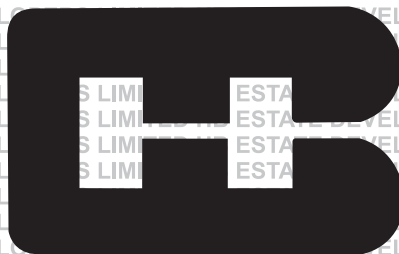


17th  
Annual Report  
2010 - 11



**HB ESTATE DEVELOPERS LIMITED**



**BOARD OF DIRECTORS**

**Mr. Lalit Bhasin** *Chairman*  
**Mrs. Asha Mehra**  
**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

**STATUTORY AUDITORS**

**M/s P. Bholusaria & Co.**

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](http://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  
Email : [shares@rcmcdelhi.com](mailto:shares@rcmcdelhi.com)

**CONTENTS**

Notice .....	2
Directors' Report .....	3
Management Discussion and Analysis .....	4
Report on Corporate Governance .....	5
Auditors' Report .....	8
Balance Sheet .....	9
Profit & Loss Account .....	9
Schedules .....	9
Balance Sheet Abstract & Company's General Business Profile .	16
Cash Flow Statement .....	17



## HB ESTATE DEVELOPERS LIMITED

### NOTICE

**NOTICE** is hereby given that the 17<sup>th</sup> Annual General Meeting of the Company will be held as follows:

Day : Wednesday  
Date : 7th September, 2011  
Time : 11.00 A. M.  
Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector-14,  
Gurgaon-122 001, Haryana.

to transact the following business:

#### AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 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. J M L Suri who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Rajesh Jain who retires by rotation and being eligible offers himself for reappointment.
- To re-appoint Auditors and to fix their remuneration.

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

Place : Gurgaon  
Date : 19<sup>th</sup> May 2011

**ANIL GOYAL  
Director**

#### 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.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 2nd September, 2011 to 7th September, 2011 (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 1st September 2011 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 1st September 2011 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.
- The Company is implementing the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be your registered email address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors report, auditors report etc. will also be displayed on the website www.hbestate.com of the Company and the other requirements of the aforesaid MCA circular will be duly complied with.**

**Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants.**

**Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in 7(a) above quoting their folio number(s)**

- Details of Directors seeking appointment / re-appointment at the ensuing 17<sup>th</sup> Annual General Meeting (Pursuant to clause 49 of the Listing Agreement).

Name of Director	Mr. J.M.L Suri	Mr. Rajesh Jain
Date of Birth	27 <sup>th</sup> April, 1938	24 <sup>th</sup> February, 1956
Date of Appointment	18 <sup>th</sup> August, 1994	29 <sup>th</sup> August, 2007
Expertise in specific functional areas	Administration	Extensive experience of overseeing construction activities both in India and abroad.
<b>Qualifications</b>	<b>Engineer</b>	<b>B.Com (Hons)</b>
Directorships in other public limited companies(As on 31-03-2011)	<ol style="list-style-type: none"> <li>HB Stockholdings Limited</li> <li>HB Estate Developers Ltd</li> <li>RRB Securities Ltd.</li> <li>Mount Finance Ltd.</li> <li>HB Corporate Services Ltd.</li> <li>RRB Master Holdings Ltd.</li> <li>HB Insurance Advisors Ltd.</li> <li>Bhasin Investments Ltd.</li> <li>HB Telecommunications Ltd.</li> <li>HB Prima Capital Ltd</li> <li>AHL Hotels Ltd.</li> </ol>	NIL
Membership of Committees in other Public Limited Companies(As on 31-03-2011)	<b>Audit Committee</b> <ol style="list-style-type: none"> <li>HB Estate Developers Ltd.</li> <li>RRB Securities Ltd.</li> </ol> <b>Shareholder/Investor Grievance Committee</b> <ol style="list-style-type: none"> <li>HB Estate Developers Ltd.</li> <li>HB Stockholdings Ltd.</li> </ol>	<b>Audit Committee</b> HB Estate Developers Ltd.  <b>Shareholder/Investor Grievance Committee</b> HB Estate Developers Ltd. <b>Remuneration Committee</b> HB Estate Developers Ltd.
No. of Shares held	500	NIL

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

Place : Gurgaon  
Date : 19<sup>th</sup> May 2011

**ANIL GOYAL  
Director**



**DIRECTORS REPORT**

To the Members,

Your Directors are pleased to present the 17th Annual Report together with the Audited Statements of Accounts for the accounting year ended 31st March 2011.

**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
	31.03.2011	31.03.2010
Profit before Depreciation & Tax	323.99	983.95
Less : Depreciation	14.29	12.10
Exceptional Item	183.65	—
Profit/(Loss) before Taxation	493.35	971.85
Provision for Taxation:		
– Current Tax	105.00	165.00
Deferred Tax		
– Charge/(Credit)	0.24	0.44
– Tax Adjustment for earlier year	9.39	10.70
Profit after Taxation	378.72	795.71
Add/(Less): Profit/Brought Forward	1575.60	1020.31
Transfer to General Reserve	(100.00)	(100.00)
Proposed Dividend	(120.42)	(120.42)
Distribution Tax on proposed Dividend including surcharge and education cess	(19.54)	(20.00)
Profit carried forward	1714.36	1575.60

**DIVIDEND**

In view of the distributable profits of the Company after providing Depreciation and other provisions, your Directors are pleased to recommend a dividend at the rate of 10% on Equity Shares (i.e. Re. 1/- per share) for the year under review (previous year Re. 1/- per share).

**PERFORMANCE REVIEW**

The operational income for the year under review was Rs.317.16 Lakhs compared to Rs. 706.07 lakhs in the previous year (including the share of profits from joint venture project at Mohali) The company has also been able to generate net profits of Rs. 388.11 (Rs. 806.41 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 AOP) formed with Parsvnath Developers Ltd. is progressing fast for completion and expected to be operational by end of the year 2011.

You directors are pleased to inform that during the year under review, the civil construction work of the 5 star 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. Most of the imported equipment has already been received at the Hotel site and under erection and installation. The Company has so far incurred a sum of Rs. 262.43 Crores on the Project activities. The hotel project work is in full swing and expected to be in operation in the financial year 2011-12.

