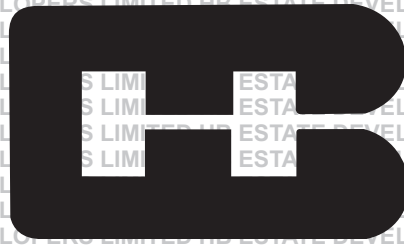


20th Annual Report 2013 - 14



HB ESTATE DEVELOPERS LIMITED



Company's Hotel Project- **"VIVANTA BY TAJ - GURGAON, NCR"** located at Plot No. 1, Sector 44, Gurgaon, Haryana



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

COMPANY SECRETARY

Mr. Rajesh Singh Chahar

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
 E-mail : corporate@hbestate.com
 CIN: L99999HR1994PLC034146

WEBSITE

www.hbestate.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.
 B-25/1, First Floor
 Okhla Industrial Area, Phase-IIInd, New Delhi-110020
 Ph. : 011-26387320, 26387321, 26387323
 Fax : 011-26387322
 E-mail : shares@rcmcdelhi.com
 Website: www.rcmcdelhi.com

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HB ESTATE DEVELOPERS LIMITED

NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system)
NOTICE is hereby given that the 20th Annual General Meeting of the Company will be held as follows:

Day : Wednesday
Date : 29th October, 2014
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 Financial Statements of the Company for the year ended 31st March, 2014, including the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Anil Goyal (DIN 00001938), who retires by rotation and being eligible offers himself for re-appointment.
- To re-appoint M/s. P. Bholusaria & Co., Chartered Accountants (Firm registration No. 000468N) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

AS SPECIAL BUSINESS:

- To appoint Mr. Rajesh Jain (DIN 00031590) as an Independent Director** and in this regard 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajesh Jain (DIN 00031590), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as non-executive Independent Director of the Company to hold office for five (5) consecutive years with effect from date of passing of this resolution and he shall not be liable to retire by rotation."

- To appoint Mrs. Asha Mehra (DIN 02658967) as an Independent Director** and in this regard 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Asha Mehra (DIN 02658967), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as non-executive Independent Director of the Company to hold office for five (5) consecutive years with effect from date of passing of this resolution and he shall not be liable to retire by rotation."

- To consider and approve adoption of new set of Articles of Association of the Company** and in this regard to consider 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 14 and any other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- To consider and approve passing of fresh resolution for borrowing monies under Section 180(1)(c) of the Companies Act, 2013** and 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 in supersession to the Ordinary Resolution adopted at the Annual General Meeting held on 28th September, 2010 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), 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)".

BY ORDER OF THE BOARD
For HB ESTATE DEVELOPERS LTD.

Place : Gurgaon
Date : 11.09.2014
Sd/-
RAJESH SINGH CHAHAR
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.**

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON CANNOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- An Explanatory Statement(s) pursuant to Section 102 of the Companies Act, 2013 in respect of the special business herein is annexed hereto and form part of this notice.

- The Register of Members and Share Transfer Books of the Company shall remain closed from 24th October, 2014 to 29th October, 2014. (Both days inclusive).

- Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 10,49,672/- (Rupees Ten Lacs Forty Nine Thousand Six Hundred Seventy Two Only) being the unpaid and unclaimed dividend amount pertaining to Final Dividend, 2006 on 21st October, 2013, to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006-2007, as on the date of the Annual General Meeting (AGM) held on 21st November, 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Center" on the website of the Company viz. www.hbestate.com

- 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 dividends 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 Pvt. Ltd. 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 on the book closure date, the data of which will be received through Depositories will be used by the Company for printing on 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 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 versa.

- The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agent namely RCMC Share Registry Pvt. Ltd.
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at 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.



10. Members are requested to:

- (a) Notify any change in their address to the Company including PINCODE to the Registrar and Share Transfer Agent of the company namely,

RCMC Share Registry Pvt. Ltd.

B-25/1, First Floor,

Okhla Industrial Area, Phase II,

New Delhi - 110 020.

Phone : 011 - 26387320, 26387321, 26387323

Fax : 011 - 26387322

E-mail: shares@rcmcdelhi.com.

Members whose shareholding is in electronic mode are requested to direct change of address notifications and bank particulars for receiving the dividend, if declared, through electronic credit under ECS, to their respective Depository participants. change of address notifications to their respective Depository Participant.

- (b) 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.

11. 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 Share Transfer Agent of the Company at the address mentioned in 10(a) above quoting their folio number(s).

Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 including Attendance Slip and Proxy Form are being sent by the permitted mode.

12. Voting through electronic means:

E-voting facility is being provided to all members pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and clause 35B of the Listing Agreement. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") for providing e-voting facilities. The e-voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date (i.e. the record date), being Friday, 12th September, 2014. **Detailed instructions for availing the e-voting facility indicating the process and manner of e-voting are given separately in the e-voting notice sent along with the Annual Report.**

The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company, www.hbestate.com and on Karvy's website, <https://evoting.karvy.com> within two (2) days of passing of the resolutions and communication of the same to Bombay Stock Exchange Limited (BSE).

