

BOARD OF DIRECTORS

Mr. Lalit Bhasin
Mr. C. K. Hazari
Mr. Bodhishwar Rai
Mr. Davendra Ahuja
Mr. Anil Goyal
Mr. J. M. L. Suri
Mr. Naresh Kumar Mehta

Chairman

Wholetime Director

AUDIT COMMITTEE

Mr. C. K. Hazari
Mr. Bodhishwar Rai
Mr. J. M. L. Suri

Chairman

COMPANY SECRETARY

Mr. V. Shankar

AUDITORS
P. Bholusaria & Company

Chartered Accountants,
26/11, Shakti Nagar,
Delhi - 110 007.

REGISTERED OFFICE

199, Sector - 7, Urban Estate, Gurgaon - 122 001, Haryana

CORPORATE OFFICE

H-72, Connaught Circus, New Delhi - 110 001.

REGISTRAR & SHARE TRANSFER AGENT
RCMC SHARE REGISTRY PVT. LTD.,

1515, 1st Floor, Bhisham Pitamah Marg,
Kotla Mubarakpur, Near South Extension,
New Delhi-110 003.

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NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held as follows:

Day : Tuesday
Date : 15th February, 2005
Time : 10:00 A.M.
Place : GIA House I.D.C. Mehrauli Road,
Opp. Sector-14, Gurgaon-122001, Haryana

to transact the following business:

AS ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 30th September 2004 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Bodhishwar Rai who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Anil Goyal who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Naresh Kumar Mehta, who was appointed as additional director on the Board of the company on 28th April, 2004 be and is hereby appointed as Director of the company liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Davendra Ahuja, who was appointed as additional director on the Board of the company on 30th July, 2004 be and is hereby appointed as Director of the company liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the Resolution passed by the Board of Directors of the company at their meeting held on 28-April-2004 and to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the appointment of Mr. Naresh Kumar Mehta as Whole Time Director of the company for a period of 5 years with effect from 28th April 2004 on the terms and conditions as approved by the Board of Directors at their meeting mentioned hereinabove and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded and that during his tenure in the Office as Whole Time Director, he shall not be liable to retire by rotation."
"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration payable to Mr. Naresh Kumar Mehta at any time during his tenure in the office of Whole Time Director of the Company in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 and also to do any other acts and deeds, (including seeking of any approval, consent, permissions from such other authorities, if any required) as may be necessary and incidental in the matter."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and subject to such other approvals, permissions and sanctions, as may be required and subject to the applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions as may be prescribed by any of the authorities, while granting such approvals/permissions/sanctions, which the Board of Directors of the company (herein after referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising powers conferred by the Board) may accept, the consent of the company be and is hereby accorded to the Board to allow Non Resident Indians (hereinafter referred to as "NRIs") and Overseas Corporate Bodies (hereinafter referred to as "OCBs") predominantly owned by NRI's to acquire shares of the company through Stock Exchanges in India under Portfolio Investment Scheme and

in accordance with all permissible modes, subject to the condition that the total purchase by NRIs and/or OCBs both on repatriation and non repatriation basis shall be within the overall ceiling (subject to individual limits as may be applicable/prescribed) of 24% of the paid up Equity Capital of the company or such other higher ceiling as may be allowed by Reserve Bank of India from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept investment by NRIs and/or OCBs in variation of the aforesaid ceilings, as may be permissible from time to time and to do all such acts, deeds and things and to execute such documents or writings, as may be necessary, proper or expedient for the purpose of giving effect to this resolution, connected therewith or incidental thereto."

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

**Place : New Delhi
Date : 29th November, 2004**

**V. SHANKAR
COMPANY SECRETARY**

NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 11.02.2005 to 15.02.2005 (both days inclusive).
- 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., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax: 24692345. E-mail: rcmc@dimension1.net.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- Details of Directors seeking appointment/reappointment at the ensuing Annual General Meeting (Pursuant to clause 49 of the Listing Agreement). **(Please see Page No. 9 for Details)**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5 : Mr. Naresh Kumar Mehta was appointed as Additional Director on the Board of Directors on 28th April 2004 under the provisions of Section 260 of the Companies Act, 1956 and he holds office up to the date of the ensuing Annual General Meeting of the company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing him to be appointed as the Director of the company liable to retire by rotation.

Mr. Naresh Kumar Mehta is an MBA and has over 22 years of experience in all aspects of marketing and sales besides having acquired expertise in retail networking and management and corporate planning. The Board commends the resolution for his appointment as Director for consideration of the members.

None of the directors except Mr. Naresh Kumar Mehta are in any way concerned or interested in the above resolution.

Item No. 6 : Mr. Davendra Ahuja was appointed as Additional Director on the Board of Directors on 30th July 2004 and under the provisions of Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting of the company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing him to be appointed as the Director of the company liable to retire by rotation.

