Nitesh®
ESTATES

EXPECT MORE

NITESH ESTATES LIMITED

SEVENTH ANNUAL REPORT
2010 - 2011

CONTENTS

NITESH ESTATES LIMITED

Nitesh Estates Limited is an integrated property development company headquartered in Bangalore, India. Founded in 2004, Nitesh Estates Limited has grown into a company renowned for its classy developments in Office Buildings, Residential, Hotels and Shopping Malls. Every endeavour of the company reflects its trademark attributes like impeccable professionalism, attention to detail and speedy execution.

The Company is growing faster with plans to expand its operations in other cities, and has now expanded its operations into Goa, Chennai and Cochin.

Driven by its Dynamic Management, Nitesh Estates has to its credit a series of firsts: the first to win India's largest corporate housing project (ITC Limited), one among the first few to attract FDI in real estate (Och Ziff and Citigroup) and has a distinguish of bringing to India the Global Luxury Chain - The Ritz Carlton Hotel and setting up its first property in Bangalore.

The Company is governed by a set of Senior Eminent Board of Directors who overlooks the overall operations of the Company.

Sub: One Year Report after IPO to Shareholders

Revenue
144 Cr

Net profit
12 Cr

4 Million sq ft of
Residential Projects
Added

801 Nos
Residential Units Booked
(1.14 Million sq ft)

387 Cr
Sales Value Booked

World-Class Practices

ACCENTURE
As adviser

SAP Implemented
Across the company

Dear Valued Shareholders

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

It has now been a year since you have put your faith and invested in Nitesh Estates Limited. We on our part have achieved the following since the Road Show:

We have added 8 Residential Projects amounting to approximately 4 million square feet, namely:

a) Nitesh Logos
b) Nitesh Fisher Island
c) Nitesh Camp David
d) Nitesh Hyde Park
e) Nitesh Columbus Square
f) Nitesh Caesar's Palace
g) Nitesh Flushing Meadows
h) Nitesh Central Park

Construction of half a million sq ft of Nitesh Forest Hills has been completed and we have had bookings of 801 residential units (1.14 million sq ft) with sales value of Rs. 387 Cr during the fiscal year 2011. In addition, six new joint ventures for residential as well as income yielding assets have been signed by us. We are also pleased to update that signing of the 1.4 million sq ft. shopping mall at Indiranagar has been concluded. The plan approval is in process and leasing has commenced.

We have implemented SAP as our Enterprise Resource Planning System and after three months of training and parallel running with the legacy system, all functions of the company including Sales, CRM, Projects, Materials, Finance and Land acquisition operate through it. Also, we have associated with Accenture to advise us strategically and to help in our Human Resource / Long Term Strategy Processes to build a world class company.

Our top-line growth has been registered at **58%** in the fiscal 2011 – from **Rs. 91 crore** before IPO in March 2010 to **Rs. 144 crore** this year in March 2011. Our bottom-line has improved from a consolidated **net loss of Rs. 3 crores in March 2010** to a **net profit of Rs. 12 crores in March 2011.**

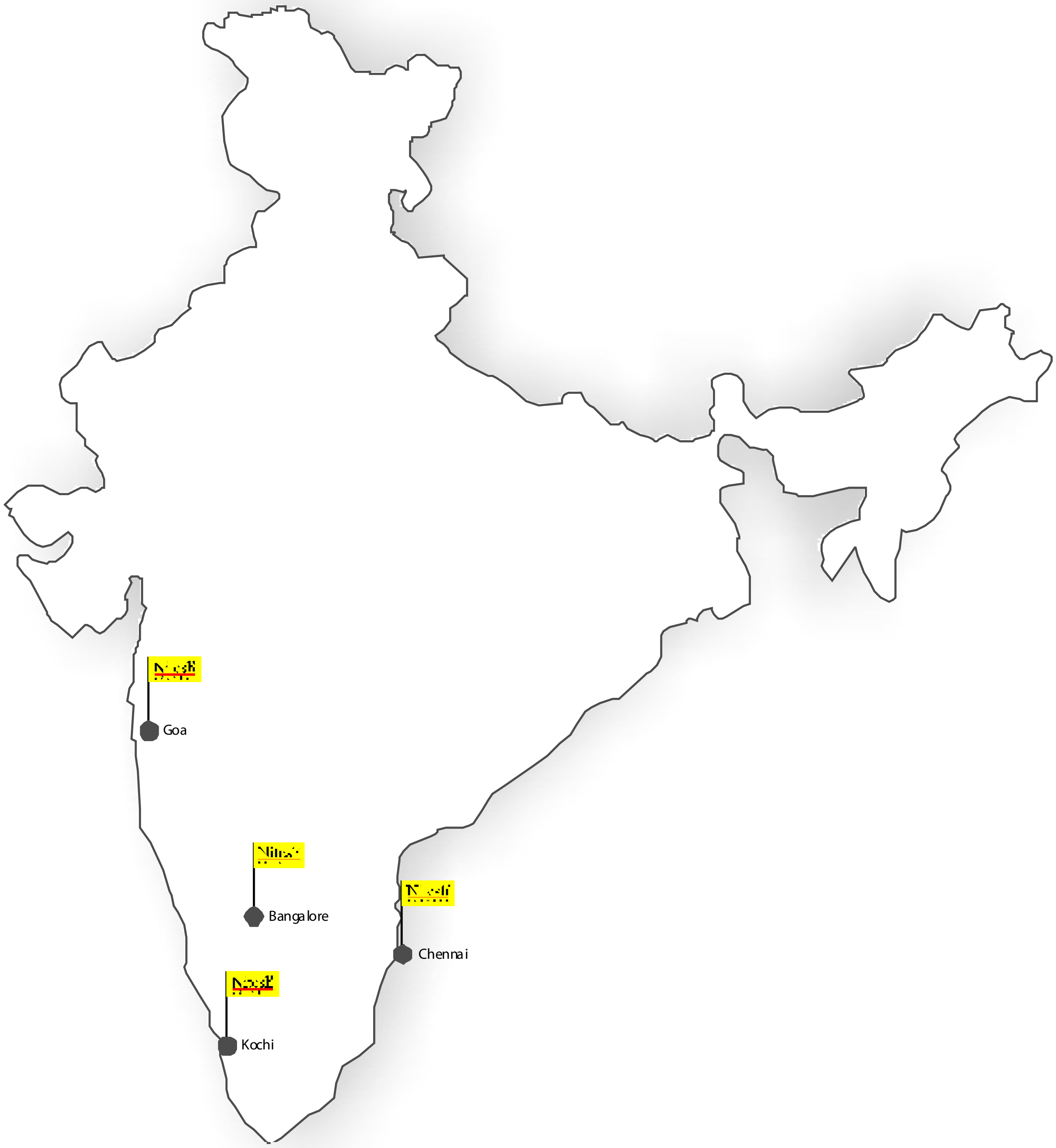
Work on the Ritz Carlton Hotel site is progressing swiftly and the Hotel should be ready for operation by first Quarter 2012.

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

Best Regards,

NITESH SHETTY
CHAIRMAN & MANAGING DIRECTOR

Growth Markets



Business Principles

- Our foremost goal is to construct/create the best quality buildings which can be benchmarked against the best real estate developments globally
- Our client's interest always comes first.Our experience shows that if we serve our clients well, our own success will follow
- Our assets are our people, brand and reputation. If any of these is ever compromised, the last is the most difficult to restore. We undertake to comply fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard
- We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in all that we create like hotels, residential condominiums, office buildings and retail. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest
- We stress teamwork in everything we do.While individual creativity is always encouraged, we have found that team effort often produces the best results. We have no room for those who put their personal interests ahead of Nitesh Estates or it's clients
- The dedication of our people to the company, the intense effort they put into their jobs is greater than one finds in most other organizations.We think that this is an important part of our success. Nitesh Estates is an organization with a human touch
- We consider size an asset and try to grow substantially year on year. We want to be big enough to undertake the largest project that any of our clients cancontemplate, yet small enough to maintain the loyalty, and the humbleness that we all treasure and that contributes greatly to our success
- Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the company and in their personal lives. This culture is imbued into our people from the moment they enter the company
- At Nitesh Estates Environment, Health and Safety is a standard which is at the heart of our business. We ensure that in all our projects and our people follow our internal Environment Health and Safety norms stringently and deliver projects keeping this paradigm in mind.

Nitesh Fisher Island

Luxury


THE RITZ-CA
World's Finest

Luxury Icon

The Ritz-Carlton Hotel
Brought you by Nitesh Estates

Landmark

Nitesh Mall

Destination

Nitesh Buckingham Gate


Elegance
Nitesh
ESTATES

Nitesh Wimbledon Park

Brillance

Nitesh Columbus Square

Nitesh Central Park


Urban
Nitesh Forest Hills


Lifestyle

Office

Nitesh Broadway

Buildings

Nitesh Timesquare

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nitesh Shetty
Chairman & Managing Director

Mr. James Brent
Independent Director

Mr. D E Udwadia
Independent Director

Mr. L S Vaidyanathan
Executive Director

Mrs. Pushpalatha V Shetty
Non-Executive Director

Mr. G N Bajpai
Independent Director

Mr. Ashok Aram
Independent Director

Mr. Rangaswamy Iyer
Independent Director

Mr. Mahesh Bhupathi
Non-Executive Director

Mr. Ashwini Kumar
Chief Operating Officer

Mr. Venkateshan M A
Chief Financial 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

Deloitte Touche Tohmatsu India Pvt., Ltd.
Deloitte Centre
Anchorage II
100/2 Richmond Road
Bangalore 560 025
Tel: +91 80 66276000
Fax: +91 80 66276013

REGISTRAR & SHARE 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

EQUITY SHARES LISTED AT

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

PRINCIPAL BANKERS

Corporation Bank
HDFC Bank Limited

Bank of Baroda

REGISTERED OFFICE

Nitesh Timesquare
7th Floor, No. 8 M G Road
Bangalore 560 001
Tel: +91 80 4017 4000
Fax:+91 80 2555 0825
Website: www.niteshestates.com

Board of Directors

Mr.Nitesh Shetty
Chairman & Managing Director

Mr. Nitesh Shetty, a first generation entrepreneur, founded Nitesh Estates in the year 2004. Since then he has scaled the company to new heights. Today Nitesh Estates is recognised as one amongst the league of premium real estate developers in the country providing world class products and services. His additional roles and responsibilities include leading other Nitesh Group companies.

Mr. G N Bajpai
Independent Director

Mr. Ghyanendra Nath Bajpai, the former Chairman of the Securities and Exchange Board of India (SEBI), has also been the Chairman, 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. James Brent
Independent Director

Mr. James Brent is the former global head of real estate banking at Citigroup Inc. He joined Schroders, a UK Merchant Bank in 1983 and became the youngest director at the age of 29. He then became the head of Schroder's financing division and the non-executive chairman of Schroders Leasing Limited, one of Schroders' two banking subsidiaries. In May 2000, the investment banking business of Schroders was acquired by Citigroup Inc. James became the Managing Director in Real Estate and Lodging investment banking business at Citigroup. In 2004, he became the co-head of the European region of the Group, and the sole Global Head in 2005.

Mr. Ashok Aram
Independent Director

Mr. Ashok Aram is the Managing Director of Deutsche Bank in the Middle East and North Africa (MENA). Prior to this, he was the Head of the Global Banking division. He was formerly the MD of Abraaj Capital, one of the largest PE funds in the Middle East (with US$4 billion under management currently), specializing in the MENASA region (Middle East, North Africa, and South Asia).

Mr.D E Udwadia
Independent Director

Mr. Darius Udwadia is a Partner of Udwadia & Udeshi Advocates. He was a solicitor of the Supreme Court of England. He is also on the Board of the following Companies:

- ABB Limited
- JM Financial Ltd
- Development Credit Bank Ltd
- AstraZeneca Pharma India Limited

Mr. Rangaswamy Iyer
Independent Director

Mr. Ranga Iyer was the former Managing Director of Global Pharma Major, Wyeth Limited, 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. A financial management graduate, Mr. Rangaswamy Iyer has had extensive experience as an accomplished business leader, prior to joining Nitesh Estates.

Mr. Iyer is the Chairman of the Audit Committee.

Mr.L S Vaidyanathan
Executive Director

Mr. L.S. Vaidyanathan, a Chartered Accountant for over 20 years, has joined the Board of Nitesh Estates as the Executive Director since the year 2005. He plays a pivotal role in JDs and acquisition of lands for the Company.

Mr. Mahesh Bhupati
Non-Executive Director

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

Mrs. Pushpalatha V Shetty
Non-Executive Director

Mrs. Pushpalatha V Shetty, is the mother of Mr. Nitesh Shetty, and is Promoter Director of the Company.

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of Nitesh Estates Limited will be held on Wednesday 28th September, 2011 at 3.00 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 2011 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 declare a dividend.
3. To appoint a Director in place of Mr. G N Bajpai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. James Stephen Brent, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint S. R. Batliboi & Associates, Chartered Accountants (Firm Regn.101049W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification, the following resolutions as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof ("the Act"), read with Schedule XIII to the Act and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the 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 upto and including 31st March 2014 at the remuneration (including perquisites) and upon and subject to the terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. Vaidyanathan placed before the meeting and initialed by the Chairman for the purpose of identification with authority to the Board of Directors ("the Board" which shall be deemed to include any Committee of the Board) to alter or vary the terms and conditions of his re-appointment as may be agreed between the Board and Mr. Vaidyanathan subject to the limits specified in Schedule XIII to the Act or such other limits as may be approved by the Central Government".

   "RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year or during the tenure of Mr. L S Vaidyanathan as Whole-time Director the remuneration (including perquisites) as set out in the aforesaid draft Agreement be paid to him as minimum remuneration."

   "RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient, usual or proper to give full effect to 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: Mumbai
Date: 30th May, 2011

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) in respect of item 6 of the Notice is annexed hereto.
3. The Register of Members and the Register of Transfer will remain closed from Saturday the 24th September 2011 to Wednesday the 28th September 2011 (both days inclusive).
4. Pursuant to Clause 49 of the Listing Agreement, the prescribed information on Directors seeking appointment / reappointment 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. The Dividend, if any, that may be declared at the Meeting will be paid on or before October 17, 2011 to those Members entitled thereto whose names appear in the Register of Members of the Company on Saturday September 24, 2011.
8. 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.

Annexure to the Notice

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

Item No.6

At the meeting of the Board of Directors of the Company held on April 20, 2011, Mr. L. S. Vaidyanathan, was re-appointed as Whole-time Director designated as "Director-Business Development" for a period of three years from April 1, 2011 at the remuneration (including perquisites) and on other terms and conditions stated in the draft Agreement between the Company and him referred to in the resolution at this item.

The re-appointment of Mr. Vaidyanathan and the remuneration payable to him are subject to the consent of the shareholders in general meeting and also of the Central Government in case of the inadequacy of profits.

Mr. Vaidyanathan is responsible for all strategic initiatives relating to business including business development, new project identification, transaction strategy, resources mobilisation and direct taxation.

As a qualified Chartered Accountant Mr. Vaidyanathan is adept in financial transactions and issues and is capable of evaluating the potential opportunities and assessing the risk in the business. His 20 years of previous experience as a practicing Chartered Accountant and his exposure to various Real Estate firms / business is an asset to the Company. He is an acknowledged leader in the Bangalore Real Estate market.

The material terms of the aforesaid draft Agreement to be entered into between the Company and Mr. Vaidyanathan are set out below:-

1) Period of appointment: 1st April 2011 to 31st March 2014 (both days inclusive).

2) Mr. Vaidyanathan to perform all duties and responsibilities as a Whole-time Director designated as Director-Business Development as such other duties and responsibilities as may be entrusted to him from time to time by the Chairman and/or the Board of the Company.

3) Mr. Vaidyanathan to devote his time and attention to the business of the Company.

4) Mr. Vaidyanathan to undertake such travel in India or out of India as may be necessary or required in connection with the business and affairs of the Company.

5) Remuneration: Mr. Vaidyanathan to be paid the following remuneration:

   i) Salary: Basic salary of Rs. 75,00,000/- (Rupees Seventy five lakhs only) per annum.

   ii) Performance linked pay not exceeding Rs. 42,00,000/- (Rupees Forty two lakhs only) which will be subject to approval by the Remuneration Committee, at the end of each year.

   iii) Benefits and Amenities: Mr. Vaidyanathan shall be entitled to receive the following benefits and amenities:

      (a) Use of telephone(s) installed at Mr. Vaidyanathan's residence; mobile phone and blackberry phone shall be used for the Company's business which means payment of rent, call charges and other outgoings in respect thereof to be paid by the Company. All personal calls to be charged to Mr. Vaidyanathan.

      (b) A chauffeur driven motor car, all expenses for the running, maintenance and upkeep of such motor car as also the salary of the chauffeur to be borne and paid by the Company. Any personal travel and use of car for personal use, the cost of which to be borne by Mr. Vaidyanathan.

