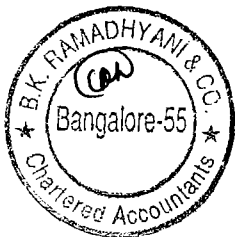


**AUDITOR'S REPORT TO THE MEMBERS OF NITESH URBAN DEVELOPMENT PRIVATE LIMITED,  
BANGALORE**

1. We have audited the attached Balance Sheet of Nitesh Urban Development Private Limited, Bangalore as at March 31, 2012, the Profit and Loss Account and also 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 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. *The Company has recognized a deferred tax asset of Rs.8,899,179/- for the year ended March 31, 2012 on the basis of future taxable income and ultimate outcome of certain ongoing and proposed projects, which in the our opinion does not meet the requirement of virtual certainty for recognition of deferred tax asset as required under Accounting Standard 22 – "Accounting for Taxes on Income", notified pursuant to the Companies (Accounting Standards) Rules 2006 (as amended). Had such deferred tax assets not been recognized, Loss for the year after tax would have been higher by Rs.8,899,179/- and reserves and surplus would have been lower by the same amount.*
5. Further to our comments in the Annexure referred to 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 appears from our examination of those books.
  - c. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit & 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.
  - e. On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the board of directors, we report that none of the directors are disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.



- f. In our opinion and to the best of our knowledge and according to the information and explanations given to us, the said accounts read with the other notes and schedules give the information as required by the Companies Act, 1956 in the manner so required, and subject to *para 4* above 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 March 31, 2012; and
  - ii. In the case of the profit and loss account, of the loss for the year ended on that date.
  - iii. In the case of the cash flow statement for the year ended on that date.

For B. K. Ramadhyani & Co.,  
Chartered Accountants  
Firm Registration No. 002878S

*C. R. Deepak*

( C R Deepak )  
Partner

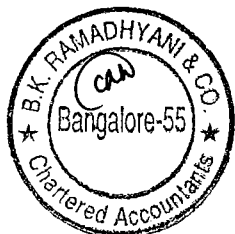
Membership No.215398

B K Ramadhyani & Co.,  
Chartered Accountants  
4B, Chitrapur Bhavan  
8<sup>th</sup> main, 15<sup>th</sup> Cross  
Malleswaram  
Bangalore - 560 055  
Date: 21-May-2012

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 68, 8th Main, 15th Cross,  
Malleswaram, Bangalore - 560 055.

**ANNEXURE TO AUDITORS' REPORT (AS REFERRED TO IN PARA 3 OF OUR REPORT TO THE MEMBERS OF NITESH URBAN DEVELOPMENT PRIVATE LIMITED, BANGALORE)**

1. The Company did not have any fixed assets. Accordingly, clause 4 (i) of the Order is not applicable.
2. The Company has not commenced construction of any project during the year. . Accordingly, clause 4 (ii) of the Order is not applicable.
3.
  - a. As informed, the Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has granted interest free advances in the nature of loan to a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.25,000,000/- and the yearend balance receivable from such party is Rs.25,000,000/-. We understand that the said advance has been granted in connection with a real estate development project to be undertaken. Accordingly, the terms and conditions of such advance is 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 advance and the Company has not demanded repayment of the same during the year. Thus, there has been no default on the part of the parties to whom the advances have been made.
  - b. The Company has not taken any loans from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. The Company has not purchased any inventory or fixed assets during the year. Accordingly, clause 4 (iii) of the Order is not applicable.
5. According to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Companies Act, 1956 and accordingly clause 4 (v) of the Order is not applicable.
6. The Company has not accepted any deposits from the public during the year as referred to in sections 58A & 58AA of the Act, hence clause 4 (vi) of the Order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of the business.
8. The Central Government has not prescribed the maintenance of Cost Records under clause (d) of sub section (1) of 209 of the Companies Act, 1956.
9.
  - a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education protection fund, income tax, cess and other internal statutory dues applicable except for certain delays in remittance of income tax dues.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are no dues of income tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the Company at the end of the financial year has not substantially eroded the net worth of the Company. The Company has incurred cash loss during the year under review and in the immediately preceding previous financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.



