

BOARD OF DIRECTORS

Mr. Lalit Bhasin	<i>Chairman</i>
Mr. C. K. Hazari	
Mr. Bodhishwar Rai	
Mr. Davendra Ahuja	
Mr. Anil Goyal	
Mr. J. M. L. Suri	

AUDIT COMMITTEE

Mr. C. K. Hazari	<i>Chairman</i>
Mr. Bodhishwar Rai	
Mr. J. M. L. Suri	

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.

WEBSITE

www.hbestate.com

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 12th Annual General Meeting of the Company will be held as follows:

Day : Tuesday
Date : 5th September, 2006
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 31st March, 2006 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. Chand Kishan Hazari who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Bodhishwar Rai 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 a **Special Resolution**:

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as 'the Board'), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the 'FIIs'), in the shares or debentures and/or other securities convertible into or exchangeable with shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the aggregate holding of all FIIs put together shall not exceed such percentage of the paid up equity share capital or paid up value of the respective series of the debentures and/or other securities convertible into or exchangeable with shares of the Company which shall be the applicable sectoral cap/statutory ceiling as is prescribed from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including settling any question that may arise in this regard."

- 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 Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director(s) and/or the Executive Director(s), if any) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors till March 31, 2011, and such payments shall be made out of the profits of the Company for each corresponding year commencing from the financial year ending on 31st March 2007 onwards."

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

**V. SHANKAR
COMPANY SECRETARY**

Place : New Delhi
Date : 15.04.2006

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 22-08-2006 to 05-09-2006 (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 21st August, 2006 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 21st August 2006 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., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax: 24692345. E-mail: rcmc@dimensioni.net. Members whose shareholding is in the dematerialised mode are requested to direct change of address notifications to their respective Depository Participants.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- Details of Directors seeking appointment/reappointment at the ensuing Annual General Meeting (Pursuant to clause 49 of the Listing Agreement).

Name of Director	Mr. C. K. Hazari	Mr. Bodhishwar Rai
Date of Birth	05.07.1923	01.12.1934
Date of Appointment	24.12.2003	20.12.2001
Expertise in specific functional areas	Finance	Finance & Banking
Qualifications	B.Com, ACA	Post Graduate in Economics
Directorships in other public limited companies (As on 31-03-06)	Samtel India Limited Uniproducts India Ltd. PNR Capital Services Ltd.	Suven Life Sciences Ltd. Sutlej Industries Ltd. Madhya Bharat Papers Ltd. Oriental Carbon & Chemicals Ltd. Texmaco Ltd. Hindustan Wires Ltd. Magma Leasing Ltd. West Coast Paper Mills Ltd. NRC Limited Jubilant Organosys Ltd. Sunil Healthcare Limited Domino's Pizza India Ltd. Dhir & Dhir Asset Reconstruction & Securitization Company Ltd.
Membership of Committees in other Public Limited Companies (As on 31-03-06)	<u>Audit Committee</u> Samtel India Ltd. Uniproducts India Ltd. <u>Shareholders/Investor Grievance Committee</u> Uniproducts India Ltd. Samtel India Ltd. <u>Remuneration Committee</u> Uniproducts India Ltd.	<u>Audit Committee</u> Suven Life Sciences Ltd. Oriental Carbon & Chemical Ltd. Hindustan Wires Ltd. Jubilant Organosys Ltd. Sunil Healthcare Ltd. Madhya Bharat Papers Ltd. Magma Leasing Ltd. <u>Investor Grievance/Share Transfer Committee</u> Hindustan Wires Ltd. Jubilant Organosys Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 6**

Pursuant to the liberalization measures mooted by the Government of India, the Reserve Bank of India, amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, has raised the limit of investment through Portfolio Investment Scheme by Foreign Institutional Investors (FIIs), up to the sectoral cap/statutory limit as applicable to the Indian Companies, subject to the approval of the Board of Directors and approval of Members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on 15-04-2006 inter alia, approved, subject to the approval of Members by way of a special resolution, to enhance the said FII Investment limit to the applicable sectoral cap of the paid up equity capital or paid up value of the respective series of the convertible debentures or other securities of the Company, if any.

The resolution set out at Item No. 6 of the accompanying Notice will enable the FIIs, who are considered

HB ESTATE DEVELOPERS LIMITED



to be prudent investors to acquire shares of the Company through authorised dealers within the applicable sectoral cap/ceiling under the portfolio investment scheme of Reserve Bank of India.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7

Section 309 of the Companies Act, 1956 provides that a director who is neither in the whole-time employment of the Company nor a managing director may be paid remuneration by way of commission, if the Company by special resolution, authorises such payment.

The proposed resolution would allow the Company to make payment by way of commission to the

non-executive directors till the period ending March 31, 2011 in accordance with Section 309. All the directors (other than Managing/Executive Directors) of the Company may be deemed to be interested in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

The Board recommends the resolution set forth in Item 6 for approval of the members.

