

Nitesh Estates Limited

6th Annual Report



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nitesh Shetty,
Chairman & Managing Director

Mr. James Brent
Independent Director

Mr. Darius Udawadia
Independent Director

Mr. L S Vaidyanathan
Executive Director

Mr. G N Bajpai
Independent Director

Mr. Ashok Aram
Independent Director

Mr. Rangaswamy Iyer
Independent Director

Mr. Mahesh Bupathi
Non-Executive Director

Mrs. Pushpalatha V Shetty
Director

Mr. M Ganapathi Joshy
Company Secretary & Compliance Officer

Mr. Ashwini Kumar
Chief Operating 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

S V R & Associates
Chartered Accountants
S-3, II Floor Mangalam Chambers
25, K H Road,
Bangalore - 560 027
Tel: +91 80 2224 0210
Fax: +91 80 2229 0355

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 Limited
HDFC Bank Limited

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.niteshstates.com

CONTENTS:

AGM Notice	3
Directors Report	9
Management Discussions & Analysis	14
Corporate Governance Report	16
Auditors Report	23
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Schedules forming part of Balance Sheet & Profit and Loss Account	32 - 55
Subsidiary Companies Financial Statements	56 - 87

Nitesh Estates Limited

(formerly Nitesh Estates Private Limited)

Board of Directors



Nitesh Shetty

Chairman & Managing Director

Mr Nitesh Shetty, a first generation entrepreneur, founded Nitesh Estates in the year 2004. Since then he has taken 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.



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.



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. In May 2000, 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.



Ashok Aram

Independent Director

Mr. Ashok Aram is the MD of Abraaj Capital, one of the largest PE funds in the Middle East, specializing in the MENASA region (Middle East, North Africa, and South Asia) which currently has US\$4 billion under management. He was also the former head of Global Banking, Deutsche Bank.



Mr. Udwadia

Independent Director

Solicitor of the Supreme Court of England, Mr. Udwadia is a Partner of Udwadia & Udeshi Solicitors and Advocates, one of India's leading law firm, and holds directorships in several prominent corporates, namely, ABB Limited, JM Financial Ltd, Development Credit Bank Ltd.



Mr. Rangaswamy Iyer

Independent Director

A financial management graduate, Mr. Rangaswamy Iyer has had extensive experience as an accomplished business leader. Prior to joining Nitesh Estates, Mr. Iyer was the Managing Director of pharma major, Wyeth Ltd. where he held this position for 9 years. In that capacity he played a key role in its rapid growth, contributing tremendously to the company's emergence as an industry leader. Mr. Iyer leads the Audit Committee at Nitesh Estates as its Chairman.



L S Vaidyanathan

Executive Director

Mr. L S Vaidyanathan, a Chartered Accountant with over 25 years of experience, has joined the board of Nitesh Estates as the Executive Director since the year 2005. He is incharge of business development, land acquisitions and acquiring necessary approvals. He is also the Chief Financial Officer of the Company and incharge for financial matters and taxation.



Mahesh Bhupathi

Non-Executive Director

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



Pushpalatha V Shetty

Director

Ms. Pushpalatha V. Shetty is a promoter Director of the Company. She holds a Bachelor of Science degree from Bangalore University. At present she holds number of Directorships in Companies in the group.

Our assets are our people,
capital and reputation



Integrity and honesty
are at the heart of our business

Nitesh Hyde Park, Bangalore





We at Nitesh Estates consider
Environment, Health and Safety
as our virtue.

Nitesh Flushing Meadows, Bangalore

We have an
uncompromising
determination to

Nitesh Central park, Bangalore

achieve excellence
in everything we
undertake



The dedication
of our people
are intrinsic
to our success



Nitesh Columbus Square, Bangalore

Our goal is to provide
superior returns
to our
shareholders



Futurisms

Nitesh
CANARY WHARF

Nitesh Buckingham Gate, Bangalore

Masterpiece



NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of Nitesh Estates Limited will be held at Dr. B R Ambedkar Bhavana, Miller's Road, Bangalore – 560 052 on Wednesday the 29th September, 2010 at 10.30 A.M to transact the following business:

1. To receive, consider and adopt the Profit and Loss account of the Company for the year ended 31st March 2010 and the Balance Sheet as at that date together with the Directors and Auditors report thereon.
2. To appoint a Director in place of Mrs. Pushpalatha V Shetty, who retires by rotation and being eligible, offers herself for reappointment
3. To appoint a Director in place of Mr. Mahesh Bhupathi, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. Darius Udawadia, who retires by rotation and being eligible, offers himself for reappointment
5. To appoint S R Batliboi & Associates, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.
6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary resolution:
“**RESOLVED THAT**, Mr. Rangaswamy Iyer who was appointed as an Additional director under Section 260 of the Companies Act, 1956 and who holds office up to the date of the ensuing Annual General Meeting of the company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rangaswamy Iyer as a Candidate for the office of Director of the Company be and is hereby appointed as a director of the company, whose office is liable to retire by rotation.”
7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956, Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, and all other applicable legislations, regulations and guidelines for the time being in force,
 - a. The utilization by the Company of a sum of Rupees fifty crores from out of the net proceeds of Rs. 405 crores raised in the Company's Initial Public Offering (IPO) (“the net proceeds”) through its Prospectus dated 3 May 2010 in repayment of the loan granted by HDFC Limited be and is hereby confirmed, approved and ratified;
 - b. The Board of Directors (hereinafter called “the Board” which term shall include any committee constituted or hereafter constituted by the Board) be and is hereby empowered and authorized to (i) vary the terms of any contracts mentioned in the said prospectus dated 3rd May 2010 and (ii) to vary/amend / alter the utilization by the Company any part of the net proceeds inter se one or other of the purposes for their utilization described in the said prospectus dated 3rd May 2010 and / or (iii) utilize of any part of the net proceeds for a purpose or purposes other than those described in the said prospectus; as the Board may consider necessary or expedient in the best interest of the company.
“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, deal with such matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by or pursuant to this resolution.”

For NITESH ESTATES LIMITED

Place: Bangalore
Date: 11th August 2010

M.GANAPATHI JOSHY
COMPANY SECRETARY

6th Annual Report 2009-2010

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a Poll instead of himself. The proxy may not be a member of the Company. Proxy form in order to be valid must be received by the Company at the registered office of the Company not less than 48 hours before the meeting. A proxy form is enclosed for this purpose.
2. Explanatory statement as required under section 173 (2) is enclosed hereto.
3. The Register of members and share transfer books of the Company will remain closed from 24th September 2010 to 29th September 2010 (both days inclusive).
4. Pursuant to the listing agreements, additional information on Directors seeking appointment / re appointment at the Annual General Meeting is appended to this notice.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members are requested to lodge / notify investor queries / Complaints / Grievances, transfer deeds (for physical transfers, if any) / change of address / nomination to Karvy Computershare Private Limited, the Registrars and Share Transfer Agents of the Company having their address at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500081, Tel: +91 40 23420818 (B)
7. The members are requested to send their queries in regards to the Accounts at least 10 days in advance to the registered office of the company.
8. Members are requested to bring the copy of their Annual Report and the attendance sheet to the meeting since additional copies will not be provided at the meeting.

For NITESH ESTATES LIMITED

Place: Bangalore
Date: 11th August 2010

M.GANAPATHI JOSHY
COMPANY SECRETARY

Explanatory statement under section 173 (2) of the Companies Act, 1956

Item no. 6

Mr. Rangaswamy Iyer was appointed as an Additional Director of the Company on 28th May 2010 and also Chairman of Audit Committee on the same day by the Board of Directors. Mr. Iyer is an independent Director and he holds office till the conclusion of the next Annual General Meeting. Mr. Iyer has indicated that he is willing to continue as a Director of the Company, if appointed. Notice has been received under section 257 of the Companies act, 1956 from a member signifying his intention to propose Mr. Iyer as a Director of the Company. Mr. Iyer, if appointed, will be a Director of the Company whose office will be determinable by retirement by rotation in accordance with section 255 of the Companies act, 1956.

The Board recommends the appointment of Mr. Iyer as a Director of the Company.

Additional information on Director recommended for appointment at the Annual General Meeting

Profile & expertise of Mr. Iyer:

Mr. Iyer has a Masters in Commerce from Bombay University. He has also a Masters in Financial Management from Jamnalal Bajaj Institute and Diploma in Management studies from Bombay University. In his previous assignment, he was the Managing Director of Wyeth Limited and previous to that he was Vice President (Finance) of Wyeth Limited. He was nominated as 33rd most influential person in the Global Pharma Industry by World Pharmaceutical Frontiers in 2009. He was also President of Organization of Pharmaceutical Producers of India from 2007 to 2009 and past president of American Chamber of Commerce, Mumbai chapter. He is also speaker in various academic Institutes such as Indian School of Business, Hyderabad and other industry forums. He has been the Managing Committee member of the Bombay Chamber of Commerce for the last 4 years and is currently Managing Committee Member of Indian Merchants Chamber. Mr. Iyer's expertise is in Business and Finance. He has strong leadership skills and effective communicator.

Other Directorships and Committee membership in Indian Companies – Mr. Iyer is Hon. Treasurer of Bombay Presidency Golf Club Limited. He is also Chairman of Audit Committee of the Company.

Inter se relationship with other Directors – Mr. Iyer is not related to any other Director of the Company.

Shareholding in the Company – Mr. Iyer does not hold any shares in the Company.

Item no. 7

The members at the Extraordinary General meeting of the Company held on 21 November 2009 had approved the Initial Public Offer (IPO) of Equity Shares of the Company. Accordingly, the Company offered 75,000,000 Equity Shares of Rs. 10 each through book building route at a price of Rs. 54 (fifty four) per share. The issue opened on 23rd April 2010 and closed on 27th April 2010. The Company received Rs. 4050 million from the IPO as the issue proceeds. The shares of the Company got listed at Bombay Stock Exchange and National Stock Exchange on May 13, 2010.

The objects of the issue were mentioned in the Prospectus dated 3rd May 2010. One of the objects of the issue was to repay the debenture to extent of Rs.50 crores taken from HDFC Asset Management Company Ltd. by Nitesh Housing Developers Private Limited. However, since HDFC Asset Management Company Ltd. decided to convert the Debenture into preference shares, it was decided to pay a sum of Rs. 50 crores out of the net proceeds of the issue in repayment of loan taken from HDFC Limited by Nitesh Estates Limited. Repayment of the loan as aforesaid not being a purpose specified in the said Prospectus for utilization of net proceeds of the issue, the consent, approval and ratification to the aforesaid utilisation in the sum of Rs. 405 crores in the repayment of loan obtained from HDFC Limited is being sought in the part "a" of the resolution in item 7 of the notice of Annual General Meeting (AGM).

In response to the competitive and dynamic nature of the Industry, the management may at its discretions, need to revise the business plan from time to time and consequently the funding requirements and deployment of funds may also change. This may also include varying any contract and or rescheduling the proposed utilization of net proceeds and increase or decrease the expenditure for a particular object.

Consent of the members of the Company is also being sought in part "b" of the resolution set out in the item no 7 of the notice of AGM to empower the Board of Directors which term shall include any committee constituted or hereafter constituted by the Board) to (i) vary the terms of any contracts mentioned in the said prospectus dated 3 May 2010 and (ii) to vary/ amend / alter the utilization by the Company any part of the net proceeds inter se one or other of the purposes their utilization described in the said prospectus dated 3 May 2010 and / or (iii) utilize of any part of the net proceeds for a purpose or purposes other than those described in the said prospectus; as the Board may consider necessary or expedient in the interest of the company

The Board recommends passing of the resolution as set out in item no. 7 for approval by the members. None of the Directors is deemed to be interested in the resolution except to the extent of their shareholding in the Company, if any.

Additional information on Directors recommended for seeking reappointment at the Annual General Meeting

Mrs. Pushpalatha V Shetty

Ms. Pushpalatha V. Shetty is a promoter Director of the Company. She holds a Bachelor of Science degree from Bangalore University. At present she holds number of Directorships in Companies in the group. She is also promoter of some of the Companies in the group.

Mrs. Shetty is a Director on the following Companies:

Private Limited Companies

- a) Nitesh Industries Private Limited
- b) Nitesh Estates Projects Private Limited
- c) Nitesh Mylapore Developers Private Limited
- d) Nitesh Devanahalli Township Private Limited
- e) Nitesh Boat Club Development Private Limited
- f) Nitesh Landholdings Private Limited
- g) NISCO Ventures Private Limited
- h) Nitesh Infrastructure Private Limited
- i) Nitesh Agrico Private Limited
- j) Grass Outdoor Media Private Limited
- k) Serve & Volley Outdoor Advertising Private Limited
- l) Serve & Volley Signages Private Limited
- m) Nitesh Warehousing Private Limited
- n) Nitesh Pharmacy Private Limited
- o) Lob Media Private Limited
- p) Nitesh Media Private Limited
- q) Serve & Volley Holdings Private Limited
- r) Nitesh Healthcare Private Limited
- s) Nitesh Hospitals Private Limited
- t) Nitesh Telecom Private Limited
- u) Nitesh Airways Private Limited
- v) Nitesh Publishers Private Limited
- w) Nitesh Energy Private Limited
- x) Nitesh Indiranagar Retail Private Limited
- y) Nitstone Environnement Private Limited
- z) Nitstone Waste Management Private Limited

Partnerships

Nitesh Infrastructure and Constructions

Mrs. Shetty is not on the Committee of any Board of Directors

Nitesh Estates Limited

(formerly Nitesh Estates Private Limited)

Mrs. Shetty is the mother of Mr. Nitesh Shetty, the Chairman and Managing Director of the Company. She holds 5,000 Equity shares of the Company.

Mr. Darius Udwadia

Mr. Darius Udwadia holds a Masters of Arts degree from the University of Bombay and Bachelors of Law degree from the University of Bombay. He is Solicitor and Advocate of the Bombay High Court and also a Solicitor of the Supreme Court of England. He has spent over 45 years in active corporate law practice and acts as Legal Counsel for multinational corporations and foreign banks. He is also a founder partner of Udwadia & Udeshi, Solicitors & Advocates, and partner of Udwadia Udeshi & Co., Solicitors and Advocates. He has been a Director of our Company since March 27, 2007.

Mr. Udwadia is also on the Board of the following Companies:

Public Limited Companies

- a) ABB Limited
- b) ADF Foods Limited
- c) Astra Zeneca Pharma India Limited
- d) The Bombay Burmah Trading Corporation Limited
- e) Development Credit Bank Limited
- f) Eureka Forbes Limited
- g) ITD Cementation India Limited
- h) JM Financial Limited
- i) MPS Limited
- j) Mechanalysis (India) Limited
- k) Wyeth Limited
- l) WABCO-TVS (India) Limited
- m) JM Financial Consultants Pvt. Ltd. (Subsidiary of a Public Company)

Private Limited Companies

- a. Habasit Iakoka Private Limited
- b. J.M. Financial & Investment Consultancy Services Private Limited
- c. JM Financial Trustee Company Private Limited
- d. Quantum Advisors Private Limited
- e. Rossi Gearmotors (India) Private Limited
- f. Conservation Corporation of India Private Limited
- g. R&P Management Communications Private Limited

Partner of:-

- a. Udwadia & Udeshi, Solicitors & Advocates
- b. Udwadia Udeshi & Co., Solicitors & Advocates

Mr. Udwadia does not hold any shares of the Company. He is not related to any other Director of the Company.

Mr. Mahesh Bhupathi

Mr. Mahesh Bhupathi attended the University of Mississippi, U.S.A from September 1993 to May 1995 to pursue a degree in Bachelors of Business Administration. He is a professional tennis player and became the first Indian to win a Grand

6th Annual Report 2009-2010

Slam tournament in 1997 and was ranked number one in the ATP Doubles Rankings in 1999. He was awarded the Arjuna award in 1995, the Padma Shree award in 2001 and the Karmaveer Puraskaar in 2007. His non-profit initiatives include his work as a trustee of the foundation for Indian Sporting Talent and Mahesh Bhupathi Charities. He has been a director of our Company since June 30, 2005.

He has over seven years of professional experience in the sports, media and entertainment industry. He is at present the Chairman and Managing Director of Globosport India Private Limited, a company founded by him in 2002.

Mr. Bhupathi is a director on the following Companies:

Private Limited Companies

- a) Globosport India Private Limited
- b) Matchpoint Sports International Private Limited
- c) Mahesh Bhupathi Team Tennis Private Limited
- d) Big Daddy Production Private Limited
- e) Globosport Digital Private Limited
- f) Play Sports Surfaces and Recreational Solutions Private Limited
- g) Bhupathi Tennis Academy Private Limited
- h) Globosport Licensing and Merchandising Pvt. Ltd.
- i) Encore Entertainment Pvt. Ltd.

Mr. Bhupathi holds 61,390 Equity shares of Rs. 10 each in the Company. Mr. Bhupathi is not related to any Director of the Company.

Registered office
Nitesh Timesquare, 7th floor
8, M G Road, Bangalore 560001
Dated: 11th August 2010

(M Ganapathi Joshy)
Company Secretary &
Compliance Officer

DIRECTORS' REPORT

Dear Members,

The Board of Directors have great pleasure in presenting the Sixth Annual Report on the performance of your Company for the financial year ended March 31, 2010 along with the Audited Statement of Accounts.

1. FINANCIAL RESULTS:

The performance of the company for the financial year ended March 31, 2010 is given hereunder:

Particulars	2009-2010	2008-2009
Rs. in Lakhs		
Income :		
Income from operations	7113	8679
Other Income	2528	10
Total Income	9641	8689
Profit before depreciation	690	496
Depreciation	55	73
Profit before tax	635	423
Provision for income tax	38	279
Provision for deferred tax	129	(149)
Provision for fringe benefit tax	NA	8
Profit after tax and before prior period items	468	276
Prior period items	-	9.34
Net Profit for the year	468	260

2. DIVIDEND:

With a view to augment the resources of the Company, the Directors do not recommend for payment of dividend.

