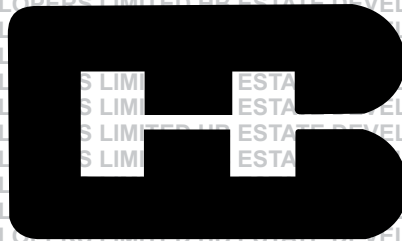


21st Annual Report 2014 - 15



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
Mr. Luv Malhotra

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

CONTENTS

Notice	2
Directors' Report	4
Management Discussion and Analysis	16
Report on Corporate Governance	17
Auditors' Report	21
Balance Sheet	23
Statement of Profit & Loss	23
Cash Flow Statement	24
Notes on Accounts	25



HB ESTATE DEVELOPERS LIMITED

NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system)

Notice is hereby given that the 21st Annual General Meeting of the Company will be held as follows:

Day : Tuesday
Date : 22nd September, 2015
Time : 11.00 A.M.
Place : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana) - 122001.

to transact the following business/(s):

AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2015, including the Audited Balance Sheet as at 31st March, 2015, 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. Lalit Bhasin (DIN 00002114), 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. Luv Malhotra (DIN 00030477) as an Independent (Non- Executive) 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 ("Act") 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. Luv Malhotra (DIN 00030477), who was appointed as an Additional Director (Independent Non-Executive) in terms of Section 161(1) of the Companies Act, 2013 who shall hold office upto the date of 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."

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

Sd/-

Place : Gurgaon
Date : 30.05.2015

**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 SHALL NOT ACT AS PROXY FOR MORE THAN (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A PERSON 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 SHALL NOT 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 forms part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 2015 to 22nd September, 2015. (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. 10,27,058/- (Rupees Ten Lacs Twenty Seven Thousand Fifty Eight Only) being the unpaid and unclaimed dividend amount pertaining to Final Dividend, 2007 on 22nd October, 2014, 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 29th October, 2014, 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.
- Members are requested to:

- 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.

- 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 136 of the Companies Act, 2013. 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 2015 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 2015 including Attendance Slip and Proxy Form are being sent by the permitted mode.

12. Voting through electronic means:

- 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 is providing facility to cast the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting"). The business of this Meeting may be transacted through electronic voting system. 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 15th September, 2015**. 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 facility to cast the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Private Limited ("Karvy").

- III. The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting, shall be able to exercise their right at the meeting through Polling Paper.
- IV. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- V. The remote e-voting period commences on **19th September, 2015 (9:00 a.m.) and ends on 21st September, 2015 (5:00 p.m.)**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- VI. If you are already registered with Karvy for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 15th September, 2015.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@karvy.com, however, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote.
- X. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XI. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hbestate.com and on the website of Karvy immediately after the result is declared by the Chairman and simultaneously forward the result to the Bombay Stock Exchange where the securities of the Company are listed.
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 (21st) AGM (Refer Note No. 2 & 4 of the Notice for AGM)

Name of the Director	Mr. Lalit Bhasin	Mr. Luv Malhotra
Date of Birth	14th August 1968	09 th March, 1973
Date of Appointment	20th September 1994	31st March, 2015
Profile/ Expertise in Specific functional Areas.	Entrepreneur having more than 20 years of rich experience in the field of Stock Market operations, Strategic Investment and management.	Mr. Luv Malhotra, has done his M.Sc. in Economics from the University of Buckingham, United Kingdom. He has been working in Hospitality Industry from last 17 years. He is currently working as Joint Managing Director of CHL Limited.
Qualifications	Bachelor of Commerce	M.Sc.
List of directorship in other Public Companies. (As on 31 st March 2015)	<ol style="list-style-type: none"> HB Stockholdings Limited HB Leasing & Finance Company Limited RRB Master Securities Delhi Limited Taurus Asset Management Company Limited HB Portfolio Limited Mansingh Hotels and Resorts Limited CHL Limited Jaypee Infratech Limited 	<ol style="list-style-type: none"> CHL Limited CHL (South) Hotels Limited Chandigarh Industrial And Tourism Development Corporation Limited
Membership of Committee of the Board in other Public Companies (As on 31 st March 2015)	Audit Committee <ol style="list-style-type: none"> HB Leasing & Finance Company Limited Mansingh Hotels and Resorts Limited CHL Limited Stakeholders Relationship Committee <ol style="list-style-type: none"> HB Leasing & Finance Company Limited CHL Limited Nomination & Remuneration Committee <ol style="list-style-type: none"> HB Leasing & Finance Company Limited CHL Limited Corporate Social Responsibility Committee <ol style="list-style-type: none"> HB Stockholdings Limited 	Nil
Shares held by the Director	7414473	NIL

