

NITESH ESTATES LIMITED

REGD.OFFICE: NITESH TIMESQUARE, 7TH FLOOR NO.8
M.G. ROAD, BANGALORE 560 001

POSTAL BALLOT NOTICE

Pursuant to Section 192A (2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011

TO THE MEMBERS OF THE COMPANY

NOTICE IS HEREBY given pursuant to Section 192A(2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 ("Rules") that the resolutions appended below are proposed to be passed as Special Resolutions, by way of voting by Postal Ballot.

Members' consent is requested for the proposals contained in the Special Resolutions appended below.

The Explanatory Statement pertaining to the said Special Resolutions setting out the material facts and the reasons thereof is annexed hereto along with a Postal Ballot Form (the "Form") seeking the member's assent or dissent to the proposed Special Resolutions. The Board of Directors of the Company have appointed Mr. S Kedarnath, Practicing Company Secretary (C.P. No. 4422), Bangalore as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

The Postal Ballot Form and the self addressed Business Reply Envelope (postage pre paid, if posted in India) are enclosed for the use of Members.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the said Postal Ballot Form (no other form or photocopy of the Postal Ballot Form is permitted) duly completed with the assent (for) or dissent (against), in the attached pre-paid envelope, so as to reach the Scrutinizer not later than the close of working hours on **Wednesday, May 29, 2013** to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member.

Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman & Managing Director of the Company. Subsequently, the result of the Postal Ballot will be announced by the Chairman & Managing Director or the Executive Director of the Company on **Monday, June 3, 2013 at 5.00 p.m.** at the Registered Office of the Company.

The Result of the Postal Ballot will be posted on the Company's website: www.niteshestates.com besides being communicated to the Stock Exchanges where the Equity Shares of the Company are listed and will be published in English and Kannada Newspapers.

Item No 1: Approval for making investments, loan and giving of guarantee under Section 372 A of the Companies Act 1956.

To consider and thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investments, loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of

- a. Nitesh Residency Hotels Private Limited, an Associate of the Company up to and not exceeding Rs 50 Cr (over and above Rs.110 Cr already approved).

notwithstanding that the aggregate of the loans provided, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Special Resolution."

To consider and thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals from the Financial Institutions/Banks and such other approvals as may be necessary, the Board of Directors of the Company be and are hereby authorized to create security by way of pledge of 41,50,000 - 9% Non Cumulative Redeemable Non Convertible Preference Shares of Rs 10 each allotted at a premium of Rs. 190 per share aggregating to Rs 83 Cr held by the Company in Nitesh Housing Developers Private Limited, a subsidiary of the Company, in favour of HDFC Asset Management Company Limited, to secure their due repayment of the Debentures held by them in the subsidiary and to give undertaking to the HDFC AMC, for securing the put and call option on the investments made by them in the said subsidiary as per details contained in the Explanatory Statement annexed to this Notice seeking approval of the Members notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/ guarantees so far given by the Company along with the proposed extension of security may exceed 60% of the Paid - up Capital and free reserves of the Company or 100% of its free reserves, whichever is more."

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Special Resolution."

Item No 3: To approve investment by way of purchase of 5,05,000 Equity shares of Nitesh Housing Developers Private Limited (NHDPL) from HDFC AMC Limited

To consider and thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the Board of Directors of the Company be and are hereby authorised to make further investments in Nitesh Housing Developers Private Limited by way of purchase of 5,05,000 Equity shares of Rs. 10/- each from HDFC AMC Limited at a price up to and not exceeding of Rs. 900 per share aggregating to Rs. 45,45,00,000 (Rupees Forty Five Crores Forty Five Lakhs only) notwithstanding that the aggregate of the loans provided, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Special Resolution."

By Order of the Board of Directors,
For NITESH ESTATES LIMITED.

Registered Office :
Nitesh Timesquare, 7th Floor
No 8 M.G. Road, Bangalore 560001
Dated: April 17, 2013

D. Srinivasan
Company Secretary

NOTES

1. Explanatory Statement pursuant to Section 173(2) read with Section 192A (2) of the Companies Act, 1956 setting out material facts is annexed hereto.

