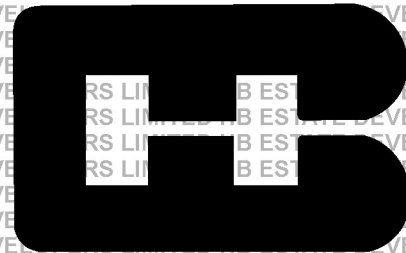


16th Annual Report 2009 - 10



HB ESTATE DEVELOPERS LIMITED



BOARD OF DIRECTORS

Mr. Lalit Bhasin *Chairman*
Mrs. Asha Mehra
Mr. Davendra Ahuja
Mr. Anil Goyal
Mr. J. M. L. Suri
Mr. Rajesh Jain

AUDIT COMMITTEE

Mrs. Asha Mehra *Chairperson*
Mr. J. M. L. Suri
Mr. Rajesh Jain

COMPANY SECRETARY

Mr. Birendra Patra

AUDITORS

P. Bholusaria & Company
Chartered Accountants,
26/11, Shakti Nagar,
Delhi - 110 007.

REGISTERED OFFICE

Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001
Ph : 0124-4675500, Fax : 0124-4370985

WEBSITE

www.hbestate.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.
B-106, Sector - 2, Noida - 201 301
Ph : 0120-4015880, Fax : 0120-2444346

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held as follows:

Day : Tuesday
 Date : 28th September, 2010
 Time : 11.00 A. M.
 Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector-14, Gurgaon-122001, Haryana.

to transact the following business:

AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- To declare dividend.
- To appoint a Director in place of Mr. Davendra Ahuja who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mrs. Asha Mehra, who was appointed as additional director on the Board of the company on 12th August, 2009 be and is hereby appointed as Director of the company liable to retire by rotation.”
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the Board of Directors of the Company, for borrowing monies for the purpose of business of the company, from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up Capital of the Company and its Free Reserves that is to say, reserves not set apart for any specific purpose, provided however that the aggregate amounts so borrowed and outstanding at any time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 500 Crores only (Rupees five hundred crores only).
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the Board of Directors of the Company to create Charge, Mortgage and Hypothecation, in addition to the existing charges, mortgages and hypothecations created by the company on such movable and immovable properties / assets of the company, both present and future, and in such manner as the Board may deem fit, in favour of Banks / Financial Institutions and / or other lenders or investing agencies to secure the loans / working capital facilities availed or to be availed by the company; provided that the total amount of such loans together with the interest accrued thereon or any additional, compound interest, liquidated damages and all other money payable by the Company in respect of such Loans, shall not, at any time exceed the limit of Rs.500 Crores.
RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution”.

**BY THE ORDER OF THE BOARD
 For HB ESTATE DEVELOPERS LTD.**

Place : Gurgaon
 Date : 03.08.2010

**BIRENDRA PATRA
 COMPANY SECRETARY**

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Business (es) herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 23.09.2010 to 28.09.2010 (both days inclusive).
- Dividend, if declared at the Annual General Meeting will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company after giving effect to all valid requests for transfer of shares lodged with the Company on or before the close of business hours on 22.09.2010 or to their mandates. The dividend in respect of Shares held in dematerialised form would be payable to the beneficial owners of Shares recorded with the depositories as of the end of 22.09.2010 as per the details furnished by the Depositories for the purpose.
- Securities and Exchange Board of India (SEBI) has made mandatory for all Companies to use the bank account details furnished by the shareholders for distributing dividend through Electronic Clearing Service (ECS), wherever ECS and Bank Details are available. In the absence of ECS facility being made available for any reason, the Companies are required to print the bank account details on the payment instrument for distribution of dividend to the investors. Accordingly shareholders holding shares in physical form are requested to notify their bank details giving the name of the bank, the branch, the account number to the Company's Registrar and Share Transfer Agent, M/s RCMC Share Registry Private Limited. In case the holdings are in dematerialised form, the said details should be conveyed to their Depository Participant. Shareholders who wish to avail the ECS facility offered by the Company should in addition to the aforesaid bank details also furnish a photocopy of the cheque leaf to Company's Registrar and Share Transfer Agent in case of holding in physical mode and to the Depository Participant in case of Dematerialised holding.
 The bank particulars of the Shareholders recorded with the Depository Participant as of the book closure date, the data of which will be received through Depositories will be used by the Company for printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For safety and in the interest of the shareholders, it is important that bank account details are correctly provided to the Depository Participants. The bank details (mandate) for shares held in physical form will not be applicable/applied for shares held in dematerialised form and vice versa.
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to:
 - notify any change in their address to the Company including PINCODE or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., B-106, Sector-2, Noida-201301; Phones: (0120) 4015880; Fax (0120) 2444346; E-mail: shares@rcmcdelhi.com Members whose shareholding is in the dematerialised mode are requested to direct change of address notifications to their respective Depository Participants.
 - bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (Pursuant to clause 49 of the Listing Agreement).

Name of Director	Mr. Davendra Ahuja	Mr. Lalit Bhasin	Mrs. Asha Mehra
Date of Birth	24.11.1938	14.08.1968	08.08.1940
Date of Appointment	30.07.2004	20.09.1994	12.08.2009
Expertise in specific functional areas	Finance	Entrepreneur having more than 20 years of rich experience in the field of Stock Market operations, Strategic Investment and management.	Taxation
Qualifications	B.Com, FCA	Bachelor of Commerce	Post-Graduate
Directorships in other public limited companies (As on 31-03-2010)	TCFC FINANCE LTD. ORBIT CORPORATION LTD. ESSEL PROPACK LTD.	HB Stockholdings Ltd. HB Portfolio Ltd. HB Securities Ltd. HB Leasing & Finance Co. Ltd. HB Prima Capital Ltd. Har Sai Investments Ltd. Taurus Asset Management Co. Ltd. RRB Securities Ltd. RRB Master Securities Delhi Ltd. Raja Ram Bhasin Share & Stock Brokers Ltd. Bhasin Share & Stock Brokers Ltd. AHL Hotels Ltd. CHL (South) Hotels Ltd. Indo Continental Hotels & Resorts Ltd.	Nil



Name of Director	Mr. Davendra Ahuja	Mr. Lalit Bhasin	Mrs. Asha Mehra
Membership of Committees in other Public Limited Companies (As on 31-03-2010)	<u>Audit Committee</u> ORBIT CORPORATION LTD. TCFC FINANCE LTD. ESSEL PROPACK LTD.	<u>Audit Committee</u> HB Leading & Finance Co. Ltd. Indo Continental Hotels & Resorts Ltd	<u>Audit Committee</u> Nil
	<u>Shareholders/Investor Grievance Committee</u> TCFC FINANCE LTD.	<u>Shareholders/Investor Grievance Committee</u> HB Leading & Finance Co. Ltd. RRB Securities Limited	<u>Shareholders/Investor Grievance Committee</u> Nil
No. of Shares held	Nil	979759	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO. 6

Mrs. Asha Mehra was appointed as Additional Director on the Board of Directors on 12th August, 2009 and under the provisions of Section 260 of the Companies Act, 1956 she holds office up to the date of the ensuing Annual General Meeting of the company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing her to be appointed as Director of the company liable to retire by rotation.

Mrs. Asha Mehra is a retired IAS from the revenue department of the Government of India before her association with the Company. The Board commends the resolution for her appointment as Director for consideration of the members.

None of the directors except Mrs. Asha Mehra are in any way concerned or interested in the above resolution.

ITEM NO. 7

At present the Board of Directors is empowered to borrow (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) up to Rs. 200 Crores vide resolution passed by the members under section 293(1) (d) of the Companies Act, 1956 in the Extraordinary General Meeting held on 20th February, 1996. To meet the cost of the ongoing Hotel Project of the Company and the working capital requirements, it is proposed to obtain the consent of the members to increase the borrowing limits to Rs. 500 Crores (Rupees Five Hundred Crores) from Rs. 200 Crores (Rupees Two Hundred Crores) previously approved.

ITEM NO. 8

At present the Board of Directors is empowered to borrow (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) up to Rs. 200 Crores vide resolution passed by the members under section 293(1) (d) of the Companies Act, 1956 in the Extraordinary General Meeting held on 20th February, 1996 and to create security/mortgage on the properties / assets (movable and immovable) of the company both present and future. To meet the cost of the ongoing Hotel Project of the Company and the working capital requirements, the company may from time to time borrow moneys from the banks / financial Institutions within the limit of Rs. 500 Crores (Rupees Five Hundred Crores). To secure the repayment of the amount borrowed by the company and the interest accrued thereon, the Company may create charge / mortgage / hypothecation on the present and future properties / assets of the Company in favour of Banks / Financial Institutions or any other Lenders. As the mortgage / charge / hypothecation by the Company on its properties / assets of the company as aforesaid in favour of the Banks and Financial Institutions may be regarded as disposal of the Company's properties / undertaking, it is necessary for the members to pass a resolution under section 293(1) (a) of the Companies Act, 1956, for creation of said charge / mortgage / hypothecation.

None of the directors are in any way concerned or interested in the above resolution.

BY THE ORDER OF THE BOARD
For HB ESTATE DEVELOPERS LTD.

Place : Gurgaon
Date : 03.08.2010

BIRENDRA PATRA
COMPANY SECRETARY

DIRECTORS REPORT

To the Members,

Your Directors are pleased to present the 16th Annual Report together with the Audited Statements of Accounts for the accounting year ended 31st March 2010.