      (c) Reimbursement of reasonable medical expenses incurred by Mr. Vaidyanathan and his family and approved by the Chairman and/or the Board;

      (d) Reimbursement of reasonable entertainment expenses incurred by Mr. Vaidyanathan wholly and exclusively for the purpose of the business of the Company and approved by the Chairman and/or the Board;

      (e) Benefit of personal accident insurance policy effected by the Company, the amount of premium for which not exceed Rs. 1,500/- (Rupees One thousand five hundred only) per annum;

      (f) Benefit of the Company's Provident Fund Scheme in accordance with the rules of the Scheme in force for the time being and as amended from time to time provided that the Company's contribution thereto shall not exceed 12% (twelve per cent) of Mr. Vaidyanathan's salary as laid down in the Income-tax Rules, 1962 in force for the time being and as amended from time to time;

      (g) Leave with full remuneration in accordance with the rules of the Company in force for the time being and as amended from and from time to time; and

      (h) Eligibility to participate in the Company's Employee Stock Option Plan/ Scheme, if announced.

6) Income-tax, if any on the aforesaid remuneration to be borne and paid by Mr. Vaidyanathan.

7) Minimum remuneration: In the event of loss or inadequacy of profits in any financial year during the currency of tenure of appointment, the same remuneration shall be payable as minimum remuneration subject to the approval of the Central Government, notwithstanding that the aforesaid amount may exceed the limits prescribed under the Companies Act 1956 and the rules made thereunder.

8) Mr. Vaidyanathan not to disclose, divulge or make public or use any confidential information or knowledge obtained by him as to the business or affair of the Company.

9) The Company to be entitled to terminate Mr. Vaidyanathan's employment as Whole-time Director designated as Director-Business Development by notice in writing if he:

a) is unable to or is prevented by reasons of ill-health or accident or any mental or physical disability from performing and discharging his duties for a period of 120 (one hundred and twenty days) in any 12 (twelve) consecutive calendar months;

b) is found to be dishonest, disobedient, intemperate, uncivil or irregular in attendance or is guilty of insubordination, gross negligence or misconduct or is convicted by a court of any offence involving moral turpitude as in the opinion of the Board would warrant the termination of his employment as a Whole-time Director designated as Director – Business Development; and

c) commits a breach of any of terms of the Agreement.

10) The Company to be entitled to forthwith terminate Mr. Vaidyanathan's employment if he is adjudged an insolvent or applies to be adjudged an insolvent or makes any arrangement or composition with his creditors generally.

11) The Company to be entitled to terminate Mr. Vaidyanathan's employment at any time by either giving him 3 (three) calendar months notice in writing without assigning any reason or upon payment to him of salary and other emoluments for a period of 3 (three) calendar months in lieu of such notice.

12) Mr. Vaidyanathan to be entitled to terminate the Agreement at any time by giving to the Company 3 (three) calendar months notice in writing without assigning any reason. Mr. Vaidyanathan may however be permitted by the Chairman and/or the Board to leave the Company's employment at the expiry of 1 (one) month of his 3 (three) months notice on condition that he pays to the Company the amount representing his cost to the Company for the balance two months of the notice period.

13) Upon termination of the Agreement, Mr. Vaidyanathan to cease to be a Whole-time Director designated as Director – Business Development of the Company and shall ipso facto cease to be a Director of the Company.

STATEMENT OF INFORMATION PROVIDED IN TERMS OF THE SECTION II (B) OF PART II OF SCHEDULE XIII OF THE ACT

I. Nature of industry : Construction, Development of Projects- Real Estate, Housing, Commercial, hospitality etc.
2. Date or expected date of commencement of commercial production : Date of Inc: 20th Feb 2004
3. In case of new companies, expected date of commencement of activities : Not Applicable
4. Financial performance based on given indicators (Stand alone) Rs. Cr.

Details	2008-09	2009-10	2010-11
Paid Up Capital	6.80	70.83	145.83
Reserves & Surplus	48.60	19.76	318.15
Turnover	86.88	96.41	108.39
Profit Before Tax	4.23	6.35	2.89
Profit After Tax	2.76	4.68	3.76

5. Export performance and net foreign exchange collaborations: No Export Forex earnings.
6. Foreign Investment or Collaboration Amount in Rs. Cr. FDI 2006-07 - Rs.32.85 Cr, 2007-08 - Rs. 3.65 Cr. During the IPO in April 2010 total amount in foreign currency collected from FII /QIB was Rs. 208.86 Cr., towards Equity and Share Premium.

II. The Information on appointee and remuneration is as stated supra. Past remuneration 2007-08 - Rs. 39,25,410; 2008-09 - Rs. 45,09,360 ; 2009-10 - Rs. 26,25,000 (took voluntary reduction due to recession in the industry. His entitlement was Rs 1,22,00,000 + Perquisites) 2010-11 - Rs 72,00,000 – as approved by Central Government. There is no pecuniary relationship direct or indirect with the Company and Mr. L.S. Vaidyanathan is not related to any of the Directors of the Company.

III. Other information:

(1) Reasons for loss or inadequate profits :(a). The Company is young with only 5 years of Incorporation. Real Estate business went through a recessionary period during 2007-08. However, the real estate market is stabilizing and the Company expects to have substantial revenue and profit in the years to come.

(b). Further the ongoing projects will take a minimum of 18 to 30 months for completion and the project yield are normally realized at the end of the project only. Hence, the company will have improved profitability in the coming year effective from FY 2012-13, when the completion of projects will happen. The Company has made Initial Public Offer in 2010, and was listed on 13th May 2010. The Company could raise Rs 405 Cr. These funds are now available for taking up more projects.

(2) Steps taken or proposed to be taken for improvement : The Company has launched 16 projects with mix of commercial and residential area. This will have a higher realization of revenue and also continued rental income.

The table below shows the ongoing and future projects:

Ongoing projects	Numbers	Development area(Acres)	Saleable area (million Sqft)
Residential	8	32.35	2.95
Hospitality	1	2.58	0.50
Total	**9**	**34.93**	**3.45**
Forthcoming Projects	Numbers	Dev. area (mn. Sq.ft)	Saleable area (million Sqft)
Residential /Villas	6	107.51	6.216
Shopping mall	1	5.06	0.720
Total	**7**	**112.57**	**6.936**

The Company has strategized to have more of Joint Development projects, there by reducing the upfront payout of money. This reduces the borrowings of the Company. The Company has implemented SAP system for efficient planning of material and business activities, which will reduce cost.

(3) Expected increase in productivity and profits : Projected financials for next three years: Amount in Rs . Cr

	Mar 2012	Mar 2013	Mar 2014
Turnover	350	741	974
PBT	37	136	213
PAT	24	91	143

The approval of the Members is being sought to Mr. Vaidyanathan's appointment as a Whole-time Director designated as Director – Business Development and to the above remuneration proposed to be paid to him.

The Board considers that the remuneration and perquisites proposed to be paid to Mr. Vaidyanathan are commensurate with his duties and responsibilities as a Whole-time Director designated as Director – Business Development. It therefore recommends the resolution set out at Item No.6 of the Notice.

Mr. Vaidyanathan is interested in the resolution at Item No. 6 of the Notice since it relates to his re-appointment as a Whole-time Director and the remuneration payable to him as such.

The aforesaid draft Agreement will be available for inspection at the Registered Office of the Company on any working day during the Company's business hours between 10.00 a.m. and 12 noon.

By order of the Board
For Nitesh Estates Limited

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

Place: Mumbai **D. Srinivasan**
Date: 30th May 2011 **Company Secretary**

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

Particulars	**Mr. G N Bajpai**
Qualifications	M. Com., LLB
Date of Appointment	November 29, 2007
Expertise in specific Functional areas	Mr. Ghyanendra Nath Bajpai, the former Chairman of the Securities and Exchange Board of India (SEBI), was also the Chairman, 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.
Directorships held	1. Future Generali India Life Insurance Company Limited 2. Future Generali India Insurance Company Limited 3. Emaar MGF Land Limited 4. Dhanalaxmi Bank Limited 5. Future Capital Holdings Limited 6. Mandhana Industries Limited 7. Future Ventures India Limited 8. Kingfisher Airlines Limited 9. New Horizons India Limited 10. PNB Housing Finance Limited 11. Usha Martin Limited 12. Micromax Infomatrics Limited 13. Walchandnagar Industries Limited 14. Dalmia Cement (Bharat) Limited 15. Intuit Consulting Private Limited 16. Invent Asset Securitisation & reconstruction Co. Private Limited 17. Infomerics Valuation & Rating Private Limited 18. Apnapaisa Private Limited 19. IDE India (Sec.25 Company – Non Profit – poverty allevation) 20. Invent ARC Pvt. Ltd.
Membership of Committees	**Audit Committee:** 1. Mandhana Industries Ltd. (Member) 2. Emaar MGF Land Ltd. (Member) 3. Future Capital Holdings Ltd. (Member) 4. Future Generali India Insurance Co., Ltd. (Chairman) 5. Future Generali India Life Insurance Co., Ltd. (Chairman) 6. Future Ventures India Ltd., (Chairman) 7. Dalmia Cement (Bharat) Ltd (Member) 8. Kingfisher Airlines Limited (Member) **Investor Grievance committee:** 1. Future Generali India Insurance Co., Ltd. (Chairman) 2. Future Generali India Life Insurance Co., Ltd. (Chairman)
No. of shares held in the Company	Nil

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

Particulars	**Mr. James Stephen Brent**
Qualifications:	Chartered Secretary (UK)
Date of Appointment	September 24, 2009
Expertise in specific Functional areas	Mr. James Brent is the former global head of real estate banking at Citigroup Inc. He joined Schroders, a UK Merchant Bank in 1983 and became the youngest Director at the age of 29. He then became the head of Schroder's financing division and the non-executive Chairman of Schroders Leasing Limited, one of Schroders' two banking subsidiaries. In May 2000, the investment banking business of Schroders was acquired by Citigroup Inc. Mr. James Brent became the Managing Director in Real Estate and Lodging investment banking business at Citigroup. In 2004, he became the co-head of the European region of the Group, and the sole Global Head in 2005.
Directorships held	Mr. Brent is not a Director of any Company incorporated in India; except the Company.
Membership of Committees	Nil
No. of shares held	Nil

Particulars	**Mr. L S Vaidyanathan**
Qualification	B. Sc., F.C.A.
Date of Appointment	June 30, 2005
Expertise in specific Functional areas	Mr. L.S. Vaidyanathan, a Chartered Accountant for over 20 years, joined the Board of Nitesh Estates as the Executive Director in 2005. He plays a pivotal role in JDs and acquisition of lands for the Company.
Directorships held	1. Southern Hills Developers Pvt. Ltd. 2. Nitesh Indiranagar Retail Pvt. Ltd. 3. Nitesh Kochi Projects & Developers Pvt. Ltd. 4. Madison Developer Pvt. Ltd. 5. Nisco Ventures Pvt. Ltd. 6. Nitesh Warehousing Pvt. Ltd. 7. Nitesh Housing Developers Pvt. Ltd. 8. Nitesh Urban Development Pvt. Ltd. 9. Nitesh Land Holding Pvt. Ltd. 10. Courtyard Constructions Pvt. Ltd.
Membership of Committees	Audit Committee: 1. Nitesh Estates Limited Shareholders / Investor grievance Committee; 1. Nitesh Estates Limited
No. of shares held in the Company	1,39,501 Shares

Directors' Report

Your Directors have pleasure in presenting their Seventh Annual Report and the Audited Accounts of the Company for the year ended March31,2011.

FINANCIAL RESULTS:

Rupees in Lakhs

Particulars	STAND ALONE		CONSOLIDATED
	2010-11	**2009-10**	**2010-11**
Income:			
Income from operations	9771	7113	12411
Other Income	1068	2528	1995
Total Income	10839	9641	14406
Profit before depreciation	356	690	1634
Less : Depreciation	66	55	66
Profit before tax	290	635	1568
Less : Income tax	(87)	167	349
Profit after tax	**377**	**468**	**1219**
Less: Minority interest & share of loss in Associate	-	-	127
Net Profit	**377**	**468**	**1092**
Profit & Loss account at the beginning of the year	581	724	(244)
Available for appropriation	958	1192	848
Appropriation: Dividend on Equity Shares Re. 0.25 pro-rata period paid-up	344	-	344
Tax on Dividend	57	-	57
Total Appropriation	401	-	401
Capitalisation of Issue of Bonus Shares	-	610	-
Profit & Loss Account Balance at the end of the year	557	581	447

DIVIDEND:

The Board of Directors are pleased to recommend payment of a dividend of Rs. 0.25 per equity share of the face value of Rs. 10/- each which, if approved by the Members at the Annual General Meeting, will involve an Appropriation of Rs. 344 Lakh towards Dividend and Rs. 57 Lakh as Dividend Distribution Tax resulting in a total outflow of Rs. 401 Lakh.

OPERATIONS:

Stand Alone:

During the year under review the Company achieved a turnover of Rs. 9,771 Lakh as against Rs. 7,113 Lakh in the previous year and other income of Rs.1,068 Lakh as compared to Rs. 2,528 Lakh in the previous year. The Company has earned a net profit of Rs. 377 Lakh as against Rs. 468 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 Standards on Consolidated Financial Statements 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.

Since the audited financial statements for the year ended March 31, 2011 are the first published by the Company in compliance with Clause 41 of the Listing Agreement, the corresponding figures for the year ended March 31, 2010 are not provided.

The total consolidated revenue for the year ended 31st March 2011 amounted to Rs 14,406 Lakh including other income of Rs. 1,995 Lakh. The Company earned a profit after tax of Rs. 1,219 Lakh and a Net profit of Rs. 1,092 Lakh after adjusting the minority interest in subsidiary companies and share of loss from associate company aggregating to Rs. 127 Lakh.

The Company has repaid an amount of Rs.15,054 Lakh in discharge of all debts on consolidated basis incurred by it prior to the IPO, except for Loan of Rs. 6370 Lakh. The debt gearing is significantly low at 0.17 as on 31st March 2011.

INITIAL PUBLIC OFFERING:

As reported in our previous Annual Report, your Company entered the capital market with the Initial Public Offer (IPO) of 75,000,000 Equity Shares of Rs. 10/- each, through 100% Book Building Process in April 2010, for cash at a price of Rs. 54 per Equity Share including a premium of Rs. 44/- per share. The issue was fully subscribed and the Equity Shares were listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited on May 13, 2010.

SUBSIDIARY COMPANIES:

A. SUBSIDIARIES:

Nitesh Housing Developers Private Limited:

This company is a 89.9% subsidiary of the Company. It is presently executing 4 residential Projects.

The financial highlights are:

Rs. in thousands

Particulars	Amount
Paid up Capital	50,000
Share Application money	906,436
Reserves & Surplus	85,421
Secured Loans	634,033
Unsecured Loans	100
Income From Property Development	55,540
Sale of Villa Plots	193,324
Other Income	92,681
Profit Before Tax	130,909
Profit After Tax	87,312

Nitesh Indiranagar Retail Private Limited:

This company is a 100% subsidiary of the Company. It commenced its business during the year under review. The financial highlights are:

Rs. in thousands

Particulars	Amount
Paid up Capital	11,600
Share Application money	1,369,622
Reserves & Surplus	103,500
Unsecured Loans	12,238

Effective Feb 10, 2011 the entire paid up capital is held by the Company including one share being held by its nominee.

The Company has finalized the deal with Mr. George Thangaiah for the development of a Mall project at Indiranagar, Bangalore on February 11, 2011.The total built up area of the Mall will be 1.14 million sq feet. The sharing ratio between the land owner and the Company is 50:50. The construction of the mall is expected to be completed by 2014, barring unforeseen circumstances.

Nitesh Kochi Projects and Developers Private Limited:

This company is a 100% subsidiary of the Company. The entire paid up capital of this company was acquired on Dec 20, 2010. It is yet to commence commercial operations. The financial highlights are:

Rs. in thousands

Particulars	Amount
Paid up Capital	100
Share Application money	11,585
Land (Inventory)	26,152

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

This company is a 51% subsidiary of the Company. It is yet to commence commercial operations.

Nitesh Property Management Private Limited:

This company is a 100% subsidiary of the Company. It has entered into Maintenance Contracts with the flat owners of all the projects developed by the Company, with effect from April 1, 2011. This company is expected to earn service fees of Rs.200 Lakh during the current financial year through maintenance contracts.

B. CONSOLIDATED ACCOUNTS:

The audited consolidated Balance Sheet as at March 31, 2011, 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, the turnover of Nitesh Housing Developers Private Limited exceeds 20% of the consolidated turnover of the Company. It 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, 2011 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.

RESPONSE TO AUDIT OBSERVATIONS:

1. Paragraph 5 of the Auditors Report:

During the year ended March 31, 2011, the Company purchased a developed property (Apartment) from a related party. On identification of a suitable buyer for the Apartment, in the normal course of its business as a developer of properties, the Company has sold the Apartment to the other third party buyer at a higher price consideration. The transaction being unique in nature comparative figures are not available. Auditor's comments are self-explanatory in this regard.

2. Paragraph 6 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 is in the process of executing Agreement of Sale with the buyers for the aforesaid projects. The Management is reasonably confident of project execution and profits to be earned thereon. Based on the above facts, the Company has recognized the Deferred Tax Asset.

Clause IV of the Annexure to the Auditors Report:

In order to strengthen the internal control systems for timely documentation, the Company is implementing 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.

