: August 7, 2012

D. Srinivasan
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant Explanatory Statement as required under section 173 (2) is attached.
3. The Register of Members and the Register of Transfer will remain closed from Saturday the 22nd September 2012 to Wednesday the 26th September 2012 (both days inclusive).

4. Pursuant to Clause 49 of the Listing Agreement, the prescribed information on Directors seeking appointment / re appointment at the Annual General Meeting is appended to this Notice.

5. Members are requested to advise any change in address to Karvy Computershare Private Limited, the Registrars and Share Transfer Agents of the Company at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500081, Tel: +91 40 23420818 (B).

6. Members are requested to bring their copy of the Annual Report to the Meeting. Additional copies will not be provided at the Meeting.

7. For the convenience of Members and for the proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form, Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.

8. Members are requested to register their e-mail with their DP and Registrar Karvy Computershare Private Limited for despatch of Notice / Annual Report and support the Government's Green Initiative.

Annexure to the Notice

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

Item No. 4

Mr. Ashwini Kumar was co-opted as an Additional Director appointed as the Executive Director and Chief Operating Officer of the Company, by the Board of Directors, with effect from April 19, 2012. Pursuant to Sec 260 of the Companies Act, 1956 the appointment of Additional Director is valid upto the date of the immediate Annual General Meeting. Notice has been received under section 257 of the Companies act, 1956 from a member signifying his intention to propose Mr. Ashwini Kumar as a Director of the Company the Board recommends the appointment of Mr. Ashwini Kumar as Executive Director and Chief Operating Officer of the Company. Profile of Mr Ashiwni Kumar is appended at the end of the notice.

None of the Directors is interested in this resolution, except Mr. Ashwini Kumar, the appointee.

Item No. 5

S. R. Batliboi & Associates, Chartered Accountants (Firm Regn. 101049W) were appointed as the Statutory Auditors of the Company at the Seventh Annual General Meeting held on September 28, 2011 and they hold office till the conclusion of this Annual General Meeting. They have expressed their desire not to seek appointment, in view of their other commitments.

The Board of Directors have recommend the appointment of B. S. R & Co, Chartered Accountants, Bangalore, (Firm Registration No. 101248W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be agreed between B. S. R & Co, Chartered Accountants, and the Audit Committee.

None of the Director is interested in this resolution.

By order of the Board
For Nitesh Estates Limited

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

Place : Bangalore
Date : August 7, 2012

D. Srinivasan
Company Secretary

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

Particulars	**Mrs. Pushpalatha V Shetty**
Qualifications	B. Sc.,
Date of Appointment	February 20, 2004
Expertise in specific Functional areas	-
Directorships held	1. Grass Outdoor Media Private Limited 2. Nisco Ventures Private Limited 3. Nitesh Media Private Limited 4. Lob Media Private Limited 5. Nitesh Healthcare Private Limited 6. Serve & Volley Signages Private Limited 7. Serve and Volley Outdoor Advertising Private Limited 8. Nitesh Hospitals Private Limited 9. Nitesh Agrico Private Limited 10. Nitesh Airways Private Limited 11. Southern Hills Developers Private Limited 12. Nitesh Industries Private Limited 13. Nitesh Infrastructure Private Limited 14. Nitesh Indiranagar Retail Private Limited 15. Nitesh Warehousing Private Limited 16. Nitesh Mylapore Developers Private Limited 17. Nitesh Landholdings Private Limited 18. Nitesh Energy Private Limited 19. Nitstone Environnement Private Limited 20. Nitstone Wastemanagement Private Limited 21. Hampton Investments Private Limited
Membership of Committees	Nil
No of shares held in the Company	5,000 Equity Shares

Particulars	**Mr. Ashok T Aram**
Qualifications:	PG in International Business and Comparative Culture
Date of Appointment	September 24, 2009
Expertise in specific Functional areas	-
Directorships held	1. Abraaj Capital Holdings Limited, UAE 2. Tyfone INC (USA) 3. Solition Technologies Private Limited, INDIA
Membership of Committees	Nil
No of shares held in the Company	Nil

Particulars	**Mr. Ashwini Kumar**
Qualifications:	Mechanical Engineer from NIT, Rourkela (1981) and post graduate in Business Management from XLRI, Jamshedpur (1983)
Date of Appointment	September 24, 2009
Expertise in specific Functional areas	Mr. Ashwini Kumar, aged 53 years joined the Company on 2nd November, 2009 as the Chief Operating Officer and is responsible for the business operations of the Company. 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 29 years starting with functional roles, in sales, project management, manufacturing, performance improvement and culminating in business leadership roles.
Directorships held	Nitesh Housing Developers Private Limited Nitesh Indiranagar Retail Private Limited Nitesh Urban Development Private Limited
Membership of Committees	Nil
No of shares held in the Company	1,38,818 Equity Shares

Directors' Report

Your Directors present their Eighth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

Rupees in Lakhs

Particulars	STANDALONE		CONSOLIDATED	
	2011-12	2010-11	2011-12	2010-11
Income :				
Income from operations	7903	9771	11622	12410
Other Income	12	1068	1359	1995
Total Income	**7915**	**10839**	**12981**	**14405**
Profit / (Loss) before depreciation	(532)	355	676	1634
Less : Depreciation	181	66	184	66
Profit before tax	(713)	289	492	1568
Less : Income tax	(257)	(87)	247	349
Profit / (Loss) after tax	**(456)**	**376**	**245**	**1219**
Less: Minority interest & share of loss in Associate	-	-	214	127
Net Profit / (Loss)	**(456)**	**376**	**31**	**1092**

DIVIDEND:

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

OPERATIONS:

Stand Alone:

During the year under review the Company achieved a turnover of Rs. 7903 Lakh as against Rs. 9771 Lakh in the previous year and other income of Rs.12 Lakh as compared to Rs.1068 Lakh in the previous year. The operations had resulted in a loss of Rs. 456 Lakh as against a profit of Rs. 376 Lakh in the last year.

Consolidated:

In compliance with the applicable Clauses of the Listing Agreement with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors Report have been annexed to this Annual Report.

The total consolidated revenue for the year ended 31st March 2012 amounted to Rs. 12981 Lakh including other income of Rs. 1359 Lakh, as compared to Rs. 14405 Lakh in the previous year. The Company earned a profit after tax of Rs. 245 Lakhs (Previous year Rs. 1219 Lakhs) and a Net profit of Rs. 31 Lakh for the year (Previous year Rs. 1092 Lakhs), after adjusting the minority interest in subsidiary companies and share of loss from associate company amounting to Rs. 214 Lakh (Previous year Rs. 127 Lakhs).

The financial figures have been regrouped in line with the new Schedule VI disclosure requirements.

SUBSIDIARY COMPANIES:

A. SUBSIDIARIES :

Nitesh Housing Developers Private Limited:

This company is a 89.9% subsidiary of the Company. At present the subsidiary is executing 4 residential Projects. The financial highlights are:

Figures Rs. In thousands

Particulars	2011-12	2010-11
Paid up Capital	50,000	50,000
Share Application Money	828,388	906,436
Reserves & Surplus	201,240	85,421
Secured Loans	24,854	634,033
Unsecured Loans	100	100
Income From Property Development	310,745	55,540
Sale of Villa Plots	41,514	193,324
Other Income	133,603	92,682
Profit Before Tax	181,129	130,909
Profit After Tax	115,819	87,312

Pursuant to the approval accorded by the Shareholder's at the Extraordinary General Meeting held on March 20, 2012 the Authorised Capital of the Subsidiary Company was increased to Rs. 10 Cr divided into 50,00,000 Equity Shares of Rs. 10/- each and 50,00,000 Preference Shares of Rs. 10/- each.

Nitesh Indiranagar Retail Private Limited:

This company is a 100% wholly owned subsidiary of Nitesh Estates Limited. The financial highlights are:

Figures Rs. In thousands

Particulars	2011-12	2010-11
Paid up Capital	132,480	11,600
Share Application money	-	1,369,622
Reserves & Surplus	1,170,246	103,464
Unsecured Loans	195	12,238

Pursuant to the approval accorded by the Shareholder's at the Extraordinary General Meeting held on March 19, 2012 the Authorised Capital of the Subsidiary Company was increased to Rs. 15 Cr. 1,20,88,000 Equity Shares of Rs. 10/- each were allotted at a premium of Rs. 90/- per share aggregating to Rs. 120.88 crores to the Holding Company. The pre-operative expenses have been charged to Profit & Loss Account. The Loss for the year stood at Rs 2,11,73,979.

Kakanad Enterprises Private Limited (formerly known as Nitesh Kochi Projects and Developers Private Limited)**:**

The Company has not commenced its commercial operations. The pre-operative expenses have been charged to the Profit and Loss Account. The loss for the year stood at Rs. 137,751/-.

Effective, March 12, 2012 the Registered Office of the Company was shifted to No. CC 49/2796, 2nd Floor, North Square, Paramara Road, Kochi - 682018, Kerala, INDIA.

During the year under review, pursuant to the approval accorded by the Shareholder's at the Extraordinary General Meeting held on March 27, 2012 the name of the Company was changed to Kakanad Enterprises Private Limited and the same was approved by the Registrar of Companies on April 4, 2012.

This Company is a 100% subsidiary of Nites Estates Limited.

Nitesh Urban Development Private Limited (formerly known as Nitesh Boat Club Private Limited)**:**

FINANCIAL RESULTS:

The performance of the company for the financial year ended March 31, 2012 is given hereunder

Figures Rs. In thousands

Particulars	2011-12	2010-11
Income :		
Income from operations:	-	-
Other Income	145	-
Total Income	145	-
Loss before depreciation	29,692	3,066
Depreciation	-	-
Loss before tax	29,692	3,066
Provision for income tax	-	-
Provision for deferred tax	(8,899)	-
Loss after tax	20,792	3,066

The Company during the current financial year executed a Joint Development Agreement on August 18, 2011 with the land owners for the development of the property bearing 1 Acres 14.56 Guntas situated at Kaikondarahalli Village, Varthur Hobli, Marathalli, Bangalore East Taluk for the construction and development of residential project "Nitesh Cape Cod".

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

The Company became a 100% subsidiary of Nitesh Estates Limited consequent to the acquisition of shares from the existing shareholder with effect form December 31 2011.

Pursuant to the approval accorded by the Shareholder's at the Extraordinary General Meeting held on January 18, 2012 the Company had acquired 5490 Equity Shares of Rs 10/- each of Courtyard Constructions Private Limited, Mumbai at a total consideration of Rs. 8.02 Cr from an existing share holder.

Pursuant to the approval accorded by the Shareholder's at the Extraordinary General Meeting held on March 19, 2012 the Authorised Capital of the Company was increased to Rs. 10 Cr. 65,72,000 Equity Shares of Rs. 10/- each were allotted at a premium of Rs. 26/- per share aggregating Rs. 26.65 Crores to the Holding Company.

Nitesh Property Management Private Limited:

This company is a 100% wholly owned subsidiary of the Company. It has entered into Maintenance Contracts with owners of completed apartments developed by the Company, with effect from April 1, 2011.
The performance of the company for the financial year ended March 31, 2012 is given hereunder:

Figures Rs. In thousands

Particulars	2011-12
Income :	
Income from operations: Building Maintenance income	29,936
Other operating Income	2,064
Other Income	263
Total Income	32,263
Profit / Loss before depreciation	885
Depreciation	-
Profit / Loss before tax	885
Provision for income tax	300
Provision for deferred tax	(9)
Profit for the year	594

B. CONSOLIDATED ACCOUNTS:

The audited consolidated Balance Sheet as at March 31, 2012, consolidated Profit and Loss account for the year ended on that date, Cash flow together with the Notes and Reports of Auditors thereon form part of this Annual Report.

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

C. MATERIAL NON-LISTED INDIAN SUBSIDIARY:

Pursuant to Clause 49 of the Listing Agreement, Nitesh Housing Developers Private Limited and Nitesh Indiranagar Retail Private Limited will be treated as a material non-listed subsidiary for the financial year 2011-12. Necessary steps are being taken as required under the Listing agreement.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

BOARD'S RESPONSE TO AUDIT OBSERVATION:

1. **Paragraph 5 of the Auditors Report:**

   During the Year the Company recognized Deferred Tax Asset on the basis of future taxable income expected out of certain ongoing & proposed projects. In respect of the ongoing projects, the Company has already received necessary approvals from the concerned statutory authorities for commencement of construction of the project and the Company has started sale bookings in respect of the said ongoing projects. The Company has also executed Agreement of Sale with the buyers for the aforesaid projects. The Management is reasonably confident of meeting the virtual certainty of the project execution and profits to be earned thereon. Based on the above facts, the Company has recognized the Deferred Tax Asset.

2. **Paragraph 6 of the Auditors Report:**

   The advances amounting to Rs. 828,236,000 are towards certain real estate projects. Out of the said advances Rs. 450,000,000 is towards joint development of a property wherein requisite documentation has been executed and registration has been completed. In respect of other advances, acquisition of land and obtaining approval for development of projects is under progress. The management is confident of completing acquisition and obtaining approval for development of projects.

3. **Clause IV of the Annexure to the Auditors Report:**

   In order to strengthen the internal control systems for timely documentation and also for effective management of business, the Company has implemented SAP system. Further the Company has appointed Deloitte Touch Tomashu Private Limited as Internal Auditors of the Company towards ensuring an effective internal control system.

4. **Clause V(b) of the Annexure to the Auditors Report:**

   The observation by the Auditors is self explanatory.

5. **Clause XVI of the Annexure to the Auditors Report:**

   The transaction is pertaining to financial year 2010-11 in respect of which there was an outstanding amount of Rs. 75 million at the end of the current financial year. As explained in the previous year, the project, for which the term loan was availed, was experiencing some delay. Hence, the Company deployed the amount temporarily for other purposes.

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

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

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

CORPORATE GOVERNANCE REPORT:

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

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

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Pushpalatha V Shetty and Mr. Ashok Aram Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Ashwini Kumar was co-opted as an Additional Director and appointed as Whole-time Director designated as Executive Director & Chief Operating Officer of the Company. He will seek re-appointment under Sec 257 of the Companies Act, 1956 for which the Company has received a notice from a member. Necessary resolution will be placed before the ensuing Annual General Meeting.

Your Board of Directors recommend their appointment.

AUDITORS:

The Company's Auditors, S.R. Batliboi & Associates, Chartered Accountants, (Firm Registration No. 101049W) hold office upto the conclusion of this Annual General Meeting. Statutory Auditors have expressed their desire not to seek reappointment at the forthcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY:

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

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

ACKNOWLEDGEMENT:

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

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2012

NITESH SHETTY
Chairman & Managing Director

Annexure I

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1795 and forming part of the Directors' Report for the year ended March 31, 2012

Employee Name	Designation	Qualification	Total experience	Age	Date of Joining	Gross Remuneration	Previous Employment
Ashwini Kumar	Executive Director & Chief Operating Officer	B.E, PGDBM	29	54	11/2/2009	7,552,503	MD-Lineage Power India Pvt. Ltd.
Nitesh Shetty	Chairman & Managing Director	B.Com	11	35	20/2/2004	12,293,724	-
Vaidyanathan L S	Executive Director	FCA	27	51	1/6/2005	11,700,000	Practicing Chartered Accountant
Venkateshan M A	Chief Finance Officer	B Com, LLB, FICWA, FCS, FCA	30	56	10/9/2010	6,367,638	Sr - VP(Fin), JSW Steel Ltd

Notes :

1. All appointments are contractual and terminable by notice on either side.
2. None of the employees mentioned above are related to any of the Directors of the Company, except Mr Nitesh Shetty who is related as son of Mrs. Pushpalatha Shetty.
3. Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Leave encashment, Leave Travel Concession, Medical Expenses, Bonus, House Rent Allowance and expenses for providing residential.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2012

Nitesh Shetty
Chairman & Managing Director

Annexure II

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

I. CONSERVATION OF ENERGY

a) Energy conservation measure taken:

The company has taken energy savings measures, viz.,

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

b) Additional investment and proposal,

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

c) Impact of measure taken

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

II. TECHNOLOGY ABSORPTION

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

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

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

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

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

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

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

The benefits can be listed as follows:

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

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

iii. Savings in construction cost and time.

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

c. No remarkable technology has been imported.

III. RESEARCH AND DEVELOPMENT

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

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

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

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

c. Future Plan of Action

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

d. Expenditure on R & D

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

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Expenditure in foreign currency (on accrual basis)

Amount in Rupee

Particulars	Year ended 31-Mar-12	Year ended 31-Mar-11
Share issue expenses	-	20,936,606
Architect and other fees	92,106,149	-
Professional and consultancy charges	-	1,198,100
Travelling and conveyance	-	492,171

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2012

NITESH SHETTY
Chairman & Managing Director

Annexure III

Management Discussion and Analysis

Socio Economic Environment

The overall GDP growth of the Indian economy during Apr-Mar 2012 slowed significantly to 6.5% from 8.4% in the corresponding period of the previous year. The trend is negative as the decline continued from Q3 to Q4 of 2011-12 when GDP growth reduced from 6.1% to 5.3%. The Index of Industrial Production (IIP) and the Purchasing Managers' Index (PMI) suggest continued slowdown in Q4 of 2011-12. Supply bottlenecks in the areas of infrastructure, energy, minerals and labour are the primary reasons behind this decline in growth momentum. The high fiscal deficit and uncertain commodity prices in global markets especially of crude oil are also major concerns for the Indian economy.

The headline Wholesale Price Index (WPI) was above 9% during Apr-Nov 2011 but moderated to 6.9% by March 2012. Food prices have again gone up after a seasonal decline. The prices of non-food manufactured products appear to be moderating since corporate performance numbers indicate that their pricing power has reduced. The full impact of energy prices – oil, electricity and coal will be seen after the costs are passed on to the consumers. The sharp depreciation of the Indian Rupee against the US Dollar will further exacerbate the situation.

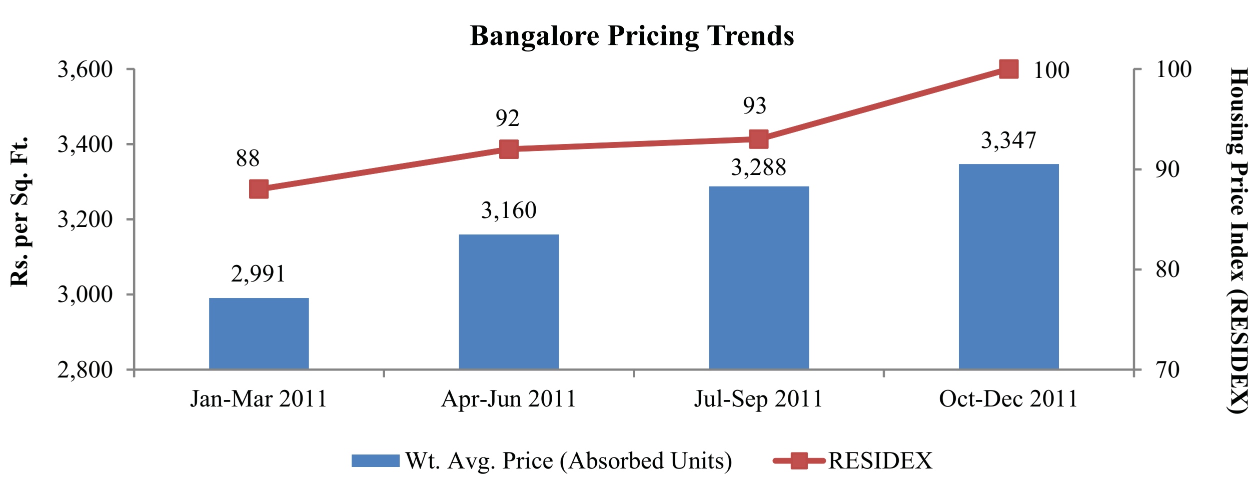
The consumer confidence survey conducted by RBI showed that the households' perception of current economic conditions and future expectations have moderated. Greater proportion of the respondent are worried about employment prospects and have indicated consistent fall in spending levels in the next year.

RBI reduced the policy rates by 50 basis points in the month of April but given the current economic environment one may not see a significant decline in the interest rates.

Considering the economic status, the demand for real estate may remain at moderate levels in the coming quarters.

Real Estate Market

The real estate sector in India assumed greater prominence with the liberalisation of the economy. The consequent increase in business opportunities and labour migration resulted in increase in the demand for commercial and housing space. However, the sector is highly influenced by economic cycles. Due to high inflation combined with high interest rates in the backdrop of slow economic growth, the Indian real estate sector witnessed a downturn in transaction activity, reduced launches of new projects and



stagnant property prices in 2011. Inflow of foreign direct investments (FDI) also reduced in last fiscal. According to the Department of Industrial Policy & Promotion (DIPP), FDI in the housing and real estate sector during Apr-Mar 2012 was $731 million as against $1,227 million in 2010-11.

The Bangalore Real Estate Market however showed a trend that was different from the other cities in the country. It continues to see steady demand of 8,000 to 9,000 units each quarter. New supply has reduced quarter over quarter and consequently the inventory of unsold units is coming down. The Bangalore market has seen significant increase in property prices and rentals. According to National Housing Bank (NHB), the residential property prices in Bangalore saw a significant increase in 2011. The housing price index (RESIDEX) in Bangalore increased to 100 in Oct-Dec 2011 as compared to 88 in Jan-Mar 2011. The weighted average price of absorbed units has gone up by almost 15% in Q4 2011 as compared to the levels of Q4 2010.

The commercial real estate in Bangalore also remained positive with more than 9 million sq ft getting absorbed during the year which represents an increase of around 17% over the previous year.

The Company

Founded in the year 2004, the year 2010-11 was a very significant one in the history of the Company. The Company after a successful initial public offering was listed on the Bombay Stock Exchange and the National Stock Exchange in May, 2010. In its early years the Company had been able to gain strong brand reputation owing to the high quality of projects it had delivered. The Company partnered with global investors like OchZiff, Citi Properties (now Apollo Global Management) and HDFC, and marquee names such as Ritz Carlton and ITC. It had built a strong pipeline of projects and the raising of funds through the public offering enabled the Company to commence the projects and embark on a journey of rapid growth.