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

**Place : New Delhi
Date : 15.04.2006**

**V. SHANKAR
COMPANY SECRETARY**

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 12th Annual Report together with the Audited Statements of Accounts for the accounting year ended 31st March 2006.

FINANCIAL RESULTS:

In order to have a uniform financial reporting period under Income Tax Act and the Companies Act, the company had changed its accounting year to 1st April to 31st March effective from 31-03-2005 onwards. Accordingly the financial results of the Company for the previous financial period is for 6 months only and hence are not strictly comparable with figures of the current year which comprises of 12 months.

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

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 31.03.2006 (12 Months)	Period Ended 31.03.2005 (6 Months)
Profit/(Loss) before Depreciation & Tax	324.06	(164.61)
Less : (a) Depreciation	1.81	0.91
(b) Miscellaneous Expenses Written Off	—	0.46
Profit/(Loss) before Taxation	322.25	(165.98)
Provision for Taxation		
— Current Tax	2.10	—
— Fringe Benefit Tax	0.41	—
— Deferred Tax – Credit/(Charge)	(0.18)	0.22
Profit/(Loss) after Taxation	319.92	(165.76)
Add/(Less): Profit/(Loss) Brought Forward	(769.49)	(598.92)
Prior Period Adjustments	(1.26)	(4.81)
Proposed Dividend	(123.08)	—
Tax on proposed Dividend	(17.26)	—
Profit/(Loss) carried forward*	(591.17)	(769.49)

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

DIVIDEND

In view of distributable profits after providing for depreciation, your Directors are pleased to recommend a dividend at the rate of 10% in proportion to the amount paid up against each share.

PERFORMANCE REVIEW & OUTLOOK

During the year under review, the prices of commercial property segment remained firm. In the favourable market scenario your company has been able to improve its price realization.

The company continues to lookout for viable projects for construction of commercial properties in Delhi and NCR as it believes that the demand for quality commercial space will increase owing big investment being line up in retail sector besides demand from IT and ITES sectors.

As a measure of consolidation and pooling of technical expertise and financial resources for undertaking bigger projects, the company during the year under review, formed an Association of Persons (AOP) with Parsvnath Developers Ltd. As its first project the AOP is developing a Multiplex/Shopping Mall/Hotel at Mohali, the land for which has been acquired through competitive bidding.

As a progressive growth strategy the company has drawn up a long term plan for foraying into development of integrated township, undertaking residential and group housing projects and diversify its geographical reach so as to be an integrated player in the real estate industry.

PROPOSED AMALGAMATION OF RRB SECURITIES LTD. WITH THE COMPANY.

In order to strengthen the capital base and the leverage of the company to take care of the future requirement of funds, the proposal for amalgamation of RRB Securities Ltd., a registered NBFC, with the company is under consideration of the Board of Directors. A Committee of Directors has been constituted to evaluate the proposal and to make appropriate recommendations. If the aforesaid proposal is approved by the Board, the company proposes to take necessary steps for seeking appropriate regulatory/court approvals.

REORGANISATION OF SHARE CAPITAL OF THE COMPANY

The Company has about 19000 shareholders who are holding partly paid shares in the company

on account of non payment of allotment/call money. The equity shares in the company were allotted to these shareholders pursuant to their holding in HB Stockholdings Ltd. which was demerged and its Real Estate Division was vested in the company pursuant to the Scheme of Arrangement.

The aforesaid allotment/call money has remained due for more than 10 years and there are no reasonable prospects of receiving the allotment/call money from these defaulting shareholders.

Accordingly taking an equitable view on the entire matter and the circumstances and in order to reorganize the share capital without prejudicing the interests of company's creditors and other stakeholders, it is proposed to issue fully paid up equity shares in lieu of the partly paid shares in the same ratio/proportion to the amount standing credited as paid up against such partly paid up shares, subject to obtaining requisite approvals from shareholders and court.

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 were employees who were drawing/in receipt of remuneration of prescribed amount during the year period under review.

Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the year under review, the applicable accounting standards have been followed. The Directors' have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year under review and of the profit or loss of the company for that period. The Directors' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors' have prepared the annual accounts, for the year period 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 listed at Bombay Stock Exchange Ltd., Mumbai. Pursuant to the approval of the shareholders and the application made for voluntary delisting, the Equity Shares of the company were delisted from The Calcutta Stock Exchange Association Ltd., Kolkata w.e.f. 13.07.2005. The listing fee for the year under review has been paid to BSE.

AUDITORS REPORT

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

AUDITORS

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

DIRECTORATE

Mr. Naresh Kumar Mehta resigned from the board of directors and whole time directorship of the company w.e.f. 31st October, 2005. The directors place on record their appreciation of the valuable services rendered by him during his tenure.

Mr. C.K. Hazari and Mr. Bodhishwar Rai being longest in Office 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 : 15.04.2006**

**LALIT BHASIN
Chairman**