

## Limited Review Report

Review Report to  
The Board of Directors  
Nitesh Estates Limited

1. We have reviewed the unaudited consolidated financial results of Nitesh Estates Limited (the "Company") and its subsidiaries, joint ventures and associate company (together, the "Group"), for the quarter ended June 30, 2012 included in the accompanying statement of unaudited consolidated financial results (the "Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Company's management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. In respect of unaudited quarterly consolidated financial results, we did not review the unaudited quarterly financial results of five subsidiaries, two joint ventures and one associate company. The unaudited quarterly financial results of these subsidiaries and joint ventures reflect total revenue of Rs.1,853 lacs for the quarter ended June 30, 2012 and total assets of Rs.57,583 lacs as at June 30, 2012. The unaudited quarterly financial results of associate company reflect the Group's share of total loss of Rs.11 lacs for the quarter ended June 30, 2012. The financial information for these subsidiaries, joint ventures and associate company have been reviewed by the other auditors whose reports have been furnished to us, and our opinion on the quarterly consolidated financial results is based solely on the reports of the other auditors.
4. Without qualifying our conclusion, we draw attention to Note 5 of the Statement regarding advance against property amounting to Rs. 2,150 lacs as at June 30, 2012 (March 31, 2012 – Rs. 2,150 lacs) 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 results for the quarter ended June 30, 2012.



# S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

5. *We draw attention to Note 3 regarding recognition of deferred tax assets by the Group. The Group has tax losses during the quarter ended June 30, 2012 and has deferred tax assets of Rs.722 lacs as at June 30, 2012 (March 31, 2012 – Rs.568 lacs). 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). Had such deferred tax assets not been recognised, loss (before minority interest) for the quarter ended June 30, 2012 would have been higher by Rs.722 lacs (March 31, 2012- profit would have been lower by Rs. 568 lacs). Further, deferred tax assets and reserves and surplus as at June 30, 2012 would have been lower by Rs.722 lacs (March 31, 2012 – Rs.568 lacs). In respect of the above matter, our audit report for the year ended March 31, 2012 was similarly modified.*
6. *We also draw attention to Note 4 of the Statement regarding advances given by the component entities of the Group as at June 30, 2012. Based on the reviewed unaudited financial information 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. 9,441 lacs (including interest thereon) (March 31, 2012-Rs.8,282 lacs) 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 results for the quarter ended June 30, 2012. In respect of the above matter, our audit report for the year ended March 31, 2012 was similarly modified*
7. *Based on our review conducted as above and on consideration of reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of the components, except for the effect of the matter stated in paragraph 5 above and the possible effect of the matter stated in paragraph 6 above, nothing has come to our attention that causes us to believe that the unaudited consolidated financial results for the quarter ended June 30, 2012 included in the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.*

*S. R. Batliboi & Associates*

For S.R. BATLIBOI & ASSOCIATES

Firm Registration No.101049W

Chartered Accountants

*Aranka*

per Adarsh Ranka

Partner

Membership No.: 209567



Place: Bengaluru

Date: August 7, 2012

Part I Statement of consolidated unaudited financial results for the quarter ended on June 30, 2012

(Rs. in Lacs)

	Particulars	Quarter ended 30. 06. 2012 [Unaudited]	Quarter ended 31. 03. 2012 [Unaudited]	Quarter ended 30. 06. 2011 [Unaudited]	Previous accounting year ended 31. 03. 2012 [Audited]
1	Income from operations				
	(a) Net sales/Income from operations	3,063	3,999	1,421	11,623
	Total income from operations	3,063	3,999	1,421	11,623
2	Expenditure				
	(a) (Increase)/decrease in inventories	(1,463)	(3,647)	(775)	(4,791)
	(b) Land and construction cost	3,793	6,577	1,895	12,875
	(c) Cost of villa plots sold	-	-	-	172
	(d) Employee benefits expense	471	517	360	1,643
	(e) Depreciation and amortization expense	82	48	44	183
	(f) Advertising and sales promotion expense	611	539	325	1,253
	(g) Other expenditure	275	231	196	1,058
	Total	3,769	4,265	2,045	12,393
3	Profit/ (Loss) from Operations before Other Income, Finance Costs and Exceptional Items (1-2)	(706)	(266)	(624)	(770)
4	Other Income	195	1,332	6	1,359
5	Profit/ (Loss) from Ordinary Activities before Finance Costs and Exceptional Items (3+4)	(511)	1,066	(618)	589
6	Finance costs (net of inventorisation)	29	29	66	95
7	Profit/ (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	(540)	1,037	(684)	494
8	Exceptional Items	-	-	-	-
9	Profit/ (Loss) from Ordinary Activities before tax (7+8)	(540)	1,037	(684)	494
10	Tax expense/ (credit)	(139)	476	(227)	248
11	Net Profit/ (Loss) from Ordinary Activities after tax (9-10)	(401)	561	(457)	246
12	Extraordinary Items	-	-	-	-
13	(a) Minority Interest	(5)	100	(8)	132
	(b) Share in loss of associate company	11	21	26	82
		6	121	18	214
14	Net Profit/ (Loss) for the period (11-12-13)	(407)	440	(475)	32
15	Paid-up equity share capital (Face value per equity share Rs. 10)	14,583	14,583	14,583	14,583
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)				31,714
17	Earnings/(loss) Per Share ('EPS') (of Rs.10 each) - (Rs.)				
	(a) Basic EPS	(0.28)	0.30	(0.33)	0.02
	(b) Diluted EPS	(0.28)	0.30	(0.33)	0.02