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

**DEMISE OF SHRI H.C. BHASIN, FOUNDER CHAIRMAN OF THE COMPANY**

Sh. H.C. Bhasin, founder Chairman of the Company passed away on 7th December, 2010. The Board of Directors condoled the passing away of Sh. H.C. Bhasin and fondly recalled and placed on record his efforts and valuable contribution in directing the affairs of the Company and keeping the Company in a remarkable position as founder Chairman of the Company

**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. 17,65,849/- on account of traveling; Rs. 1,25,43,528/- towards payment of Professional and Technical fees and Rs. 8,01,31,577/- 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 are 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 judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company 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 out of the total sanctioned Term Loan of Rs. 150 Crores, a sum of Rs. 110.00 Crores has been disbursed to 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**

M/s P. Bholusaria & Co., Chartered Accountants, the Statutory Auditors, retires at the ensuing Annual General Meeting and is eligible and offers themselves for reappointment.

**DIRECTOR'S**

Mr. Davendra Ahuja was director on the Board of the Company since 2004 left for his heavenly abode on 20<sup>th</sup> August 2010. The Board placed on record its appreciations for the valuable services rendered by Mr. Ahuja during the period he was a director of the Company. There was no other change in the Board during the year under review.

Mr. J M L Suri and Mr. Rajesh Jain Director(s) being longest in the office, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**ACKNOWLEDGEMENTS**

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's associates in the Hotel Project and Bankers to the Company. Your Directors also wish to thanks for the contribution of the employees at all levels of the organisation and the trust and confidence reposed by the shareholders in the management of the company.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Place : Gurgaon  
Date : 19<sup>th</sup> May 2011**

**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. 317.16 (Rs. 706.07 lakhs in the previous year). During the year under review, the company earned a profit of Rs. 140.00 lakhs from sale of long term investments in securities as compared to Rs. 490.00 Lakhs in the previous year.

The Administrative expenses for the year under review were Rs. 252.58 Lakhs as compared to Rs. 204.04 Lakhs during the previous year.

**2. Ongoing Projects**

The project for construction of Shopping Mall-cum-Multiplex & Hotel at Mohali, involving approx. Rs. 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 the end of 2011.

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. As per the 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 work of the hotel building has been completed and other interior works are in progress.

The management of the Company is optimistic that the investments in the hotel project would generate substantial revenues once the Hotel goes on stream. The hotel project at Gurgaon is expected to be operational in the F.Y. 2011-12

**3. Industry Trends and Business Analysis**

Commercial real estate demand is essentially driven by the performance of the Country's economy, infrastructure development and policies to encourage investments. The demand in this segment deteriorated due to the slowdown in global and domestic economy since the most corporate looking to cost cutting and improved efficiencies. It has been seen that the fundamentals of India's real estate sector are not improving because of tight liquidity coupled with high interests rates. It is expected that the real estate sector will show some growth in the year 2011-12 in comparison to the previous years especially when growth witness only in the residential and affordable housing segment.

Conversely, the demand in the commercial segment remained weak, primarily due to 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 2011 -2012 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 years had been tough when tourist inflow declined up to 4% on account of economic slowdown, however it has grown at a CAGR of over 13% in the past 5 years. The premium / five star hotel segment has grown the fastest during the last five years. The growth in this segment indicates the type of travelers coming into India accounts for 0.5% of world tourism. It is expected that 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 steady momentum due to rising disposable incomes, cheaper airfares and better road and rail connectivity which will continue to increase the demand for hotel rooms and other stuff relating thereto. Although prospects are promising however 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 location 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 year under review exhibited unrest in Middle East and a drag from the global financial crisis in European Countries. Although the World 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 the years to come and the Indian economy shall be able to register more than 8 percent growth during the ongoing year.

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 growth rate of the economy.

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 in this sector. 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 are harrowing 10-12% in the year 2010-2011, have posed concerns on the fate of entire industry. The economic growth of the Country decelerated to 8% in the last year and it is expected that the economy to grow by 9 % in 2011-12.

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

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 internal control systems 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 control systems are also supplemented by internal audit conducted by an independent firm of Chartered Accountants on an ongoing basis.

The Internal Audit Reports are reviewed by the Audit Committee of the Board and the Audit Committee reviews the internal controls at periodic intervals in close coordination with management and 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 2011 stood at Rs. 1231.60 lakhs which includes Rs. 1204.22 lakhs on account of 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. 9793.77 Lakhs as against Rs. 9555.05 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. 20894.33 Previous year Rs.17,109.55 lakhs. The outstanding loan as on 31-03-2011 is Rs.11000 Lakhs.
- d) **Current Assets & Current Liabilities:** The current assets and current liabilities stood at Rs. 3828.11 Lakhs and Rs. 2140.04 Lakhs respectively against Rs. Rs. 6589.74 lakhs and Rs. 2767.17 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. 1688.07 Lakhs compared to Rs. 3822.57 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 adequate number of competent persons at senior and middle management and support staff levels were inducted to oversee the Hotel Project under implementation at Gurgaon.

The company follows a sound man management practices and it recognizes that employees are the assets and partners in its endeavors to achieve excellence in its business operations for a 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 downtrend 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 presently comprises of 5 directors all being non-executive out of which Four are independent directors. All Non-executive directors

are proficient in their respective fields and bring with them decades of rich and varied experience, in Finance, Income tax Laws, Money market operations, administration and management skill. Mr. Lalit Bhasin is the Non Executive Chairman of the Company and the Promoter. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Five (5) Meetings of the Board of Directors of the Company were held during the year under review, respectively on 30<sup>th</sup> April 2010, 3<sup>rd</sup> August 2010; 28<sup>th</sup> September 2010, 3<sup>rd</sup> November 2010 and on 25<sup>th</sup> January, 2011.

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 Board Meetings and in AGM 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	4	7	—	5	5	Yes	70,63,350(58.66%)
Mr. Davendra Ahuja Independent & Non Executive \$	3	—	7	2	5	—	No	Nil
Mrs. Asha Mehra Independent & Non Executive	—	—	—	—	5	5	Yes	Nil
Mr. Anil Goyal Independent & Non Executive	11	—	5	1	5	5	Yes	Nil
Mr. J.M.L. Suri Independent & Non Executive	10	—	4	1	5	5	Yes	500#(not significant)
Mr. Rajesh Jain Independent & Non Executive	—	—	—	—	5	5	Yes	Nil

\$ Left for his heavenly abode on 20-08-2010. \* As on 31-03-2011 # Joint Holding.