3. CURRENT SCENARIO AND FUTURE PROSPECTS:

The financial year 2009-10 was a challenging one due to global and domestic economic downturn. Job losses and the resultant dip in consumer confidence affected the sales of homes in many of our markets. Volatile market conditions also delayed the launch of some of our new projects during this period.

The financial year 2010-11 is expected to be a better year for the industry in general and company in specific. With the consumer sentiment improving, the demand for real estate barring unforeseen circumstances is expected to go up considerably. The company, however, has recognized the changed dynamics of the industry and has reacted swiftly to modify the product mix and pricing strategies to suit the market conditions better.

4. BRAND IMAGE OF "NITESH ESTATES":

With a firm belief that brand equity will be one of the key differentiators for consumers, the Company has been working towards creating a lasting brand name. The result is visible: Nitesh Estates has, in a short span of time, emerged as one of the leading brands south of Vindhyas.

Consistent with this belief, the company continued its brand building exercise in the last fiscal also. By virtue of creating some of the finest addresses, the positioning of the brand has been in the premium segment. With the Company aggressively expanding into mid-segment housing, the focus going forward is to make the brand more broad-based. The Association of the brand with the premium products is proving to be beneficial for attracting customers even in the Mid Segment.

5. ONGOING PROJECTS:

- a. Nitesh Forest Hills
- b. Nitesh Flushing Meadows
- c. Nitesh Wimbledon Gardens
- d. Nitesh Hyde Park
- e. Nitesh Columbus Square
- f. The 'Ritz-Carlton' Brand Hotel

6. FUTURE PROJECTS:

- a. Nitesh Fischer Island
- b. Nitesh Key Biscayne
- c. Nitesh Roland Garros
- d. Nitesh Mall

7. INITIAL PUBLIC OFFERING (IPO)

The company has made a public issue of 75,000,000 Equity Share of Rs. 10 Each for cash at a price of Rs. 54 per Equity Share (including a Share Premium of Rs.44 per Equity Share) aggregating to Rs. 4,050.00 Million in the Month of April 2010 vide prospectus dated May 3, 2010 . The issue was fully subscribed. The Shares of the Company are listed in the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The company has 11,383 Share Holders.

8. QUALITY:

Our Company's Quality System is compatible with ISO 9001:2008 and has been certified by BUREAU VERITAS. The certificate is valid till 20th April 2012.

9. FIXED DEPOSITS:

The Company has not accepted any deposits during the year. There are no deposits repaid during the year or any unclaimed deposits with the company.

10. HUMAN RESOURCES:

In order to meet the needs of the rapidly growing business, the organization's HR related participations and process are currently under review.

11. BOARD OF DIRECTORS:

Mr. Subir Raha, an Independent Director of the Company passed away on February 1, 2010. Mr. Subir Raha was an invaluable member of the Board of the Company. The Board of Directors has conveyed to his family its deep sense of grief at his untimely passing away. The Board also places on record the significant contributions made by Mr. Subir Raha during his tenure as a Director of the Company.

In accordance with the Articles of Association of the Company Mrs. Pushpalatha V Shetty, Mr. Darius Udwadia, & Mr. Mahesh Bhupathi, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board at its Meeting held on 28th May 2010 appointed Mr. Rangaswamy Iyer as an Additional Director who will hold office up to the date of the ensuing Annual General Meeting. Notice has been received under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Rangaswamy Iyer as a Director of the Company.

12. AUDITORS:

M/s. S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible for re-appointment offers themselves for re-appointment as the Statutory Auditors of the Company.

M/s. S.R. Batliboi & Associates, Chartered Accountants, have confirmed that the appointment if made will be in accordance with the limitations prescribed under Sections 224(1B) of the Companies Act, 1956.

13. EXPLANATION TO AUDITOR'S REPORT:

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

The auditors comment in their report is self explanatory.

Clause IX(a) & XI of the Annexure to the Auditors Report

During the course of the business there have been certain delays in payment of Service Tax, Withholding Taxes, repayment of dues and interest thereon to the financial institutions on account of tight liquidity conditions.

Clause XV of the Annexure to the Auditors Report

Regarding Guarantee given by the company: The Company has availed loans from the Financial Institutions' 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 institutions, till the time the loan is been repaid by the companies took over the project, Nitesh Estates Limited is bound to be a guarantor to the loans.

Clause XVI of the Annexure to the Auditors Report

Utilization of Term Loan: The loan was availed and utilized during the financial year 2008-09 and it is outstanding as on the date of Balance Sheet. Subsequently the Company has repaid the said loan..

14. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the said period;
- (iii) The directors have taken proper and sufficient care 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.
- (iv) The directors have prepared the accounts for the financial year ended March 31, 2010, on a going concern basis.

15. CORPORATE GOVERNANCE:

A detailed report on Corporate Governance has been included as an attachment to this Report.

16. PARTICULARS OF EMPLOYEES:

Information as per sub-section (2A) of Section 217 of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 forming part of the Director's Report for the year ended 31st March 2010 is contained in Annexure "A".

17. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to Conservation to energy, technology absorption and foreign exchange earnings & outgo pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in Report of Board of Directors) Rule, 1988, is contained in Annexure "B".

18. SUBSIDIARY COMPANIES

M/s Nitesh Indiranagar Retail Private Limited, and M/s Nitesh Housing Developers Private Limited are subsidiaries of our Company. M/s Nitesh Estates Ltd., hold 11,59,900 equity shares of M/s Nitesh Indiranagar Retail Private Limited and 44,94,900 equity shares of M/s Nitesh Housing Developers Private Limited.

19. ACKNOWLEDGMENTS:

Your Directors are pleased to place on record their sincere appreciation for 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 Share Holders. Your Directors desire to place on record their appreciation of the dedicated services and valuable contribution by the employees of the company at all levels.

For and on behalf of the Board of Directors
of M/s. Nitesh Estates Limited

Place: Bangalore
Date : August 11, 2010

NITESH SHETTY
CHAIRMAN

ANNEXURE "A" TO THE DIRECTORS REPORT

Details of Employees under Sub Section (2A) of Section 217 of the Companies Act 1956

EMPLOYED FOR FULL YEAR							
Employee Name	Designation	Qualification	Total Experience	Age	Date of Joining	Gross Remuneration	Past Designation
Nitesh Shetty	Managing Director	B.Com	9	33	20/02/2004	4,025,000	-
L. S. Vaidyanathan	Executive Director	CA	25	49	01/06/2005	2,625,000	Practicing Chartered Accountant

EMPLOYED FOR PART OF THE YEAR							
Employee Name	Designation	Qualification	Total Experience	Age	Date of Joining	Gross Remuneration	Past Designation
R. S. Mani	CEO	BE (Mech), PGDBM	35	60	17/03/2008	2,058,000	Executive Director/ President - Technova Imaging Systems
K. Siva Nageswara Rao	VP-Project Execution	BE	22	47	31/07/2009	1,700,615	Assistant VP Projects - Ramky Infrastructure Ltd., Hyderabad
Sivaraman N Iyer	CFO	M Com, MBA	28	53	07/08/2009	3,517,954	Sr VP-Head of Financial Institution Sales & Structuring - ABN Amro Securities Mumbai
N. G. Srinivasan	Head – Corporate Affairs	B Com, CS, CA	32	54	14/09/2009	1,734,707	VP - Risk & Operation - Kotak Mahindra Bank Ltd
Ashwini Kumar	COO	BE, PGDBM	25	52	02/11/2009	2,769,154	MD - Lineage Power India Pvt Ltd
Supriya Kumar Guha	Company Secretary	CS	32	54	01/02/2010	492,568	Company Secretary - Avesthagen Ltd., Bangalore

ANNEXURE “B” TO THE DIRECTORS REPORT

I. CONSERVATION OF ENERGY

a) Energy conservation measure taken:

The company has taken energy savings measures, viz.,

- Utilizing the natural light sources on lighting system, and install high-efficiency lamps (CFL and LED lamps) with the HF electronic ballasts.
- Use of glass as building material to minimize day-lighting in offices and projects of the company and at the same time not increasing air-conditioning load by suitably shading the building.
- CFL fittings are provided inside the building for common area lighting in the projects of the company.
- Energy efficient lifts and water supply pumps for water pumping applications.

b) Additional investment and proposal, if any being implemented for reducing in consumption of energy.

The company as a matter of policy has regular programme for investments in energy saving devices.

c) Impact of measure taken at (a) and (b) above for reduction of Energy consumption and consequent impact of the same.

The impact of the measures taken cannot be quantified as the company is in the construction field.

II. TECHNOLOGY ABSORPTION

Company works on a mechanized process to reduce cost and increase the efficiency of the operations. Company has from time to time engaged international architects and consultants in its projects for using the latest designs and technology. Company is in the process of implementing ERP package SAP for integrating the various process and operations of the Company.

Modern technology / machinery is used by the company from time to time to achieve maximum efficiency in operations.

III. RESEARCH AND DEVELOPMENT

More standardized building elements which adheres to quality standards.

More efficient and effective planning of construction activities for maintaining the quality.

Benefits derived from R & D

The building constructed adhere to highest standard of quality.

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:

(Rupees in Lakhs)

	2009-2010	2008-2009
Inflow	NIL	NIL
Outflow	NIL	89.56

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

REAL ESTATE SECTOR IN INDIA

The real estate sector in India comprises the development of residential housing, commercial buildings, hotels, restaurants, cinemas, retail outlets and the purchase and sale of land and development rights. The real estate sector in India has evolved over the years, accompanied by various regulatory reforms.

Key Characteristics of the Real Estate Sector in India

The Indian real estate sector has traditionally been dominated by a number of small regional players with relatively low levels of expertise and/or financial resources. Historically, the sector has not benefited from institutional capital and has instead utilised high net-worth individuals and other informal sources of financing as its major sources of funding, leading to low levels of transparency. This has changed with the recent growth in the sector and reflects consumer's expectations of increased quality as India becomes more closely integrated with the global economy. Some of the key characteristics of the Indian real estate sector are:

- **Highly Fragmented Market Dominated by Regional Players:** Rapid growth in the last decade has contributed towards the emergence of larger regional players that have differentiated themselves through superior execution and branding. These players have been able to capitalise on their early mover advantage with high market shares, though generally they remain confined to local or regional markets. While the larger regional players are now initiating efforts to develop a broader geographic presence, their home markets continue to generate a majority of their profitability.
- **Local Knowledge is Critical to Successful Development:** The property sector is generally regulated at the state level. As a result, the rules and regulations that impact, among other things, approval processes and transaction costs, vary from state to state. Also, real estate is dramatically affected by the condition of the geographic area surrounding the property, which makes local knowledge essential for development.
- **High Transaction Costs:** The real estate sector has traditionally been burdened with high transaction costs as a result of stamp duty payable on transfers of title to property, the amount of which varies from state to state. Although the range and availability of financing products has been improving in recent years, transaction costs are often increased further by limited access to formal funding and the corresponding dependence on informal, high-cost sources for funding.
- **Enhanced Role of Mortgage Financing:** Over the past few years, a significant portion of new real estate purchases in India, particularly in the larger cities, have been financed through banks and financial institutions. This has been aided by a decline in interest rates and the broader availability of financing products, generally due to aggressive marketing and product development by financial institutions.
- **Lack of Clarity in Land Title:** A significant number of land plots in India do not have clear title because of disorganised land registries, a problem which is compounded by judicial delays in resolving ownership issues. Moreover, the transfer of land is subject to "caveat emptor" rules, which place the burden on the buyer to insure there are no defects in title prior to purchase. Finally, most land is held by individuals and families, which further obscures title to land.

OPPORTUNITIES

Our Company is in the business of real estate development and is primarily engaged in the development of residential projects in Bengaluru. We are also developing a hospitality project in Bengaluru and a residential and an office project in Kochi. We are in the process of diversifying into the development of shopping malls and are expanding our geographic reach to Chennai, Goa and Hyderabad. Our residential projects include multi-unit apartment buildings targeted at high-income and middle-income customers. We are currently developing our first hospitality project, the first 'Ritz-Carlton' brand hotel in India, on Residency Road in the central business district of Bengaluru.

We have an in-house, fully integrated property development team consisting of experienced professionals, which oversees key functions such as architectural and project planning, project execution, customer relationship management and facility management. Our employees regularly interact with our customers to enable an informed and customer-friendly purchasing experience. We place special emphasis on ensuring that our quality standards and delivery schedule are adhered to at every stage of a project. Our Company has documented its quality standards and internal policies and our management systems have been ISO 9001:2008 certified. We are also in the process of implementing enterprise resource planning software to enhance the efficiency of our various business processes in our Company.

RISK & THREATS:

1. We are heavily dependent on the performance of the real estate markets in southern India, particularly the real estate market of Bengaluru and any adverse changes in the conditions affecting these markets can adversely impact our business, financial condition, results of operations and cash flows.
2. The real estate industry has undergone a significant downturn recently, which has, and may continue to, adversely affect our business, liquidity and results of operations.

Nitesh Estates Limited

(formerly Nitesh Estates Private Limited)

3. Sales of our projects may be adversely affected by the ability of our prospective customers to purchase property and the availability of financing to potential customers, particularly buyers of residential properties
4. We are currently undertaking several projects in collaboration with third parties, who may not perform their obligations in accordance with their agreements with us and whose interests may differ from us, which may have an adverse effect on our business, financial condition and our results of operations.
5. We are party to joint-development agreements in respect of most of our projects for which we are required to make refundable and/or non-refundable, non-interest bearing deposits with the respective land owners. If we are not able to develop the projects in a timely manner resulting in penalties or recover these deposits, our business, financial condition and results of operations may be adversely affected.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Our Company has engaged Grant Thornton to assess the effectiveness of internal controls in our certain key business processes with the objective of implementing standard operating procedures across our business processes, thereby strengthening corporate governance in our organisation. We are in the process of implementing the recommendations provided by Grant Thornton.

FINANCIAL PERFORMANCE:

(Rs. in million except per share data)

	Financial Year 2010	Financial Year 2009
Sales and other income	964.12	868.89
Profit after tax	46.77	27.60
Reserves and Surplus	197.66	486.07
Equity capital	708.32	68.02
Earnings per share-Basic	0.68	0.41
Book value per share	12.79	81.45

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 and balance in profit and loss account in the ratio of nine equity shares for every one equity share held.

EMPLOYEES

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

Our work-force consists of our permanent employees, consultants and labour work force that work at projects through sub-contractors. As of March 31, 2010, we had 138 permanent employees. The function-wise break-up of our permanent employees is as set forth below:

Category	No. of Employees
Management	14
Planning	7
Project Execution	36
Procurement	5
Finance	11
Sales and Marketing	17
Business Development	3
Legal	4
HR & Admin	27
Facilities	9
IT	3
Corporate	2
Total	138

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.

CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance refers to combination of laws, regulations, procedure, implicit rules and voluntary practices that enable Companies to perform efficiently and thereby maximise long term value for the Members, while respecting the aspect of multiple stakeholders. The Company has been practicing the principle of good corporate governance since its inception, not on account of regulatory requirements but on account of sound management practices for enhancing customer satisfaction and value for the Members. The Company confirms compliance of all the Secretarial Standards issued by the Institute of Company Secretaries of India to the extent feasible, regarding the meetings of the Board of Directors, General Meetings, Dividend, maintenance of Registers and Records.

The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest level of transparency, accountability and equity in all sphere of its operations and in all its dealings with the Members, Employees, the Government and other parties.

2. BOARD OF DIRECTORS

Composition of the Board:

Name of the Director	Category
Mr. Nitesh Shetty, Chairman & Managing Director	Promoter Director
Mrs. Pushpalatha V Shetty	Promoter Director
Mr. L S Vaidyanathan	Executive Director
Mr. Mahesh Bhupathi	Non- Executive Director
Mr. G N Bajpai	Independent Director
Mr. Darius Udawadia	Independent Director
Mr. James Brent Stephen	Independent Director
Mr. Ashok T Aram	Independent Director
Mr. Rangaswamy Iyer	Independent Director

3. BOARD MEETINGS

The details of the Board Meeting held in the financial year 2009-10 are as follows:

Sl No	Date
1	Tuesday, June 30, 2009
2	Thursday, August 20, 2009
3	Thursday, September 24, 2009
4	Wednesday, September 30, 2009
5	Wednesday, October 7, 2009
6	Friday, October 9, 2009
7	Saturday, November 21, 2009
8	Tuesday, November 24, 2009
9	Wednesday, January 20, 2010
10	Wednesday, February 10, 2010
11	Wednesday, February 24, 2010

Attendance Record of Directors

The Attendance of the Directors in Board Meetings, previous Annual General Meeting, Directorships and Committee positions held by them in other Companies are as follows:

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Name of the Director	Board Meeting Attended in the Financial year 2009-10	Attendance in the AGM Held on 30 th September 2009	No of Directorships in other Public Limited Companies	No of Committee Positions held in other Public Limited Companies	
				Chairman	Member
Mr. Nitesh Shetty	9	Yes	Nil	Nil	Nil
Mrs. Pushpalatha V Shetty	6	Yes	Nil	Nil	Nil
Mr. L S Vaidyanathan	11	Yes	Nil	Nil	Nil
Mr. Mahesh Bhupathi	Nil	Yes	Nil	Nil	Nil
Mr. G N Bajpai	6	No	14	5	10
Mr. Darius Udwardia	7	No	13	1	8
Mr. James Brent Stephen	Nil	No	3	Nil	Nil
Mr. Ashok T Aram	1	No	1	Nil	Nil

4. CODE OF CONDUCT

The Board of Directors of the Company have laid down a code of conduct for Senior Management of the Company.

5. AUDIT COMMITTEE

The Audit Committee was constituted on October 7, 2009 with the following members. The Constitution of the Committee is in accordance with Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing Agreement entered with the Stock Exchanges.