FINANCIAL RESULTS:

The financial results of the Company during the year under review are summarised hereunder:
(Amount Rs. in lakhs)

PARTICULARS	Year Ended	Year Ended
	31.03.2010	31.03.2009
Profit/(Loss) before Depreciation & Tax	983.95	1713.42
Less : Depreciation	12.10	13.16
Profit/(Loss) before Taxation	971.85	1700.26
Provision for Taxation:		
– Current Tax	165.00	200.00
– Fringe Benefit Tax	Nil	3.25
– Deferred Tax – Charge/(Credit)	0.44	0.01
– Tax Adjustment for earlier year	10.70	0.63
Profit/(Loss) after Taxation	795.71	1496.37
Add/(Less): Profit/(Loss) Brought Forward	1020.31	664.83
Transfer to General Reserve	(100.00)	(1000.00)
Proposed Dividend	(120.42)	(120.42)
Distribution Tax on proposed Dividend including surcharge and education cess	(20.00)	(20.47)
Residual dividend of last year & tax	—	—
Profit/(Loss) carried forward	1575.60	1020.31

DIVIDEND

In view of company having distributable profits, after providing for depreciation, your Directors are pleased to recommend a dividend at the rate of 10% on equity shares (i.e., Re. 1/- per equity share) for the year under review.

PERFORMANCE REVIEW

The operational income for the year under review was Rs. 706.07 lakhs (including the share of profits from joint venture project at Mohali) as compared to Rs. 1712.87 lakhs in the previous year. The company has also been able to generate net profits of Rs. 806.41 lakhs during the year under review as compared to Rs. 1497.00 lakhs during the previous year.

The construction work of Shopping Mall-cum-Multiplex & Hotel project at Mohali being implemented by a Joint Venture (in the form of an Association of Persons) formed with Parsvnath Developers Ltd. is progressing and is expected to reach completion by December, 2010.

You directors are pleased to inform that during the year under review, the civil construction work of the hotel project (Vivanta by Taj) at Sector-44, Gurgaon, Haryana, has been completed and the interior works are in progress. The company has appointed various consultants and floated various tenders for the hotel project. The hotel project work is in full swing.

The Industry Trends and outlook are summed up in the Management Discussion and Analysis which forms a part of this report.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. During the year under review there have been no foreign exchange earnings. The foreign exchange outgo during the said period was Rs. 5,44,412/- on account of traveling; Rs. 32,70,347/- towards payment of Professional and Technical fees and Rs. 7,10,874/- towards purchase of Capital goods.

The provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable, as there were no employees who were drawing or in receipt of remuneration of prescribed amount during the year under review.

Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the year under review, the applicable accounting standards have been followed. The Directors' have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year under review and of the profit or loss of the company for that period. The Directors' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors' have prepared the annual accounts, for the year under review, on a going concern basis.

CORPORATE GOVERNANCE

Your Company is in adherence of good corporate governance as stipulated by the stock exchange and fully complied with the requirement of the listing agreement. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors confirming compliances of Corporate Governance norms, in terms of Clause-49 of the Listing Agreement is annexed to the Annual Report.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's equity shares are listed at Bombay Stock Exchange Limited (BSE), Mumbai. The listing fee for the year under review has been paid to BSE.

TERM LOAN

During the year under review the Board of Directors approved availing of Rupee Term Loan of Rs. 150 Crores in aggregate from banks to partly meet the cost of ongoing Hotel project of the Company.

AUDITORS REPORT

Observations of the Auditors have been explained, wherever necessary, by appropriate notes to accounts.

AUDITORS

The Auditors, M/s P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible and offer themselves for reappointment.

DIRECTORS

Mrs. Asha Mehra was appointed as an additional director on 12th August, 2009. The tenure of Mrs. Asha Mehra as an additional director expires on the date of ensuing Annual General



Meeting. Your Directors recommends appointment of Mr. Asha Mehra as a Director of the Company.

Mr. Davendra Ahuja and Mr. Lalit Bhasin being longest in the office, retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. C. K. Hazari resigned from the Board of Directors of the company w.e.f. 8th February 2010. The directors placed on record their appreciation of the valuable services rendered by him during his tenure.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's Bankers and the contribution of employees at all levels and the trust and confidence reposed by the shareholders of the company.

FOR AND ON BEHALF OF THE BOARD

Place : Gurgaon
Date : 03.08.2010

LALIT BHASIN
CHAIRMAN

MANAGEMENT'S DISCUSSION AND ANALYSIS**1. OPERATING RESULTS**

The income earned by the company from operations (Sales, Rental Income and share of profit from joint venture project) for the year under review was Rs. 706.07 lakhs as against Rs. 1712.87 lakhs in the previous year. During the year under review, the company earned a profit of Rs. 490.00 lakhs from sale of long term investments in securities as compared to Rs. 468.60 lakhs in the previous year.

The Administrative expenses for the year under review were Rs. 204.04 lakhs as compared to Rs. 255.31 lakhs during the previous year.

2. ONGOING PROJECTS

The project for construction of Shopping Mall-cum-Multiplex & Hotel at Mohali, involving approx. 3.33 lakhs square feet of built up area, being implemented by a Joint Venture in the form of an Association of Persons (AOP) with Parsvnath Developers Ltd., is in progress. Under the project, 3 Screen Multiplex; 120 Rooms Hotel having an area of 89239 square feet; and 187 Mall Units having an approx. area of 1.48 lakh Sq. Ft. (including a Food Court having an approx. area of 12000 Sq. Ft) will be built. The project is expected to be completed by December, 2010.

As reported in the previous year, the company has entered into a long-term management agreement with The Indian Hotels Company Ltd. (IHCL) for operating company's upcoming Hotel (Vivanta by Taj) located at Sector 44, Gurgaon. Under the said Agreement, the Hotel would be operated in the Five Star category under the TAJ portfolio of Hotels. During the construction phase, IHCL would also provide its technical expertise. As on date the civil construction of hotel building has been completed and other interior works are in progress.

The management is optimistic that the investments in the hotel project would generate substantial revenues in mainline operations, once the Hotel goes on stream.

3. INDUSTRY TRENDS AND BUSINESS ANALYSIS

Commercial real estate demand is essentially driven by the performance of the economy, infrastructure development and policies to encourage investments. The demand in this segment deteriorated due to the slowdown in global and domestic economy since recession, with most corporates looking to cut cost and improve efficiencies. It has been seen that the fundamentals of India's real estate sector are improving, as seen by better liquidity and improved demands in the residential segment. It is expected that the real estate sector will show a growth in 2010-11 in comparison to the previous year especially, in the residential and affordable housing segment.

Conversely, the demand in the commercial segment remains weak, primarily impacted by over-supply and the scale-back of expansion plans by corporates in India. The Information Technology/Information Technology Enabled Services (IT/ITES) sector, where the bulk of the demand for India's commercial office spaces come from, adopted a conservative staffing approach. This has led to demand lagging behind supply; however, it is expected that the demand for commercial spaces will improve in the second half of the current financial year 2010 -2011 consequent to the expected resumption of hiring in key sectors like IT/ITES and financial services. Though, recession had affected the nonchalant behavior of realty market all over the country, it has been able to gradually switch back to the path of progress particularly, in the housing segment.

4. OPPORTUNITIES AND THREATS

The travel and hospitality industry continues to be the sector, which has largely profited from the fast growing economy of India. Though the previous financial year had been tough year with tourist inflow declined by 4% on account of economic slowdown, however it has grown at a CAGR of 13% in the past 5 years. The premium / five star hotel segment has grown the fastest during the last five years clocking a CAGR of 12%. The growth in this segment indicates the type of travelers coming into India accounts for 0.5% of world tourism. In future the volume of foreign tourist arrival in the country would increase and the hotel industry is expected to be the major beneficiary. Even domestic tourism is gaining momentum due to rising of incomes, cheaper airfares and better connectivity which will continue to increase the demand for hotel rooms. Although prospects are promising, as mentioned above, any change in the global, domestic, social and political situations can adversely affect the performance of this sector.

The Travel and Tourism Industry of which Hotels is a major backbone holds out great opportunity for growth as the capacity addition has not kept pace with the growth in travel and tourism. Gurgaon, the business district of Haryana, which has witnessed unprecedented growth coupled with a fast developing residential district and retail malls has been able to attract many conglomerates and MNCs to set up their offices. As such Gurgaon has great potential to offer growth opportunity for Hotel Industry. The company's project at Sector-44, Gurgaon enjoys locational proximity with the main business districts.

As in any other sector the company would face competitive threat from other players both existing as well as the new. However, having entered into a long-term agreement with experienced and leading hotel chain for operation of the Hotel the competition would be addressed with main emphasis on superior quality of services and amenities.

5. FUTURE PROSPECTS AND OUTLOOK

The global market during the period under review exhibited significant stabilization despite the drag from the global financial crisis. Although the economy is under recovery from

the last year's recession, it is still expected that the demand in real estate sector in the country will rise in a couple of years and the Indian economy will register more than 7 percent growth during the current fiscal.

The Travel and Tourism Industry in general and Hospitality Sector in particular has so far enjoyed good growth and is expected to maintain the same despite the fears of rising inflation denting the rate of growth.

The change in demographics with rapid urbanization and the rise in the levels of income may keep up the demand for quality real estate space; however, the higher inflation coupled with hardening of interest rate may dent the demand. As such the outlook for the real estate industry in the long term remains positive though in the short term there may be stagnation/slow down in growth.

6. RISKS AND CONCERNS

The undue increase in cost of raw materials such as, cement, steels, etc, and increase in the fuel prices and fluctuations in the market conditions are inherent to this industry. The rising costs and increase in inflation rate in the recent past, which has soared to 11.49% in the year 2009-10, have posed concerns on the fate of this industry. The economic growth of the Country decelerated to 6.7% in the last year and it is expected that the economy to grow by 8.7% in 2010-11.

Some of the concern for hospitality and travel industry is the increase in the oil prices and consequently the increase in the air travel costs which is likely to impact the growth rate in travelling and tourism and the occupancy level at hotels. Besides, higher inflation is likely to induce corporates to initiate cost cutting measures which might affect the business in the travel industry and consequently the occupancy levels.

The lack of uniformity in the regulatory environment concerning the real estate, higher incidence of stamp duty as also the availability of quality manpower, market research models and reliable databases on industry are other major concerns that needs to be addressed.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorised use and all the transactions are authorised, recorded and reported correctly. The internal control is also supplemented by internal audit conducted by an external and independent firm of Chartered Accountants on an ongoing basis.