Mr. Davendra Ahuja had done his MBA and Post Graduation in Economics from US. He was with Citibank for more than 10 years and held senior positions before promoting 20th Century Group. He brings with him decades of rich and varied experience in corporate restructuring,

banking, finance etc. His continued association would be of great benefit and advantage to the company and accordingly the Board commends the resolution for his appointment as Director for consideration of the members.
None of the directors except Mr. Davendra Ahuja are in any way concerned or interested in the above resolution.

Item No. 7 : The Board of Directors of the Company at their meeting held on 28th April 2004 have appointed Mr. Naresh Kumar Mehta as the Whole Time Director of the Company for a period of 5 years with effect from 28-04-2004 upon the consideration and recommendations of the Remuneration Committee of the Board. The appointment and the remuneration payable to Mr. Naresh Kumar Mehta as Whole Time Director requires the approval of the Company in General Meeting pursuant to Schedule XIII of the Companies Act, 1956 read with Section 269, 198, 309 and 314 of the said Act. The terms and conditions of the appointment of Mr. Naresh Kumar Mehta as Whole Time Director approved by the Board of Directors at their meeting as mentioned hereinabove are as under: -

- BASIC SALARY :** Rs. 42,000/- per month;
- PERQUISITES**
 - HOUSE RENT ALLOWANCE :** 40% of the Basic Salary as mentioned at (a) above
 - REIMBURSEMENT OF BOOKS & PERIODICALS :** Reimbursement of expenses incurred on purchase/subscription of Books and Periodicals up to a maximum of Rs.1000/- (Rupees One thousand only) per month.
 - REIMBURSEMENT OF CONVEYANCE EXPENSES :** Reimbursement of expenses incurred on conveyance to a maximum of Rs. 3,500/- per month (Rupees Three thousand five hundred only).
 - MEDICAL REIMBURSEMENT :** Expenses incurred for self and family subject to a ceiling of one month's salary per year.
 - LEAVE TRAVEL ASSISTANCE :** For self and family once in a year subject to a ceiling of one month's salary per year.
 - PROVIDENT FUND :** Company's contribution towards provident fund subject to a ceiling of 12% of basic salary.
 - GRATUITY :** Not exceeding half month's salary for each completed year of service, subject to the ceiling prescribed under Income Tax Act, 1961.
- LEAVE :** As per rules of the Company from time to time.
- Apart from the aforesaid salary, perquisites, allowance and benefits, the Whole-time Director

will be entitled to reimbursement of expenses incurred in connection with business of the Company.

- No sitting fees will be paid to the Whole-time Director for attending the meetings of the Board of Directors of the Company or Committees thereof.
- The appointment may be terminated by 30 days notice on either side or 30 days salary in lieu thereof.
- The above remuneration shall be payable as minimum remuneration to the Whole-time Director in the event of absence/inadequacy of profits in any financial year.
The particulars set out hereinabove may be treated as the abstract of the terms and conditions of appointment of Mr. Naresh Kumar Mehta as Whole Time Director of the Company to be sent to the shareholders under section 302 of the Companies Act, 1956. None of the Directors except Mr. Naresh Kumar Mehta is concerned or interested in this resolution. The Directors recommend the resolution for approval by the members.

Item No. 8 : In terms of the provisions of the Foreign Exchange Management Act, 1999 read with Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, Non Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) predominantly owned by NRIs are allowed to make investment on repatriation as well as on non-repatriation basis under the Portfolio Investment Scheme (acquisition/purchase of shares through the Stock Exchange) in the equity shares of an Indian Company with an individual ceiling limit of 5% of the paid up equity capital of the company for each NRI/OCB and subject to an overall ceiling of 10% of the paid up equity capital of the company. However, the overall ceiling limit of 10% can be enhanced to 24% if such an enhancement is approved by the Shareholders in a General Meeting.

In the wake of globalisation, your Directors feel that it would be expedient and in the overall interest of the company to enhance the maximum ceiling limit from 10% to 24% to provide for investment by NRIs/OCBs through the Portfolio Investment Scheme. The resolution is accordingly commended for approval of the members.

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

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

**Place : New Delhi
Date : 29th November, 2004**

**V. SHANKAR
COMPANY SECRETARY**

DIRECTORS' REPORT

To the Members,
Your Directors present the 10th Annual Report together with the Audited Statements of Accounts for the year ended 30th September 2004.

FINANCIAL RESULTS :

The financial results of the Company during the year under review are summarised as under :

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 30.09.2004	Year Ended 30.09.2003
Gross Profit / (Loss)	(277.32)	(292.00)
Less : (a) Depreciation	1.74	1.71
(b) Miscellaneous Expenses Written Off	0.93	0.93
Net Profit/(Loss)	(279.99)	(294.64)
Provision for Taxation— Current Tax	—	—
— Deferred Tax — Credit/(Charge)	(0.08)	0.01
Profit after Taxation	(280.07)	(294.63)
Add/(Less) : Profit Brought Forward	(319.16)	(31.70)
Prior Period Adjustments	0.31	7.17
Net Amount available for appropriation(s)	Nil	Nil
Profit/(Loss) carried forward*	(598.92)	(319.16)

*The loss has been adjusted against the amount standing to the credit of general reserve.

