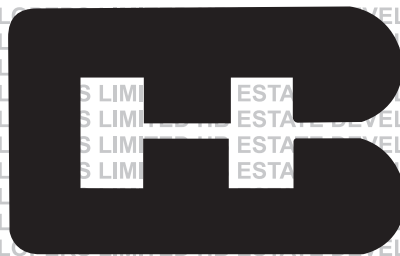


17th Annual Report 2010 - 11



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

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

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HB ESTATE DEVELOPERS LIMITED

NOTICE

NOTICE is hereby given that the 17th 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 : 19th 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 17th 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 th April, 1938	24 th February, 1956
Date of Appointment	18 th August, 1994	29 th August, 2007
Expertise in specific functional areas	Administration	Extensive experience of overseeing construction activities both in India and abroad.
Qualifications	Engineer	B.Com (Hons)
Directorships in other public limited companies(As on 31-03-2011)	<ol style="list-style-type: none"> HB Stockholdings Limited HB Estate Developers Ltd RRB Securities Ltd. Mount Finance Ltd. HB Corporate Services Ltd. RRB Master Holdings Ltd. HB Insurance Advisors Ltd. Bhasin Investments Ltd. HB Telecommunications Ltd. HB Prima Capital Ltd AHL Hotels Ltd. 	NIL
Membership of Committees in other Public Limited Companies(As on 31-03-2011)	Audit Committee <ol style="list-style-type: none"> HB Estate Developers Ltd. RRB Securities Ltd. Shareholder/Investor Grievance Committee <ol style="list-style-type: none"> HB Estate Developers Ltd. HB Stockholdings Ltd. 	Audit Committee HB Estate Developers Ltd. Shareholder/Investor Grievance Committee HB Estate Developers Ltd. Remuneration Committee HB Estate Developers Ltd.
No. of Shares held	500	NIL

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

Place : Gurgaon
Date : 19th 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 31.03.2011	Year Ended 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 20th 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 : 19th 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.