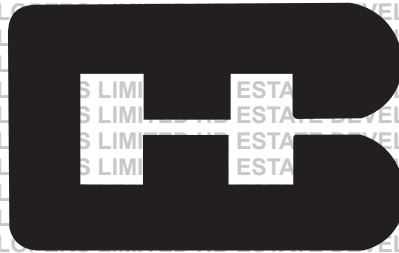


# 18th Annual Report 2011 - 12



**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

**CHIEF FINANCIAL OFFICER (CFO)**

Mr. Praveen Gupta (w.e.f 1<sup>st</sup> December 2011)

**COMPANY SECRETARY**

Ms. Arpita Bisaria (w.e.f. 12<sup>th</sup> July 2012)

**STATUTORY AUDITORS**

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

Chartered Accountants,

26/11, Shakti Nagar,

Delhi - 110 007

**REGISTERED OFFICE**

Plot No. 31, Echelon Institutional Area,

Sector-32, Gurgaon - 122 001

Ph : 0124-4675500, Fax : 0124-4370985

**WEBSITE**

[www.hbestate.com](http://www.hbestate.com)

**REGISTRAR & SHARE TRANSFER AGENT**

**RCMC Share Registry Pvt. Ltd.**

B-106, Sector - 2, Noida - 201 301

Ph : 0120-4015880, Fax : 0120-2444346

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

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## HB ESTATE DEVELOPERS LIMITED

### NOTICE

**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the Company will be held as follows:

Day : Wednesday  
Date : 12<sup>th</sup> September 2012  
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 31<sup>st</sup> March 2012 and the Audited 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. Anil Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mrs. Asha Mehra, who retires by rotation and being eligible, offers herself for re-appointment.
- To re-appoint Auditors and to fix their remuneration.

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

Place : Gurgaon  
Date : 25<sup>th</sup> May 2012

**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 8<sup>th</sup> September 2012 to 12<sup>th</sup> September 2012 (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 7<sup>th</sup> September 2012 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 7<sup>th</sup> September 2012 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 - 201 301  
Phones: 0120-4015880  
Fax: 0120-2444346  
E-mail: shares@rcmc Delhi.com  
Members whose shareholding is in the dematerialised mode are requested to direct change of address notifications to their respective Depository Participant.
  - 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 21<sup>st</sup> April 2011 and 18/2011 dated 29<sup>th</sup> April 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](http://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 Participant.**
- 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 18th Annual General Meeting (Pursuant to clause 49 of the Listing Agreement):

#### PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING (18th) AGM (Refer Note No. 3 and 4 of the Notice for AGM)

Name of the Director	Mr. Anil Goyal	Mrs. Asha Mehra
Date of Birth	22 <sup>nd</sup> February 1959	8 <sup>th</sup> August 1940
Date of Appointment	20 <sup>th</sup> September 1994	12 <sup>th</sup> August 2009
Expertise in specific functional areas	Fellow member of Institute of Chartered Accountants of India. Expertise in the field of Finance, Taxation, Investment, Banking, Corporate Restructuring and Strategic Planning	Extensive experience in the field of taxation
Qualifications	Chartered Accountant	Post-Graduate
List of Directorships in other Public limited companies(As on 31 <sup>st</sup> March 2012)	<ol style="list-style-type: none"> <li>HB Stockholdings Limited</li> <li>HB Portfolio Ltd</li> <li>HB Securities Ltd</li> <li>HB Leasing &amp; Finance Co.Ltd.</li> <li>HB Prima Capital Ltd.</li> <li>HB Corporate Services Ltd.</li> <li>RRB Securities Ltd.</li> <li>Mount Finance Ltd.</li> <li>Bhasin Investments Ltd.</li> <li>AHL Hotels Ltd.</li> <li>HB Insurance Advisors Ltd.</li> </ol>	NIL
Membership of Committees in other Public Limited Companies(As on 31 <sup>st</sup> March 2012)	<u>Audit Committee</u> <ol style="list-style-type: none"> <li>HB Stockholdings Ltd</li> <li>RRB Securities Ltd</li> </ol> <u>Shareholder/Investor Grievance Committee</u> <ol style="list-style-type: none"> <li>HB Portfolio Ltd.</li> <li>HB Leasing &amp; Finance Co. Ltd</li> <li>RRB Securities Ltd</li> </ol>	NIL
No. of Shares held	NIL	NIL

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

Place : Gurgaon  
Date : 25<sup>th</sup> May 2012

**ANIL GOYAL**  
Director



## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 18<sup>th</sup> Annual Report of the Company, together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS:

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

PARTICULARS	Year Ended	Year Ended
	31.03.2012	31.03.2011
(Amount in ₹ lakhs)		
<b>Total Turnover</b>	<b>1827.96</b>	576.57
<b>Gross Profit/ (Loss)</b>	<b>1288.09</b>	385.64
<b>Add : Exceptional Items</b>	<b>-</b>	183.65
<b>Less :</b>		
(a) Depreciation	15.18	14.29
(b) Finance Cost	395.58	73.88
(c) Provision for Income Tax	168.33	102.40
<b>Net Profit/(Loss)</b>	<b>708.99</b>	378.72
<b>Appropriations :</b>		
General Reserve	100.00	100.00
Proposed Dividend	120.42	120.42
Tax on Dividend	19.53	19.53
<b>Accumulated Profits</b>	<b>2183.39</b>	1714.36

### 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. ₹ 1.00 per share) for the year under review (previous year ₹ 1.00 per share).

