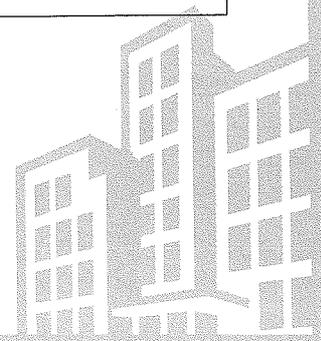
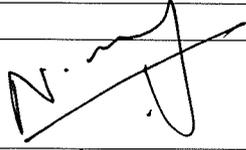
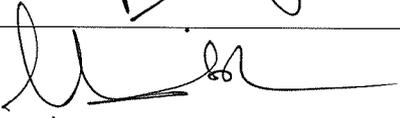
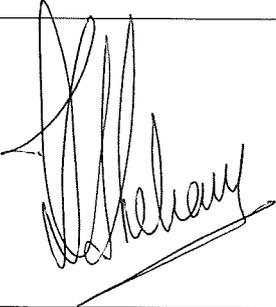


**Form A**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1	Name of the Company	Nitesh Estates Limited
	Address	'Nitesh Timesquare', 7 <sup>th</sup> Floor, No. 8 M G Road, Bangalore 560 001. Karnataka, India Office: +91-80-4017-4000 Fax: +91-80-2555-0825
2	Annual financial statements for the year ended	March 31, 2013
3	Type of Audit observation	<p><b>Emphasis of matter</b> : The report of statutory auditors contains the following observation on the consolidated financial statements:</p> <p>"Without qualifying our opinion, we draw attention to note 33(a) to the consolidated financial statements wherein it is stated that Nitesh Indiranagar Retail Private Limited (NIRPL), a subsidiary of the Company has entered into a joint development agreement with a landowner to construct a mall in Bangalore for an estimated cost of approximately Rs 4,820 million. The said agreement stipulates timelines within which NIRPL is required to complete the construction and also stipulates penal financial consequences of Rs 75 per square feet for each month of delay to NIRPL in the event of a delay. At 31 March 2013, Management believes that the construction will not be completed within the stipulated time and accordingly is in discussion with the landowners to renegotiate the said terms. Based on the ongoing discussions with the land owner, NIRPL has received draft offers for variations in the terms of contract, including penal financial consequences. The Company expects to successfully negotiate variation terms which will result in significantly mitigating the penal financial compensation. Based on the current optimism of the management and the current impracticality in determination of the financial implications arising from the variations, no adjustments have been made to the financial statements at 31 March 2013. NIRPL is audited by another firm of Chartered Accountants, B.K Ramadhyani &amp; Co. The statutory auditors of NIRPL, in their report have drawn attention to the said matter."</p>



4	Frequency of observation	The above observation has been reported for the first time during the year ended March 31, 2013.
5	To be signed by -	
	<ul style="list-style-type: none"> <li>• <b>CEO/Managing Director</b> Mr. Nitesh Shetty Chairman &amp; Managing Director</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>CFO</b> Mr. M A Venkateshan Chief Finance Officer</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Auditor of the Company</b> For B S R &amp; Co, Chartered Accountants (Firm registration no.: 101248W)</li>   <li>Zubin Shekary - Partner Membership No.: 48814</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Audit Committee Chairman</b> Mr. Jagdish Capoor Chairman of the Audit Committee</li> </ul>	