12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly the provisions of clause 4 (xii) of the Order are not applicable to the company.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. 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 Order are not applicable to the company.
15. In our opinion, the Company has not given guarantees for loans taken by others. Accordingly, the provisions of the clause 4 (xv) of the Order is not applicable.
16. In our opinion, the Company has partially used the term loan advanced by bank during the year to repay monies advanced by its parent company and utilized to meet project expenses. The balance amount of Rs. 1.60 crores was pending deployment as at year end.
17. 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.
18. According to the information and explanations given to us, the Company has made a rights issue of shares to a party covered in the register maintained under section 301 of the Act. In our opinion, the terms and conditions of such allotment is prima facie not prejudicial to the interest of the Company.
19. According to the information and explanations given to us, there are no debentures issued by the Company and accordingly, the provisions of clause 4(xix) of Order regarding creation of securities are not applicable.
20. The Company has not made any public issue during the year and accordingly, the provisions of paragraph 4(xx) of the order regarding end use of money are not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company during the year has been noticed or reported during the course of our audit.

For B. K. Ramadhyan & Co.,  
Chartered Accountants  
Firm Registration No. 0028785

*C. R. Deepak*  
(C R Deepak)  
Partner

Membership No.215398

B K Ramadhyan & Co.,  
Chartered Accountants  
4B, Chitrapur Bhavan  
8<sup>th</sup> main, 15<sup>th</sup> Cross  
Malleswaram  
Bangalore - 560 055  
Date: 21-May-2012

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 68, 8th Main, 15th Cross,  
Malleswaram, Bangalore - 560 055.

**Nitesh Urban Development Private Limited**  
 (Formerly known as Nitesh Boat Club Development Private Limited)  
 Balance Sheet as at 31-Mar-12

	Note	As at 31-Mar-12	As at 31-Mar-11
<i>in Rupees</i>			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	65,820,000	100,000
Reserves and surplus	4	147,013,644	(3,080,789)
		<b>212,833,644</b>	<b>(2,980,789)</b>
<b>Current Liabilities</b>			
Short term borrowings	5	56,000,000	-
Trade Payables	6	13,960,691	16,545
Other Current Liabilities	7	232,854,183	3,303,778
Short-term provisions	8	13,255	-
		<b>302,828,129</b>	<b>3,320,323</b>
<b>TOTAL</b>		<b>515,661,773</b>	<b>339,534</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Non-current Investments	9	80,200,000	-
Deferred Tax Assets (Net)	10	8,899,719	-
Loans & advances	11	295,095,402	-
		<b>384,195,121</b>	-
<b>Current Assets</b>			
Inventories	12	60,840,143	-
Cash and cash equivalents	13	22,436,597	69,195
Loans & advances	14	48,189,912	270,339
		<b>131,466,652</b>	<b>339,534</b>
<b>TOTAL</b>		<b>515,661,773</b>	<b>339,534</b>

**Significant accounting policies and Notes on Accounts - attached**

As per our report attached  
 for B.K Ramadhyani & Co.  
 Chartered Accountants  
 Firm's Registration No.: 002878S

*C.R. Deepak*  
 (C.R. Deepak)  
 Partner  
 Membership No.: 215398

Bangalore  
 Date: 21-May-2012

For and on Behalf of Board of Directors of  
 Nitesh Urban Development Private Limited

*[Signature]*

L.S Vaidyanathan  
 Director

*[Signature]*  
 Ganapathi Joshy  
 Director

May 21, 2012

**B.K. RAMADHYANI & COMPANY**  
 CHARTERED ACCOUNTANTS  
 # 4-B, Chitrapura Bhavan,  
 No. 68, 8th Main, 15th Cross,  
 Malleshwaram, Bangalore-560 055.