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

Place : Gurgaon
Date : 30.05.2015

Sd/-
RAJESH SINGH CHAHAR
(COMPANY SECRETARY)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:
ITEM NO. 4:

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Luv Malhotra as an Additional Director (Independent Non-executive) under Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company.

The Board of Directors after consideration has recommended to appoint Mr. Luv Malhotra as Non-Executive Independent Director within the meaning of Section 149 and 152 [including section 149(10)] of the 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/- proposing the candidature of Mr. Luv Malhotra for the office of Independent Director, to be appointed 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. Luv Malhotra (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 he is not disqualified under sub-section (2) of Section

164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets 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. Luv Malhotra, the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Luv Malhotra as Independent Director 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 said independent director is 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 this resolution.

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

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

Place : Gurgaon
Date : 30.05.2015

Sd/-
RAJESH SINGH CHAHAR
COMPANY SECRETARY



HB ESTATE DEVELOPERS LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 21st Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

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

	(₹ in Lakhs)	
PARTICULARS	Year Ended 31.03.2015	Year Ended 31.03.2014
Total Turnover	6623.03	4413.08
Gross Profit/ (Loss)	1521.27	213.89
Add/(Less) : Exceptional Items	(1023.60)	83.17
Less :		
(a) Depreciation	1491.50	1146.64
(b) Finance Cost	3104.77	3047.99
(c) Provision for Income Tax	409.32	581.86
Net Profit/(Loss)	(4507.92)	(4479.43)
Appropriations :		
General Reserve	0.00	0.00
Proposed Dividend	0.00	0.00
Tax on Dividend	0.00	0.00
Accumulated Profits	(4507.92)	(3049.99)

DIVIDEND

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

PERFORMANCE REVIEW & OUTLOOK

The total income for the year under review was ₹ 6623.03 lakhs as against ₹ 4413.08 lakhs in the previous year.

The total turnover of the hotel unit of the Company, Vivanta By Taj, Gurgaon-NCR, for the financial year under review was ₹ 5751.79 lakhs as compared to ₹ 3865.12 lakhs during the previous year.

During the financial Year 2014-2015 the Company has reported a much higher Gross Profit amounting to ₹ 1521.27 lakhs compared to ₹ 213.89 lakhs in the previous year. However mainly due to exceptional items and higher depreciation, Net Loss amounting to ₹ 4507.92 lakhs compared to ₹ 4479.43 lakhs in the previous year has been reported.

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

SHARE CAPITAL

The paid up Share Capital of the Company as on March 31, 2015, was ₹ 96,13,82,870 consisting of 1,61,38,287 Equity shares of ₹ 10 each and 80,00,000 - 9% Redeemable Non-Convertible Non-Cumulative Preference Shares of ₹ 100 each. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options or sweat equity.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, there were Five (5) Board Meetings. The details of the number of meetings of the Board held during the financial year 2014-2015 forms part of Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors state that:

- in the preparation of the Annual Accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- the accounting policies adopted in the preparation of the annual accounts have been applied consistently except as otherwise stated in the Notes to Financial Statements and reasonable and prudent judgments and estimates so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2014-2015 and of the profit or loss for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual financial statements for the year ended 31st March, 2015, have been prepared on a going concern basis;
- proper internal financial controls were in place and that the financial controls were adequate and operating effectively;
- the system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