The current pipeline of projects includes 9 residential projects which are currently under construction and have a total revenue potential of Rs. 1,240 Crores. There are 5 residential projects which are currently in the design and approval stage and these will be launched during the current financial year. The revenue potential of these projects is Rs. 1,360 Crores.

Apart from the residential projects, the company is also developing the first Ritz Carlton hotel in India, located in Bangalore for which the project value is Rs. 675 Crores. Further, the Company is also developing a mall in Indiranagar, Bangalore for which the project cost is Rs. 500 Crores.

The Company strongly believes in differentiating itself in terms of governance practices and has an eminent board of 10 members and 5 among them are independent directors. The executive team consists of highly experienced professionals.

Business Strategy

Joint Development Model

The Company consciously avoids building a "land bank" and develops real estate jointly with the owners of the land. The agreement with the owners of land entitles the Company irrevocably to plan the project, obtain approvals and sanctions from the appropriate authorities, carry out construction of the project and the right over a share of the developed property. The Company is entitled to market the project and name the project. A power of attorney is executed by the owners in favour of the Company which entitles it to enter into agreements of sale or lease, the right to transfer the Company's share of the developed area. The Company is also entitled to the custody of title deeds of the property in order to raise finance against mortgage of the property. The owners of the land are entitled to a share of the developed area and payment of monies as deposit, a part of which may not be refundable. The owner indemnifies the Company from any claims against the title of the property.

This model allows the Company rights over land with low capital exposure and mitigates the risk related with the title of land and the risk associated with land value owing to a shift in consumer preferences. This is an asset light model and allows higher internal rate of return.

Resource Deployment and Delivery Model

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

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

Business Structure – subsidiaries and associate companies

The promoter of the Company, Mr. Nitesh Shetty has committed to carry out all real estate development business through the Company and will not carry out competing business through any other entity. In order to facilitate investors who wish to invest in the business in a limited segment, special purpose vehicles will be formed by the Company. The subsidiary of the Company, Nitesh Housing Developers Pvt Ltd and Nitesh Residency Hotels Pvt Ltd exemplify this. Nitesh Property Management Pvt Ltd is a wholly owned subsidiary created to carry out the business of facility Management.

Geographical Footprint

The Company believes that deep insights into the community and clientele it serves, a good understanding of the policies, priorities and processes of the local Government administering the geographical segment is essential to succeed in the market place. The Company therefore has chosen to operate in the Southern Indian market. Majority of the projects in the current pipeline is located in Bangalore which is the headquarters of the Company. The Company has acquired rights over land in Kochi and Chennai and is cautiously but actively looking for opportunities in the two cities. The Company scans the Hyderabad real estate market but has no land arrangements currently. The Company has one project in Goa which is under construction stage and has undertaken this because it represented a great opportunity to create a lifestyle project and is not seeking to expand its presence in the State.

Market Segments

The Company is in the four business segments of real estate – homes, hotels, office buildings and shopping malls. The homes segment is a “build and sell” business where the payback period is low whereas the other three segments are “build and earn” capital intensive businesses where the payback period is high. With the objective of diversifying its business risk, the Company aims at maintaining a right balance among the four segments. Currently, there are 10 projects in the construction stage, 8 of which are in the homes segment, 1 in the hotels segment and 1 in the shopping malls segment.

Business Priorities and Critical Enablers

There are five business priorities:

- Business Growth –There are 11 projects currently in execution having a developable area of 5.94 million sq ft. There are another 5 projects having a developable area of 3.54 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.

- Brand Leadership – Brand research carried out through an external research firm has shown a significant improvement in the brand awareness of the Company over the course of last one year. During the current year further enhancement in top of the mind recall is targeted. We are also looking at enhancing the quality of awareness by increasing the percentage of people who will consider the Nitesh brand for purchase.

- Execution Excellence – the consumers are highly discerning and the market is competitive. For success in the market place timeliness and quality of delivery are the differentiators.

- Cost Leadership – With the increase in the volume of procurement, we are well placed to excite vendors with high volume purchases in return for preferential price and terms of business. There is two pronged focus – one led by the costing team which has a material centric focus which looks at the market for the right materials and drives value engineering decisions. The other is led by a vendor centric focus which determines the best partners to work with and provides them with the volume to help them to reduce their cost to us.

- Cash-flow Management – Tight control on accounts receivables and accounts payables with the objective of reducing the interest burden.

The above mentioned priorities require the following enablers:

- Energised Team – Building an energised team requires training the focus of all resources towards a common goal, structuring the organisation to meet the needs of the business, setting out clearly the job descriptions of all employees, clearly spelling out the key performance indicators and laying out policies for rewards and recognition. Accenture was contracted to develop and document the organisation structure. The first part of the project is nearing completion.

- Building a high performance culture – Concurrent with the initiative mentioned above, Accenture has also carried out an exercise to understand the gap between the perceived culture and the desired culture. Actions required to bridge the gap have been defined and are under implementation.

- Work Processes, Operating rigour and rhythm – Laying down the schedule of review meetings and standardising the dashboards, metrics and tracking tools to make the review effective and the operations efficient. SAP has been successfully implemented as the ERP platform. The functionality is now being enhanced further by improving the way in which reports are generated and displayed.

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 54% 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. The disposable income has been steadily increasing and there is easier availability of consumer finance. The urban infrastructure has been creaking but there are developments taking place. All the aforesaid aspects result in opportunities in all segments of real estate.

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

- 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.
- legislative and bureaucratic decisions resulting in sudden changes in costs and delays in approvals related with projects

Risk management

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

Control Systems

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

Human Resources Development

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

Our work-force consists of our permanent employees, consultants and labour work force that work at projects through sub-contractors. As of March 31, 2012, we had 235 employees.

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2012

NITESH SHETTY
Chairman & Managing Director

Annexure IV

Report on Corporate Governance

Company's Philosophy on Code of Governance

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

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

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

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

1. *Board of Directors*

a) Composition

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

The Board of Directors of the Company consisted of 10 (Ten) Directors, which includes the Managing Director and two Whole time Director / Executive Director who are not liable to retire by rotation. The remaining seven are Non-Executive Directors, of which five are Independent Directors.

The composition of the Board is as under:

Category of Directors	Names of Directors
Non- Independent	Mr. Nitesh Shetty – Chairman & Managing Director Mrs. Pushpalatha V Shetty – Non Executive Director
Whole time/ Executive Non-Independent	Mr. L S Vaidyanathan – Executive Director – Business Development Mr. Ashwini Kumar – Executive Director and Chief Operating Officer*
Non-Executive -Non-Independent	Mr. Mahesh Bhupathi
Non-Executive – Independent	Mr. G N Bajpai Mr. Darius Erach Udwadia Mr. James Stephen Brent Mr. Rangaswamy Iyer Mr. Ashok T Aram

* Mr. Ashwini Kumar was inducted to the Board on April 19, 2012 designated as Executive Director & Chief Operating Officer.

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

The Board met 8 (eight times) on the following dates during the financial year 2011-2012.

April 20, 2011	August 12, 2011
May 30, 2011	November 14, 2011
July 6, 2011	December 13, 2011
July 21, 2011	February 14, 2012

Name	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Other Directorships held in Public Companies as at March 31, 2012*		Number of Chairmanship/ Committee membership as at March 31, 2012*	
					Chairman	Director	Chairman	Member
Mr. Nitesh Shetty	Chairman & Managing Director	8	5	Yes	-	-	-	-
Mr. L S Vaidyanathan	Executive Director	8	8	Yes	-	-	-	2
Mr. Ashwini Kumar ++	Executive Director & Chief Operating Officer	8	Nil	Nil	-	-	-	-
Mrs. Pushpalatha V Shetty	Non Executive Non Independent Director	8	Nil	No	-	-	-	-
Mr. Mahesh Bhupathi	Non Executive Non Independent Director	8	2	Yes	-	-	-	1
Mr. G N Bajpai	Independent Director	8	6	Yes	-	14	5	5
Mr. Darius Erach Udwadia	Independent Director	8	7	Yes	1	11	1	9
Mr. James Stephen Brent	Independent Director	8	1	No	-	-	-	-
Mr. Rangaswamy Iyer	Independent Director	8	6	Yes	-	1	1	1
Mr. Ashok T Aram	Independent Director	8	Nil	No	-	-	-	-

Note:

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

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

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

++d. Appointed as Additional Director W.E.F April 19, 2012

c) Code of Conduct

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

2. *Audit committee*

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

a) The Terms of reference of the Audit Committee cover all areas prescribed by Clause 49 II (D).

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

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

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

April 19, 2011	September 12, 2011
May 30, 2011	November 14, 2011
August 11, 2011	February 14, 2012

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

Name	Category	Meetings held during the year	Attendance
Mr. Rangaswamy Iyer	Chairman	6	6
Mr. Darius Erach Udwadia	Member	6	6
Mr. L S Vaidyanathan	Member	6	6
Mr. G N Bajpai*	Member	6	Nil

Mr. Rangaswamy Iyer, Mr. Darius Erach Udwadia and Mr. G N Bajpai are Non-Executive Independent Directors.

* Appointed as Member of the Audit Committee with effect from May 15, 2012.

3. *Share Holders/ Investors Grievance Committee*

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

Name	Category
Mr. Mahesh Bhupathi - Non-Executive Director	Chairman
Mr. L S Vaidyanathan - Executive Director	Member

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

Particulars	Nos.
Complaints received during the year ended March 31, 2012	18
Complaints resolved during the year ended March 31, 2012	18
Complaints outstanding as on March 31, 2012	Nil

4. *Remuneration Committee*

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

a) Composition:

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

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

Name	Category	Meetings held during the year	Attendance
Mr. G N Bajpai	Chairman – Non-Executive Independent Director	2	2
Mr. Darius Erach Udwadia	Member – Non-Executive Independent Director	2	2
Mr. Rangaswamy Iyer	Member – Non-Executive Independent Director	2	2
Mr. Nitesh Shetty	Member (Chairman & Managing Director)	2	2

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

1. Determination of remuneration packages for executive directors including pension rights and any compensation payments. To determine the minimum remuneration to executive directors as required under Schedule XIII of the Companies Act, 1956.
2. The Remuneration Committee shall also function as Compensation Committee to look after the Compensation & Benefits of employees. The same committee shall also consider the benefit and administration of the ESOP or any other similar scheme under the Securities Exchange Board of India Guidelines as and when the same is considered by the Board.
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

c) Remuneration Policy

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

Remuneration paid or payable to Managing Directors for the year ended March 31, 2012

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Others (Contribution to Provident Fund (Rs.)	Total (Rs.)
Mr. Nitesh Shetty* Chairman & Managing Director	1,22,84,364	Nil	9,360	1,22,93,724
Mr. L S Vaidyanathan* Executive Director	1,16,90,640	Nil	9,360	1,17,00,000

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

Non-Executive Directors are remunerated by way of fees for meetings of the Board or any Committee of the Board attended by them respectively.

Non-Executive Directors

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

Name of Director	Sitting Fees (Rs.)
Mrs. Pushpalatha V Shetty	Nil
Mr. Mahesh Bhupathi	40,000.00
Mr. G N Bajpai	1,60,000.00
Mr. Darius Erach Udwadia	3,00,000.00
Mr. James Stephen Brent	20,000.00
Mr. Rangaswamy Iyer	3,00,000.00
Mr. Ashok T Aram	Nil

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

5. ***General Meetings***

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

Year	Date	Time	Location
2011	September 28, 2011	3.00 PM	Chowdiah Memorial Hall, G. D. Park Extension, Vyalikaval, Bangalore – 560 003
2010	September 29, 2010	10.30 AM	Dr. B R Ambedkar Bhawan, Millers Road, Bangalore – 560 052
2009	September 30, 2009	10.00 AM	Nitesh Timesquare, 7th Floor, No. 8, M G Road, Bangalore - 560 001

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

Day, Date & Time of AGM	No of Special Resolutions Passed	Special Resolution passed through show of hands
Wednesday September 28, 2011	1	Re-appointment of Mr. L. S. Vaidyanathan as a Whole-time Director designated as "Director-Business Development" for a period of three years from 1st April 2011 up to and including 31st March 2014 and the remuneration payable to Mr. L. S. Vaidyanathan including the minimum remuneration payable in the event of any loss or inadequacy of profits in any financial year or during the tenure of his appointment as Whole-time Director.
Wednesday September 29, 2010	1	Change in fund utilization raised from IPO pursuant to Section 61 of the Companies Act, 1956, and Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.
Wednesday September 30, 2009	3	Re-classification of shares under Clause V of the Memorandum of Association.
		Increase in authorised share capital from Rs. 10 Crores to Rs. 150 Crores.
		Alteration of sub-clause (g) of Clause (4) of the Articles of Association.

Extraordinary General Meeting (EGM):

No Extraordinary General meetings were held during the financial year 2011-12.

c) Postal Ballot:

During the year, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, one postal ballot was conducted to 1) Re-appointment and remuneration payable to Mr. Nitesh Shetty, Chairman & Managing Director and 2) To make investments, loans and giving of guarantee under Section 372A of the Companies Act, 1956.

Details of the Postal Ballot conducted are as follows:

Resolution No. 1 - Re-appointment and remuneration payable to Mr. Nitesh Shetty, Chairman & Managing Director

Particulars	No. of Equity Shares of Rs.10 each (No. of Votes)	Percentage of Vote received
Total Postal Ballot Votes received	**6,79,46,345**	
Less: Invalid Postal Ballot Votes	**1,31,052**	
Net Valid Postal Ballot Votes	**6,78,15,293**	100.00%
Assented to Resolution	**6,78,00,038**	99.89%
Dissented to Resolution	**15,255**	0.02%

Result:

The votes cast in favour of the Special Resolution are **99.89%** of the total votes received and consequently, the Special Resolution mentioned in the Item No 1 of the Notice dated 13th December 2011 has been declared as passed by the requisite majority.

Resolution No. 2 - To make investments, loans and giving of guarantee under Section 372A of the Companies Act, 1956:

Particulars	No. of Equity Shares of Rs.10 each (No. of Votes)	Percentage of Vote received
Total Postal Ballot Votes received	**6,79,45,139**	
Less: Invalid Postal Ballot Votes	**1,27,005**	
Net Valid Postal Ballot Votes	**6,78,18,134**	100.00%
Assented to Resolution	**6,63,09,186**	97.78%
Dissented to Resolution	**15,08,948**	2.22%

Result:

The votes cast in favour of the Special Resolution are **97.78%** of the total votes received and consequently, the Special Resolution mentioned in the Item No 2 of the Notice dated 13th December 2011 has been declared as passed with the requisite majority.

Procedure adopted for Postal Ballot

i) The Board at its meeting held on December 13, 2011 approved the items of business to be passed through postal ballot and authorized the Mr. L S Vaidyanathan, Executive Director and the Mr. D Srinivasan, Company Secretary to be responsible for the entire process of postal ballot.
ii) Mr. S Kedarnath, Company Secretary in Practice, (Certificate of Practice Number: 4422) 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 December 28, 2011 along with a self-addressed Business Reply envelope addressed to the Scrutinizer.
iv) An advertisement was published in newspapers, in English in Financial Express and in Kannada in Hosadigantha on December 30, 2011 about the dispatch of ballot papers and notice of postal ballot.
v) The duly completed postal ballot papers were received by the Scrutinizer.
vi) Scrutinizer gave his report to the Chairman & Managing Director on January 30, 2012.
vii) The Chairman & Managing Director announced the results of the postal ballot on January 30, 2012.

Result:

The results of the Postal Ballot were announced by the Chairman & Managing Director on January 30, 2012 at the Company's Registered Office. The votes cast in favor of the Special Resolution set out in the Notice sent with the Postal Ballot were 99.89% for resolution No. 1 and 97.78% for Resolution No. 2 of the total votes received. Consequently, the Special Resolutions mentioned in the Item No 1 and 2 of the Notice was declared as having been passed with the requisite majority.

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

6. *Subsidiary companies*

The Company has following unlisted subsidiary companies as on March 31, 2012.

i. Nitesh Indiranagar Retail Private Limited
ii. Nitesh Urban Development Private Limited
iii. Nitesh Housing Developers Private Limited
iv. Kakanad Enterprises Private Limited (formerly known as Nitesh Kochi Projects & Developers Private Limited)
v. Nitesh Property Management Private Limited

Out of the aforesaid subsidiaries, Nitesh Housing Developers Private Limited is a material non-listed subsidiary of the Company.

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

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

7. ***Disclosures:***

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

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

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

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

C. **CEO/CFO Certification**

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement on the financials for the year ended March 31, 2012 a copy of which is attached to this report.

D. **Whistle Blower Policy**

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

E. **NON-MANDATORY REQUIREMENTS:**

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

i. The Company has set up a Remuneration Committee pursuant to and in conformity with schedule XIII of the Companies Act, 1956 which has been detailed above.

ii. The Board of Directors of the Company comprises a perfect combination of Executive and Non-Executive Directors who are professionals in their respective area.

8. ***Means of Communication:***

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

   i. Financial Express (English Daily) and
   ii. Hosa Digandha (Kannada)

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

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

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

General Shareholder Information

I. **Annual General Meeting**

Date	:	Wednesday, September 26, 2012
Time	:	2.00 PM.
Venue	:	Chowdiah Memorial Hall, G.D. Park Extension, Vyalikaval, Bangalore 560 003

II. Financial Calendar

Financial Year : April 1 to March 31

III. Date of Book Closure

The Companies Register of Members and Share Transfer Book's will remain closed from September 22, 2012 to September 26, 2012 (both days inclusive) for the purpose of AGM.

IV. Listing Information

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

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

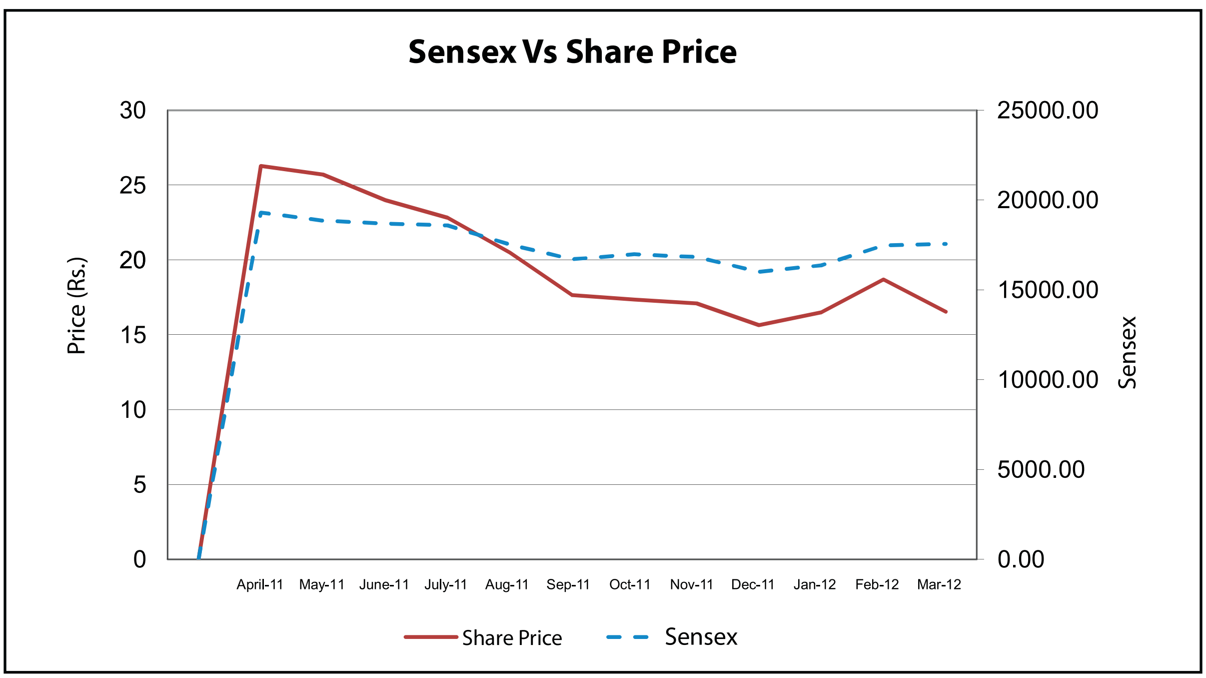
The ISIN Number of the Company's Equity share is **NE639K01016**.