In terms of the provisions of the Articles of Association of the company, one-third of such of the directors as are liable to retire by rotation shall retire from office at every Annual General Meeting. Accordingly, Mr. J M L Suri and Mr. Rajesh Jain both non executive director(s) 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 the company in its meeting held on 20th December 2001 constituted two Board committees namely; Shareholders/Investors Grievance Committee and Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and also in compliance to 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. All of these committees are having their own terms of reference as approved by the Board from time to time.

**(A) Audit Committee:**

On 09.03.2010 the Audit Committee was reconstituted by induction of Mrs. Asha Mehra as member of the committee and presently she acts as the Chairperson of the Committee besides Mr. J.M.L. Suri and Mr. Rajesh Jain as Members. 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 quarterly, 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 finance, audit and internal control system etc.
- To obtain legal and professional advice wherever deemed 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, Audit Committee of the Board met 4 times respectively on 30-04-2010; 03-08-2010; 03-11-2010 and on 25-01-2011 and the same were attended by all three committee members.

**(B) Shareholders/Investors Grievance Committee:**

The Shareholders/Investors Grievance Committee was reconstituted on 09-03-2010 and Mr. Rajesh Jain was inducted as a member. At present the Committee is headed by Mr. J.M.L. Suri as Chairman; and Mr. Anil Goyal and Mr. Rajesh Jain as its two 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 of Equity Shares up to 10,000 shares at a time under one folio received and processed in between the two Share Transfer Committee meeting(s).

During the year under review, 11 (Eleven) meetings of the committee were held on 06-04-2010; 30-04-2010, 03-06-2010; 15-07-2010; 03-08-2010, 13-08-2010, 06-10-2010; 03-11-2010; 15-12-2010; 25-01-2011 and 25-02-2011. These Committee meeting(s) 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 by induction of Mrs. Asha Mehra as a member. At present the Committee comprises of - Mrs. Asha Mehra as Chairperson of the Committee; Mr. Rajesh Jain as its members. No Committee meeting was held during the year under review.

Remuneration Policy: As per the remuneration policy of the Company, Managing Director / Whole Time Director(s) are to be remunerated by way of salary and perk 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 during the year under review; the Non Executive Directors are paid sitting fees for attending each meeting of the Board and the Committees constituted by the Board in respect of their meeting held from time to time. The sitting fee for meeting of the Board of Directors and the Board Committee's are fixed by the Board of Directors within the overall monetary ceiling fixed under the Companies Act, 1956 from time to time.



Remuneration paid to Non Executive Director's during the year ended 31<sup>st</sup> March 2011 may be summarised as under:

Director	Relationship with other Director(s)	Sitting Fees Paid (Rs.)	Salary & Perks	Commission, if any
Mr. Lalit Bhasin	—	50,000/-	Nil	Nil
Mr. Anil Goyal	—	66,500/-	Nil	Nil
Mr. J. M. L. Suri	—	78,500/-	Nil	Nil
Mr. Rajesh Jain	—	78,500/-	Nil	Nil
Mrs. Asha Mehra	—	62,000/-	Nil	Nil

**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 company's website and has been amended from time to time as required in consonance to the changing regulations. For the year under review, all directors and senior management personnel associated with the Company have confirmed their adherence to the provisions of said Code of Conduct.

**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 AGMs held.

Year	Type	Location	Date	Time
2009-10	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon - 122 001.	28.09.2010	11.00 A.M.
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.

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

S. No.	Subject Matter	AGM Reference and Date of passing
1	Nil	Nil

(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 31-03-2011 (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](http://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	Wednesday 7th September, 2011	11.00 A. M.

II. Financial Year : 31st March 2011

III. Date of Book Closure : 2nd September, 2011 to 7th September, 2011 (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 7th October, 2011

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.

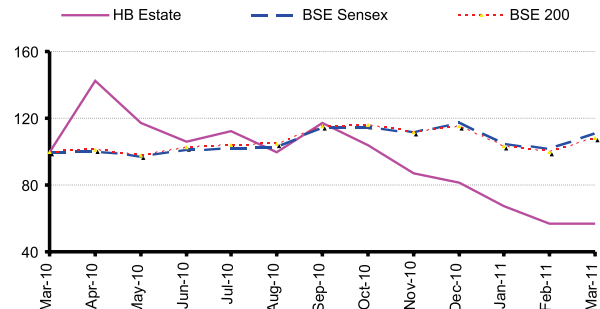
The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to Equity Shares of the Company is INE640B01013.

As at 31st March 2011, 98,90,340 Equity Shares of the company are held in dematerialised form constituting 82.13% of the Company's Paid up Equity Share capital of Rs.12,04,22,920/- comprising of 1,20,42,292 Equity shares of Rs.10/- each.

VIII. Market Price Data: The monthly High, Low and Close price during each month in the last financial year at BSE along with volume of shares traded during the month(s) are as under:

Month	High	Low	Close	Volume
April, 2010	73.70	46.10	70.15	661243
May, 2010	76.80	43.00	57.85	543127
June, 2010	58.05	49.70	52.30	65802
July, 2010	68.80	50.35	55.45	267883
August, 2010	58.00	49.10	49.15	79620
September, 2010	64.95	46.20	57.55	265387
October, 2010	65.50	48.15	51.00	43954
November, 2010	59.50	40.00	42.70	67298
December, 2010	46.90	36.00	40.10	36233
January, 2011	42.50	33.00	33.10	31358
February, 2011	36.00	26.00	27.85	31033
March, 2011	32.00	25.70	28.10	26656

IX. Performance in comparison to broad based indices



X. Stock Performance-Absolute returns vis-à-vis broad based indices 1 year

HB Estate	(-) 43.85%
BSE Sensex	9.72%
BSE 200	7.06%

XI. Distribution of Shareholding and Shareholding Pattern as at 31-March-2011 are as under:

**Distribution of Shareholding**

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	75303	99.57	3183255	26.43
501-1000	188	0.25	133539	1.11
1001-2000	65	0.09	90354	0.75
2001-3000	20	0.03	50366	0.42
3001-4000	08	0.01	28471	0.24
4001-5000	11	0.01	50457	0.42
5001-10000	12	0.01	96280	0.80
10001 and above	24	0.03	8409570	69.83
<b>TOTAL</b>	<b>75631</b>	<b>100.00</b>	<b>1,20,42,292</b>	<b>100.00</b>



**Shareholding Pattern**

Category	No of Shares held	% of Shareholding
<b>A. Promoters Holding</b>		
– Individuals	74,03,400	61.48
– Bodies Corporate	1,84,160	1.53
<b>B. Public Shareholding (Institutions)</b>		
– Mutual Funds and UTI	1,125	0.00
– Banks/Financial Institutions	195	0.00
– Foreign Institutional Investors	–	–
<b>C. Public Shareholding (Non Institutions)</b>		
– Bodies Corporate	5,92,326	4.92
– NRIs	1,03,543	0.86
– Indian Public	37,49,569	31.14
– Clearing Member/Intermediary	7,974	0.07
<b>TOTAL</b>	<b>1,20,42,292</b>	<b>100.00</b>

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 01-04-2010 to 31-03-2011 is as under:

Nature of Grievance	Received	Cleared
Non Receipt of Dividend	11	11
Non receipt of Share Certificates after transfer	12	12
Non Receipt of Annual Reports	–	-
Dematerialisation of Shares	22	22
<b>Total</b>	<b>45</b>	<b>45</b>

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@rcmdlhi.com

XVII. Address for Correspondence

The Company Secretary  
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. 2011.