Item No 1:

Nitesh Residency Hotels Private Limited (NRHPL), is an Associate of the Company. The Company is jointly developing Ritz- Carlton Hotel Project at Bangalore, with CPI India I Limited (Investor). As per the Shareholder Agreement, investor and the Company will hold equity in the ratio of 74:26 in the capital of the NRHPL. The Company has so far invested around Rs. 100 Crs in NRHPL.

The Project has reached the completion stage and require huge long term funds for equipments like Kitchen equipment, SPA, furniture etc.. It is estimated that the additional investment requirement will be around Rs 50 Cr over and above the amount of Rs 110 Cr already approved.

As per Sec 372 A of the Companies Act 1956, the aforesaid proposed investment requires the approval of the shareholders by way of Special Resolution as it exceeds the limits set out therein.

Mr. Nitesh Shetty, Chairman & Managing Director is deemed to be interested as he is the Managing Director and shareholder of NRHPL.

Shareholding in Nitesh Estates Limited

Name	Mr. Nitesh Shetty
Designation	Chairman and Managing Director
No. of shares held	42678685
Paid-Up Shares	145832100
% Equity	29.27%

Shareholding in Nitesh Residency Hotels Private Limited

Name	Mr. Nitesh Shetty
Designation	Managing Director
No. of shares held	7118209
Paid-Up Shares	220379973
% Equity	3.23%

Documents in respect of the investment/ proposal is available for inspection at the Registered Office of the Company on any working day Monday to Friday during the Company's business hours between 10.00 a.m. and 12 noon.

Item No 2

Nitesh Housing Developers Private Limited (NHDPL) is 89.9 % subsidiary of the Company.

In 2009 when the Company (NEL) was a Private Limited, prior to IPO, HDFC Asset Management Company Limited entered into a Debenture Subscription and Share subscription Agreement with the NHDPL, Promoter and Nitesh Estates Private Limited for subscribing 62,00,000 Secured Compulsorily Convertible Debentures of Rs 100 each aggregating to Rs 62 Cr and for acquiring 10.1% stake - i.e. 505,000 Equity shares from the promoters and has invested Rs 18 Cr.

As part of security for the Debentures and for the put and call option on equity of the Company, Promoter and NHDPL has agreed to provide security and created charge on the Joint development rights, receivables of project etc..

Meanwhile, the Company (NEL) has been making advances towards capital for the projects of NHDPL. However, in view of the conditions that the shareholding pattern of 89.9 : 10.1 with the investor could not be altered, the subsidiary allotted 41,50,000 9% Redeemable Non Convertible Preference Shares of Rs 10 each at a premium of Rs 190 each aggregating to Rs 83 Cr to NEL.

The Debentures were redeemable in Sept 2012, were extended till June 2013. Pursuant to an agreement with HDFC AMC, the holders of Debentures, the Debentures were converted into Optionally Convertible Debentures and redeemable in multiple tranches. During the year the subsidiary redeemed Debentures of face value of Rs 40 Cr with the interest payable on them.

In order to secure the balance of Debentures and for securing the put and call option, HDFC AMC has sought the pledge of the Preference shareholding of NEL in the subsidiary as security.

As per Sec 372 A of the Companies Act 1956, the providing of security on behalf of the NHDPL for the loan advanced by HDFC AMC, requires the approval of the Shareholders of the Company, as the limits set out there in had exceeded.

Pursuant to the Companies (Passing of resolution by Postal ballot) Rules 2011 this item No. 2 is required to be passed by Postal Ballot.

Mr. Nitesh Shetty, Mr L. S. Vaidyanathan, and Mr. Ashwini Kumar, Directors are deemed to be interested being the Directors of Nitesh Housing Developers Private Limited

Shareholding in Nitesh Estates Limited

Name	Mr. Nitesh Shetty	Mr. L S Vaidyanathan	Mr. Ashwini Kumar
Designation	Chairman and Managing Director	Executive Director	Executive Director and COO
No. of shares held	42678685	1,39,501	1,38,818
Paid-Up Shares	145832100	145832100	145832100
% Equity	29.27%	0.10%	0.09%

Shareholding in Nitesh Housing Developers Private Limited

	Mr. Nitesh Shetty	Mr. L S Vaidyanathan	Mr. Ashwini Kumar
Designation	Director	Director	Director
No. of shares held	100	Nil	Nil
Paid-Up Shares	5000000	5000000	5000000
% Equity	0.002	NA	NA

Documents in respect of the investment/ proposal is available for inspection at the Registered Office of the Company on any working day Monday to Friday during the Company's business hours between 10.00 a.m. and 12 noon.