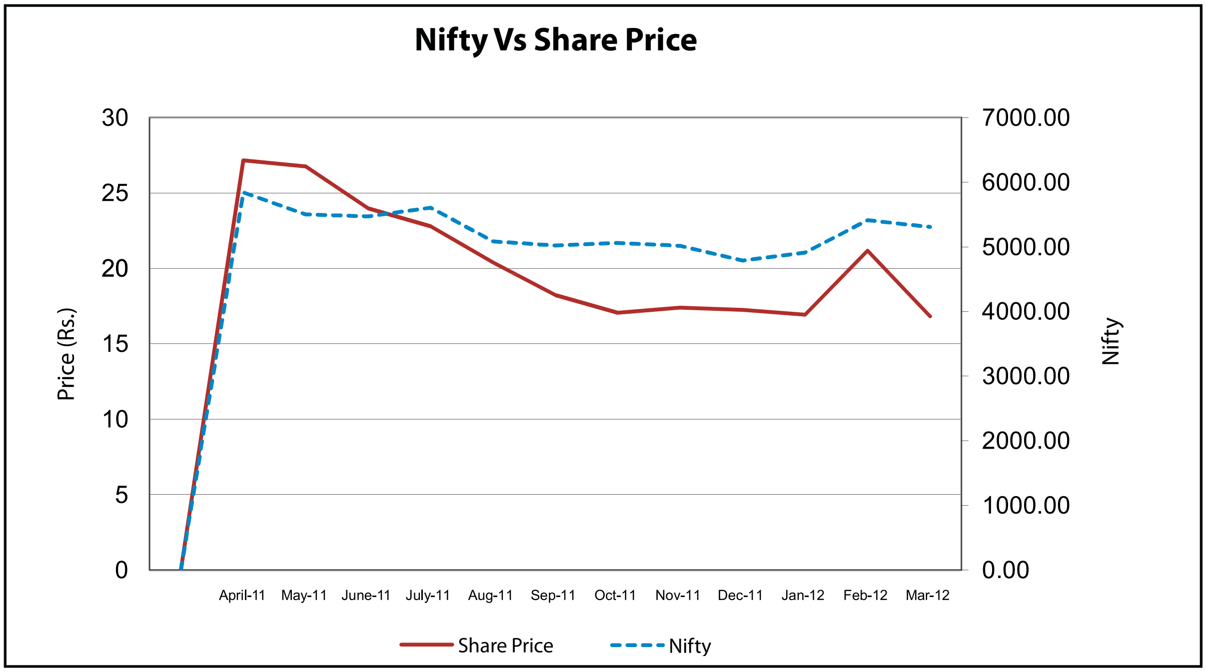
V. Stock Data

a. Monthly High & Low prices at BSE & NSE during the Financial Year 2011-12

	Bombay Stock Exchange Limited (in Rupees)		National Stock Exchange of (India) Limited (in Rupees)	
	High	**Low**	**High**	**Low**
April – 2011	30.80	25.10	31.70	22.60
May – 2011	29.10	24.40	29.20	24.30
June – 2011	25.75	22.05	25.85	22.10
July – 2011	24.40	21.25	24.45	21.10
August – 2011	22.70	18.00	22.90	17.85
September – 2011	20.35	16.15	20.40	16.05
October – 2011	18.85	15.15	18.50	15.60
November – 2011	19.45	15.25	19.65	15.15
December – 2011	17.70	13.60	17.75	13.50
January – 2012	19.20	14.71	19.35	14.50
February – 2012	24.85	17.80	25.00	17.35
March – 2012	21.9	13.8	19.90	13.75

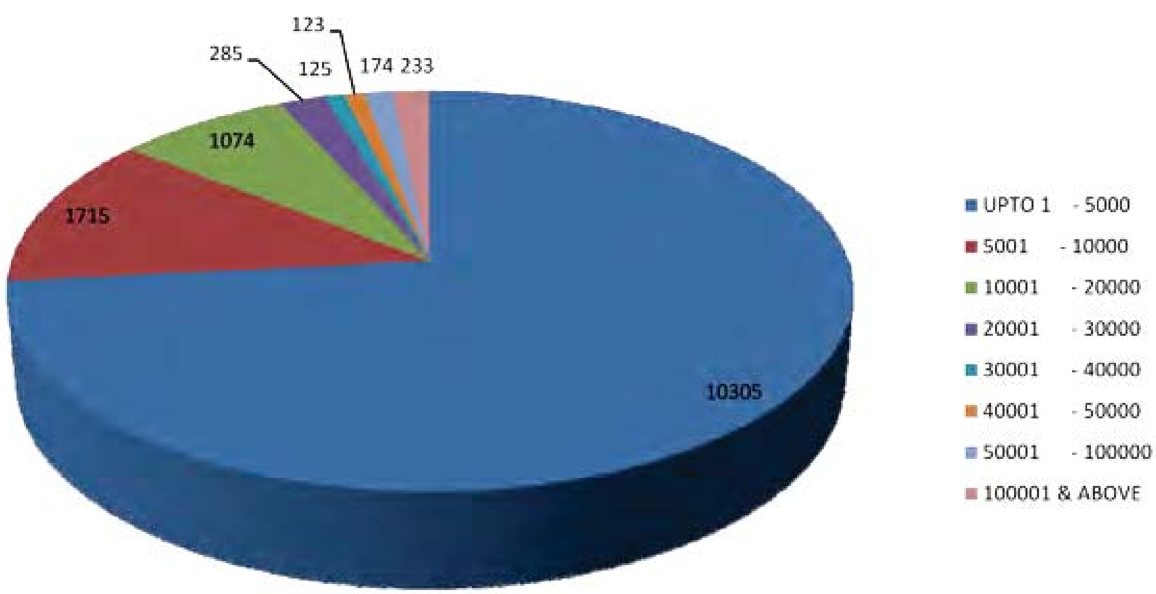
b. The Company's share performance compared to BSE Sensex & Nifty





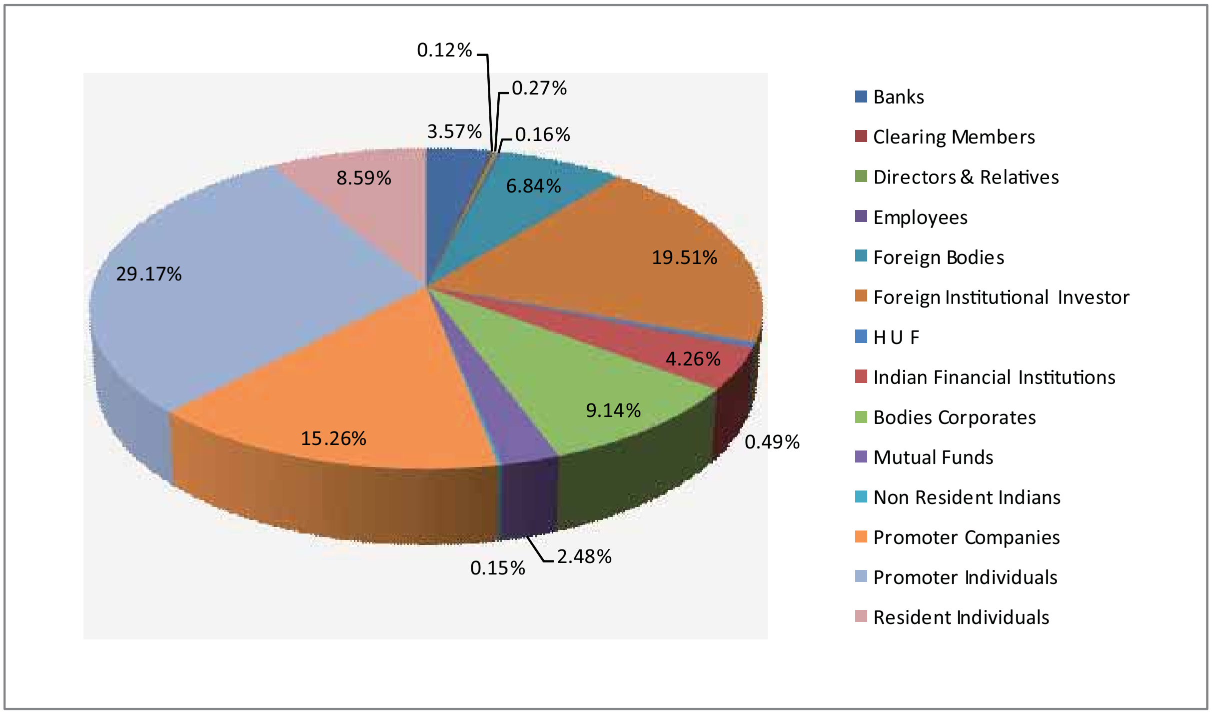
c. Distribution of shareholding as on March 31, 2012

Category	No of Shareholders	% of Shareholders	Amount	% Amount
UPTO 1 - 5000	10305	73.43	20184590	1.38
5001 - 10000	1715	12.22	14711780	1.01
10001 - 20000	1074	7.65	17180160	1.18
20001 - 30000	285	2.03	7457890	0.51
30001 - 40000	125	0.89	4459580	0.31
40001 - 50000	123	0.88	5881930	0.40
50001 - 100000	174	1.24	13654890	0.94
100001 & ABOVE	233	1.66	1374790180	94.27
Total	14034	100.00	1458321000	100.00



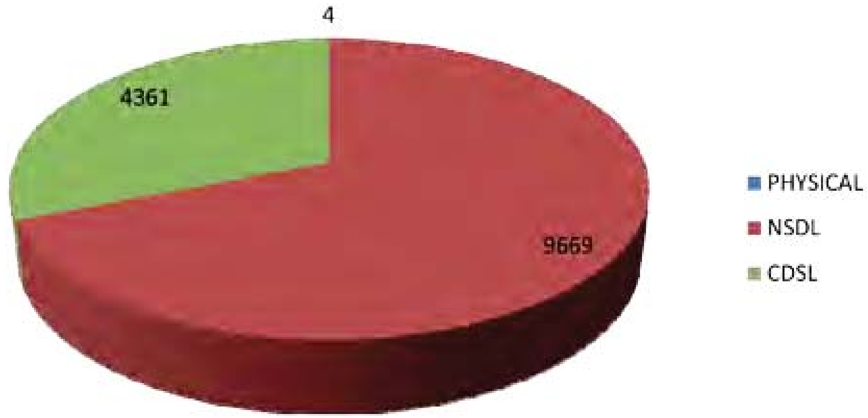
d. Shareholding pattern as on March 31, 2012

Description	No. of Shareholders	Total Shares	% Paid up Equity
Banks	3	5202872	3.57
Clearing Members	31	176037	0.12
Directors & Relatives	6	395911	0.27
Employees	27	227300	0.16
Foreign Bodies	1	9969312	6.84
Foreign Institutional Investor	7	28447741	19.51
H U F	350	716993	0.49
Indian Financial Institutions	1	6208422	4.26
Bodies Corporates	416	13330722	9.14
Mutual Funds	2	3615558	2.48
Non Resident Indians	143	214725	0.15
Promoter Companies	4	22254731	15.26
Promoter Individuals	4	42544985	29.17
Resident Individuals	13039	12526791	8.59
Total	**14034**	**145832100**	**100**



e. Shares held in physical and dematerialized form as on March 31, 2012

Description	No of Holders	No of Shares	% To Equity
PHYSICAL	4	8	0.00
NSDL	9669	138408263	94.91
CDSL	4361	7423829	5.09
TOTAL	**14034**	**145832100**	**100.00**



f. Details of Demat Suspense Account:

Sl. No.	Particulars	No of Cases	No of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (i.e. May 13, 2010 date of listing)	1	100
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	1	100
3	Number of shareholders to whom shares were transferred from suspense account during the year	1	100
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Nil	Nil

g. Share Transfer

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

h. Registrar and Transfer Agents.

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

i. Compliance Officer:

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

CONFIRMATION OF THE CODE OF CONDUCT BY CHAIRMAN & MANAGING DIRECTOR

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

I confirm that the company has, in respect of financial year ended March 31, 2012, received from the senior management personnel of the Company and the Members of the Board, a Declaration on compliance with the code of Conduct as per applicable to them.

Place : Mumbai
Date : May 25, 2012

Nitesh Shetty
Chairman & Managing Director

PRACTICING COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

To

The Share Holders of
Nitesh Estates Limited

We have examined the compliance of conditions of Corporate Governance by Nitesh Estates Limited for the year ended 31st March, 2012 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

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

Sudhindra K. S.
For S Kedarnath & Associates
Company Secretaries,
CP No. 8190
ACS 22599

Place : Bangalore
Date : May 25, 2012

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

To

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

Dear Sir,

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

a. We have reviewed financial statements and the Cash Flow statement for the year ended 31st March 2012 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. That there is no fraud which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Nitesh Shetty
Chairman & Managing Director

M A Venkateshan
Chief Finance Officer

Place : Mumbai
Date : May 25, 2012

Standalone Accounts

Auditor's Report

To

The Members of Nitesh Estates Limited

1. We have audited the attached balance sheet of Nitesh Estates Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Without qualifying our opinion, we draw attention to:

   a. Note 39 of the financial statements regarding advance against property amounting to Rs.215,000,000 as at March 31, 2012 towards purchase of land. The Company has initiated legal proceedings in respect of the aforesaid arrangement. Pending the ultimate outcome of the legal proceedings and based on legal advice, no adjustments have been made to the financial statements for the year ended March 31, 2012.

   b. Note 29(d) of the financial statements regarding sales returns from a company owned by a key managerial personnel of the Company more fully described therein, having no impact on the loss for the year ended March 31, 2012.

5. *The Company has tax losses during the year ended March 31, 2012 and has deferred tax assets of Rs.38,786,193 as at March 31, 2012 (March 31, 2011-Rs.13,101,834). The Company has recognized deferred tax assets on the basis of future taxable income and ultimate outcome of certain ongoing and proposed projects, which in our opinion, does not meet the requirement of virtual certainty for recognition of deferred tax asset as required under Accounting Standard 22 "Accounting for Taxes on Income", notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). This had caused us to qualify our audit opinion on the financial statements relating to the preceding year. Had such deferred tax assets not been recognized, loss for the year would have been higher by Rs.38,786,193 (profit for the year ended March 31, 2011 would have been lower by Rs. 13,101,834). Further, deferred tax assets and reserves and surplus as at March 31, 2012 would have been lower by Rs.38,786,193 (March 31, 2011-Rs.13,101,834).*

6. *As of March 31, 2012, the Company has investment of Rs.2,436,388,828 (including Share application money pending allotment of Rs.830,647,828) in subsidiary companies. Based on the audited financial statements of the subsidiary companies as made available to us by the Company, it is observed that the subsidiary companies have given advances amounting to Rs. 828,236,000 to companies owned by or significantly influenced by key managerial personnel, towards real estate projects, which are in various stages of development/ project set-up. Pending settlement of such advances or achievement of profitable operations of such real estate projects in future as the case may be, we are unable to comment on the matter and the consequential effect, if any, on the financial statements for the year ended March 31, 2012.*

7. Further to our comments in the Annexure referred to above, we report that:

   i. *Except for our comment in paragraph 6 above*, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. *Except for our comment in paragraph 5 above*, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. *Except for our comment in paragraph 5 above*, in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us *except for the effect of the matter stated in paragraph 5 above and the possible effect of the matter stated in paragraph 6 above*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
      b. in the case of the statement of profit and loss, of the loss for the year ended on that date; and
      c. in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place : Mumbai
Date : May 25, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Nitesh Estates Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has granted interest-free advances in the nature of loans to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.12,238,190 and the year-end balance was Rs.110,270.

(b) According to the information and explanations given to us, and having regard to management's representation that the interest-free advances are given to parties who are undertaking real estate development projects in which the Company has commercial interest, the rate of interest and other terms and conditions for such advances are not prima facie prejudicial to the interest of the Company.

(c) According to the information and explanations given to us, there are no specific covenants with regard to the repayment of such advances. We are informed that the Company has not demanded repayment of any such advances during the year, and thus, there has been no default on the part of the parties to whom the advances have been granted. The advances given are interest free.

(d) There is no overdue amount of such advances granted to parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has taken interest-free advances in the nature of loans from two parties covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.62,544,628 and the year-end balance was Rs.43,269,441.

(f) In our opinion and according to the information and explanations given to us, the terms and conditions for such interest-free advances are not prima facie prejudicial to the interest of the Company.

(g) According to the information and explanations given to us, there are no specific covenants with regard to the repayment of such advances. As informed to us, the Company has repaid the advances as demanded during the year, and thus, there has been no default on the part of the Company. The advances taken are interest free.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, *however, the* *internal control system with respect to timely documentation for purchase of inventory and for rendering of services require further strengthening*. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment whether the transact ons were made at prevailing market prices at the relevant time.*

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follow:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	418,536	FY 2006-07	Commissioner of Income-tax (Appeals)
		29,857,170	FY 2007-08	
		5,140,706	FY 2008-09	
Finance Act, 1994	Service tax and penalty	31,156,450	FY 2006-08	Customs, Excise and Service Tax Appellate Tribunal

(x) The Company has no accumulated losses at the end of the financial year and *it has incurred cash losses in the current financial year*. In the immediately preceding financial year, the Company had not incurred cash loss.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loan taken by subsidiary from bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company, having regard to management's representation that the guarantee is given to subsidiary in the interest of the Company's business. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans, *except for term loan of Rs.75 million taken and utilized in the previous year and outstanding as at the balance sheet date*, were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place : Mumbai
Date : May 25, 2012

Balance Sheet as at March 31, 2012

	Notes	As at 31-Mar-12	As at 31-Mar-11
			Amount in Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,458,321,000	1,458,321,000
Reserves and surplus	4	3,133,658,136	3,181,525,532
		4,591,979,136	**4,639,846,532**
Non-current liabilities			
Long-term borrowings	5	126,769,883	2,343,655
Long-term provisions	6	3,811,987	4,159,427
		130,581,870	**6,503,082**
Current liabilities			
Short-term borrowings	7	415,100,000	150,000,000
Trade payables	8	304,364,713	205,674,433
Other current liabilities	9	702,556,962	287,881,019
Short-term provisions	6	10,262,405	50,050,513
		1,432,284,080	693,605,965
Total		**6,154,845,086**	**5,339,955,579**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	33,575,211	39,940,320
Intangible assets	11	32,098,670	3,465,278
Intangible assets under development		-	32,768,040
Non-current investments	12	2,317,149,023	667,606,562
Deferred tax assets (net)	13	38,786,193	13,101,834
Long- term loans and advances	14	1,845,883,003	3,037,808,787
Other non-current assets	16	2,435,817	3,050,000
		4,269,927,917	**3,797,740,821**
Current assets			
Current investments	17	-	1,237,154
Inventories	18	634,778,116	346,642,106
Trade receivables	15	368,496,629	533,193,590
Cash and bank balances	19	36,611,797	11,347,978
Short-term loans and advances	14	745,158,392	594,792,012
Other current assets	16	99,872,235	55,001,918
		1,884,917,169	1,542,214,758
Total		**6,154,845,086**	**5,339,955,579**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567

Place: Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place: Mumbai
Date : May 25, 2012

Statement of Profit and Loss for the year ended March 31, 2012

Amount in Rupees

	Notes	Year ended 31-Mar-12	Year ended 31-Mar-11
Income			
Revenue from operations	20	790,313,861	977,134,993
Other income	21	1,174,420	106,805,524
Total revenue (I)		**791,488,281**	**1,083,940,517**
Expenses			
Land purchase cost	29(d)	2,503,057	97,909,202
Cost of material consumed	22	18,787,253	132,037,696
Subcontracting charges		658,603,794	527,309,452
Purchase of developed property (apartment)		-	70,562,885
(Increase)/decrease in inventories	23	(288,136,010)	(153,551,645)
Employee benefits expense	24	116,027,218	138,833,103
Other expenses	25	271,041,271	178,421,292
Total Expenses (II)		**778,826,583**	**991,521,985**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		**12,661,698**	**92,418532**
Depreciation and amortization expense	26	18,132,267	6,567,103
Finance costs	27	65,824,805	56,903,755
Profit/(loss) before tax		**(71,295,374)**	**28,947,674**
Tax expenses			
Current tax		-	-
Deferred tax charge/(credit)		(25,684,359)	(8,702,330)
Total tax expense		(25,684,359)	(8,702,330)
Profit/(loss) for the year		**(45,611,015)**	**37,650,004**
Earnings per equity share			
[nominal value of share Rs.10 (Previous year : Rs.10)]			
Basic and Diluted		(0.31)	0.27
Weighted average number of shares used in computing basic and diluted earnings per share		145,832,100	137,612,922
Net profit/(loss) used in computing basic and diluted earnings per share		(45,611,015)	37,650,004
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567

Place: Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place: Mumbai
Date : May 25, 2012

Cash Flow Statement for the year ended March 31, 2012

Amount in Rupees

	Year ended 31-Mar-12	Year ended 31-Mar-11
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**(71,295,374)**	**28,947,674**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in association of persons (post-tax)	-	(17,571,481)
Depreciation and amortization expense	18,132,267	6,567,103
Finance costs	64,386,884	56,024,049
Interest income	(472,243)	(4,047,120)
Dividend income	(47,064)	(38,734,787)
Operating profit/ (loss) before working capital changes	**10,704,470**	**31,185,438**
Movements in working capital:		
Increase / (decrease) in trade payables	98,690,280	9,626,463
Increase / (decrease) in other liabilities	414,675,943	(98,043,010)
Increase / (decrease) in provisions	(42,391,929)	3,985,676
(Increase) / decrease in inventories	(288,136,010)	(153,551,645)
(Increase) / decrease in trade receivables	164,696,961	(239,379,359)
(Increase) / decrease in loans and advances	(415,437,010)	(214,011,389)
(Increase) / decrease in other current assets	(44,525,704)	(55,946,507)
Cash (used in) / generated from operations	**(101,722,999)**	**(716,134,333)**
Direct taxes paid (net of refunds)	-	(15,524,995)
Net cash (used in)/ generated from operating activities - (A)	**(101,722,999)**	**(731,659,328)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets including intangible assets, Intangible assets under development and capital advances	(7,632,510)	(37,375,837)
Investment in subsidiaries (including share application money)	(236,641,000)	(2,146,490,061)
Refund of share application money from subsidiaries	248,196,414	-
Purchase of investments in associates	(204,101,461)	(130,000,000)
Purchase of current investments - mutual fund units	-	(9,599,467,950)
Investment in fixed deposit with maturity of more than 3 months	(598,057)	(1,431,943)
Proceeds from sale of current investments - mutual fund units	1,284,218	9,638,012,143
Interest received	741,813	3,715,590
Net cash from/ (used in) investing activities - (B)	**(198,750,583)**	**(2,273,038,058)**

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

Amount in Rupees

		Year ended 31-Mar-12	Year ended 31-Mar-11
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,050,000,000
Payment of share issue expenses		-	(313,662,446)
Proceeds from long term borrowings		125,000,000	152,568,712
Repayment of long term borrowings		(573,772)	(959,547,733)
Proceeds from short term borrowings		340,100,000	150,000,000
Repayment of short term borrowings		(75,000,000)	(25,865,000)
Finance costs paid		(64,386,884)	(56,586,644)
Net cash from/ (used in) financing activities - (C)		**325,139,344**	**2,996,906,889**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)		**24,665,762**	**(7,790,497)**
Cash and cash equivalents as at beginning of the year		9,916,035	17,706,532
Cash and cash equivalents as at the end of the year		**34,581,797**	**9,916,035**
Components of cash and cash equivalents:			
Cash on hand		550,237	67,864
Balances with scheduled banks:			
In Current accounts		22,231,560	9,848,171
In Deposit accounts		11,800,000	-
		34,581,797	**9,916,035**
Summary of significant accounting policies	2.1		

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567

Place: Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place: Mumbai
Date : May 25, 2012

Notes to Financial Statements for the year ended March 31, 2012

1. Corporate information

Nitesh Estates Limited (the Company or 'NEL') was incorporated on February 20, 2004. NEL 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.