**For HB ESTATE DEVELOPERS LTD.**

Sd/-  
**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.**  
Gurgaon

We have examined the compliance of conditions of Corporate Governance by HB Estate Developers Ltd. for the year ended on 31st March 2011, 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**  
**FRN 000468N**

**AMIT GOEL**  
**PARTNER**  
**(M. No. 92648)**

**Place : Gurgaon**  
**Date : 19th May, 2011**





**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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011 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.17(d) ) 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 31<sup>st</sup> March, 2011 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 : 19.05.2011

**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 procedures 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 31<sup>st</sup> march, 2011 for a period of more than six months from the date of becoming payable except for non deposit of advance tax instalments of Rs 26,00,000/-for June & September,2010 quarters.
- b. According to the records of the company, the disputed statutory dues that have not been deposited on account of the matters pending before appropriate authorities as on 31<sup>st</sup> March,2011 are as under:-
  - (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 (refer note no.2(a) of Schedule 11),.
  - (ii) Income tax demand of Rs.94,816 for A.Y.2006-07, Rs.8,55,290/- for A.Y.2007-08 and Rs.5,69,528/- for A.Y.2008-09 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 review of utilisation of funds pertaining to term loans on and overall basis and related information and explanation made available 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.22.92 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 in the earlier years..
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**  
**Firm Registration No. 000468N**

Place : Gurgaon  
Date : 19.05.2011

**AMIT GOEL**  
**PARTNER**  
**(M. No. 92648)**

# HB ESTATE DEVELOPERS LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2011

Descriptions	Schedules	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	123160358	123160358
Reserves & Surplus	2	979377318	95504794
		1102537676	1078665152
<b>LOAN FUNDS</b>			
- Secured Loan	1145734281	754861921	
- Unsecured Loan	943698800	2089433081	956093324
		1710955245	
<b>Total</b>		<b>3191970757</b>	<b>2789620397</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	18816436	16563791
Less : Depreciation		7879877	6450939
		10936559	10112852
Net Block		2624344811	1988583906
Capital Work in progress		2635281370	1998696758
		387626364	408388697
<b>INVESTMENTS</b>	5	255708	277698
Deferred Tax Asset			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	223557563	223557563
Cash and Bank Balances		145238214	415346754
Loans and Advances		14015102	20070124
		382810879	658974441
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	7	189006020	245776877
Provisions		24997544	30940320
		168807315	382257244
<b>NET CURRENT ASSETS</b>		<b>3191970757</b>	<b>2789620397</b>
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  
Amit Goel Partner (M. No. 92648)  
Manish Chandak Authorised Signatory  
J.M.L. Suri Director  
Anil Goyal Director  
Place : Gurgaon  
Date : 19.05.2011

For and on behalf of the Board of Directors

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Descriptions	Schedules	Year Ended 31.03.2011 (Rupees)	Year Ended 31.03.2010 (Rupees)
<b>INCOME</b>			
Sales		0	35062500
Rent and Facility Service Charges		33574396	34893631
Share of Profit/(Loss) from AOP (net of taxes) (Refer note No. 17)		(1858695)	650509
Other Income		10947831	3514139
Dividend Income (Gross)		1020912	1421917
Profit on Sale of Long Term Investments		13972642	49001194
<b>Total</b>		<b>57657086</b>	<b>124543890</b>
<b>EXPENDITURE</b>			
Increase(-)/Decrease(+) in stock	8	0	5745310
Administrative and other expenses	9	25257932	20403936
Depreciation	4	1428938	1209654
<b>Total</b>		<b>26686870</b>	<b>27358900</b>
<b>Profit for the year before Exceptional Items</b>		<b>30970216</b>	<b>97184990</b>
Exceptional Items (refer note no.18)		18365127	—
<b>Profit for the year after Exceptional Items before Tax</b>		<b>49335343</b>	<b>97184990</b>
Provision for Tax			
- Current Tax		10500000	16500000
- Deferred Tax Charge / (Credit)		23939	44272
Tax adjustments of earlier year		938968	1069789
<b>Profit for the year after Tax</b>		<b>37872436</b>	<b>79570929</b>
<b>Profit for the year available for appropriation</b>		<b>37872436</b>	<b>79570929</b>
Proposed Dividend		12042292	12042292
Tax on Proposed Dividend		1953561	2000074
Transfer to General Reserve		10000000	10000000
Balance brought forward from last year		157559536	102030973
<b>Balance carried forward to Balance Sheet</b>		<b>171436119</b>	<b>157559536</b>
<b>Basic &amp; Diluted Earning per Share (in Rs.)</b>			
- Before Exceptional Items		1.94	6.61
- After Exceptional Items		3.14	6.61
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  
Amit Goel Partner (M. No. 92648)  
Manish Chandak Authorised Signatory  
J.M.L. Suri Director  
Anil Goyal Director  
Place : Gurgaon  
Date : 19.05.2011

For and on behalf of the Board of Directors

## SCHEDULE '1' : SHARE CAPITAL

Particulars	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>AUTHORISED</b>		
20000000 Equity Shares of Rs. 10 each	200000000	200000000
10000000 Redeemable Preference Shares of Rs. 10 each	100000000	100000000
	300000000	300000000
<b>ISSUED</b>		
12871630 Equity Shares of Rs.10/- each	128716300	128716300
	128716300	128716300
<b>SUBSCRIBED AND PAID UP :</b>		
1,20,422,92 Equity Shares of Rs.10 each.	120422920	120422920
Add : Forfeited shares (829338) (Amount originally paid up)	2737438	2737438
	123160358	123160358