The Internal Audit Reports along with management comments thereon are reviewed by the Audit Committee of the Board. Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Internal Auditors.

8. FINANCIAL PERFORMANCE

a) Share Capital: The Company's issued and subscribed share capital consists of Equity Share capital only. The paid-up share capital of the company as at 31st March 2010 stood at Rs. 1231.60 lakhs which includes Rs. 1204.22 lakhs on account of Rs. 1,20,42,292 Equity Shares of Rs. 10/- each and Rs. 27.38 lakhs standing to the credit of shares forfeited account being the amount originally paid up on 8,29,338 partly paid up Equity Shares. The forfeited shares have not been reissued.

b) Reserves and Surplus: During the year under review the reserves and surplus stood at Rs. 9555.05 lakhs as against .8899.53 lakhs during the previous year.

c) Loan Funds: In order to finance the Hotel Project the company has raised funds (secured and unsecured loans) from the banks on competitive terms of an amount of Rs. 17,109.55 lakhs. The outstanding loan as on 31-03-2010 is Rs. 17,109.55 lakhs.

d) Current Assets & Current Liabilities: The current assets and current liabilities stood at Rs. 6589.74 lakhs and Rs. 2767.17 lakhs respectively against Rs. 2753.28 lakhs and Rs. 2646.69 lakhs respectively in the last year. The net current assets (Current Assets less Current Liabilities) as at the end of the year stood at Rs. 3822.57 lakhs compared to Rs. 106.59 lakhs.

9. HUMAN RESOURCES

The company has adequate human resources to man its various activities as of now. The company reviews its manpower requirement from time to time vis-à-vis current volume of activities and inducts suitable personnel as per requirement.

During the year under review, competent persons at senior and middle management levels with support staff were inducted for overseeing the Hotel Project at Gurgaon.

The company follows a sound man management practices as it recognises that employees are the foremost assets and partners in its endeavors to achieve excellence in its operations and be a commercially successful organisation.

10. CAUTIONARY STATEMENT

Statements in this management discussion and analysis, describing the Company's objective, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downturn in the industry, significant changes in political and economic environment, tax laws, litigation, interests cost.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to a set of policies, principles, laws, rules, regulations and procedures that enable the company to attract best financial & human resources and to perform efficiently to maximise the long term value for the shareholders. Your company is committed to uphold good governance values and has been practicing the same over the years.

2. BOARD OF DIRECTORS

The Board of Directors of your company comprises of 6 directors all being non-executive out of which five are independent directors. All Non-executive directors are proficient in their own fields and bring with them decades of rich and varied experience. Mr. Lalit Bhasin of the Promoter Group is the Non Executive Chairman. The composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

6 Meetings of the Board of Directors of the Company were held during the year under review on 11th May, 2009; 25th July, 2009; 12th August, 2009; 29th October 2009; 30th January, 2010; and 9th March, 2010.

The particulars regarding composition of the Board of Directors, particulars of Director's other directorships and membership in committees of other public limited companies and their attendance in the Meetings held during the year under review are given hereunder:

Name of the Directors & Category	*Directorships in other public companies		*Committee memberships in other public companies		No. of Board Meetings during the Year		Attended Last AGM	Shares held in the company & % to the paid-up capital
	Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin Promoter & Non Executive	14	3	4	—	6	6	Yes	9,79,759(8.14%)
Mr. Davendra Ahuja Independent & Non Executive	3	—	7	2	6	1	No	Nil
Mrs. Asha Mehra Independent & Non Executive**	—	—	—	—	6	2	No	Nil
Mr. C.K. Hazari Independent & Non Executive***	3	—	5	1	6	5	Yes	Nil
Mr. Anil Goyal Independent & Non Executive	11	—	5	1	6	6	Yes	Nil
Mr. J.M.L. Suri Independent & Non Executive	7	—	4	1	6	6	Yes	500#(not significant)
Mr. Rajesh Jain Independent & Non Executive	—	—	—	—	6	5	No	Nil

*As on 31-March,-2010; **Appointed as an additional Director on 12-08-2009; ***Ceased to be Director w.e.f. 08-02-2010; # Joint Holding.

In terms of the provisions of the Articles of Association of the company, one-third of such of the directors for the time being as are liable to retire by rotation shall retire from office at every annual general meeting. Accordingly, Mr. Davendra Ahuja and Mr. Lalit Bhasin, being longest in office retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

3. BOARD COMMITTEES

The Board of Directors of your company has in its meeting held on 20th December 2001 constituted two committees namely; Shareholders/Investors Grievance Committee and Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Board has also constituted a Remuneration Committee on 21-04-2004 in due compliance of Schedule XIII of the Companies Act, 1956 and the Clause 49 of the Listing Agreement. Each of these committees is having its own terms of reference duly approved by the Board.

(A) Audit Committee:

On 09-03-2010, the Audit Committee was reconstituted on resignation of Mr. C.K. Hazari (Who was Committee Chairman) and induction of Mrs. Asha Mehra. At present the Committee comprised of directors - Mrs. Asha Mehra as its Chairperson; Mr. J.M.L. Suri; and Mr. Rajesh Jain as Members. The Company Secretary for the time being acts as Secretary to the Committee. The Audit Committee has been empowered, inter-alia, to carry out the following functions:

- To lay down, review and revise the accounting policies of the company.
- To review the financial operations and performance of the company.
- To review the half-yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors.
- To consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company.
- To appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/or review the appointment and removal of auditors of the company.
- To consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of the company and ensure compliance of the same.

- To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company time to time.
- To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
- To give report and/or recommendations to the Board on the matters concerning financial operations of the company.
- To invite and summon any executive of the company and/or appoint experts, wherever necessary, and discuss with them the matters relating to the finance, audit and internal control system etc.
- To obtain legal and professional advice wherever found necessary and expedient.
- To consider and act on any matters as are included Under Clause 49 of the Listing Agreement and/or as may be so included from time to time, whether provided here in above or not.
- To deal with any other matters related and or incidental to the above or as may be assigned, in addition to the aforesaid, by the Board from time to time.

During the year under review, the Committee met 4 times on 11-05-2009; 25-07-2009; 29-10-2009; and 30-01-2010 and the same were attended by all the committee members.

(B) Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee was reconstituted on 09-03-2010 due to resignation of Mr. C.K.Hazari and co-opted Mr. Rajesh Jain as a member. At present the Committee comprises of the directors - Mr. J.M.L. Suri as its Chairman; Mr. Anil Goyal; and Mr. Rajesh Jain as its Members. The Company Secretary acts as Secretary to the Committee. The committee has been empowered, inter-alia, to carry out the following functions:

- To consider and approve the transfer, transmission and issue of fresh/duplicate share certificates.
- To review the status of dematerialisation of company's shares and matters incidental thereto.
- To review and monitor the approval to the transfers and transmissions made by the Executive Director, under executive authority delegated to him from time to time.
- To monitor the matters of litigation related to shareholders and take decisions relating thereto.
- To consider, review and monitor the matters related to the shareholders grievances.
- To consider and finalise the Report on Corporate Governance to be annexed with the Annual Report of the company.
- To deal with any other matters related and/or incidental to the shareholders. Mr. J.M.L. Suri, Director has been empowered to approve transfer up to 10,000 Equity Shares under one folio at a time.

During the year under review, the meetings of the committee were held on 17-04-2009; 11-05-2009; 16-06-2009; 25-07-2009; 05-09-2009; 07-10-2009; 29-10-2009; 03-12-2009; 15-01-2010; 30-01-2010 and 17-02-2010. The above meetings were attended by all the committee members.

(C) Remuneration Committee:

The Board of Directors vide resolution dated 21-4-2004 constituted a Remuneration Committee inter alia to consider, determine and approve and recommend to the Board of Directors the appointment and remuneration payable to Managerial Personnel (Managing/Whole Time Director). The Committee was reconstituted on 09-03-2010 due to resignation of Mr. C.K.Hazari and co-opted Mrs. Asha Mehra as a member. At present the Committee comprises of the directors - Mrs. Asha Mehra as Chairperson of the Committee and Mr. Rajesh Jain and Mr. Davendra Ahuja as members.



Remuneration Policy: As per the remuneration policy Managing Director / Whole Time Director(s) are to be remunerated by way of salary and perks as per the industry norms and within the limits specified under the Schedule XIII of the Companies Act, 1956. As there is no Managing Director/Whole Time Director/ Executive Director, no remuneration has been paid to the Managing Director/Whole Time Director/Executive Director during the period under review; the non executive directors are paid sitting fees for attending each meeting of the Board of Directors and the Committees constituted by the Board. The sitting fee for each meeting of Board of Directors and the Committee of Directors is fixed by the Board of Directors within the overall ceiling laid down under the Companies Act, 1956.

The Directors' Remuneration paid during the year ended 31st March 2010 is as under:

Director	Relationship with other Director(s)	Sitting Fees Paid (Rs.)	Salary & Perks	Commission, if any
Mr. Lalit Bhasin	—	60,000/-	Nil	Nil
Mr. Anil Goyal	—	76,500/-	Nil	Nil
Mr. J. M. L. Suri	—	88,500/-	Nil	Nil
Mr. C.K. Hazari	—	77,000/-	Nil	Nil
Mr. Davendra Ahuja	—	10,000/-	Nil	Nil
Mr. Rajesh Jain	—	62,000/-	Nil	Nil
Mrs. Asha Mehra	—	20,000/-	Nil	Nil

Remuneration Details of Managing Director / Whole Time Director / Executive Director.

No remuneration has been paid to the managerial personnel i.e. the Managing Director/ Whole time Director/ Executive Director/ Manager during the period under review.

4. CODE OF CONDUCT

The company has adopted a Code of Conduct applicable to all Directors and Senior Management personnel of the company and the same has been posted on the website of the company. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code.

5. RISK MANAGEMENT

Risk assessment and minimization procedures are in existence and are reviewed periodically.

6. GENERAL BODY MEETINGS

(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2008-09	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon-122 001	12.08.2009	10.30 A.M.
2007-08	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon-122 001	04.09.2008	10.00 A.M.
2006-07	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon-122 001	29.08.2007	10:00 A.M.