The Composition of the Audit Committee as on October 07, 2009:

Sl No	Name	Position
1	Mr. Subir Raha	Chairman
2	Mr. Darius Udwardia	Member
3	Mr. L S Vaidyanathan	Member

The terms of reference of the Audit Committee shall include:

1. Overseeing the Company's financial reporting process and disclosure of its financial information.
2. Regular review of accounts, accounting policies, disclosures etc.,
3. Regular review of the major accounting entries based on exercise of judgment by management
4. Qualification in the draft audit report.
5. Establishing and reviewing the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board, with particular reference to matter required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Claus 2(AA) of S.217 of the Companies Act, 1956, changes in the accounting policies and practices and reasons for the same. Significant adjustments made in the financial statements arising out of audit findings and qualifications in the draft audit report.
6. The Committee shall have post audit discussions with the statutory auditors to ascertain any area of concern.
7. Regular review of the performance of statutory and internal auditors together with the management
8. Discuss and follow up on any important findings with the internal auditors. In case there is a suspected case of fraud or irregularity, review of the findings of the internal auditors and reporting the matter to the Board.
9. Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems including structure of the internal audit department, frequency of internal audit, staffing and seniority of the official heading the department. Review the functioning of the whistle blower mechanism, in case the same is existing.
10. To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.

6th Annual Report 2009-2010

11. To look into the matter pertaining to the Director's Responsibility Statement with respect to compliance with applicable accounting standards and accounting policies.
12. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
13. The Committee shall look into any related party transactions i.e., transactions of the Company of material nature and disclose such transactions, with promoters or management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
14. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditors and the fixation of audit fee.
15. Approval of payments to the statutory auditors for any other services rendered by them.
16. Review of management discussion and analysis of financial condition and results of operating, statements of related party transactions submitted by management, management letters / letters of internal control weaknesses issued by the statutory auditors, internal audit reports, related to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditors.
17. Such other matter as may from time to time be required by any statutory contractual or other regulatory requirements to be attended to by the Audit Committee.
18. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purpose other than those stated in the offer document/prospectus/notice and the report submitted by monitoring agency, if any monitoring the utilization of proceeds of a public or rights issue and make appropriate recommendations to the board to take up steps in this matter.

The powers of the audit committee shall include the power:

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

During the year the Audit Committee meetings was held on February 23, 2010 and March 12, 2010. The Attendance of the members in the meeting of the audit committee is as follows:

SI No	Name	Position	Attendance
1	Mr. Darius Udwadia	Chairman	Attended
2	Mr. L S Vaidyanathan	Member	Attended

The Audit Committee was reconstituted on May 28, 2010 on account of demise of Mr. Subir Raha, Chairman of the Committee.

The Composition of the members for the Committee after reconstitution is as follows:

SI No	Name	Position
1	* Mr. Rangaswamy Iyer	Chairman
2	Mr. Darius Udwadia	Member
3	Mr. L S Vaidyanathan	Member

*Appointed as the Chairman of the Audit Committee with effect from May 28, 2010

6. SHAREHOLDERS GRIEVANCE COMMITTEE

The Share Holders Grievance Committee was constituted by the Board on October 7, 2009 with the following members.

SI No	Name	Position
1	Mr. G N Bajpai	Chairman
2	Mr. Subir Raha	Member
3.	Mr. L S Vaidyanathan	Member

Nitesh Estates Limited

(formerly Nitesh Estates Private Limited)

The terms to the reference to the Shareholders Grievance Committee are as follows:

1. Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non- receipt of Annual Report, etc.
2. 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.

The said Committee was reconstituted on February 10, 2010 on account of demise of Mr. Subir Raha, Chairman of the Committee.

SI No	Name	Position
1	Mr. Mahesh Bhupathi	Chairman
2	Mr. L S Vaidyanathan	Member

7. REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Board on October 7, 2009 with the following members.

SI No	Name	Position
1	Mr. G N Bajpai	Chairman
2	Mr. Darius Udawadia	Member
3.	Mr. Nitesh Shetty	Member

The terms to the reference to the Remuneration Committee are as follows:

1. Framing suitable policies and systems to ensure that there is no violation, by any employee or Nitesh Estates Limited of any applicable laws in India or overseas, including:
 - a) The Securities and Exchange Board of India (Insider Trading) regulations, 1992; or
 - b) The Securities and Exchange Board of India (Prohibition of fraudulent and unfair trade practices relating to the Securities market) Regulations. 1995
2. Determine on behalf of the Board and the Share Holders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
3. Perform such functions as are required to be performed by the Compensation Committee under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999
4. 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.

8. RELATED PARTY TRANSACTION

The Company places all the relevant details relating to related party transactions before the Audit Committee from time to time. Particulars of related party transactions are listed out in notes to the financial statements forming part of the Annual Report.

9. GENERAL MEETINGS

Annual General Meetings

The details of the Annual General Meetings held during the last three years are as follows:

Year	No of AGM	Day, Date & Time of AGM	Venue
2008-09	5	Wednesday September 30, 2009 At 10.00 AM	Nitesh Timesquare, 7 th Floor, No. 8, M G Road, Bangalore 560 001
2007-08	4	Tuesday September 30, 2008 At 9.30 AM	Nitesh Timesquare, 7 th Floor, No. 8, M G Road, Bangalore 560 001
2006-07	3	Tuesday July 17, 2007 At 11.00 AM	Nitesh Timesquare, 7 th Floor, No. 8, M G Road, Bangalore 560 001

Special Resolutions passed at the Fifth Annual General Meeting are as follows:

No of AGM	Day, Date & Time of AGM	Special Resolution passed through show of hands
5	Wednesday September 30, 2009 At 10.00 AM	Re-classification of shares under Clause V of the Memorandum of Association. Increase in authorised share capital from 10 Crores to 150 Crores

Extra Ordinary General Meeting

The details of the Extra Ordinary General Meetings held during the year are as follows:

Day, Date & Time of EGM	Special Resolution passed through show of hands
Friday, October 9, 2009 At 11.00 AM	A sum of Rs. 62,80,47,900/- be capitalized from general reserves by Issue of Bonus Shares of Rs. 10/- each to the existing share holders.
Saturday November 21, 2009 At 4.00 PM	Conversion to Public Limited Company To issue of shares to the public under section 81(1A) of the Companies Act, 1956 To borrow in excess of paid-up capital and free reserves under the provisions of section 293(1)D of the Companies Act 1956
Tuesday November 24, 2009 At 4.00 PM	To amend the main object Claus of the Memorandum of Association by introducing a new class 4 after clause 3 to lend, invest and advance money to persons, customers subsidiaries and group companies in connection to the business referred in Claus 1, 2 & 3 of the Objects in the MOA

10. DISCLOSURES

1. The Company has duly complied with the requirements of the regulatory authorities on Capital market. There are no penalties imposed nor any strictures have been passed against the Company.
2. The mandatory requirements laid down in Clause 49 of the Listing Agreement have been duly complied by the Company and the adoption of non-mandatory requirements is as follows:
 - (i) The Board of Directors of the Company have constituted a Remuneration Committee on October 07, 2009.
 - (ii) The Board of Directors of the Company comprises a perfect combination of Executive and Non-Executive Directors who are professionals in their respective fields.

11. MEANS OF COMMUNICATION

Financial Results:

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half-yearly and annually) after the approval of the Board of Directors.

The results are normally published in "Business Standard"- English Daily and "Sayuktha Karnataka" – Kannada Newspaper within 48 hours after the approval by the Board.

The details of the financial results are hosted on the Company's website: www.niteshestates.com.

12. INFORMATION TO SHAREHOLDERS OF 6TH ANNUAL GENERAL MEETING

- 1 Date: September 29, 2010
- 2 Time: 10.30 A.M.
- 3 Venue: At Dr. B R Ambedkar Bhavana, Miller's Road, Bangalore – 560 052
- 4 Financial Year: 1st April to 31st March
- 5 Date of Book Closure September 24, 2010 to September 29, 2010 (both days inclusive)
- 6 Dividend: There are no dividends declared for the financial year 2009-2010.
- 7 Compliance Officer: Mr. M. Ganapathi Joshy
- 8 Registered office: Nitesh Timesquare, 7th Floor, No. 8, M G Road, Bangalore 560 001.
- 9 Listing in Stock Exchanges: The Equity Shares of the Company are listed in the following Stock Exchanges on May 13, 2010
National Stock Exchange of India Limited
Bombay Stock Exchange Limited
10. Stock Code:
Bombay Stock Exchange Limited – 533202
National Stock Exchange of India Limited – NITESHEST, Series-EQ

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

11. Listing Fees: Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed.

12. Dematerialisation of Shares

The ISIN for the Equity Shares of the Company is INE639K01016. A total of 4,54,43,188 Equity Shares aggregating to 64.16% of the total shares of the Company are in dematerialised form as on 31st March, 2010.

13. 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

14. Categories of Share Holders as on 31st March 2010.

Sl No.	Share Holder	No of Shares Held
1	Promoters and their relatives	41,523,437
2	Companies Promoted by Promoters	18,055,960
3	M/s Brand Equity Treaties Limited	1,049,000
4	M/s AMIF I Limited	10,203,700
5	Employees	3
	Total	70,832,100

15. Internet Access: www.niteshestates.com

16. Email Id for Investor Grievances

Company has a dedicated e-mail id (investor@niteshestates.com) for redressal of grievances of investors. Investors are requested to use this facility.

PRACTICING COMPANY SECRETARY REPORT ON CORPORATE GOVERNANCE

To

The Share Holders
Nitesh Estates Limited

We have examined the compliance of conditions of Corporate Governance by Nitesh Estates Limited for the year ended 31st March, 2010 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 was limited to procedures and implementation thereof, adopted by the Company for ensuing the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

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

We state that no investor grievance are 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.

M R Gopinath, M.com, LLB (SPL.,) F.C.S
Practicing Company Secretary
CP No. 1030
FCS 3812

Place: Bangalore
Date: August 11, 2010

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,

I, Nitesh Shetty, Managing Director and I, L S Vaidyanathan, Executive Director 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 2010 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
Managing Director

L S Vaidyanathan
Executive Director

Place: Bangalore
Date: August 11, 2010

Auditors' Report

To

The Members of Nitesh Estates Limited (formerly Nitesh Estates Private Limited)

1. We have audited the attached Balance Sheet of Nitesh Estates Limited (formerly Nitesh Estates Private Limited) ('the Company') as at March 31, 2010 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 the Company's investment of Rs.244,920,181 as at March 31, 2010, in the equity shares towards share capital of Nitesh Indiranagar Retail Private Limited ('NIRPL'), a wholly owned subsidiary of the Company. NIRPL has paid a non-refundable deposit of Rs.355,000,000 to the landowner under a Memorandum of Understanding ('MOU') and has incurred other project specific expenses amounting to Rs.242,012,142. Under the terms of the aforesaid MOU, a joint development agreement ('JDA') was to be executed by NIRPL on or before June 30, 2010, failing which the other party is entitled to forfeit the aforesaid non-refundable deposit and not continue with the joint development arrangement. As further discussed in Note 21, as informed to us, NIRPL and the other party have been and are in active discussions to finalise the terms of the JDA and the other party has not forfeited the aforesaid deposit. Pending final outcome in the matter, no adjustments have been made in this regard to the financial statements as at March 31, 2010.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. 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. 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. 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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, 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, 2010;
 - 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 Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place : Bangalore
Date : August 11, 2010

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

Re: Nitesh Estates Limited (formerly Nitesh Estates Private 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 substantial 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) As informed, 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 nature of loans to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.45,246,499 and the year-end balance receivable from such parties is Rs.27,146,499. The advances have been granted for various real estate development projects being undertaken by such entities, in which the Company has interest. Accordingly, the terms and conditions of such 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 and the Company has not demanded repayment of such advances during the year. Thus, there has been no default on the part of the parties to whom the advances have been made.
- (b) As informed, 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.27,515,000 and the year-end balance payable is Rs.25,865,000. According to the information and explanations given to us, the loan taken is interest-free. Accordingly, the terms and conditions of such advances are not prima facie prejudicial to the interest of the Company. Further, there are no specific covenants with regard to the repayment of such loan and the party has not demanded repayment of such loan during the year. Thus, there has been no default on the part of the Company.
- The Company has also taken interest-free advances in nature of loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.299,815,885 and the year-end balance payable to such parties is Rs.134,880,404. The advances have been taken for various real estate development projects being undertaken by the Company, in which such parties have interest. Accordingly, the terms and conditions of such 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 and the parties have not demanded repayment of such advances during the year. Thus, there has been no default on the part of the Company.
- (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 inventory and fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company. The clause relating to sale of goods is not applicable to the Company.
- (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 exceeding value of Rupees five lakhs entered into during the financial year, based on information and explanations provided to us by management, and having regard to the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment on 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 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been significant delay in deposit of service tax and withholding tax during April 2009 to September 2009.* Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A 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, undisputed dues 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 statutory dues which were outstanding, at the yearend for a period of more than six months from the date they became payable are as follows.

Name of the statute	Nature of the dues	Amount Rupees	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Interest on Withholding Taxes	3,204,743	May 2008 to August 2009	Various dates	August 11, 2010

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, except as follows:

Name of the statute	Nature of dues	Amount (Rupees)	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)

- (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, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank, *except as given below*. The Company did not have any outstanding debentures during the year.

Nature of the dues	Amount (Rupees)	Delays	Payment Date
Principal amount due to bank	23,500,000	47 days	May 17, 2010
Interest amount due to financial institution and bank	83,539,455	1-91 days	Various dates*
	2,244,314	3 days	April 3, 2010
	650,910	26 days	April 26, 2010
	326,271	29 days	April 29, 2010
	112,530	39 days	April 8, 2010
	12,442,621	49 days	May 19, 2010
	1,420,255	59 days	April 28, 2010
	96,100	60 days	April 1, 2010
	130,697	64 days	April 5, 2010
	348,299	67 days	April 8, 2010
	1,012,005	80 days	May 19, 2010
	1,481,832	87 days	April 28, 2010
	703,981	88 days	April 29, 2010
	759,490	89 days	April 30, 2010

* 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 to 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 bank and 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) Based on information and explanations given to us by the management, term loans, *except for term loan of Rs.500 million taken and utilized in the previous year and outstanding as at the balance sheet date*, were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations and specific representations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bangalore
Date: August 11, 2010

Balance Sheet as at March 31, 2010

	Schedules	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	708,321,000	68,024,600
Reserves and surplus	2	197,655,151	486,072,263
		905,976,151	554,096,863
Loan Funds			
Secured loans	3	959,322,676	758,154,631
Unsecured loans	4	25,865,000	27,515,000
		985,187,676	785,669,631
Total		1,891,163,827	1,339,766,494
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	52,435,250	52,550,177
Less: Accumulated depreciation/ amortisation		24,021,299	17,548,146
Net block		28,413,951	35,002,031
Capital work-in-progress (including capital advances)		21,856,612	20,800,083
		50,270,563	55,802,114
Investments	6	662,235,822	347,031,889
Deferred tax asset (net)	20(9)	4,399,504	17,362,504
Current Assets, Loans and Advances			
Inventories	7	193,090,461	420,500,418
Sundry debtors	8	293,814,231	283,362,552
Cash and bank balances	9	18,656,532	7,735,571
Loans and advances	10	1,110,514,514	976,328,726
Other current assets	11	261,286	243,307
		1,616,337,024	1,688,170,574
Less: Current Liabilities and Provisions			
Current liabilities	12	431,971,999	761,382,387
Provisions	13	10,107,087	7,218,200
		442,079,086	768,600,587
Net Current Assets		1,174,257,938	919,569,987
Total		1,891,163,827	1,339,766,494
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 Aditya Vikram Bhauwala
Partner
Membership No: 208382

Place : Bangalore
Date : August 11, 2010

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

Nitesh Shetty
Managing Director

Place : Bangalore
Date : August 11, 2010

L.S. Vaidyanathan
Executive Director
and Chief Financial Officer

M. Ganapathi Joshy
Company Secretary

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Profit and Loss Account for the year ended March 31, 2010

	Schedules	Year ended 31- Mar -10	Amount in Rupees Year ended 31- Mar -09
Income			
Income from operations	14	711,311,062	867,855,854
Other income	15	252,813,209	1,036,273
Total		964,124,271	868,892,127
Expenditure			
Cost of sales	16	636,631,075	560,948,670
Personnel expenses	17	69,851,456	92,320,797
Operating and other expenses	18	82,157,391	145,985,416
Depreciation/ amortisation	5	5,453,114	7,282,828
Finance charges	19	106,495,647	20,021,577
Total		900,588,683	826,559,288
Profit before tax and prior period item		63,535,588	42,332,839
Current tax		10,800,000	27,900,000
[includes Rs. Nil (Previous year: Rs. 1,000,000) pertaining to earlier years]			
Less: MAT Credit Entitlement		(7,000,000)	-
Deferred tax charge/(credit)		12,963,000	(14,903,000)
Fringe benefits tax		-	803,000
Total tax charge		16,763,000	13,800,000
Profit after tax and before prior period item		46,772,588	28,532,839
Prior period item [net of tax Rs.Nil (Previous year: Rs. Nil)]	20(19)	-	934,028
Net profit for the year		46,772,588	27,598,811
Profit and loss account at the beginning of the year		72,392,739	44,793,928
Less: Capitalisation on issue of bonus shares (refer note 15 in Schedule 20)		61,027,176	-
Profit and loss account at the end of the year		58,138,151	72,392,739
Earnings per share	20(15)		
[Nominal value per equity share Rs. 10]			
a. Basic		0.68	0.41
b. Diluted		0.67	0.40
Weighted average number of shares used in computing earnings per share			
a. Basic		69,044,377	68,024,600
b. Diluted		69,853,597	69,752,940
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

per Aditya Vikram Bhauwala
Partner
Membership No: 208382

Place : Bangalore
Date : August 11, 2010

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

Nitesh Shetty
Managing Director

Place : Bangalore
Date : August 11, 2010

L.S. Vaidyanathan
Executive Director
and Chief Financial Officer

M. Ganapathi Joshy
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

	Year ended 31- Mar -10	Amount in Rupees Year ended 31- Mar -09
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and prior period item	63,535,588	42,332,839
<i>Adjustment for :</i>		
Share in profits of association of persons	(23,703,192)	(14,068,176)
Interest income	(906,202)	(824,233)
Dividend Income	(396,560)	
Depreciation / amortisation	5,453,114	7,282,828
Profit/(Loss) on sale of fixed assets/ discontinuance of projects	(28,067)	14,135,560
Profit on sale of investments	(174,950,000)	-
Interest and other charges	106,364,288	18,873,312
Advances written off	-	13,215,512
Operating profit/ (loss) before working capital changes	(24,631,031)	80,947,642
<i>Movements in working capital:</i>		
(Increase) / decrease in inventories	27,409,957	91,254,734
(Increase) / decrease in debtors	(10,451,679)	(197,190,967)
(Increase) / decrease in loans and advances and other current assets	(125,826,947)	150,163,426
Increase / (decrease) in current liabilities and provisions	(116,299,644)	(310,492,687)
Cash (used in) / generated from operations	(249,799,344)	(185,317,852)
Income tax paid (Net)	(11,800,339)	(18,667,393)
Prior period item	-	(934,028)
Net cash (used in)/ generated from operating activities - (A)	(261,599,683)	(204,919,273)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,497,235)	(6,856,564)
Purchase of investment in subsidiaries (including share application money)	(179,919,181)	(62,642,609)
Purchase of investments - Others	(115,585,000)	-
Purchase of investment in mutual fund units	(201,384,456)	-
Proceeds from sale of investment in mutual fund units	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	(75,000)	-
Interest received	802,921	1,754,699
Proceeds from sale of fixed assets/ discontinuance of projects	270,000	45,680,313
Net cash from/ (used in) investing activities - (B)	(116,653,495)	(22,064,161)

Cash Flow Statement for the year ended March 31, 2010 (Contd..)