Mr. Rajesh Jain, Mrs. Asha Mehra and Mr. Luv Malhotra are Independent Directors on the Board of the Company. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013, and revised Clause 49 of the Listing Agreement with the Stock Exchange.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

MAJOR EVENTS IN THE COMPANY

- Scheme of Amalgamation of Pisces Portfolios Pvt. Ltd. with the Company was approved by the High Court of Punjab & Haryana vide its Order dated 15th September, 2014.
- Company issued and allotted 50 Lakhs 9% Redeemable Non-Convertible Non-Cumulative Preference Shares Series II at face value of ₹ 100 each, on a Private Placement basis, after taking approval from its members via Postal Ballot.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements pertaining to disclosure of particulars relating to conservation of energy and technology absorption, as prescribed under Section 134(3)(m) of the Companies Act, 2013 are not applicable to your Company.

During the year under review, foreign exchange earnings were ₹ 1902.84 lakhs. The foreign exchange outgo during the said period was ₹ 36.36 lakhs towards payment of Professional and Technical fees and ₹ 63.52 lakhs towards advertisement and other expenses.

RISK MANAGEMENT

The Company has adopted the Risk Management Policy for Risk Assessment and minimization. These procedures are reviewed to ensure that the management controls risk through means of a properly defined framework. The Risk Management Policy is a part of Management Discussion and Analysis which forms a part of this report.

DEPOSITS

Your Company has neither invited nor accepted any deposits from the Public / shareholders during the year under review. There has been no default in repayment of deposits or payment of interest thereon during the year under review.

SIGNIFICANT ORDERS PASSED BY THE REGULATORS OR COURTS

- Approval of Scheme of Amalgamation of Pisces Portfolios Private Limited with the Company by the Hon'ble High Court of Punjab & Haryana.

There were no other significant orders passed by the Regulators / Courts or Tribunal during the year under review which has an impact on the Going Concern status and Company's status in the future.

PARTICULARS OF REMUNERATION

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 in respect of employees of the Company is as under:

- The ratio of the remuneration of each director to the median remuneration of the employees of the for the financial year, and
- The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name of the Director/KMP	Designation	% Increase in remuneration in the financial year 2014-15	Ratio of Remuneration of each Director/ to median remuneration of employees
1.	Mr. Lalit Bhasin	Director (Non-executive)	Nil	Nil
2.	Mr. Anil Goyal	Director (Non-executive)	Nil	Nil
3.	Mr. Jag Mohan Lal Suri	Director (Non-executive)	Nil	Nil
4.	Mr. Rajesh Jain	Director (Non-executive)	Nil	Nil
5.	Mrs. Asha Mehra	Director (Non-executive)	Nil	Nil
6.	Mr. Luv Malhotra	Director (Non-executive)	Nil	Nil
7.	Mr. Praveen Gupta	Chief Financial Officer	Nil	
8.	Mr. Rajesh Singh Chahar	Company Secretary	Nil	

Note: No Director received any remuneration other than sitting fee during the financial year 2014-15

- The percentage increase in the median remuneration of employees in the financial year: **Nil**
- The number of permanent employees on the rolls of the Company: **17 (seventeen)**
- The explanation on the relationship between average increase in remuneration and Company performance: **Not Applicable**
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

Particulars	₹ (Lacs)
Remuneration of Key managerial Personnel during financial year 2014-15	33.19
Revenue from Operations	6454.29
Remuneration (as % of revenue)	0.51
Profit before tax (PBT)	(4098.60)
Remuneration(as % of PBT)	(0.81)

- Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: **NIL**

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **NIL**



HB ESTATE DEVELOPERS LIMITED

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

₹ In Lakhs

Particulars	Chief Financial Officer	Company Secretary
Remuneration	29.79	3.40
Revenue	6454.29	6454.29
Remuneration (as % of revenue)	0.46	0.05
Profit before tax (PBT)	(4098.60)	(4098.60)
Remuneration(as % of PBT)	(0.73)	(0.08)

