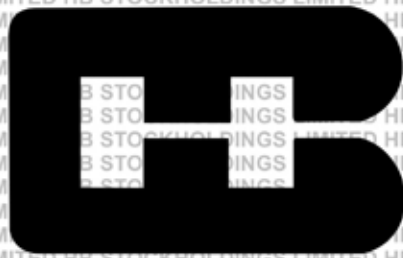


**23rd  
Annual Report  
2009 - 10**



**HB STOCKHOLDINGS LIMITED**



**BOARD OF DIRECTORS**

Mr. Lalit Bhasin	Chairman
Mr. K. N. Malhotra	Director
Mr. Pradeep Kumar Mittal	Director
Mr. Gulshan Rai	Director
Mr. Harbans Lal	Director
Mr. Anil Goyal	Director
Mr. Vijay Sood	Managing Director
Mr. J.M.L. Suri	Executive Director

**CHIEF FINANCIAL OFFICER**

Mr. Mahesh Kumar Gupta

**COMPANY SECRETARY**

Mr. Anil Kumar Mittal

**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, Haryana  
Ph : 0124-4675500, Fax : 0124-4370985

**WEBSITE**

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

**REGISTRAR & SHARE TRANSFER AGENT**

**M/s. RCMC Share Registry Pvt. Ltd.**

B-106, Sector - 2,  
Noida - 201 301  
Ph : 0120-4015880, Fax : 0120-2444346  
E-mail : [shares@rcmcdelhi.com](mailto:shares@rcmcdelhi.com)

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# HB STOCKHOLDINGS LIMITED

## Notice

NOTICE is hereby given that the 23rd Annual General Meeting of the members of the Company will be held as per the schedule given below:

Day : Tuesday  
Date : 7th September 2010  
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:

### ORDINARY BUSINESS:

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

### SPECIAL BUSINESS:

- To consider and if thought fit to pass with or without modification(s), the following as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and hereby accorded as a Special Resolution, to the re-appointment of Mr. Vijay Sood as the Managing Director of the company for a further period of 3 years w.e.f. 30th April 2010 on the terms and conditions including remuneration as approved by the Board of Directors and set out in the Explanatory Statement accompanying this Notice, with power and liberty to the Board of Directors to alter and vary the terms and conditions of reappointment and / or remuneration, subject to the approval of the Central government. **RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all other acts and deeds as may be necessary and incidental in the matter, including seeking the approval, consent, permission from Central Government or such other authorities, as may be required from time to time."

- To consider and if thought fit, to pass with or without modifications the following as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 269, 198, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification to the Resolution passed in the 21st Annual General Meeting of the Company held on 11th September 2008, the consent and approval of the Company be and is hereby accorded to the revision of the remuneration payable to Mr. Jag Mohan Lal

Suri, Executive Director, with effect from 1st April, 2009, as approved by the Board of Directors and set out in the Explanatory Statement accompanying this Notice. **RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all other acts and deeds as may be necessary and incidental in the matter, as may be required from time to time."

**By the Order of the Board  
For HB Stockholdings Ltd.**

**Anil Kumar Mittal  
Company Secretary**

**Place : Gurgaon  
Date : 27th May, 2010**

### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/ HER SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- The Register of Members and Share Transfer Books of the Company will remain closed from 3rd September 2010 to 7th September 2010 (both days inclusive).
- Members / Proxies attending the meeting should bring in their Attendance Slips duly filled in for attending the meeting. They are also requested to 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.
- Members are requested to:**
  - Notify any change in their address including Pin Code to the company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., B-106, Sector-2, NOIDA – 201 301. Phones: 0120-4015880. Fax: 0120-2444346. E-mail: shares@rcmcdelhi.com Members whose shareholding in the Company 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.
  - Shareholders seeking any information with regard to Accounts of the Company are requested to write to the Company Secretary at their Gurgaon address at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- The Equity Shares of the Company are in the list of securities for compulsory trading in dematerialized form and can be dematerialized by the Shareholders under ISIN No: with National Security Depository Ltd.(NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contract the Depository Participants of either of the above Depositories.
- Details of the Directors seeking reappointment in the ensuing Annual General Meeting. (pursuant to Clause 49, Code of Corporate Governance of the Listing Agreement) are as under:

