

B S R & Co. LLP

Chartered Accountants

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Review report to the Board of Directors of Nitesh Estates Limited

Introduction

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Nitesh Estates Limited ('the Company') for the quarter and half year ended 30 September 2013 attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement issued by the Securities and Exchange Board of India ('Listing Agreement') "except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors at their meeting held on 12 November 2013. Our responsibility is to issue a report on the Statement based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 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 financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review conducted as explained in paragraphs 1 and 2 nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results for the quarter and half year ended 30 September 2013, prepared in accordance with accounting standards notified by Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continues to apply under Section 133 of the Companies Act 2013 (which has superseded Section 211(3C) of the Companies Act 1956 with effect from 12 September 2013) and other recognized accounting practices and policies, has not disclosed the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.



Emphasis of Matter

4. Without qualifying our opinion, we draw attention to note 4 of the Statement. The management has on the basis of a technical evaluation, progress made on one of its project, work orders issued to vendors, costs saved so far compared to estimates and lower probability of cost escalation on the remaining contracts since the structures of the projects are nearing completion, has revised the total estimated project costs downward. The management confirms that the downward revision in costs is other than temporary in nature and there will be no corresponding downward revision in selling prices. The downward revision of the total cost to completion has resulted in the costs incurred to date now bearing a higher proportion to the total project cost. Accordingly under the percentage completion of recognizing revenue followed by the Company and as prescribed by the ICAI, a higher proportion of the total estimated project revenues has been recognised. This has in turn resulted in an increase in revenue and profit of Rs 33 million for the quarter and the half year ended 30 September 2013.
5. Without qualifying our opinion, we further draw attention to note 5 of the Statement. The Company has advanced an amount aggregating Rs 669 million as at 30 September 2013, to various parties for purchase/joint development of land/ properties. Of these, advances amounting to Rs 90 million were expected to be settled, during the current period, either through repayment or land acquisition/development contracts. As at date, these advances continue to remain outstanding. Management believes that though the settlement of these advances is delayed, they continue to remain entirely recoverable.

for B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W



Zuhair Shekary
Partner

Membership Number: 048814

Place: Bangalore

Date: 12 November 2013

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Review report to the Board of Directors of Nitesh Estates Limited

Introduction

1. We have reviewed the accompanying statement of consolidated unaudited financial results ("the Statement") of Nitesh Estates Limited ("the Company") and its subsidiaries, joint ventures and an associate company as detailed in note 1 of the Statement (collectively referred to as 'Nitesh Group') for the quarter and half year ended 30 September 2013, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement issued by the Securities and Exchange Board of India ("Listing Agreement") except for the disclosures regarding 'Public Shareholding' and 'Promoters and Promoter Group Shareholding' which have been traced from disclosures made by the 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 at their meeting held on 12 November 2013. Our responsibility is to issue a report on the statement based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 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 financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We did not review the unaudited quarterly financial results of three subsidiaries and two joint ventures included in the Statement. The unaudited quarter and half year financial results of these subsidiaries and joint ventures reflect total revenue of Rs.208.5 lakhs and Rs 492.1 lakhs for the quarter and half year ended 30 September 2013, respectively and total assets of Rs 19,025.9 lakhs as at 30 September 2013. The financial information for these subsidiaries and joint ventures have been reviewed by the other auditors whose review reports have been furnished to us, and our opinion on the Statement is based solely on the review reports of the other auditors.

Conclusion

4. Based on our review conducted as explained in paragraphs 1 and 2 and on consideration of reports of other auditors explained in the paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with accounting standards notified by Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continues to apply under Section 133 of the Companies Act 2013 (which has superseded Section 211(3C) of the Companies Act 1956 with effect from 12 September 2013) and other recognized 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.



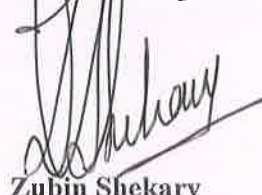
Emphasis of Matter

5. We draw attention to note 4 of the Statement wherein it is stated that Nitesh Indiranagar Retail Private Limited (NIRPL), a subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs 4,820 million. The said agreement stipulates timelines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs 75 per square feet for each month of delay to NIRPL in the event of a delay. At 30 September 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. We are informed by Management that there are ongoing discussions with the land owner and NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. The Company expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 30 September 2013. NIRPL is audited by another firm of Chartered Accountants, B.K Ramadhyani & Co. The statutory auditors, in their review report for the quarter have drawn attention to the said matter and we have relied on their review report.
6. Without qualifying our opinion, we draw attention to note 5 of the Statement. The management has on the basis of a technical evaluation, progress made on three projects, work orders issued to vendors, costs saved so far compared to estimates and lower probability of cost escalation on the remaining contracts since the structures of the projects are nearing completion, has revised the total estimated project costs downward. The management confirms that the downward revision in costs is other than temporary in nature and there will be no corresponding downward revision in selling prices. The downward revision of the total cost to completion has resulted in the costs incurred to date now bearing a higher proportion to the total project cost. Accordingly under the percentage completion of recognizing revenue followed by the group and as prescribed by the ICAI, a higher proportion of the total estimated project revenues has been recognised. This has in turn resulted in an increase in revenue and profit of Rs 144 million for the quarter and the half year ended 30 September 2013.
7. Without qualifying our opinion, we further draw attention to note 6 of the Statement. The group has advanced an amount aggregating Rs 2,543 million as at 30 September 2013, to various parties for purchase/joint development of land/ properties. Of these, advances amounting to Rs 319 million were expected to be settled, during the current period, either through repayment or land acquisition/development contracts. As at date, these advances continue to remain outstanding. Management believes that though the settlement of these advances is delayed, they continue to remain entirely recoverable.

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

Chartered Accountants

ICAI Firm Registration Number: 101248W



Zubin Shekary

Partner

Membership Number: 48814

Place: Bangalore

Date: 12 November 2013