On April 23, 2010, the Company launched its Initial Public Offer (IPO) of 75,000,000 equity shares of Rs. 10 each for cash at a price of Rs.54 each and raised capital of Rs.4,050,000,000. Pursuant to the IPO, the Company's shares are listed on The National Stock Exchange and The Bombay Stock Exchange effective May 13, 2010.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed assets

i. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

ii. Intangible fixed assets

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from derecognition of intangible fixed assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d) Depreciation / amortisation

Depreciation on assets is provided using written down value method ('WDV') at the rates prescribed under Schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets.

	Schedule XIV Rates (WDV)
Computers	40.00%
Office Equipment	13.91%
Furniture and Fittings	18.10%
Motor Cars	25.89%

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

Assets individually costing less than or equal to Rs.5,000 are fully depreciated in the year of purchase.

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.

e) Impairment of tangible and intangible fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements 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 the value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes direct and indirect expenditure, which is determined based on specific identification to the construction activity.

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from contractual activities

Revenue from fixed price construction contracts is recognised by reference to the stage of completion of the project at the reporting date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. When estimated contract costs exceed contract revenue, the expected loss is recognized immediately.

Revenue from cost plus construction contracts is recognized on the basis of an agreed mark up on costs incurred, in accordance with the terms of the agreement entered into by the Company and its customers.

Revenue from other contractual activities is recognized as activities are performed, on an accrual basis, based on arrangements with concerned parties.

Contract revenue earned in excess of billing has been reflected under "Other current assets" and billing in excess of contract revenue has been reflected under "Other current liabilities" in the balance sheet.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Income from property development

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

Income from sale of developed property

Revenue from sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such developed property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

Share in profits of Association of Person ('AOP')

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

Interest income

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

j) Foreign currency translation

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

k) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the reporting date. The gratuity liability is not externally funded. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have any unconditional right to defer its settlement for 12 months after the reporting date.

m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

n) Advances/deposits against property

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognized as 'Advances against property' under Loans and Advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to work in progress.

Deposits paid by the Company to the seller towards right for development of land in exchange of constructed area are recognized as deposits under Loans and Advances, unless they are non-refundable, wherein they are transferred to inventories on the launch of project.

o) Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r) 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.

s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss). In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Particular	As at 31-Mar-12	As at 31-Mar-11
	Amount in Rupees	
3. Share capital		
Authorised shares		
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 shares		
145,832,100 (Previous year : 145,832,100) Equity shares of Rs.10 each	1,458,321,000	1,458,321,000
Total issued, subscribed and fully paid-up share capital	**1,458,321,000**	**1,458,321,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year Equity shares:

	31- Mar-12		31- Mar-11	
	No. of shares	**Amount in Rupees**	**No. of shares**	**Amount in Rupees**
At the beginning of the year	145,832,100	1,458,321,000	70,832,100	708,321,000
Issued during the year	-	-	75,000,000	750,000,000
Outstanding at the end of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000

(b) Terms/rights 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 March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs.Nil (Previous year : Rs.0.25).

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.

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

	31-Mar-12	31-Mar-11
	No. of shares	**No. of shares**
Equity shares allotted during the year ended March 31, 2010 as fully paid bonus shares by capitalisation of securities premium of Rs.567,020,724 and balance in profit and loss account of Rs.61,027,176 in the ratio of nine equity shares for every one equity share held.	62,804,790	62,804,790

(d) Details of shareholders holding more than 5% shares in the Company

	31- Mar-12		31- Mar-11	
	No. of shares	**% of holding in the class**	**No. of shares**	**% of holding in the class**
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,513,685	29.15	42,308,385	29.01
Nitesh Industries Private Limited	14,205,386	9.74	12,767,096	8.75
Nomura India Investment Fund Mother Fund	12,971,738	8.89	12,971,738	8.89
HSBC Bank (Mauritius) Limited	11,666,062	8.00	11,666,062	8.00
AMIF I Limited	9,969,312	6.84	10,203,700	7.00

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

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

	As at 31-Mar-12	As at 31-Mar-11
	Amount in Rupees	
4. Reserves and surplus		
Securities premium account		
Balance as per the last financial statements	3,125,854,554	139,517,000
Add : Premium on issue of equity shares (Refer note 41)	-	3,300,000,000
Less: Share issue expenses (Refer note 41)	-	(313,662,446)
Closing balance	3,125,854,554	3,125,854,554
Surplus in the statement of profit and loss		
Balance as per last financial statements	55,670,978	58,138,151
Profit/(loss) for the year	(45,611,015)	37,650,004
Less: Appropriations		
Proposed equity dividend [amount per share Rs. Nil (Previous year : Rs.0.25)]	-	34,403,230
Tax on proposed equity dividend	-	5,713,947
Dividend for the preceding year	2,055,767	-
Tax on dividend for the preceding year	200,614	-
Total appropriations	2,256,381	40,117,177
Net surplus in the statement of profit and loss	7,803,581	55,670,978
Total reserves and surplus	**3,133,658,136**	**3,181,525,532**

Amount in Rupees

	Non-current portion		Current portion	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
5. Long-term borrowings				
Term loans				
Indian rupee loan				
From financial institutions (secured)	126,769,883	2,343,655	594,326	594,472
	126,769,883	2,343,655	594,326	594,472
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(594,326)	(594,472)
	126,769,883	2,343,655	-	-
The above amount includes Secured borrowings	126,769,883	2,343,655	594,326	594,472
The above amounts includes borrowings which have been guaranteed by directors	125,000,000	-	-	-

(a) The Company had taken a loan of Rs.3,154,184 from a financial institution on September 30, 2010 for a period of 60 months. The loan is repayable in 60 monthly installments of Rs. 65,544 with an interest rate of 9.3% per annum. The loan is secured by way of hypothecation of vehicles acquired out of the loan proceeds. The loan balance at the end of the year is Rs. 2,364,209 (Previous year: Rs. 2,938,127).

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

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Long-term		Short-term	
	31-March-12	**31-March-11**	**31-March-12**	**31-March-11**
6. Provisions				
Provision for employee benefits				
Provision for gratuity	3,811,987	4,159,427	193,922	147,380
Provision for leave benefits	-	-	10,068,483	9,785,956
	3,811,987	**4,159,427**	**10,262,405**	**9,933,336**
Other Provisions				
Proposed equity dividend	-	-	-	34,403,230
Tax on proposed equity dividend	-	-	-	5,713,947
	-	-	-	40,117,177
Total	**3,811,987**	**4,159,427**	**10,262,405**	**50,050,513**

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**
7. Short-term borrowings		
Indian rupee loan		
- from a bank (secured)	190,100,000	-
- from a financial institution (secured)	225,000,000	150,000,000
	415,100,000	150,000,000
The above amount includes Secured borrowings	415,100,000	150,000,000
The above amounts includes borrowings which have been guaranteed by directors	415,100,000	150,000,000

Notes:

(a) The Company had taken a loan of Rs.150,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on December 15, 2010 for a period of 18 months. The loan is repayable in 12 monthly installments of Rs. 2.5 crores beginning from the 12th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and hypothecation of receivables of the Company and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs.75,000,000 (Previous year: Rs.150,000,000).

(b) The Company had taken a loan of Rs.190,100,000 (Sanction amount of Rs.300,000,000) from a bank on May 5, 2011 for a period of 36 months. The loan is repayable in 12 monthly installments of Rs. 2.5 crores beginning from the 25th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs.190,100,000 (Previous year: Rs.Nil).

(c) The Company had taken a loan of Rs.150,000,000 (Sanction amount of Rs.350,000,000) from a financial institution on June 23, 2011 for a period of 30 months. The loan is repayable in 12 monthly installments of Rs. 3 crores beginning from the 19th month at an interest rate based on the Corporate Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 150,000,000 (Previous year: Rs.Nil).

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

		Amount in Rupees
	As at 31-Mar-12	**As at 31-Mar-11**
8. Trade payable		
Trade payable	304,364,713	205,674,433
	304,364,713	205,674,433

Note: Based on the information available with the Company, there are no suppliers who are registered as micro, small and medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006.

		Amount in Rupees
	As at 31-Mar-12	**As at 31-Mar-11**
9. Other current liabilities		
Current maturities of long-term borrowings*	594,326	594,472
Advance from customers	416,861,814	258,169,614
Billing in excess of revenue	180,036,602	-
Short term employee benefits payable	4,200,000	-
Statutory dues payable	100,864,220	29,116,933
	702,556,962	287,881,019

* Current maturities of long-term borrowings represents amount repayable within the operating cycle. Amount payable within twelve months Rs.594,326 (Previous year: Rs.594,472).

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Vehicles	Total
10. Tangible assets						
Gross block						
As at 1 April 2010	12,650,934	8,391,223	7,003,281	5,752,627	14,156,867	**47,954,932**
Additions	3,728,447	11,064,798	473,419	2,086,976	3,154,184	**20,507,824**
As at 31 March 2011	16,379,381	19,456,021	7,476,700	7,839,603	17,311,051	**68,462,756**
Additions	-	1,212,710	2,687,050	115,470	-	**4,015,230**
As at 31 March 2012	16,379,381	20,668,731	10,163,750	7,955,073	17,311,051	**72,477,986**
Depreciation						
As at 1 April 2010	3,398,647	6,369,273	2,468,761	2,413,188	8,200,433	**22,850,302**
Charge for the year	1,238,559	1,005,627	678,094	816,204	1,933,650	**5,672,134**
As at 31 March 2011	4,637,206	7,374,900	3,146,855	3,229,392	10,134,083	**28,522,436**
Charge for the year	1,797,728	5,058,906	741,297	924,291	1,858,117	**10,380,339**
As at 31 March 2012	6,434,934	12,433,806	3,888,152	4,153,683	11,992,200	**38,902,775**
Net block						
As at 31 March 2011	11,742,175	12,081,121	4,329,845	4,610,211	7,176,968	**39,940,320**
As at 31 March 2012	9,944,447	8,234,925	6,275,598	3,801,390	5,318,851	**33,575,211**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Computer software	Total
11. Intangible assets		
Gross block		
As at 1 April 2010	4,480,318	4,480,318
Additions	1,236,260	1,236,260
As at 31 March 2011	5,716,578	5,716,578
Additions	36,385,320	36,385,320
As at 31 March 2012	42,101,898	42,101,898
Amortization		
As at 1 April 2010	1,170,997	1,170,997
Charge for the year	1,080,303	1,080,303
As at 31 March 2011	2,251,300	2,251,300
Charge for the year	7,751,928	7,751,928
As at 31 March 2012	10,003,228	10,003,228
Net block		
As at 31 March 2011	3,465,278	3,465,278
As at 31 March 2012	32,098,670	32,098,670

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
12. Non-current investments		
A. Trade investments (valued at cost unless stated otherwise)		
Investments in equity instruments (unquoted)		
Investment in subsidiaries		
23,598,000 equity shares (Previous year: 1,160,000) of Rs.10 each fully paid up in Nitesh Indiranagar Retail Private Limited	1,323,900,000	115,100,000
4,494,900 equity shares (Previous year: 4,494,900) of Rs.10 each fully paid up in Nitesh Housing Developers Private Limited (Refer note 37)	44,949,000	44,949,000
10,000 equity shares (Previous year: 10,000) of Rs.10 each fully paid up in Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects & Developers Private Limited)	100,000	100,000
6,672,000 equity shares (Previous year: 5,100) of Rs.10 each fully paid up in Nitesh Urban Development Private Limited	236,692,000	51,000
10,000 equity shares (Previous year: 10,000) of Rs.10 each fully paid up in Nitesh Property Management Private Limited	100,000	100,000
Investment in associates		
30,680,579 (Previous year: 29,120,579) Class A equity shares of Rs.10 each fully paid up in Nitesh Residency Hotels Private Limited (Refer note 29(c))	605,805,790	410,805,790
Other non-current investments (unquoted)		
Investment in joint ventures		
24% (Previous year: 24%) share in association of persons Nitesh Estates -Whitefield [Includes accumulated share of profit of Rs.64,444,310 (Previous year: Rs.55,342,849)]	105,545,033	96,443,572
	2,317,091,823	**667,549,362**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
B. Other Investments (valued at cost unless stated otherwise)		
Investment in Government and trust securities (unquoted)		
National Savings Certificate	57,200	57,200
	57,200	57,200
	2,317,149,023	667,606,562
Aggregate amount of unquoted investments	2,317,149,023	667,606,562

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.

13. Deferred tax assets (net)

Deferred tax liability		
Fixed assets : Impact of differences between tax depreciation and depreciation/amortization charged for financial reporting	4,191,759	-
	4,191,759	-
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,566,438	4,681,486
Fixed assets : Impact of differences between tax depreciation and depreciation/amortization charged for financial reporting	-	16,348
Effect of tax losses	38,411,514	8,404,000
Gross deferred tax asset	42,977,952	13,101,834
Net deferred tax asset	38,786,193	13,101,834

Note: The Company has tax losses during the year ended March 31, 2012 and 2011. The management is reasonably confident of realization of deferred tax assets based on the future taxable income and ultimate outcome of ongoing and proposed projects.

Amount in Rupees

	Non-current		Current	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
14. Loans and advances				
Capital advances				
Unsecured, considered good	1,600,000	-	-	-
	1,600,000	-	-	-
Security Deposit*	21,388,874	21,015,424	59,382,265	53,482,265
Unsecured, considered good	21,388,874	21,015,424	59,382,265	53,482,265
Loan and advances to related parties				
Unsecured, considered good	-	-	126,704,706	180,592,371
	-	-	126,704,706	180,592,371
Other loans and advances (unsecured, considered good)				
Vendor advances	-	-	307,808,294	170,620,219
Advance income-tax (net of provision for taxation)	42,651,946	21,513,966	-	-
Advance against property*	894,853,850	650,635,155	142,801,121	148,700,752
MAT credit entitlement	7,000,000	7,000,000	-	-
Balances with statutory/government authorities	-	-	108,462,006	41,396,405
Share application money pending allotment	878,388,333	2,337,644,242	-	-
	1,822,894,129	3,016,793,363	559,071,421	360,717,376
	1,845,883,003	3,037,808,787	745,158,392	594,792,012

* Advances/deposits against property though unsecured, are considered good as the advances / deposits have been given based on arrangements/ memorandum of understanding executed by the Company. The Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
(a) Loans and advances include private companies/ firms(including AOP) in which a director of the Company is Director/partner/member		
i. Loan and advances to related parties		
Nitesh Indiranagar Retail Private Limited	110,270	12,238,190
Nitesh Housing Developers Private Limited	-	33,748,380
Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited)	62,210,740	77,685,637
Nitesh Urban Development Private Limited (formerly Nitesh Boat Club Development Private Limited)	38,231,617	3,303,778
Nitesh Estates - Whitefield	-	53,616,386
Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects & Developers Private Limited)	26,152,079	-
ii. Security deposit		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
iii. Advance against property		
Nisco Ventures Private Limited	40,762,955	40,762,955
iv. Share application money pending allotment		
Nitesh Indiranagar Retail Private Limited	-	1,369,622,764
Nitesh Housing Developers Private Limited	830,647,828	906,436,478
Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects & Developers Private Limited)	-	11,585,000
(b) Loans and advances to related parties are as disclosed in note (a) above		
(c) Details of Share application money pending allotment are as under		
Nitesh Indiranagar Retail Private Limited	-	1,369,622,764
Nitesh Housing Developers Private Limited	830,647,828	906,436,478
Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects & Developers Private Limited)	-	11,585,000
Sagar Nitesh Projects Private Limited [(Also, refer note 43)]	50,000,000	50,000,000

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

15. Trade receivable	Non-current 31-Mar-12	Non-current 31-Mar-11	Current 31-Mar-12	Current 31-Mar-11
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	36,616,150	35,330,059
Other receivables	-	-	331,880,479	497,863,531
	-	-	368,496,629	533,193,590

Trade receivables include :	As at 31-Mar-12	As at 31-Mar-11
Due from the Managing Director	-	444,706
Due from a Non Executive Director	-	67,738
Due from Nitesh Residency Hotels Private Limited in which the Company's Managing Director is a Managing Director	79,757,194	13,789,413

Amount in Rupees

16. Other assets	Non-current 31-Mar-12	Non-current 31-Mar-11	Current 31-Mar-12	Current 31-Mar-11
Unbilled revenue	-	-	99,548,989	54,409,102
Interest accrued on bank deposits	-	-	323,246	592,816
Non current bank balances	2,435,817	3,050,000	-	-
	2,435,817	**3,050,000**	**99,872,235**	**55,001,918**

Amount in Rupees

17. Current Investments (valued at lower of cost and fair value)	As at 31-Mar-12	As at 31-Mar-11
Investments in mutual funds (unquoted)	-	1,038,605
Nil (Previous year: 103,842.42) units of Rs. 10 each in Baroda Pioneer PSU Bond Fund	-	198,549
Nil (Previous year: 19,843.04) units of Rs. 10 each in SBI SHF Short Term Fund	-	1,237,154
Aggregate amount of unquoted investments	-	1,237,154

Amount in Rupees

18. Inventories	Non-current 31-Mar-12	Non-current 31-Mar-11	Current 31-Mar-12	Current 31-Mar-11
(valued at lower of cost and net realisable value)				
Land	-	-	307,388,948	193,090,461
Work in progress	-	-	327,389,168	153,551,645
	-	**-**	**634,778,116**	**346,642,106**

Amount in Rupees

19. Cash and bank balances	Non-current 31-Mar-12	Non-current 31-Mar-11	Current 31-Mar-12	Current 31-Mar-11
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	22,231,560	9,848,171
– On deposit accounts with original maturity less than 3 months	-	-	11,800,000	-
Cash on hand	-	-	550,237	67,864
	-	-	34,581,797	9,916,035
Other bank balances				
– Deposits with original maturity for more than 12 months	1,310,817	1,050,000	-	-
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	2,030,000	1,431,943
Margin money deposit	1,125,000	2,000,000	-	-
	2,435,817	**3,050,000**	**36,611,797**	**11,347,978**
Amount disclosed under non-current assets	(2,435,817)	(3,050,000)	-	-
	-	-	36,611,797	11,347,978

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

		Amount in Rupees
	Year ended 31-Mar-12	**Year ended 31-Mar-11**
20. Revenue from operations		
Income from property development	327,268,426	134,208,047
Income from sale of developed property (apartment)	-	120,000,000
Income from contractual activities	569,806,001	705,355,465
Other operating income		
Share of profit from investment in association of persons (post-tax)	9,101,461	17,571,481
	906,175,888	977,134,993
Less: Sales returns:		
Sale of development rights [also refer note 29(d)]	115,862,027	-
	790,313,861	**977,134,993**
21. Other income		
Interest on:		
- Bank deposits	472,243	3,898,289
- Others	-	148,831
Share of profit on sale of Transferable Development Rights ('TDR')	-	52,511,301
Compensation received on cancelation of TDR Contract	-	10,563,869
Dividend income from current investments in mutual funds units	47,064	38,734,787
Other non operating income [net of expenses Rs.Nil (Previous year:Rs.Nil)]	655,113	948,447
	1,174,420	**106,805,524**
22. Cost of material consumed		
Inventory at the beginning of the year	-	-
Add: Purchases	18,787,253	132,037,696
	18,787,253	132,037,696
Less: Inventory at the end of the year	-	-
	18,787,252.99	**132,037,696**
Note: All the materials have been indigenously purchased		
23. (Increase)/decrease in inventories		
Opening work in progress	346,642,106	193,090,461
Less: Closing work in progress	634,778,116	346,642,106
	(288,136,010)	**(153,551,645)**
24. Employee benefits expenses		
Salaries, wages and bonus	112,984,609	140,835,364
Contribution to provident and other funds	1,414,980	1,496,807
Staff welfare expenses	1,627,629	1,459,927
Less: Reimbursement of expenses from a related party	-	(4,958,995)
	116,027,218	**138,833,103**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Year ended 31-Mar-12	Year ended 31-Mar-11
25. Other expenses		
Power and fuel	3,195,760	4,304,669
Rent	20,468,998	16,642,147
Repairs and maintenance - others	7,986,865	9,483,115
Office maintenance expenses	6,166,859	8,589,823
Insurance charges	3,498,446	4,653,683
Rates and taxes [including project approval costs of Rs.Nil (Previous year: Rs.18,905,710)]	1,082,045	19,433,311
Professional and consultancy charges	24,649,605	13,881,249
Architect and other fees	109,649,859	13,553,236
Payment to auditor (Refer details below)	3,555,842	2,830,062
Advertising and sales promotion	69,954,243	53,020,678
Travelling and conveyance	9,902,375	10,613,363
Lease rent - vehicles	1,543,793	2,731,516
Communication expenses	1,673,668	2,158,358
Printing, postage and stationery	3,870,015	4,315,559
Recruitment expenses	-	3,478,998
Director Sitting fees	820,000	620,000
Foreign exchange loss (net)	652,697	-
Donations	-	625,000
Miscellaneous expenses	2,370,201	9,129,593
Less: Reimbursement of expenses from a related party	-	(1,643,068)
	271,041,271	**178,421,292**
Payment to auditor		
As auditor:		
- Audit fee	1,500,000	1,500,000
- Fees for limited reviews	1,200,000	1,200,000
- Other matters	650,000	-
Reimbursement of expenses [excluding service tax of Rs.366,252 (Previous year: Rs.291,496)]	205,842	130,062
	3,555,842	**2,830,062**
26. Depreciation and Amortization		
Depreciation of tangible assets	10,380,339	5,672,134
Amortization of intangible assets	7,751,928	1,080,303
	18,132,267	6,752,437
Less: Reimbursement of expenses from a related party	-	(185,334)
	18,132,267	**6,567,103**
27. Finance costs		
Interest and other charges		
- On loans	63,671,131	55,122,816
- Others	715,753	901,233
Bank charges	1,437,921	879,706
	65,824,805	**56,903,755**