**Nitesh Urban Development Private Limited**  
**(Formerly known as Nitesh Boat Club Development Private Limited)**  
**Statement of Profit and Loss for the year ended 31-March-2012**

*in Rupees*

Particulars	Note	For the year ended 31-Mar-12	For the year ended 31-Mar-11
<b>Income</b>			
Other Income		145,000	-
<b>Total</b>		<b>145,000</b>	<b>-</b>
<b>Expenses</b>			
Cost of land	15	-	-
Cost of construction	16	-	-
Employee benefits expense	17	94,721	-
Other expenses	18	29,741,860	3,066,494
<b>Total Expenses</b>		<b>29,836,581</b>	<b>3,066,494</b>
<b>Loss before tax</b>		<b>29,691,581</b>	<b>3,066,494</b>
Less: Current Tax		-	-
Deferred Tax Credit		-8,899,719	-
<b>Loss after tax</b>		<b>20,791,862</b>	<b>3,066,494</b>

**Loss Per Equity Share**

Equity Shares of par value of Rs 10 each			
Basic & Diluted		92.21	306.65
Weighted average number of shares used in computing loss per share			
Basic & Diluted (number of shares)		225,475	10,000

**Significant accounting policies and Notes on Accounts - attached**

As per our report attached  
for B.K Ramadhyani & Co.  
Chartered Accountants  
Firm's Registration No.: 024248S

For and on Behalf of Board of Directors of  
Nitesh Urban Development Private Limited

*C. R. Deepak*  
(C R Deepak)  
Partner  
Membership No.: 215398

*L.S Vaidyanathan*  
L.S Vaidyanathan  
Director

*Ganapathi Joshy*  
Ganapathi Joshy  
Director

Bangalore  
Date: 21-May-2012

May 21, 2012

**B.K. RAMADHYANI & COMPANY**  
**CHARTERED ACCOUNTANTS**  
# 4-B, Chitrapura Bhavan,  
No. 68, 8th Main, 15th Cross,  
Malleshwaram, Bangalore-560 055.

Nitesh Urban Development Private Limited  
Cash Flow Statement for the year ended 31-Mar- 2012

in Rupees

	Year ended 31-Mar-12	Year ended 31-Mar-11
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	29,691,581	3,066,494
Non-cash adjustment to reconcile profit before tax to net cash flows		
Provision for short term employee benefits	13,255	-
Preliminary & preoperative expenses written off	14,295	2,944,083
<b>Loss before working capital changes</b>	<b>29,664,031</b>	<b>122,411</b>
<i>Movements in working capital:</i>		
Increase / (decrease) in trade payables	13,944,146	-
Increase / (decrease) in other current liabilities	229,550,405	14,000
(Increase) / decrease in inventories	-60,840,143	-
(Increase) / decrease in short term loans and advances	-343,014,975	79,406
<b>Cash used in from operations</b>	<b>-160,360,567</b>	<b>93,406</b>
<b>Net cash used in from operating activities - (A)</b>	<b>-190,024,598</b>	<b>-29,005</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non current investments (Others)	-80,200,000	-
<b>Net cash used in investing activities - (B)</b>	<b>-80,200,000</b>	<b>-</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	236,592,000	-
Proceeds from short term borrowings	56,000,000	-
<b>Net cash from financing activities - (C)</b>	<b>292,592,000</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>22,367,402</b>	<b>(29,005)</b>
Cash and cash equivalents as at beginning of the year	69,195	98,200
<b>Cash and cash equivalents as at the end of the year</b>	<b>22,436,597</b>	<b>69,195</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	126,279	2,080
Balances with scheduled banks:		
In Current accounts	22,310,318	67,115
<b>Cash and cash equivalents in cash flow statement</b>	<b>22,436,597</b>	<b>69,195</b>

**Significant accounting policies and Notes on Accounts - attached**

As per our report attached  
for B.K Ramadhyani & Co.  
Chartered Accountants  
Firm's Registration No.:002878S

For and on Behalf of Board of Directors of  
Nitesh Urban Development Private Limited

*C. R. Deepak*  
(C R Deepak)  
Partner  
Membership No.:215398

*L.S Vaidyanathan*  
L.S Vaidyanathan  
Director

*Ganapathi Joshy*  
Ganapathi Joshy  
Director

Bangalore  
Date: 21-May-2012

May 21, 2012

**Nitesh Urban Development Private Limited**  
**(Formerly known as Nitesh Boat Club Development Private Limited)**  
**Notes forming part of the financial statements**

**1. Background**

The Nitesh Urban Development Private Limited ("the Company") was incorporated on December 4, 2007 in the name and style Nitesh Boat Club Development Private Limited, to carry on the business of the Property Development. It has become a wholly owned subsidiary of Nitesh Estates Limited with effect from December 20, 2010.