	Year ended 31- Mar -10	Year ended 31- Mar -09
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	305,106,700	-
Proceeds from share application money	37,863,944	-
Refund of share application money	(37,863,944)	(607,090,876)
Proceeds from secured loans	203,042,485	700,648,435
Repayment of secured loans	(12,917,061)	(309,043,894)
Proceeds from unsecured loans	33,300,000	27,515,000
Repayment of unsecured loan	(34,950,000)	-
Interest paid	(95,321,667)	(46,569,900)
Net cash from/ (used in) financing activities - (C)	398,260,457	(234,541,235)
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	20,007,279	(461,524,669)
Cash and cash equivalents as at beginning of the year	(2,300,747)	459,223,922
Cash and cash equivalents as at the end of the year	17,706,532	(2,300,747)
Components of cash and cash equivalents:		
Cash on hand	32,810	559,398
Balances with scheduled banks:		
In Current accounts	17,673,722	6,187,475
In Deposit accounts [includes Rs. 950,000 (Previous year: Rs. 875,000) pledged with bank/Government authorities]	950,000	988,698
Cash and bank balances	18,656,532	7,735,571
Less: Book overdraft	-	9,161,318
Less: Fixed deposits with maturity of more than 3 months	950,000	875,000
Cash and cash equivalents in cash flow statement	17,706,532	(2,300,747)

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No: 208382

Place : Bangalore
Date : August 11, 2010

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director
and Chief Financial Officer

M. Ganapathi Joshy
Company Secretary

Place : Bangalore
Date : August 11, 2010

Schedules to the Accounts

	Amount in Rupees	
	As at 31- Mar -10	As at 31- Mar -09
Schedule 1 : Share capital		
Authorised:		
150,000,000 (Previous year: Nil) Equity shares of Rs. 10 each	1,500,000,000	-
Nil (Previous year: 9,600,000) Equity shares class "A" of Rs.10 each	-	96,000,000
Nil (Previous year: 400,000) Equity shares class "B" of Rs.10 each	-	4,000,000
	1,500,000,000	100,000,000
Issued, subscribed and paid up:		
70,832,100 (Previous year: Nil) Equity shares of Rs. 10 each fully paid-up	708,321,000	-
Nil (Previous year: 6,802,460) Equity shares class "A" of Rs.10 each fully paid-up	-	68,024,600
Note:		
(i) On September 30, 2009, the authorised share capital of the Company has been increased from Rs. 100,000,000 to Rs. 1,500,000,000. Further, Class "B" Equity shares are reclassified to be equal in all respects with Class "A" Equity shares and in pursuance thereof, the share capital stands amended to one single class of Equity shares. Accordingly, all outstanding Class "A" equity shares have been converted to a single class of Equity shares of Rs. 10 each.		
(ii) 62,804,790 (Previous year : Nil) Equity shares of Rs. 10 each have been allotted as fully paid up bonus shares by way of capitalisation of securities premium of Rs. 567,020,724 and balance in profit and loss account of Rs. 61,027,176.		
	708,321,000	68,024,600
Schedule 2 : Reserves and surplus		
Securities premium account		
Balance as per last account	413,679,524	413,679,524
Add: Additions during the year	292,858,200	-
	706,537,724	413,679,524
Less: Capitalisation on issue of bonus shares (Refer note 15 in Schedule 20)	567,020,724	-
	139,517,000	413,679,524
Profit and loss account	58,138,151	72,392,739
	197,655,151	486,072,263

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 3 : Secured loans		
a. From Banks:		
Term loans (Refer note (i) below)	227,906,626	39,961,751
Vehicle loans (Refer note (iii) below)	88,866	403,121
Interest accrued and due on term loans	2,244,314	133,023
b. From Others:		
Term loans (Refer note (ii) below)	707,957,979	702,500,000
Vehicle loans (Refer note (iii) below)	1,639,900	4,603,075
Interest accrued and due on term loans	19,484,991	10,553,661
Notes :		
i. Rs. 227,906,626 (Previous year: Rs. 39,961,751) 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. 222,500,000 (Previous year: Rs. 202,500,000) 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. 485,457,979 (Previous year: Rs. 500,000,000) 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.		
	959,322,676	758,154,631

Schedule 4 : Unsecured loans

Short term loan:

From a director	25,865,000	27,515,000
	25,865,000	27,515,000

Schedules to the Accounts (Contd..)

Amount in Rupees

Schedule 5 - Fixed assets

Particulars	Gross block				Depreciation/amortisation				Net block	
	As at 1-Apr-09	Additions	Deletions	As at 31-Mar-10	As at 1- Apr -09	For the Year	Deletions/ Adjustments	As at 31-Mar-10	As at 31-Mar-10	As at 31- Mar -09
Leasehold improvements	12,650,934	-	-	12,650,934	2,313,183	1,085,464	-	3,398,647	9,252,287	10,337,751
Computers	8,335,167	56,056	-	8,391,223	5,030,040	1,339,233	-	6,369,273	2,021,950	3,305,127
Office equipment	6,641,416	361,865	-	7,003,281	1,760,757	708,004	-	2,468,761	4,534,520	4,880,659
Furniture & fittings	5,729,842	22,785	-	5,752,627	1,677,789	735,399	-	2,413,188	3,339,439	4,052,053
Motor cars	14,712,500	-	555,633	14,156,867	6,422,711	2,091,422	313,700	8,200,433	5,956,434	8,289,789
<i>Intangible Assets:</i>										
Computer software	4,480,318	-	-	4,480,318	343,666	827,331	-	1,170,997	3,309,321	4,136,652
Total	52,550,177	440,706	555,633	52,435,250	17,548,146	6,786,853	313,700	24,021,299	28,413,951	35,002,031
Less: Reimbursement of expenses from a related party						1,333,739				
Depreciation for the year						5,453,114				
Previous year	108,674,507	5,282,159	61,406,489	52,550,177	10,055,897	9,082,865	1,590,616	17,548,146	35,002,031	
Less: Reimbursement of expenses from a related party						1,800,037				
Depreciation for the previous year						7,282,828				

Amount in Rupees

As at
31- Mar -10 As at
31- Mar -09

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

28,080,579 (Previous year: 1,768,059) Class A equity shares of Rs. 10 each fully paid up in Nitesh Residency Hotels Private Limited (Refer note 3(e) in Schedule 20)	280,805,790	17,680,590
Nil (Previous year: 1,591,252) 0.01% optionally convertible redeemable non-cumulative preference shares of Rs. 10 each fully paid up in Nitesh Residency Hotels Private Limited	-	159,125,200
	280,805,790	176,805,790

C. In Subsidiary company

1,159,900 equity shares (Previous year: 1,150,000) of Rs. 10 each fully paid up in Nitesh Indiranagar Retail Private Limited (Refer note 21 in Schedule 20)	115,099,000	115,000,000
Share application money pending allotment:		
Nitesh Indiranagar Retail Private Limited (Refer note 21 in Schedule 20)	129,821,181	-
4,494,900 equity shares (Previous year: Nil) of Rs. 10 each fully paid up in Nitesh Housing Developers Private Limited (Refer note 16 in Schedule 20)	44,949,000	-
	289,869,181	115,000,000

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 6 : Investments (Contd..)		
D. In capital of Association of Persons		
Nitesh Estates - Whitefield	41,100,723	41,100,723
Nitesh Estates - Whitefield - Current account	37,771,368	14,068,176
	78,872,091	55,168,899
E. Share application money pending allotment		
Nitesh Kochi Project and Developers Private Limited	11,585,000	-
<i>Current Investments (Quoted, at lower of cost and market value)</i>		
A. In Mutual Fund Units		
101,176.88 (Previous year : Nil) units of Rs. 10 each in Baroda Pioneer PSU Bond Fund [Market value Rs. 1,014,662 (Previous year: Rs. Nil)]	1,011,780	-
3,467.04 (Previous year : Nil) units of Rs. 10 each in HDCF Cash Management Fund [Market value Rs. 34,780 (Previous year: Rs. Nil)]	34,780	-
	1,046,560	-
	662,235,822	347,031,889
1. Aggregate amount of:		
Quoted investments	1,046,560	-
[Market value Rs. 1,049,442 (Previous year: Rs. Nil)]		
Unquoted investments	661,189,262	347,031,889
2. The following investments were purchased and sold during the year:		
505,000 (Previous year: Nil) equity shares of Rs. 10 each fully paid up in Nitesh Housing Developers Private Limited	5,050,000	-
19,972,087.93 (Previous year : Nil) units of Rs. 10 each in HDFC Cash Management Fund	200,350,000	-
<hr/>		
Schedule 7 : Inventories		
<i>(at lower of cost and net realisable value)</i>		
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
* Refer note 17 in Schedule 20		
	193,090,461	420,500,418

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 8 : Sundry debtors		
<i>(Unsecured, considered good)</i>		
Outstanding for a period exceeding six months	58,674,738	39,781,069
Other debts	235,139,493	243,581,483
Note: Sundry debtors include retention money of Rs. 15,277,480 (Previous year: Rs. 9,027,232)		
	293,814,231	283,362,552
<u>Sundry debtors include dues from companies under same management:</u>		
Nitesh Estates Projects Private Limited	-	95,000,000
Nitesh Residency Hotels Private Limited	71,106,037	-
<u>Dues from directors:</u>		
Nitesh Shetty	56,766	130,343
[Maximum amount outstanding during the year Rs. 147,659 (Previous year: Rs. 241,655)]		
Mahesh Bhupathi	150,494	654,335
[Maximum amount outstanding during the year Rs. 654,335 (Previous year: Rs. 654,335)]		
Schedule 9 : Cash and bank balances		
Cash on hand	32,810	559,398
Balances with scheduled banks:		
In Current accounts	17,673,722	6,187,475
In Deposit accounts	950,000	988,698
[includes Rs.950,000 (Previous year: Rs. 875,000) pledged with bank/ Government authorities]		
	18,656,532	7,735,571
Schedule 10 : Loans and advances		
<i>(Unsecured, considered good)</i>		
Advances/Loans to subsidiary	11,735,553	29,835,553
Advances recoverable in cash or kind or for value to be received (Refer note 18 in Schedule 20)	414,242,005	263,454,605
Share application money (Refer note 4(c) in Schedule 20)	50,000,000	50,000,000
Advances against property	609,156,635	613,976,416
Deposits - others	12,391,350	13,012,981
MAT credit entitlement	7,000,000	-
Advance income tax (net of provision)	5,988,971	6,049,171
Note:		
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. 30,000,000 in respect of which the Company holds guarantee from a bank.		
	1,110,514,514	976,328,726

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 10 : Loans and advances (Contd..)		
<i>(Unsecured, considered good)</i>		
<i>Loans and advances include:</i>		
(a) Dues from companies under the same management		
Nitesh Indiranagar Retail Private Limited [Maximum amount outstanding during the year Rs. 29,835,553 (Previous year: Rs. 99,404,602)]	11,735,553	29,835,553
Nitesh Housing Developers Private Limited [Maximum amount outstanding during the year Rs. 25,154 (Previous year: Rs. 114,154)]	-	25,154
Nitesh Estates Projects Private Limited [Maximum amount outstanding during the year Rs. 83,634,825 (Previous year: Rs. 51,350,025)]	21,511,411	51,350,025
Nisco Ventures Private Limited [Maximum amount outstanding during the year Rs. 33,655,405 (Previous year: Rs. 134,318,958)]	33,655,405	-
Nitesh Infrastructure Private Limited [Maximum amount outstanding during the year Rs. Nil (Previous year: Rs. 14,763,649)]	-	-
Nitesh Devanahalli Township Private Limited [Maximum amount outstanding during the year Rs. 3,186,618 (Previous year: Rs. 873,905)]	-	873,905
Nitesh Boat Club Development Private Limited [Maximum amount outstanding during the year Rs. 3,268,733 (Previous year: Rs. 3,249,429)]	3,268,733	3,249,429
Madison Developers Private Limited [Maximum amount outstanding during the year Rs. 1,064,948 (Previous year: Rs. 1,064,948)]	-	1,064,948
Nitesh Kochi Projects and Developers Private Limited [Maximum amount outstanding during the year Rs. Nil (Previous year: Rs. 39,485)]	-	39,485
Nitesh Land Holdings Private Limited [Maximum amount outstanding during the year Rs. 18,363 (Previous year: Rs. 18,363)]	-	18,363
Nitesh Mylapore Developers Private Limited [Maximum amount outstanding during the year Rs. 10,910,946 (Previous year: Rs. 10,900,946)]	10,910,946	10,900,946
(b) Dues from Directors/a firm in which director is a partner		
Nitesh Shetty [Maximum amount outstanding during the year Rs. 1,750,000 (Previous year: Rs. Nil)]	1,750,000	-
L.S Vaidyanathan [Maximum amount outstanding during the year Rs. 933,000 (Previous year: Rs. Nil)]	933,000	-
Nitesh Infrastructure and Construction [Maximum amount outstanding during the year Rs. 13,537,875 (Previous year: Rs. 13,537,875)]	13,537,875	13,537,875

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 11 : Other current assets		
Contract revenue in excess of billing	-	85,302
Interest accrued on bank deposits	261,286	158,005
	261,286	243,307
Schedule 12 : Current liabilities		
Sundry creditors for goods, services and expenses		
- Dues to Micro, Small and Medium Enterprises (Refer note 20 in Schedule 20)	-	-
- Others	214,768,045	368,476,695
Advance from customers	173,363,890	248,551,469
Billing in excess of contract revenue	12,201,944	19,219,049
Book overdraft	-	9,161,318
Other liabilities	31,638,120	115,973,856
	431,971,999	761,382,387
Schedule 13 : Provisions		
Provision for income tax (net of advance tax)	-	-
Provision for fringe benefits tax (net of advance tax)	-	1,060,539
Provision for gratuity	2,507,977	1,673,113
Provision for compensated absences	7,599,110	4,484,548
	10,107,087	7,218,200
Schedule 14 : Income from operations		
Income from contractual activities	617,607,870	583,787,678
Income from sale of developmental rights	-	270,000,000
Income from sale of developed property (apartment)	70,000,000	-
Share in profits of association of persons (post-tax)	23,703,192	14,068,176
	711,311,062	867,855,854
Schedule 15 : Other income		
Interest on:		
- Bank deposits [Gross, tax deducted at source - Rs. 21,682 (Previous year: Rs. 117,817)]	130,777	620,431
- Others	775,425	203,802
Assignment fees	76,000,000	-
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	396,560	-
Miscellaneous income	532,380	212,040
	252,813,209	1,036,273

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 16 : Cost of sales		
Land cost	-	65,283,956
Civil works	528,040,468	406,872,739
Consultancy costs	23,037,832	20,781,244
Other costs	8,142,818	920,923
(A)	559,221,118	493,858,862
Cost of purchase of developed property (apartment)	(B) 50,000,000	-
Closing 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
Opening work in progress		
Land cost	364,855,977	415,434,048
Civil works	17,555,825	17,322,675
Consultancy costs	29,159,332	21,251,695
Other costs	8,929,284	33,581,808
Decrease/(Increase) in inventories	227,409,957	67,089,808
Less: Adjustment of opening work in progress - land cost arising from reduction of vendor's liability	200,000,000	-
(C)	27,409,957	67,089,808
(A+B+C)	636,631,075	560,948,670
<hr/>		
Schedule 17 : Personnel expenses		
Salaries, wages and bonus	84,714,236	112,919,834
Contribution to provident and other funds	1,130,054	1,320,452
Staff welfare expenses	1,088,498	898,671
Less: Reimbursement of expenses from a related party	(17,081,332)	(22,818,160)
	69,851,456	92,320,797

Schedules to the Accounts (Contd..)