(ii) List of Special Resolutions passed in the previous 3 AGMs

S. No.	Subject Matter	AGM Reference and Date of passing
1	Approval for appointment of Mr. Puneet Nikore as Whole Time Director of the Company w.e.f. 30th April 2007 for a period of 3 years and payment of remuneration.	13th AGM 29th August 2007

(iii) No Special Resolutions were put through postal ballot last year

(iv) No Special Resolution is proposed to be conducted through postal ballot

7. DISCLOSURES

I. There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2009 (Refer Note No. 7 of Notes to Accounts - Schedule 11 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.

II. No penalty has been imposed or any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during the last three years.

III. Whistle Blower Policy being a non Mandatory Requirement has not been adopted by the company.

IV. All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with except appointment of a Chief Financial Officer.

V. The Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

8. MEANS OF COMMUNICATION

I. Quarterly Results: Dissemination through stock exchange, company's website and through publication in newspaper as required under Listing Agreement.

II. Newspapers wherein results normally published – Business Standard (Both in English & in Hindi).

III. Website where displayed – www.hbestate.com

IV. The Website also displays official news releases and important communications made to Stock Exchanges. As and when any presentations are made to institutional investors the same would be simultaneously uploaded in the company's website.

9. GENERAL SHAREHOLDER INFORMATION

I. Ensuing Annual General Meeting Date, time and venue:

Venue	Day & Date	Time
GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon-122 001	Tuesday, 28th September, 2010	11.00 A. M.

II. Financial Year : 31st March 2010

III. Date of Book Closure : 23.09.2010 to 28.09.2010 (both days inclusive).

The previous Book Closure remained w.e.f. 05-08-2009 to 12-08-2009 (both days inclusive).

IV. Dividend Payment Date:

Subject to the approval of dividend by the shareholders, dividend warrants will be mailed to eligible members/beneficial owners (in respect of shares held in dematerialized form) on or before 28-10-2010.

V. Listing on Stock Exchanges

The Company's Equity Shares are listed at Bombay Stock Exchange Ltd., Mumbai.

VI. Stock Code

The Company's Scrip Code at BSE is 532334

VII. Dematerialisation of Shares and Liquidity

The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR - 23 / 2000 dated 29th May 2000.

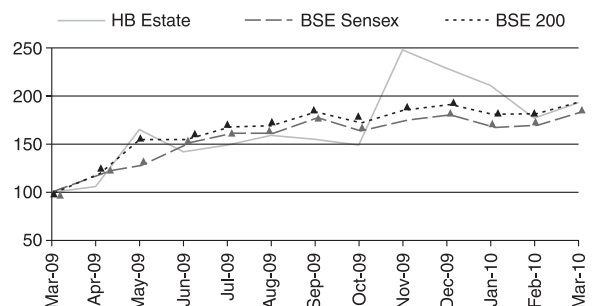
The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to Equity Shares of the Company is INE640B01013.

As at 31st March 2010, 96,97,904 Equity Shares of the company are held in dematerialised form constituting 80.53% of the Company's paid up share capital of Rs.12,04,22,920/- comprising of 1,20,42,215 equity shares of Rs.10/- each.

VIII. Market Price Data: The monthly High, Low during each month in the last financial year at BSE is as under:

Month	High	Low	Close	Volume
Apr-09	32.75	24.10	27.15	28828
May-09	43.90	24.15	42.10	51939
Jun-09	44.75	28.50	36.35	64074
Jul-09	45.25	32.00	37.95	65294
Aug-09	43.80	34.00	40.50	69246
Sep-09	46.00	35.00	39.70	79978
Oct-09	45.50	33.50	38.10	76468
Nov-09	82.20	34.00	63.45	1409193
Dec-09	72.10	53.05	58.45	517300
Jan-10	65.50	50.30	53.90	100428
Feb-10	58.50	44.00	45.20	65242
Mar-10	50.15	39.00	49.25	94600

IX. Performance in comparison to broad based indices



X. Stock Performance-Absolute returns vis-à-vis broad based indices

1 year

HB Estate	93%
BSE Sensex	81%
BSE 200	93%



XI. Distribution of Shareholding and Shareholding Pattern as at 31-March-2010 are as under:

Distribution of Shareholding

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	78,862	99.58	33,51,786	27.83
501-1000	181	0.23	1,29,644	1.08
1001-2000	68	0.09	91,191	0.76
2001-3000	18	0.02	42,729	0.35
3001-4000	16	0.02	57,030	0.47
4001-5000	8	0.01	38,426	0.32
5001-10000	17	0.02	1,35,961	1.13
10001 and above	22	0.03	81,95,525	68.06
TOTAL	79,192	100.00	1,20,42,292	100.00

Shareholding Pattern

Category	No of Shares held	% of Shareholding
A. Promoters Holding		
– Individuals	74,03,400	61.48
– Bodies Corporate	1,84,160	1.53
B. Public Shareholding (Institutions)		
– Mutual Funds and UTI	1,125	0.01
– Banks/Financial Institutions	75,195	0.62
– Foreign Institutional Investors	—	—
C. Public Shareholding (Non Institutions)		
– Bodies Corporate	2,59,694	2.16
– NRIs	1,05,798	0.88
– Indian Public	39,85,520	33.10
– Clearing Member/Intermediary	27,400	0.23
TOTAL	1,20,42,292	100.00

XII. The Company has no outstanding GDRs/ADRs/Warrants or any other instruments convertible into Equity.

XIII. Share Transfer System

Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to a Director for transfer of shares up to a fixed number beyond which the matters are placed before the shareholders/investors grievance Committee, which meets as and when, required. As reported by Company's RTA all valid requests for transfers during the year under review were transferred within the stipulated time limit.

XIV. The status of Investor's Grievance Redressal during 01-04-2009 to 31-03-2010 is as under:

Nature of Grievance	Received	Cleared
Non Receipt of Dividend	37	37
Non receipt of Share Certificates after transfer	15	15
Non Receipt of Annual Reports	4	4
Dematerialisation of Shares	—	—
Total	56	56

XV. Compliance Officer: Company Secretary of the Company act as the Compliance Officer.

XVI. Registrar and Transfer Agents

RCMC Share Registry Pvt. Ltd., B-106, Sector-2, NOIDA-201301
Phones: (0120) 4015880; Fax (0120) 2444346; E-mail: shares@rcmcdelhi.com

XVII. Address for Correspondence

HB Estate Developers Limited,
Plot No.-31, Echelon Institutional Area, Sector-32
Gurgaon-122001 (Haryana)

DECLARATION

I J. M. L. Suri, Director of HB Estate Developers Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, for the year ended March 31, 2010.

For HB Estate Developers Ltd.

J.M.L.Suri
Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The company has obtained a Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges.

CERTIFICATE

To the Members of
HB Estate Developers Ltd.

We have examined the compliance of conditions of Corporate Governance by HB Estate Developers Ltd. for the year ended on 31st March 2010, as stipulated in 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 examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that the company was not having CFO during the year under review.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR P. BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS

AMIT GOEL
PARTNER
(M. No. 92648)

Place : Gurgaon
Date : 03.08.2010



AUDITOR'S REPORT

THE MEMBERS OF

HB ESTATE DEVELOPERS LIMITED

We have audited the attached Balance Sheet of M/s. **HB ESTATE DEVELOPERS LIMITED** as at 31st March, 2010 and also the Profit and Loss Account and 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.

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 from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. 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.

1. As required by Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 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 purpose 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 the said 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 comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as 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 information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon (Particularly Note No.3 and Note No.21) 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 31st March, 2010 and
 - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants
Firm Registration No. 000468N

AMIT GOEL
PARTNER
(M. No. 92648)

Place : Gurgaon
Date : 03.08.2010

Annexure to Auditors' Report

Re: HB Estate Developers Ltd.

Referred to in Paragraph 1 of our report of even date

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2. a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories 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 has maintained proper records of inventories. As explained to us, no material discrepancies have been noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, secured or unsecured, granted/taken by the company to/from companies, firms or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (i) The company has not granted any loans, secured or unsecured during the year to the companies, firm or other parties covered in the register mentioned u/s 301 of the Companies Act 1956.
 - (ii) (a) The Company had taken loan aggregating to Rs 9,00,00,000/- in earlier years from one Company covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year and the year end balances of the loan taken from such company was Rs 9,00,00,000/-.

- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the company.
- (c) The payment of principal amounts and interest in respect of such loans are regular/ as per stipulations.
4. 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 purchases of inventory and fixed assets and sale of goods & services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control system.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9. a. According to the records of the Company and according to the information and explanation given to us, undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Service Tax, Excise duty, Custom duty, Cess and other material statutory dues as applicable have been generally regularly deposited by the company during the period with the appropriate authorities except for non deposit of instalments of advance tax. No undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st march, 2010 for a period of more than six months from the date of becoming payable except for non deposit of advance tax instalments of Rs.62,66,823/-for June & September,2009 quarter.
- b. According to the records of the company, there was no disputed statutory dues that have not been deposited on account of the matters pending before appropriate authorities as on 31st March,2010 except for (i) property tax demand of Rs.67,36,724/- against which the company had filed Writ Petition before Hon'ble Delhi High Court and the company had been granted stay by the Hon'ble Court from the payment of said amount and the hon'ble court has directed the MCD to recompute the tax (ii) Income tax demand of Rs.8,55,290/- for A.Y.2007-08 for which the company is in Appeal before Commissioner of Income Tax (Appeal); (iii) Ground Rent as explained in note no.3 of schedule 11.
10. The company has no accumulated losses at the end of financial year and it has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company is neither dealing nor trading in shares, securities, debentures and other investments therefore clause 4(xiv) of the Companies (Auditor's Report) order 2003 is not applicable to the company. In respect of Investments in shares the company has maintained proper records of transactions and contracts in respect thereto and timely entries have been made therein. All shares and securities have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. On the basis of information and explanation given to us, the term loans taken by the company have been utilised for the purpose for which they were taken.
17. According to the information and explanations given to us, we are of the opinion that loans amounting to Rs.23.11 crores in the nature of overdraft facility have prima facie been used for long term investment purposes. i.e. for deployment for capital work in progress.
18. During the year, 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. No debentures have been issued by the company and hence the question of creating securities or charge in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN No.000468N