**2. Significant Accounting Policies:**

**a) Basis of Preparation:**

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles and in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. All income and expenditure, having a material bearing on financial statements, are recognized on an 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 financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual could differ from these estimates.

**c) Revenue Recognition:**

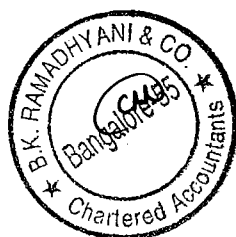
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

*Income from property development:*

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

*Income from sale of developed property:*

Revenue from sale of developed property is recognized 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.





**Nitesh Urban Development Private Limited**  
**(Formerly known as Nitesh Boat Club Development Private Limited)**  
**Notes forming part of the financial statements**

**d) Deposits against Property:**

Deposits paid by the Company to the seller towards right for development of land in exchange of constructed area are recognized as deposits, unless they are non refundable, whereby they are transferred to work in progress on the launch of project.

**e) Investments:**

Long term investments are valued at cost. Provision for diminution in value, other than those considered temporary is recognized in the profit & loss account.

**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) 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. The assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**g) Income Taxes:**

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made on estimated basis on current year profit at the rate applicable to the relevant assessment year. Deferred tax is accounted for by computing the tax effect of the timing difference, which arise during the year and reverse out in the subsequent periods. It is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.



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

**Notes to the Accounts**

**3. Share capital**

Particulars	<i>in Rupees</i>	
	As at 31-Mar-2012	As at 31-Mar-2011
Authorised 10,000,000 (As at 31-Mar-2011 - 10,000) Equity shares of Rs.10/- each	100,000,000	100,000
	<b>100,000,000</b>	<b>100,000</b>
Issued, subscribed and paid up 6,582,000 (As at 31-Mar-2011 - 10,000) Equity shares of Rs.10/- each	65,820,000	100,000
	<b>65,820,000</b>	<b>100,000</b>

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

	31- Mar-12		31- Mar-11	
	No of shares	Amount Rs	No of shares	Amount Rs
At the beginning of the year	10,000	100,000	10,000	100,000
Issued during the year	6,572,000	65,720,000	-	-
Outstanding at the end of the year	<b>6,582,000</b>	<b>65,820,000</b>	10,000	100,000

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

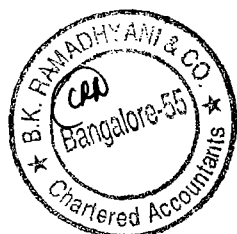
**(c) Details of shareholders holding more than 5% shares in the Company**

	As at 31- Mar-12		As at 31- Mar-11	
	No of shares	% of holding in the class	No of shares	% of holding in the class
Equity shares of Rs.10 each fully paid Nitesh Estates Limited (Holding Company)	6,581,999	100%	5,100	51.00

The above shareholding information is as per the records of the Company

**4. Reserves and Surplus**

Particulars	<i>in Rupees</i>	
	As at 31-Mar-2012	As at 31-Mar-2011
<b>Securities premium account</b>		
On issue of equity shares during the year	170,872,000	-
Balance as at the end of the year	<b>170,872,000</b>	-
<b>Profit and Loss account</b>		
Balance as at the beginning for the year.	(3,066,494)	-
Add: Loss for the year transferred from Statement of Profit and Loss	(20,791,862)	(3,066,494)
Balance as at the end of the year	<b>(23,858,356)</b>	<b>(3,066,494)</b>
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses to the extent not written off	-	(14,295)
<b>Total Reserves and Surplus</b>	<b>147,013,644</b>	<b>(3,080,789)</b>



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

**Notes to the Accounts**

	<i>in Rupees</i>	
	<b>As at 31-Mar-2012</b>	<b>As at 31-Mar-2011</b>
<b>5. Short-term borrowings</b>		
Term loans - Secured		
From banks	56,000,000	-
	<b>56,000,000</b>	-

**Additional Information:**

**a) Details of security for secured loans:**

The above loan is secured against the equitable mortgage of the Company's share of property at Kaikondarahalli which is under development by the Company. Further guaranteed by Mr.Nitesh Shetty and the holding Company.

b) The Company is liable to pay rate of interest at base rate plus 4%

c) The loan aggregate of Rs. 40 Crores sanctioned during the year is repayable in 11 monthly instalments of Rs.3.33 Crores and 1 instalment of Rs.3.37 crores after a initial moratorium period of 24 months from the date of first disbursement.