28. Segment reporting

The Company is engaged in the business of real estate development in India. Since, the Company's business activity primarily falls within a single business and geographical segment, no further disclosures are required, other than those already given in the financial statements.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

29. Related party information

a) List of Related parties

Key managerial personnel ('KMP')	Mr. Nitesh Shetty [Managing Director] Mr. L. S. Vaidyanathan [Executive Director]
Subsidiary companies	Nitesh Indiranagar Retail Private Limited Nitesh Housing Developers Private Limited Nitesh Urban Development Private Limited (formerly Nitesh Boat Club Development Private Limited) Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects & Developers Private Limited) Nitesh Property Management Private Limited
Associate company	Nitesh Residency Hotels Private Limited
Joint venture enterprise	Nitesh Estates – Whitefield [Association of persons]
Enterprises owned or significantly influenced by KMP	Globosport India Private Limited Lob Media Private Limited Madison Developers Private Limited Nisco Ventures Private Limited Nitesh Agrico Private Limited Nitesh Airways Private Limited Winter Lands Developers Private Limited (formerly Nitesh Devanahalli Township Private Limited) Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited) Nitesh Energy Private Limited Nitesh Healthcare Private Limited Nitesh Hospitals Private Limited Nitesh Industries Private Limited Nitesh Infrastructure Private Limited Nitesh Land Holdings Private Limited Nitesh Media Private Limited Nitesh Mylapore Developers Private Limited Nitesh Pharmacy Private Limited Nitesh Publishers Private Limited Nitstone Environment Private Limited Nitstone Waste Management Private Limited Nitesh Telecom Private Limited Nitesh Warehousing Private Limited Nitesh Property Management Private Limited Serve & Volley Holdings Private Limited Grass Outdoor Media Private Limited Serve & Volley Outdoor Advertising Private Limited Serve & Volley Signages Private Limited Courtyard Constructions Private Limited Hampton Investments Private Limited Nitesh Healthcare Richmond Trading Enterprises Nitesh Infrastructure and Construction

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

b) Transactions with Related parties **Amount in Rupees**

	Year ended 31-Mar-12	Year ended 31-Mar-11
Income from contractual activities		
Nitesh Residency Hotels Private Limited	318,756,077	301,741,110
Nitesh Estates – Whitefield (refer note f below)	239,529,795	311,263,080
Nitesh Infrastructure and Constructions	11,478,927	4,000,000
Mr. L. S. Vaidyanathan	6,960,229	-
Mr. Nitesh Shetty	-	660,646
Total	**576,725,028**	**617,664,836**
Sales returns - Sale of development rights		
Southern Hills Developers Private Limited (refer note d below)	115,862,027	-
Total	**115,862,027**	-
Share of profit from investment in association of persons (post-tax)		
Nitesh Estates – Whitefield	9,101,461	17,571,481
Total	**9,101,461**	**17,571,481**
Purchase of developed property (apartment)		
Southern Hills Developers Private Limited (refer note a below)	-	28,400,000
Total	**-**	**28,400,000**
Sub-contracting charges		
Nisco Ventures Private Limited	-	29,298,930
Total	-	**29,298,930**
Rent and other charges paid		
Nitesh Infrastructure and Construction	18,774,716	24,718,374
Nitesh Property Management Private Limited	479,583	-
Total	**19,254,299**	**24,718,374**
Advertising and sales promotion expenses		
Grass Outdoor Media Private Limited	-	4,118,381
Serve & Volley Outdoor Advertising Private Limited	16,285,967	6,287,197
Total	**16,285,967**	**10,405,578**
Expenses incurred on behalf of other companies		
Southern Hills Developers Private Limited (refer note b below)	-	7,750,203
Nitesh Housing Developers Private Limited	-	33,693,593
Nitesh Indiranagar Retail Private Limited	-	502,637
Total	**-**	**41,946,433**
Remuneration to KMP		
Mr. Nitesh Shetty (Refer note e below)	12,293,720	12,293,720
Mr. L.S.Vaidyanathan	11,700,000	7,209,360
Total	**23,993,720**	**19,503,080**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

b) Transactions with Related parties (Continued)

Amount in Rupees

	Year ended 31-Mar-12	Year ended 31-Mar-11
Investments made		
Nitesh Residency Hotels Private Limited (refer note c below)	195,000,000	130,000,000
Kakanad Enterprises Private Limited	-	100,000
Nitesh Urban Development Private Limited	236,641,000	51,000
Nitesh Property Management Private Limited	-	100,000
Total	**431,641,000**	**130,251,000**
Allotment of equity shares out of share application money given in earlier years		
Nitesh Indiranagar Retail Private Limited	1,208,800,000	-
Total	**1,208,800,000**	-
Share Application money given/(refunded)		
Nitesh Indiranagar Retail Private Limited	(160,822,764)	1,239,802,583
Nitesh Housing Developers Private Limited (refer note 37 below)	(75,788,650)	906,436,478
Kakanad Enterprises Private Limited	(11,585,000)	-
Total	**(248,196,414)**	**2,146,239,061**
Security Deposits given/(refunded)		
Nitesh Infrastructure and Construction	-	8,652,600
Total	**-**	**8,652,600**
Short term borrowings repaid		
Mr. Nitesh Shetty	-	25,865,000
Total	**-**	**25,865,000**
Share issue expenses		
Grass Outdoor Media Private Limited	-	19,023,807
Serve & Volley Outdoor Advertising Private Limited	-	21,100,390
Total	**-**	**40,124,197**
Assignment of real estate projects received		
Southern Hills Developers Private Limited	-	57,974,609
Total	**-**	**57,974,609**
Guarantees given		
Nitesh Urban Development Private Limited	400,000,000	-
Total	**400,000,000**	**-**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

b) Transactions with Related parties (continued) **Amount in Rupees**

	Year ended 31-Mar-12	Year ended 31-Mar-11
Loan and advances to related parties given/(repaid)		
Nitesh Housing Developers Private Limited	-	69,927,522
Nitesh Estates – Whitefield	-	69,795,266
Southern Hills Developers Private Limited	-	1,482,177
Nitesh Indiranagar Retail Private Limited	(12,127,920)	-
Nitesh Urban Development Private Limited	34,927,839	1,020,300
Nitesh Housing Developers Private Limited	(33,647,137)	(54,604,512)
Nitesh Estates – Whitefield	(53,616,386)	(41,394,703)
Nitesh Urban Development Private Limited	-	(985,255)
Southern Hills Developers Private Limited	(15,474,897)	(12,281,485)

c) Balances outstanding with Related parties **Amount in Rupees**

	As at 31-Mar-12	As at 31-Mar-11
Trade receivables		
Nitesh Estates – Whitefield	139,551,858	311,608,477
Nitesh Residency Hotels Private Limited	79,757,194	13,789,413
Nitesh Infrastructure and Constructions	5,030,000	5,030,000
Mr. Nitesh Shetty	-	444,706
Total	**224,339,052**	**330,872,596**
Loans and advances to related parties		
Nitesh Housing Developers Private Limited	-	33,748,380
Nitesh Estates –Whitefield	-	53,616,386
Nitesh Urban Development Private Limited	38,231,617	3,303,778
Kakanad Enterprises Private Limited	26,152,079	-
Southern Hills Developers Private Limited	62,210,740	77,685,637
Nitesh Indiranagar Retail Private Limited	110,270	12,238,190
Total	**126,704,706**	**180,592,371**
Advance against property		
Nisco Ventures Private Limited	40,762,955	40,762,955
Total	**40,762,955**	**40,762,955**
Security Deposits		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
Total	**17,690,475**	**17,690,475**
Trade payables		
Nisco Ventures Private Limited	1,290,927	1,410,566
Nitesh Infrastructure and Construction	1,450,072	1,942,346
Grass Outdoor Media Private Limited	2,765,040	2,765,040
Serve & Volley Outdoor Advertising Private Limited	2,639,539	784,619
Southern Hills Developers Private Limited	-	24,555
Total	**8,145,578**	**6,927,126**
Advance from customers		
Nitesh Residency Hotels Private Limited	40,000,000	59,275,187
Nitesh Property Management Private Limited	3,269,441	-
Total	**43,269,441**	**59,275,187**

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

	As at 31-Mar-12	As at 31-Mar-11
Other current liabilities		
Nitesh Estates – Whitefield	-	523,368
Total	**-**	**523,368**
Guarantees outstanding		
Nitesh Housing Developers Private Limited (refer note 37 below)	620,000,000	620,000,000
Nitesh Urban Development Private Limited	400,000,000	-
Total	**1,020,000,000**	**620,000,000**

Notes:

a. On June 1, 2010, the Company purchased a developed property (apartment) from Southern Hills Developers Private Limited ('SHDPL') for a consideration of Rs. 28,400,000 and sold the same to a third party for a consideration of Rs. 60,000,000 on June 15, 2010. The Company incurred other incidental costs of Rs. 2,062,885 towards purchase of the said apartment.

b. Pursuant to the Share Subscription Agreement ('SSA') entered into between AMIF I Limited ('Investors'), Pushpalatha V. Shetty, Nitesh Shetty, Nitesh Industries Private Limited and the Company, common costs i.e. the salaries, general and administrative and selling overheads incurred by the Company are being shared by SHDPL and the Company in the ratio of their project expenses.

   Accordingly, the Company has crossed charged SHDPL expenses amounting to Rs. Nil (Previous year: Rs. 6,787,397). Although, the SSA has been terminated effective October 9, 2009, the Company and SHDPL continued to share common costs in the ratio of their project expenses up to June 30, 2010.

c. The Company has invested a sum of Rs. 605,805,790 (Previous year: Rs. 410,805,790) towards 30,680,579 (Previous year: 29,120,579) Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'). The aforesaid investment has certain transfer restrictions (including consent of another investor) under the Shareholders' Agreement entered into with the other investors in NRHPL. As part of the loan arrangement entered into by NRHPL for funding the hotel project, the Company has provided an undertaking to such lenders not to divest its shares in NRHPL. The aforesaid Class A shares have similar voting rights to the Class B shares held by another investor but have different dividend rights in terms of the shareholders agreement. Effective October 30, 2009, NRHPL became an associate of the Company. The Company has a commitment to invest additional share capital in NRHPL along with the other investors. The Company's share of such additional investment as at March 31, 2012 is estimated to be Rs.135,000,000 (Previous year: Rs. 330,000,000).

d. During the year ended March 31, 2009, the Company sold 25% of its development rights under a joint venture to Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited), a company owned by key managerial personnel ('SHDPL') for a consideration of Rs.270,000,000. The Company had incurred cost of Rs. 115,862,027 towards land and other development costs as at the date of sale and had accordingly recognized a profit of Rs. 154,137,973.

   During the year, the Company has bought back the aforesaid development rights from SHDPL for a consideration of Rs.115,862,027 and the same has been recorded as sales return. Accordingly, revenue from operations for the year is lower by Rs.115,862,027 with the corresponding impact on (increase) /decrease in inventories. The management is of the view that the aforesaid transaction is based on the contract entered by the parties, having no impact on the loss for the year ended March 31, 2012.

e. The Company has paid remuneration to key managerial personnel, for which an application has been made to the Central Government for its approval. Management is reasonably confident of obtaining the approval.

f. Pursuant to a retrospective amendment to the billing arrangement between the Company and Nitesh Estates –Whitefield on March 31, 2012, the Company has recognized revenue of Rs.19,634,967 relating to period prior to April 1, 2011.

g. Refer note 5 and 7 for loans personally guaranteed by certain directors of the Company.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

30. Contingent liabilities and commitments (to the extent not provided for)

i. Contingent Liabilities

a. Claims not acknowledged as debts in respect of income tax – Rs.35,416,412 (Previous year: Rs. 30,275,706)

b. Guarantees given

i. Guarantee in respect of debentures as discussed in Note 37 below

ii. Other guarantees – Rs.431,175,000 (Previous year: Rs.14,075,000).

c. Also, refer note 39 and note 43.

ii. Commitments

a. The estimated amount of contracts, net of advances remaining to be executed on capital account is Rs. 1,920,428 (Previous year: Rs.1,790,000).

b. As at March 31, 2012, the Company has given Rs.1,038,742,815 (Previous year: Rs.838,695,080) as advances/deposits for joint development/purchase of land. Under the arrangements executed with the land owners/intermediary parties, the Company is required to make further payments under the arrangements based on the terms/ milestones stipulated thereunder. Further, in respect of joint development arrangements the Company is also required to give share in area/ revenue from such development in exchange of undivided share in land as stipulated under the arrangements.

c. Also, refer note 29(c) and note 43.

31. Details of Construction contracts in progress

Amount in Rupees

Particulars	**Year ended 31-Mar-12**	**Year ended 31-Mar-11**
Contract revenue recognized as revenue for the year	891,074,427	831,494,924
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the reporting date for all the contracts in progress	2,783,282,510	1,892,208,083
The amount of customer advances outstanding for contracts in progress as at the reporting date	416,861,814	219,797,464
The amount of retention due from customers for contracts in progress as at the reporting date	15,020,632	3,986,343

32. Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

Name of the party	**Closing balance (in Rs.)**		**Maximum balance outstanding (in Rs.)**	
	As at 31-Mar-12	**As at 31-Mar-11**	**Year ended 31-Mar-12**	**Year ended 31-Mar-11**
Nitesh Indiranagar Retail Private Limited	110,270	12,238,190	12,238,190	12,238,190
Nitesh Mylapore Developers Private Limited	-	-	-	10,910,946
Nitesh Infrastructure & Construction	-	-	-	4,500,000
Total	**110,270**	**12,238,190**	**12,238,190**	**27,649,136**

Note: There are no specific repayment covenants with respect to the repayment of aforesaid advances.

33. Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days basic salary (last drawn salary) for each completed year of service subject to maximum of Rs.1,000,000. The scheme is unfunded and hence the disclosures with respect to plan assets as per AS-15(R) are not applicable to the Company.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

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.

Amount in Rupees

Net employee benefit expense (recognised in Employee Cost)	**Year ended 31-Mar-12**	**Year ended 31-Mar-11**
Current service cost	2,231,750	1,430,889
Interest cost on benefit obligation	545,798	357,790
Net actuarial (gain)/loss recognized	(3,178,210)	(147,463)
Past service cost	157,614	157,614
Net benefit expense	**(243,048)**	**1,798,830**

Amount in Rupees

Details of provision for gratuity	**As at 31-Mar-12**	**As at 31-Mar-11**
Defined benefit obligation	4,163,524	4,622,036
Less: Unrecognised past service cost	(157,615)	(315,229)
Plan liability	**4,005,909**	**4,306,807**

Changes in the present value of the defined benefit obligation are as follows:

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**
Opening defined benefit obligation	4,622,036	2,980,820
Interest cost	545,798	357,790
Current service cost	2,231,750	1,430,889
Benefits paid	(57,850)	-
Actuarial (gains) / losses on obligation	(3,178,210)	(147,463)
Closing defined benefit obligation	**4,163,524**	**4,622,036**

The principal assumptions used in determining gratuity benefit obligations are given below:

	As at 31-Mar-12	**As at 31-Mar-11**
Discount rate	8.55%	8.05%

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

Amounts for the current and preceding years are as follows:

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**	**As at 31-Mar-10**	**As at 31-Mar-09**	**As at 31-Mar-08**
Defined benefit obligation	4,163,524	4,622,036	2,980,820	1,673,113	2,215,663
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(4,163,524)	(4,622,036)	(2,980,820)	(1,673,113)	(2,215,663)
Experience adjustments on plan liabilities	(2,967,790)	(197,656)	(185,121)	(2,180,736)	(82,768)

34. Leases

The Company has taken office, vehicles and other facilities under cancelable and non-cancelable operating leases, which are renewable on a periodic basis. The total lease expense for such leases recognised in the statement of profit and loss is Rs.22,012,791 (Previous year: Rs.19,373,663). The future minimum lease payments for non-cancelable operating leases are as follows:

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

Particulars	As at 31-Mar-12	As at 31-Mar-11
Not later than one year	-	570,000
More than one year and less than five years	-	440,000
Total	**-**	**1,010,000**

35. 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:

Amount in Rupees

Particulars	As at and for the Year ended 31-Mar-12	As at and for the Year ended 31-Mar-11
Assets	218,664,948	393,458,773
Liabilities	113,154,336	297,015,202
Revenue	54,317,072	107,321,537
Expenses	45,215,611	89,750,057
Net Profit	9,101,461	17,571,481

Note: The capital expenditure and contingent liability as at and for the year ended March 31, 2012 is Rs. Nil (Previous year: Rs. Nil).

36. Expenditure in foreign currency (on accrual basis)

Amount in Rupees

Particulars	Year ended 31-Mar-12	Year ended 31-Mar-11
Share issue expenses	-	20,936,606
Architect and other fees	92,106,149	-
Professional and consultancy charges	-	1,198,100
Travelling and conveyance	-	492,171

37. On September 24, 2009, NEL invested a sum of Rs.49,999,000 in the equity shares (99.9%) of Nitesh Housing Developers Private Limited ('NHDPL'), a subsidiary of NEL. Subsequently, on September 25, 2009, NEL sold 10.1% of its investment in NHDPL to another party ('the Buyer'). As at March 31, 2012, NEL holds 89.9% of the equity share capital of NHDPL.

On September 25, 2009, NEL, NHDPL, the Buyer and Mr. Nitesh Shetty have entered into an agreement whereby NHDPL would issue and allot to the Buyer, 6,200,000 Debentures of Rs.100 each aggregating to Rs.620,000,000. The Debentures and interest thereon are secured by way of pledge of the entire shareholding of NEL in NHDPL and a part of shareholding of Mr. Nitesh Shetty in NEL, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of NEL and personal guarantee of Mr. Nitesh Shetty. Further, the Buyer has a put option to require Mr. Nitesh Shetty to buy the 505,000 shares purchased from NEL under the terms of the agreement. The Buyer has the option to exercise conversion of such Debentures into preference shares of NHDPL after August 31, 2010 or secure the redemption of the same by NHDPL anytime on or after September 5, 2010 and no later than September 20, 2012.

Further, NHDPL had the option to redeem the Debentures to the extent of Rs.500,000,000 on or before March 31, 2011, which has not been exercised by NHDPL. NHDPL had the obligation to redeem all the Debentures on September 20, 2012. The Debentures are redeemable at a price that shall entitle the Buyer to a pre-tax IRR of 18% p.a. on the subscribed amount if on such date of redemption NEL has not completed its initial public offering ('IPO'), or a post-tax IRR of 25% p.a., if on the date of redemption NEL has completed its IPO. NHDPL has issued Debentures amounting to Rs.620,000,000 as at March 31, 2012.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

On May 15, 2010, certain terms of Debenture agreement have been amended and the Debentures have been converted from 'Redeemable Optionally Convertible Debentures' to 'Compulsorily Convertible Debentures', which will be later converted to 'Redeemable Non-convertible Preference Shares' anytime on or after September 5, 2010 and no later than September 20, 2012. Such Redeemable Non-convertible Preference Shares are to be redeemed at an IRR to the Buyer as discussed above. As per the aforesaid terms, the debentures are convertible at par into preference shares and the premium on redemption of preference shares thereon in the opinion of the management, will be out of utilization of securities premium arising from fresh issue of equity shares to existing shareholders of NHDPL.

38. Inventories as at March 31, 2012 includes Land amounting to Rs.307,388,948 (Previous year: Rs.193,090,461) comprising cost of land held by the Company and other related costs incurred thereto. The land is to be developed under a joint arrangement with another party ('the Other Party') along with the adjoining parcel of land owned by the Other Party. As per the joint arrangement, the Company was required to commence the project by May 18, 2010, failing which the Other Party is entitled to terminate the joint arrangement. The Other Party has not exercised the right to terminate and the Company is in negotiation with the Other Party on various matters relating to structuring the arrangement, including revised timelines for commencement of the project. The Company is reasonably confident of finalizing the arrangement with the Other Party.

39. Advance against property as at March 31, 2012 includes Rs.215,000,000 (Previous year: Rs.215,000,000) paid to an intermediary party for purchase of land and consequently, the intermediary party entered into an agreement with the landlord for purchase of land. Subsequently, at the request of the Company, the intermediary party assigned its rights and obligations under the agreement with the landlord to the Company. There is no specific confirmation from the landlord in acceptance of the aforesaid assignment. The Company continues to deal with the intermediary party on another project. Further, based on the advice of the Company's external legal counsel, the Company is reasonably confident of the enforceability of the assignment agreement and has accordingly initiated the legal proceedings with respect to refund of the aforesaid amount and is reasonably confident that the legal proceedings would be in favour of the Company. Accordingly, the management is of the view that no adjustment is required to be made in respect of the carrying value of the advance against property as at March 31, 2012.

40. As at March 31, 2012, the Company has made investment of Rs.2,436,388,828 (including Share application money pending allotment of Rs. 830,647,828 in subsidiary companies). The Subsidiary companies have given advances to companies owned/ significantly influenced by key managerial personnel amounting to Rs.828,236,000, towards real estate projects, which are in various stages of development/ project set-up. The management is confident of settlement of such advances or achievement of profitable operations of such real estate projects in future. Accordingly, management is of the view that no adjustments are required to be made to the financial statements for the year ended March 31, 2012.

