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**HB ESTATE DEVELOPERS LIMITED**



**BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

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

**COMPANY SECRETARY**

Mr. Birendra Patra

**AUDITORS**

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

**REGISTERED OFFICE**

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

**WEBSITE**

[www.hbestate.com](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

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## HB ESTATE DEVELOPERS LIMITED

### NOTICE

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

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

to transact the following business:

#### AS ORDINARY BUSINESS:

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

#### AS SPECIAL BUSINESS:

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

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

Place : Gurgaon  
Date : 03.08.2010

BIRENDRA PATRA  
COMPANY SECRETARY

### NOTES

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

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





## HB ESTATE DEVELOPERS LIMITED

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

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

#### ITEM NO. 6

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

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

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

#### ITEM NO. 7

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

#### ITEM NO. 8

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

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

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

**Place : Gurgaon**  
**Date : 03.08.2010**

**BIRENDRA PATRA**  
**COMPANY SECRETARY**

## DIRECTORS REPORT

To the Members,

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

### FINANCIAL RESULTS:

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

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

### DIVIDEND

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

### PERFORMANCE REVIEW

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

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

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

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

### STATUTORY STATEMENTS

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

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

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

### CORPORATE GOVERNANCE

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

### STATEMENT PURSUANT TO LISTING AGREEMENT(S)

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

### TERM LOAN

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

### AUDITORS REPORT

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

### AUDITORS

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

### DIRECTORS

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



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

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

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

#### ACKNOWLEDGEMENTS

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

#### FOR AND ON BEHALF OF THE BOARD

Place : Gurgaon  
Date : 03.08.2010

LALIT BHASIN  
CHAIRMAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. OPERATING RESULTS

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

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

### 2. ONGOING PROJECTS

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

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

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

### 3. INDUSTRY TRENDS AND BUSINESS ANALYSIS

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

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

### 4. OPPORTUNITIES AND THREATS

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

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

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

### 5. FUTURE PROSPECTS AND OUTLOOK

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

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

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

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

### 6. RISKS AND CONCERNS

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

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

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

### 7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

### 8. FINANCIAL PERFORMANCE

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

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

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

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

### 9. HUMAN RESOURCES

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

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

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

### 10. CAUTIONARY STATEMENT

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