## SCHEDULE '2' : RESERVES AND SURPLUS

Particulars	As at 31.03.2011	As at 31.03.2010
<b>SHARE PREMIUM ACCOUNT</b>		
As per last account	499742116	499742116
	499742116	499742116

Particulars	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>GENERAL RESERVE</b>		
As per last year		288180627
Add : Transferred from Profit & Loss A/c	298203142	10000000
Add : Transitional effect of AS-15	(4059)	22515
(Refer Note No - 20)	308199083	298203142
<b>PROFIT &amp; LOSS ACCOUNT (As per annexed account)</b>	<b>171436119</b>	<b>157559536</b>
	<b>979377318</b>	<b>95504794</b>

## SCHEDULE '3' : LOAN FUNDS

Particulars	As at 31.03.2011	As at 31.03.2010
<b>(A) SECURED LOANS:</b>		
1. Vehicle Loan from HDFC Bank	1393794	43227
2. Term Loan from HDFC Bank	44340487	54818694
3. Term Loan from IDBI Bank	550000000	350000000
4. Term Loan from Punjab National Bank	550000000	350000000
<b>Total-A</b>	<b>1145734281</b>	<b>754861921</b>
<b>(B) UNSECURED LOAN</b>		
1. Intercompany Loans	714500000	725000000
2. Overdraft Facility from bank (Secured against FDR's of Third Party)	229198800	231093324
<b>Total-B</b>	<b>943698800</b>	<b>956093324</b>
<b>Total (A+B)</b>	<b>2089433081</b>	<b>1710955245</b>



## HB ESTATE DEVELOPERS LIMITED

### (1) Vehicle Loan From HDFC Bank

Secured by way of hypothecation of Vehicle Financed . Repayable with in a year Rs.5,40,371/- (Previous Year Rs. 43,227/-)

### (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.60,36,857/- (Previous Year Rs.1,04,78,207/-)

### (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, Sec 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, Sec 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 01.04.2010	Additions during the year	Sales/Adj. during the year	As at 31.03.2011	Upto 31.03.2010	For the year	Adjust-ments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
FURNITURE & FIXTURES	11494924	0	0	11494924	4263022	727629		4990651	6504273	7231902
OFFICE EQUIPMENTS	1892933	6500	0	1899433	367267	90092		457359	1442074	1525666
VOLTAGE STABILIZER	50866	0	0	50866	40377	2416		42793	8073	10489
VEHICLES	419839	2172145	0	2591984	128563	164828	0	293391	2298593	291276
COMPUTERS	2705229	74000	0	2779229	1651710	443973		2095683	683546	1053519
<b>TOTAL</b>	<b>16563791</b>	<b>2252645</b>	<b>0</b>	<b>18816436</b>	<b>6450939</b>	<b>1428938</b>	<b>0</b>	<b>7879877</b>	<b>10936559</b>	<b>10112852</b>
CAPITAL WORK IN PROGRESS (Refer Note No.6 of Schedule 11)	1988583906	635760905	0	2624344811	0	0	0	0	2624344811	1988583906
<b>TOTAL</b>	<b>2005147697</b>	<b>638013550</b>	<b>0</b>	<b>2643161247</b>	<b>6450939</b>	<b>1428938</b>	<b>0</b>	<b>7879877</b>	<b>2635281370</b>	<b>1998696758</b>
Previous Year	1285604201	720039943	496447	2005147697	5712522	1209654	471237	6450939	1998696758	1279891679

## SCHEDULE '5' : INVESTMENTS

Name of the company	Face Value (Rs.)	As at 31.03.2011		As at 31.03.2010	
		Qty (Nos)	Amount (Rs.)	Qty (Nos)	Amount (Rs.)
<b>LONG TERM INVESTMENTS</b>					
<b>(I) IN FULLY PAID EQUITY SHARES OF COMPANIES</b>					
<b>a) QUOTED</b>					
<b>- Non Trade</b>					
Royal Orchid Hotels Ltd	10	496	81840	496	81840
RRB Securities Ltd. (*)	10	86100	8610000	86100	8610000
PBA Infrastructure Ltd.	10	0	0	20000	3359108
Greaves Cotton Limited	10	0	0	37511	12038218
<b>- Trade</b>					
Jai Prakash Associates Ltd	2	850920	22732122	982170	26238434
<b>Total(a)</b>		<b>937516</b>	<b>31423962</b>	<b>1126277</b>	<b>50327600</b>
<b>b) UNQUOTED (NON-TRADE)</b>					
Harsai Investments Ltd	10	200000	2000000	200000	2000000
<b>Total(b)</b>		<b>200000</b>	<b>2000000</b>	<b>200000</b>	<b>2000000</b>
<b>Total -I (a+b)</b>		<b>1137516</b>	<b>33423962</b>	<b>1326277</b>	<b>52327600</b>
<b>(II) CONTRIBUTION TO ASSOCIATION OF PERSONS (TRADE)</b>					
Parsvnath Developers (AOP) (Refer Note No.17 of Schedule '11')		-	354202402	-	356061097
<b>Total-II</b>		<b>-</b>	<b>354202402</b>	<b>-</b>	<b>356061097</b>
<b>Grand Total-I+II</b>		<b>1137516</b>	<b>387626364</b>	<b>1326277</b>	<b>408388697</b>

### NOTE:

- Aggregate cost of Quoted Investments Rs.3,14,23,962/- ( Previous year Rs.5,03,27,599/- ) and Market Value thereof Rs. 8,73,52,365/- ( Previous year Rs 16,79,48,910/- )
- 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 been taken at cost.

	Current Year		Previous Year	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
<b>4. Addition to Investments during the year:-</b>				
- Contribution to Prasnath Developers (AOP)	Nil	Nil	Nil	15812500
- Jai Prakash Associates Ltd.(Bonus Shares Received)	Nil	Nil	377390	Nil
<b>5. Investment sold during the year:-</b>				
- Jai Prakash Associates Ltd.	131250	16767904	300000	60108734
- Greaves Cotton Ltd.	37511	14304867	23883	6575145
- PBA Infrastructure Ltd.	20000	1803509	—	—

- Investment Costing Rs.1,49,60,264/- (Previous Year Rs.1,36,24,526/-) were lying pledged in favour of the bank as at the year end.