AMIT GOEL
PARTNER
(M. No. 92648)

Place : Gurgaon
Date : 03.08.2010



BALANCE SHEET AS AT 31ST MARCH, 2010

Descriptions	Schedules	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	123160358	123160358
Reserves & Surplus	2	955504794	889953716
		<u>1078665152</u>	<u>1013114074</u>
LOAN FUNDS			
— Secured Loan	3	754861921	163675
— Unsecured Loan		956093324	687214563
		<u>1710955245</u>	<u>687378238</u>
Total		<u>2789620397</u>	<u>1700492312</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	16563791	14209304
Less : Depreciation		6450939	5712521
		<u>10112852</u>	<u>8496783</u>
Net Block		1988583906	1271394896
Capital Work in progress		<u>1998696758</u>	<u>1279891679</u>
INVESTMENTS			
Deferred Tax Asset	5	408388697	409608374
		277698	333169
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	223557563	229302873
Cash and Bank Balances		415346754	17471744
Loans and Advances		20070124	28553861
		<u>658974441</u>	<u>275328478</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	7	245776877	229896953
Provisions		30940320	34772435
		<u>382257244</u>	<u>10659090</u>
Total		<u>2789620397</u>	<u>1700492312</u>
Significant Accounting Policies	10		
Notes on Accounts	11		

The Schedules referred above form an integral part of the accounts.
As per our report of even date attached herewith

For P. Bholusaria & Co. Chartered Accountants Firm Registration No. 000468N	For and on behalf of the Board of Directors
Amit Goel Partner (M. No. 92648) Place : Gurgaon Date : 03.08.2010	Manish Chandak Authorised Signatory Birendra Patra Company Secretary
J.M.L. Suri Director	Lalit Bhasin Chairman

SCHEDULE '1' : SHARE CAPITAL

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
AUTHORISED		
20000000 Equity Shares of Rs. 10 each	200000000	200000000
10000000 Redeemable Preference Shares of Rs. 10 each	100000000	100000000
	<u>300000000</u>	<u>300000000</u>
ISSUED		
12871630 Equity Shares of Rs.10/- each	128716300	128716300
	<u>128716300</u>	<u>128716300</u>
SUBSCRIBED AND PAID UP :		
1,20,422,92 Equity Shares of Rs.10 each.	120422920	120422920
Add : Forfeited shares (829338)	2737438	2737438
(Amount originally paid up)	<u>123160358</u>	<u>123160358</u>

SCHEDULE '2' : RESERVES AND SURPLUS

Particulars	As at 31.03.2010	As at 31.03.2009
SHARE PREMIUM ACCOUNT		
As per last account	499742116	499742116
	<u>499742116</u>	<u>499742116</u>

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Descriptions	Schedules	Year Ended 31.03.2010 (Rupees)	Year Ended 31.03.2009 (Rupees)
INCOME			
Sales		35062500	141950750
Rent and Facility Service Charges		34893631	33533308
Share of Profit/(Loss) from AOP(net of taxes) (Refer note No. 17)		650509	-4196494
Other Income		3514139	3585626
Dividend Income (Gross)		1421917	1286142
Profit on Sale of Long Term Investments		49001194	46860701
Total		<u>124543890</u>	<u>223020033</u>
EXPENDITURE			
Increase(-)/Decrease(+) in stock	8	5745310	26146459
Administrative and other expenses	9	20403936	25531293
Depreciation	4	1209654	1315945
Total		<u>27358900</u>	<u>52993697</u>
Profit for the year before Tax		<u>97184990</u>	<u>170026336</u>
Provision for Tax			
— Current Tax		16500000	20000000
— Deferred Tax Charge / (Credit)		44272	1380
— Fringe Benefit Tax		0	325000
Tax adjustments of earlier year		1069789	63457
Profit for the year after Tax		<u>79570929</u>	<u>149636499</u>
Profit available for appropriation		79570929	149636499
Proposed Dividend		12042292	12042292
Tax on Proposed Dividend		2000074	2046588
Residual Dividend of last year & tax thereon		0	91
Transfer to General Reserve		10000000	100000000
Balance brought forward from last year		102030973	66483445
Balance carried forward to Balance Sheet		<u>157559536</u>	<u>102030973</u>
Earning per Share (in Rs.)			
— Basic		6.61	12.43
— Diluted		6.61	12.43
Significant Accounting Policies	10		
Notes on Accounts	11		

The Schedules referred above form an integral part of the accounts.
As per our report of even date attached herewith

For P. Bholusaria & Co. Chartered Accountants Firm Registration No. 000468N	For and on behalf of the Board of Directors
Amit Goel Partner (M. No. 92648) Place : Gurgaon Date : 03.08.2010	Manish Chandak Authorised Signatory Birendra Patra Company Secretary
J.M.L. Suri Director	Lalit Bhasin Chairman

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
GENERAL RESERVE		
As per last year	288180627	188193294
Add : Transferred from Profit & Loss A/c	10000000	100000000
Add : Transitional effect of AS-15 (Refer Note No - 20)	22515	(12667)
	<u>298203142</u>	<u>288180627</u>
PROFIT & LOSS ACCOUNT (As per annexed account)	<u>157559536</u>	<u>102030973</u>
	<u>955504794</u>	<u>889953716</u>

SCHEDULE '3' : LOAN FUNDS

Particulars	As at 31.03.2010	As at 31.03.2009
(A) SECURED LOANS:		
1. Vehicle Loan From HDFC Bank	43227	163675
2. Term Loan from HDFC Bank	54818694	—
3. Term Loan from IDBI Bank	350000000	—
4. Term Loan from Punjab National Bank	350000000	—
Total-A	<u>754861921</u>	<u>163675</u>
(B) UNSECURED LOANS:		
— Intercompany Loans	725000000	440000000
— Overdraft Facility from bank (Secured against FDR's of Third Party)	231093324	247214563
Total-B	<u>956093324</u>	<u>687214563</u>
Total (A+B)	<u>1710955245</u>	<u>687378238</u>



- (1) **Vehicle Loan From HDFC Bank**
Secured by way of hypothecation of Vehicle Financed. Repayable within a year Rs. 43,227/- (Previous Year Rs. 1,20,448/-)
- (2) **HDFC Bank Ltd. - Term Loan**
Secured by way of exclusive charge on rent receivable for part of the premises at Plot No.31, Sector-32, Gurgaon, exclusive charge on equivalent mortgage of property at Plot No. 31, Sector-32, Gurgaon; shares of Jaiprakash Associates Ltd. equivalent to loan amount and personal guarantee of Mr. Lalit Bhasin, Director. Amount repayable within one year Rs. 1,04,78,207/- (Previous Year Rs. Nil.)

- (3) **IDBI Bank - Term Loan**
Secured by way of first pari passu charge by way of mortgage by deposit of title deeds on Company's immovable properties situated at Site No. 1, Sector-44, Distt. Gurgaon (Haryana) and on all the current assets including all receivables and investments of Hotel Project of the Company, movable Fixed Assets of the Hotel Project of the Company both present and future and personal guarantee of Mr. Lalit Bhasin, Director.
- (4) **Punjab National Bank - Term Loan**
Secured by way of first pari passu charge by way of mortgage by deposit of title deeds on Company's immovable properties situated at Site No. 1, Sector-44, Distt. Gurgaon (Haryana) and on all the current assets including all receivables and investments of Hotel Project of the Company, movable Fixed Assets of the Hotel Project of the Company both present and future and personal guarantee of Mr. Lalit Bhasin, Director.

SCHEDULE '4' : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rs.	Additions during the year Rs.	Sales/Adj. during the year Rs.	As at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Adjustments	Upto 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
FURNITURE & FIXTURES	8927544	2567380	0	11494924	3634431	628591	0	4263022	7231902	5293113
OFFICE EQUIPMENTS	1676290	216643	0	1892933	280975	86292	0	367267	1525666	1395315
VOLTAGE STABILIZER	50866	0	0	50866	37961	2416	0	40377	10489	12905
VEHICLES	916286	0	496447	419839	537562	62238	471237	128563	291276	378724
COMPUTERS	2638319	66910	0	2705229	1221593	430117	0	1651710	1053519	1416726
TOTAL	14209305	2850933	496447	16563791	5712522	1209654	471237	6450939	10112852	8496783
CAPITAL WORK IN PROGRESS (Refer Note No.6 of Schedule 11)	1271394896	717189010	0	1988583906	0	0	0	0	1988583906	1271394896
TOTAL	1285604201	720039943	496447	2005147697	5712522	1209654	471237	6450939	1998696758	1279891679
Previous Year	717359651	568244550	0	1285604200	4396576	1315945	0	5712521	1279891679	712963075

SCHEDULE '5' : INVESTMENTS

Name of the company	Face Value (Rs.)	As at 31.03.2010		As at 31.03.2009	
		Qty (Nos)	Amount (Rs.)	Qty (Nos)	Amount (Rs.)
(A) LONG TERM INVESTMENTS					
(I) IN FULLY PAID EQUITY SHARES OF COMPANIES					
a) QUOTED					
— Non Trade					
Royal Orchid Hotels Ltd	10	496	81840	496	81840
RRB Securities Ltd. (*)	10	86100	8610000	86100	8610000
PBA Infrastructure Ltd.	10	20000	3359108	20000	3359108
Greaves Cotton Limited	10	37511	12038218	61394	19702870
— Trade					
Jai Prakash Associates Ltd	2	982170	26238434	904780	36256468
Total (a)		1126277	50327600	1072770	68010286
b) UNQUOTED (NON-TRADE)					
Harsai Investments Ltd	10	200000	2000000	200000	2000000
Total (b)		200000	2000000	200000	2000000
Total -I (a+b)		1326277	52327600	1272770	70010286
(II) CONTRIBUTION TO ASSOCIATION OF PERSONS (TRADE)					
Parsvnath Developers (AOP) (Refer Note No.17 of Schedule '11')		—	356061097	—	339598088
Total - II (a+b)		—	356061097	—	339598088
Grand Total - (I + II)		1326277	408388697	1272770	409608374

NOTE:

- Aggregate cost of Quoted Investments Rs.5,03,27,599/- (Previous year Rs.6,80,10,286/-) and Market Value thereof Rs. 16,79,48,910/- (Previous year Rs.8,88,18,549/-)
- Aggregate cost of unquoted Investment in shares Rs. 20,00,000/- (Previous year Rs 20,00,000/-)
- Market value of Investments listed but not quoted have taken cost.