41. Initial Public Offer

On April 23, 2010, the Company launched its Initial Public Offer ('IPO') of 75,000,000 equity shares of Rs. 10 each for cash at a price of Rs.54 each and raised capital of Rs.4,050,000,000. The premium of Rs.44 per share, amounting to Rs.3,300,000,000 from the allotment has been credited to Securities Premium Account. The Share issue expenses incurred by the Company amounting to Rs.313,662,446 have been adjusted against Securities Premium Account. The details of utilization of proceeds raised through IPO are as below.

Amount in Rupees

Particulars	Objects as per Prospectus	Actual Utilisation
Investment in subsidiaries/associate company	3,034,380,000	2,131,692,135
Repayment of specified loans	356,900,000	356,900,000
Repayment of other loans	-	551,616,355
Acquisition of specified joint development rights	210,000,000	30,000,000
Acquisition of other joint development rights	-	282,712,865
Issue related expenditure	272,830,000	313,662,446
General corporate purposes	175,890,000	383,416,199
Total	**4,050,000,000**	**4,050,000,000**

Note: Pursuant to a special resolution passed at the Annual General Meeting held on September 29, 2010, the Company obtained the approval/ ratification from the members for deviations in the utilization of the IPO proceeds and delegated the powers to the Board of Directors of the Company to utilize any part of the net proceeds for a purpose or purposes other than those described in the Prospectus of the Company.

Notes to Financial Statements for the year ended March 31, 2012 (Contd.)

42. As at March 31, 2012, the Company has an investment of Rs.1,323,900,000 (Previous year: Rs.1,484,722,764) in the equity shares/towards share capital of Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company. Capital work in progress of NIRPL includes a non-refundable deposit of Rs.855,000,000 (Previous year: Rs.855,000,000) paid to the landowner under a Joint Development Agreement ('JDA') and other project specific payments amounting to Rs.307,982,644 (Previous year: Rs.629,604,666). As per the aforesaid JDA, NIRPL is required to adhere to all the terms of the JDA (as amended) including the specified project timelines, failing which the other party is entitled to forfeit the aforesaid nonrefundable deposit and not continue with the joint development arrangement. Management is reasonably confident of NIRPL adhering to all the terms of the aforesaid JDA including the specified project timelines.

43. The Company has entered into share subscription and shareholders agreement dated October 21, 2007 with Sagar Nitesh Projects Private Limited ('SNPPL') and its promoters. Pursuant to the agreement, the Company had made an initial payment of Rs.50,000,000, towards the Company's obligation to subscribe upto 20% of the paid up capital of SNPPL amounting to Rs.354,125,000 upon fulfillment of certain conditions by the parties to the agreement. The Company, in consultation with its legal counsel is of the opinion that there has been a breach in fulfillment of the aforesaid conditions on the part of the promoters of SNPPL and accordingly, the Company has initiated arbitration proceedings with respect to refund of share application money. Based on the advice of the Company's external legal counsel, the Company is confident that the arbitration proceedings would be in the favour of the Company and the realisable value will be atleast equal to its carrying value. Accordingly, the management is of the view that no provision is required to be made in respect of the carrying value of the aforesaid share application money as at March 31, 2012.

44. Previous year figures

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

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

per Adarsh Ranka
Partner
Membership No. 209567

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place : Mumbai
Date : May 25, 2012

Place : Mumbai
Date : May 25, 2012

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

Sl. No.	Particulars	Nitesh Indiranagar Retail Pvt. Ltd.	Nitesh Housing Developers Pvt. Ltd.	Nitesh Property Management Pvt. Ltd.	Nitesh Urban Development Pvt. Ltd.	Kakanad Enterprises Pvt. Ltd.
1	Financial year of the subsidiary	01.04.2011 - 31.03.2012	01.04.2011 - 31.03.2012	01.04.2011 - 31.03.2012	01.04.2011 - 31.03.2012	01.04.2011 - 31.03.2012
2	Shares of the subsidiary held by the Company on the above date					
	(a) Number and face value	13248000 Equity shares of Rs.10/- each fully paid up	4494900 Equity shares of Rs.10/- each fully paid up	9999 Equity shares of Rs.10/- each fully paid up	6581999 Equity shares of Rs.10/- each fully paid up	9999 Equity shares of Rs.10/- each fully paid up
	(b) Extent of holding	100.00%	89.90%	100%	100%	100%
3	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's accounts					
	(a) for the financial year of the subsidiary - profit / (loss)	(21,173,979)	104,121,454	593,666	(20,791,862)	(137,751)
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	-	182,614,670	593,666	(22,355,774)	(250,040)
4	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary dealt with in the Company's accounts					
	(a) for the financial year of the subsidiary - profit	-	-	-	-	-
	(b) for the previous financial years since it became a subsidiary - profit	-	-	-	-	-

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

Nitesh Shetty	L.S. Vaidyanathan	D. Srinivasan	Venkateshan M.A
Managing Director	Executive Director	Company Secretary	Chief Financial Officer

Place: Mumbai

Date: May 25, 2012

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

(Amount in INR)

Sl. No.	Particulars	Nitesh Indiranagar Retail Pvt. Ltd.	Nitesh Housing Developers Pvt. Ltd.	Nitesh Property Management Pvt. Ltd.	Nitesh Urban Development Pvt. Ltd.	Kakanad Enterprises Pvt. Ltd.
	Reporting Currency	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
(a)	Capital	132,480,000	50,000,000	100,000	65,820,000	100,000
(b)	Reserves	1,170,246,021	201,240,006	593,666	147,013,644	(250,040)
(c)	Total Assets	1,332,629,645	2,467,704,522	20,230,674	515,661,773	26,270,494
(d)	Total Liabilities	1,332,629,645	2,467,704,522	20,230,674	515,661,773	26,270,494
(e)	Details of Investment	-	100,000	-	80,200,000	-
(f)	Turnover incl. Other Income	626,205	485,862,208	32,263,350	145,000	-
(g)	Profit / (Loss) before Taxation	(28,655,443)	181,129,344	884,780	(29,691,581)	(137,751)
(h)	Provision for Taxation	(7,481,464)	65,310,152	291,114	(8,899,719)	-
(i)	Profit / (Loss) after Taxation	(21,173,979)	115,819,192	593,666	(20,791,862)	(137,751)
(j)	Proposed Dividend	-	-	-	-	-

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

Nitesh Shetty	L.S. Vaidyanathan	D. Srinivasan	Venkateshan M.A
Managing Director	Executive Director	Company Secretary	Chief Financial Officer

Place: Mumbai

Date: May 25, 2012

Consolidated Accounts

Auditor's Report

To
The Board of Directors
Nitesh Estates Limited

1. We have audited the attached consolidated balance sheet of Nitesh Estates Limited ("the Company") and its subsidiaries, joint ventures and associate (collectively referred to as "the Group"), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of five subsidiaries, two joint ventures and one associate company. The financial statements of these subsidiaries and joint ventures reflect total assets of Rs.5,097,676,043 as at March 31, 2012, total revenue of Rs.745,217,895 and cash inflows of Rs.129,112,969 for the year ended March 31, 2012. The financial statements of associate company reflects the Group's share of total loss of Rs.17,224,358 as at March 31, 2012 and Rs.8,203,884 for the year ended March 31, 2012. These financial statements and other financial information of these subsidiaries, joint ventures and associate company have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. Without qualifying our opinion, we draw attention to:

   a. Note 39 of the financial statements regarding advance against property amounting to Rs.215,000,000 as at March 31, 2012 towards purchase of land. The Company has initiated legal proceedings in respect of the aforesaid arrangement. Pending the ultimate outcome of the legal proceedings and based on legal advice, no adjustments have been made to the financial statements for the year ended March 31, 2012.

   b. Note 30(d) of the financial statements regarding sales returns from a company owned by a key managerial personnel of the Company more fully described therein, having no impact on the profit for the year ended March 31, 2012.

5. *The Group has tax losses during the year ended March 31, 2012 and has deferred tax assets of Rs.56,763,170 as at March 31, 2012 (March 31, 2011-Rs.13,101,834). The Group has recognized deferred tax assets on the basis of future taxable income and ultimate outcome of certain ongoing and proposed projects, which in our opinion, does not meet the requirement of virtual certainty for recognition of deferred tax asset as required under Accounting Standard 22 "Accounting for Taxes on Income", notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). This had caused us to qualify our audit opinion on the financial statements relating to the preceding year. Had such deferred tax assets not been recognized, profit for the year would have been lower by Rs.56,763,170 (March 31, 2011 - Rs.13,101,834). Further, deferred tax assets and reserves and surplus as at March 31, 2012 would have been lower by Rs.56,763,170 (March 31, 2011-Rs.13,101,834).*

6. *As of March 31, 2012, the component entities of the Group have advanced amounts towards real estate projects. Based on the audited financial statements of the component entities as made available to us by the Company, it is observed that the component entities have given advances amounting to Rs. 828,236,000 to certain companies owned by or significantly influenced by key managerial personnel, towards real estate projects, which are in various stages of development/ project set-up. Pending settlement of such advances or achievement of profitable operations of such real estate projects in future as the case may be, we are unable to comment on the matter and the consequential effect, if any, on the financial statements for the year ended March 31, 2012.*

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us *except for the effect of the matter stated in paragraph 6 above and the possible effect of the matter stated in paragraph 7 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;

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

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

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Mumbai
Date: May 25, 2012

Consolidated Balance Sheet as at March 31, 2012

Amount in Rupees

	Notes	As at 31-Mar-12	As at 31-Mar-11
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,458,321,000	1,458,321,000
Reserves and surplus	4	3,171,414,861	3,170,528,521
		4,629,735,861	4,628,849,521
Minority interest		25,429,265	12,219,624
Non-current liabilities			
Long-term borrowings	5	126,769,883	622,343,655
Long-term provisions	6	6,701,828	4,159,427
Other long-term liabilities	7	43,306,571	-
		176,778,282	626,503,082
Current liabilities			
Short-term borrowings	8	499,970,028	168,185,400
Trade Payables	9	508,201,494	360,623,686
Other current liabilities	10	2,109,556,200	467,334,525
Short-term provisions	6	68,648,543	64,980,936
		3,186,376,265	1,061,124,547
TOTAL		**8,018,319,673**	**6,328,696,774**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	34,262,193	40,433,427
Intangible assets	12	32,401,136	3,576,018
Capital work-in-progress	42	390,338,112	296,104,666
Intangible assets under development		-	20,800,033
Goodwill on consolidation		81,195,858	-
Non-current investments	13	588,638,632	401,842,516
Deferred tax asset (net)	14	56,763,170	13,101,834
Long-term loans and advances	15	3,146,525,184	2,976,486,255
Other non-current assets	17	2,435,817	3,050,000
		4,332,560,102	3,755,394,749
Current assets			
Current investments	18	100,000	1,458,793
Inventories	19	1,103,219,595	624,120,203
Trade receivables	16	486,153,312	590,616,412
Cash and bank balances	20	201,970,494	67,230,576
Short-term loans and advances	15	1,501,589,506	1,145,149,209
Other current assets	17	392,726,664	144,726,832
		3,685,759,571	2,573,302,025
TOTAL		**8,018,319,673**	**6,328,696,774**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place : Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place : Mumbai
Date : May 25, 2012

Consolidated statement of Profit and Loss for the year ended March 31, 2012

Amount in Rupees

	Notes	Year ended 31-Mar-12	Year ended 31-Mar-11
Income			
Revenue from operations	21	1,162,252,445	1,241,046,626
Other income	22	135,861,058	199,487,834
Total revenue (I)		**1,298,113,503**	**1,440,534,460**
Expenses			
Land purchase cost	30(d)	8,290,863	189,020,322
Cost of material consumed	23	31,005,926	132,037,696
Sub-contracting charges		1,038,149,696	644,624,198
Purchase of developed property (apartment)		-	70,562,885
Cost of villa plots		17,221,391	80,485,888
(Increase)/decrease in inventories	24	(479,099,392)	(344,513,524)
Employee benefits expense	25	164,347,784	139,453,103
Other expenses	26	378,378,938	306,663,338
Total Expenses (II)		**1,158,295,206**	**1,218,333,906**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		**139,818,297**	**222,200,554**
Depreciation and amortization expense	27	18,346,851	6,599,809
Finance costs	28	72,169,876	58,794,117
Profit before tax		**49,301,570**	**156,806,628**
Tax expenses			
Current tax		68,427,136	42,700,000
Deferred tax charge/(credit)		(43,681,812)	(7,825,320)
Total tax expense		24,745,324	34,874,680
Profit for the year		**24,556,246**	**121,931,948**
Less: Share in loss of Associate		8,203,884	5,587,974
Less: Transfer to Minority Interest		13,209,641	7,119,624
Net profit for the year		**3,142,721**	**109,224,350**
Earnings per equity share [nominal value of share Rs.10 (Previous year : Rs.10)]			
Basic and Diluted		0.02	0.79
Weighted average number of shares used in computing basic and diluted earnings per share		145,832,100	137,612,922
Net profit used in computing basic and diluted earnings per share		3,142,721	109,224,350
Summary of significant accounting policies	**2.1**		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place : Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place : Mumbai
Date : May 25, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

	Amount in Rupees	
	Year ended 31-Mar-12	**Year ended 31-Mar-11**
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**49,301,570**	**156,806,628**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	18,346,851	6,599,809
Finance costs	70,504,265	57,754,466
Interest income	(133,187,727)	(96,082,593)
Dividend income	(58,028)	(38,767,122)
Operating profit/ (loss) before working capital changes	**4,906,931**	**86,311,188**
Movements in working capital:		
Increase / (decrease) in trade payables	147,577,808	115,887,235
Increase / (decrease) in other liabilities	1,029,138,686	155,784,323
Increase / (decrease) in provisions	(32,889,683)	3,985,676
(Increase) / decrease in inventories	(479,099,392)	(318,361,446)
(Increase) / decrease in trade receivables	104,463,100	(334,821,108)
(Increase) / decrease in loans and advances	(856,248,755)	(852,029,981)
(Increase) / decrease in other current assets	(231,855,273)	(42,782,168)
Cash (used in) / generated from operations	**(314,006,578)**	**(1,186,026,281)**
Direct taxes paid (net of refunds)	(21,140,016)	(43,294,572)
Net cash (used in)/ generated from operating activities - (A)	**(335,146,594)**	**(1,229,320,853)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets including intangible assets, Intangible assets under development and capital advances	234,154,184	(891,252,283)
Purchase of investment in associate	(195,000,000)	(130,000,000)
Purchase of investment in joint venture	(80,200,000)	-
Purchase of current investments - mutual fund units	-	(10,312,800,284)
Proceeds from sale of current investments - mutual fund units	1,416,821	10,351,344,478
Investment in fixed deposit with maturity of more than 3 months	(6,593,057)	(1,436,943)
Interest received	117,657,350	3,715,590
Net cash from/ (used in) investing activities - (B)	**71,435,298**	**(980,429,442)**

Consolidated Cash Flow Statement for the year ended March 31, 2012 (Contd.)

		Amount in Rupees
	Year ended 31-Mar-12	**Year ended 31-Mar-11**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	4,050,000,000
Payment of share issue expenses	-	(313,662,446)
Repayment of long term borrowings	(573,772)	(1,467,569,580)
Proceeds from long term borrowings	125,000,000	-
Proceeds from short term borrowings	406,921,428	167,196,184
Repayment of short term borrowings	(75,136,800)	(37,822,144)
Finance costs paid	(65,796,764)	(198,367,786)
Net cash from/ (used in) financing activities - (C)	**390,414,092**	**2,199,774,228**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	**126,702,796**	**(9,976,067)**
Cash and cash equivalents as at beginning of the year	65,793,633	75,607,794
Cash inflow due to acquisition of subsidiaries	-	161,906
Proportionate cash inflow in acquisition of joint venture	1,444,065	-
Cash and cash equivalents as at the end of the year	**193,940,494**	**65,793,633**
Components of cash and cash equivalents:		
Cash on hand	8,372,161	8,844,699
Balances with scheduled banks:		
In Current accounts	173,768,333	56,948,934
In Deposit accounts	11,800,000	-
	193,940,494	**65,793,633**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place : Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place : Mumbai
Date : May 25, 2012

Notes to Consolidated Financial Statements for the year ended March 31, 2012

1. Corporate information

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.

On April 23, 2010, the Company launched its Initial Public Offer ('IPO') of 75,000,000 equity shares of Rs. 10 each for cash at a price of Rs.54 each and raised capital of Rs.4,050,000,000. Pursuant to the IPO, the Company's shares are listed on National Stock Exchange and Bombay Stock Exchange effective May 13, 2010.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). 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.

2.1 Statement of Significant Accounting Policies

a) Change in accounting policy

Presentation and disclosure of consolidated financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its consolidated financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Principles of consolidation

The consolidated financials statements have been prepared in accordance with Accounting Standard (AS) 21 – 'Consolidated Financial Statements', AS 23, 'Accounting for investments in Associates in Consolidated Financial Statements' and AS 27 – 'Financial Reporting of Interests in Joint Ventures' notified by Companies (Accounting Standards) Rules, 2006 (as amended). The consolidated financial statements are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all intra-group balances and intra-group transactions and also unrealized profits/losses.

ii) Interest in the assets, liabilities, income and expenses of the joint ventures is consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses are eliminated to the extent of the Company's proportionate share.

iii) The difference between the cost to the Company of investment in the subsidiaries and joint ventures and the proportionate share in the equity of such subsidiaries and joint ventures as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is disclosed under Non-current assets and is not amortised but tested for impairment annually.

iv) Investment in associate is accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as Goodwill and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However,

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associate are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. The standalone financial statements of associate is used for the purpose of consolidation.

v. Minority interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

vi. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's standalone financial statements.

vii. The financial statements of the components used for the purpose of consolidation are drawn up to the same reporting date as that of the Holding Company.

c) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

d) Fixed assets

i. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

ii. Intangible fixed assets

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from derecognition of intangible fixed assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

iii. Depreciation / amortisation

Depreciation on assets is provided using written down value method ('WDV') at the rates prescribed under Schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

	Schedule XIV Rates (WDV)
Computers	40.00%
Office Equipment	13.91%
Furniture and Fittings	18.10%
Motor Cars	25.89%

Leasehold improvements are amortised over the remaining primary period of lease upto 10 years or their estimated useful life, whichever is shorter, on a straight-line basis. Assets individually costing less than or equal to Rs.5,000 are fully depreciated in the year of purchase.

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.

e) Impairment of tangible and intangible fixed assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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 the value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

h) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes direct and indirect expenditure, which is determined based on specific identification to the construction activity.

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from contractual activities

Revenue from fixed price construction contracts is recognised by reference to the stage of completion of the project at the reporting date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. When estimated contract costs exceed contract revenue, the expected loss is recognized immediately.

Revenue from cost plus construction contracts is recognized on the basis of an agreed mark up on costs incurred, in accordance with the terms of the agreement entered into by the Group and its customers.

Revenue from other contractual activities is recognized as activities are performed, on an accrual basis, based on arrangements with concerned parties.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Other Current Liabilities" in the balance sheet.

Income from property development

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

Income from sale of developed property

Revenue from sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such developed property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements.

Income from sale of villa plots

Revenue from sale of villa plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Interest income

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

j) **Foreign currency translation**

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

k) **Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

l) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the reporting date. The gratuity liability is not externally funded. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have any unconditional right to defer its settlement for 12 months after the reporting date.

m) **Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

n) Advances/deposits against property

Advances paid by the Group to the seller/ intermediary toward outright purchase of land is recognized as 'Advances against property' under Loans and Advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, whereupon it is transferred to Work in progress.

Deposits paid by the Group to the seller towards right for development of land in exchange of constructed area are recognized as deposits under Loans and Advances, unless they are non-refundable, wherein they are transferred to Inventories on the launch of project.

o) Provisions

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r) 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.

s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/(loss). In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**
3. Share capital		
Authorised shares		
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 shares		
145,832,100 (Previous year : 145,832,100) Equity shares of Rs.10 each	1,458,321,000	1,458,321,000
Total issued, subscribed and fully paid-up share capital	**1,458,321,000**	**1,458,321,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

	31- Mar-12		**31- Mar-11**	
	No. of shares	**Amount in Rupees**	**No. of shares**	**Amount in Rupees**
At the beginning of the year	145,832,100	1,458,321,000	70,832,100	708,321,000
Issued during the year	-	-	75,000,000	750,000,000
Outstanding at the end of the year	145,832,100	1,458,321,000	145,832,100	1,458,321,000

(b) Terms/rights 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 March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs.Nil (Previous year : Rs.0.25)

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

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 prefrential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31-Mar-12 No. of shares	31-Mar-11 No. of shares
Equity shares alloted during the year ended March 31, 2010 as fully paid bonus shares by capitalisation of securities premium of Rs.567,020,724 and balance in profit and loss account of Rs.61,027,176 in the ratio of nine equity shares for every one equity share held	62,804,790	62,804,790

(d) Details of shareholders holding more than 5% shares in the Company

	31- Mar-12		31- Mar-11	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
Equity shares of Rs.10 each fully paid				
Nitesh Shetty, Managing Director	42,513,685	29.15	42,308,385	29.01
Nitesh Industries Private Limited	14,205,386	9.74	12,767,096	8.75
Nomura India Investment Fund Mother Fund	12,971,738	8.89	12,971,738	8.89
HSBC Bank (Mauritius) Limited	11,666,062	8.00	11,666,062	8.00
AMIF I Limited	9,969,312	6.84	10,203,700	7.00

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

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
4. Reserves and surplus		
Securities premium account		
Balance as per the last financial statements	3,125,854,554	139,517,000
Add : Premium on issue of equity shares (Refer note 41)	-	3,300,000,000
Less: Share issue expenses (Refer note 41)	-	(313,662,446)
Closing balance	**3,125,854,554**	**3,125,854,554**
Surplus in the statement of profit and loss		
Balance as per last financial statements	44,673,967	(24,433,206)
Profit for the year	3,142,721	109,224,350
Less: Appropriations		
Proposed equity dividend [amount per share Rs. Nil (Previous year : Rs.0.25)]	-	34,403,230
Tax on proposed equity dividend	-	5,713,947
Dividend for the preceding year	2,055,767	-
Tax on dividend for the preceding year	200,614	-
Total appropriations	2,256,381	40,117,177
Net surplus in the statement of profit and loss	**45,560,307**	**44,673,967**
Total reserves and surplus	**3,171,414,861**	**3,170,528,521**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Non-current portion		Current portion	
	31-Mar-12	**31-Mar-11**	**31-Mar-12**	**31-Mar-11**
5. Long-term borrowings				
Debentures				
6,200,000 (Previous year : 6,200,000) secured compulsorily convertible debentures of Rs. 100 each	-	620,000,000	620,000,000	-
Term loans				
Indian rupee loan:				
From financial institutions (secured)	126,769,883	2,343,655	594,326	594,472
	126,769,883	622,343,655	620,594,326	594,472
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(620,594,326)	(594,472)
	126,769,883	622,343,655	-	-
The above amount includes Secured borrowings	126,769,883	622,343,655	620,594,326	594,472
The above amounts includes borrowings which have been guaranteed by directors	125,000,000	620,000,000	620,000,000	-

(a) Nitesh Housing Developers Private Limited ('NHDPL') has issued Debentures on September 25, 2009. The buyers has option to exercise conversion of such Debentures into preference shares of NHDPL after August 31, 2010 or secure the redemption of the same by NHDPL anytime on or after September 5, 2010 and no later than September 20, 2012. The Debentures are secured by way of pledge of the entire shareholding of the Company in NHDPL and a part of shareholding of the Managing Director of the Company in the Company, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of the Company and personal guarantee of Managing Director of the Company. The Debentures outstanding at the end of the reporting period is Rs.620,000,000 (Previous year : Rs.620,000,000). Also, refer note 36.