10. The key parameters for any variable component of remuneration availed by the directors : **Not Applicable**
11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None**
12. It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

INTERNAL CONTROL AND SYSTEMS

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and due compliance of statutes and corporate policies and procedures. The adequacy of internal financial control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has a comprehensive Internal Financial Control system commensurate with the size and scale of its operations. The system ensures the reliability of financial reporting, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The policies and procedures adopted by the company ensures the orderly and efficient conduct of its business and adherence to the company's policies, prevention and detection of frauds and errors and timely preparation of reliable financial information.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance code as stipulated under the Listing Agreement with the Stock Exchange. A separate section on Corporate Governance for the year under review is annexed hereto and forms a part of the Annual Report.

RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties during the financial year were on an arm's length basis and were in the ordinary course of business. Further there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website - www.hbestate.com, web link- www.hbestate.com/Investor_centre/CorporateGovernance.

STATEMENT PURSUANT TO LISTING AGREEMENT

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

There are no Subsidiaries or Joint Ventures of the Company.

In terms of Section 2(6) of the Companies Act, 2013, Parsvnath HB Projects Pvt. Ltd. is an associate company. The required details of the same is being provided in Form AOC-1, forming part of the financial statement.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the relevant provisions of the existing Articles of Association of the Company and the provisions of the Companies Act, 2013, Mr. Lalit Bhasin, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

As per the provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company, the Board of Directors had appointed Mr. Luv Malhotra as an Additional Director (Independent Non-Executive) of the Company with effect from 31st March, 2015 who shall hold office upto the date of next Annual General Meeting. The above appointment was based on the recommendation of the Nomination and Remuneration Committee subject to the approval of the Shareholders of the Company at the forthcoming Annual General Meeting. Details of the proposal for the appointment of Mr. Luv Malhotra as an Independent Director with effect from 31st March, 2015, for a period of five consecutive years, are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 21st Annual General Meeting of the Company.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Praveen Gupta, Chief Financial Officer and Mr. Rajesh Singh Chahar, Company Secretary were designated as the Key Managerial Personnel of the Company.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of various Committees. The Independent Directors also carried out the evaluation of the Chairman and the Non- Independent Directors and the manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The said Policy is marked as "Annexure - I" which is annexed hereto and forms part of the Director's Report.

STATUTORY AUDITORS

The Auditors, M/s P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Observations of the Statutory Auditors are explained, wherever necessary, by way of notes to accounts.

INTERNAL AUDITORS

M/s. M.K. Choudhary & Co., Chartered Accountants, New Delhi are the Internal Auditors of the Company and M/s Grant Thornton India LLP, are the Internal Auditors of the hotel project of the company, Vivanta by Taj, Gurgaon- NCR, and their reports are reviewed by the Audit Committee periodically in its meetings.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. A.N. Kukreja of M/s. A. N. Kukreja & Co., to conduct the Secretarial Audit of the company for the financial year 2014-2015. The Report of the Secretarial Audit in Form MR-3 is annexed as "Annexure- II".

Observations made by the Secretarial Auditor:

- (a) The Company does not have a Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director, as required under Section 203 of the Companies Act, 2013.

Comment: The management is searching for a suitable candidate for the post of Managing Director/ Chief Executive Officer of the Company.

- (b) The Company does not come within the ambit of sub-section (1) of Section 135 of the Companies Act, 2013 for the financial year 2014-15.

Comment: The Company has incurred average net loss for immediately preceding three financial years. Hence the Company is not required to spend any amount on the CSR activities during the financial year 2014-15.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board has constituted a Corporate Social Responsibility Committee pursuant to Section 135 of the Companies Act, 2013. Composition of the CSR Committee is as mentioned in the Corporate Governance Report. The Board after taking considerations from the Corporate Social Responsibility Committee approved the Corporate Social Responsibility Policy for the Company and disclosed its contents in the Corporate Governance Report. The Company has incurred average net loss for immediately preceding three financial years, hence the Company is not required to spend any amount towards CSR activities during financial year 2014-2015.