13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 A.M to 5.00 P.M) on all working days up to and including the date of the Annual General Meeting of the Company.
14. Details of Directors seeking appointment/ reappointment at the ensuing Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) are as under:

PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING (20th) AGM (Refer Note No. 2, 4, 5 of the Notice for AGM)

| Name of the Director | (1) Mr. Anil Goyal | (2) Mr. Rajesh Jain | (3) Mrs. Asha Mehra |
|--|---|--|--|
| Date of Birth | 22nd February, 1959 | 24th February, 1956 | 8th August, 1940 |
| Date of Appointment | 20th September, 1994 | 29th August, 2007 | 12th August, 2009 |
| Profile/ 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 of overseeing construction activities both in India and abroad. | Extensive experience in the field of taxation. |
| Qualifications | Chartered Accountant | B.Com (Hons) | Post-Graduate |
| List of directorship in other Public Companies. (As on 31st March, 2014) | 1. HB Stockholdings Limited 2. HB Portfolio Ltd 3. HB Securities Ltd 4. HB Leasing & Finance Co.Ltd. 5. HB Prima Capital Ltd. 6. HB Corporate Services Ltd. 7. RRB Securities Ltd. 8. Mount Finance Ltd. 9. Bhasin Investments Ltd. 10. AHL Hotels Ltd. 11. HB Insurance Advisors Ltd.. | NIL | NIL |
| Membership of Committee of the Board in other Public Companies (As on 31st March, 2014) | <u>Audit Committee</u> 1. HB Stockholdings Ltd 2. RRB Securities Ltd <u>Shareholder/Investor Grievance Committee</u> 1. HB Portfolio Ltd. 2. HB Leasing & Finance Co. Limited 3. RRB Securities Ltd. <u>Remuneration Committee</u> 1. CHL Limited | NIL | NIL |
| Shares held by the Director | NIL | NIL | NIL |

BY ORDER OF THE BOARD
For ESTATE DEVELOPERS LIMITED

Place: Gurgaon
Date: 11.09.2014

Sd/-
RAJESH SINGH CHAHAR
(COMPANY SECRETARY)



HB ESTATE DEVELOPERS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 4 TO 5:

Mr. Rajesh Jain and Mrs. Asha Mehra were appointed as Non-Executive (Independent) Directors of the Company subject to retirement by rotation in the past, in terms of the provisions of erstwhile Companies Act, 1956. Mr. Rajesh Jain is liable to retire by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956.

As per section 149(5) of the Companies Act, 2013 the Company is required to appoint Independent Directors under section 149(4) within a period of one year from 01st April, 2014 i.e. the date of commencement of the said section and Rules made there under. The Board of Directors in their meeting held on May 24th, 2014 after consideration has recommended to reappoint the above said directors as Non-Executive Independent Directors within the meaning of section 149 and 152 [including section 149(10)] of the new Companies Act, 2013 read with Schedule IV attached thereto and Rules made there under, not subject to retirement by rotation, for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- each proposing the candidature of Mr. Rajesh Jain and Mrs. Asha Mehra for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. This may be treated as individual notice under section 160(2) of the Companies Act, 2013. The notice received under Section 160(2) is available for inspection during normal business hours on any working day of the Company.

The Company has received from Mr. Rajesh Jain and Mrs. Asha Mehra (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. Rajesh Jain and Mrs. Asha Mehra, fulfill the conditions for appointment as Independent Directors as specified in the Act and the Rules made thereunder and they are independent of the Management. A copy of the draft letter for the appointment of Mr. Rajesh Jain and Mrs. Asha Mehra as Independent Directors setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

The said independent directors are not related to any of the Directors or Key Managerial personnel (including relatives of directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company (including relatives of directors or Key Managerial Personnel) other than the respective Non-Executive Independent Director himself is concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolutions set forth in Item No. 4 to 5 for the approval of the members.

ITEM NO. 6:

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ('the Act').

With the coming into force of the new Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website, www.hbestate.com for perusal of the shareholders. The draft AoA would also be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, up to and including the date of the Annual General Meeting.

The Board recommends the Special Resolution at Item No. 6 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

ITEM NO. 7:

The members of the Company at their Annual General Meeting held on 28th September, 2010 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 giving consent to the Board of Directors to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 500 Crores (Rupees Five Hundred Crores Only).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 500 Crores (Rupees Five Hundred Crores Only) in excess of the aggregate of the paid up share capital and free reserves of the Company.

The Board recommends the Special Resolution at Item No. 7 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

**BY ORDER OF THE BOARD
For ESTATE DEVELOPERS LIMITED**

**Place: Gurgaon
Date: 11.09.2014**

**Sd/-
RAJESH SINGH CHAHAR
(COMPANY SECRETARY)**

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 20th Annual Report of the Company, together with the Audited Statements of Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS:

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

| PARTICULARS | (Amount in ₹ lakhs) | |
|------------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2014 | Year Ended 31.03.2013 |
| Total Turnover | 4507.93 | 1175.95 |
| Gross Profit/ (Loss) | 308.74 | 568.11 |
| Add : Exceptional Items | – | – |
| Less : | | |
| (a) Depreciation | 1146.64 | 95.20 |
| (b) Finance Cost | 3047.99 | 618.22 |
| (c) Provision for Income Tax | 581.86 | 535.62 |
| Net Profit/(Loss) | (4467.75) | (680.93) |
| Appropriations : | | |
| General Reserve | 0.00 | 0.00 |
| Proposed Dividend | 0.00 | 62.43 |
| Tax on Dividend | 0.00 | 10.61 |
| Accumulated Profits | (3038.32) | 1429.43 |

DIVIDEND

In view of the losses incurred, your directors regret their inability to recommend dividend for the year under review.