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



**SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES**

Particulars	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>A. CURRENT ASSETS</b>		
(i) Inventories		
– Completed Construction	223557563	223557563
<b>Total-(i)</b>	<b>223557563</b>	<b>223557563</b>
(ii) Cash & Bank Balances		
– Cash in Hand	599704	1536623
– Balance with Schedule Banks :-		
In Current Accounts	28650931	65709734
In Dividend Accounts	5297249	4204905
In FDR Accounts	110368063	342443352
(lying with banks as margin)		
– Interest accrued on FDRs	322267	1452140
<b>Total-(ii)</b>	<b>145238214</b>	<b>415346754</b>
<b>Total (A)</b>	<b>368795777</b>	<b>638904317</b>
<b>B. LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	7594249	11886296
Security Deposits with Govt Departments & Others	194200	194200
Tax deducted at Source/Income Tax & Property Tax paid	6226653	7989628
<b>Total - B</b>	<b>14015102</b>	<b>20070124</b>
<b>Grand Total (A + B)</b>	<b>382810879</b>	<b>658974441</b>

**SCHEDULE '7' : CURRENT LIABILITIES & PROVISIONS**

<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors *	17980049	13658429
Advances from Customers	49325301	119349162
Security Deposits	105493389	101478350
Unclaimed Dividend **	5297249	4204905
Other Liabilities	1467616	1932961
Interest accrued but not due	9442416	5153070
<b>Total - A</b>	<b>189006020</b>	<b>245776877</b>
<b>B. PROVISIONS</b>		
For Income Tax	10500000	16500000
For Proposed Dividend	12042292	12042292
For Dividend Tax	1953561	2000074
For Gratuity	89381	2845
For Leave Encashment	412310	395109
<b>Total - B</b>	<b>24997544</b>	<b>30940320</b>
<b>Total (A + B)</b>	<b>214003564</b>	<b>276717197</b>

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

Opening Stock	223557563	229302873
Add : Addition during the Year	0	0
	223557563	229302873
Less : Closing Stock	223557563	223557563
<b>Total</b>	<b>0</b>	<b>5745310</b>

**SCHEDULE '9' : ADMINISTRATIVE AND OTHER EXPENSES**

Facility Management Services	3088078	2715494
Salaries and Benefits	2707829	2179422
Contribution to Provident and other funds	106175	356445
Legal & Professional	3056102	1764273
Communication	1378999	1493008
Printing & Stationery	628789	555257
Conveyance & Travelling	506278	316255

Particulars	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
Staff Welfare	176507	165418
Depository and Custodial	42142	60717
Repair & Maintenance :		
– To buildings	456489	436757
– To others	2994573	3572348
Electricity,Water and Generator Running	2570430	2101615
Listing Fee	30000	30000
Insurance	30680	35681
Sitting Fees	335500	394000
Miscellaneous	212802	470441
Vehicle Running & Maintenance	380211	370009
Auditors' Remuneration	231700	95200
Property Tax	159346	129304
Interest & Finance Charges :		
– On Term Loan from Bank	6085767	3150020
– On Vehical Loan from Bank	79535	12272
<b>Total</b>	<b>25257932</b>	<b>20403936</b>

**SCHEDULE 10: SIGNIFICANT ACCOUNTING POLICIES**

Annexed to and forming part of the Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

**A. System of Accounting:-**

- The Company follows the accrual system of accounting except :
  - in case of interest on allotment/call money in arrears on shares and debentures which are accounted as and when received and
  - Interest on delayed payment by customers against dues will be accounted for on cash basis owing to practical difficulties and uncertainties.
- Assets and Liabilities are recorded at historical cost.
- 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 :-**

- 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.
- In respect of Real Estate Projects undertaken w.e.f. 1<sup>st</sup> 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.
- 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.
- Income from services is accounted for on the basis of the bills raised on customers.
- 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 31<sup>st</sup> March, 2011

1. Estimated amount of contracts remaining to the executed on Capital account (net of advances) Rs.38,53,47,326/- (Previous year Rs.24,50,67,930/-).

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 rectification/appeal has been filed with the appropriate authorities- Rs. 14,24,818/-(previous year 8,55,290/-).
- (c) Contingent liability in respect of Letter of Credit/Bank guarantee issued by bank Rs.4,11,69,840/- (previous year Rs. Rs.3,38,77,640/-).

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 14<sup>th</sup> 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 4<sup>th</sup> 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 of Rs.100 lacs on 10.06.2010 which as a matter of prudence has been provided for as expense in the Profit & Loss Account under the head "Exceptional Items". 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, in the opinion of management any further provision is neither considered necessary nor ascertainable. The effect of any arrear/excess amount will be taken after the decision of the Hon'ble Court.

4. One party has filed compensation application before MRTP Commission (now Competition Appellate Tribunal) praying either for allotment of booked flats or refund of booking amount of Rs.13,44,000/- paid in financial year 1995-96 to 1998-99 (Previous year Rs.13,44,000/-) 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). The construction work in respect of company's Hotel project at Gurgaon is under progress. There are no revenue during the year (previous year Nil) pertaining to Hotel project. Sum of Rs. 262,43,44,811/-(previous year Rs.198,85,03,906/-) has been incurred upto the year end for hotel project which is 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/Registration & Allied charges	155,35,61,812	1,45,69,90,112
Interest & Finance Charges	23,36,95,822	8,04,59,790
Material & Labour	55,71,78,929	36,07,31,072
Plant & Machinery and Equipments	13,07,26,169	63,59,695
Professional & Technical Fees	8,98,92,404	5,55,78,295
Others	5,92,89,675	2,84,64,942
<b>Total</b>	<b>262,43,44,811</b>	<b>198,85,83,906</b>

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 shareholders:		
- Before Exceptional Items (after excluding tax effects on exceptional items)	23334327	79570929
- After Exceptional Item	37872437	79570929
<b>Basic &amp; Diluted Earning Per Share (face value of Rs.10 each)</b>		
Weighted Average Nos. of Equity Share Outstanding	12042292	12042292
Earning per share(Rs.)		
- Before Exceptional Item	1.94	6.61
- After Exceptional Item	3.14	6.61

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 31/03/2011	As on 31/03/2010
<b>Deferred Tax Liability</b>		
Fixed Assets	Nil	Nil
<b>Deferred Tax Assets</b>		
Fixed Assets	92935	145508
Expenses allowable on payment basis under Income Tax Act, 1961.	162773	132190
<b>Net Deferred Tax Assets (Liability)</b>	<b>255708</b>	<b>277698</b>

11. Auditors Remuneration consists of : (In Rs.)

	Current year	Previous year
- Audit Fees	125000	25000
- Tax Audit Fees	15000	15000
- Tax Matters	30200	17200
- Certification & Others	61500	38000
<b>Total</b>	<b>231700</b>	<b>95200</b>

12. Dividend Income of Rs.10,20,912/- (previous year Rs.14,21,917/-) is on Long Term Investments. Tax deducted at source on dividend Rs. Nil (Previous year Rs. Nil). Out of Dividend income Rs.8,16,740/- (Previous year Rs.10,20,927/-) is on Trade Investments and Rs. 2,04,172/- (Previous Year Rs. 4,00,990/- ) is on Non-Trade Investments.