The CSR Policy has also been uploaded on the website of the Company - www.hbestate.com, Web link- www.hbestate.com/Investor_centre/CSR and is annexed as "Annexure - III" and forms part of the Director's Report.

VIGIL MECHANISM - WHISTLE BLOWER POLICY

The Company has duly approved a Vigil Mechanism - Whistle Blower Policy enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices and for the directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics Policy. It provides a channel to the stakeholders, employees and directors to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or Policy. The whistle Blower Policy duly approved by the Board of Directors is also posted on the website of the Company- www.hbestate.com and the web link for the same is www.hbestate.com/Investor_centre/CorporateGovernance.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT-9 as required under Section 92 of the Companies Act, 2013, is marked as "Annexure - IV" which is annexed hereto and forms part of the Director's Report.

SEXUAL HARASSMENT POLICY

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of Sexual Harassment at Workplace in line with the provisions of Sexual harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under. The Company has not received any complaints on sexual harassment during the year under review.

ACKNOWLEDGMENTS

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
HB ESTATE DEVELOPERS LIMITED

Sd/-
LALIT BHASIN
(CHAIRMAN)
(DIN : 00002114)

Place : Gurgaon
Date : 30.05.2015

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee (“NRC/Committee”) and approved by the Board of Directors of the Company at their meeting held on 10th February, 2015, in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

2. OBJECTIVE:

The Objective of this policy is to lay down a framework in relation to remuneration of Directors, KMP and Senior Management. The Key Objectives of the Committee would be:

- 2.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 2.2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and Senior Management.
- 2.3. Formulation of criteria for evaluation of Independent Director and the Board.
- 2.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 2.5. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 2.6. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 2.8. To develop a succession plan for the Board and to regularly review the plan.
- 2.9. To assist the Board in fulfilling responsibilities.
- 2.10. To Implement and monitor policies and processes regarding principles of corporate governance.

3. DEFINITIONS:

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company both executive and non-executive.

“Key Managerial Personnel (KMP)” means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

“Senior Management” means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT:

A. Appointment Criteria and Qualifications

- (I) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (II) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- (III) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B. Term / Tenure

(I) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of term.

(II) Independent Director:

- a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- b) No Independent Director shall hold office for more than two consecutive terms of upto maximum of five (5) years each, but such Independent Director shall be eligible for appointment after expiry of three years of

ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

C. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

D. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

E. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. REMUNERATION TO DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / SENIOR MANAGEMENT PERSONNEL:

The Committee to recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management Personnel of the Company.

- a) The Remuneration / Compensation / Commission etc. to be paid to Managing Director, Whole-time/Executive Director, Non-Executive Director / Independent Directors, KMP shall be governed as per applicable provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b) The Non-Executive / Independent Director may receive remuneration by way of sitting fee for attending the meeting of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- c) The remuneration payable to Senior Management Personnel shall be governed by the Company's HR Policy.

6. DUTIES IN RELATION TO NOMINATION MATTERS:

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- d) Determining the appropriate size, diversity and composition of the Board;
- e) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- f) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- g) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- h) Delegating any of its powers to one or more members of the Committee;
- i) Recommend any necessary changes to the Board; and
- j) Considering any other matters, as may be requested by the Board.

7. DUTIES IN RELATION TO REMUNERATION MATTERS:

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the remuneration based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) Delegating any of its powers to one or more members of the Committee.
- d) Considering any other matters as may be requested by the Board.

8. REVIEW AND AMENDMENT:

- a) The Committee or the Board may review the policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.
- c) This policy may be amended or substituted by the Committee or by the Board as and when required and also by the Company Secretary where there is any statutory changes necessitating the change in the policy.