	Current Year		Previous Year	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
4. Addition to Investments during the year:-				
— HDFC Cash Management - Saving Plan (Daily Dividend)	NIL	NIL	2375408	25265791
— Contribution to Parsvnath Developers (AOP)	NIL	15812500		43125000
— Jai Prakash Associates Ltd.(Bonus Shares Received)	377390	NIL	NIL	NIL
5. Investment sold/redeemed during the year:-				
— Jai Prakash Associates Ltd.	300000	60108734	255000	57079096
— HDFC Cash Management - Saving Plan(Daily Dividend)	NIL	NIL	2375408	25265791
— Greaves Cotton Limited	23883	6575145	NIL	NIL
— CHL (South) Hotels Ltd.	NIL	NIL	100000	1000000

(*) Listed but not quoted, a company under the same management

- Investment Costing Rs 1,36,24,526/- (Previous Year Rs. Nil) were lying pledged in favour of the bank as at the year end.



SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
A. CURRENT ASSETS		
(i) Inventories		
— Completed Construction	223557563	226865373
— Work in Progress	0	2437500
Total-(i)	223557563	229302873
(ii) Cash & Bank Balances		
— Cash in Hand	1536623	2572305
— Balance with Schedule Banks :-		
In Current Accounts	65709734	3753614
In Dividend Accounts	4204905	3162897
In FDR Accounts (Including Rs.3,38,77,640/- (Previous Year Rs. Nil) lying with banks as margin	342443352	7567638
— Interest accrued on FDRs	1452140	415290
Total-(ii)	415346754	17471744
Total (A)	638904317	246774617
B. LOANS & ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	11886296	17869752
Security Deposits with Govt Departments & Others	194200	194200
Income Tax and Property Tax paid	7989628	10489909
Total - B	20070124	28553861
Grand Total (A + B)	658974441	275328478

SCHEDULE '7' : CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES		
Sundry Creditors*	13658429	18153683
Advances from Customers	119349162	73852631
Security Deposits	101478350	102331480
Unclaimed Dividend **	4204905	3162897
Other Liabilities	1932961	6565148
Interest accrued but not due	5153070	25831114
Total - A	245776877	229896953
B. PROVISIONS		
For Income Tax	16500000	20000000
For Fringe Benefit Tax	0	325000
For Proposed Dividend	12042292	12042292
For Dividend Tax	2000074	2046588
For Gratuity	2845	98516
For Leave Encashment	395109	260039
Total - B	30940320	34772435
Total (A + B)	276717197	264669388

SCHEDULE '8' : INCREASE (-)/DECREASE(+) IN STOCK/WIP

Opening Stock	229302873	238697832
Add : Addition during the Year	0	16751500
	229302873	255449332
Less : Closing Stock	223557563	229302873
Total	5745310	26146459

SCHEDULE '9' : ADMINISTRATIVE AND OTHER EXPENSES

Facility Management Services	2715494	2680311
Salaries and Benefits	2175437	5449054
Contribution to Provident and other funds	356445	265161
Remuneration to Executive Director	0	1429397
Legal & Professional	1764273	1285041
Communication	1493008	1589651
Commission/Brokerage	0	2960104
Printing & Stationery	555257	450301
Conveyance & Travelling	316255	1175886
Staff Welfare	165418	138038
Depository and Custodial	60717	26059
Repair & Maintenance :		
— To buildings	436757	268856
— To others	3572348	2199931
Electricity, Water and Generator Running	2101615	2091823
Listing Fee	30000	30000
Insurance	35681	36161
Sitting Fees	394000	378000
Miscellaneous	474426	833864
Vehicle Running & Maintenance	370009	530437
Auditors' Remuneration	95200	59000

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Property Tax	129304	180955
Interest & Finance Charges :		
— On Overdraft Facility from Bank	0	1448286
— On Term Loan from Bank	3150020	0
— On Vehical Loan from Bank	12272	24977
Total	3162292	1473263
Total	20403936	25531293

SCHEDULE '10' : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2010.

A. SYSTEM OF ACCOUNTING :

- (i) The Company follows the accrual system of accounting except :
 - (a) in case of interest on allotment/call money in arrears on shares and debentures which are accounted as and when received and
 - (b) Interest on delayed payment by customers against dues will be accounted for on cash basis owing to practical difficulties and uncertainties.

- (ii) Assets and Liabilities are recorded at historical cost.
- (iii) USE OF ESTIMATES : The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

B. REVENUE RECOGNITION :

- (i) In respect of Real Estate Projects undertaken upto 31.03.2005, the company continues to follow the complete project method of accounting for projects. Under this method, revenue is recognised only when project is completed or substantially completed, that is only minor work is expected other than warranty work. Cost and progress payments received are accumulated during the course of the project but revenue is not recognised until the project activity is substantially completed. The liquidated damages and other claims by customers are accounted for on final settlement. The construction and development cost relating to the sold units are considered for profit based on technical evaluation of cost for completion.
- (ii) In respect of Real Estate Projects undertaken w.e.f. 1st April, 2005, the revenue is recognised on Percentage of Completion Method. The revenue is recognised, in relation to the sold areas only, on the basis of percentage of actual cost incurred thereon including land as against the total estimated cost of the projects under execution subject to such actual cost being 30% or more of the total estimated cost. The estimates relating to saleable area, sale value and costs are revised periodically by the management.
- (iii) In the case of projects relating to development and sale of plots and transfer/sale of right, revenue is recognised on execution of transfer documents/possession documents.
- (iv) Income from services is accounted for on the basis of the bills raised on customers.
- (v) The rentals from leased premises are considered as revenue income on accrual basis. In case of sale of leased premises, rental income is accounted for up to the date of flat buyer agreement. The advance rent, if any, received from the lessees pertaining to the period after the date of flat buyer agreement is refundable to the buyer.

C. FIXED ASSETS :

Fixed Assets are stated at cost less depreciation.

D. DEPRECIATION :

Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

E. INVENTORIES :

Inventories are valued at lower of cost or fair market value/ net realisable value.

F. INVESTMENTS :

Investments (Long-Term) are valued at cost less permanent diminution, if any.

Investments (Current) are valued at lower of cost or fair market value.

G. EMPLOYEE BENEFITS : Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under:

- a) Short Term Employee benefits are recognized as expense at the undiscounted amount in the Profit & Loss account of the year in which they are incurred.
- b) Employee benefits under defined contribution plans comprise of contribution to Provident Fund. Contributions to Provident Fund are deposited with appropriate authorities and charged to Profit & Loss account.
- c) Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with Life Insurance Corporation of India.
- d) Termination benefits are recognized as an Expense as and when incurred.
- e) The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.

H. TAXATION :

Tax expenses for the year comprises of current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised, only if there is a virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets /liabilities are reviewed at each balance sheet date based on developments during the year, further future expectations and available case laws to reassess realisation/liabilities.

I. IMPAIRMENT OF FIXED ASSETS :

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.



Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

J. CONTINGENCIES :

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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.

K. BORROWING COSTS :

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalised. Other borrowing costs are charged to revenue over the tenure of loan.

L. FOREIGN CURRENCY TRANSACTIONS :

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Exchange differences on traction of monetary assets and liabilities and realised gain and losses on foreign currency transactions are recognised in the Profit and Loss account.