Item No. 3

HDFC AMC Limited had funded Rs 80 Cr to Nitesh Housing Developers Pvt Ltd (NHDPL) by subscribing to the Compulsorily Convertible Debentures of Rs 62 Cr and invested Rs 18 Cr for 5,05,000 Equity shares (10.1% Equity shares of NHDPL, purchased from Nitesh Estates Private Limited) in 2009.

In terms of the Debenture Subscription and Share Purchase Agreement entered into with HDFC AMC Limited, the Company (Nitesh Estates Private Limited) provided its Corporate Guarantee for proper due redemption and for purchase back of the Equity Shares of NHDPL with agreed return of 26% IRR. The transaction was approved by the Board on 24th Sept 2009.

NHDPL and HDFC AMC have mutually agreed to amend the conversion / redemption date of the Debentures as June 2013.

The subsidiary has meanwhile have redeemed the Debentures worth Rs. 40 Crs out of Rs. 62 Crs after altering the terms with the consent of the holders as

1. Compulsorily convertible to Optionally convertible Debentures
2. Redemption in Multiple tranches

In terms of the DSSPA entered in 2009, HDFC AMC Ltd has a right to request the Principle Promoter to purchase back 5,05,000 Equity shares held by them (Invested value of Rs. 18 Crs i.e Rs. 356.44 per Equity share) under the put and call option. In the event of the Principal Promoter failing or could not buy the shares at an agreed rate of 26 % IRR which is estimated at a price up to and not exceeding of Rs. 900 per share aggregating to Rs. 45,45,00,000 (Rupees Forty Five Crores Forty Five Lakhs only) will be treated as an event of default and Nitesh Estates Limited, the Promoter shall purchase the shares at the aforesaid price.

As per Sec 372 A of the Companies Act 1956, the aforesaid proposed investment in NHDPL by Nitesh Estates Limited by way of purchase of 5,05,000 Equity shares from HDFC AMC Limited requires the approval of the shareholders by way of Special Resolution as it exceeds the limits set out therein.

Mr. Nitesh Shetty, Mr L. S. Vaidyanathan, and Mr. Ashwini Kumar, Directors are deemed to be interested being the Directors of Nitesh Housing Developers Private Limited

Shareholding in Nitesh Estates Limited

	Mr. Nitesh Shetty	Mr. L S Vaidyanathan	Mr. Ashwini Kumar
Designation	Chairman and Managing Director	Executive Director	Executive Director and COO
No. of shares held	42678685	1,39,501	1,38,818
Paid-Up Shares	145832100	145832100	145832100
% Equity	29.27%	0.10%	0.09%

Shareholding in Nitesh Housing Developers Private Limited

	Mr. Nitesh Shetty	Mr. L S Vaidyanathan	Mr. Ashwini Kumar
Designation	Director	Director	Director
No. of shares held	100	Nil	Nil
Paid-Up Shares	5000000	5000000	5000000
% Equity	0.002	NA	NA

Documents in respect of the investment/ proposal is available for inspection at the Registered Office of the Company on any working day Monday to Friday during the Company's business hours between 10.00 a.m. and 12 noon.

Pursuant to the provisions of Section 192(A) read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the aforesaid proposed special resolutions are being sent to you for approval through postal ballot.

Members are requested to communicate their assent / dissent in writing in the Postal Ballot Form sent herewith, in accordance with the instructions set out therein.

By Order of the Board of Directors,
For NITESH ESTATES LIMITED.

Registered Office:
Nitesh Timesquare, 7th Floor
No 8 M.G. Road, Bangalore 560001
Dated: April 17, 2013

D. Srinivasan
Company Secretary