	<i>in Rupees</i>	
	<b>As at 31-Mar-12</b>	<b>As at 31-Mar-11</b>
<b>6. Trade Payables</b>		
Trade Payables	13,960,691	16,545
<b>Total Trade payables</b>	<b>13,960,691</b>	<b>16,545</b>

**Note:**

The Company doesnot have the status of its creditors regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, amount to such creditors is not determinable.

	<i>in Rupees</i>	
	<b>As at 31-Mar-12</b>	<b>As at 31-Mar-11</b>
<b>7. Other Current Liabilities</b>		
Due to Holding Company	38,231,618	3,303,778
Advance from Customers	190,045,457	-
Interest accrued and not due	22,569	-
Other Liabilities		
- Statutory liabilities	628,306	-
- Service tax payable	3,926,233	-
<b>Total Other Current Liabilities</b>	<b>232,854,183</b>	<b>3,303,778</b>

**8. Provisions**

Provision for leave benefits

Total

	<i>in Rupees</i>	
	<b>Short-term</b>	
	<b>As at 31-Mar-2012</b>	<b>As at 31-Mar-2011</b>
Provision for leave benefits	13,255	-
Total	13,255	-

**9. Non-current investments**

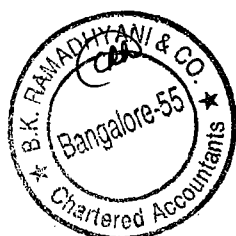
**Trade investments (valued at cost)**

Investment in a joint venture:(Unquoted)

5,490 Equity shares of Rs.10/- each fully paid up in Courtyard Constructions Pvt. Ltd.

**Total Non-current investments**

	<i>in Rupees</i>	
	<b>As at 31-Mar-12</b>	<b>As at 31-Mar-11</b>
Trade investments (valued at cost)		
<u>Investment in a joint venture:(Unquoted)</u>		
5,490 Equity shares of Rs.10/- each fully paid up in Courtyard Constructions Pvt. Ltd.	80,200,000	-
<b>Total Non-current investments</b>	<b>80,200,000</b>	-

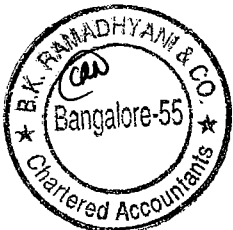


**Nitesh Urban Development Private Limited**  
(Formerly known as Nitesh Boat Club Development Private Limited)

Notes to the Accounts

		<i>in Rupees</i>	
		As at	As at
		31-Mar-12	31-Mar-11
<b>10. Deferred Tax Assets</b>			
Effect of tax losses		8,899,719	-
<b>Deferred tax assets (net)</b>		<b>8,899,719</b>	<b>-</b>
		<i>in Rupees</i>	
		As at	As at
		31-Mar-12	31-Mar-11
<b>11. Loans &amp; advances</b>			
<b>(Unsecured &amp; considered good)</b>			
Loans & advances to related parties		25,000,000	-
Advances for purchase of property and transferable development rights		270,095,402	-
		<b>295,095,402</b>	<b>-</b>
		<i>in Rupees</i>	
		As at	As at
		31-Mar-12	31-Mar-11
<b>12. Inventories:</b>			
Work in progress			
Land		10,000,000	-
Other expenditure incurred		50,840,143	-
<b>Total of Inventories</b>		<b>60,840,143</b>	<b>-</b>
		<i>in Rupees</i>	
		As at	As at
		31-Mar-12	31-Mar-11
<b>13. Cash and cash equivalents</b>			
Balances with Bank			
- In Other accounts		22,310,318	67,115
Cash on Hand		126,279	2,080
<b>Total Cash and cash equivalents</b>		<b>22,436,597</b>	<b>69,195</b>
		<i>in Rupees</i>	
		As at	As at
		31-Mar-12	31-Mar-11
<b>14. Loans and advances</b>			
<b>(Unsecured &amp; Considered good)</b>			
Refundable deposits		30,000,000	-
Vendor advances		17,124,312	-
Security deposit		1,065,600	-
Balances with statutory/government authorities		-	270,339
<b>Total Short-term loans and advances</b>		<b>48,189,912</b>	<b>270,339</b>
		<i>in Rupees</i>	
		Year ended	Year ended
		31-Mar-2012	31-Mar-2011
<b>15. Cost of land</b>			
Inventory at the beginning of the year		-	-
Add: Purchases of Land / Non Refundable Deposit		10,000,000	-
		10,000,000	-
Less: Inventory at the end of the year		10,000,000	-
<b>Cost of land</b>		<b>-</b>	<b>-</b>
		<i>in Rupees</i>	
		Year ended	Year ended
		31-Mar-2012	31-Mar-2011
<b>16. Cost of construction</b>			
Inventory at the beginning of the year		-	-
Add: Cost incurred during the year *		48,102,143	-
		48,102,143	-
Less: Inventory at the end of the year		48,102,143	-
		<b>-</b>	<b>-</b>