SCHEDULE '11' : NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2010

1. a(i) Estimated amount of contracts remaining to be executed on Capital account (net of advances)Rs. 1,19,32,800/- (Previous year Rs. 1,19,32,800).
Advance recoverable includes a sum of Rs. 22, 00,000/- paid to various vendors towards booking of flats in Prem Dohil Sadan, Rajendra Place, New Delhi by HB Stockholdings Ltd. (previously known as HB Portfolio Leasing Ltd.) in 1994. On Default by the vendors to hand over Possession of the flats on the agreed terms, Legal Proceedings (Civil Suits) were initiated by HB Stockholdings Ltd. (HBSL) against the vendors in appropriate court of law for specific performance of the agreement. Vide its order dated 30-05-2007, the Court decreed the civil suits in favour of HBSL and against the vendors by granting monetary compensation @ Rs. 3,00,000/- along with interest @ 9% p.a. w.e.f. 22/06/1999. HBSL has preferred an Appeal against the said order in the Delhi High Court for specific performance. Appeals have also been filed by the opposite party. The proceedings in the High Court are continuing.
In the year 1997 HBSL was trifurcated under a Scheme of Arrangement sanctioned by the Delhi High Court whereby the Real Estate Division of the said HBSL was allocated to the company. The aforesaid amount of Rs. 22,00,000/- form a part of the assets of the said Real Estate Division and thus became property of the company. As per the terms of purchase agreement entered into with the vendors by HBSL a sum of Rs. 1,19,32,800/- is payable by HBSL to the vendors on handing over possession of the said flats. The company will acquire ownership of the flats under the Scheme of Arrangement sanctioned by the Delhi High Court and thus the liability of payment of Rs. 1,19,32,800/- shall devolve on the company as and when the decision is given by the court in favour of HB Stockholdings Ltd.
- (ii) Other estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs.23,31,35,130/- (Previous Year Rs. 16,54,45,848/-)
- b) During the earlier year, the company had been allotted land by Haryana Urban Development Authority (HUDA) for building of Hotel. The price of the plot of land is Rs. 137.84 crores. Up to the year end, the company has paid Rs. 137.84 crores (Previous Year Rs. 86.15 crores). Balance Rs. Nil (Previous Year Rs. 51.69 crores) is payable by the company.
2. (a) Contingent liability in respect of property tax - Rs. 78,21,151/- (Previous Year 78,21,151/-)
The total demand raised by MCD was Rs. 83, 85,604/- (Previous Year Rs. 83, 85,604/-). Against this, the company deposited the admitted liability of Rs. 5,64,453/- (Previous Year Rs. 5,64,453/-). For the balance amount of Rs. 78,21,151/- the company had filed a Writ Petition before the Hon'ble Delhi High Court. The company had also filed a stay petition before the Hon'ble High Court praying for stay for the payment of aforesaid amount of Rs. 78,21,151/-. As per direction of Hon'ble Court the company has Paid a sum of Rs. 10,18,477/- against the aforesaid demand and for the balance amount the company had been granted stay. The Hon'ble High Court directed MCD to re-compute the tax. In the opinion of management the demand raised by MCD is not sustainable and no further liability will arise and therefore the aforesaid amount of Rs. 10,18,477/- paid by the company is being shown as recoverable in the Balance Sheet under the head Loan & Advances.
- (b) Contingent liability in respect of income tax demand for which appeal has been preferred by the company- Rs. 8,55,290/- (Previous Year 19,49,550/-).
- (c) Contingent liability in respect of Letter of Credit/Bank guarantee issued by bank Rs. 3,38,77,640/-(previous year Rs. Nil).
3. The company had received a show cause notice dated 17.11.2006 from Delhi Development Authority (DDA) demanding a sum of Rs. 25868220/- (Excluding undetermined interest) on account of ground rent in respect of its property at Plot No. A-2, 3 & 4 in District Centre, Wazirpur, Delhi upto the period 14th July, 2006. Aggrieved by show cause notice issued by DDA, the company filed a writ petition in the Hon'ble High Court of Delhi Challenging the aforesaid demand. The Hon'ble High Court, vide its order dated 4th December, 2006 set-aside the matter to DDA for reconsideration. DDA vide Notice dated 12.01.2010 demanded a sum of Rs.398.46 lacs (excluding interest) towards ground rent upto the period 14.07.2010. Aggrieved by the said demand, the company again filed a writ petition in the Hon'ble High Court of Delhi which vide its order dated 31.05.2010 stayed the operations of the order of DDA subject to company depositing a sum of Rs.100 Lacs. As per the direction of Hon'ble high court, the company has deposited the said amount on 10.06.2010. The matter is pending for final disposal by the Hon'ble Court. The liability that may arise or will be ascertained only after the disposal of matter by the Hon'ble High Court of Delhi and therefore at this stage provision for the amount is neither considered necessary nor ascertainable.

4. One party has filed compensation application before MRTP Commission (now Completion Appellate Tribunal) praying either for allotment of booked flats or refund of booking amount of Rs. 13,44,000/- (Previous Year Rs.13,44,000/-) paid along with interest @ 24% p.a. and compensation/damages. The company has contested the same and the proceedings are continuing.
5. In the opinion of the management, the company during the year was mainly engaged in the business of real estate developments and all activities of the company revolve around the main business and therefore there are no separate reportable segments as per Accounting Standard "Segment Reporting" (AS-17). During the previous year, the Company had started the construction work in respect of its Hotel project at Gurgaon. There are no revenue during the year pertaining to Hotel project. Sum of Rs. 198,85,03,906/- (Previous Year Rs. 127,13,94,896/-) has been incurred upto the year end for hotel project which has been shown in the Balance Sheet under the head Capital Work in Progress.
6. Capital work in progress consists of:- (in Rs.)

Discriptions	Current year	Previous year
Payment for land to HUDA	137,83,92,576	86,14,95,360
Interest & Finance Charges	15,85,32,936	17,43,01,942
Material & Labour	36,07,31,072	18,03,73,999
Plant & Machinery	63,59,695	Nil
Professional & Technical Fees	5,55,78,295	4,53,85,757
Others	2,89,89,332	98,37,838
Total	198,85,83,906	127,13,94,896

7. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' is annexed.
8. Earning per Share: (in Rs.)

Perticulars	Current year	Previous year
Net profit available for equity shareholder	79570929	149636499
Basic Earning Per Share (face value of Rs.10 each)		
Weighted Average Nos. of Equity Share Outstanding	12042292	12042292
Earning per share(Rs.)	6.61	12.43
Diluted Earning per share (Face Value of Rs.10/- each.)		
Weighted Average Nos. of Equity Share Outstanding	12042292	12042292
Earning per share(Rs.)	6.61	12.43

9. In the opinion of the management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of the business.
10. **Deferred Tax Asset / Liability (net) consists of following :** (in Rs.)

	As on 31/03/2010	As on 31/03/2009
Deferred Tax Liability		
Fixed Assets	Nil	Nil
Deferred Tax Assets		
Fixed Assets	145508	211296
Expenses allowable on payment basis under Income Tax Act, 1961.	132190	121873
Net Deferred Tax Assets (Liability)	277698	333169

11. **Auditors Remuneration consists of :** (in Rs.)

	Current year	Previous year
— Audit Fees	25000	25000
— Tax Audit Fees	15000	15000
— Certification & Others	55200	19000
Total	95200	59000

12. Dividend Income includes Rs.Nil (Previous Year Rs. 2,65,791/-) on Current Investments and Rs. 14,21,917/- (Previous Year Rs. 10,20,351/-) on Long Term Investments. Tax deducted at source on dividend Rs. Nil (Previous Year Rs. Nil). Out of Dividend income Rs. 4,00,990/- (Previous Year Rs.6,33,346/-) is on Trade Investments and Rs. 10,20,927/- (Previous Year Rs. 6,52,796/-) is on Non-Trade Investments.
13. Profit of Rs. 5,00,90,700/- (Previous Year Rs. 4,68,60,701/-) is on Trade Investments and loss of Rs. 10,89,506/- (Previous Year Rs. Nil) is on Non-Trade Investments.
14. Tax deducted at source on lease rentals including advance lease rentals Rs. 58,10,083/- (Previous Year Rs. 82,31,528/-) and Rs. 1,82,264/- (Previous Year Rs. 1,34,673/-) on interest on FDR with bank.
15. (a) To the extent information available with the company, Sundry Creditors include Rs. Nil. (Previous Year Nil) due to Small Scale Industrial Undertaking.
(b) The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.
16. Other Income includes Rs. 18,22,639/- (Previous Year Rs. 6,53,752/-) interest income on FDR with Bank, and Rs.Nil (Previous Year Rs. 2,26,009/-) on Income Tax Refund.
17. a) The Company had entered into an agreement with a party namely M/s Parsvnath Developers Ltd. for undertaking Real Estate development projects. The agreement



had been made by way of Association of Persons (AOP) under the name and style of " Parsvnath Developers (AOP)". Under the Agreement, the said AOP has taken up a real estate project at Mohali. The company has to contribute/invest 57.50% as its share of Investments in the Project. Upto the year end, the company has invested / contributed Rs. 33,07,73,607/- (Previous Year Rs. 31,49,61,107/-) for the project. The Company has 50% share in Profit/Loss of the project.

- b) The company's share of Profit amounting to Rs. 6,50,509/- (Loss in Previous Year Rs. 41,96,494/-) (net of taxes) from the aforesaid AOP is based on separate audited statement of accounts of AOP. The brief breakup of share of profit/(loss) is as under:-

Particulars	Current year (Rs.)	Previous year (Rs.)
Turnover	2506156	(7243139)
Expenses	(1855647)	(3069005)
Profit/(Loss) before tax	650509	(4174134)
Provision for tax	Nil	22361
Profit/(Loss) after tax	650509	(4196495)

- c) Brief Particulars of companies share/interest in Assets and Liabilities of AOP are as under:-

Particulars	Current year (Rs.)	Previous year (Rs.)
Assets	474907923	454640941
Liabilities	118846826	115042853
Capital Commitment	Nil	Nil
Contingent Liabilities	Nil	Nil

18. Executive Director's remuneration include:-

Particulars	Current year (Rs.)	Previous year (Rs.)
Salary	Nil	8,40,000
House Rent Allowance	Nil	3,36,000
Medical	Nil	42,000
LTA	Nil	98,959
Leave Encashment	Nil	1,12,438
Total	Nil	14,29,397

19. (a) Expenditure in foreign currency:
 — Travelling Rs. 5,44,412/- (previous year Rs. 20,31,392/-)
 — Professional & Technical Fees Rs. 32,70,347/- (previous year Rs. 2,42,55,920/-)
 — Capital Goods Rs. 7,10,874/- (previous year Rs. NIL)

20. Disclosure pursuant to Accounting Standard - 15

- a) The company has adjusted Rs. 22,515/- (Previous Year Rs. 12,667/-) -net of deferred tax of Rs. 11,199/- (Previous Year Rs.6,523/-) towards the transitional effect of defined benefit obligation in respect of employee benefits up to the previous year to the opening balance of General Reserve.

- b) Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under :-

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	90,470/-	1,46,752/-	Contribution to Provident Fund & other fund.