	As at 31- Mar -10	Amount in Rupees As at 31- Mar -09
Schedule 18 : Operating and other expenses		
Power and fuel	1,194,568	2,782,167
Rent	9,870,045	15,681,030
Repairs and maintenance - others	1,262,652	2,336,730
Insurance charges	3,291,835	3,475,589
Rates and taxes	10,458,773	8,345,608
Professional and consultancy charges	17,319,710	27,899,033
Advertising and sales promotion	33,757,885	49,065,784
Travelling and conveyance	6,756,048	9,771,185
Lease rent - vehicles	2,300,000	2,016,000
Communication expenses	2,131,329	2,700,641
Printing, postage and stationery	2,368,896	3,278,023
Recruitment expenses	769,226	4,774,362
Advances written off	-	13,215,512
Loss on sale of fixed assets/ discontinuance of projects	-	14,135,560
Foreign exchange fluctuation (net)	-	190,672
Donations	250,000	190,000
Miscellaneous expenses	1,586,985	2,615,972
Less: Reimbursement of expenses from a related party	(11,160,561)	(16,488,452)
	82,157,391	145,985,416
<hr/>		
Schedule 19 : Finance charges		
Interest and other charges on fixed term loans	106,364,288	48,255,846
Less: Amount inventorised	-	(29,382,534)
	106,364,288	18,873,312
Bank charges	131,359	1,148,265
	106,495,647	20,021,577

Schedules to the Accounts (Contd..)

Schedule 20: Notes to Accounts

1. Background

Nitesh Estates Limited (formerly Nitesh Estates Private 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.

At the extra-ordinary general meeting of the shareholders held on October 9, 2009, the shareholders approved the conversion of the company from a private limited company to a public limited company, and approved the change in the name of the Company from Nitesh Estates Private Limited to Nitesh Estates Limited. The Company has received a fresh certificate of incorporation from the Registrar of Companies incorporating the change in the name of the Company effective November 3, 2009.

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, shares of the Company 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised as an expense in the 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 sale of development rights

Revenue from sale of development rights 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.

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 partner, 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 that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset. 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.

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, deferred and fringe benefits tax.

Current income tax and fringe benefits 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.

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

3. Related party information

a) List of Related parties

Key managerial personnel ('KMP')	Mr. Nitesh Shetty [Managing Director and substantial shareholder] Mr. L.S.Vaidyanathan [Executive Director and Chief Financial Officer]
Subsidiary companies	Nitesh Indiranagar Retail Private Limited Nitesh Housing Developers 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 Nitesh Boat Club Development Private Limited Nitesh Devanahalli Township Private Limited Nitesh Energy Private Limited Nitesh Estates Projects Private Limited Nitesh Healthcare Private Limited Nitesh Hospitals Private Limited Nitesh Industries Private Limited Nitesh Infrastructure Private Limited Nitesh Kochi Projects and Developers 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 Wastemanagement Private Limited Nitesh Telecom Private Limited Nitesh Warehousing Private Limited Serve & Volley Holdings Private Limited Grass Outdoor Media Private Limited (formerly Serve & Volley Media Private Limited) Serve & Volley Outdoor Advertising Private Limited Serve & Volley Signages Private Limited Nitesh Healthcare Richmond Trading Enterprises Nitesh Infrastructure and Construction Nitesh Realty Fund GP Limited
Shareholder holding substantial interest	AMIF I Limited

b) Transactions with Related parties

Amount in Rupees

	Year ended 31-Mar-10	Year ended 31-Mar-09
Income from contractual activities		
Nitesh Residency Hotels Private Limited	320,967,157	208,648,356
Nitesh Estates – Whitefield	207,795,275	162,207,283
Mr Nitesh Shetty	198,510	196,198
Total	528,960,942	371,051,837
Income from sale of developmental rights		
Nitesh Estates Projects Private Limited (refer note a below)	-	270,000,000
Total	-	270,000,000
Share in profits of association of persons (post-tax)		
Nitesh Estates – Whitefield	23,703,192	14,068,176
Total	23,703,192	14,068,176
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	-	53,498,783
Nitesh Estates Projects Private Limited (refer note c below)	48,000,000	-
Total	48,000,000	53,498,783
Rent and other charges paid		
Nitesh Infrastructure and Construction	10,545,517	13,164,022
Total	10,545,517	13,164,022
Advertising and sales promotion expenses		
Grass Outdoor Media Private Limited (formerly Serve & Volley Media Private Limited)	5,516,713	1,963,192
Serve & Volley Outdoor Advertising Private Limited	5,154,098	15,737,265
Serve & Volley Signages Private Limited	-	177,842
Total	10,670,811	17,878,299
Reimbursement of expenses received		
Nitesh Estates Projects Private Limited (refer note d below)	29,575,632	51,795,929
Nitesh Housing Developers Private Limited	11,043,912	11,000
Nitesh Boat Club Development Private Limited	19,304	782,745
Nitesh Devanahalli Township Private Limited	2,312,713	249,789
Madison Developers Private Limited	-	340,482
Nitesh Kochi Projects and Developers Private Limited	19,304	12,020
Nitesh Indiranagar Retail Private Limited	-	2,173,162
Total	42,970,865	55,365,127
Remuneration to KMP		
Mr. Nitesh Shetty (refer note 13 below)	4,034,360	11,684,360
Mr. L.S.Vaidyanathan (refer note 13 below)	2,634,360	4,509,360
Total	6,668,720	16,193,720
Advances written off		
Nitesh Realty Fund GP Limited	-	11,166,741
Total	-	11,166,741

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

b) Transactions with Related parties (Contd.)

Amount in Rupees

	Year ended 31-Mar-10	Year ended 31-Mar-09
Investments made		
Nitesh Residency Hotels Private Limited(refer note e below)	104,000,000	-
Nitesh Housing Developers Private Limited(Also refer note 16 below)	49,900,000	-
Nitesh Indiranagar Retail Private Limited	129,821,181	62,642,609
Nitesh Kochi Projects and Developers Private Limited	11,585,000	-
Total	295,306,181	62,642,609
Share application money received/(refunded)		
Nitesh Industries Private Limited	37,863,944	-
Nitesh Industries Private Limited	(37,863,944)	-
Mr. Nitesh Shetty	-	(7,090,876)
Total	-	(7,090,876)
Deposits given/(refunded)		
Nitesh Infrastructure and Construction	-	(4,500,000)
Total	-	(4,500,000)
Unsecured loan taken		
Mr. Nitesh Shetty	23,300,000	27,515,000
Total	23,300,000	27,515,000
Unsecured loan repaid		
Mr. Nitesh Shetty	24,950,000	-
Total	24,950,000	-
Equity Investment		
Nitesh Industries Private Limited	155,099,700	-
Total	155,099,700	-
Assignment of rights in properties		
Nitesh Housing Developers Private Limited (refer note b below)	218,606,995	-
Nitesh Estates Projects Private Limited	(1,211,700)	-
Total	217,395,295	-
Loans /Advances given/(repaid)		
Nisco Ventures Private Limited	33,655,405	(133,810,444)
Nitesh Housing Developers Private Limited	149,279,732	-
Nitesh Infrastructure Private Limited	-	(14,763,649)
Nitesh Devanahalli Township Private Limited	(3,186,618)	(80,000)
Nitesh Land Holdings Private Limited	(18,363)	-
Nitesh Estates – Whitefield	39,244,178	-
Nitesh Estates Projects Private Limited	29,550,647	-
Nitesh Housing Developers Private Limited	(125,590,040)	(100,000)
Nitesh Mylapore Developers Private Limited	10,000	10,851,862
Madison Developers Private Limited	(1,064,948)	-
Nitesh Indiranagar Retail Private Limited	-	32,662,391
Nitesh Realty Fund GP Limited	-	11,166,741
Nitesh Infrastructure and Construction	-	4,500,000
Nitesh Estates – Whitefield	(39,244,178)	-
Nitesh Indiranagar Retail Private Limited	(18,100,000)	(5,000,000)
Nitesh Mylapore Developers Private Limited	-	(80,000)

	Year ended 31-Mar-10	Year ended 31-Mar-09
Loans /Advances taken/(repaid)		
Nitesh Estates Projects Private Limited	-	575,000,000
Nitesh Residency Hotels Private Limited	-	40,000,000
Nitesh Estates – Whitefield	98,774,874	64,238,714
Nitesh Housing Developers Private Limited	37,534,644	-
Nitesh Residency Hotels Private Limited	(1,086,749)	(21,699,581)
Nitesh Estates Projects Private Limited	(54,686,057)	(749,713,943)
Nitesh Estates – Whitefield	(163,073,734)	(23,151,250)
Guarantees given		
Nitesh Housing Developers Private Limited	620,000,000	-
Nitesh Estates Projects Private Limited	-	200,000,000
Total	620,000,000	200,000,000
c) Balances outstanding with Related parties		
Sundry debtors		
Nitesh Estates – Whitefield	171,479,313	106,382,799
Nitesh Estates Projects Private Limited	-	95,000,000
Nitesh Residency Hotels Private Limited	71,106,037	-
Mr. Nitesh Shetty	56,766	130,343
Total	242,642,116	201,513,142
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	-	25,154
Madison Developers Private Limited	-	1,064,948
Nitesh Boat Club Development Private Limited	3,268,733	3,249,429
Nitesh Devanahalli Township Private Limited	-	873,905
Nitesh Estates Projects Private Limited	21,511,411	51,350,025
Nisco Ventures Private Limited	33,655,405	-
Nitesh Indiranagar Retail Private Limited	11,735,553	29,835,553
Nitesh Infrastructure and Construction	4,500,000	4,500,000
Nitesh Kochi Projects and Developers Private Limited	-	39,485
Nitesh Land Holdings Private Limited	-	18,363
Nitesh Mylapore Developers Private Limited	10,910,946	10,900,946
Total	88,265,048	101,857,808
Deposits		
Nitesh Infrastructure and Construction	9,037,875	9,037,875
Total	9,037,875	9,037,875
Contract revenue in excess of billing		
Nitesh Residency Hotels Private Limited	-	85,302
Total	-	85,302

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

	Year ended 31-Mar-10	Year ended 31-Mar-09
Sundry creditors		
Nisco Ventures Private Limited	-	3,582,575
Nitesh Infrastructure and Construction	-	924,277
Grass Outdoor Media Private Limited (formerly Serve & Volley Media Private Limited)	15,348,674	2,963,217
Serve & Volley Outdoor Advertising Private Limited	22,256,304	9,136,091
Serve & Volley Signages Private Limited	-	265,217
Nitesh Estates Projects Private Limited	1,211,700	-
Nitesh Infrastructure & Construction	119,170	-
Total	38,935,848	16,871,377
Advance from customers		
Nitesh Residency Hotels Private Limited	119,642,840	166,243,757
Nitesh Estates Projects Private Limited	-	54,686,057
Nitesh Housing Developers Private Limited	15,268,223	-
Total	134,911,063	220,929,814
Other liabilities		
Nitesh Estates – Whitefield	8,980,098	73,278,308
Total	8,980,098	73,278,308
Unsecured loan (payable)		
Mr. Nitesh Shetty	25,865,000	27,515,000
Total	25,865,000	27,515,000
Guarantees outstanding		
Nitesh Estates – Whitefield	25,000,000	75,000,000
Nitesh Estates Projects Private Limited	200,000,000	200,000,000
Nitesh Housing Developers Private Limited (Also refer note 16)	620,000,000	-
Total	845,000,000	275,000,000

Notes:

- a. During the year ended March 31, 2009, the Company sold 25% of its development rights under a joint venture to Nitesh Estates Projects Private Limited ('NEPPL') for a consideration of Rs..270,000,000. The Company had incurred cost (on pro-rata basis) of Rs. 115,862,027 towards land and other development costs as at the date of sale.
- 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 NEPPL 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 AMIF I Limited ('Investors'), Pushpalatha V Shetty, Nitesh Shetty, Nitesh Industries Private Limited and the Company, common costs i.e. the salaries, general and administrative and selling overheads incurred by the Company are being shared by NEPPL and the Company in the ratio of their project expenses.

Accordingly, the Company has crossed charged NEPPL expenses amounting to Rs. 41,106,649 for the year ended March 31, 2009 and Rs. 29,575,632 for the year ended March 31, 2010. Although, the SSA has been terminated effective October 9, 2009, the Company and NEPPL continue to share common costs in the ratio of their project expenses.

- e. During the year, the Company invested a sum of Rs. 104,000,000 towards additional 10,400,000 Class A equity shares of Nitesh Residency Hotels Private Limited ('NRHPL'). Further, on October 30, 2009, the 0.01% Optionally Convertible Redeemable Non-cumulative preference shares were converted into 1,591,252 Class A equity shares of Rs. 10 each. Further, NRHPL issued 14,321,268 Class A equity shares as fully paid bonus shares of Rs. 10 each. The aforesaid shares held by the Company in NRHPL have 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 alongwith the other investors. The Company's share of such additional investment as at March 31, 2010 is estimated to be 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. 225,950,000 (Previous year: Rs. 275,875,000).
- (b) Claims not acknowledged as debts in respect of sales tax - Rs. 928,560 (Previous year: Rs. 928,560) and income tax - Rs. 418,536 (Previous year: Rs. Nil)
- (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 and based on an opinion from an independent lawyer, the Company is confident that the arbitration proceedings would be in the favour of the Company and the realisable value will be atleast equal to its carrying value. Accordingly, the management is of the view that no provision is required to be made in respect of the carrying value of the aforesaid share application money as at March 31, 2010.
- (d) The estimated amount of contracts, net of advances remaining to be executed on capital account is Rs. 865,528 (Previous year Rs. Nil).

5. Details of Construction contracts in progress

Amount in Rupees

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Contract revenue recognized as revenue for the year	601,702,253	578,914,532
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to the balance sheet date for all the contracts in progress	1,891,357,300	1,295,889,682
The amount of customer advances outstanding for contracts in progress as at the balance sheet date	156,374,593	242,976,084
The amount of retention due from customers for contracts in progress as at the balance sheet date	15,277,480	9,027,232

6. 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.

Nitesh Estates Limited

(formerly Nitesh Estates Private Limited)

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-10	Year ended 31-Mar-09
Current service cost	845,973	2,029,770
Interest cost on benefit obligation	199,524	331,200
Net actuarial (gain)/loss recognized	(255,122)	(2,903,520)
Past service cost	44,489	-
Net benefit expense	834,864	(542,550)
	Year ended 31-Mar-10	Year ended 31-Mar-09
Details of provision for gratuity		
Defined benefit obligation	2,980,820	1,673,113
Less: Unrecognised past service cost	(472,843)	-
Plan liability	2,507,977	1,673,113

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

Amount in Rupees

	Year ended 31-Mar-10	Year ended 31-Mar-09
Opening defined benefit obligation	1,673,113	2,215,663
Interest cost	199,524	331,200
Current service cost	845,973	2,029,770
Past service cost	517,332	-
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(255,122)	(2,903,520)
Closing defined benefit obligation	2,980,820	1,673,113

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

	As at 31-Mar-10	As at 31-Mar-09
Discount rate	8.15%	7.95%

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

7. 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.

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. 12,170,045 (Previous year: Rs. 17,697,030).

The future minimum lease payments for non-cancelable operating leases is as follows:

Amount in Rupees

Particulars	As at 31-Mar-10	As at 31-Mar-09
Not later than one year	-	1,008,525
More than one year and less than five years	-	-
Total	-	1,008,525

9. Deferred tax

The break up of deferred tax asset (net) is as follows:

Amount in Rupees

Particulars	As at 31-Mar-10	As at 31-Mar-09
Differences in depreciation in block of fixed assets as per tax books and financial books	964,646	1,075,000
Effect of expenditure debited to profit and loss account in the current and preceding year but allowed for tax purposes in following years	3,434,858	16,287,504
Net deferred tax asset	4,399,504	17,362,504

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 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-10	As at and for the Year ended 31-Mar-09
Assets	138,766,972	106,956,546
Liabilities	87,800,711	79,693,477
Revenue	86,877,228	62,126,196
Expenses	63,174,036	48,058,021
Net Profit	23,703,192	14,068,176

Capital expenditure commitments and contingent liabilities of the joint venture are disclosed in note 4 above.

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

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

Amount in Rupees

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
As auditor:		
Audit fees	1,925,000	1,400,000
Other services - IPO related	3,175,000	-
Out of pocket expenses (including service tax)	64,146	180,411
Total	5,164,146	1,580,411

13. Directors' remuneration

Amount in Rupees

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Salaries, wages and bonus	6,650,000	16,175,000
Contribution to provident fund	18,720	18,720
Total	6,668,720	16,193,720

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.

Computation of net profits in accordance with Section 349 and 198 of the Companies Act 1956 ('the Act') for the financial year ended March 31, 2010:

Particulars	Amount in Rupees
Net profit before tax	63,535,588
Add:	
Directors remuneration	6,668,720
Depreciation provided in the books	5,453,114
	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	5,453,114
	180,431,181
Net profit /(loss) for the purposes of Section 198 of the Act	(104,773,759)

As the Company has no profits, the remuneration payable has been determined in accordance with Schedule XIII of the Act.

In view of the above, the sum of Rs. 2,683,000 being amount in excess of the limit prescribed is refundable to the Company and the same is held by the Directors in trust for the Company as at the balance sheet date.

14. Expenditure in foreign currency (on accrual basis)

Amount in Rupees

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Travelling and conveyance	-	359,331
Recruitment expenses	-	637,200
Consultancy and other costs	-	7,959,276

15. Earnings per share ['EPS']:

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Net profit for calculation of basic and diluted EPS (in Rs.)	46,772,588	27,598,811
Weighted average number of equity shares outstanding during the year	69,044,377	6,802,460
Add: Adjustment for bonus issue (Refer note below)	-	61,222,140
Weighted average number of equity shares used in calculating basic EPS	69,044,377	68,024,600
Weighted average number of equity shares used in calculating basic EPS	69,044,377	68,024,600
Add: Weighted average number of equity shares which would have been issued on allotment of share application money	80,922	172,834
Add: Adjustment for bonus issue (Refer note below)	728,298	1,555,506
Weighted average number of equity shares used in calculating diluted EPS	69,853,597	69,752,940

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 and balance in profit and loss account in the ratio of nine equity shares for every one equity share held.