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

The observation by the Auditors is self explanatory.

Clause XI of the Annexure to the Auditors Report:

During the course of the business there have been some delays in repayment of dues and interest thereon to the Financial Institutions and Banks on account of tight liquidity conditions. The amounts have been subsequently repaid and there are no outstanding dues at the end of the financial year, management is taking steps to ensure timely repayment of all moneys due and payable to Financial Institutions and Banks.

Clause XV of the Annexure to the Auditors Report:

The Company has availed loans from the Financial Intuitions for execution of certain projects. However these projects were assigned to other companies along with the loan availed against the projects. As per the agreed terms with the Financial Intuitions, until repayment of the loan by the said companies, the Company is obliged to be a guarantor for repayment of the loans.

Clause XVI of the Annexure to the Auditors Report:

The project, for which the term loan was availed, was experiencing some delay. Hence, the Company deployed the amount temporarily for corporate purposes.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 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 of the Stock Exchanges on which the Company's shares are listed, have been complied with.

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

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

AWARDS AND RECOGNITION:
Your Directors take pleasure in informing you that the Company received the CNBC Award CNBC AWAAZ, CRISIL, CREDAI Real Estate Awards 2010 for the best Luxury Residential Project, for Nitesh Garden Enclave.

DIRECTORS:
In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. G.N. Bajpai and Mr. James Stephen Brent, Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Board of Directors recommend their reappointment.

AUDITORS:
The Company's Auditors, S.R. Batliboi & Associates, Chartered Accountants,(Firm Registration No. 101049W) hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for appointment as Auditors of the Company.

ACKNOWLEDGEMENT:
Your Directors are pleased to place on record their sincere appreciation of the valuable assistance and co-operation extended to the company by its Customers, Bankers, Financial Institutions, State and Central Government authorities, Service Providers, Contractors and the Shareholders for 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 — **NITESH SHETTY**
Date: 30th May, 2011 — **Chairman & Managing Director**

Annexure I

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011							
EMPLOYED FOR FULL YEAR							
Employee Name	Designation	Qualification	Total experience	Age	Date of Joining	Gross Remuneration Rs.	Past Designation
Ashwini Kumar	Chief Operating Officer	B.E, PGDBM	26	53	11/2/2009	6,876,855	MD- Lineage Power India Pvt. Ltd.
Nitesh Shetty	Chairman & Managing Director	B.Com	10	34	20/2/2004	12,293,720	-
Vaidyanathan LS	Executive Director	B.Sc, F.C.A.	26	50	1/6/2005	7,209,360	Practicing Chartered Accountant
EMPLOYED FOR PART OF THE YEAR							
Employee Name	Designation	Qualification	Total experience	Age	Date of Joining	Gross Remuneration Rs.	Past Designation
Sivaraman N Iyer	Chief Finance Officer	M.Com, MBA	29	54	8/7/2009	1,257,020	Sr. VP- Head of Financial Institution Sales & Structuring - ABN Amro Securities

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 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, Expenses for providing residential"

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th May, 2011

Nitesh Shetty
Chairman & Managing Director

Annexure II

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Out go

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 Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Share issue expenses	20,936,606	-
Professional and consultancy charges	1,198,100	-
Travelling and conveyance	492,171	-

There is no foreign exchange earnings / inflow during the year

Place: Mumbai
Date: 30th May, 2011

for and on behalf of the Board

Nitesh Shetty
Chairman & Managing Director

Annexure III

Management Discussion and Analysis

(Pursuant to Clause 49 of the Listing Agreement forming part of the Directors' Report)

Socio Economic Environment

The Indian economy has emerged quickly from the global financial crisis during 2007 to 2009. The Economic Survey 2010-11 estimated the GDP growth rate during the fiscal year 2010-11 at 8.6%, as against 8% in the previous year.

Inflation is a dominant concern owing largely to the food, oil and commodities sectors. The average rate of inflation during April-December, 2010 was 9.4% as against 1.7% during the corresponding period in 2009-10. The pressure on inflation emanates from supply side bottlenecks, particularly in food. There are also demand side pressures caused by the increasing purchasing power as the Indian economy grows and the hardening of commodity prices related with the economic recovery across the world.

The Reserve Bank of India (RBI) in its monetary policy statement 2011-12 has stated that the impact of anti inflationary monetary measures will weigh on growth and estimates the GDP growth during the year 2011-12 to be between 7.4% and 8.5%.

The repo rate of RBI in March 2010 was 5% and in May, 2011 it stands at 7.25%. Correspondingly, the home loan rates have been revised upwards by the housing finance institutions and the interest rates of debt instruments have gone up.

The savings and investment rate have increased to 33.7% and 36.5% respectively and this augurs well for the real estate sector.

Real Estate Market

The real estate sector in India had rebounded quickly after the downturn in the economy supported by softening of interest rates, availability of credit as also improvement in business and consumer confidence. However, the year 2010-2011 saw hardening of interest rates and as a result the growth in demand was subdued. The absorption in the Bangalore residential market remained steady at around 3.5 million sq ft per month. The price points have moved up. RESIDEX, the housing price index published by the National Housing Bank saw an increase from 65 in Jan-Mar, 2010 to 101 in Oct-Dec, 2010. The demand for commercial real estate saw a reversal in 2010-11 with significant increase in absorption.

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.

By the beginning of the fiscal year the Company had executed 3 projects with developed 0.55 million sq ft area and there were two projects under construction, together measuring 1.03 million sq. ft.

During the fiscal year 2010-11, the Company handed over 0.53 million sq ft of residential development to the customers and currently has 4.53 million sq. ft. is under construction.

The Company strongly believes in exhibiting good governance practices and has an eminent board of 9 members of which 5 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, Chadvarkar & Thacker 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 the associate company 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. Nitesh Housing Developers Pvt Ltd, a subsidiary 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 Areas

The Company is in four business areas of real estate – homes, hotels, office buildings and shopping malls. The homes market is a "build and sell" business where the payback period is low whereas the other three markets 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 home segment, 1 in the hotel segment and 1 in the shopping malls area.

Business Priorities and Critical Enablers

There are five business priorities:

- Business Growth – At the beginning of the fiscal year 2010-2011, there were two projects which were under construction having developable area of 1.03 million sq. ft. During the year we handed over 0.53 million sq. ft. of development and added 4.49 million sq ft of developable area to construction stage. There are 7 projects currently in the pipeline having a developable area of 6.8 million sq ft which are in various stages of approval and are targeted for launch during the next 4 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 have to be the differentiators.
- Cost Leadership – With the increase in the volume of procurement, we are well placed to attract vendors with high volume purchases in return for competitive 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 abovementioned 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. A Company wide initiative has been initiated to address the above.
- Building a high performance culture – Concurrent with the initiative mentioned above an exercise is being carried out to understand the gap between the perceived culture and the desired culture and determine actions to bridge the gap.
- 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.
- Work processes – SAP has been adopted as the ERP platform which was implemented in the ensuing year. The legacy systems have been stopped from April, 2011.

Opportunities and Threats

Opportunities in all segments of real estate development are driven by the tectonic 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 having an immediate impact in costs and delays in approvals related with projects

Risk management

The Company has processes in place to identify and mitigate the risks to business. There are several areas of risk and includes the following:

- Risks related with title of land and joint development partners
- Risks related with information technology systems and disaster recovery
- Risks in project management resulting in deviation from planned time, quality, cost and safety
- Risks related with the availability and cost of building materials

- Risks related with changes in statutes and processes in decision making by the Government
- Risks related with the availability of finance and the cost of financing.
- Risks related with human resources – their availability, costs and compliance with the code of ethics of the Company
- Risks related with vendors and business partners
- Risks related with the assets of the Company
- Risks related with customers
- Risks related with Competitors

Control Systems

The Company has appointed Deloitte Touch Tomashu Private Limited as the internal auditor. They will 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 taken. 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 workforce that work at projects through sub-contractors. As of March 31, 2011, we had 173 employees. The function-wise break-up of our employees is as below:

Category	No. of Employees
Management	8
Planning & Architecture	10
Project Execution	53
Procurement	8
Finance	13
Sales and Marketing	24
Business Development	5
Legal	4
HR & Admin	22
Facility management	10
IT	3
Quality Assurance	6
Corporate Affairs	7
Total	**173**

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: 30th May, 2010

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.

As of March 31, 2011, the Board of Directors of the Company consisted of nine Directors, which includes the Managing Director and a Whole time Director/ Executive Director both of whom 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 as on March 31, 2011 was 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 – Director Business Development
Non-Executive -Non-Independent	Mr. Mahesh Bhupathi
Non-Executive – Independent	Mr. GN Bajpai Mr. D E Udwadia Mr. James Stephen Brent Mr. Rangaswamy Iyer Mr. Ashok T Aram

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

The Board met 10 (ten times) on the following dates during the financial year 2010-2011.

May 5, 2010	November 10, 2010
May 28, 2010	December 23, 2010
July 21, 2010	January 27, 2011
August 11, 2010	February 11, 2011
October 20, 2010	March 28, 2011

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, 2011*		Number of Chairmanship/ Committee membership as at March 31, 2011*	
					Chairman	Director	Chairman	Member
Mr. Nitesh Shetty	Chairman & Managing Director	10	7	Yes	-	-	-	-
Mr. L S Vaidyanathan	Executive Director	10	10	Yes	-	-	-	2
Mrs. Pushpalatha V Shetty	Non Executive non Independent Director	10	Nil	No	-	-	-	-
Mr. Mahesh Bhupathi	Non Executive non Independent Director	10	1	No	-	-	-	1
Mr. G N Bajpai	Independent Director	10	7	Yes	-	14	5	5
Mr. D E Udwadia	Independent Director	10	7	Yes	1	10	1	9
Mr. James Stephen Brent	Independent Director	10	3	No	-	-	-	-
Mr. Rangaswamy Iyer (Appointed as Additional Director W.E.F May 28, 2010)	Independent Director	10	8	Yes	-	1	1	1
Mr. Ashok T Aram	Independent Director	10	1	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.

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 was reconstituted on May 28, 2010, and the committee met six times during the year.

June 11, 2010	October 20, 2010
July 21, 2010	November 10, 2010
August 11, 2010	February 11, 2011

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. D E Udwadia	Member	6	6
Mr. L S Vaidyanathan	Member	6	6

Mr. Rangaswamy Iyer and Mr. Darius Erach Udwadia are non-executive independent directors.

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, 2011	87
Complaints resolved during the year ended March 31, 2011	87
Complaints outstanding as on March 31, 2011	0

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) The Remuneration Committee was originally constituted by the Board on October 7, 2009 (prior to listing) with the following members:

Name	Category
Mr. G N Bajpai	Chairman
Mr. D E Udwadia	Member
Mr. Nitesh Shetty	Member

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:

Name	Category
Mr. G N Bajpai	Chairman – Non-Executive Independent Director
Mr. D E Udwadia	Member – Non-Executive Independent Director
Mr. Rangaswamy Iyer	Member – Non-Executive Independent Director
Mr. Nitesh Shetty	Member (Chairman & Managing Director)

No meeting of Remuneration Committee took place during the Financial Year ended 31.03.2011.

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, 2011

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Others (Contribution to Provident Fund (Rs.)	Total (Rs.)
Mr. Nitesh Shetty* Chairman & Managing Director	12,284,360	Nil	9,360	12,293,720
Mr. L S Vaidyanathan* Executive Director	7,200,000	Nil	9,360	7,209,360

*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.

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	20,000
Mr. G N Bajpai	1,40,000
Mr. D E Udwadia	1,80,000
Mr. James Stephen Brent	60,000
Mr. Rangaswamy Iyer	2,00,000
Mr. Ashok T Aram	20,000

Other than the above 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
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
2008	September 30, 2008	9.30 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 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 authroised 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):

During the financial year 2010-11, two Extraordinary General meetings were held

Day, Date & Time of AGM	No. of Special Resolutions Passed	Special Resolution passed through show of hands
Friday April 16, 2010	3	Approval of remuneration payable to Mr. Nitesh Shetty, Managing Director.
		Approval of remuneration payable to Mr. L.S. Vaidyanathan –Director- Business Development.
		Approval of investments /providing of loans and guarantee or any security in connection with the loans
Thursday, May 6, 2010	1	Approval for increase in the investment limit by FII in the Equity Shares of the Company.

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 make Investments, provide loan and / or guarantee to Nitesh Property Management Private Limited.

Details of the Postal Ballot conducted are as follows:

Particulars	No. of Postal Ballot	No. of Equity Shares of Rs.10 each (No. of Votes)	Percentage of Vote received
Total Postal Ballot Forms received	285	6,74,36,119	100.00
Less: Invalid Postal Ballot forms	30	17,45,150	2.59
Net Valid Postal Ballot forms	255	6,56,90,969	97.41
Assented to Resolution	229	6,56,85,039	97.40
Dissented to Resolution	26	5,930	0.01

Procedure adopted for Postal Ballot

i) The Board at its meeting held on December 23, 2010 approved the alone item of business to be passed through postal ballot and authorized Mr. L S Vaidyanathan, Executive Director and 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 29, 2010 along with a self-addressed Business Reply envelope addressed to the Scrutinizer.

iv) An advertisement was published in newspapers, in English in Business Standard and in Kannada in Samyuktha Karnataka on December 30, 2010 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 31, 2011.

vii) The Chairman & Managing Director announced the results of the postal ballot on January 31, 2011.

Result:

The results of the Postal Ballot were announced by the Chairman & Managing Director on January 31, 2011 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 97.40% of the total votes received. Consequently, the Special Resolution mentioned in the Item No 1 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 Business Standard and in Kannada in Samyuktha Karnataka. 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, 2011.

i. Nitesh Indiranagar Retail Private Limited

ii. Nitesh Housing Developers Private Limited

iii. Nitesh Kochi Projects & Developers Private Limited

iv. Nitesh Urban Development 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, 2011 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 has 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. Business Standard (English Daily) and

   ii. Samyuktha Karnataka (Kannada Daily)

   The Audited financial results for the year ended March 31, 2011 were published in Financial Express (English) and 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 web site.

General Shareholder Information

I. Annual General Meeting

Date: Wednesday, September 28, 2011

Time: 15.00 hrs.

Venue: Chowdiah Memorial Hall, G.D. Park Extension, Vyalikaval, Bangalore 560003

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 24, 2011 to September 28, 2011 (both days inclusive) for the purpose of AGM.

IV. Dividend Payment Date

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid on or before October 17, 2011, to those shareholders whose names appear on the Company's Register of Members as on September 24, 2011.

V. 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

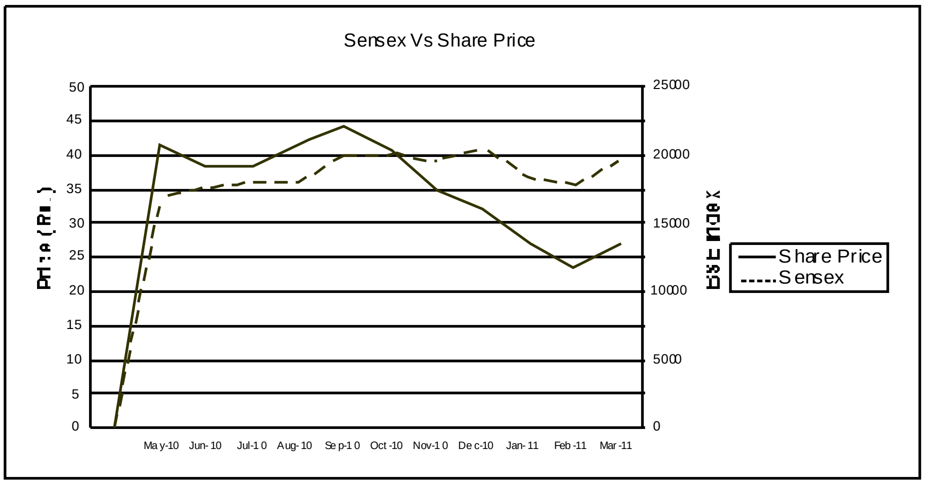
The ISIN Number of the Company's Equity share is NE639K01016.