\* includes borrowing cost of Rs.2,228,569/- (as at 31-Mar-2011 - Rs. Nil)



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

**Notes to the Accounts**

**17. Employee expenses**

Salaries, wages and bonus  
Contribution to provident and other funds  
**Total Employee benefit expenses**

<i>in Rupees</i>	
Year ended	Year ended
<b>31-Mar-2012</b>	<b>31-Mar-2011</b>
92,095	-
2,626	-
<b>94,721</b>	<b>-</b>

**18. Other expenses**

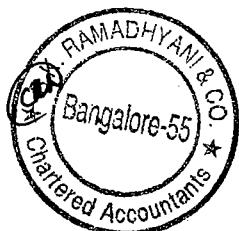
Rates and taxes  
Professional and consultancy charges  
Payment to auditor (Refer details below)  
Advertising and sales promotion  
Travelling and conveyance  
Pre Operative expenses / Preliminary Expenses  
Communication expenses  
Printing, postage and stationery  
Miscellaneous expenses  
**Total other expenses**

<i>in Rupees</i>	
Year ended	Year ended
<b>31-Mar-2012</b>	<b>31-Mar-2011</b>
941,534	2,800
1,213,500	95,216
80,515	20,000
27,177,299	
130,394	4,395
14,295	2,944,083
32,743	
95,938	
55,642	
<b>29,741,860</b>	<b>3,066,494</b>

**Payment to auditor**

As auditor:  
- Audit fee  
- Fees for limited reviews

50,000	20,000
30,515	-
<b>80,515</b>	<b>20,000</b>



**Nitesh Urban Development Private Limited**  
**(Formerly known as Nitesh Boat Club Development Private Limited)**  
**Notes forming part of the financial statements**

**19. Other Commitments:**

- i) The Company has entered agreements with land owners for development of land and share a portion of constructed area ("Owners' Constructed Area") as a consideration. As per the said agreements, the Company has agreed to hand over the Owners' Constructed Area with 36 months from the date of commencement of the construction. However, a grace period of 6 months is available to the Company. In case of default, the Company is liable to pay a rent of Rs.10/- per sq ft per month for the undelivered super built area till the time the Owners' Constructed Area is completed and handed over the possession. Amount not ascertainable
- ii) The Company has entered into agreements with various customers, to sell apartments where construction was yet to commence. As per the agreements, the Company is liable to complete the construction of the project within 30 months from the date of commencement certificate. However, a grace period of 6 months is available to the Company. In case of further delay, the Company is liable to pay Rs.5/- per sq. ft per month or part of the month for delay in handing over the possession. Amount not ascertainable.