In accordance with the Accounting Standard - 20 Earnings Per Share, notified by Companies (Accounting Standards) Rules, 2006 (as amended), the share data has been adjusted for the aforesaid bonus shares in computation of the earnings per share for the year ended March 31, 2009.

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, 2010, 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, 2010, 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, 2010.

Nitesh Estates Limited
(formerly Nitesh Estates Private Limited)

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.

17. Inventory as at March 31, 2010 represents 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 confident of finalizing the arrangement with the Other Party shortly. Pending outcome of the joint arrangement, the management is of the view that no adjustment is required to be made in respect of the carrying value of the inventory as at March 31, 2010.
18. As at March 31, 2010, the Company has paid a sum of Rs. 88,443,596 towards expenses in connection with the IPO. This amount shall be adjusted against securities premium arising from the proposed issue of equity shares, as permitted under section 78 of the Companies Act, 1956. This amount has been carried forward and disclosed under the head "Advances recoverable in cash or kind or for value to be received" under "Loans and Advances" in the Balance Sheet.
19. Prior period item for the year ended March 31, 2009 represents advertisement related expenses amounting to Rs. 934,028, which was inadvertently not recognized in the preceding previous year.
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. As at March 31, 2010, the Company has an investment of 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. NIRPL has paid a non-refundable deposit of Rs. 355,000,000 paid to the landowner under a Memorandum of Understanding ('MOU') and has incurred other project specific expenses amounting to Rs. 242,012,142. Under the terms of the aforesaid MOU, a joint development agreement ('JDA') was to be executed by NIRPL on or before June 30, 2010, failing which the other party is entitled to forfeit the aforesaid non-refundable deposit and not continue with the joint development arrangement. However, NIRPL and the other party have been and are in active discussions to finalise the terms of the JDA and the Other Party has not forfeited the aforesaid deposit. Management is reasonably confident of NIRPL executing the JDA at the earliest. Accordingly, Management is of the view that no adjustments are required to be made in this regard to the financial statements of the Company as at March 31, 2010.
22. 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
Firm Registration No.101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No: 208382

Place : Bangalore
Date : August 11, 2010

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

Nitesh Shetty
Managing Director

L.S. Vaidyanathan
Executive Director
and Chief Financial Officer

M. Ganapathi Joshy
Company Secretary

Place : Bangalore
Date : August 11, 2010

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

Balance Sheet Abstract & Company's General Business Profile

1 Registration Details

Registration No.	U07010KA2004PLC033412		
Balance Sheet Date	31.03.2010	State Code	08

2 Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	628,048	Private Placement	12,249

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

Total Liabilities	1,891,164	Total Assets	1,891,164
-------------------	-----------	--------------	-----------

Sources of Funds

Paid-up Capital	708,321
Share Application Money	Nil
Reserves & Surplus	197,655
Secured Loans	959,323
Unsecured Loans	25,865

Application of Funds

Net Fixed Assets	50,271
Investments	662,236
Net Current Assets	1,174,258
Misc Expenditure	Nil
Deferred Tax Asset	4,399

4 Performance of the Company (Amount in Rs. Thousands)

Total Income	964,124	Total Expenditure	900,588
Profit/Loss before tax	63,536	Profit/Loss after tax	46,773
Earnings per share (in Rs.)	0.68	Dividend Rate (%)	Nil

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 the Board of Directors
of Nitesh Estates Limited

Place : Bangalore
Date :11th August 2010

(NITESH SHETTY)
Managing Director

(L. S. VAIDYANATHAN)
Executive Director and
Chief Financial Officer

(GANAPATHI JOSHY)
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING
TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES**

Sl No.	Name of the Subsidiary Company	Nitesh Indiranagar Retail Private Limited	Nitesh Housing Developers Private Limited
1	The financial period of the Subsidiary Company's ended on	31st March 2010	31st March 2010
2	Date from which they became Subsidiary Company	26th August 2008	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.	1,159,900	4,494,900
	b) Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company.	99.14%	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 31.03.2010. (Amount in Rupees)	NIL	(1,699,904)
	ii) For the Financial Year of the Subsidiary Company since they became the Holding Company's Subsidiary. (Amount in Rupees)	NIL	(1,699,904)
	b) Dealt with in Holding Company's Accounts		
	i) For the Financial Year Ended 31.03.2010(Amount in Rupees)	NIL	NIL
ii) For the Financial Year of the Subsidiary Company since they became the Holding Company's Subsidiary. (Amount in Rupees)	NIL	NIL	

DIRECTORS' REPORT

Dear Members,

The Board of Directors have great pleasure in presenting the Third Annual Report on the performance of your Company for the financial year ended March 31, 2010 along with the Audited Statement of Accounts.

1. FINANCIAL RESULTS:

The performance of the company for the financial year ended March 31, 2010 is given hereunder:

Particulars	Rupees in lakhs
Income :	
Income from operations	-
Other Income	128.74
Total Income	128.74
Profit before depreciation	(27.67)
Depreciation	-
Profit before tax	(27.67)
Provision for income tax	-
Provision for deferred tax	(8.77)
Profit after tax	(18.90)

2. DIVIDEND:

With a view to augment the resources of the Company, the Directors do not recommend for payment of dividend.

3. CURRENT SCENARIO AND FUTURE PROSPECTS:

Holding company Nitesh Estates Limited assigned Nitesh Hyde Park, Nitesh Columbus Square, Nitesh Fischer Island, Nitesh Napa Valley and Nitesh Malibu projects to the Company. The company commenced the development of the above projects during the year 2009-2010. During the year the company has launched Nitesh Hyde Park and pre-sold 45% of the Apartments.

The financial year 2010-11 promises to be a better year for the industry in general and company in specific. With the consumer sentiment improving, the demand for real estate is expected to go up considerably. The company, however, has recognized the changed dynamics of the industry and has reacted swiftly to modify the product mix and pricing strategies to suit the market conditions better.

4. ONGOING PROJECTS:

Nitesh Hyde Park: We have commenced the development of this middle-income residential project located on Bannerghatta Road, Bengaluru in August, 2009 and expect to complete it in July, 2012.

Nitesh Columbus Square: We have commenced the development of this middle-income residential project located near Bellary Road, Bengaluru in October, 2009 and expect to complete it in September, 2012.

Nitesh Fischer Island: We propose to develop this residential project in the high-income segment on the banks of the River Sal, Cavelossim, South Goa.

5. FUTURE PROJECTS:

Nitesh Napa Valley – I: We propose to develop this residential project at Off Bellary Road, Bangalore.

Nitesh Napa Valley – II: We propose to develop this Mixed-Use project at Off Bellary Road, Bangalore.

Nitesh Malibu, Hennur: We propose to develop this residential project at Hennur, Bangalore.

6. AUDITORS:

M/s. SVR & Associates, Chartered Accountants Bangalore, who are the Statutory Auditors of the Company hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment.

7. DIRECTORS:

Mr. Vipul Roongta, was co-opted on the Board as additional director with effect from 1st day of January, 2010. He holds the office till the date of this ensuing Annual General Meeting. The company has received notice under Section 257 of the Companies Act, 1956 from the share holder proposing the appointment of Mr. Vipul Roongta as a Director liable to retire by rotation.

Nitesh Housing Developers Private Limited

Mrs. Pushpalatha V Shetty Director of the Company resigned from the directorship of the Company with effect from 15th day of January 2010. Board wishes to place on record herein appreciation for the contribution made by Mrs. Pushpalatha V Shetty.

Mr. Ashwini Kumar, was co-opted on the Board as additional director with effect from 13th day of May, 2010. He holds the office till the date of this ensuing Annual General Meeting. The company has received notice under Section 257 of the Companies Act, 1956 from the share holder proposing the appointment of Mr. Ashwini Kumar as a Director liable to retire by rotation.

8. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit/(Loss) of the Company for the said period;
- (iii) The Directors have taken proper and sufficient care 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.
- (iv) The Directors have prepared the accounts for the financial year ended March 31, 2010, on a going concern basis.

9. FIXED DEPOSITS:

The Company has not accepted any deposits during the financial year. There are no deposits repaid during the financial year or any unclaimed deposits with the company.

10. HUMAN RESOURCES:

In order to meet the needs of the rapidly growing business, the organization's HR related participations and process are currently under review.

11. PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975. We confirm that no employee have been paid remuneration prescribed under the above Section.

12. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

Significant measures are taken to reduce energy consumption by using energy efficient computers and equipments. Company is in process of implementing, ERP package SAP got integrating the various process and operations of the Company.

Expenditure in R&D : It forms part of the project cost and cannot be quantified separately.

13. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company has not earned or incurred any foreign exchange in the financial year 2009-2010 which needs to be disclosed under this section.

14. HOLDING COMPANY

M/s Nitesh Estates Limited holds 44,94,900 equity shares of our Company being the Holding Company.

15. ACKNOWLEDGMENTS:

Your Directors are pleased to place on record their sincere appreciation for 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 Land Lords.

For and on behalf of the Board of Directors
of M/s. Nitesh Housing Developers Private Limited

Place : Bangalore
Date : 09 August 2010

NITESH SHETTY
CHAIRMAN

Auditors' Report

To

The Members

Nitesh Housing Developers Private Limited

1. We have audited the attached Balance Sheet of **Nitesh Housing Developers Private Limited** as at 31st March 2010, 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 the financial statement 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. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments referred to in para 3 above, we report that :
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) The company is not required to make any payment of Cess, as no notification has been issued by the Central Government specifying the rate for levying of Cess under Section 441A of the Companies Act, 1956 till 31st March 2010;
 - (f) On the basis of the written representations received from the directors of the Company as at 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the schedules and the notes thereon, 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
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of Profit and loss account, of the loss for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
SVR & ASSOCIATES
Chartered Accountants
Firm Regn No.003767S

Bangalore
Date: 09.08.2010

R. Hariharan
Partner
M.No.015194

Nitesh Housing Developers Private Limited

Annexure to the Auditors' Report

(Referred to in Paragraph (3) of our Report of even date on the accounts of Nitesh Housing Developers Pvt. Ltd. for the year ended 31st March 2010)

1. As there are no fixed assets held by the company, the reporting requirement on: (i) the maintenance of proper records to show full particulars, including quantitative details and situation/location of fixed assets; (ii) the reasonableness of the physical verification system thereon and (iii) disposal of the substantial part affecting the going concern status thereon for the Company, vide clauses 4(i) (a) (b) and (c) of the said Order is not applicable.
2.
 - (a) As explained to us, 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.
3.
 - a) We are informed that the Company has not granted loans, secured or unsecured, to and from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. However, based on the audit procedures applied by us, on the examination of records and according to the information and explanation given to us, we report that the company has made loan to one party under Nitesh Group of companies during the year under review. The maximum amount involved during the year was Rs. 12.85crore and the year-end balance from such parties is Rs. 12.77crore. The loan has been given to them for various real estate development projects which are under identification/being undertaken by them in which the company has interest.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan given by the company, are not prima facie prejudicial to the interest of the company.
 - c) According to the information and explanation given to us, there are no specific covenants with regard to the repayment of such loan.
 - d) In respect of these loans, the same are payable on demand and there is no repayment schedule and therefore the question of overdue amounts for both the principal and the interest does not arise; and the Company has not demanded repayment of such advances during the year. Thus, there has been no default on the part of such party to whom such loan has been made.
 - e) We are informed that the Company has not taken any loans during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the reporting requirements of clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and for the sale of services. During the course of our audit no major weakness has been noticed in the internal controls system. The clause relating to the purchase of fixed assets and the sale of goods is not applicable to the Company.
5.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transaction made in pursuance of contracts or arrangements in respect of any party and hence the reporting requirement for having made entries in the register

3rd Annual Report 2009-2010

maintained under section 301 of the Companies Act, 1956 in respect of particulars of such contracts or arrangement is not applicable to the Company.

- b)** In our opinion and according to the information and explanation given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party.
- 6.** In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- 7.** As at the commencement of the financial year, paid up capital and reserves are less than Rs.50 lakhs, the reporting requirement regarding the adequacy of internal audit system is not applicable to the Company for the year under review. However, we are of the opinion that the existing internal control procedures and internal checks which are computer-aided are sufficient considering the nature of business and size of the Company.
- 8.** As informed to us, the provisions of clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 regarding the maintenance of Cost records are not applicable to the Company.
- 9. a)** Based on the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- b)** According to the information and explanations given to us, there are no dues of sales tax, Income tax, custom duty, wealth tax, Excise duty or Cess outstanding on account of any dispute.
- 10.** Based on the records examined by us and according to the information and explanations given to us, the Company has incurred loss for the financial year and the Company has incurred cash loss for the financial year under review and not incurred any loss in the financial year immediately preceding this financial year.
- 11.** According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to financial institutions and bank. The repayment of dues to debenture holders is yet to commence during the year under review.
- 12.** According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 13.** In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract special statute applicable to chit fund nidhi, mutual benefit fund/societies. Therefore, the provisions of clause 4 (iii) of the Order are not applicable to the company.
- 14.** According to information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- 15.** According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

Nitesh Housing Developers Private Limited

16. As informed to us and based on the records examined by us, the Company has not availed term loans during the year; as such, the reporting requirements as to applying them for the purpose for which these loans were obtained in terms of the provisions of clause 4(xvi) of the said Order, are not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has created the securities/charges in respect of secured debentures issued during the year.
20. The Company has not raised any money through a Public issue during the year.
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no material fraud, on or by the Company, has been noticed or reported for the year under review.

For and on behalf of
SVR & ASSOCIATES
Chartered Accountants
Firm Regn No.003767S

Bangalore
Date: 09.08.2010

R. Hariharan
Partner
M.No.015194

Balance Sheet as at March 31, 2010

		Amount in Rupees	
	Schedules	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	50,000,000	100,000
		50,000,000	100,000
Loan Funds			
Secured Loans	2	620,000,000	
Unsecured loans	3	100,000	-
		620,100,000	-
Total		670,100,000	100,000
APPLICATION OF FUNDS			
Deferred Tax Asset		877,010	-
Investments	4	189,305	
Current assets, loans and advances			
Inventories	5	43,492,179	-
Cash and bank balances	6	37,203,486	99,600
Loans and advances	7	611,192,509	-
Other current assets	8	12,684,861	-
		704,573,035	99,600
Less: Current liabilities and provisions			
Current liabilities	9	37,430,234	60,803
Provisions		-	
		37,430,234	60,803
Net current assets		667,142,801	38,797
Miscellaneous Expenditure			
[to the extent not written off or adjusted]			
a) Preliminary Expenses		-	13,795
Pre-Operative Expenses		-	47,408
b) Profit and Loss Account		1,890,884	-
		1,890,884	61,203
Total		670,100,000	100,000
Notes to Accounts	10		

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 V R & Associates
Firm Regn No.003767S
Chartered Accountants

R. Hariharan
Partner
Membership No. 15194

Place : Bangalore
Date : 9th August 2010

For and on behalf of the Board of Directors
of Nitesh Housing Developers Private Limited

Nitesh Shetty L. S. Vaidyanathan
Director Director

Date 9th August 2010

Nitesh Housing Developers Private Limited

Profit & Loss Account for the year ended March 31, 2010

	Schedules	March 31, 2010	Amount in Rupees March 31, 2009
Other Income			
Interest Income		12,684,861	-
Dividend Income		189,305	-
Total		12,874,166	-
Expenses			
Repairs & Maintenance		12,188	-
Rates & Taxes		423,665	-
Professional and consultancy charges		1,540,675	-
Advertisement and sales promotion		13,087,786	-
Travelling and conveyance		60,550	-
Hire Charges		145,177	-
Printing, postage and stationery		202,529	-
Miscellaneous Expenses		55,745	-
Bank Charges		52,542	-
Miscellaneous Expenses written off		61,203	-
Total		15,642,060	-
Profit / (Loss) before tax		(2,767,894)	-
Current tax		-	-
Deferred tax credit		(877,010)	-
Total tax expense		(877,010)	-
Profit / (Loss) after tax for the period		(1,890,884)	-
Balance brought forward from the beginning of the year		-	-
Profit and loss account at the end of the period		(1,890,884)	-

As per our report of even date

For S V R & Associates
Firm Regn No.003767S
Chartered Accountants

R. Hariharan
Partner
Membership No. 15194

Place : Bangalore
Date : 9th August 2010

For and on behalf of the Board of Directors
of Nitesh Housing Developers Private Limited

Nitesh Shetty L. S. Vaidyanathan
Director Director

Date 9th August 2010

Cash Flow Statement for the year ended March 31, 2010

	Amount in Rupees	
	March 31, 2010	March 31, 2009
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax and prior period item	(2,767,894)	-
<i>Adjustment for :</i>		
Interest Income	(12,684,861)	
Dividend Income	(189,305)	
Operating profit before working capital changes	(15,642,060)	-
<i>Movements in working capital:</i>		
(Increase) / decrease in inventories	(43,492,179)	-
(Increase) / decrease in sundry debtors	-	-
(Increase) / decrease in loans and advances and other current assets	(611,192,509)	-
Increase / (decrease) in current liabilities and provisions	37,430,634	29,795
Cash (used in) / generated from operations	(632,896,114)	29,795
Income tax paid (Net)	-	
Pre-operative expenses	-	(30,195)
Net cash (used in)/ generated from operating activities -	(A) (632,896,114)	(400)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in mutual fund units	(93,189,305)	-
Proceeds from sale of investment in mutual fund units	93,189,305	
Net cash from/ (used in) investing activities -	(B) -	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	49,900,000	-
Proceeds from secured loans	620,000,000	-
Proceeds from unsecured loan	100,000	(100,000)
Net cash from/ (used in) financing activities -	(C) 670,000,000	(100,000)
Net increase / (decrease) in cash and cash equivalents -	(A+B+C) 37,103,886	(100,400)
Cash and cash equivalents as at beginning of the year	99,600	200,000
Cash and cash equivalents as at the end of the year	37,203,486	99,600
Components of cash and cash equivalents:		
Cash on hand	890,835	99,600
Balances with scheduled banks:		
In Current accounts	36,312,651	-
Cash and cash equivalents in cash flow statement	37,203,486	99,600

As per our report of even date

For S V R & Associates
Firm Regn No.003767S
Chartered Accountants

R. Hariharan
Partner
Membership No. 15194

Place : Bangalore
Date : 9th August 2010

For and on behalf of the Board of Directors
of Nitesh Housing Developers Private Limited

Nitesh Shetty L. S. Vaidyanathan
Director Director

Date 9th August 2010

Nitesh Housing Developers Private Limited

Schedules to the Accounts

	Amount in Rupees	
	March 31, 2010	March 31, 2009
Schedule 1 : Share capital		
Authorised:		
50,00,000 (Previous year: 10,000) Equity shares of Rs. 10 each	50,000,000	100,000
	50,000,000	100,000
Issued, subscribed and paid up:		
50,00,000 (Previous year: 10,000) Equity shares of Rs. 10 each fully paid-up	50,000,000	100,000
	50,000,000	100,000
<hr/>		
Schedule 2 : Secured loans		
6,200,000 (Previous Year: Nil) Secured convertible debentures of Rs. 100 each (Refer note 8 in Schdeule 10)	620,000,000	-
Secured by way of pledge of the entire shareholding of the holding Company and a part of shareholding of one of the Directors of the Company, equitable mortgage of project specific properties and hypothecation of receivables of such projects and further secured by corporate guarantee of the holding Company and personal guarantee of one of the Directors of the Company		
	620,000,000	-
<hr/>		
Schedule 3 : Unsecured loans		
Short term loans - from Director	100,000	-
	100,000	-
<hr/>		
Schedule 4 : Investments		
<i>Current Investments (Quoted, at lower of cost and market value)</i>		
A. In Mutual Fund Units		
18,778.54 (Previous year : Nil) units of Rs. 10 each in HDFC Cash Management Fund [Market value Rs. 189,304.60 (Previous year: Rs. Nil)]	189,305	-
	189,305	
1. Aggregate amount of:		
Quoted investments [Market value Rs. 189,304.60 (Previous year: Rs. Nil)]	189,305	-
Unquoted investments	-	-
2. The following investments were purchased and sold during the period/year:		
9,225,366.78 (Previous year : Nil) units of Rs. 10 each in HDFC Cash Management Fund	93,000,000	-

Schedules to the Accounts (Contd..)