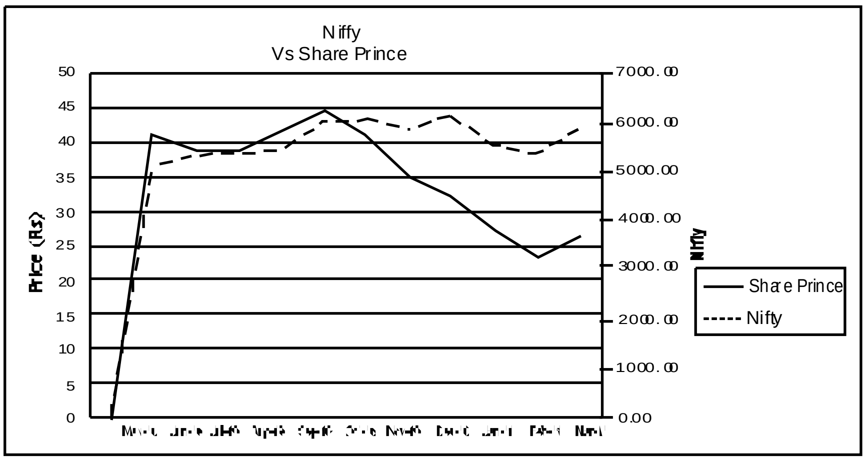
VI. Stock Data

a. Monthly High & Low prices at BSE & NSE

	Bombay Stock Exchange Limited (in Rupees)		National Stock Exchange of (India) Limited (in Rupees)	
	High	Low	High	Low
May – 2010	55.00	36.15	58.00	35.40
June – 2010	42.50	34.70	42.65	35.15
July – 2010	49.90	36.90	45.75	36.50
August – 2010	46.95	35.10	47.00	44.65
September – 2010	46.65	40.60	46.50	40.65
October – 2010	50.90	40.25	50.90	40.00
November – 2010	43.55	30.00	43.95	30.00
December – 2010	37.10	30.80	36.90	30.00
January – 2011	34.90	26.75	34.85	26.80
February – 2011	30.00	19.65	29.40	19.75
March – 2011	27.70	22.50	28.00	26.95

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





c. Distribution of shareholding as on March 31, 2011

Category	No of Shareholders	% of Shareholders	Amount	% Amount
UPTO 1 - 5000	10397	75.01	19,946,760	1.37
5001 - 10000	1575	11.36	13,435,060	0.92
10001 - 20000	977	7.05	15,473,190	1.06
20001 - 30000	322	2.32	8,371,610	0.57
30001 - 40000	125	0.90	4,493,730	0.31
40001 - 50000	108	0.78	5,215,390	0.36
50001 - 100000	160	1.15	11,949,270	0.82
100001 & ABOVE	196	1.41	1,379,435,990	94.59
Total	**13860**	**100.00**	**1,458,321,000**	**100.00**

d. Shareholding pattern as on March 31, 2011

Description	No. of Shareholders	Total Shares	% Paid up Equity
Banks	4	5,483,272	3.76
Clearing Members	96	848,275	0.58
Directors and Relatives	5	221,391	0.15
Foreign Corporate bodies	1	10,203,700	7.00
Foreign Institutional Investors	14	33,648,553	23.07
H U F	326	582,365	0.40
Indian Financial Institutions	2	6,212,072	4.26
Bodies Corporates	440	9412308	6.45
Mutual Funds	7	7,452,506	5.11
Non Resident Indians	192	332,288	0.23
Promoter Companies	4	19,608,756	13.45
Promoter Individuals	4	42,339,685	29.03
Resident Individuals	12765	9,486,929	6.51
Total:	**13860**	**145,832,100**	**100.00**

e. Shares held in physical and dematerialized form as on March 31, 2011

Description	No of Holders	No of Shares	% To Equity
PHYSICAL	4	8	0.00
NSDL	9741	14,243,5073	97.67
CDSL	4115	3,397,019	2.33
TOTAL	13860	145,832,100	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)	31	17300
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	30	17200
3	Number of shareholders to whom shares were transferred from suspense account during the year	30	17200
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	1	100

g. Share Transfer

The Company has appointed Karvy Computershare Private Limited, 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.: 04023421551

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

PRACTICING COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

To

The ShareHolders of
Nitesh Estates Limited

We have examined the compliance of conditions of Corporate Governance by Nitesh Estates Limited for the year ended 31st March, 2011 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 abovementioned 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.

S Kedarnath & Associates
Company Secretaries,
C.P. No. 4422
FCS 3031

Place: Bangalore
Date: 30th May, 2011

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 2011 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. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Nitesh Shetty
Chairman & Managing Director

M A Venkateshan
Chief Finance Officer

Place: Mumbai
Date: 30th May, 2011

Auditors' 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, 2011 and also the profit and loss account 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 Note 21 in Notes to Accounts regarding purchase of services amounting to Rs.11,676,140 during the year ended March 31, 2011, from private limited companies, covered under Section 297 of the Companies Act, 1956, in respect of which no prior approval of Central Government as required under Section 297 of the Companies Act, 1956 was obtained. In this regard, the Company has applied to the Company Law Board ('CLB') under section 621A of the Companies Act, 1956 for compounding of the above non-compliance, which is under review by the CLB. Pending such approval, no adjustments have been made to the financial statements for the year ended March 31, 2011.

5. *During the year ended March 31, 2011, the Company purchased a developed property (apartment) from a related party for a consideration of Rs.30,462,885 (including other charges) and sold the said apartment to another party for a consideration of Rs.60,000,000. Having regard to the pricing of the aforesaid transactions and the terms of collection of sale proceeds, we are unable to comment on the aforesaid transactions and its impact, if any, on the financial statements for the year ended March 31, 2011.*

6. *The Company has tax losses during the year ended March 31, 2011 and has deferred tax assets of Rs.13,101,834 as at March 31, 2011. 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). Had such deferred tax assets not been recognized, profit for the year would have been lower by Rs.13,101,834. Further, deferred tax assets and reserves and surplus would have been lower by Rs.13,101,834 as at March 31, 2011.*

7. Further to our comments in the Annexure referred to above, we report that:
   i. *Subject to our comment in paragraph 5 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. *Subject to our comment in paragraph 6 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv. *Subject to our comment in paragraph 6 above,* in our opinion, the balance sheet, profit and loss account 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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 *subject to the matter in paragraph 5, the impact of which is not ascertainable and the consequential effect of matter specified 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, 2011;

b. in the case of the profit and loss account, of the profit 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: 30th May, 2011

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 three parties (one subsidiary and two affiliates) covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.27,649,136 and the year-end balance of interest-free advances granted to such parties was Rs.12,238,190.

(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) The Company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.25,865,000 and the year-end balance of loan taken from such party was Rs.Nil.

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

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

(h) The Company has also 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.134,880,404 and the year-end balance of such interest-free advances taken from such parties was Rs.59,875,645. 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. 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 parties have not demanded repayment of any such advances 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 transactions 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) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities 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 applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 follows:

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	
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 not incurred cash losses in the current and immediately preceding financial year.

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

Nature of the dues	*Amount (Rs.)*	*Delays*	*Payment Date*
Principal amount due to financial institution and bank	*490,190,271*	*1-125 days*	*Various dates**
Interest amount due to financial institution and bank	*37,255,789*	*1-49 days*	*Various dates**

* These dues are not outstanding as at the balance sheet date.

(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) *The Company has given guarantees in respect of loans taken by others from a bank and a financial institution in respect of which no consideration has been charged.* There are no other guarantees given by the Company for loans taken by others from bank or financial institutions.

(xvi) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that term loan amounting to Rs.150,000,000 has not been utilized for the purpose for which the loan was 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) We have verified that the end use of money raised by public issue is as disclosed in the notes to the financial statements.

(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: 30th May, 2011

Balance Sheet as at March 31, 2011 **Amount in Rupees**

	Schedules	As at 31-Mar-11	As at 31-Mar-10
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,458,321,000	708,321,000
Reserves and surplus	2	3,181,525,532	197,655,151
		4,639,846,532	**905,976,151**
Loan Funds			
Secured loans	3	152,938,127	959,322,676
Unsecured loans	4	-	25,865,000
		152,938,127	**985,187,676**
Total		**4,792,784,659**	**1,891,163,827**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		74,179,334	52,435,250
Less: Accumulated depreciation/amortisation		30,773,736	24,021,299
Net block		43,405,598	28,413,951
Capital work-in-progress (including capital advances)		37,488,365	21,856,612
		80,893,963	**50,270,563**
Investments	6	2,956,487,958	662,235,822
Deferred tax asset (net)	20(9)	13,101,834	4,399,504
Current Assets, Loans and Advances			
Inventories	7	346,642,106	193,090,461
Sundry debtors	8	533,193,590	293,814,231
Cash and bank balances	9	14,397,978	18,656,532
Loans and advances	10	1,340,236,232	1,110,514,514
Other current assets	11	55,001,918	261,286
		2,289,471,824	**1,616,337,024**
Less: Current Liabilities and Provisions			
Current liabilities	12	492,960,980	431,971,999
Provisions	13	54,209,940	10,107,087
		547,170,920	**442,079,086**
Net Current Assets		**1,742,300,904**	**1,174,257,938**
Total		**4,792,784,659**	**1,891,163,827**
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

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: 30th May, 2011

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: 30th May, 2011

Profit and Loss Account for the year ended March 31, 2011 — **Amount in Rupees**

	Schedules	Year ended 31-Mar-11	Year ended 31-Mar-10
Income			
Income from operations	14	977,134,993	711,311,062
Other income	15	106,805,524	252,813,209
Total		**1,083,940,517**	**964,124,271**
Expenditure			
Cost of sales	16	749,943,480	636,631,075
Personnel expenses	17	139,322,239	69,851,456
Operating and other expenses	18	121,455,676	82,157,391
Depreciation/ amortisation	5	6,567,103	5,453,114
Finance charges	19	37,704,345	106,495,647
Total		**1,054,992,843**	**900,588,683**
Profit before tax		**28,947,674**	**63,535,588**
Current tax		-	10,800,000
Less: MAT Credit Entitlement		-	(7,000,000)
Deferred tax charge/(credit)		(8,702,330)	12,963,000
Total tax charge		**(8,702,330)**	**16,763,000**
Net profit for the year		**37,650,004**	**46,772,588**
Profit and loss account at the beginning of the year		58,138,151	72,392,739
Profit available for appropriation		**95,788,155**	**119,165,327**
Appropriations:			
Proposed dividend		34,403,230	-
Tax on proposed dividend		5,713,947	-
Capitalisation on issue of bonus shares (refer note 15 in Schedule 20)		-	61,027,176
		40,117,177	**61,027,176**
Surplus carried to balance sheet		**55,670,978**	**58,138,151**
Earnings per share	20(15)		
[Nominal value per equity share Rs.10]			
a. Basic		0.27	0.68
b. Diluted		0.27	0.67
Weighted average number of shares used in computing earnings per share			
a. Basic		137,612,922	69,044,377
b. Diluted		137,612,922	69,853,597
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account
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: 30th May, 2011**	**Place: Mumbai** **Date: 30th May, 2011**	

Cash Flow Statement for the year ended March 31, 2011 **Amount in Rupees**

	Year ended 31-Mar-11	Year ended 31-Mar-10
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**28,947,674**	**63,535,588**
Adjustment for :		
Share in profits of association of persons	(17,571,481)	(23,703,192)
Interest income	(4,047,120)	(906,202)
Dividend income	(38,734,787)	(396,560)
Depreciation / amortisation	6,567,103	5,453,114
(Profit)/Loss on sale of fixed assets	-	(28,067)
Profit on sale of investments	-	(174,950,000)
Interest and other charges	36,824,639	106,364,288
Operating profit / (loss) before working capital changes	**11,986,028**	**(24,631,031)**
Movements in working capital:		
(Increase) / decrease in inventories	(153,551,645)	27,409,957
(Increase) / decrease in debtors	(239,379,359)	(10,451,679)
(Increase) / decrease in loans and advances and other current assets	(267,857,896)	(125,826,947)
Increase / (decrease) in current liabilities and provisions	64,974,657	(116,299,644)
Cash (used in) / generated from operations	**(583,828,215)**	**(249,799,344)**
Income tax paid	(15,524,995)	(11,800,339)
Net cash (used in)/ generated from operating activities - (A)	**(599,353,210)**	**(261,599,683)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(37,375,837)	(1,497,235)
Purchase of investment in subsidiaries (including share application money)	(2,146,490,061)	(179,919,181)
Purchase of investments - Others	(130,000,000)	(115,585,000)
Purchase of investment in mutual fund units	(9,599,467,950)	(201,384,456)
Proceeds from sale of investment in mutual fund units	9,638,012,143	200,734,456
Proceeds from sale of investments in a subsidiary	-	180,000,000
Investment in fixed deposit with maturity of more than 3 months	(1,050,000)	(75,000)
Interest received	3,715,590	802,921
Proceeds from sale of fixed assets	-	270,000
Net cash from/ (used in) investing activities - (B)	**(2,272,656,115)**	**(116,653,495)**

Cash Flow Statement for the year ended March 31, 2011 (contd...)		Amount in Rupees
	Year ended 31-Mar-11	**Year ended 31-Mar-10**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,050,000,000	305,106,700
Payment of share issue expenses	(313,662,446)	-
Proceeds from share application money	-	37,863,944
Refund of share application money	-	(37,863,944)
Proceeds from secured loans	153,163,184	203,042,485
Repayment of secured loans	(959,547,733)	(12,917,061)
Proceeds from unsecured loans	-	33,300,000
Repayment of unsecured loan	(25,865,000)	(34,950,000)
Interest paid	(37,387,234)	(95,321,667)
Net cash from/ (used in) financing activities - (C)	**2,866,700,771**	**398,260,457**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	**(5,308,554)**	**20,007,279**
Cash and cash equivalents as at beginning of the year	17,706,532	(2,300,747)
Cash and cash equivalents as at the end of the year	**12,397,978**	**17,706,532**
Components of cash and cash equivalents:		
Cash on hand	67,864	32,810
Balances with scheduled banks:		
In Current accounts	9,848,171	17,673,722
In Deposit accounts	4,481,943	950,000
[includes Rs. 2,000,000 (Previous year: Rs. 950,000) pledged with bank/ Government authorities]		
Cash and bank balances	**14,397,978**	**18,656,532**
Less: Fixed deposits with maturity of more than 3 months	2,000,000	950,000
Cash and cash equivalents in cash flow statement	**12,397,978**	**17,706,532**

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: 30th May, 2011

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: 30th May, 2011

Schedules to the Accounts — **Amount in Rupees**

	As at 31-Mar-11	As at 31-Mar-10
Schedule 1 : Share capital		
Authorised:		
150,000,000 (Previous year: 150,000,000) Equity shares of Rs.10 each	1,500,000,000	1,500,000,000
	1,500,000,000	**1,500,000,000**
Issued, subscribed and paid up:		
145,832,100 (Previous year: 70,832,100) Equity shares of Rs.10 each fully paid-up	1,458,321,000	708,321,000
(Refer note 19 in Schedule 20)		
	1,458,321,000	**708,321,000**
Schedule 2 : Reserves and surplus		
Securities premium account		
Balance as per last account	139,517,000	413,679,524
Add: Additions during the year	3,300,000,000	292,858,200
	3,439,517,000	706,537,724
Less: Capitalisation on issue of bonus shares (Refer note 15 in Schedule 20)	-	567,020,724
Less: Share issue expenses (Refer note 19 in Schedule 20)	313,662,446	-
	3,125,854,554	139,517,000
Profit and loss account	55,670,978	58,138,151
	3,181,525,532	**197,655,151**

Schedules to the Accounts **Amount in Rupees**

	As at 31-Mar-11	As at 31-Mar-10
Schedule 3 : Secure loans		
a. From Banks:		
Term loans (Refer note (i) below)	-	227,906,626
Vehicle loans (Refer note (iii) below)	-	88,866
Interest accrued and due on term loans	-	2,244,314
b. From Others:		
Term loans (Refer note (ii) below)	150,000,000	707,957,979
Vehicle loans (Refer note (iii) below)	2,938,127	1,639,900
Interest accrued and due on term loans	-	19,484,991

Notes

i. Rs. Nil (Previous year: Rs. 227,906,626) secured by way of equitable mortgage on Company's share of project specific property of a jointly controlled entity on pari passu basis with another bank and further secured by personal guarantee of Managing Director and a Director of the Company.

ii. Rs. 150,000,000 (Previous year: Rs. Nil) 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.

Rs. Nil (Previous year: Rs. 222,500,000) secured by way of mortgage on Company's share of project specific property under joint venture and further secured by personal guarantee of Managing Director of the Company and corporate/personal guarantee of other joint venturers.

Rs. Nil (Previous year: Rs. 485,457,979) secured by way of mortgage of project specific properties and hypothecation of receivables of the Company and certain enterprises controlled/significantly influenced by key managerial personnel and further secured by personal guarantee of Managing Director of the Company.

iii. Secured by way of hypothecation of vehicles acquired out of the loan proceeds.