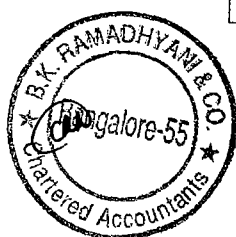
**20. Related Party Transactions:**

**a) List of related Parties:**

Name of the Related Parties	Nature of relationship
Mr. Nitesh Shetty Mr. L S Vaidyanathan Mr. Ganapathy Joshy	Key Managerial Personnel ("KMP")
Nitesh Estates Limited	Holding Company
Nitesh Indiranagar Retail Private Limited Nitesh Housing Developers Private Limited Kakanad Enterprises Private Limited Nitesh Property Management Private Limited	Fellow Subsidiaries
Courtyard Constructions Private Limited	Jointly controlled entity
Nitesh Mylapore Developers Private Limited	Enterprises owned and significantly influenced by KMP

**b) Transactions with related parties: (Amount in Rupees)**

	31-Mar-2012	31-Mar-2011
<b>Loans &amp; Advances received/(repaid):</b>		
Nitesh Estates Limited (net)	22,907,102	35,045
<b>Share capital allotted during the year (including premium amount) to:</b>		
Nitesh Estates Limited	236,592,000	Nil
<b>Purchase of shares in Courtyard Constructions Limited from:</b>		
Nitesh Mylapore Developers Private Limited	80,000,000	Nil



**Nitesh Urban Development Private Limited**  
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**Notes forming part of the financial statements**

c)	Balances outstanding :	
	<b>Sundry Creditors:</b>	
	Nitesh Estates Limited	38,231,618
		3,303,778
	<b>Loans &amp; Advances:</b>	
	Courtyard Constructions Private Limited	25,000,000
		Nil
	<b>Guarantees given on behalf of the Company and outstanding:</b>	
	Nitesh Shetty	56,000,000
		Nil
	Nitesh Estates Limited	56,000,000
		Nil

21. The Company has various operating leases for residential premises that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases recognized in the financial statements for the year are Rs.750,000/- (previous year Rs. Nil).

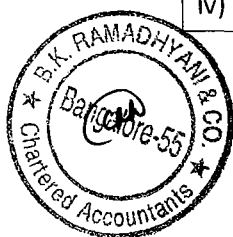
22. **Interest in Joint Venture:**

The Company has acquired a 50% share in the capital of Courtyard Constructions Private Limited (incorporated in India) during the year. This is a jointly controlled entity and is engaged in real estate development. The Company's share of assets, liabilities, income and expenses of the jointly controlled entity not recognized in the financial statements are as follows:

Particulars	2011 - 2012 (Rs.)	2010 - 2011 (Rs.)
Assets as at the year end	30,686,200	Nil
Liabilities as at the year end	31,682,059	Nil
Income for the year	Nil	Nil
Expenses for the year	109,409	Nil
Net Loss for the year	109,409	Nil

23. During the year, the Company has made provision towards Compensated absences of the employees, the details are as under:

Particulars	As at 31-Mar-2012 (Rs.)	As at 31-Mar-2011 (Rs.)
i) Carrying amount as at beginning of the year	Nil	Nil
ii) Provision made during the year	13,255	Nil
iii) Amount utilized during the year	Nil	Nil
iv) Carrying amount as at the end of the year	13,255	Nil



**Nitesh Urban Development Private Limited**  
**(Formerly known as Nitesh Boat Club Development Private Limited)**  
**Notes forming part of the financial statements**

24. Previous year's figures have been regrouped wherever necessary to conform to the current year's presentation.

For B K Ramadhyani & Co.,  
Chartered Accountants

For and on behalf of the Board of Directors of  
Nitesh Urban Development Private Limited

*C. R. Deepak*  
C R Deepak  
Partner  
Membership No. 215398  
Place: Bangalore  
Date: 21-May-2012

*[Signature]*  
L S Vaidyanathan  
Director

*[Signature]*  
M Ganapathy Joshy  
Director

May 21, 2012

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 68, 8th Main, 15th Cross,  
Malleshwaram, Bangalore-560 055.



**Nitesh Urban Development Private Limited**  
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**Notes forming part of the financial statements**

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For B K Ramadhyani & Co.,  
Chartered Accountants

For and on behalf of the Board of Directors of  
Nitesh Urban Development Private Limited

*C. R. Deepak*  
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Partner  
Membership No. 215398  
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*[Signature]*  
L S Vaidyanathan  
Director

*[Signature]*  
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May 21, 2012

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