	Amount in Rupees	
	March 31, 2010	March 31, 2009
Schedule 5 : Inventories		
<i>(at lower of cost and net realisable value)</i>		
Work-in-Progress		
Land Cost -	-	
Civil Works	20,773,791	-
Consultancy costs	21,505,004	-
Other Costs	1,213,384	-
	43,492,179	-
<hr/>		
Schedule 6 : Cash & Bank Balances		
Cash on hand	890,835	99,600
Balances with scheduled banks:		
On Current accounts	36,312,651	-
	37,203,486	99,600
<hr/>		
Schedule 7 : Loans & Advances		
<i>(Unsecured, considered good)</i>		
Advance against property (Refer note 2(g) in Schedule 10)	262,771,383	-
Advance recoverable in cash or kind or for value to be received		
- From holding company	15,268,223	-
- Others	263,152,903	-
Deposits against property (Refer note 2(g) in Schedule 10)	70,000,000	-
	611,192,509	-
<hr/>		
Schedule 8 : Other Current Assets		
TDS Receivable	1,268,486	
Interest receivable on loans	11,416,375	-
	12,684,861	-
<hr/>		
Schedule 9 : Current Liabilities		
Sundry Creditors for goods, services and expenses		
- Dues to Micro and Small Enterprises (Refer note 10 in Schedule 10)	-	-
- Others	2,857,518	-
Advance from Customers	34,142,492	
Other Liabilities	430,224	60,803
	37,430,234	60,803

Nitesh Housing Developers Private Limited

Schedules to the Accounts (Contd..)

Schedule 10: Notes to Accounts

1. Background

Nitesh Housing Developers Private Limited ('Company' or 'NHDPL') was incorporated on December 4, 2007, to carry on the business of the Property Development. It has become a subsidiary of Nitesh Estates Limited effective from 24th September, 2009.

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 financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actuals could differ from these estimates.

c) 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.

d) 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.

e) 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. 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 period in which they are incurred.

f) 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.

g) Advances/deposits against property

Advances for property under Loans and Advances represents advances for property to the seller / intermediary toward outright purchase of land 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 the 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 the project.

h) 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

i) Taxes on Income

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.

j) Cash and cash equivalents

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

k) Employee Benefits

In view no employees employed by the company during the financial year ending March 31, 2010, the company has not made any provisions for employee benefits.

3. Related party information

a) List of Related parties

Key managerial personnel	Mr. Nitesh Shetty [Director] Mr. L. S. Vaidyanathan [Director]
Holding Company	Nitesh Estates Limited[w.e.f 24.09.2009]
Enterprises owned or significantly influenced by KMP	Nitesh Estates Projects Private Limited

Nitesh Housing Developers Private Limited

b) Transactions with Related parties Amount in Rupees

	2009-2010	2008-2009
Unsecured loan taken		
Mr. Nitesh Shetty	100,000	-
Total	100,000	-
Loans/Advances taken / (repaid)		
Nitesh Estates Limited	151,098,254	
Nitesh Estates Limited	(151,123,408)	(100,000)
Total	(25,154)	(100,000)
Interest Income		
Nitesh Estates Projects Private Limited	10,882,758	-
Total	10,882,758	-
Equity Investment		
Nitesh Estates Limited	49,900,000	-
Total	49,900,000	-
Loans/Advances given / (repaid)		
Nitesh Estates Projects Private Limited	127,756,049	-
Nitesh Estates Limited	15,268,223	-
Total	143,024,272	-
Assignment of Property Advances (including assignment charges of Rs. 76,000,000)		
Nitesh Estates Limited	292,986,995	-
Total	292,986,995	-
Reimbursement of expenses paid		
Nitesh Estates Limited	11,407,848	11,000
Total	11,407,848	11,000

c) Balances outstanding with Related parties Amount in Rupees

	2009-2010	2008-2009
Unsecured loan		
Mr. Nitesh Shetty	100,000	-
Total	100,000	-
Advances recoverable		
Nitesh Estates Projects Private Limited	127,756,049	-
Nitesh Estates Limited	15,268,223	-
Total	143,024,272	-
Sundry Creditors		
Nitesh Estates Limited	-	25,154
Total	-	25,154
Guarantees received and outstanding		
Nitesh Estates Limited	620,000,000	-
Total	620,000,000	-

4. Contingent liabilities not provided for

Refer note 8 below.

5. 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.

6. Auditor's Remuneration**Amount in Rupees**

Particulars	2009-2010	2008-2009
Statutory and Tax Audit	55,150	16,545

7. Deferred tax

The break up of deferred tax asset is as follows:

Amount in Rupees

Particulars	2009-2010	2008-2009
On account of unabsorbed business loss	8,77,010	-
Net deferred tax asset/(liability)	8,77,010	-

8. On September 24, 2009, Nitesh Estates Limited ('NEL'), the holding Company has invested a sum of Rs. 49,999,000 in the equity shares (99.9%) of the Company. Subsequently, on September 25, 2009, NEL sold 10.1% of its investment in the Company to another party HDFC Asset Management Company ('the Buyer'). As at March 31, 2010, NEL holds 89.9% of the equity share capital of the Company.

On September 25, 2009, the Company, NEL, the Buyer and Mr. Nitesh Shetty have entered into an agreement whereby the Company 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 the Company 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 the Company after August 31, 2010 or secure the redemption of the same by the Company anytime on or after September 5, 2010 and no later than September 20, 2012.

The Company has the option to redeem the Debentures to the extent of Rs. 500,000,000 on or before March 31, 2010, which had not been exercised by the Company. The Company had the obligation to redeem all the Debentures on September 20, 2012. The debenture are redeemable at a price that shall entitle the Buyer to a pretax IRR of 18% PA on the subscribed amount if on such date of redemption NEL has completed its IPO. The Company has issued Debentures amounting to Rs. 620,000,000/- as at 31st March 2010.

On May 15, 2010, certain terms of Debenture agreement have been amended and the Debentures have been converted from "Redemption 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.

9. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

The Company is neither a manufacturing nor a trading concern and yet to commence commercial operations. Hence, other information pursuant to the provisions of the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not provided.

10. 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.
11. Balances under Loans and Advances and Current Liabilities are subject to confirmation.
12. Previous year figures have been regrouped wherever necessary to conform to current period's classification.

For S V R & Associates
Firm Regn No.003767S
Chartered Accountants

R. Hariharan
Partner
Membership No. 15194

Place : Bangalore
Date : 9th August 2010

For and on behalf of the Board of Directors
of Nitesh Housing Developers Private Limited

Nitesh Shetty
Director

L. S. Vaidyanathan
Director

Nitesh Housing Developers Private Limited

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

Balance Sheet Abstract & Company's General Business Profile

1 Registration Details

Registration No.		44553	
Balance Sheet Date	31.03.2010	State Code	08

2 Capital raised during the year (Amount in RupeesThousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	49,900

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

Total Liabilities	670,100	Total Assets	670,100
-------------------	---------	--------------	---------

Sources of Funds

Paid-up Capital	50,000
Share Application Money	Nil
Reserves & Surplus	-
Secured Loans	620,000
Unsecured Loans	100

Application of Funds

Net Fixed Assets	Nil
Investments	189
Net Current Assets	667,143
Misc Expenditure	1,891
Deferred Tax Asset	877

4 Performance of the Company (Amount in Rupees Thousands)

Net Turnover	12874	Total Expenditure	15642
Profit/Loss before tax	(2768)	Profit/Loss after tax	(1891)
Earnings per share (in Rs)	0	Dividend Rate (%)	Nil

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 the Board of Directors
of Nitesh Housing Developers Private Limited

Nitesh Shetty
Director

L. S. Vaidyanathan
Director

Place: Bangalore
Date : 9th August 2010

DIRECTORS' REPORT

Dear Members,

The Board of Directors have great pleasure in presenting the Third Annual Report on the performance of your Company for the financial year ended March 31, 2010 along with the Audited Statement of Accounts.

1. FINANCIAL RESULTS:

The company is in the process of finalizing the terms and conditions of the Joint Development Agreement with the Land Owner. The Company has not commenced its commercial operations hence Profit and Loss Account has not been prepared.

2. DIVIDEND:

As the company is yet to commence its commercial business, the Directors do not recommend for payment of dividend.

3. FUTURE PROSPECTS & PROJECTS.

Nitesh Mall: We propose to develop a five-storey shopping mall designed to have six anchor tenants including a hypermarket, 130 shops, a food court, a multiplex with 11 screens and restaurants, in Indiranagar, Bengaluru. We have engaged Callison, a leading international architectural firm to design this shopping mall. We expect to commence development of this project in September 2010 and complete the development in September 2013. Nitesh Mall is proposed to be spread over 5.06 acres of land with total Saleable and Developable Area of 0.58 million sq. ft. and 1.16 million sq. ft., respectively.

4. AUDITORS:

M/s. SVR & Associates, Chartered Accountants Bangalore, who are the Statutory Auditors of the Company hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment.

5. EXPLANATION TO AUDITORS REPORT:

Clause 4 of the Auditors Report

Regarding MOU with the Land Owner: The Auditor's comments are self explanatory.

Clause 9(a) of the Annexure to the Auditors Report

Default in repayment of withheld taxes and service tax: The Company has discharged its liabilities with the Income Tax authorities after the date of Balance Sheet.

Clause 11 of the Annexure to the Auditors Report

Regarding default in repayment of loans: The principal amount was repaid after the Balance Sheet date and necessary steps are being taken to repay the outstanding interest.

6. DIRECTORS:

Mr. Ashwini Kumar, was co-opted on the Board as additional director with effect from 13th day of May, 2010. He holds the office till the date of this ensuing Annual General Meeting. The company has received notice under Section 257 of the Companies Act, 1956 from the share holder proposing the appointment of Mr. Ashwini Kumar as a Director liable to retire by rotation.

7. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit/(loss) of the Company for the said period;

Nitesh Indiranagar Retail Private Limited

(iii) The Directors have taken proper and sufficient care 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.

(iv) The Directors have prepared the accounts for the financial year ended March 31, 2010, on a going concern basis.

8. FIXED DEPOSITS:

The Company has not accepted any deposits during the financial year. There are no deposits repaid during the financial year or any unclaimed deposits with the company.

9. HUMAN RESOURCES:

In order to meet the needs of the rapidly growing business, the organization's HR related participations and process are currently under review.

10. PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975. We confirm that no employee have been paid remuneration prescribed under the above Section.

11. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Significant measures are taken to reduce energy consumption by using energy efficient computers and equipments. Company is in process of implementing, ERP package SAP got integrating the various process and operations of the Company.

Expenditure in R&D : It forms part of the project cost and cannot be quantified separately.

12. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company's foreign earnings/outgo during the period under review are given below: **(Rs. in Lakhs)**

	2009-2010	2008-2009
Earnings	NIL	NIL
Outgo	54,08,480	3,16,39,856

13. HOLDING COMPANY

M/s Nitesh Estates Limited holds 1,159,900 Equity Shares of our Company being the Holding Company.

14. ACKNOWLEDGMENTS:

Your Directors are pleased to place on record their sincere appreciation for 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 Land Lords.

For and on behalf of the Board of Directors
of M/s. Nitesh Indiranagar Retail Private Limited

Place : Bangalore
Date : 09 August 2010

NITESH SHETTY
CHAIRMAN

Auditors' Report to the Members of Nitesh Indiranagar Retail Private Limited

1. We have audited the attached Balance Sheet of **Nitesh Indiranagar Retail Private Limited** as at 31st March 2010 and also the Incidental Expenditure statement during the construction period 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 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. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanation given to us, we give 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 our attention to Note 9 in Notes to Accounts, regarding the company having entered into MOU for development of 5 acres and 1 ½ guntas of land situated at No 21, 80 Feet Road, Indiranagar, Bangalore. The company has paid a non refundable deposit of Rs. 355,000,000/- paid to the land owner under a MOU and has incurred other project specific expenses amounting to Rs. 242,012,142/-. Under the terms of aforesaid MOU, a joint development agreement was to be executed by the company on or before 30th June 2010, failing which the other party is entitled to forfeit the aforesaid non refundable deposit and not continue with the joint development agreement. As further discussed in the note 9, as informed to us, the company and other party have been and are in active discussions to finalise the terms of the joint development agreement and the land owner has not forfeited the aforesaid non refundable deposit. Pending final outcome in the matter, no adjustment have been made in this regard to the financial statements as on 31st March 2010.
5. Further to our comments referred to in para 3 above, we report that :
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the 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;
 - (e) The company is not required to make any payment of Cess, as no notification has been issued by the Central Government specifying the rate for levying of Cess under Section 441A of the Companies Act, 1956 till 31st March 2010;
 - (f) On the basis of the written representations received from the directors as on 31st March 2010, and taken on record by the Board of the Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Nitesh Indiranagar Retail Private Limited

- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the schedules and the notes thereon, 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,
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
SVR & ASSOCIATES
Chartered Accountants
(Firm Regn. No 003767S)

Bangalore
Date: 09.08.2010

K.Shankar
Partner
Membership No.26684

Annexure to the Auditors' Report

[Referred to in paragraph (3) of our report of even date on the accounts of M/s Nitesh Indiranagar Retail Private Limited for the year ended 31st March 2010]

1. The company does not carry any fixed assets during the year under review and hence the reporting requirements under clause 4(i) of the said order are not applicable.
2. Since there are no Inventories carried on by the company during the period under review, the reporting requirements under clause 4 (ii) (a), (b) & (c) of the said order are not applicable.
3.
 - a) The Company has not granted loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 *but there are few cases of financial transactions between such parties, accounted as Advances, referred to in the Note No.6 of Schedule No.11 on the Notes to the Accounts, and which transactions do not carry any interest and are in the nature of current account.* As the maintenance of transactions and contracts towards granting of any loans to companies, firms or other parties to be entered in the register has not arisen, the reporting requirements under clauses (b), (c) and (d) of paragraph 4 of the Order are not applicable.
 - b) The Company has not taken loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 *but there are few cases of financial transactions between such parties, accounted as Advances, referred to in the Note No.6 of Schedule No.11 on the Notes to the Accounts, and which transactions do not carry any interest and are in the nature of current account.* As the maintenance of transactions and contracts towards taking of any loans from companies, firms or other parties to be entered in the register has not arisen, the reporting requirements under clauses (e), (f) and (g) of paragraph 4 of the Order are not applicable.
4. In our opinion & according to the information and explanations provided to us, the internal control procedures are adequate and commensurate with the size and nature of operations of the company with regard to the purchase of land and other services. During the course of our audit no major weakness has been noticed in the internal controls system. The clause relating to the purchase of fixed assets, inventories and the sale of goods is not applicable to the Company.
5.
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) According to the information and explanations given to us, the transactions in excess of Rupees Five lakh in respect of each party, in our opinion have been made at prices which are reasonable having regard to prevailing market prices at relevant time;
6. The Company has not accepted any deposits from the public during the period under review.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
9.
 - (a) According to the records, information and explanations provided to us, the Company does not have any contributions to provident fund and employees' state insurance authorities. However, it is not regular in remitting the withholding income-tax and service tax for a period under review of more than six months from the date they became payable;
 - (b) According to the records of the Company and information and explanations given to us, there are no undisputed Excise/Customs Duty amounts payable.
10. The Company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current year under review and in the immediate preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has defaulted in repayment of interest to financial institution. The principal amount of loan has however been repaid after the balance sheet date but the interest due is still outstanding.