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Part II Select information for the Quarter ended June 30, 2012

	Particulars	Quarter ended 30. 06. 2012 [Unaudited]	Quarter ended 31. 03. 2012 [Unaudited]	Quarter ended 30. 06. 2011 [Unaudited]	Previous accounting year ended 31. 03. 2012 [Audited]
A	Particulars of Shareholding				
1	Public shareholding				
	- Number of shares	80,766,389	81,032,384	82,154,426	81,032,384
	- Percentage of shareholding	55.38%	55.57%	56.34%	55.57%
2	Promoters and Promoter Group Shareholding				
	(a) Pledged/Encumbered				
	- Number of shares	19,958,036	19,958,036	18,594,667	19,958,036
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter Group)	30.67%	30.80%	29.20%	30.80%
	- Percentage of shares (as a % of the total share capital of the Company)	13.69%	13.68%	12.75%	13.68%
	(b) Non-encumbered				
	- Number of shares	45,107,675	44,841,680	45,083,007	44,841,680
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter Group)	69.33%	69.20%	70.80%	69.20%
	- Percentage of shares (as a % of the total share capital of the Company)	30.93%	30.75%	30.91%	30.75%

	Particulars	Quarter ended 30.06.2012
B	Investor complaints	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

Note to the financial results:

- (1) This statement has been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on August 7, 2012. The statutory auditors have conducted a "Limited review" of the financial results for the quarter ended June 30, 2012.
- (2) As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- (3) The Group has tax losses during the quarter ended June 30, 2012 and has deferred tax assets of Rs.722 lacs as at June 30, 2012 (March 31, 2012 - Rs.568 lacs). 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.  
The statutory auditors of the Company have qualified the above matter in their limited review report, the above does not meet the requirements of virtual certainty under Accounting Standard 22 "Accounting for Taxes on Income", notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). Had such deferred tax assets not been recognised, loss (before minority interest) for the quarter ended June 30, 2012 would have been higher by Rs.722 lacs (March 31, 2012 - profit would have been lower by Rs.568 lacs).



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- (4) As at June 30, 2012, advances have been given by the component entities of the Group to companies owned by or significantly influenced by key managerial personnel amounting to Rs. 9,441 lacs (including interest thereon) (March 31, 2012 - Rs. 8,282 lacs), towards real estate projects, which are in various stages of development/ project set-up.

The statutory auditors of the Company have qualified the above matter in their review report. 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 results for the quarter ended June 30, 2012.

- (5) Advance against property as at June 30, 2012 includes Rs.2,150 lacs 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.

The statutory auditors of the Company have emphasised the above matter in their limited review report. Management, based on the advice of the Company's external legal counsel, is reasonably confident of the enforceability of the assignment agreement and has accordingly initiated 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, management is of the view that no adjustments are required to be made to the financial results for the quarter ended June 30, 2012.

- (6) Figures for standalone financial results of the Company for the quarter ended June 30, 2012 are as follows:

Particulars	Quarter ended 30. 06. 2012 [Unaudited]	Quarter ended 31. 03. 2012 [Unaudited]	Quarter ended 30. 06. 2011 [Unaudited]	Previous accounting year ended 31. 03. 2012 [Audited]
Income				
(a) Net sales/Income from operations	1,901	2,803	1,228	7,812
(b) Share in profit/(loss) of association of persons (Joint venture)	30	(217)	25	91
Total	1,931	2,586	1,253	7,903
Profit/(Loss) before tax	(369)	(293)	(564)	(712)
Profit/(Loss) after tax	(264)	(267)	(376)	(455)

The standalone unaudited financial results for the quarter ended June 30, 2012 can be viewed on the Company website [www.niteshstates.com](http://www.niteshstates.com) and also be viewed on the website of NSE and BSE.

- (7) During the quarter, the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India has become applicable to the Group. The same does not have any impact on the financial results of the Group for the quarter ended June 30, 2012.
- (8) The figures for the preceding three months ended March 31, 2012 are the balancing figures between the audited figures in respect of the financial year ended March 31, 2012 and the published year to date unaudited figures for the nine months ended December 31, 2011.
- (9) Pursuant to Notification No. 447(E) dated February 28, 2011 and Notification No. 653(E) dated March 30, 2011 issued by the Ministry of Corporate Affairs and Notification no. CIR/CFD/D IL/4/2012 dated April 16, 2012, issued by Securities and Exchange Board of India, the Company has prepared its financial results as per revised Schedule VI to the Companies Act, 1956. Accordingly, the previous periods / year's figures have also been regrouped / rearranged, wherever required to align the financial results to the revised format.

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

Nitesh Shetty  
Chairman and Managing Director

Place: Bengaluru, India  
Date: August 7, 2012,