### DIRECTORS SEEKING REAPPOINTMENT IN THE ENSUING AGM (Refer Item No. 2 & 3 of the notice of AGM)

Name of the Director	Mr. Anil Goyal	Mr. Lalit Bhasin
Date of Birth	22-02-1959	14-08-1968
Profile / Expertise in specific functional areas	Mr. Goyal is a fellow member of the Institute of Chartered Accountants of India and brings with him more than 2 decades of expertise in the field of finance, taxation, investment banking, corporate restructuring, and strategic planning and corporate and legal matters.	An energetic and experienced entrepreneur having more than 20 years of rich experience in the field of Stock Market operations, Strategic investment and management.
Qualifications	B. Com FCA	B Com (Hons)
List of other public Ltd Companies in which directorship held as on 31.3.2010	<ol style="list-style-type: none"> <li>HB Leasing &amp; Finance Co. Ltd.</li> <li>HB Portfolio Ltd.</li> <li>HB Securities Ltd.</li> <li>HB Estate Developers Ltd.</li> <li>HB Prima Capital Ltd.</li> <li>HB Corporate Services Ltd.</li> <li>RRB Securities Ltd.</li> <li>Mount Finance Ltd.</li> <li>Bhasin Investments Ltd.</li> <li>AHL Hotels Ltd.</li> <li>HB Insurance Advisors Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>HB Leasing &amp; Finance Co. Ltd.</li> <li>HB Portfolio Ltd.</li> <li>HB Estate Developers Ltd.</li> <li>HB Securities Ltd.</li> <li>Taurus Asset Management Co. Ltd.</li> <li>HB Prima Capital Ltd.</li> <li>Har Sai Investments Ltd.</li> <li>RRB Securities Ltd.</li> <li>RRB Master Securities Delhi Ltd.</li> <li>AHL Hotels Ltd.</li> <li>Raja Ram Bhasin Share &amp; Stock Brokers Ltd.</li> <li>Bhasin Share &amp; Stock Brokers Ltd.</li> <li>CHL (South) Hotels Ltd.</li> <li>Indo Continental Hotels &amp; Resorts Ltd.</li> </ol>
Chairman/Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2010	<p><b>Shareholder/Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>HB Portfolio Limited</li> <li>HB Estate Developers Ltd.</li> <li>RRB Securities Ltd.</li> <li>HB Leasing &amp; Finance Co. Ltd</li> </ul> <p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>RRB Securities Ltd.</li> </ul>	<p><b>Shareholder/ Investors Grievance Committee</b></p> <ul style="list-style-type: none"> <li>RRB Securities Ltd.</li> <li>HB Leasing &amp; Finance Co. Ltd.</li> </ul> <p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>HB Leasing &amp; Finance Co. Ltd.</li> <li>Indo Continental Hotels &amp; Resorts Ltd.</li> </ul>
Shares held by the Director as on 31.03.2010	Nil	4,84,799 Equity Shares

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, RELATING TO THE SPECIAL BUSINESS : ITEM NO.5

The Board of Directors of the Company in their meeting held on 29th January 2010, on the recommendation of the Remuneration Committee, reappointed Mr. Vijay Sood as Managing Director of the Company for a further period of 3 (Three) years w.e.f. 30-04-2010 subject to such approvals as may be necessary. Subsequently the Board of Directors in their meeting held on 27th May 2010, on the recommendation of the Remuneration Committee, approved

the Remuneration payable to Mr. Vijay Sood for the 3 years' term commencing from 30-04-2010 subject to requisite approvals.

The re-appointment and payment of remuneration to Mr. Vijay Sood, the Managing Director requires the approval of the members in General Meeting by a Special Resolution pursuant to Schedule XIII of the Companies Act, 1956 read with Section 198, 269, 309, 310 and Sec 311 of the said Act and also subject to the approval of the Central Government. The terms and conditions of re-appointment of Mr. Vijay Sood, as approved by the Board of Directors at their meeting(s), are as under: -



S. No.	Particulars	Annual Amount (Rupees)
1.	Basic Salary Rs. 406750X 12	48,81,000
2.	House Rent Allowance Rs. 210000X 12	25,20,000
3.	LTA ( payable annually)	75,000
4.	Medical Reimbursements	24,000
	<b>Total</b>	<b>75,00,000</b>

In addition to the remuneration proposed as mentioned herein above, Board of Directors of the Company shall be given an authority to increase the remuneration payable to Mr. Vijay Sood by a maximum of 15% per annum in each of the second and third year(s) of tenure. Mr. Vijay Sood, Managing Director shall also be entitled to the following perquisites which shall not be included in the remuneration payable as mentioned herein above:-

- Company maintained Car with driver.
- Reimbursement of Telephone facility at residence/ Mobile phone
- Personal Accident Insurance, annual premium not to exceed Rs. 10,000/-

**Other Terms of Appointment**

- The appointment may be terminated by either party with 3 months' Notice or payment of 3 months' remuneration in lieu thereof.
- Reimbursement of expenses incurred in the course of business of the company shall be allowed.
- Leave with Full pay and allowances in a year as under- Privilege Leave (30 days with accumulation up to 45 days). Accumulated Privilege Leave to be encashed on the basis of last Basic Salary drawn at the time of his ceasing to hold office of Managing Director. Medical Leave (10 days, with accumulation up to 30 days) and Casual Leave (7 days, no accumulation).
- No sitting fee will be paid to the Managing Director for attending meetings of the Board of Directors or Committees thereof.
- The above remuneration shall be payable as minimum remuneration in the event of absence/ inadequacy of profits in any financial year.