Nitesh Indiranagar Retail Private Limited

12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit/nidhi/mutual benefit fund/society and accordingly clause 4(xiii) of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank and financial institutions;
16. On the basis of our examination of the books of accounts and the information and explanation given to us, the company has not raised any term loans during the period under review and hence the reporting requirements under clause 4 (xvi) does not arise.
17. On the basis of our examination of the books of accounts and the information and explanation given to us, the company has not raised any funds on short term basis and hence the reporting requirements under clause 4 (xvii) of the Order do not arise.
18. During the period under review, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act;
19. The Company has not raised any debenture capital during the period under review;
20. The Company has not raised any money by public issues during the period under review;
21. Based on the audit procedures performed and information and explanations given to us by the management, we report that, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
SVR & ASSOCIATES
Chartered Accountants
(Firm Regn. No 003767S)

Bangalore
Date: 09.08.2010

K.Shankar
Partner
Membership No.26684

Balance Sheet as at March 31,2010

		Amount in Rupees	
		As at	As at
		‘March 31, 2010	‘March 31, 2009
		Schedules	
I	SOURCES OF FUNDS		
1.	Shareholders’ Funds		
	Share capital	1	11,600,000
	Share Application Money - Pending Allotment		129,821,181
	Reserves & Surplus	2	103,500,000
			244,921,181
			115,100,000
2.	Loan Funds		
	Secured loans	3	500,000,000
	Unsecured Loans	4	11,735,553
			511,735,553
			529,835,553
	Total		756,656,734
			644,935,553
II	APPLICATION OF FUNDS		
1.	Fixed Assets		
	a) Gross block		
	Less: Accumulated depreciation		
	Net block		-
	Capital Work in Progress (including advances for capital items)		597,012,142
			675,458,106
2.	Current Assets, Loans & Advances	5	
	a) Cash and Bank Balances		4,659,543
	b) Loan and Advances		291,575,349
			296,234,892
			42,716,996
	Less: Current liabilities and provisions	6	
	Current liabilities		136,626,619
			73,275,869
3.	Net Current Assets		159,608,273
			(30,558,873)
4.	Miscellaneous Expenditure	7	
	(To the extent of written off or Adjusted)		
	Preliminary Expenses		36,320
			36,320
	Total		756,656,734
			644,935,553
	Notes to Accounts	11	

The schedules referred to above and notes to accounts form an integral part of the Accounts.

As per our report of even date

For S V R & Associates
Chartered Accountants
(Firm Regn. No 003767S)

For and on behalf of the Board of Directors
of Nitesh Indiranagar Retail Private Limited

K. Shankar
Partner
Membership no 26684

Nitesh Shetty
Director

L.S.Vaidyanathan
Director

Place : Bangalore, India
Date : 9th August 2010

Date : 9th August 2010

Nitesh Indiranagar Retail Private Limited

Incidental Expenditure during construction for the year ending 31st March 2010

	Schedules	Amount in Rupees	
		Upto 'March 31, 2010	Upto 'March 31, 2009
Amount transferred to Capital Work-in-Progress			
Description			
Administration Expenses	8	9,235,139	4,549,384
Project Expenses	9	48,536,602	44,405,590
Finance Charges	10	184,240,401	71,503,132
George Thangaih		355,000,000	555,000,000
Total		597,012,142	675,458,106
Less: Amount transferred to Capital Work in Progress		597,012,142	675,458,106

The schedules referred to above and notes to accounts form an integral part of the Accounts.

As per our report of even date

For S V R & Associates
Chartered Accountants
(Firm Regn. No 003767S)

For and on behalf of the Board of Directors
of Nitesh Indiranagar Retail Private Limited

K. Shankar
Partner
Membership no 26684

Nitesh Shetty
Director

L.S.Vaidyanathan
Director

Place : Bangalore, India
Date : 9th August 2010

Date : 9th August 2010

Cash Flow Statement for the year ended March 31, 2010

	Amount in Rupees	
	Year ended 'March 31, 2010	Year ended 'March 31, 2009
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax and prior period item	-	-
<i>Adjustment for :</i>		
Interest income		
Depreciation / amortisation	-	-
Operating profit before working capital changes	-	-
<i>Movements in working capital:</i>		
(Increase) / decrease in loans and advances and other current assets	(255,441,239)	(550,280,596)
Increase / (decrease) in current liabilities and provisions	63,350,750	15,383,346
Cash (used in) / generated from operations	(192,090,489)	(534,897,250)
Income tax paid (Net)	-	-
Preliminary Expenses	-	-
Net cash (used in)/ generated from operating activities - (A)	(192,090,489)	(534,897,250)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets/ discontinuance of projects (including refund of capital advances)		
Purchase of fixed assets (including payments towards capital advances)		
(Increase)/Decrease in Capital Work in Progress	78,445,964	(109,146,634)
Net cash from/ (used in) from investing activities - (B)	78,445,964	(109,146,634)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	11,500,000
Proceeds from share application (pending allotment)	129,821,181	(52,357,391)
Proceeds from share premium	-	103,500,000
Proceeds from secured loans	-	557,843,669
Proceeds from unsecured loan	-	29,835,553
Repayment of unsecured loan	(18,100,000)	-
Net cash from/ (used in) financing activities - (C)	111,721,181	650,321,831
Net increase / (decrease) in cash or cash equivalents - (A+B+C)	(1,923,344)	6,277,947
Cash and cash equivalents as at beginning of the year	6,582,887	304,940
Cash and cash equivalents as at the end of the year	4,659,543	6,582,887
Components of cash and cash equivalents:		
Cash on hand	1,100,225	6,101,709
Balances with scheduled banks:		
In Current accounts	3,559,318	481,178
Cash & Cash Equivalents in Cash Flow Statement	4,659,543	6,582,887

As per our report of even date

For S V R & Associates
Chartered Accountants
(Firm Regn. No 003767S)

For and on behalf of the Board of Directors
of Nitesh Indiranagar Retail Private Limited

K. Shankar
Partner
Membership no 26684

Nitesh Shetty
Director

L.S.Vaidyanathan
Director

Place : Bangalore, India
Date : 9th August 2010

Date : 9th August 2010

Nitesh Indiranagar Retail Private Limited

Schedules to Accounts

	Amount in Rupees	
	Year ended 'March 31, 2010	Year ended 'March 31, 2009
Schedule 1 : Share capital		
Authorised:		
2,000,000 (Previous year : 2,000,000) Equity shares of Rs. 10 each	20,000,000	20,000,000
	20,000,000	20,000,000
Issued, subscribed and paid up:		
1,160,000 (Previous year : 1,160,000) Equity shares of Rs. 10 each fully paid-up	11,600,000	11,600,000
	11,600,000	11,600,000
<hr/>		
Schedule 2: Reserves and Surplus		
Share Premium Account	103,500,000	103,500,000
	103,500,000	103,500,000
<hr/>		
Schedule 3:. Secured loans		
From a Company: (Secured by way of charge on specific property under joint development of Holding Company and further secured by personal guarantee one of the Directors and corporate guarantee of another company under the same management).	500,000,000	500,000,000
<hr/>		
Schedule 4. Unsecured loans		
From holding Company	11,735,553	29,835,553
	511,735,553	529,835,553
<hr/>		
Schedule 5 : Current Assets, Loans and Advances		
a) Current Assets:		
Cash and Bank Balances		
Cash on hand	1,100,225	6,101,709
In Current account with Scheduled Banks	3,559,318	481,178
Total	4,659,543	6,582,887
b) Loans and Advances		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	286,000,000	34,200,000
Other Advances	5,575,349	1,934,109
Total	291,575,349	36,134,109
	296,234,892	42,716,996
 <i>Dues from companies under the same management included in Loans and Advances are:</i>		
<i>Richmond Trading Enterprises</i>	38,700,000	2,200,000
<i>Madison Developers Private Limited</i>	230,500,000	25,000,000
<i>Nitesh Estates Projects Private Limited</i>	98,00,000	-

Schedules to Accounts

	Amount in Rupees	
	Year ended 'March 31, 2010	Year ended 'March 31, 2009
Schedule 6 : Current liabilities & Provisions		
Sundry Creditors for services and expenses	784,491	50,338
Interest accrued but not due on loans	106,446,023	57,843,669
Duties & Taxes	29,396,105	15,381,862
	136,626,619	73,275,869
Schedule 7 :Miscellaneous Expenditure		
Preliminary Expenses	36,320	36,320
	36,320	36,320
Schedule 8 : Administration Expenses		
Travelling and conveyance	730,282	4,217,131
Other expenses	3,911,353	282,309
Audit fee	44,120	49,944
	4,685,755	4,549,384
Schedule 9 : Project Expenses		
Architectural Fees	2,692,686	35,478,748
Survey Charges	-	62,000
Professional and consultancy charges	1,484,724	7,388,462
Advertisement & Sales promotion	-	226,380
Loan Mortgage Charges	-	1,250,000
Exchange Fluctuation A/c	(46,398)	-
	4,131,012	44,405,590
Schedule 10 : Finance Charges		
Bank charges	11,835	227,301
Interest - Others	112,725,434	73,202,271
Less: Interest Received	-	(1,926,440)
	112,737,269	71,503,132

Nitesh Indiranagar Retail Private Limited

Schedule 11: Notes to Accounts

1. Background

The Company was incorporated on April 30, 2007, to carry on the business of the development of shopping / retail malls.

2. Statement of Significant Accounting Policies

a) Basis of preparation

- i) The financial statements have been prepared under the historic cost convention on going concern basis and in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- ii) The Company follows the mercantile system of accounting and recognizes income and expenses on accrual basis.

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. Although these estimates are based upon management's best knowledge of current events and actions, actuals could differ from these estimates.

c) Fixed Assets

Expenditure incurred during the construction period has been treated as Incidental Expenditure during Construction Period and shown in the Balance Sheet as Capital Work In Progress.

d) Inventories

The company has not carried any inventory as at March 31, 2010.

e) Provisions

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.

f) Borrowing Costs

Borrowing costs that are attributable to the construction or production of qualifying assets are capitalized as part of the cost of such asset. 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 expense in the year in which they are incurred.

g) 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h) Taxes on Income

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.

3rd Annual Report 2009-2010

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.

In view of no commercial operation for the financial year ending March 31, 2010, there is no tax expense.

i) Cash and cash equivalents

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

j) Employee Benefits

In view no employees employed by the company during the financial year ending March 31, 2010, the company has not made any provisions for employee benefits.

3. Contingent liabilities

Estimated amount of contracts remaining to be executed on capital account not provided for – Rs. 74.50 cr. (Previous year Rs. 54.50Cr.)

4. Auditors' remuneration

Particulars	2009-10 Amount in Rupees	2008-09 Amount in Rupees
Statutory audit	44,120	33,090

5. Expenditure in foreign currency (on accrual basis):

Particulars	2009-10 Amount in Rupees	2008-09 Amount in Rupees
Architectural fee	5,408,480	29,156,856
Professional & consultancy	-	2,483,000
Total	5,408,480	31,639,856

6. Related party information

a) List of Related parties

Key managerial personnel ('KMP')

Mr. Nitesh Shetty [Director]
Mr. L.S. Vaidyanathan [Director]

Holding Company

Nitesh Estates Limited

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
Nitesh Boat Club Development Private Limited
Nitesh Devanahalli Township Private Limited
Nitesh Energy Private Limited
Nitesh Estates Projects Private Limited

Nitesh Indiranagar Retail Private Limited

6. Related party information (Contd.)

a) List of Related parties

Enterprises owned or significantly influenced by KMP

Nitesh Hospitals Private Limited
 Nitesh Industries Private Limited
 Nitesh Infrastructure Private Limited
 Nitesh Kochi Projects and Developers 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 Wastemanagement Private Limited
 Nitesh Telecom Private Limited
 Nitesh Warehousing Private Limited
 Serve & Volley Holdings Private Limited
 Grass Outdoor Media Private Limited
 (formerly Serve & Volley Media Private)
 Serve & Volley Outdoor Advertising Private Limited
 Serve & Volley Signages Private Limited
 Nitesh Healthcare
 Richmond Trading Enterprises
 Nitesh Infrastructure and Construction
 Nitesh Realty Fund GP Limited

b) Transactions with Related parties

Particulars	2009-10 Amount in Rupees	2008-09 Amount in Rupees
Reimbursement of expenses to		
Nitesh Estates Limited	9,618,181	(2,173,162)
Loans /Advances given		
Madison Developers Private Limited	206,500,000	25,000,000
Richmond Trading Enterprises	36,500,000	2,200,000
Nitesh Estates Projects Private Limited	11,300,000	-
Total	254,300,000	27,200,000
Loans /Advances taken		
Nitesh Estates Limited	-	298,35,553
Nitesh Estates Projects Private Limited	1,500,000	-
Madison Developers Private Limited	1,000,000	-
Total	2,500,000	298,35,553
Equity investment /Share application money		
Nitesh Estates Limited	129,821,181	62,642,609
Refund of Share application money		
Nitesh Estates Limited	18,100,000	-

c) Balances outstanding with Related parties

Particulars	2009-10 Amount in Rupees	2008-09 Amount in Rupees
Advance Receivable		
Madison Developers Private Limited	230,500,000	25,000,000
Richmond Trading Enterprises	38,700,000	2,200,000
Nitesh Estates Projects Private Limited	9,800,000	
Total	279,000,000	27,200,000
Loans /Advances outstanding		
Nitesh Estates Limited	11,735,553	298,35,553

7. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

The Company is neither a manufacturing nor a trading concern and yet to commence commercial operations. Hence, other information pursuant to the provisions of the paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is not provided.

8. 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 as at March 31, 2010. The Sundry Creditors do not include any dues to Small Scale Industries.

9. The company has entered into a Memorandum of Understanding for development of 5 acres and 1 ½ guntas of land situated at No 21, 80 Feet Road, Indiranagar, Bangalore. The company has paid a non refundable deposit of Rs. 355,000,000/- paid to the land owner under a Memorandum of Understanding (MOU) and has incurred other project specific expenses amounting to Rs. 242,012,142/-. Under the terms of aforesaid MOU, a joint development agreement (JDA) was to be executed by the company on or before June 30, 2010, failing which the other party is entitled to forfeit the aforesaid non refundable deposit and not continue with the joint development agreement. However, NIRPL and other party have been and are in active discussions to finalise the terms of the JDA and the other party has not forfeited the aforesaid deposit. Management is reasonable confident of the Company executing the JDA at the earliest. Accordingly, Management is of the view that no adjustment are required to be made in this regard to the financial statements of the company as at March 31, 2010.

10. The Company has not yet commenced its commercial operations, therefore no profit & loss account has been prepared.

11. Balances under Loans and Advances and Current Liabilities are subject to confirmation.

12. Previous years figures have been regrouped wherever necessary to confirm to this year's classification.

As per our report of even date

For S V R & Associates
Chartered Accountants
(Firm Regn. No 003767S)

For and on behalf of the Board of Directors of
Nitesh Indiranagar Retail Private Limited

K. Shankar
Partner
Membership no 26684

Nitesh Shetty
Director

L S Vaidyanathan
Director

Place : Bangalore
Date : 9th August, 2010

Nitesh Indiranagar Retail Private Limited

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

Balance Sheet Abstract & Company's General Business Profile

1 Registration Details

Registration No.	U45201KA2007PTC042660		
Balance Sheet Date	31.03.2010	State Code	08

2 Capital raised during the year (Amount in Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	756,657	Total Assets	756,657
-------------------	---------	--------------	---------

Sources of Funds

Paid-up Capital	11,600
Share Application Money	129,821
Reserves & Surplus	103,500
Secured Loans	500,000
Unsecured Loans	11,736

Application of Funds

Net Fixed Assets	597,012
Investments	Nil
Net Current Assets	159,608
Misc Expenditure	37
Deferred Tax Asset	Nil

4 Performance of the Company (Amount in Thousands)

Total Income	Nil	Total Expenditure	Nil
Profit/Loss before tax	Nil	Profit/Loss after tax	Nil
Earnings per share (in Rs)	Nil	Dividend Rate (%)	Nil

5 Generic Names of Three Principal Products/Services of Company

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

for and on behalf of Board of Directors
of Nitesh Indiranagar Retail Private Limited

Place : Bangalore
Date : 9th August 2010

(NITESH SHETTY)
Director

(L. S. VAIDYANATHAN)
Director

SIXTH ANNUAL GENERAL MEETING

NITESH ESTATES LIMITED



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

ATTENDANCE SLIP

DATE	VENUE	TIME
29 th day of September 2010	Dr. B R Ambedkar Bhavana, Miller's Road, Bangalore – 560 052	10.30 A.M

Name : _____

Address of the Member : _____

I certify that I am a Member / Proxy for the Meeting holding _____ shares.

Please tick in the Box

Member

Proxy

Member's Signature

Name of the Proxy in Block Letters

Proxy's Signature

Note: i) Members / Proxy holders who wish to attend the Annual General Meeting (AGM) must bring their Admission Slip to the AGM and hand over the same duly signed at the entrance.

ii) Duplicate Admission Slips will not be issued at the venue.

Tear Here

NITESH ESTATES LIMITED

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



PROXY FORM

I / We _____

of _____ being a Member/ Members of Nitesh Estates Limited,

hereby appoint _____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my / our proxy to attend and vote for me / us on my / our behalf at the Sixth Annual General Meeting (AGM) of the Company to be held on 29th day of September , 2010 and at any adjournment thereof.

As witness my / our hand(s) this _____ day of _____ 2010

Signed by the said _____

Affix
Revenue
Stamp

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 10.30 A.M on 27th September 2010.

ii) Please mark the envelop "NITESH ESTATES – PROXY".

Signature[s] of the
Shareholder[s]

Nitesh[™]
ESTATES

NITESH ESTATES LIMITED

Registered Office: Nitesh Timesquare, 7th Floor, No. 8, M.G. Road, Bengaluru 560 001, Karnataka, India;

Tel: (91 80) 4017 4000