(b) The Company had taken a loan of Rs.3,154,184 from a financial institution on September 30, 2010 for a period of 60 months. The loan is repayable in 60 monthly installments of Rs.65,544 with an interest rate of 9.3% per annum. The loan is secured by way of hypothecation of vehicles acquired out of the loan proceeds. The loan balance at the end of the year is Rs.2,364,209 (Previous year: Rs.2,938,127).

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

Amount in Rupees

	Long-term		Short-term	
	31-Mar-12	**31-Mar-11**	**31-Mar-12**	**31-Mar-11**
6. Provisions				
Provision for employee benefits				
Provision for gratuity	6,701,828	4,159,427	845,645	147,380
Provision for leave benefits	-	-	16,029,165	9,785,956
	6,701,828	4,159,427	16,874,810	9,933,336
Other Provisions				
Income tax (net of advance tax)	-	-	51,773,733	14,930,423
Proposed equity dividend	-	-	-	34,403,230
Tax on proposed equity dividend	-	-	-	5,713,947
	-	-	51,773,733	55,047,600
Total	6,701,828	4,159,427	68,648,543	64,980,936

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
7. Other long-term liabilities		
Security Deposits	21,624,512	-
Advances received	21,682,059	-
	43,306,571	**-**
8. Short-term borrowings		
Indian rupee loan		
- from a bank (secured)	190,100,000	150,000,000
- from a financial institution (secured)	305,854,428	14,033,000
Interest free loans and advances from managing director repayable on demand (unsecured)	100,000	100,000
Others (unsecured)	3,915,600	4,052,400
	499,970,028	**168,185,400**
The above amount includes Secured borrowings	495,954,428	164,033,000
The above amounts includes borrowings which have been guaranteed by directors	495,954,428	164,033,000

Notes:

a) The Company had taken a loan of Rs.150,000,000 (Sanction amount of Rs.150,000,000) from a financial institution on December 15, 2010 for a period of 18 months. The loan is repayable in 12 monthly installments of Rs. 2.5 crores beginning from the 12th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and hypothecation of receivables of the Company and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs.75,000,000 (Previous year: Rs.150,000,000).

b) The Company had taken a loan of Rs.190,100,000 (Sanction amount of Rs.300,000,000) from a bank on May 5, 2011 for a period of 36 months. The loan is repayable in 12 monthly installments of Rs. 2.5 crores beginning from the 25th month at an interest rate based on the Bank's Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs.190,100,000 (Previous year: Rs.Nil).

c) The Company had taken a loan of Rs.150,000,000 (Sanction amount of Rs.350,000,000) from a financial institution on June 23, 2011 for a period of 30 months. The loan is repayable in 12 monthly installments of Rs. 3 crores beginning from the 19th month at an interest rate based on the Corporate Prime Lending Rate. The loan is secured by way of mortgage on Company's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs. 150,000,000 (Previous year: Rs.Nil).

d) Nitesh Urban Development Private Limited ('NUDPL') had taken a loan of Rs.56,000,000 (Sanction amount of Rs.400,000,000) from a Bank on March 26, 2012 for a period of 36 months. The loan is repayable in 12 monthly installments of Rs.3.37 crores beginning from the 25th month at an interest rate based on the Bank Prime Lending Rate. The loan is secured by way of mortgage on NUDPL's share of project specific properties and further secured by personal guarantee of Managing Director of the Company and the Company. The loan balance at the end of the reporting period is Rs.56,000,000 (Previous year: Rs.Nil).

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

e) NHDPL had taken a loan of Rs.24,854,428 (Sanction amount of Rs.25,000,000) from a Bank on March 18, 2011 for a period of 36 months. The loan is repayable in 17 monthly installments of Rs.0.15 crores beginning from the 19th month at an interest rate based on the Bank Prime Lending Rate. The loan is secured by way of mortgage on NHDPL's share of project specific properties and further secured by personal guarantee of Managing Director of the Company. The loan balance at the end of the reporting period is Rs.24,854,428 (Previous year: Rs.14,033,000).

		Amount in Rupees
	As at 31-Mar-12	**As at 31-Mar-11**
9. Trade payable		
Trade payable	508,201,494	360,623,686
	508,201,494	**360,623,686**

Note:

Based on the information available with the Group, there are no suppliers who are registered as micro small and medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006.

10. Other current liabilities		
Current maturities of long-term borrowings*	620,594,326	594,472
Advance from Customers	887,372,070	436,466,055
Interest accrued but not due on borrowings	4,707,501	-
Billing in excess of contract revenue	471,111,912	-
Short term employee benefits payable	4,200,000	-
Statutory dues payable	121,570,391	30,273,998
	2,109,556,200	**467,334,525**

*Current maturities of long-term borrowings represents amount repayable within the operating cycle. Amount payable within twelve months Rs.620,594,326 (Previous year: Rs.594,472).

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Leasehold improvements	Computers	Office equipment	Furniture & fixtures	Vehicles	Total
11. Tangible assets						
Gross block						
As at 1 April 2010	12,650,934	8,391,223	7,003,281	5,752,627	14,156,867	**47,954,932**
Additions	3,728,447	11,188,698	548,583	2,405,815	3,154,184	**21,025,727**
As at 31 March 2011	16,379,381	19,579,921	7,551,864	8,158,442	17,311,051	**68,980,659**
Additions	-	1,350,550	2,775,542	262,986	-	**4,389,078**
As at 31 March 2012	16,379,381	20,930,471	10,327,406	8,421,428	17,311,051	**73,369,737**
Depreciation						
As at 1 April 2010	3,398,647	6,369,273	2,468,761	2,413,188	8,200,433	**22,850,302**
Charge for the year	1,238,559	1,022,056	681,560	821,105	1,933,650	**5,696,930**
As at 31 March 2011	4,637,206	7,391,329	3,150,321	3,234,293	10,134,083	**28,547,232**
Charge for the year	1,797,728	5,115,603	781,440	1,007,424	1,858,117	**10,560,312**
As at 31 March 2012	6,434,934	12,506,932	3,931,761	4,241,717	11,992,200	**39,107,544**
Net block						
As at 31 March 2011	11,742,175	12,188,592	4,401,543	4,924,149	7,176,968	**40,433,427**
As at 31 March 2012	9,944,447	8,423,539	6,395,645	4,179,711	5,318,851	**34,262,193**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Computer software	Total
12. Intangible assets		
Gross block		
As at 1 April 2010	4,480,318	4,480,318
Additions	1,354,910	1,354,910
As at 31 March 2011	5,835,228	5,835,228
Additions	36,611,657	36,611,657
As at 31 March 2012	42,446,885	42,446,885
Amortization		
As at 1 April 2010	1,170,997	1,170,997
Charge for the year	1,088,213	1,088,213
As at 31 March 2011	2,259,210	2,259,210
Charge for the year	7,786,539	7,786,539
As at 31 March 2012	10,045,749	10,045,749
Net block		
As at 31 March 2011	3,576,018	3,576,018
As at 31 March 2012	32,401,136	32,401,136

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
13. Non-current investments		
A. Trade investments (valued at cost unless stated otherwise)		
Investments in equity instruments (unquoted)		
Investment in associate		
30,680,579 (Previous year : 29,120,579) Class A equity shares of Rs.10 each fully paid up in Nitesh Residency Hotels Private Limited (includes Rs.4,166,079 of goodwill arising on acquisition of shares in the associate company)	605,805,790	410,805,790
Less: Share in loss of Associate	(17,224,358)	(9,020,474)
	588,581,432	401,785,316
B. Other Investments (valued at cost unless stated otherwise)		
Investment in government and trust securities (unquoted)		
National Savings Certificate	57,200	57,200
	57,200	57,200
	588,638,632	401,842,516
Aggregate amount of unquoted investments	**588,638,632**	**401,842,516**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	As at 31-Mar-12	As at 31-Mar-11
14. Deferred tax assets (net)		
Deferred tax liability		
Fixed assets : Impact of differences between tax depreciation and depreciation/ amortization charged for financial reporting	4,235,550	-
	4,235,550	-
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	5,588,487	4,681,486
Fixed assets : Impact of differences between tax depreciation and depreciation/amortization charged for the financial reporting	-	16,348
Effect of tax losses	55,410,233	8,404,000
Gross deferred tax asset	**60,998,720**	**13,101,834**
Net deferred tax asset	**56,763,170**	**13,101,834**

Note: The management is reasonably confident of realisation of deferred tax assets based on the future taxable income and ultimate outcome of ongoing and proposed projects.

	Non-current		Current	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
15. Loans and advances				
Capital advances				
Unsecured, considered good	856,600,000	1,205,188,332	-	-
	856,600,000	1,205,188,332	-	-
Security deposit				
Unsecured, considered good	21,683,739	21,052,051	181,164,138	133,482,265
	21,683,739	21,052,051	181,164,138	133,482,265
Loan and advances to related parties (Also refer note 30)				
Unsecured, considered good	475,000,000	828,236,000	545,243,600	457,113,190
	475,000,000	828,236,000	545,243,600	457,113,190
Other loans and advances (unsecured, considered good)				
Vendor advances	-	-	513,530,192	349,188,374
Advance income-tax (net of provision for taxation)	42,653,982	21,513,966	-	-
Advance against property*	1,693,587,463	843,495,906	142,801,121	148,700,752
MAT credit entitlement	7,000,000	7,000,000	-	-
Balances with statutory/government authorities	-	-	118,850,455	56,664,628
Share application money pending allotment (Refer note 43)	50,000,000	50,000,000	-	-
	1,793,241,445	922,009,872	775,181,768	554,553,754
Total	**3,146,525,184**	**2,976,486,255**	**1,501,589,506**	**1,145,149,209**

* Advances against property though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company. The Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

16. Trade receivables				
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	87,388,622	160,857,857
Other receivables	-	-	398,764,690	429,758,555
	-	**-**	**486,153,312**	**590,616,412**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Non-current		Current	
	31-Mar-12	**31-Mar-11**	**31-Mar-12**	**31-Mar-11**
17. Other assets				
Unbilled revenue	-	-	273,151,623	40,682,168
Interest accrued	-	-	119,575,041	104,044,664
Non current bank balances	2,435,817	3,050,000	-	-
	2,435,817	**3,050,000**	**392,726,664**	**144,726,832**

	As at 31-Mar-12	As at 31-Mar-11
18. Current Investments		
(valued at lower of cost and fair value)		
Investments in mutual funds (unquoted)		
Nil (Previous year: 103,842.42) units of Rs.10 each in Baroda Pioneer PSU Bond Fund	-	1,038,605
Nil (Previous year: 19,843.04) units of Rs.10 each in SBI SHF Short Term Fund	-	198,549
10,000 (Previous year : 21,679.18) units of Rs.10 each in HDFC Cash Management Fund	100,000	221,639
	100,000	**1,458,793**
Aggregate amount of unquoted investments	**100,000**	**1,458,793**

	Non-current		Current	
	31-Mar-12	**31-Mar-11**	**31-Mar-12**	**31-Mar-11**
19. Inventories				
(valued at lower of cost and net realisable value)				
Land (Refer note 38)	-	-	333,541,026	219,242,539
Work in progress	-	-	769,678,569	404,877,664
	-	**-**	**1,103,219,595**	**624,120,203**
20. Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	173,768,333	56,948,934
– On deposit accounts with original maturity less than 3 months	-	-	11,800,000	-
Cash on hand	-	-	8,372,161	8,844,699
	-	-	193,940,494	65,793,633
Other bank balances				
– Deposits with original maturity for more than 12 months	1,310,817	1,050,000	-	-
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	8,030,000	1,436,943
Margin money deposit	1,125,000	2,000,000	-	-
	2,435,817	3,050,000	201,970,494	67,230,576
Amount disclosed under non-current assets	(2,435,817)	(3,050,000)	-	-
	-	**-**	**201,970,494**	**67,230,576**

	Year ended 31-Mar-12	Year ended 31-Mar-11
21. Revenue from operations		
Income from property development	634,794,043	297,069,500
Income from sale of developed property (apartment)	-	120,000,000
Income from sale of villa plots	41,514,000	193,324,800
Income from contractual activites	601,806,429	630,652,326
	1,278,114,472	1,241,046,626
Less: Sales returns: Sale of development rights [also refer note 30(d)]	115,862,027	-
	1,162,252,445	**1,241,046,626**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

		Amount in Rupees
	Year ended 31-Mar-12	**Year ended 31-Mar-11**
22. Other Income		
Interest income on:		
- Bank deposits	596,948	3,898,289
- Others	132,590,779	92,184,304
Share of profit on sale of Transferable Development Rights ('TDR')	-	52,511,301
Compensation received on cancelation of TDR Contract	-	11,013,869
Dividend income from current investments in mutual funds units	58,028	38,767,122
Other non operating income [net of expenses Rs.Nil (Previous year:Rs. Nil)]	2,615,303	1,112,949
	135,861,058	**199,487,834**
23. Cost of material consumed		
Inventory at the beginning of the year	-	-
Add: Purchases	31,005,926	132,037,696
	31,005,926	132,037,696
Less: Inventory at the end of the year	-	-
Cost of material consumed	**31,005,926**	**132,037,696**
24. (Increase)/decrease in inventories		
Opening work in progress	624,120,203	279,606,679
Less: Closing work in progress	1,103,219,595	624,120,203
	(479,099,392)	**(344,513,524)**
25. Employee benefit expenses		
Salaries,wages and bonus	160,141,582	141,455,364
Contribution to provident and other funds	2,248,165	1,496,807
Staff welfare expenses	1,958,037	1,459,927
Less: Reimbursement of expenses from a related party	-	(4,958,995)
	164,347,784	**139,453,103**
26. Other expenses		
Power and fuel	4,940,827	4,304,669
Rent	20,468,998	16,642,147
Repairs and maintenance - others	8,170,733	9,196,076
Office maintenance expenses	7,597,309	8,589,823
Insurance charges	3,735,581	4,653,683
Rates and taxes [including project approval costs of Rs.Nil (Previous year: Rs.18,905,710)]	4,540,645	19,956,356
Professional and consultancy charges	30,861,239	16,579,001
Architect and other fees	135,796,790	56,066,473
Payment to auditor (Refer details below)	3,555,842	2,830,062
Advertising and sales promotion	125,311,717	122,146,118
Travelling and conveyance	12,045,764	13,206,461
Lease rent - vehicles	1,651,793	2,731,516
Communication expenses	2,311,483	2,180,460
Printing, postage and stationery	4,282,406	7,564,875
Recruitment expenses	-	3,478,998
Director Sitting fees	820,000	620,000
Foreign exchange loss (net)	761,170	-
Donations	-	625,000
Capital work-in-progress written off	7,790,619	-
Miscellaneous expenses	3,736,022	16,934,688

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

	Year ended 31-Mar-12	Year ended 31-Mar-11
Less: Reimbursement of expenses from a related party	-	(1,643,068)
	378,378,938	306,663,338
Payment to statutory auditor of the Company		
As auditor:		
- Audit fee	1,500,000	1,500,000
- Fees for limited reviews	1,200,000	1,200,000
- Other matters	650,000	-
Reimbursement of expenses[excluding service tax of Rs.366,252 (Previous year: Rs.291,496)]	205,842	130,062
	3,555,842	**2,830,062**
27. Depreciation and Amortaisation		
Depreciation of tangible assets	10,560,312	5,696,930
Amortization of intangible assets	7,786,539	1,088,213
	18,346,851	6,785,143
Less: Reimbursement of expenses from a related party	-	(185,334)
	18,346,851	**6,599,809**
28. Finance costs		
Interest and other charges :		
- On loans	69,608,512	56,853,233
- Others	895,753	901,233
Bank charges	1,665,611	1,039,651
	72,169,876	**58,794,117**

29. The details of subsidiaries, joint ventures and associate consolidated in these financial statements are as follows:

Particulars	Country of incorporation	Percentage of holding
Subsidiaries		
Nitesh Indiranagar Retail Private Limited ['NIRPL']	India	100.0%
Nitesh Housing Developers Private Limited ['NHDPL']	India	89.9%
Nitesh Urban Development Private Limited ['NUDPL']	India	100.0%
Kakanad Enterprises Private Limited (formerly Nitesh Kochi Projects &	India	100.0%
Developers Private Limited) ['NKPDPL']	India	100.0%
Nitesh Property Management Private Limited['NPMPL']		
Joint venture		
Nitesh Estates – Whitefield, a jointly controlled entity [Association of persons ('AOP')]	India	See note below
Courtyard Construction Private Limited['CCPL']	India	50.0%
Associate		
Nitesh Residency Hotels Private Limited ['NRHPL']	India	21.1%

Note: The Company has invested a sum of Rs.41,100,723 towards its contribution to the fixed capital in the AOP. As per the terms of the AOP agreement, the Company is entitled to 24% of the net profits of the AOP. Further, the Company is entitled to share in net assets in the ratio of capital outstanding as at the balance sheet date.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

30. Related party information

a) List of Related parties

Key managerial personnel ('KMP')	Mr. Nitesh Shetty [Managing Director] Mr. L.S.Vaidyanathan [Executive Director]
Enterprises owned or significantly influenced by KMP	Globosport India Private Limited Lob Media Private Limited Madison Developers Private Limited Nisco Ventures Private Limited Nitesh Agrico Private Limited Nitesh Airways Private Limited Winter Lands Developers Private Limited (formerly Nitesh Devanahalli Township Private Limited) Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited) Nitesh Energy Private Limited Nitesh Healthcare Private Limited Nitesh Hospitals Private Limited Nitesh Industries Private Limited Nitesh Infrastructure Private Limited Nitesh Land Holdings Private Limited Nitesh Media Private Limited Nitesh Mylapore Developers Private Limited Nitesh Pharmacy Private Limited Nitesh Publishers Private Limited Nitstone Environment Private Limited Nitstone Waste Management Private Limited Nitesh Telecom Private Limited Nitesh Warehousing Private Limited Serve & Volley Holdings Private Limited Grass Outdoor Media Private Limited Serve & Volley Outdoor Advertising Private Limited Serve & Volley Signages Private Limited Hampton Investments Private Limited Nitesh Healthcare Richmond Trading Enterprises Nitesh Infrastructure and Construction
Joint venture enterprise (AOP)	Nitesh Estates – Whitefield (See note below)
Joint venturers of joint venture enterprise (AOP)	Mr. Joji Reddy Mr. Showrie Reddy
Joint venture Company	Courtyard Construction Private Limited
Joint venturers of Joint venture Company.	D. N. Budhrani H. N. Budhrani
Associate Company	Nitesh Residency Hotel Private Limited