13. Profit on sale of long term investments include profit of Rs.1,32,61,592/- (Previous year Rs. 5,00,90,700/-) on Trade Investments and Rs.7,11,051/- (Previous year Loss Rs.10,89,506/- ) on Non-Trade Investments.

14. Tax deducted at source on lease rentals including advance lease rentals Rs.33,12,427/-(Previous Year Rs. 58,10,083/-) and Rs.9,53,060/- (Previous year Rs.1,82,264/-) 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. 95,07,831/- (Previous Year Rs 18,22,639/-) interest income on FDR with Bank.

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..33,07,73,607/-) for the project. The Company has 50% share in Profit /Loss of the project.

b) The company's share of Loss amounting to Rs.18,58,695/- (previous year Profit Rs. 6,50,509/- ) (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	218228	2506156
Expenses	(2076923)	(1855647)
Profit/(Loss) before tax	(1858695)	650509
Provision for tax	Nil	Nil
Profit/(Loss) after tax	(1858695)	650509

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

Particulars	Current year (Rs.)	Previous year (Rs.)
Assets	493306658	474907923
Liabilities	139104256	118846826
Capital Commitment	Nil	Nil
Contingent Liabilities	Nil	Nil

d) As per the notes forming part of the audited accounts of AOP, Land was allotted by Punjab Small Industrial & Export Corporation Limited (PSIECL) to Parsvnath Developers Limited (PDL) on free hold basis. Consideration for allotment of land was payable in yearly instalments with last instalment due on 23.12.2010. As on the date of balance sheet, Rs. 25,36,83,349 are overdue for payment to PSIEC. In terms of the agreement, failure to complete the construction within the stipulated time or non adherence to the

payment schedule will entitle PSIECL to cancel the allotment and forfeit part of the amount paid. The cancellation can be made after giving a Show Cause Notice. The Entity is pursuing with PSIEC and is hopeful of getting extension of construction period and payment schedule.

In the opinion of management, no prejudice will be caused to the company's investments made in AOP.

18. (a) Exceptional Items consist of:

Particulars	Current year (Rs.)	Previous year (Rs.)
Compensation/Damages Received (refer note (b) below)	28365127	Nil
Ground Rent Paid (refer note no.3 above )	(10000000)	Nil
Amount as per Profit & Loss Account	18365127	Nil

(b) A sum of Rs.22, 00,000/- was paid to various vendors towards booking of 22 flats in Prem Dohil Sadan, Rajendra Place, New Delhi by HB Stockholdings Ltd.(HBSL) (previously known as HB Portfolio Leasing Ltd.) in 1994 . 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/- thus became a part of the assets of the said Real Estate Division and thus became property of the company.

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 by way of damages @ Rs.3,00,000/- per flat (i.e. totalling to Rs.66 lacs) along with interest @ 9% p.a. w.e.f. 22/06/1999. HBSL preferred an Appeal against the said order in the Delhi High Court for specific performance. Appeals were also filed by the opposite party.

During the year, in terms of Hon'ble Delhi High Court's order dated 02.02.2011 and as per the compromise between the parties, the aforesaid compensation of Rs.66 Lacs was substituted by an amount of Rs.3,05,65,127/-. Accordingly sum of Rs.2,83,65,127/-(Rs.3,05,65,127 being damages/compensation received - Rs.22,00,000 being the amount paid in earlier year to the vendors) has been accounted for as income on account of Damage/compensation received.

19. (a) Expenditure in foreign currency:

- Travelling	Rs. 17,65,849/-(previous year Rs. 5,44,412/-)
- Professional & Technical Fees	Rs. 1,25,43,528/-(previous year Rs.32,70,347/-)
- Capital Goods	Rs. 8,01,31,577/-(Previous year Rs. 7,10,874/-)

(b) The company has not remitted any dividend in foreign currency and does not have information as to the extent to which remittance, if, any in foreign currency on account of dividends have been made by/ on behalf of non - resident shareholders. The particulars of dividend paid to non- resident shareholders are as under:-

Sl. No.	Particulars	Current year (Rs.)	Previous year (Rs.)
a	No. of Non- resident shareholders	634	653
b	No. of equity Shares held by them	104572	114351
C	i) Amount of Dividend paid (Gross)	104572	114351
	ii) Tax Deducted at Sources	Nil	NIL
	iii) Year to which dividend relates	2009-10	2008-09

20. Disclosure pursuant to Accounting Standard - 15

a) The company has adjusted Rs. 4059/-(Previous Year Rs.22,515/-) -net of deferred tax of Rs.1949/-(previous year Rs.11,199/-) 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	1,06,175/-	90,470/-	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)	405265	362413	395109	260039
Adjustment for increase (decrease) in opening obligation (B)	6008	(33714)	Nil	Nil
Interest Cost (C)	32902	26296	31522	20803
Current service cost (D)	220925	189055	183336	217697
Benefits paid (E)	18173	230370	122962	123761
Actuarial loss/ (gain) on obligation (F)	(141524)	91585	(74695)	20331
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	505403	405265	412310	395109

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)	505403	405265	412310	395109
Estimated fair value of plan assets (B)	416022	402420	Nil	Nil
Net Liability (C=A-B)	89381	2845	412310	395109

Amounts in the Balance Sheet				
Liabilities	89381	2845	412310	395109

Amount charged to Profit & Loss Account				
Current Service Cost	220925	189055	183336	217697
Interest Cost	32902	26296	31522	20803
Expected Return on Plan Asset	(31775)	(23751)	Nil	Nil
Actuarial(Gain)/Loss	(141524)	72775	(74695)	20331
	80528	264375	140163	258831
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Funds		Salary & benefits Rs 1,40,163/- (previous year Rs.2,58,831/-).	