DIVIDEND : In view of loss, your Directors regret their inability to recommend dividend for the year under review.

PERFORMANCE REVIEW & OUTLOOK : During the year under review, the Real Estate Industry after years of sluggish and dormant phase witnessed a pick up in demand of commercial properties. However, there has not been any significant improvement/correction in the prices and the realisation continues to be unremunerative.

The company in an effort to enhance the value and improve realisation for its property in 'Twin Tower' at Wazirpur, Delhi is opening a 'Food Court' in the Ground Floor of the Property. The Food Court would be leased to well known brands on a revenue sharing basis for which the negotiations are already under advanced stage. The above would not only improve the visibility of the property but also contribute to the bottom line by way of net additional revenue to the company.

The company is also making efforts to identify potential new projects in Housing and Multiplexes in the satellite towns of Gurgaon, Noida and other promising areas falling in the National Capital Region. Your company is examining proposals towards this end and new projects would be undertaken after detailed evaluation of market trends, viability and the demand potential.

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 or outgo.

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 is no such employee. Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the year under review, the applicable accounting standards have been followed. The Directors' have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year under review and of the profit or loss of the company for that period. The Directors' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors' have prepared the annual accounts, for the year under review, on a going concern basis.

CORPORATE GOVERNANCE : The Report on Corporate Governance is annexed hereto and forms a part of the Directors' Report.

STATEMENT PURSUANT TO LISTING AGREEMENT(S) : The Company's securities (equity shares) are presently listed at Mumbai, Chennai, Kolkata and Ahmedabad Stock Exchanges. Pursuant to the approval of shareholders, the company had applied for delisting of equity shares of the company from the Stock Exchanges at Delhi, Chennai, Ahmedabad and Kolkata. While the equity shares of the company has been delisted from Delhi with effect from 12-07-2004. The delisting is awaited from the stock exchanges at Ahmedabad, Chennai and Kolkata and the company's application for the same is under process.

AUDITORS' REPORT : Observations of the Auditors have been explained, wherever necessary, by notes to accounts.

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

DIRECTORATE : Mr. H.C. Bhasin resigned from the Board with effect from 30th July 2004. The Board wishes to place on record its appreciation of the valuable contributions made by him during his tenure, in directing the affairs of the company. In order to have the continued benefits of his wisdom and experience and having regard to his valuable contributions in the past, the Board has made him the Chairman Emeritus.

Mr. Lalit Bhasin was unanimously elected as Chairman of the Board of Directors of the Company with effect from 30-07-2004.

Mr. Naresh Kumar Mehta, an MBA with over 22 years of experience in all aspects of marketing and sales besides expertise in retail networking and management and corporate planning was appointed as Additional Director and also as Whole Time Director of the Company w.e.f 28-April-2004. The resolutions for his appointment as Director and as Whole Time Director and the payment of remuneration are coming up for your approval at the ensuing Annual General Meeting and the directors commend the same for consideration.

Mr. Davendra Ahuja, who is an expert in finance and banking was co-opted as Additional Director on 30-July-2004 and accordingly holds office only up to the date of ensuing Annual General Meeting. Considering his rich and varied experience, his continued association with the Company would be beneficial to it and accordingly the Board commends the resolution for appointing him as Director of the Company in the ensuing Annual General Meeting, for the consideration of members.

Mr. Bodhishwar Rai and Mr. Anil Goyal are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENTS : Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's Bankers and the Employees of the Company and the trust and confidence reposed by the shareholders of the company.

FOR AND ON BEHALF OF THE BOARD

**Place : New Delhi
Date : 29th November, 2004**

**LALIT BHASIN
Chairman**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results : The total income earned by the company from Sales and other income for the year under review was Rs.535.86 lakhs. Income from sales and rentals amounted to Rs.520.15 lakhs as compared to Rs.106.54 lakhs. During the year under review, though the demand for commercial property picked up, however the same did not translate into better realisation. During the year under review, the company sold 22,320 Sq. ft. of space as compared to 4287 Sq. Ft. in the previous year. The company continues its focus to contain and reduce the expenses. While the Administrative expenses for the year was Rs.76.73 lakhs as compared to Rs.74.62 lakhs, however the Interest and financial charges has come down from 167.48 lakhs to Rs.65.91 lakhs.

2. Industry Trends and Business Analysis : During the year under review the demand for commercial properties picked up on the back of economic revival led by a strong industrial growth and a general improvement of investment sentiments. However, it has not resulted in any improved realisation for the real estate industry, reeling under prolonged downturn. The commercial property segment, in which your company has major presence, continues to be plagued by various infrastructural constraints and bottlenecks like parking space, roads etc. The housing sector however has been fortunate with a strong demand and easy availability of concessional finance.