	152,938,127	**959,322,676**
Schedule 4 : Unsecured loans		
Short term loan:		
From a director	-	25,865,000
	-	**25,865,000**

Schedules to the Accounts

Amount in Rupees

Particulars	Gross block				Depreciation/amortisation				Net block	
	As at 1-Apr-10	Additions	Deletions	As at 31-Mar-11	As at 1-Apr-10	For the year	Deletions/ Adjustments	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Schedule 5 - Fixed assets										
Tangible Assets:										
Leasehold improvements	12,650,934	3,728,447	-	16,379,381	3,398,647	1,238,559	-	4,637,206	11,742,175	9,252,287
Computers	8,391,223	11,064,798	-	19,456,021	6,369,273	1,005,627	-	7,374,900	12,081,121	2,021,950
Office equipment	7,003,281	473,419	-	7,476,700	2,468,761	678,094	-	3,146,855	4,329,845	4,534,520
Furniture & fittings	5,752,627	2,086,976	-	7,839,603	2,413,188	816,204	-	3,229,392	4,610,211	3,339,439
Motor cars	14,156,867	3,154,184	-	17,311,051	8,200,433	1,933,650	-	10,134,083	7,176,968	5,956,434
(A)	47,954,932	20,507,824	-	68,462,756	22,850,302	5,672,134	-	28,522,436	39,940,320	25,104,630
Intangible Assets:										
Computer software	4,480,318	1,236,260	-	5,716,578	1,170,997	1,080,303	-	2,251,300	3,465,278	3,309,321
(B)	4,480,318	1,236,260	-	5,716,578	1,170,997	1,080,303	-	2,251,300	3,465,278	3,309,321
Total (A+B)	52,435,250	21,744,084	-	74,179,334	24,021,299	6,752,437	-	30,773,736	43,405,598	28,413,951
Less: Reimbursement of expenses from a related party						(185,334)				
Depreciation for the year						6,567,103				
Previous year	52,550,177	440,706	555,633	52,435,250	17,548,146	6,786,853	313,700	24,021,299		
Less: Reimbursement of expenses from a related party						(1,333,739)				
Depreciation for the previous year						5,453,114				
Capital Work in progress									37,488,365	21,856,612
[including capital advances of Rs.16,688,332 (Previous year: Rs.1,056,579)]										
Total									80,893,963	50,270,563

Schedules to the Accounts		Amount in Rupees
	As at 31-Mar-11	As at 31-Mar-10
Schedule 6: Investments		
Long term investments (Unquoted, at cost)		
A. Non-trade		
Government securities (National Savings Certificate)	57,200	57,200
	57,200	57,200
B. Trade Investments		
29,120,579 (Previous year: 28,080,579) Class A equity shares of Rs.10 each fully paid up inNitesh Residency Hotels Private Limited (Refer note 3(e)in Schedule 20)	410,805,790	280,805,790
	410,805,790	280,805,790
C. In Subsidiary company		
1,160,000 equity shares (Previous year: 1,159,900) of Rs.10 each fully paid up in Nitesh Indiranagar Retail Private Limited (Refer note 22 in Schedule 20)	115,100,000	115,099,000
Share application money pending allotment:		
Nitesh Indiranagar Retail Private Limited (Refer note 22 in Schedule 20)	1,369,622,764	129,821,181
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 16 in Schedule 20)	44,949,000	44,949,000
Share application money pending allotment:		
Nitesh Housing Developers Private Limited	906,436,478	-
10,000 equity shares (Previous year: Nil) of Rs.10 each fully paid up in Nitesh Kochi Projects & Developers Private Limited	100,000	-
Share application money pending allotment:		
Nitesh Kochi Project and Developers Private Limited	11,585,000	11,585,000
5,100 equity shares (Previous year: Nil) of Rs.10 each fully paid up in Nitesh Urban Development Private Limited	51,000	-
10,000 equity shares (Previous year: Nil) of Rs.10 each fully paid up in Nitesh Property Management Private Limited	100,000	-
	2,447,944,242	301,454,181
D. In capital of Association of Persons		
Nitesh Estates - Whitefield	41,100,723	41,100,723
Nitesh Estates - Whitefield - Current account	55,342,849	37,771,368
	96,443,572	78,872,091
Current Investments (Quoted, at lower of cost and market value)		
A. In Mutual Fund Units		
103,842.42 (Previous year : 101,176.88) units of Rs. 10 each in Baroda Pioneer PSU Bond Fund	1,038,605	1,011,780
[Market value Rs.1,054,676 (Previous year: Rs.1,014,662)]		
Nil (Previous year: 3467.04) units of Rs. 10 each in HDFC Cash Management Fund	-	34,780
[Market value Rs.Nil (Previous year: Rs.34,780)]		
19,843.04 (Previous year: Nil) units of Rs. 10 each in SBI SHF Ultra Short Term Fund	198,549	-
[Market value Rs.198,549 (Previous year: Rs.Nil)]		
	1,237,154	1,046,560
	2,956,487,958	**662,235,822**

Schedules to the Accounts		Amount in Rupees
	As at 31-Mar-11	**As at 31-Mar-10**
Schedule 6: Investments (continued)		
1. Aggregate amount of:		
Quoted investments	1,237,154	1,046,560
[Market value Rs.1,253,225 (Previous year: Rs.1,049,442)]		
Unquoted investments	2,955,250,804	661,189,262
2. The following investments were purchased and sold during the year:		
Nil (Previous year: 505,000) equity shares of Rs.10 each fully paid up in Nitesh Housing Developers Private Limited	-	5,050,000
250,412,187.60(Previous year:19,972,087.93) units of Rs. 10 each in HDFC Cash Management Fund	2,512,009,860	200,350,000
208,517,082.06 (Previous year:Nil) units of Rs. 10 each in HDFC Liquid Fund Premium Plan	2,556,377,723	-
102,504.95 (Previous year :Nil) units of Rs. 1,000 each in Axis Treasury Advantage Fund	102,505,131	-
150,034.04 (Previous year :Nil) units of Rs. 1,000 each in Axis Liquid Fund	150,044,266	-
999,772.06 (Previous year :Nil) units of Rs. 1,000 each in DSP BlackRock Liquidity Fund	1,000,088,086	-
1,006,730.48 (Previous year :Nil) units of Rs. 1,000 each in DSP BlackRock Floating Rate Fund	1,007,279,344	-
252,799.38 (Previous year :Nil) units of Rs. 1,000 each in DSP BlackRock Money Manager Fund	253,001,617	-
20,034,380.84 (Previous year :Nil) units of Rs. 10 each in ICICI Pru Ultra Short Term Plan	200,764,530	-
20,043,279.99 (Previous year :Nil) units of Rs. 10 each in IDFC Money Manager Fund	200,733,449	-
5,075,550 (Previous year :Nil) units of Rs. 10 each in IDFC Fixed Maturity Quarterly Series	50,755,500	-
202,251.06 (Previous year :Nil) units of Rs. 1,000 each in IDFC Savings Advantage Fund	202,293,530	-
40,270,283.28 (Previous year :Nil) units of Rs. 10 each in IDFC Cash Fund	402,803,508	-
15,142,954.44 (Previous year :Nil) units of Rs. 10 each in IDFC Money Manager Fund	151,452,259	-
20,239,819.32 (Previous year :Nil) units of Rs. 10 each in ICICI Prudential Interval Fund	202,398,193	-
474,573.13 (Previous year :Nil) units of Rs. 100 each in ICICI Prudential Flexible Income Plan Premium	50,178,990	
1,039,372.95 (Previous year :Nil) units of Rs. 100 each in ICICI Prudential Floating Rate Plan D	103,959,849	-
2,474,765.90 (Previous year :Nil) units of Rs. 100 each in ICICI Prudential Liquid Super Institutional Plan	247,531,520	-
20,497,701.37 (Previous year :Nil) units of Rs. 10 each in SBI SHF Ultra Short Term Fund	205,100,000	-

Schedules to the Accounts | **Amount in Rupees**

	As at 31-Mar-11	**As at 31-Mar-10**
Schedule 7 : Inventories		
(at lower of cost and net realisable value)		
Work in progress*		
Land cost	261,205,189	164,855,977
Civil works	50,799,909	3,062,530
Consultancy costs	31,831,830	24,508,179
Other costs	2,805,178	663,775
* Refer note 17 in Schedule 20		
	346,642,106	**193,090,461**
Schedule 8 : Sundry debtors		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	35,330,059	58,674,738
Other debts	497,863,531	235,139,493
Note: Sundry debtors include retention money of Rs.3,986,343 (Previous year : Rs.15,277,480)		
	533,193,590	**293,814,231**
Sundry debtors include dues from companies under same management:		
Nitesh Residency Hotels Private Limited	13,789,413	71,106,037
Dues from directors:		
Nitesh Shetty	444,706	56,766
[Maximum amount outstanding during the year Rs.579,200 (Previous year: Rs.147,659)]		
Mahesh Bhupathi	67,738	150,494
[Maximum amount outstanding during the year Rs. 150,494 (Previous year: Rs.654,335)]		
Schedule 9 : Cash and bank balances		
Cash on hand	67,864	32,810
Balances with scheduled banks:		
In Current accounts	9,848,171	17,673,722
In Deposit accounts	4,481,943	950,000
[includes Rs. 2,000,000 (Previous year: Rs. 950,000) pledged with bank/ Government authorities]		
	14,397,978	**18,656,532**

Schedules to the Accounts | **Amount in Rupees**

	As at 31-Mar-11	**As at 31-Mar-10**
Schedule 10: Loans and advances		
(Unsecured, considered good)		
Advances/Loans to subsidiary	49,290,348	11,735,553
Advances recoverable in cash or kind or for value to be received	338,598,322	414,242,005
Share application money (Refer note 4 (c) in Schedule 20)	50,000,000	50,000,000
Advances against property* (Refer note 18 in Schedule 20)	799,335,907	609,156,635
Deposits - others*	74,497,689	12,391,350
MAT credit entitlement	7,000,000	7,000,000
Advance income tax (net of provision)	21,513,966	5,988,971
* 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. Advances against property includes Rs. 60,000,000 (Previous year: Rs. 30,000,000) in respect of which the Company holds guarantee from a bank.		
	1,340,236,232	**1,110,514,514**
(a) Dues from companies under the same management included in Loans and Advances are:		
Nitesh Indiranagar Retail Private Limited	12,238,190	11,735,553
[Maximum amount outstanding during the year Rs.12,238,190 (Previous year: Rs.29,835,553)]		
Nitesh Housing Developers Private Limited	33,748,380	-
[Maximum amount outstanding during the year Rs.33,748,380 (Previous year: Rs.25,154)]		
Southern Hills Developers Private Limited (formerly Nitesh Estates Projects Private Limited)	77,685,637	21,511,411
[Maximum amount outstanding during the year Rs. 93,831,837 (Previous year: Rs.83,634,825)]		
Nisco Ventures Private Limited	40,762,955	33,655,405
[Maximum amount outstanding during the year Rs.40,762,955 (Previous year: Rs.33,655,405)]		
Nitesh Urban Development Private Limited (formerly Nitesh Boat Club Development Private Limited) [Maximum amount outstanding during the year Rs.3,303,778 (Previous year: Rs 3,268,733)]	3,303,778	3,268,733
Nitesh Mylapore Developers Private Limited	-	10,910,946
[Maximum amount outstanding during the year Rs.10,910,946 (Previous year: Rs.10,910,946)]		
Nitesh Land Holdings Private Limited	-	-
[Maximum amount outstanding during the year Rs.Nil (Previous year: Rs.18,363)]		
Madison Developers Private Limited	-	-
[Maximum amount outstanding during the year Rs.Nil (Previous year: Rs.1,064,948)]		
Winter Lands Developers Private Limited (formerly Nitesh Devanahalli Township Private Limited) [Maximum amount outstanding during the year Rs.Nil (Previous year: Rs.3,186,618)]	-	-

Schedules to the Accounts		Amount in Rupees
	As at 31-Mar-11	As at 31-Mar-10
(b) Dues from Directors / a firm in which director is a partner :		
Nitesh Shetty	-	1,750,000
[Maximum amount outstanding during the year Rs.1,750,000 (Previous year: Rs.1,750,000)]		
L.S. Vaidhyanathan	-	933,000
[Maximum amount outstanding during the year Rs.933,000 (Previous year: Rs.933,000)]		
Nitesh Infrastructure & Construction	17,690,475	13,537,875
[Maximum amount outstanding during the year Rs.17,690,475 (Previous year: Rs.13,537,875)]		

Schedule 11 : Other current assets

Contract revenue in excess of billing	54,409,102	-
Interest accrued on bank deposits	592,816	261,286
	55,001,918	**261,286**

Schedule 12 : Current liabilities

Sundry creditors for goods, services and expenses		
- Dues to Micro and Small Enterprises (Refer note 20 in Schedule 20)	-	-
- Others	205,151,065	214,768,045
Advance from customers	258,169,614	173,363,890
Billing in excess of contract revenue	-	12,201,944
Other liabilities	29,640,301	31,638,120
	492,960,980	**431,971,999**

Schedule 13 : Provisions

Proposed dividend	34,403,230	-
Tax on proposed dividend	5,713,947	-
Gratuity	4,306,807	2,507,977
Compensated absences	9,785,956	7,599,110
	54,209,940	**10,107,087**

Schedules to the Accounts **Amount in Rupees**

		Year ended 31-Mar-11	Year ended 31-Mar-10
Schedule 14: Income from operations			
Income from contractual activities		705,355,465	617,607,870
Income from property development		134,208,047	-
Income from sale of developed property (apartment)		120,000,000	70,000,000
Share in profits of association of persons (post-tax)		17,571,481	23,703,192
		977,134,993	**711,311,062**
Schedule 15: Other income			
Interest on:			
- Bank deposits [Gross, tax deducted at source - Rs. 590,244 (Previous year: Rs.21,682)]		3,898,289	130,777
- Others		148,831	775,425
Assignment fees		-	76,000,000
Share of profit on sale of Transferable Development Rights ('TDR')		52,511,301	-
Compensation received on cancelation of TDR Contract		10,563,869	-
Profit on sale of investments in subsidiary company (Refer note 16 in Schedule 20)		-	174,950,000
Profit on sale of fixed assets		-	28,067
Dividend income from current investments in mutual funds units		38,734,787	396,560
Miscellaneous income		948,447	532,380
		106,805,524	**252,813,209**
Schedule 16: Cost of sales			
Land cost		97,909,202	-
Civil works		699,215,628	528,040,468
Consultancy costs		13,553,236	23,037,832
Other costs		22,254,174	8,142,818
	(A)	832,932,240	559,221,118
Note: Civil works include assignment of Rs.71,218,534 (Previous year: Rs.Nil)			
Cost of purchase of developed property (apartment)	(B)	70,562,885	50,000,000
Closing work in progress			
Land cost		261,205,189	164,855,977
Civil works		50,799,909	3,062,530
Consultancy costs		31,831,830	24,508,179
Other costs		2,805,178	663,775
Opening work in progress			
Land cost		164,855,977	364,855,977
Civil works		3,062,530	17,555,825
Consultancy costs		24,508,179	29,159,332
Other costs		663,775	8,929,284
Decrease/(Increase) in inventories		(153,551,645)	227,409,957
Less: Adjustment of opening work in progress - land cost arising from reduction of vendor's liability		-	200,000,000
	(C)	(153,551,645)	27,409,957
	(A+B+C)	**749,943,480**	**636,631,075**

Schedules to the Accounts		Amount in Rupees
	Year ended 31-Mar-11	Year ended 31-Mar-10
Schedule 17: Personnel expenses		
Salaries, wages and bonus	141,455,364	84,714,236
Contribution to provident and other funds	1,496,807	1,130,054
Staff welfare expenses	1,329,063	1,088,498
Less: Reimbursement of expenses from a related party	(4,958,995)	(17,081,332)
	139,322,239	**69,851,456**
Schedule 18: Operating and other expenses		
Power and fuel	2,116,114	1,194,568
Rent	16,552,147	9,870,045
Repairs and maintenance - others	3,912,013	1,262,652
Insurance charges	3,841,474	3,291,835
Rates and taxes	470,829	10,458,773
Professional and consultancy charges	16,711,311	17,319,710
Advertising and sales promotion	53,020,678	33,757,885
Travelling and conveyance	10,613,363	6,756,048
Lease rent - vehicles	2,731,516	2,300,000
Communication expenses	1,998,075	2,131,329
Printing, postage and stationery	4,315,559	2,368,896
Recruitment expenses	3,478,998	769,226
Donations	625,000	250,000
Miscellaneous expenses	2,711,667	1,586,985
Less: Reimbursement of expenses from a related party	(1,643,068)	(11,160,561)
	121,455,676	**82,157,391**
Schedule 19: Finance charges		
Interest and other charges		
- On loans	35,923,406	106,364,288
- Others	901,233	-
Bank charges	879,706	131,359
	37,704,345	**106,495,647**

Schedules to the Accounts for the year ended March 31, 2011

Schedule 20: Notes to Accounts

1. Background

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. Statement of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by 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.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

c) Fixed assets including intangible assets

Fixed assets including intangible assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

d) Depreciation / Amortisation

Depreciation on assets, other than those described below, 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%

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

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

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

e) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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 Profit and Loss Account on a straight-line basis over the lease term.

g) Investments

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

h) Inventories

Inventories comprising of Work in Progress 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 profit and loss account.

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.

Income from contractual activities

Revenue from fixed price construction contracts is recognised by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed up to the balance sheet 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 "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 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 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of 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 balance sheet date. The gratuity liability is not externally funded.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided based on actuarial valuation performed at the balance sheet date. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

m) Income taxes

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a 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 realised. 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.