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

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Actual return on plan assets	31775	42561/-

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	6%	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	402420	263897
i)	Expected Return on Plan Assets	31775	23751
ii)	Actuarial Gains / (Losses)	Nil	18810
iii)	Contribution by the Employer	Nil	326332
iv)	Benefits Paid	18173	230370
	Closing Fair Value of Plan Assets	416022	402420

21. The nature of activities of Company is such that quantitative information regarding inventories can not be given.
22. Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956 is annexed.
23. Previous year figures have been re-grouped / re-arranged wherever considered necessary.
24. 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

For and on behalf of the Board  
of Directors

Amit Goel  
Partner (M. No. 92648)  
Place : Gurgaon  
Date : 19.05.2011

Manish Chandak  
Authorised Signatory

J.M.L. Suri  
Director

Anil Goyal  
Director



**Annexure to Note No.7 of Schedule "11" to the Accounts for the year ended 31.03.2011**

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**

Mr. Biren Patra (Left on 01.03.2011 )

**(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	471,360 (408,539)	-	-	-	-
Sitting Fee	-	(50,000) (60,000)	-	-	-
Contribution/Investment made for the Project	-	-	-	-	Nil
Share of Profit/(Loss)	-	-	-	-	(1,58,12,500) (1,858,695) (6,50,509)
Rent Received	-	-	665,428 (6,65,351)	2,153,040 (2,153,040)	-
Sale of Investment through them	-	-	32,876,280 (66683880)	-	-
DP Charges paid	-	-	-	4,238 (22957)	-
Dividend paid	-	6,469,309 (6,469,309)	-	184,160 (184,160)	-
Dividend received	-	-	-	86,100 (86100)	-
Amount recovered on our behalf and remitted to us	-	-	-	28,365,127 (Nil)	-
Reimbursement of Expenses	-	-	-	-	-
Interest paid on Loan	-	-	(24000)	-	-
Outstanding in respect of Loan including interest accrued as on 31.03.2011	-	-	-	10,800,001 (10800001)	-
Outstanding payable in respect of security deposit received	-	-	-	9,23,96,712 (9,48,46,686)	-
	-	-	142,485 (142,485)	8,62,00,000 (86,200,000)	-





**ANNEXED REFERRED TO IN NOTE NO. 22 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

<b>1. Registration Detail</b>	
Registration No.	34146
State Code	05
Balance Sheet Date	31.03.2011
<b>2. Capital Raised During the Year(Amount in Rs.Thousands)</b>	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>3. Position of Mobilisation and Deployment of Funds (Amount in Rs. )</b>	
Total Liabilities	3191971
Total Assets	3191971
<b>Sources of Funds</b>	
Paid - up Capital	123160
Reserve & Surplus	979377
Secured Loans	1145734
Unsecured Loans	943699
<b>Application of Funds</b>	
Net Fixed Assets	2635281
Investments	387626
Net Current Assets	168807
Deferred Tax Assets	256
<b>4. Performance of Company (Amount in Rs.Thousands)</b>	
Turnover	76022
Total Expenditure	26687
Profit Before Tax +/-	49335
Profit after Tax +/-	37872
Dividend Rate :	10%
<b>Basic &amp; Diluted Earning per Share (in Rs.)</b>	
- Before Exceptional Item	1.94
- After Exceptional Item	3.14
<b>5. Generic names of principal Products/Services of Company(as per monetary terms)</b>	
Item Code	Product Description
N.A	Real Estate

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)	Manish Chandak Authorised Signatory	J.M.L. Suri Director	Anil Goyal Director
Place : Gurgaon Date : 19.05.2011			

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax,extraordinary items and exceptional items	30969	97185
Adjustment for :		
Depreciation	1429	1210
Interest/Dividend Received	-10930	(3245)
Interest Paid	6165	3162
Gain on Sale of Long Term Investments	-13973	(49001)
Transitional Effect	-4	34
Provision for Gratuity & Leave	104	39
Operating Profit before Working Capital Changes	13760	49385
Adjustments for :		
Trade and other receivables	6055	8484
Inventories	0	5745
Trade Payables	-56771	15880
Overdraft from Bank	-1895	(16121)
Cash generated from operations	<u>-38851</u>	<u>63372</u>
Interest paid	-6165	(3162)
Cash Flow before extraordinary items	<u>-45016</u>	<u>60210</u>
Exceptional Item	18365	0
Direct Tax Paid	-17439	(21395)
<b>Net Cash from operating activities (A)</b>	<b>-44090</b>	<b>38815</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Work in progress/Purchase of Fixed Assets	-638014	(720040)
Sale of Fixed Assets	0	25
Purchase of Investments	0	(16463)
Sale/decrease of Investments	34735	66684
Interest Received	9508	1823
Dividend Received	1422	1422
<b>Net Cash received in Investing activities (B)</b>	<b><u>-592349</u></b>	<b><u>(666549)</u></b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital and Share Premium	0	0
Proceeds from Long Term Borrowings	380372	1039698
Dividend Paid	-12042	(12042)
Tax on Dividend	-2001	(2047)
<b>Net Cash used in Financing Activities (C)</b>	<b><u>366329</u></b>	<b><u>1025609</u></b>
<b>Net increase in Cash and Cash equivalents (A+B+C)</b>	<b>-270109</b>	<b>397875</b>
CASH & CASH EQUIVALENTS		
(OPENING BALANCE)	415347	17472
CASH & CASH EQUIVALENTS		
(CLOSING BALANCE)	145238	415347

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)	Manish Chandak Authorised Signatory	J.M.L. Suri Director	Anil Goyal Director
-------------------------------------	--	-------------------------	------------------------

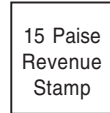
Place : Gurgaon  
Date : 19.05.2011

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 17th Annual General Meeting of the Company to be held on Wednesday, 7th day of  
September, 2011 and at any adjournment thereof. As witness my hand/our hands this day ..... of 2011.

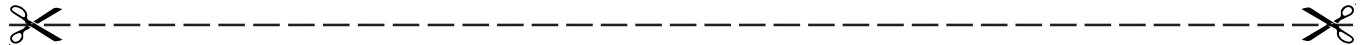


DP - Id : .....

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

### 17TH ANNUAL GENERAL MEETING

Time : 11.00 A.M., Wednesday, 7th day of September, 2011  
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 17th Annual General Meeting held on 7th September, 2011 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.

**BOOK POST**

*If Undelivered please return to :-*



**HB ESTATE DEVELOPERS LIMITED**

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

Printed by : First Impression, 9811224048, 9650413830