PERFORMANCE REVIEW

The total income for the year under review was ₹ 4507.93 lakhs as against ₹ 1175.95 lakhs in the previous year. The increased turnover was because of full year of operations of the Company's hotel project ("VIVANTA BY TAJ- GURGAON, NCR").

During the financial Year 2013-2014 due to higher expenditure (mainly on account of interest, depreciation and commissioning of the Hotel Project), the Company has incurred loss of ₹ 4467.75 lakhs compared to loss of ₹ 680.93 lakhs during the previous year.

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

MAJOR EVENTS OF THE COMPANY

Scheme of Amalgamation

As mentioned in the Directors Report for the year ended 31.03.2013, the Board of Directors of your Company at its meeting held on 29th March, 2013, subject to such approvals, orders and permissions as may be required, approved the Scheme of Amalgamation through Scheme of Arrangement (Scheme) under Sections 391 to 394 of the Companies Act, 1956, wherein Pisces Portfolios Private Limited would be merged with the Company w.e.f 1st April, 2012. The Company received the No-Objection/Observation from Bombay Stock Exchange (BSE) vide its letter dated 22.10.2013 and thereafter the Company filed the Scheme with the Hon'ble High Court of Punjab & Haryana at Chandigarh.

Pursuant to the orders of the Hon'ble High Court, the Meetings of Equity Shareholders and Secured Creditors of the Company to consider and approve the Scheme were held on 12th April, 2014. The Equity Shareholders and Secured Creditors along with the Postal Ballot (including e-voting) of Equity Shareholders approved the Scheme with overwhelming majority. The Company is in process of receiving the final approval of the Hon'ble High Court.

The Scheme along with the required information/documents is available on Company's website www.hbestate.com and also on the official website of BSE.

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, foreign exchange earnings were ₹ 1270.89 lakhs. The foreign exchange outgo during the said period was ₹ 4.26 lakhs on account of travelling; ₹ 27.00 lakhs towards payment of Professional and Technical fees and ₹ 56.96 lakhs towards advertisement and other expenses.

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 31st March 2014, and of the profit / loss of the Company for the period 1st April 2013 to 31st March 2014;
- 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

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed by the Listing Agreement with the Stock Exchanges have been complied with.

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.

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, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS

As per the relevant provisions of the existing Article of Association of the Company and the terms of appointment, the period of office of Directors viz. Mr. Lalit Bhasin, Mr. Anil Goyal, Mr. Jagmohan Lal Suri, Mr. Rajesh Jain and Mrs. Asha Mehra was liable to determination by retirement of Directors by rotation.

The Companies Act, 2013 provides for appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a company. Mr. Rajesh Jain and Mrs. Asha Mehra fulfill the criteria of Independent Directors as specified in Section 149(6) of the Companies Act, 2013 and the rules made thereunder. The Company has received requisite Notices in writing from a member proposing their appointment as Independent Directors. The Company has also received declarations from them confirming that they meet with the criteria of independence as prescribed both under section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchange. The Board of Directors recommends appointment of Mr. Rajesh Jain and Mrs. Asha Mehra as Independent Directors of the Company for a term of five years and they shall not be liable to retire by rotation.

The Board of Directors on the recommendation made by the Remuneration Committee in their meeting held on 24th May, 2014 discussed and agreed that the period of office of all the Directors other than independent directors shall be liable to determination by retirement of directors by rotation. Accordingly, the period of office of directors viz. Mr. Lalit Bhasin, Mr. Anil Goyal and Mr. Jagmohan Lal Suri shall be liable to determination by retirement of directors by rotation.

As per the relevant provisions of the existing Article of Association of the Company and the provisions of the erstwhile Companies Act, 1956, Mr. Anil Goyal, Director and Mr. Rajesh Jain, Independent Director of the Company were suppose to retire by rotation at the ensuing Annual General Meeting. However, as per the provisions of Section 149(13) of the Companies Act, 2013 and the provisions of Section 152 in respect of retirement of Directors by rotation shall not be applicable to Independent Directors. Accordingly, Mr. Rajesh Jain, Independent Director shall not retire by rotation at the ensuing Annual General Meeting. Mr. Anil Goyal shall retire at the ensuing Annual General Meeting and who being eligible, offers himself for re-appointment. The Board of Directors recommend his re-appointment.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Company's associates, Bankers. Your Directors also wish to thank all the employees at all levels of the organization for the contribution 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 : 24.05.2014

Sd/-
LALIT BHASIN
Chairman