Minimum Alternate Tax (MAT) credit recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

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 Work in progress on the launch of project.

o) Provisions and contingencies

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) 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.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. 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) 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 Serve & Volley Holdings Private Limited Grass Outdoor Media Private Limited Serve & Volley Outdoor Advertising Private Limited Serve & Volley Signages Private Limited Nitesh Healthcare Richmond Trading Enterprises Nitesh Infrastructure and Construction

b) Transactions with Related parties

Amount in Rupees

	Year ended 31-Mar-11	Year ended 31-Mar-10
Income from contractual activities		
Nitesh Residency Hotels Private Limited	301,741,110	320,967,157
Nitesh Estates – Whitefield	311,263,080	207,795,275
Nitesh Infrastructure and Constructions	4,000,000	-
Mr. Nitesh Shetty	660,646	198,510
Total	**617,664,836**	**528,960,942**
Share in profits of association of persons (post-tax)		
Nitesh Estates – Whitefield	17,610,410	23,703,192
Total	**17,610,410**	**23,703,192**
Other income – Assignment fees		
Nitesh Housing Developers Private Limited (refer note b below)	-	76,000,000
Total	**-**	**76,000,000**
Purchase– Construction / Civil works / Apartment		
Nisco Ventures Private Limited	29,298,930	-
Southern Hills Developers Private Limited (refer notes a & c below)	28,400,000	48,000,000
Total	**57,698,930**	**48,000,000**
Rent and other charges paid		
Nitesh Infrastructure and Construction	24,718,374	10,545,517
Total	**24,718,374**	**10,545,517**
Advertising and sales promotion expenses		
Grass Outdoor Media Private Limited	4,118,381	5,516,713
Serve & Volley Outdoor Advertising Private Limited	6,287,197	5,154,098
Total	**10,405,578**	**10,670,811**
Expenses incurred on behalf of other companies		
Southern Hills Developers Private Limited (refer note d below)	7,750,203	29,575,632
Nitesh Housing Developers Private Limited	33,693,593	11,043,912
Nitesh Urban Development Private Limited	-	19,304
Winter Lands Developers Private Limited	-	2,312,713
Nitesh Kochi Projects and Developers Private Limited	-	19,304
Nitesh Indiranagar Retail Private Limited	502,637	-
Total	**41,946,433**	**42,970,865**
Remuneration to KMP		
Mr. Nitesh Shetty (refer note 13 below)	12,293,720	4,034,360
Mr. L.S.Vaidyanathan (refer note 13 below)	7,209,360	2,634,360
Total	**19,503,080**	**6,668,720**

b) Transactions with Related parties (Continued)

Amount in Rupees

	Year ended 31-Mar-11	Year ended 31-Mar-10
Investments made		
Nitesh Residency Hotels Private Limited (refer note e below)	130,000,000	104,000,000
Nitesh Housing Developers Private Limited (refer note 16 below)	906,436,478	49,900,000
Nitesh Indiranagar Retail Private Limited	1,239,802,583	129,821,181
Nitesh Kochi Projects and Developers Private Limited	100,000	11,585,000
Nitesh Urban Development Private Limited	51,000	-
Nitesh Property Management Private Limited	100,000	-
Total	**2,276,490,061**	**295,306,181**
Share application money received/(refunded)		
Nitesh Industries Private Limited	-	37,863,944
Nitesh Industries Private Limited	-	(37,863,944)
Total	**-**	**-**
Deposits given/(refunded)		
Nitesh Infrastructure and Construction	8,652,600	-
Total	**8,652,600**	-
Unsecured loan taken		
Mr. Nitesh Shetty	-	23,300,000
Total	**-**	**23,300,000**
Unsecured loan repaid		
Mr. Nitesh Shetty	25,865,000	24,950,000
Total	**25,865,000**	**24,950,000**
Equity Investment		
Nitesh Industries Private Limited	-	155,099,700
Total	-	**155,099,700**
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 rights in properties made		
Nitesh Housing Developers Private Limited (refer note b below)	-	218,606,995
Total	**-**	**218,606,995**
Assignment of real estate projects received		
Southern Hills Developers Private Limited	57,974,609	1,211,700
Total	**57,974,609**	**1,211,700**
Guarantees given		
Nitesh Housing Developers Private Limited	-	620,000,000
Total	**-**	**620,000,000**

b) Transactions with Related parties (Contd...)

Amount in Rupees

	Year ended 31-Mar-11	Year ended 31-Mar-10
Loans /Advances given/(repaid)		
Nisco Ventures Private Limited	-	33,655,405
Nitesh Housing Developers Private Limited	69,927,522	149,279,732
Winter Lands Developers Private Limited	-	(3,186,618)
Nitesh Land Holdings Private Limited	-	(18,363)
Nitesh Estates – Whitefield	69,795,266	39,244,178
Southern Hills Developers Private Limited	1,482,177	29,550,647
Nitesh Indiranagar Retail Private Limited	-	-
Nitesh Urban Development Private Limited	1,020,300	-
Nitesh Housing Developers Private Limited	(54,604,512)	(125,590,040)
Nitesh Mylapore Developers Private Limited	-	10,000
Madison Developers Private Limited	-	(1,064,948)
Nitesh Estates – Whitefield	(41,394,703)	(39,244,178)
Nitesh Indiranagar Retail Private Limited	-	(18,100,000)
Nitesh Urban Development Private Limited	(985,255)	-
Southern Hills Developers Private Limited	(12,281,485)	-
Loans /Advances taken/(repaid)		
Nitesh Estates – Whitefield	-	98,774,874
Nitesh Housing Developers Private Limited	-	37,534,644
Nitesh Residency Hotels Private Limited	-	(1,086,749)
Southern Hills Developers Private Limited	-	(54,686,057)
Nitesh Estates – Whitefield	-	(163,073,734)

c) Balances outstanding with Related parties

Amount in Rupees

	As at 31-Mar-11	As at 31-Mar-10
Sundry debtors		
Nitesh Estates – Whitefield	311,608,477	171,479,313
Nitesh Residency Hotels Private Limited	13,789,413	71,106,037
Nitesh Infrastructure and Constructions	5,030,000	-
Mr. Nitesh Shetty	444,706	56,766
Total	**330,872,596**	**242,642,116**
Advances recoverable/Other receivable		
Mr. Nitesh Shetty (refer note 13 below)	-	1,750,000
Mr. L.S.Vaidyanathan (refer note 13 below)	-	933,000
Nitesh Housing Developers Private Limited	33,748,380	-
Nitesh Estates – Whitefield	53,616,386	-
Nitesh Urban Development Private Limited	3,303,778	3,268,733
Southern Hills Developers Private Limited	77,685,637	21,511,411
Nisco Ventures Private Limited	40,762,955	33,655,405
Nitesh Indiranagar Retail Private Limited	12,238,190	11,735,553
Nitesh Infrastructure and Construction	-	4,500,000
Nitesh Mylapore Developers Private Limited	-	10,910,946
Total	**221,355,326**	**88,265,048**
Deposits		
Nitesh Infrastructure and Construction	17,690,475	9,037,875
Total	**17,690,475**	**9,037,875**

c) Balances outstanding with Related parties (contd.)

Amount in Rupees

	As at 31-Mar-11	As at 31-Mar-10
Sundry creditors		
Nisco Ventures Private Limited	1,410,566	-
Nitesh Infrastructure and Construction	1,942,346	119,170
Grass Outdoor Media Private Limited	2,765,040	15,348,674
Serve & Volley Outdoor Advertising Private Limited	784,619	22,256,304
Southern Hills Developers Private Limited	24,555	1,211,700
Total	**6,927,126**	**38,935,848**
Advance from customers		
Nitesh Residency Hotels Private Limited	59,275,187	119,642,840
Nitesh Housing Developers Private Limited	-	15,268,223
Total	**59,275,187**	**134,911,063**
Other liabilities		
Nitesh Estates – Whitefield	523,368	8,980,098
Total	**523,368**	**8,980,098**
Unsecured loan (payable)		
Mr. Nitesh Shetty	-	25,865,000
Total	**-**	**25,865,000**
Guarantees outstanding		
Nitesh Estates – Whitefield	-	25,000,000
Southern Hills Developers Private Limited	-	200,000,000
Nitesh Housing Developers Private Limited (refer note 16 below)	620,000,000	620,000,000
Total	**620,000,000**	**845,000,000**

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. On September 30, 2009 and October 21, 2009, the Company assigned to Nitesh Housing Developers Private Limited, a subsidiary of the Company ('NHDPL'), its rights to joint development arrangements with the owners of land parcels. The Company had paid an advance of Rs. 218,606,995 under such arrangements, which has now been recovered from NHDPL consequent upon the assignment of rights. The Company charged NHDPL an assignment fee of Rs.76,000,000 in respect of the aforesaid assignment of rights.

c. On November 24, 2009, the Company purchased a developed property (apartment) from SHDPL for a consideration of Rs.48,000,000 and sold the same to a third party for a consideration of Rs.70,000,000 on December 29, 2009. The Company incurred other incidental costs of Rs.2,000,000 towards purchase of the said apartment.

d. Pursuant to the Share Subscription Agreement ('SSA') entered into between AMIFI 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.6,787,397 (Previous year: Rs.29,575,632). Although, the SSA has been terminated effective October 9, 2009, the Company and NEPPL continued to share common costs in the ratio of their project expenses up to June 30, 2010.

e. The Company has invested a sum of Rs.410,805,790 (Previous year: Rs.280,805,790) towards 29,120,579 (Previous year: 28,080,579) 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, 2011 is estimated to be Rs.330 Million (Previous year: Rs.460 million).

f. Refer notes to Schedule 3 for loans personally guaranteed by certain directors of the Company.

4. Commitments and Contingent liabilities not provided for

(a) Guarantees given

i. Corporate guarantee in respect of debentures as discussed in Note 16 below.

ii. Other guarantees – Rs 14,075,000 (Previous year: Rs. 225,950,000).

(b) Claims not acknowledged as debts in respect of sales tax – Rs.Nil (Previous year: Rs.928,560) and income tax – Rs.30,275,706 (Previous year: Rs.418,536).

(c) 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 reasonably 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, 2011.

(d) The estimated amount of contracts, net of advances remaining to be executed on capital account is Rs.1,790,000 (Previous year: Rs.865,528).

5. Details of Construction contracts in progress

Amount in Rupees

Particulars	**Year ended 31-Mar-11**	**Year ended 31-Mar-10**
Contract revenue recognized as revenue for the year	831,494,924	601,702,253
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the balance sheet date for all the contracts in progress	1,892,208,083	1,891,357,300
The amount of customer advances outstanding for contracts in progress as at the balance sheet date	219,797,464	156,374,593
The amount of retention due from customers for contracts in progress as at the balance sheet date	3,986,343	15,277,480

6. 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.

7. 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 are not applicable to the Company.

The following tables summaries the components of net benefit expense recognised in the profit and loss account 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-11**	**Year ended 31-Mar-10**
Current service cost	1,430,889	845,973
Interest cost on benefit obligation	357,790	199,524
Net actuarial (gain)/loss recognized	(147,463)	(255,122)
Past service cost	157,614	44,489
Net benefit expense	**1,798,830**	**834,864**

Amount in Rupees

Details of provision for gratuity	**As at 31-Mar-11**	**As at 31-Mar-10**
Defined benefit obligation	4,622,036	2,980,820
Less: Unrecognised past service cost	(315,229)	(472,843)
Plan liability	**4,306,807**	**2,507,977**

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

Amount in Rupees

	As at 31-Mar-11	**As at 31-Mar-10**
Opening defined benefit obligation	2,980,820	1,673,113
Interest cost	357,790	199,524
Current service cost	1,430,889	845,973
Past service cost	-	517,332
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(147,463)	(255,122)
Closing defined benefit obligation	**4,622,036**	**2,980,820**

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

Amount in Rupees

	As at 31-Mar-11	**As at 31-Mar-10**
Discount rate	8.05%	8.15%

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

8. 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 Profit and Loss Account is Rs.19,283,663 (Previous year: Rs.12,170,045). The future minimum lease payments for non-cancelable operating leases are as follows:

Amount in Rupees

Particulars	As at 31-Mar-11	As at 31-Mar-10
Not later than one year	570,000	-
More than one year and less than five years	440,000	-
Total	**1,010,000**	**-**

9. Deferred tax

The Company has tax losses during the year ended March 31, 2011 and has deferred tax assets as at March 31, 2011, the break-up of which is as below. 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

Particulars	As at 31-Mar-11	As at 31-Mar-10
Differences in depreciation in block of fixed assets as per tax books and financial books	16,348	964,646
Effect of expenditure debited to profit and loss account in the current and preceding year but allowed for tax purposes in following years	4,681,486	3,434,858
Effect of tax loss	8,404,000	-
Net deferred tax asset	**13,101,834**	**4,399,504**

10. 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-11	As at and for the Year ended 31-Mar-10
Assets	393,458,773	214,741,889
Liabilities	297,015,202	135,871,600
Revenue	107,321,537	86,877,228
Expenses	89,750,057	63,174,036
Net Profit	17,571,481	23,703,192
Capital expenditure*	-	-
Contingent liability*	-	928,560

* Also included in note 4 above.

11. Quantitative Information

On account of the nature of business carried on by the Company, the management is of the view that it is not practicable to give quantitative information.

12. Auditors' remuneration included in Professional and consultancy charges:

Amount in Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
As auditors:		
Audit fees	1,500,000	1,925,000
Fees for limited reviews	1,200,000	-
Other services – IPO related	-	3,175,000
Out of pocket expenses	130,062	64,146
Total	**2,830,062**	**5,164,146**

13. Directors' remuneration

Amount in Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Salaries, wages and bonus	19,484,360	6,650,000
Contribution to provident fund	18,720	18,720
Total	**19,503,080**	**6,668,720**

Note: As the future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

Directors' sitting fees paid by the Company is Rs.620,000 (Previous year: Rs.240,000).

Computation of net profits in accordance with Section 349 and 198 of the Companies Act 1956 ('the Act'):

Amount in Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Profit before tax	28,947,674	63,535,588
Add:		
Directors remuneration	19,503,080	6,668,720
Depreciation provided in the books	6,567,103	5,453,114
Sub-total	26,070,183	12,121,834
Less:		
Profit on sale of investments in subsidiary company	-	174,950,000
Profit on sale of fixed assets	-	28,067
Depreciation under Section 350 of the Act	6,567,103	5,453,114
Sub-total	6,567,103	180,431,181
Net profit /(loss) for the purposes of Section 198 of the Act	**48,450,754**	**(104,773,759)**

During the year, the remuneration paid to the directors is as approved by the Central Government. During the previous year, as the Company had no profits, the remuneration payable had been determined in accordance with Schedule XIII of the Act.

14. Expenditure in foreign currency (on accrual basis)

Amount in Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Share issue expenses	20,936,606	-
Professional and consultancy charges	1,198,100	-
Travelling and conveyance	492,171	-

15. Earnings per share ['EPS']:

Amount in Rupees

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Net profit for calculation of basic and diluted EPS (in Rs.)	37,650,004	46,772,588
Weighted average number of equity shares outstanding during the year	137,612,922	69,044,377
Weighted average number of equity shares used in calculating basic EPS	**137,612,922**	**69,044,377**
Weighted average number of equity shares used in calculating basic EPS	137,612,922	69,044,377
Add: Weighted average number of equity shares which would have been issued on allotment of share application money	-	80,922
Add: Adjustment for bonus issue	-	728,298
Weighted average number of equity shares used in calculating diluted EPS	**137,612,922**	**69,853,597**

Note: At the extra-ordinary general meeting of the shareholders held on October 9, 2009, the Company has issued 62,804,790 equity shares as bonus shares to the existing shareholders by way of capitalization 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.

16. 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, 2011, 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, 2011.

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' any time 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.

17. Inventory as at March 31, 2011 includes Rs.193,090,461 (Previous year: Rs.193,090,461) cost of land held by the Company and other project 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.

18. Advance against property as at March 31, 2011 includes 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. The Company is in discussion with the landlord and the intermediary and is reasonably confident of finalizing the arrangement with the landlord. Pending conclusion of the arrangement, 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, 2011.

19. 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.

20. 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.

21. During the year ended March 31, 2011, the Company purchased services amounting to Rs.11,676,140 from private limited companies, covered under Section 297 of the Companies Act, 1956 in respect of which no prior approval of Central Government as required under Section 297 of the Companies Act, 1956 was obtained. The Company has applied to the Company Law Board ('CLB') under section 621A of the Companies Act, 1956 for compounding of the above non-compliance, which is under review by the CLB. Pending such approval, no adjustments have been made to the financial statements for the year ended March 31, 2011.

22. As at March 31, 2011, the Company has an investment of Rs. 1,484,722,764 (Previous year: Rs. 244,920,181) in the equity shares / towards share capital of Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company. Further, the Company has given guarantee of Rs.Nil (Previous year: Rs.632,191,180) for loan (including interest thereon) taken by NIRPL. Capital work in progress of NIRPL includes a non-refundable deposit of Rs.855,000,000 (Previous year: Rs.355,000,000) paid to the landowner under a Joint Development Agreement ('JDA') and other project specific payments amounting to Rs.629,604,666 (Previous year:Rs.528,012,141). As per the aforesaid JDA, NIRPL is required to adhere to all the terms of the JDA 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.

23. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES	**For and on behalf of the Board of Directors of**
Firm Registration No.101049W	**Nitesh Estates Limited**
Chartered Accountants	

per Adarsh Ranka	**Nitesh Shetty**	**L.S. Vaidyanathan**	**Venkateshan MA**	**D. Srinivasan**
Partner	**Managing Director**	**Executive Director**	**Chief Financial Officer**	**Company Secretary**
Membership No. 209567				
Place: Mumbai	**Place: Mumbai**			
Date : 30th May, 2011	**Date : 30th May, 2011**			

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANY FOR THE YEAR ENDED 31st MARCH, 2011

Sl No.	Name of the Subsidiary Company	Nitesh Indiranagar Retail Private Limited	Nitesh Urban Development Private Limited	Nitesh Kochi Projects & Developers Private Limited	Nitesh Property Management Private Limited	Nitesh Housing Developers Private Limited
1	The financial period of the Subsidiary Company's ended on	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011
2	Date from which they became Subsidiary Company	26th August, 2008	20th December, 2010	20th December, 2010	7th February, 2011	24th September, 2009
3	a) No of Shares held by the Holding Company with its nominees in the Subsidiary at the end of the Financial Year of the Subsidiary Company.	1,160,000	5,100	10,000	10,000	4,494,900
	b) Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company.	100.00%	51.00%	100.00%	100.00%	89.90%
4	The Net Aggregate amount of the Subsidiary Companies' Profit / Loss so far as it concerns the members of the Holding Company.					
	a) Not dealt within the holding Company's Accounts					
	i) For the Financial Year Ended 31.03.2011 (Amount in Rs.)	NIL	(1,563,912)	(112.289)	NIL	78,493,216
	ii) For the Financial Year of the Subsidiary Company since they became the Holding Company's Subsidiary.(Amount in Rs.)	NIL	(1,563,912)	(112.289)	NIL	78,493,216
	b) Dealt with in Holding Company's Accounts					
	i) For the Financial Year Ended 31.03.2011 (Amount in Rs.)	NIL	NIL	NIL	NIL	NIL
	ii) For the Financial Year of the Subsidiary Company since they became the Holding Company's Subsidiary.(Amount in Rs.)	NIL	NIL	NIL	NIL	NIL

for and on behalf of Board of Directors of Nitesh Estates Limited

Place : Mumbai
Date : 30th May, 2011

NITESH SHETTY
Managing Director

L. S. VAIDYANATHAN
Executive Director

VENKATESHAN M A
Chief Financial Officer

D. SRINIVASAN
Company Secretary

NITESH ESTATES LIMITED
Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract & Company's General Business Profile

1 Registration Details

Registration No.	L07010KA2004PLC033412		
Balance Sheet Date	31.03.2011	State Code	08

2 Capital raised during the year (Amount in Rupees Thousands)

Public Issue	40,500	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3 Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)

Total Liabilities	4,792,785	Total Assets	4,792,785
Sources of Funds		**Application of Funds**	
Paid-up Capital	1,458,321	Net Fixed Assets	80,894
Share Application Money	Nil	Investments	2,956,488
Reserves & Surplus	3,181,526	Net Current Assets	1,742,301
Secured Loans	152,938	Misc Expenditure	Nil
Unsecured Loans	Nil	Deferred Tax Asset	13,102

4 Performance of the Company (Amount in Rupees Thousands)

Net Turnover	1,083,941	Total Expenditure	1,054,993
Profit/Loss before tax	28,948	Profit/Loss after tax	37,650
Earnings per share (in Rs)	0.27	Dividend Rate (%)	2.5%

5 Generic Names of Three Principal Products/Services of Company

Item Code No.(ITC Code) Product Description	Construction Activity
Item Code No.(ITC Code) Product Description	Nil
Item Code No.(ITC Code) Product Description	Nil

for and on behalf of Board of Directors of Nitesh Estates Limited

Place : Mumbai
Date : 30th May, 2011

NITESH SHETTY **Managing Director**	**L. S. VAIDYANATHAN** **Executive Director**	**VENKATESHAN M.A** **Chief Financial Officer**	**D. SRINIVASAN** **Company Secretary**

Auditors' 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 venture and associate (collectively referred to as "the Group"), as at March 31, 2011, and also the consolidated profit and loss account 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, one joint venture and one associate company. The financial statements of these subsidiaries and joint venture reflect total assets of Rs.4,345,120,896 as at March 31, 2011, total revenue of Rs.788,720,098 and cash outflows of Rs.2,018,664 for the year ended March 31, 2011. The financial statements of associate company reflects the Group's share of total loss of Rs.9,020,474 as at March 31, 2011 and Rs.5,587,974 for the year ended March 31, 2011. These financial statements and other financial information of these subsidiaries, joint venture and associate company have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of 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 pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. Without qualifying our opinion, we draw attention to Note 13 in Notes to Accounts regarding purchase of services by the Company amounting to Rs.11,676,140 during the year ended March 31, 2011, from private limited companies, covered under Section 297 of the Companies Act, 1956, in respect of which no prior approval of Central Government as required under Section 297 of the Companies Act, 1956 was obtained. In this regard, the Company has applied to the Company Law Board ('CLB') under section 621A of the Companies Act, 1956 for compounding of the above non-compliance, which is under review by the CLB. Pending such approval, no adjustments have been made to the consolidated financial statements for the year ended March 31, 2011.

6. *During the year ended March 31, 2011, the Company purchased a developed property (apartment) from a related party for a consideration of Rs.30,462,885 (including other charges) and sold the said apartment to another party for a consideration of Rs.60,000,000. Having regard to the pricing of the aforesaid transactions and the terms of collection of sale proceeds, we are unable to comment on the aforesaid transactions and its impact, if any, on the consolidated financial statements for the year ended March 31, 2011.*

7. *The Company has tax losses during the year ended March 31, 2011 and has deferred tax assets of Rs.13,101,834 as at March 31, 2011. 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). Had such deferred tax assets not been recognized, profit for the year would have been lower by Rs.13,101,834. Further, deferred tax assets and reserves and surplus would have been lower by Rs.13,101,834 as at March 31, 2011.*

8. 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 *subject to the matter in paragraph 6, the impact of which is not ascertainable and the consequential effect of matter specified 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, 2011;

   b. in the case of the consolidated profit and loss account, of the profit for the year then ended; and

   c. in the case of the consolidated cash flow statement, of the cash flows for the year then ended.

For S.R. BATLIBOI & ASSOCIATES

Firm Registration No.101049W

Chartered Accountants

per Adarsh Ranka

Partner

Membership No.: 209567

Place: Mumbai

Date: 30th May, 2011

Consolidated Balance Sheet as at March 31, 2011

Amount in Rupees

	Schedules	As at 31-Mar-2011
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	1	1,458,321,000
Reserves and surplus	2	3,170,528,521
		4,628,849,521
Minority interest		12,219,624
Loan Funds		
Secured loans	3	786,971,127
Unsecured loans	4	4,152,400
		791,123,527
Total		**5,432,192,672**
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross block		74,815,887
Less: Accumulated depreciation/ amortisation		30,806,442
Net block		44,009,445
Capital work-in-progress (including capital advances)		1,522,093,031
		1,566,102,476
Investments	6	403,301,309
Deferred tax asset (net)	20(11)	13,101,834
Current Assets, Loans and Advances		
Inventories	7	624,120,203
Sundry debtors	8	590,616,412
Cash and bank balances	9	70,280,576
Loans and advances	10	2,916,447,132
Other current assets	11	144,726,832
		4,346,191,155
***Less:* Current Liabilities and Provisions**		
Current liabilities	12	827,363,739
Provisions	13	69,140,363
		896,504,102
Net Current Assets		**3,449,687,053**
Total		**5,432,192,672**
Notes to Consolidated Accounts	20	

The Schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet

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: 30th May, 2011

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: 30th May, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedules	Amount in Rupees Year ended 31-Mar-2011
Income		
Income from operations	14	1,241,046,626
Other income	15	199,487,834
Total		**1,440,534,460**
Expenditure		
Cost of sales	16	894,400,846
Personnel expenses	17	139,322,239
Operating and other expenses	18	203,810,231
Depreciation/ amortisation	5	6,599,809
Finance charges	19	39,594,707
Total		**1,283,727,832**
Profit before tax		156,806,628
Current tax		42,700,000
Deferred tax charge/(credit)		(7,825,320)
Total tax charge		**34,874,680**
Net profit for the year		**121,931,948**
Less: Share in loss of Associate		5,587,974
Less: Transfer to Minority Interest		7,119,624
Net profit for the year		**109,224,350**
Profit and loss account at the beginning of the year		(24,433,206)
Profit available for appropriation		**84,791,144**
Appropriations:		
Proposed dividend		34,403,230
Tax on proposed dividend		5,713,947
		40,117,177
Surplus carried to balance sheet		**44,673,967**
Earnings per share	20(13)	
[Nominal value per equity share Rs.10]		
a. Basic		0.79
b. Diluted		0.79
Weighted average number of shares used in computing earnings per share		
a. Basic		137,612,922
b. Diluted		137,612,922
Notes to Consolidated Accounts	20	

The Schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account

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: 30th May, 2011

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: 30th May, 2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

	Amount in Rupees
	Year ended 31-Mar-2011
A. CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	**156,806,628**
Adjustment for :	
Interest income	(96,082,593)
Dividend Income	(38,767,122)
Depreciation / amortisation	6,599,809
Interest and other charges	38,555,056
Operating profit / (loss) before working capital changes	**67,111,778**
Movements in working capital:	
(Increase) / decrease in inventories	(318,361,446)
(Increase) / decrease in debtors	(334,821,108)
(Increase) / decrease in loans and advances and other current assets	(892,773,361)
Increase / (decrease) in current liabilities and provisions	275,718,446
Cash (used in) / generated from operations	**(1,203,125,691)**
Income tax paid	(43,294,572)
Net cash (used in)/ generated from operating activities - (A)	**(1,246,420,263)**
B. CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(891,252,283)
Purchase of investments - Others	(130,000,000)
Purchase of investment in mutual fund units	(10,312,800,284)
Proceeds from sale of investment in mutual fund units	10,351,344,478
Investment in fixed deposit with maturity of more than 3 months	(1,050,000)
Interest received	3,715,590
Net cash from/ (used in) investing activities - (B)	**(980,042,499)**
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 secured loans	167,196,184
Repayment of secured loans	(1,467,569,580)
Proceeds from unsecured loans	-
Repayment of unsecured loan	(37,822,144)
Interest paid	(179,168,376)
Net cash from/ (used in) financing activities - (C)	**2,218,973,638**

Consolidated Cash Flow Statement for the year ended March 31, 2011 (continued)

Amount in Rupees

	Year ended 31-Mar-2011
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	**(7,489,124)**
Cash and cash equivalents as at beginning of the year	75,607,794
Cash inflow due to acquisition of subsidiaries	161,906
Cash and cash equivalents as at the end of the year	**68,280,576**
Components of cash and cash equivalents:	
Cash on hand	8,844,699
Balances with scheduled banks:	
In Current accounts	56,948,934
In Deposit accounts	4,486,943
[includes Rs. 2,000,000 pledged with bank/Government authorities]	
Cash and bank balances	**70,280,576**
Less: Fixed deposits with maturity of more than 3 months	2,000,000
Cash and cash equivalents in cash flow statement	**68,280,576**

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: 30th May, 2011

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: 30th May, 2011

Schedules to the Consolidated Accounts

	Amount in Rupees As at 31-Mar-2011
Schedule 1 : Share capital	
Authorised:	
150,000,000 Equity shares of Rs.10 each	1,500,000,000
	1,500,000,000
Issued, subscribed and paid up:	
145,832,100 Equity shares of Rs.10 each fully paid-up	1,458,321,000
(Refer note 17 in Schedule 20)	
	1,458,321,000
Schedule 2 : Reserves and surplus	
Securities premium account	
Opening Balance	139,517,000
Add: Additions during the year	3,300,000,000
	3,439,517,000
Less: Share issue expenses (Refer note 17 in Schedule 20)	313,662,446
	3,125,854,554
Profit and loss account	44,673,967
	3,170,528,521
Schedule 3 : Secured loans	
a. Debentures	
6,200,000 secured compulsorily convertible debentures of Rs.100 each (Refer note 12 in Schedule 20) (Refer note (i) below)	620,000,000
b. From Banks:	
Term loans (Refer note (ii) below)	14,033,000
c. From Others:	
Term loans (Refer note (iii) below)	150,000,000
Vehicle loans (Refer note (iv) below)	2,938,127
Notes :	
i. Secured by way of pledge of the entire shareholding of the Company in Nitesh Housing Developers Private Limited 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.	
ii. Secured by way of hypothecation of refundable deposit of Group's project specific property under joint development and further secured by personal guarantee of Managing Director of the Company.	
iii. 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.	
iv. Secured by way of hypothecation of vehicles acquired out of the loan proceeds.	
	786,971,127
Schedule 4 : Unsecured loans	
Short term loan:	
a. From a director	100,000
b. From others	4,052,400
	4,152,400

Schedules to the Accounts

Amount in Rupees

Particulars		Gross block			Depreciation/ amortisation			Net block
		As at 1-Apr-10	Additions	As at 31-Mar-11	As at 1-Apr-10	For the year	As at 31-Mar-11	As at 31-Mar-11
Schedule 5 - Fixed assets								
Tangible Assets								
Leasehold improvements		12,650,934	3,728,447	16,379,381	3,398,647	1,238,559	4,637,206	11,742,175
Computers		8,391,223	11,188,698	19,579,921	6,369,273	1,022,056	7,391,329	12,188,592
Office equipment		7,003,281	548,583	7,551,864	2,468,761	681,560	3,150,321	4,401,543
Furniture & fittings		5,752,627	2,405,815	8,158,442	2,413,188	821,105	3,234,293	4,924,149
Motor cars		14,156,867	3,154,184	17,311,051	8,200,433	1,933,650	10,134,083	7,176,96
	(A)	47,954,932	21,025,727	68,980,659	22,850,302	5,696,930	28,547,232	40,433,427
Intangible Assets								
Computer software		4,480,318	1,354,910	5,835,228	1,170,997	1,088,213	2,259,210	3,576,018
	(B)	4,480,318	1,354,910	5,835,228	1,170,997	1,088,213	2,259,210	3,576,018
Total (A+B)		**52,435,250**	**22,380,637**	**74,815,887**	**24,021,299**	**6,785,143**	**30,806,442**	**44,009,445**
Less: Reimbursement of expenses from a related party						185,334		
Depreciation for the year						6,599,809		
Capital Work in progress (Refer note 18 in Schedule 20) (including capital advances of Rs.1,501,292,998)								1,522,093,031
Total								1,566,102,476

Schedules to the Consolidated Accounts

	Amount in Rupees
	As at 31-Mar-2011
Schedule 6: Investments	
Long term investments (Unquoted, at cost)	
A. Non-trade	
Government securities (National Savings Certificate)	57,200
	57,200
B. Trade Investments	
In Associate company*	
29,120,579 Class A equity shares of Rs.10 each fully paid up in Nitesh Residency Hotels Private Limited	410,805,790
(includes Rs.4,166,079 of goodwill arising on acquistion of shares in the associate company)	
Less: Share in loss of Associate	(9,020,474)
*Refer Note 4 (c) in Schedule 20	401,785,316
Current Investments (Quoted, at lower of cost and market value)	
A. In Mutual Fund Units	
103,842.42 units of Rs. 10 each in Baroda Pioneer PSU Bond Fund	1,038,605
[Market value Rs.1,054,676]	
Nil (Previous year: 3467.04) units of Rs. 10 each in HDFC Cash Management Fund	-
[Market value Rs.Nil (Previous year: Rs.34,780)]	
19,843.04 units of Rs. 10 each in SBI SHF Ultra Short Term Fund	198,549
[Market value Rs.198,549]	
21,679.18 units of Rs. 10 each in HDFC Cash Management Fund	221,639
[Market value Rs.222,205]	1,458,793
	403,301,309
1. Aggregate amount of:	
Quoted investments [Market value Rs. 1,475,430]	1,458,793
Unquoted investments	401,842,516
2. The following investments were purchased and sold during the year:	
250,412,187.60 units of Rs. 10 each in HDFC Cash Management Fund	2,512,009,860
208,517,082.06 units of Rs. 10 each in HDFC Liquid Fund Premium Plan	2,556,377,723
102,504.95 units of Rs. 1,000 each in Axis Treasury Advantage Fund	102,505,131
150,034.04 units of Rs. 1,000 each in Axis Liquid Fund	150,044,266
999,772.06 units of Rs. 1,000 each in DSP BlackRock Liquidity Fund	1,000,088,086
1,006,730.48 units of Rs. 1,000 each in DSP BlackRock Floating Rate Fund	1,007,279,344
252,799.38 units of Rs. 1,000 each in DSP BlackRock Money Manager Fund	253,001,617
20,034,380.84 units of Rs. 10 each in ICICI Pru Ultra Short Term Plan	200,764,530
20,043,279.99 units of Rs. 10 each in IDFC Money Manager Fund	200,733,449
5,075,550 units of Rs. 10 each in IDFC Fixed Maturity Quarterly Series	50,755,500
202,251.06 units of Rs. 1,000 each in IDFC Savings Advantage Fund	202,293,530
40,270,283.28 units of Rs. 10 each in IDFC Cash Fund	402,803,508
15,142,954.44 units of Rs. 10 each in IDFC Money Manager Fund	151,452,259
20,239,819.32 units of Rs. 10 each in ICICI Prudential Interval Fund	202,398,193
474,573.13 units of Rs. 100 each in ICICI Prudential Flexible Income Plan Premium	50,178,990
1,039,372.95 units of Rs. 100 each in ICICI Prudential Floating Rate Plan D	103,959,849
2,474,765.90 units of Rs. 100 each in ICICI Prudential Liquid Super Institutional Plan	247,531,520
20,497,701.37 units of Rs. 10 each in SBI SHF Ultra Short Term Fund	205,100,000
68,783,333.00 units of Rs. 10 each in HDFC Cash Management Fund	690,000,000
2,311,301.57 units of Rs. 10 each in HDFC Floating Rate Income Fund - Short Term Plan	23,300,000