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**To,
The Members of
HB Estate Developers Limited.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HB Estate Developers Limited** CIN: L99999HR1994PLC034146 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **HB Estate Developers Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2015** complied with statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009*;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*.
 - (vi) The Other Laws applicable specifically to the Company (including its Project : Vivanta by Taj Gurgaon) are:
 - (a) The Punjab Shops and Commercial Establishments Act, 1958 as adopted by State of Haryana; approvals / certificate for fire safety and NOCs from local bodies.
 - (b) Indian Boilers Act, 1923.
 - (c) Prevention of Food Adulteration Act, 1954.
 - (d) Food Safety and Standards Act, 2006.
 - (e) Legal Metrology Act, 2009 and applicable Rules.
 - (f) The Environment (Protection) Act) 1986.
 - (g) Air (Prevention and Control of Pollution) Act, 1981.
 - (h) Water (Prevention and Control of Pollution) Act, 1974.
 - (i) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

*Foreign Exchange Management Act, 1999 and the rules and regulations at sub-para (iv), SEBI Regulations listed at Serials Nos. (d), (e), (g) and (h) above are not applicable to the Company for 2014-15 as there were no corporate decisions/actions attracting these regulations.
2. We have also examined the compliances with the applicable clauses of the Listing Agreement entered into by the Company with the Bombay Stock Exchange Ltd. The Secretarial Standards issued by the ICSI are not applicable for the financial year 2014-15.
3. During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above subject to the following observations:
 - (a) The Company did not have Managing Director or Chief Executive Officer or Manager and in their absence, a Whole- time Director, as required under Section 203 of the Companies Act, 2013.
 - (b) The Company does not come within the ambit of sub-section (1) of Section 135 of the Companies Act, 2013 for the financial year 2014-15.

4. We further report that:
 - (a) The Board of Directors of the Company is duly constituted with all Non- Executive Directors, including a Woman Director and Independent Directors except Executive Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - (c) Majority decisions are carried through while dissenting members' views are captured and recorded as part of the minutes.
5. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. We further report that during the audit period, the following major decisions were taken:
 - (1) Approval of members was obtained through Postal Ballot process under Section 110 of the Companies Act, 2013 for:
 - (a) Increase of authorized share capital from rupees Sixty Crore to One Hundred Fifteen Crore.
 - (b) Issue of Fifty Lakh Redeemable Preference Shares of Rs. 100/- each for cash on private placement basis.
 - (c) Raising of additional long term funds through further issuance of securities for a value up to rupees Two Hundred Fifty Crore under Sections 42 and 62 of the Companies Act, 2013.
 - (2) Merger/Amalgamation of Pisces Portfolio Private Ltd. with the Company pursuant to a Scheme of Amalgamation approved by the Honorable High Court of Punjab and Haryana vide its Order dated 15th September, 2014.
 - (3) Approval of shareholders was obtained at the Annual General Meeting held on 29th October, 2014 for increase of borrowing powers of the Board up to rupees five hundred crore under Section 180(1) (c) of the Companies Act, 2013.

This report is to be read with our letter of even date which is annexed as Annexure "A" and forms an integral part of this report.

**For A.N. Kukreja & Co.
Company Secretaries**

**Sd/-
A.N. Kukreja
(Proprietor)
FCS 1070; CP 2318**

**Place : New Delhi
Date : 30th May, 2015**

Annexure 'A'

**To,
The Members of
HB Estate Developers Limited**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

**For A.N. Kukreja & Co.
Company Secretaries**

**Sd/-
A.N. Kukreja
(Proprietor)
FCS 1070; CP 2318**

**Place : New Delhi
Date : 30th May, 2015**

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREAMBLE:

The Board of Directors (the “Board”) of HB Estate Developers Limited (the “Company” or “HBEDL”) in their meeting held on 10th February, 2015 has approved the following Corporate Social Responsibility Policy (CSR Policy) on the recommendation of the Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors as per the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as may be amended from time to time. This Policy is effective from 10th February, 2015.