- c) Defined Benefit Plan

Movement in net liability

Particulars	Gratuity (Funded)		Leave Encashment (unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligations as at the beginning of the year (A)	362413	212487	260039	193371
Adjustment for increase (decrease) in opening obligation (B)	(33714)	19190	Nil	Nil
Interest Cost (C)	26296	18534	20803	15470
Current service cost (D)	189055	129765	217697	160242
Benefits paid (E)	230370	Nil	123761	134977
Actuarial loss/(gain) on obligation (F)	91585	(17563)	20331	25933
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	405265	362413	395109	260039

- d) The amounts recognized in the balance sheet and Profit & loss account are as follows:

Particulars	Gratuity (Funded)		Leave (unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation (A)	405265	362413	395109	260039
Estimated fair value of plan assets (B)	402420	263897	Nil	Nil
Net Liability (C=A-B)	2845	98516	395109	260039

Amounts in the Balance Sheet

Liabilities	2845	98516	395109	260039
-------------	------	-------	--------	--------

Amount charged to Profit & Loss Account

	189055	129765	217697	160242
Current Service Cost	189055	129765	217697	160242
Interest Cost	26296	18534	20803	15470
Expected Return on Plan Asset	(23751)	(16327)	Nil	Nil
Actuarial(Gain)/Loss	72775	(17563)	20331	25933
	264375	114409	258831	201645

Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Funds	Salary & benefits Rs. 2,58,831/- (previous year Rs.89,207/-) and Executive Director's remuneration Rs. Nil (previous year Rs. 112438/-).
---	--	--

- e) The Actual Return on Plan Assets is as follows :

Sr.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Actual return on plan assets	42561/-	16327/-

- f) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	Gratuity	
	Current Year	Previous Year
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	9%	9%
Salary Escalation Rate	5%	5%

- g) A reconciliation of the opening and closing balances of the fair value of plan assets :

Sl. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	263897	148265
i)	Expected Return on Plan Assets	23751	16327
ii)	Actuarial Gains / (Losses)	18810	Nil
iii)	Contribution by the Employer	326332	99305
iv)	Benefits Paid	230370	Nil
	Closing Fair Value of Plan Assets	402420	263897

21. In the opinion of management no provision is required to be made for diminution amounting to Rs. 31,21,997/- (Previous Year Rs. 1,91,17,745/-) in the value of some of the long term investments as the same is considered to be temporary.
 22. The nature of activities of Company is such that quantitative information regarding inventories can not be given.
 23. Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956 is annexed.
 24. Previous year figures have been re-grouped / re-arranged wherever considered necessary.
 25. Schedule 1 to 11 form an integral part of the accounts.

As per our report of even date attached herewith

For P. Bholusaria & Co.

Chartered Accountants

Firm Registration No. 000468N

Amit Goel

Partner (M. No. 92648)

Place : Gurgaon

Date : 03.08.2010

For and on behalf of the Board

of Directors

J.M.L. Suri

Director

Lalit Bhasin

Manish Chandak

Authorised Signatory

Birendra Patra

Company Secretary

ANNEXURE TO NOTE NO. 7 OF SCHEDULE '11' TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

As per Accounting Standard (AS-18) on "Related Party Disclosures", the disclosure of transactions with the related party as defined in the Accounting Standard are given below:-

1. List of Related parties with whom transactions have taken place and relationship :

- (a) Key Managerial Personnel
 (i) V. Shankar (left on 18-04-2009)
 (ii) Puneet Nikore (left on 31-10-2008)
 (iii) Birendra Patra
 (b) Person having significant influence/control/major shareholders

- (i) Sh. H.C. Bhasin
 (ii) Sh. Lalit Bhasin
 (c) Enterprises over which significant influence/control exist of the relatives of persons mentioned in (b) above
 (i) RRB Master Securities Delhi Ltd.
 (d) Enterprises under direct or indirect common control/significant influence
 (i) HB Stockholdings Ltd.
 (ii) HB Portfolio Ltd.
 (iii) HB Securities Ltd. (Subsidiary of HB Portfolio Ltd.)
 (iv) HB Leasing & Finance Co Ltd.
 (v) RRB Securities Ltd.



- (vi) RRB Masterholdings Ltd. (Subsidiary of RRB Securities Ltd.)
- (e) Enterprises under control/Joint ventures
- (i) Parsvnath Developers (AOP)

2. Transactions during the year with related party.

Nature of Transaction	Referred to in (a) above	Referred to in (b) above	Referred to in (c) above	Referred to in (d) above	Referred to in (e) above
Remuneration & other services	408,539	—	—	—	—
Sitting Fee	(2467969)	60,000	—	—	—
Contribution/Investment made for the Project	—	(50000)	—	—	15,812,500
Share of Profit/(Loss)	—	—	—	—	(43125000)
Rent Received	—	—	665,351	2,153,040	650,509
Sale of Investment through them	—	—	(569,940)	(2,153,040)	(-4196495)
DP Charges paid	—	—	(46257669)	—	—
Dividend paid	—	6,469,309	—	22,957	—
Dividend received	—	(6,469,309)	—	(6226)	—
Reimbursement of Expenses	—	—	24,000	184,160	—
Interest paid on Loan	—	—	—	(129,150)	—
Outstanding in respect of Loan including interest accrued as on 31.03.2010	—	—	—	(378900)	—
Outstanding payable in respect of security deposit received	—	—	142,485	10,800,001	—
	—	—	(142,485)	(92059575)	—
	—	—	—	94,846,686	—
	—	—	—	(92059575)	—
	—	—	—	86,200,000	—
	—	—	—	(86,200,000)	—

Figures in Bracket pertain to previous year.

ANNEXURE REFERRED TO IN NOTE NO. 23 OF SCHEDULE 11 TO THE NOTES TO THE ACCOUNTS

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT, 1956

1. Registration Details	
Registration No.	34146
State Code	05
Balance Sheet Date	31.03.2010
2. Capital Raised During the Year	(Amount in Rs.Thousands)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
3. Position of Mobilisation and Deployment of Funds	(Amount in Rs.)
Total Liabilities	2789620
Total Assets	2789620
<u>Sources of Funds</u>	
Paid - up Capital	123160
Reserve & Surplus	955505
Secured Loans	754862
Unsecured Loans	956093
<u>Application of Funds</u>	
Net Fixed Assets	1998697
Investments	408388
Net Current Assets	382257
Deferred Tax Assets	278
4. Performance of Company	(Amount in Rs.Thousands)
Turnover	124544
Total Expenditure	27359
Profit Before Tax +/-	97185
Profit after Tax +/-	79571
Dividend Rate	10%
Earning per Share (in Rs.)	
— Basic	6.61
— Diluted	6.61
5. Generic names of principal Products/Services of Company(as per monetary terms)	
Item Code	N.A
Product Description	Real Estate

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	97185	170026
Adjustment for :		
Depreciation	1210	1316
Prior Period Adjustment	—	—
Interest/Dividend Received	(3245)	(2166)
Interest Paid	3162	1473
Gain on Sale of Long Term Investments	(49001)	(46861)
Transitional Effect	34	(19)
Provision for Gratuity & Leave	39	101
Operating Profit before Working Capital Changes	49385	123871
Adjustments for :		
Trade and other receivables	8484	92347
Inventories	5745	9395
Trade Payables	15880	(237988)
Overdraft from Bank	(16121)	247215
Cash generated from operations	63372	234840
Interest paid	(3162)	(1473)
Cash Flow before extraordinary items	60210	233367
Extraordinary items		
Direct Tax Paid	(21395)	(15733)
Net Cash from operating activities (A)	38815	217634
B) CASH FLOW FROM INVESTING ACTIVITIES		
Capital Work in progress	(717189)	(562380)
Purchase of Fixed Assets	(2851)	(5865)
Sale of Fixed Assets	25	0
Purchase of Investments	(16463)	(64194)
Sale of Investments	66684	83345
Interest Received	1823	880
Dividend Received	1422	1286
Dividend Paid	(12042)	(12042)
Tax on Dividend	(2047)	(2047)
Net Cash received in Investing activities (B)	(680638)	(561017)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital and Share Premium	0	0
Proceeds from Long Term Borrowings	1039698	349892
Net Cash used in Financing Activities (C)	1039698	349892
Net increase in Cash and Cash equivalents (A+B+C)	397875	6509
CASH & CASH EQUIVALENTS AS ON 1.04.2009 (OPENING BALANCE)	17472	10963
CASH & CASH EQUIVALENTS AS ON 31.03.2010 (CLOSING BALANCE)	415347	17472

For P. Bholusaria & Co. Chartered Accountants Firm Registration No. 000468N	For and on behalf of the Board of Directors
Amit Goel Partner (M. No. 92648)	Lalit Bhasin Chairman
Manish Chandak Authorised Signatory	J.M.L. Suri Director
Place : Gurgaon Date : 03.08.2010	Birendra Patra Company Secretary

Folio No.
(To be filled in by the Shareholder)
No. of Shares



HB ESTATE DEVELOPERS LIMITED PROXY FORM

I/We
of.....
being a member(s) of **HB ESTATE DEVELOPERS LIMITED**, hereby appoint.....
.....
of or failing
him/her of
as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Tuesday, 28th day of
September, 2010 and at any adjournment thereof. As witness my hand/our hands this day of 2010.

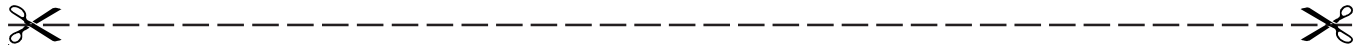
DP - Id :

Client - Id :

Signed by the Said :



NOTE : The proxy must be deposited at the Registered Office of the Company at Plot No. 31, Echelon Institutional Area, Sector-32, Gurgaon - 122 001 not less than 48 hours before the time of holding the Meeting.



HB ESTATE DEVELOPERS LIMITED ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING

Time : 11.00 A.M., Tuesday, 28th day of September, 2010
Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

FULL NAME OF THE FIRST SHAREHOLDER.....

Joint Shareholders, if any.....

Father's/Husband's Name

Address in full.....

FULL NAME(S) OF THE PERSON ATTENDING THE MEETING AS A PROXY/SHAREHOLDER(S)
.....

I/We hereby record my/our presence at the 16th Annual General Meeting held on 28th September, 2010 at 11.00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana.

Folio No./DP - Id : No. of Shares :

Client - Id :

Signature(s).....

Members may please note that the Auditorium Authorities do not permit carrying of bags/articles/snack packets etc. inside the meeting hall. The Company will not make any arrangements for safe keeping of articles etc. outside the Hall. Members may make their own arrangements which shall be solely at their risk and cost and the Company will in no way be responsible for any loss/theft of articles etc.

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Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001, Haryana

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