Schedules to the Consolidated Accounts

	Amount in Rupees
	As at 31-Mar-2011
Schedule 7 : Inventories	
(at lower of cost and net realisable value)	
Work in progress*	
Land cost	354,606,784
Civil works	193,738,923
Consultancy costs	66,916,692
Other costs	8,857,804
* Refer note 15 in Schedule 20	
	624,120,203
Schedule 8 : Sundry debtors	
(Unsecured, considered good)	
Debts outstanding for a period exceeding six months	160,857,857
Other debts	429,758,555
Note: Sundry debtors include retention money of Rs.3,986,343.	
	590,616,412
Schedule 9 : Cash and bank balances	
Cash on hand	8,844,699
Balances with scheduled banks:	
In Current accounts	56,948,934
In Deposit accounts	4,486,943
[includes Rs. 2,000,000 pledged with bank/Government authorities]	
	70,280,576
Schedule 10 : Loans and advances	
(Unsecured, considered good)	
Advances recoverable in cash or kind or for value to be received	1,606,013,250
Share application money (Refer note 5(b) in Schedule 20)	50,000,000
Advances against property* (Refer note below and note 16 in Schedule 20)	1,077,385,600
Deposits - others*	154,534,316
MAT Credit Entitlement	7,000,000
Advance income tax (net of provision)	21,513,966
* 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 Group. The Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.	
Advances against property includes Rs. 60,000,000 in respect of which the Group holds guarantee from a bank.	
	2,916,447,132
Schedule 11 : Other current assets	
Contract revenue in excess of billing	40,682,168
Interest accrued on Bank deposits and Others	104,044,664
	144,726,832
Schedule 12 : Current liabilities	
Sundry creditors for goods, services and expenses	360,100,318
Advance from customers	436,466,055
Other liabilities	30,797,366
	827,363,739

Schedules to the Consolidated Accounts

		Amount in Rupees
		As at 31-Mar-2011
Schedule 13: Provisions		
Income tax (net of advance tax)		14,930,423
Proposed dividend		34,403,230
Tax on proposed dividend		5,713,947
Gratuity		4,306,807
Compensated absences		9,785,956
		69,140,363

		Year ended 31-Mar-2011
Schedule 14: Income from operations		
Income from contractual activites		630,652,326
Income from property development		297,069,500
Income from sale of developed property (apartment)		120,000,000
Income from sale of villa plots		193,324,800
		1,241,046,626
Schedule 15: Other income		
Interest on:		
- Bank deposits		3,898,289
- Others		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		38,767,122
Miscellaneous income		1,112,949
		199,487,834
Schedule 16: Cost of sales		
Land cost		189,020,322
Civil works		816,530,374
Consultancy costs		56,066,473
Other costs		26,248,428
	(A)	1,087,865,597
Note: Civil works include assignment of Rs.71,218,534		
Cost of purchase of developed property (apartment)		
	(B)	70,562,885
Cost of villa plots sold		
	(C)	80,485,888
Closing work in progress		
Land cost		354,606,784
Civil works		193,738,923
Consultancy costs		66,916,692
Other costs		8,857,804
Opening work in progress		
Land cost		171,269,450
Civil works		54,424,757
Consultancy costs		49,219,209
Other costs		4,693,263
Decrease/(Increase) in inventories		
	(D)	(344,513,524)
	(A+B+C+D)	**894,400,846**

Schedules to the Consolidated Accounts

	Amount in Rupees Year ended 31-Mar-2011
Schedule 17: Personnel expenses	
Salaries,wages and bonus	141,455,364
Contribution to provident and other funds	1,496,807
Staff welfare expenses	1,329,063
Less: Reimbursement of expenses from a related party	(4,958,995)
	139,322,239
Schedule 18: Operating and other expenses	
Power and fuel	2,116,114
Rent	16,552,147
Repairs and maintenance - others	3,624,974
Insurance charges	3,841,474
Rates and taxes	993,874
Professional and consultancy charges	20,029,063
Advertising and sales promotion	122,146,118
Travelling and conveyance	13,206,461
Lease rent - vehicles	2,731,516
Communication expenses	2,020,177
Printing, postage and stationery	7,564,875
Recruitment expenses	3,478,998
Donations	625,000
Miscellaneous expenses	6,522,508
Less: Reimbursement of expenses from a related party	(1,643,068)
	203,810,231
Schedule 19: Finance charges	
Interest and other charges on loans	71,821,120
Interest others	901,233
Less: Amount capitalised	(34,167,297)
	38,555,056
Bank charges	1,039,651
	39,594,707

Schedules to the Consolidated Accounts

Schedule 20: Notes to Consolidated Accounts

1. Background

Nitesh Estates Limited ('the Company' or 'NEL' or 'the holding company') was incorporated on February 20, 2004. NEL together with its subsidiaries, joint venture 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. Statement of Significant Accounting Policies

a) Basis of preparation

The consolidated financial statements include the accounts of NEL, its subsidiaries, joint venture and associate. The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended). The consolidated financial statements have been prepared under the historical cost convention on an accrual basis.

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 venture 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 venture and the proportionate share in the equity of such subsidiaries and joint venture 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 Fixed Assets – Intangible 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, 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 Company's stand alone 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 Company.

c) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

d) Fixed assets including intangible assets

Fixed assets including intangible assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

e) Depreciation / Amortisation

Depreciation on assets, other than those described below, 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%

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

Intangible assets - Expenditure incurred on 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.

f) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g) 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 Profit and Loss Account on a straight-line basis over the lease term.

h) Investments

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

I) Inventories

Inventories comprising of Work in Progress 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 real estate construction/ development activity.

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

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.

j) 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.

Income from contractual activities

Revenue from fixed price construction contracts is recognised by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed up to the balance sheet 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 "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.

Interest income

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

k) 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.

l) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

m) Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period 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 balance sheet date. The gratuity liability is not externally funded.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided based on actuarial valuation performed at the balance sheet date. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n) Income taxes

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Further, in situations where the Group is entitled to tax holiday, deferred tax asset or liability is recognised only for those timing differences that originate during the tax holiday period, but reverse after the tax holiday period.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a 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 realised. 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.

Minimum Alternate Tax (MAT) credit recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

o) 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 Work in progress on the launch of project.

p) Provisions and contingencies

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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 comprise cash at bank and in hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. The details of subsidiaries, joint venture 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	51.0%
Nitesh Kochi Projects & Developers Private Limited ['NKPDPL']	India	100.0%
Nitesh Property Management Private Limited['NPMPL']	India	100.0%
Joint venture		
Nitesh Estates – Whitefield, a jointly controlled entity [Association of persons ('AOP')]	India	See note below
Associate		
Nitesh Residency Hotels Private Limited ['NRHPL']	India	20.9%

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.

4. 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 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
Associate Company	Nitesh Residency Hotel Private Limited

Note: The disclosures below pertain to the share of the other joint venturers in Nitesh Estates – Whitefield.

b) Transactions with Related parties

Amount in Rupees

	Year ended 31-Mar-2011
Income from contractual activities	
Nitesh Residency Hotels Private Limited	301,741,110
Nitesh Estates – Whitefield	236,559,941
Nitesh Infrastructure and Constructions	4,000,000
Mr. Nitesh Shetty	660,646
Total	**542,961,697**
Purchase – Construction/Civil works/Apartment	
Nisco Ventures Private Limited	29,298,930
Southern Hills Developers Private Limited (refer note a below)	28,400,000
Total	**57,698,930**
Rent and other charges paid	
Nitesh Infrastructure and Construction	24,718,374
Total	**24,718,374**
Interest Income	
Southern Hills Developers Private Limited	24,691,461
Winter Land Developers Private Limited	67,344,012
Total	**92,035,473**
Advertising and sales promotion expenses	
Grass Outdoor Media Private Limited	8,138,190
Serve & Volley Outdoor Advertising Private Limited	8,792,288
Total	**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
Mr. L.S.Vaidyanathan	7,209,360
Total	**19,503,080**
Investments made	
Nitesh Residency Hotels Private Limited (refer note c below)	130,000,000
Total	**130,000,000**
Deposits given/(refunded)	
Nitesh Infrastructure and Construction	8,652,600
Total	**8,652,600**
Unsecured loan 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**

b) Transactions with Related parties (contd...)

Amount in Rupees

	Year ended 31-Mar-2011
Assignment of real estate projects received	
Southern Hills Developers Private Limited	57,974,609
Total	**57,974,609**
Loans /Advances given/(repaid)	
Nitesh Estates – Whitefield	46,225,405
Southern Hills Developers Private Limited	73,014,177
Madison Developers Private Limited	(2,500,000)
Richmond Trading Enterprises	5,839,785
Richmond Trading Enterprises	(5,935,078)
Mr. Joji Reddy	29,810,892
Mr. Showrie Reddy	24,390,729
Nitesh Mylapore Developers Private Limited	81,018,943
Winter Land Developers Private Limited	703,531,000
Nitesh Estates – Whitefield	(27,415,712)
Southern Hills Developers Private Limited	(28,487,256)

c) Balances outstanding with Related parties

Amount in Rupees

	As at 31-Mar-2011
Sundry debtors	
Nitesh Infrastructure and Constructions	5,030,000
Nitesh Estates – Whitefield	206,378,294
Nitesh Residency Hotels Private Limited	13,789,413
Mr. Nitesh Shetty	444,706
Total	**225,642,413**
Unsecured loan	
Mr. Nitesh Shetty	100,000
Total	**100,000**
Interest Receivable	
Southern Hills Developers Private Limited	24,691,461
Winter Land Developers Private Limited	78,760,387
Total	**103,451,848**
Advances recoverable	
Nitesh Estates – Whitefield	35,510,132
Madison Developers Private Limited	228,000,000
Southern Hills Developers Private Limited	299,025,803
Richmond Trading Enterprises	69,446,131
Nitesh Mylapore Developers Private Limited	81,018,943
Winter Land Developers Private Limited	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	56,580,523
Mr. Showrie Reddy	46,293,155
Total	**1,704,591,887**

c) Balances outstanding with Related parties (contd...)

Amount in Rupees

	As at 31-Mar-2011
Deposits	
Nitesh Infrastructure and Construction	17,690,475
Total	**17,690,475**
Sundry creditors	
Nisco Ventures Private Limited	1,410,566
Nitesh Infrastructure and Construction	1,942,346
Grass Outdoor Media Private Limited	2,765,040
Serve & Volley Outdoor Advertising Private Limited	1,317,522
Southern Hills Developers Private Limited	24,555
Total	**7,460,029**
Advance from customers	
Nitesh Residency Hotels Private Limited	59,275,187
Total	**59,275,187**
Other 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 AMIFI 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.6,787,397. Although, the SSA has been terminated effective October 9, 2009, the Company and NEPPL 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.410,805,790 towards 29,120,579 Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'), an associate company. 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, 2011 is estimated to be Rs.330 Million.

d. Refer notes to Schedule 3 for loans personally guaranteed by certain directors of the Company.

5. Contingent liabilities not provided for

(a) Contingent liability

Amount in Rupees

Particulars	**As at 31-March 11**	
	NEL and its subsidiaries	**Joint Venture**
Guarantees given	14,075,000	-
Claims not acknowledged as debts in respect of income tax	30,275,706	-

(b) 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 reasonably 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, 2011.

(c) Refer note 12 below.

6. Capital commitments

Amount in Rupees

Particulars	**As at 31-March 11**	
	NEL and its subsidiaries	**Joint Venture**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	291,790,000	-

7. Details of Construction contracts in progress

Amount in Rupees

Particulars	**As at 31-March -11**
Contract revenue recognized as revenue for the year	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	2,204,072,961
The amount of customer advances outstanding for contracts in progress as at the balance sheet date	517,606,359
The amount of retentions due from customers for contracts in progress as at the balance sheet date	3,986,343

8. 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 are not applicable to the Company.

The following tables summarise the components of net benefit expense recognised in the profit and loss account 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-11
Current service cost	1,430,889
Interest cost on benefit obligation	357,790
Net actuarial (gain)/loss recognized	(147,463)
Past service cost	157,614
Net benefit expense	**1,798,830**

Amount in Rupees

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

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

Amount in Rupees

	As at 31-Mar-11
Opening defined benefit obligation	2,980,820
Interest cost	357,790
Current service cost	1,430,889
Past service cost	-
Benefits paid	-
Actuarial (gains) / losses on obligation	(147,463)
Closing defined benefit obligation	**4,622,036**

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

Amount in Rupees

	As at 31-Mar-11
Discount rate	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-11
Defined benefit obligation	4,622,036
Plan assets	-
Surplus / (Deficit)	(4,622,036)
Experience adjustments on plan liabilities	(197,656)

9. 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.

10. 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 Profit and Loss Account is Rs.19,283,663. The future minimum lease payments for non-cancelable operating leases are as follows:

Amount in Rupees

Particulars	**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**

11. Deferred tax

The Company has tax losses during the year ended March 31, 2011 and has deferred tax assets as at March 31, 2011, the break-up of which is as below. 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

Particulars	**As at 31-Mar-11**
Differences in depreciation in block of fixed assets as per tax books and financial books	16,348
Effect of expenditure debited to profit and loss account in the current year and preceding year but allowed for tax purposes in following years	4,681,486
Effect of tax losses	8,404,000
Net deferred tax asset/(liability)	**13,101,834**

12. 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, 2011, 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, 2011.

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.

13. During the year ended March 31, 2011, the Company purchased services amounting to Rs.11,676,140 from private limited companies, covered under Section 297 of the Companies Act, 1956 in respect of which no prior approval of Central Government as required under Section 297 of the Companies Act, 1956 was obtained. The Company has applied to the Company Law Board ('CLB') under section 621A of the Companies Act, 1956 for compounding of the above non-compliance, which is under review by the CLB. Pending such approval, no adjustments have been made to the financial statements for the year ended March 31, 2011.

14. 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-11**
Reserves and surplus	
Profit and loss account (Debit balance)	1,007,158
Loan funds	
Unsecured loans	4,052,400
Current assets, loans and advances	
Inventories	38,640,566
Sundry debtors	167,366,286
Cash and bank balances	10,958,729
Loans and advances	176,493,192
Current liabilities and provisions	
Current liabilities	292,962,802
Income	
Income from operations	107,321,537
Expenditure	
Cost of sales	88,911,690
Operating and other expense	838,367

15. Inventory as at March 31, 2011 includes Rs.193,090,461 cost of land held by the Company and other project 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.

16. Advance against property as at March 31, 2011 includes 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. The Company is in discussion with the landlord and the intermediary and is reasonably confident of finalizing the arrangement with the landlord. Pending conclusion of the arrangement, 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, 2011.

17. 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.

18. As at March 31, 2011, the Company has an investment of Rs.1,484,722,764 (Previous year: Rs.244,920,181) in the equity shares/towards share capital of Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company. Further, the Company has given guarantee of Rs.Nil (Previous year: Rs.632,191,180) for loan (including interest thereon) taken by NIRPL. Capital work in progress of NIRPL includes a non-refundable deposit of Rs.855,000,000 (Previous year: Rs.355,000,000) paid to the landowner under a Joint Development Agreement ('JDA') and other project specific payments amounting to Rs.629,604,666 (Previous year: Rs.528,012,141). As per the aforesaid JDA, NIRPL is required to adhere to all the terms of the JDA 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.

19. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange effective May 13, 2010. Since this is the first year of Consolidated financial statements being prepared and published by the Company in compliance with Clause 32 of the Listing Agreement, the corresponding figures for the year ended March 31, 2011 are not applicable, and hence not provided.

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

Venkateshan MA
Chief Financial Officer

D. Srinivasan
Company Secretary

Place: Mumbai
Date : 30th May, 2011

Place: Mumbai
Date : 30th May, 2011

SEVENTH ANNUAL GENERAL MEETING

NITESH ESTATES LIMITED

Registered office: 7th Floor, Nitesh Timesquare, # 8, M G Road, Bangalore 560 001

Nitesh ESTATES EXPECT MORE

ATTENDANCE SLIP

DATE	VENUE	TIME
28th day of September, 2011	Chowdiah Memorial Hall, G.D Park Extention, Vyalikaval, Bangalore – 560 003	03.00 p.m

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

Name of the Proxy in Block Letters

Proxy's Signature

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

Nitesh ESTATES EXPECT MORE

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 Seventh Annual General Meeting (AGM) of the Company to be held on 28th day of September, 2011 and at my adjournment thereof.

As witness my/ our hand(s) this ....day of..2011

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 03.00 p.m on 26th September, 2011.

ii) Please mark the envelope "NITESH ESTATES - PROXY".