### PERFORMANCE REVIEW

The Total income for the year under review was ₹ 1827.96 lakhs as against ₹ 576.57 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 ₹ 708.99 lakhs ( ₹ 378.72 lakhs during the previous year).

Your 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 hotel project work is in full swing and is nearing completion and up to 31<sup>st</sup> March 2012 an amount of ₹ 352.98 crores has been incurred on it.

The construction work of Shopping Mall-cum-Multiplex & Hotel project at Mohali in Joint Venture (in the form of an AOP) with Parsvnath Developers Ltd. is progressing slowly. The business of AOP is proposed to be transferred to a company named Gazala Promoters & Developers Pvt. Ltd. wherein HB Estate Developers Ltd. and Parsavnath Developers Ltd. shall make investment in the equity shares of Gazala Promoters & Developers Pvt. Ltd.

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

### FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year.

### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company does not own any manufacturing facility, the requirements pertaining to disclosure of particulars relating to conservation of energy, research & development and technology absorption, as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

During the year under review there has been no foreign exchange earning. The foreign exchange outgo during the said period was ₹ 16.45 lakhs on account of traveling; ₹ 171.51 lakhs towards payment of Professional and Technical fees and ₹ 1617.62 lakhs towards purchase of Capital goods.

### INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

The provisions of Section 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.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently, and have 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 as at 31<sup>st</sup> March 2012, and of the profit of the Company for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared 'on a going concern basis'.

### CORPORATE GOVERNANCE

Your Company is in adherence of good corporate governance as stipulated by the stock exchange and has 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

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 ₹ 150 crores, a sum of ₹ 40 crores (previous year : ₹ 110 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 being eligible, offers themselves for re-appointment.

### DIRECTORS

Mr. Anil Goyal and Mrs. Asha Mehra, Directors being longest in the office, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The brief resume and other details of the above directors, as stipulated under Clause 49(IV)(G) of the Listing Agreement, are provided in the Notice for convening the Annual General Meeting.

During the year under review, Mr. Praveen Gupta was appointed as the CFO (Chief Financial Officer) of the Company w.e.f 1<sup>st</sup> December 2011.

### ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's associate in the Hotel Project, 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 : 25<sup>th</sup> May 2012

LALIT BHASIN  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Operating Results

The total income earned by the company during the year under review (Sales, Rental Income and share of profit from joint venture project) was ₹ 1827.96 lakhs (₹ 576.57 lakhs in the previous year). During the year under review, the total expenses amounted to ₹ 950.63 lakhs (₹ 279.09 lakhs in the previous year).

### 2. Ongoing Projects

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. As on date the civil construction of hotel building has been completed and other interior works are in progress. The hotel project work is in full swing and is nearing completion and up to 31<sup>st</sup> March 2012 an amount of Rs. 352.98 crores has been incurred on it.

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

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 in Joint Venture with Parsvnath Developers Ltd., is progressing slowly. 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.

### 3. Industry Trends and Business Analysis

The Indian real estate sector constitutes an important part of the country's economy as a result of rapid economic growth and the increased demand for both commercial and residential space. The commercial real estate sector 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 corporate 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 the coming year 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; 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 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 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 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 real estate business is impacted by, inter alia, regulatory and monetary policies and investment outlook. The Company's operations and its ability for future development has to be viewed in light of the above and many other resultant factors such as changes in government regulations, availability of real estate financing, uncertainty on monetary and fiscal policy actions, approval processes, environment laws, actions of government land authorities and legal proceedings.

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, have posed concerns on the fate of this industry.

Some of the major recent concerns 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 traveling 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.

The Company aims to understand, measure and monitor the various risks to which it is exposed and to ensure that it adheres, as far as reasonably and practically possible, to the policies and procedures established by it to mitigate these risks.

### 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 31<sup>st</sup> March 2012 stood at ₹ 1231.60 lakhs which includes ₹ 1204.23 lakhs on account of 1,20,42,292 Equity Shares of ₹ 10/- each and ₹ 27.37 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 ₹ 10362.81 lakhs as against ₹ 9793.77 lakhs during the previous year.

c) Non-current assets & Non-current Liabilities: During the year under review, the non-current assets and non-current liabilities stood at ₹ 39273.01 lakhs and ₹ 25820.10 lakhs respectively against ₹ 30233.58 lakhs and ₹ 18635.50 lakhs respectively in the last year.

d) Current Assets & Current Liabilities: During the year under review, the current assets and current liabilities stood at ₹ 3454.52 lakhs and ₹ 5313.01 lakhs respectively against ₹ 3764.08 lakhs and ₹ 4336.77 Lakhs respectively in the last year.

### 9. Human Resources

The Company considers its employees to be the most valuable asset and is committed to providing a conducive work environment to enable each individual employee to fully realise his or her potential.

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 recognizes 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 downtrend in the industry, significant changes in political and economic environment, tax laws, litigation, interests cost. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources thought to be reliable. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time on behalf of the company.*