2. SHORT TITLE & APPLICABILITY:

- 2.1 The CSR Policy of HB Estate Developers Limited (“the Company”) encompasses its philosophy for delineating its responsibility as a Corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.
- 2.2 This Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the Society.

3. THE COMPANY’S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

- 3.1 The approach of the Company towards Corporate Social Responsibility would be oriented to identify the activities in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner. The Company will provide financial assistance in the form of grant-in-aid assistance and corpus fund support etc. to support, supplement and improve the quality of life of different segments of the Society.
- 3.2 As a responsible corporate entity, the Company will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of sustainable development with focus on the social welfare activities.
- 3.3 The Companies Act, 2013 provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR. The Company will thus give preference to conduct CSR activities in the State of Haryana and such other place(s) in India wherein the Company has/will have its operations.
- 3.4 The Company may also collaborate with other Companies for undertaking CSR activities in such manner as the CSR Committee may decide in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

4. ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY:

The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking one or more of the following activities, which shall be taken up strategically, in a focused manner within India only to the extent possible and allowed as per Section 135 of the Companies Act, 2013 and the applicable rules and regulations as may be prescribed in this regard, including any modification (s) thereof.

- (i) Eradicating hunger, poverty, malnutrition, promoting preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) Promotion of education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the different abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependants;
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government;
- (x) Rural development projects;
- (xi) Such other matters as may be prescribed by the Central Government and approved by the Board of Directors / CSR Committee, as the case may be.

5. IMPLEMENTATION MECHANISM

The Company would consider the following broad parameters while identifying/selecting the schemes/projects:

- 5.1 The assistance under CSR activities may be in the form of donation, grant-in-aid assistance and corpus fund support so as to create social impact and visibility.
- 5.2 While implementing the identified activities, time frames and milestones may be predefined.
- 5.3 The CSR projects may be based on fundamentals of sustainable development.
- 5.4 In line with the Companies Act, 2013, donation based assistance/ grants, should not be less than limits as may be prescribed by the Central Government/ Ministry of Corporate Affairs from time to time.
- 5.5 Proper screening, checks and balances shall be ensured while sanctioning the CSR proposals.

6. PLANNING AND COORDINATION

- 6.1 The CSR Committee will prepare an annual plan for CSR activities for each year and will place the same before the Board of Directors for approval, as the case may be.
- 6.2 The focus of benefits will be in line with the activities mentioned in this document and as per programs, projects and schemes approved.

7. MONITORING AND EVALUATION

- 7.1 Regular update on the CSR initiatives undertaken and / or to be undertaken shall be given to the CSR Committee. The Company may also depute one or more employees who shall monitor the CSR initiatives of the Company and report the same to the CSR Committee. The impact of the CSR activities may be quantified to the extent possible. The Chairman of CSR Committee shall draw a time frame from the date of initiation. In case of any delay noticed while monitoring the CSR initiatives, remedial measures shall be taken for timely completion of the activities.
- 7.2 The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) as may be deemed expedient for the purpose of accomplishments of CSR activities.

8. ALLOCATION OF FUNDS

A total allocation of amount as prescribed by the Companies Act, 2013 and approved by the Board will be earmarked every year for implementation of CSR activities.

9. REPORTING

An annual report of the activities undertaken under the CSR initiatives will be prepared as per specified format and the same shall be submitted to the Board of Directors for its inclusion in their Board’s Report and on the website of the Company.

10. GENERAL

- 10.1 The surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company;
- 10.2 In case of any doubt with regard to any provision of this Policy and also in respect of matters not covered herein, a reference to be made to the CSR Committee.
- 10.3 Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Companies Act, 2013, rules and regulations as may be prescribed by the Central Government, from time to time.
- 10.4 The CSR Committee reserves the right to modify, cancel, add, or amend the Policy at any time subject to the approval of the Board of Directors.