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

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

b) Transactions with Related parties **Amount in Rupees**

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Income from contractual activities		
Nitesh Residency Hotels Private Limited	318,756,077	301,741,110
Nitesh Estates – Whitefield	182,042,644	236,559,941
Nitesh Infrastructure and Constructions	12,139,295	4,000,000
Mr. L. S. Vaidyanathan	6,960,229	-
Mr. Nitesh Shetty	834,571	660,646
Total	**520,732,816**	**542,961,697**
Sales returns - Sale of development rights		
Southern Hills Developers Private Limited (refer note d below)	115,862,027	-
Total	**115,862,027**	**-**
Sub-contracting charges		
Nisco Ventures Private Limited	-	29,298,930
Total	**-**	**29,298,930**
Purchase of developed property (apartment)		
Southern Hills Developers Private Limited (refer note a below)	-	28,400,000
Total	**-**	**28,400,000**
Rent and other charges paid		
Nitesh Infrastructure and Construction	18,774,716	24,718,374
Total	**18,774,716**	**24,718,374**
Interest income		
Southern Hills Developers Private Limited	-	24,691,461
Winter Land Developers Private Limited	132,590,779	67,344,012
Total	**132,590,779**	**92,035,473**
Advertising and sales promotion expenses		
Grass Outdoor Media Private Limited	-	8,138,190
Serve & Volley Outdoor Advertising Private Limited	18,545,462	8,792,288
Total	**18,545,462**	**16,930,478**
Reimbursement of expenses received		
Southern Hills Developers Private Limited (refer note b below)	-	7,750,203
Total	**-**	**7,750,203**
Remuneration to KMP		
Mr. Nitesh Shetty	12,293,720	12,293,720
Mr. L.S.Vaidyanathan	11,700,000	7,209,360
Total	**23,993,720**	**19,503,080**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

b) Transactions with Related parties (contd.) **Amount in Rupees**

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Investments made		
Nitesh Residency Hotels Private Limited (refer note c below)	195,000,000	130,000,000
Total	**195,000,000**	**130,000,000**
Security Deposits given/(refunded)		
Nitesh Infrastructure and Construction	-	8,652,600
Total	**-**	**8,652,600**
Short term borrowings repaid		
Mr. Nitesh Shetty	-	25,865,000
Total	**-**	**25,865,000**
Share issue expenses		
Grass Outdoor Media Private Limited	-	19,023,807
Serve & Volley Outdoor Advertising Private Limited	-	21,100,390
Total	**-**	**40,124,197**
Assignment of real estate projects received		
Southern Hills Developers Private Limited	-	57,974,609
Total	**-**	**57,974,609**
Loans and Advances given/(repaid)		
Nitesh Estates – Whitefield	-	46,225,405
Southern Hills Developers Private Limited	19,173,000	73,014,177
Madison Developers Private Limited	(228,000,000)	(2,500,000)
Richmond Trading Enterprises	-	5,839,785
Richmond Trading Enterprises	(38,700,000)	(5,935,078)
Mr. Joji Reddy	27,678,933	29,810,892
Mr. Showrie Reddy	-	24,390,729
Nitesh Mylapore Developers Private Limited	-	81,018,943
Winter Land Developers Private Limited	(22,000,000)	703,531,000
Nitesh Estates – Whitefield	(36,121,359)	(27,415,712)
Southern Hills Developers Private Limited	(239,094,175)	(28,487,256)

Note: The Group has obtained refund of the advances with/ without interest, as per commercial arrangement with the related parties.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

c) Balances outstanding with Related parties **Amount in Rupees**

	As at 31-Mar-2012	As at 31-Mar-2011
Trade receivables		
Nitesh Infrastructure and Constructions	5,030,000	5,030,000
Nitesh Estates – Whitefield	94,016,087	206,378,294
Nitesh Residency Hotels Private Limited	79,757,194	13,789,413
Mr. Nitesh Shetty	-	444,706
Total	**178,803,281**	**225,642,413**
Short term borrowings		
Mr. Nitesh Shetty	100,000	100,000
Total	**100,000**	**100,000**
Interest receivable		
Southern Hills Developers Private Limited	-	24,691,461
Winter Land Developers Private Limited	119,251,795	78,760,387
Total	**119,251,795**	**103,451,848**
Loans and advances		
Nitesh Estates –Whitefield	-	35,510,132
Madison Developers Private Limited	-	228,000,000
Southern Hills Developers Private Limited	62,210,740	299,025,803
Richmond Trading Enterprises	-	69,446,131
Nitesh Mylapore Developers Private Limited	-	81,018,943
Winter Land Developers Private Limited	806,236,000	828,236,000
Nitesh Infrastructure and Construction	-	1,559,161
Nisco Ventures Private Limited	-	50,141,839
Mr. Nitesh Shetty	-	7,429,400
Mr. L.S.Vaidyanathan	-	1,350,800
Mr. Joji Reddy	80,786,670	56,580,523
Mr. Showrie Reddy	46,293,155	46,293,155
Courtyard Constructions Private Limited	12,500,000	-
Total	**1,008,026,565**	**1,704,591,887**
Security deposits		
Nitesh Infrastructure and Construction	17,690,475	17,690,475
Total	**17,690,475**	**17,690,475**
Advance against property		
Nisco Ventures Private Limited	40,762,955	40,762,955
Total	**40,762,955**	**40,762,955**
Trade payables		
Nisco Ventures Private Limited	1,290,927	1,410,566
Nitesh Infrastructure and Construction	1,450,072	1,942,346
Grass Outdoor Media Private Limited	2,765,040	2,765,040
Serve & Volley Outdoor Advertising Private Limited	2,639,539	1,317,522
Southern Hills Developers Private Limited	-	24,555
Total	**8,145,578**	**7,460,029**

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

c) Balances outstanding with Related parties (Contd.) **Amount in Rupees**

	As at 31-Mar-2012	As at 31-Mar-2011
Advance from customers		
Nitesh Residency Hotels Private Limited	40,000,000	59,275,187
Total	**40,000,000**	**59,275,187**
Other current liabilities		
Nitesh Estates – Whitefield	-	346,627
Total	**-**	**346,627**

Notes:

a. On June 1, 2010, the Company purchased a developed property (apartment) from Southern Hills Developers Private Limited ('SHDPL') for a consideration of Rs.28,400,000 and sold the same to a third party for a consideration of Rs.60,000,000 on June 15, 2010. The Company incurred other incidental costs of Rs.2,062,885 towards purchase of the said apartment.

b. Pursuant to the Share Subscription Agreement ('SSA') entered into between AMIF I Limited ('Investors'), Pushpalatha V. Shetty, Nitesh Shetty, Nitesh Industries Private Limited and the Company, common costs i.e. the salaries, general and administrative and selling overheads incurred by the Company are being shared by SHDPL and the Company in the ratio of their project expenses.

   Accordingly, the Company has crossed charged SHDPL expenses amounting to Rs. Nil (Previous year: Rs. 6,787,397). Although, the SSA has been terminated effective October 9, 2009, the Company and SHDPL continued to share common costs in the ratio of their project expenses up to June 30, 2010.

c. The Company has invested a sum of Rs.605,805,790 (Previous year: Rs.410,805,790) towards 30,680,579 (Previous year: 29,120,579) Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'). The aforesaid investment has certain transfer restrictions (including consent of another investor) under the Shareholders' Agreement entered into with the other investors in NRHPL. As part of the loan arrangement entered into by NRHPL for funding the hotel project, the Company has provided an undertaking to such lenders not to divest its shares in NRHPL. The aforesaid Class A shares have similar voting rights to the Class B shares held by another investor but have different dividend rights in terms of the shareholders agreement. Effective October 30, 2009, NRHPL became an associate of the Company. The Company has a commitment to invest additional share capital in NRHPL along with the other investors. The Company's share of such additional investment as at March 31, 2012 is estimated to be Rs.135,000,000 (Previous year: Rs.330,000,000).

d. During the year ended March 31, 2009, the Company sold 25% of its development rights under a joint venture to Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited), a company owned by key managerial personnel ('SHDPL') for a consideration of Rs.270,000,000. The Company had incurred cost of Rs.115,862,027 towards land and other development costs as at the date of sale and had accordingly recognized a profit of Rs.154,137,973.

   During the year, the Company has bought back the aforesaid development rights from SHDPL for a consideration of Rs.115,862,027 and the same has been recorded as sales return. Accordingly, revenue from operations for the year is lower by Rs.115,862,027 with the corresponding impact on (increase) /decrease in inventories. The management is of the view that the aforesaid transaction is based on the contract entered by the parties, having no impact on the profit for the year ended March 31, 2012.

e. The Company has paid remuneration to key managerial personnel, for which an application has been made to the Central Government for its approval. Management is reasonably confident of obtaining the approval.

f. Pursuant to a retrospective amendment to the billing arrangement between the Company and Nitesh Estates –Whitefield on March 31, 2012, the Company has recognized revenue of Rs.14,922,575 relating to period prior to April 1, 2011.

g. Refer note 5 and 7 for loans personally guaranteed by certain directors of the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

31. Contingent liabilities not provided for

i. Contingent liability

Amount in Rupees

Particulars	As at 31-March-12		As at 31-March-11	
	NEL and its subsidiaries	Joint Venture	NEL and its subsidiaries	Joint Venture
Claims not acknowledged as debts in respect of income tax	35,416,412	-	30,275,706	-
Claims not acknowledged as debts in respect of service tax	394,966	-	-	-
Guarantees given	31,175,000	-	14,075,000	-

Also, refer note 39 and note 43 below.

ii. Commitments

i. The estimated amount of contracts, net of advances remaining to be executed on capital account is Rs. 327,464,428 (Previous year: Rs.291,790,000).

ii. As at March 31, 2012, the Group has given Rs.2,017,552,722 (Previous year:Rs.1,125,678,923) as advances/deposits for joint development/purchase of land. Under the arrangements executed with the land owners/intermediary parties, the Group is required to make further payments under the arrangements based on the terms/ milestones stipulated thereunder. Further, in respect of joint development arrangements the Group is also required to give share in area/ revenue from such development in exchange of undivided share in land as stipulated under the arrangements.

iii. Also, refer note 30(c) and 43 below.

32. Details of Construction contracts in progress

Amount in Rupees

Particulars	As at 31-March -12	As at 31-March -11
Contract revenue recognized as revenue for the year	1,241,031,776	994,356,377
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the balance sheet date for all the contracts in progress	3,445,104,737	2,204,072,961
The amount of customer advances outstanding for contracts in progress as at the balance sheet date	887,372,070	436,466,055
The amount of retentions due from customers for contracts in progress as at the balance sheet date	15,020,632	3,986,343

33. Segment reporting

The Group is engaged in the business of real estate development in India. Since, the Group's business activity primarily falls within a single business and geographical segment, no further disclosures are required, other than those already given in the financial statements.

34. Employee benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days basic salary (last drawn salary) for each completed year of service subject to maximum of Rs.1,000,000. The scheme is unfunded and hence the disclosures with respect to plan assets as per AS-15(R) are not applicable to the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

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.

Amount in Rupees

Net employee benefit expense (recognised in Employee Cost)	**Year ended 31-Mar-12**	**Year ended 31-Mar-11**
Current service cost	5,354,752	1,430,889
Interest cost on benefit obligation	797,993	357,790
Net actuarial (gain)/loss recognized	(2,956,418)	(147,463)
Past service cost	157,615	157,614
Net benefit expense	**3,353,942**	**1,798,830**

Amount in Rupees

Details of provision for gratuity	**As at 31-Mar-12**	**As at 31-Mar-11**
Defined benefit obligation	7,705,088	4,622,036
Less: Unrecognised past service cost	(157,615)	(315,229)
Plan liability	**7,547,473**	**4,306,807**

Changes in the present value of the defined benefit obligation are as follows:

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**
Opening defined benefit obligation	4,622,036	2,980,820
Interest cost	797,993	357,790
Current service cost	5,354,752	1,430,889
Benefits paid	(113,275)	-
Actuarial (gains) / losses on obligation	(2,956,418)	(147,463)
Closing defined benefit obligation	**7,705,088**	**4,622,036**

The principal assumptions used in determining gratuity benefit obligations are given below:

	As at 31-Mar-12	**As at 31-Mar-11**
Discount rate	8.55%	8.05%

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

Amounts for the current and preceding years are as follows:

Amount in Rupees

	As at 31-Mar-12	**As at 31-Mar-11**
Defined benefit obligation	7,705,088	4,622,036
Plan assets	-	-
Surplus / (Deficit)	(7,705,088)	(4,622,036)
Experience adjustments on plan liabilities	(2,967,790)	(197,656)

35. Leases

The Group has taken office, vehicles and other facilities under cancelable and non-cancelable operating leases, which are renewable on a periodic basis. The total lease expense for such leases recognised in the statement of profit and loss is Rs.22,120,791(Previous year :Rs.19,373,663). The future minimum lease payments for non-cancelable operating leases are as follows:

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

Amount in Rupees

Particulars	As at 31-Mar-12	As at 31-Mar-11
Not later than one year	-	570,000
More than one year and less than five years	-	440,000
Total	**-**	**1,010,000**

36. On September 24, 2009, NEL invested a sum of Rs.49,999,000 in the equity shares (99.9%) of Nitesh Housing Developers Private Limited ('NHDPL'), a subsidiary of NEL. Subsequently, on September 25, 2009, NEL sold 10.1% of its investment in NHDPL to another party ('the Buyer'). As at March 31, 2012, NEL holds 89.9% of the equity share capital of NHDPL.

On September 25, 2009, NEL, NHDPL, the Buyer and Mr. Nitesh Shetty have entered into an agreement whereby NHDPL would issue and allot to the Buyer, 6,200,000 Debentures of Rs.100 each aggregating to Rs.620,000,000. The Debentures and interest thereon are secured by way of pledge of the entire shareholding of NEL in NHDPL and a part of shareholding of Mr. Nitesh Shetty in NEL, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of NEL and personal guarantee of Mr. Nitesh Shetty. Further, the Buyer has a put option to require Mr. Nitesh Shetty to buy the 505,000 shares purchased from NEL under the terms of the agreement. The Buyer has the option to exercise conversion of such Debentures into preference shares of NHDPL after August 31, 2010 or secure the redemption of the same by NHDPL anytime on or after September 5, 2010 and no later than September 20, 2012.

Further, NHDPL had the option to redeem the Debentures to the extent of Rs.500,000,000 on or before March 31, 2011, which has not been exercised by NHDPL. NHDPL had the obligation to redeem all the Debentures on September 20, 2012. The Debentures are redeemable at a price that shall entitle the Buyer to a pre-tax IRR of 18% p.a. on the subscribed amount if on such date of redemption NEL has not completed its initial public offering ('IPO'), or a post-tax IRR of 25% p.a., if on the date of redemption NEL has completed its IPO. NHDPL has issued Debentures amounting to Rs.620,000,000 as at March 31, 2012.

On May 15, 2010, certain terms of Debenture agreement have been amended and the Debentures have been converted from 'Redeemable Optionally Convertible Debentures' to 'Compulsorily Convertible Debentures', which will be later converted to 'Redeemable Non-convertible Preference Shares' anytime on or after September 5, 2010 and no later than September 20, 2012. Such Redeemable Non-convertible Preference Shares are to be redeemed at an IRR to the Buyer as discussed above. As per the aforesaid terms, the debentures are convertible at par into preference shares and the premium on redemption of preference shares thereon in the opinion of the management, will be out of utilization of securities premium arising from fresh issue of equity shares to existing shareholders of NHDPL.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

37. Details of amounts included in the consolidated financial statements for the Groups' proportionate share of the assets, liabilities, income and expenses (before eliminations) of the joint venture are as follows:

Amount in Rupees

Particulars	31-Mar-12	31-Mar-11
Reserves and surplus	995,859	1,007,158
Non-current liabilities		
Other long term liabilities	31,682,059	-
Current liabilities		
Short-term borrowings	3,915,600	4,052,400
Trade Payables	45,538,167	123,462,458
Other current liabilities	63,207,787	169,500,344
Short-term provisions	1,644,552	-
Non-current assets		
Long-term loans and advances	29,276,560	-
Current assets		
Inventories	62,551,367	38,640,566
Trade receivables	19,127,479	167,366,286
Cash and bank balances	10,255,572	10,958,729
Short-term loans and advances	129,338,294	176,493,192
Income		
Revenue from operations	54,267,744	107,321,537
Other income	49,328	-
Expenses		
Sub-contracting charges	42,799,141	88,911,690
Other expenses	842,768	838,367
Finance costs	364,102	-
Current Tax	1,209,600	-

38. Inventories as at March 31, 2012 includes Land amounting to Rs.307,388,948 (Previous year: Rs.193,090,461) comprising cost of land held by the Company and other related costs incurred thereto. The land is to be developed under a joint arrangement with another party ('the Other Party') along with the adjoining parcel of land owned by the Other Party. As per the joint arrangement, the Company was required to commence the project by May 18, 2010, failing which the Other Party is entitled to terminate the joint arrangement. The Other Party has not exercised the right to terminate and the Company is in negotiation with the Other Party on various matters relating to structuring the arrangement, including revised timelines for commencement of the project. The Company is reasonably confident of finalizing the arrangement with the Other Party.

39. Advance against property as at March 31, 2012 includes Rs.215,000,000 (Previous year: Rs.215,000,000) paid to an intermediary party for purchase of land and consequently, the intermediary party entered into an agreement with the landlord for purchase of land. Subsequently, at the request of the Company, the intermediary party assigned its rights and obligations under the agreement with the landlord to the Company. There is no specific confirmation from the landlord in acceptance of the aforesaid assignment. The Company continues to deal with the intermediary party on another project. Further, based on the advice of the Company's external legal counsel, the Company is reasonably confident of the enforceability of the assignment agreement and has accordingly initiated the legal proceedings with respect to refund of the aforesaid amount and is reasonably confident that the legal proceedings would be in favour of the Company. Accordingly, the management is of the view that no adjustment is required to be made in respect of the carrying value of the advance against property as at March 31, 2012.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

40. As at March 31, 2012, advances have been given by the component entities of the Group to companies owned/significantly influenced by key managerial personnel amounting to Rs.828,236,000, towards real estate projects, which are in various stages of development/project set-up. The management is confident of settlement of such advances or achievement of profitable operations of such real estate projects in future. Accordingly, management is of the view that no adjustments are required to be made to the financial statements for the quarter and year ended March 31, 2012.

41. Initial Public Offer

During the year, the Company launched its Initial Public Offer ('IPO') of 75,000,000 equity shares of Rs. 10 each for cash at a price of Rs.54 each and raised capital of Rs.4,050,000,000. The premium of Rs.44 per share, amounting to Rs.3,300,000,000 from the allotment has been credited to Securities Premium Account. The Share issue expenses incurred by the Company amounting to Rs.313,662,446 have been adjusted against Securities Premium Account. The details of utilization of proceeds raised through IPO are as below.

Amount in Rupees

Particulars	Objects as per Prospectus	Actual Utilisation
Investment in subsidiaries/associate company	3,034,380,000	2,131,692,135
Repayment of specified loans	356,900,000	356,900,000
Repayment of other loans	-	551,616,355
Acquisition of specified joint development rights	210,000,000	30,000,000
Acquisition of other joint development rights	-	282,712,865
Issue related expenditure	272,830,000	313,662,446
General corporate purposes	175,890,000	383,416,199
Total	**4,050,000,000**	**4,050,000,000**

Note: Pursuant to a special resolution passed at the Annual General Meeting held on September 29, 2010, the Company obtained the approval/ ratification from the members for deviations in the utilization of the IPO proceeds and delegated the powers to the Board of Directors of the Company to utilize any part of the net proceeds for a purpose or purposes other than those described in the Prospectus of the Company.

42. As at March 31, 2012, Capital work in progress includes a non-refundable deposit of Rs.855,000,000 (Previous year: Rs.855,000,000) paid to the landowner under a Joint Development Agreement ('JDA') and other project specific payments amounting to Rs.307,982,644 (Previous year: Rs.629,604,666) made by Nitesh Indiranagar Retail Private Limited ('NIRPL') a wholly owned subsidiary of the Company. As per the aforesaid JDA, NIRPL is required to adhere to all the terms of the JDA (as amended) including the specified project timelines, failing which the other party is entitled to forfeit the aforesaid nonrefundable deposit and not continue with the joint development arrangement. Management is reasonably confident of NIRPL adhering to all the terms of the aforesaid JDA including the specified project timelines.

43. The Company has entered into share subscription and shareholders agreement dated October 21, 2007 with Sagar Nitesh Projects Private Limited ('SNPPL') and its promoters. Pursuant to the agreement, the Company had made an initial payment of Rs.50,000,000, towards the Company's obligation to subscribe upto 20% of the paid up capital of SNPPL amounting to Rs.354,125,000 upon fulfillment of certain conditions by the parties to the agreement. The Company, in consultation with its legal counsel is of the opinion that there has been a breach in fulfillment of the aforesaid conditions on the part of the promoters of SNPPL and accordingly, the Company has initiated arbitration proceedings with respect to refund of share application money. Based on the advice of the Company's external legal counsel, the Company is confident that the arbitration proceedings would be in the favour of the Company and the realisable value will be atleast equal to its carrying value. Accordingly, the management is of the view that no provision is required to be made in respect of the carrying value of the aforesaid share application money as at March 31, 2012.

Notes to Consolidated Financial Statements for the year ended March 31, 2012 (Contd.)

44. Previous year figures

Till the year ended March 31, 2011, the Group was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act ,1956, has become applicable to the Company. The Group has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Mumbai
Date : May 25, 2012

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

Nitesh Shetty
Managing Director

L. S. Vaidyanathan
Executive Director

D. Srinivasan
Company Secretary

Venkateshan M.A.
Chief Financial Officer

Place: Mumbai
Date : May 25, 2012

EIGHTH ANNUAL GENERAL MEETING

NITESH ESTATES LIMITED

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

ATTENDANCE SLIP

DATE	VENUE	TIME
26th day of september, 2012	Chowdiah Memorial Hall, G.D Park Extention, Vyalikaval, Bangalore – 560 003	02.00 PM

Name: ....

Address of the Member ....

....

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

Please ☑ in the Box

☐ Member ☐ Proxy

....

Member's Signature

....

Proxy's Signature

Name of the Proxy in Block Letters

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

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

Tear Here

NITESH ESTATES LIMITED

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

PROXY FORM

I/We ....

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

....of ....

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

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

as my / our proxy to attend vote for me / us on my / our behalf at the Eighth Annual General Meeting (AGM) of the Company to be held on 26th day of September, 2012 and at my adjournment thereof.

As witness my / our hand(s) this ....day of 2012

Affix Revenue Stamp

Signed by the said...

Signature(s) of the Shareholder(s)

Note: i) The Proxy form must be received at the Investor Service Center, Nitesh Estates Limited, 7th Floor, Nitesh Timesquare, # 8, M. G. Road, Bangalore - 560 001 not less than 48 hours before the commencement of the AGM i.e. by 02.00 PM on 24th September, 2012

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

Nitesh ESTATES
EXPECT MORE

Corporate Office:
Nitesh Estates,
7th Floor, Nitesh Timesqure,
No. 8, M.G. Road,
Bangalore - 560 001.
Website: www.niteshestates.com