**The Additional Disclosures mentioned in Para 1(B)(iv) of Section II of Part I of Schedule XIII to the Companies Act, 1956 is as under:**

**I. GENERAL INFORMATION:**

- Nature of Industry: Financial Services / N B F C
- Date or expected date of Commence of Production: Existing Company. The company is not engaged in any manufacturing activities and is engaged in making proprietary investments and financing.
- In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus: Not Applicable
- Financial Performance based on given indicators: Information given hereunder:-  
(Rs. In lakhs)

Particulars	2009-2010	2008-2009
Total Sales and other Income	2187.81	517.07
Profit before Depreciation & Tax	1780.64	(309.16)
Depreciation	11.95	12.39
Provision for Taxation	290.23	9.29
Transfer to Statutory Reserve	295.69	—
Net Profit	1478.46	(330.55)

- Export performance and net foreign Exchange collaborations: The Company is not engaged in export activity. There is no Foreign Collaboration with any company.
- Foreign investments or collaborators, if any: The company has no foreign investments or foreign collaborations. The company has neither made any foreign investments nor has any collaboration overseas.

**II. INFORMATION ABOUT THE APPOINTEE**

- Background details: Mr. Vijay Sood has done his graduation in Economics from Delhi University in the year 1977 and MBA from Indian Institute of Management, Ahmedabad in 1979 the premier Business School of India. He has also completed an Advanced Management Programme from Wharton Business School, USA. In addition to that, he is a member of Institute of Cost & Works Accounts of India. Mr. Vijay Sood brings with him 32 years of experience in the fields of funds management, investment banking and corporate finance and has held senior and top positions in M N Cs and foreign Banks.  
Rs. 75,00,000/- per annum.
- Past remuneration: None
- Recognition or awards: Being top level position, the job profile essentially requires a leader who is innovative, self motivated and result oriented. The appointee being a hard core finance professional and has experience in conceptualizing, planning and directing and implementing business and financial strategies and translates them in terms of business growth.
- Job profile and his suitability: None

- Remuneration proposed: As per the Explanatory Statement of the Notice
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case expatriates the relevant details would be w. r. t. the country of his origin.): Though the exact latest data of the comparative profile with remuneration of the CEO/MD/Key Personnel of Financial Services Companies is not available, however generally the CEOs/ MDs/ Key Managerial personnel of financial services sector / NBFC Companies of comparable status are generally receiving remuneration above Rs.100 lakhs
- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: He does not have any other pecuniary relationship with the company nor he is related to or has pecuniary relationship with any of the directors of the company.

**III. OTHER INFORMATION**

- Reasons of loss or inadequate profits:
  - Provisioning requirements under Reserve Bank's Prudential Norms applicable to Non Banking Financial Companies may result Loss in reported figures.
  - Loss on account of sudden crash in the stock indices and also on account of loss in the F & O segment due to high Intra-day volatility in the stock market during the year 2008 & 2009.
- Steps taken or proposed to be taken for improvement: The company has undertaken a comprehensive review of its investments portfolio to identify and eliminate the low return yielding and illiquid stocks/ scrip's / securities so as to improve the average return/profitability. All these efforts yielded results and performance of the company improved significantly in the year 2009-2010 and company posted profits in its operations.
- Expected increase in productivity and profits in measurable terms: The aforesaid measures undertaken have boosted performance of the company in 2010. Cash flow also improved and surplus generated for creation of Statutory reserve as per the RBI guidelines.

**IV. DISCLOSURES**

Remuneration package payable to Mr. Vijay Sood, Managing Director of the company has been disclosed in the preceding paragraph of this Explanatory Statement. All elements of remuneration package to all other directors of the company are disclosed in the Corporate Governance Report annexed to the Director's Report. The particulars set out hereinabove may be treated as the abstract of the terms and conditions of re-appointment of Mr. Vijay Sood as Managing Director of the Company, to be sent to the shareholders of the Company under section 302 of the Companies Act, 1956. None of the Directors except Mr. Vijay Sood is concerned or interested in this resolution. The Directors recommend the Resolution for approval of the Members as a Special Resolution.

**ITEM NO. 6**

Mr. J.M.L. Suri, Executive Director of the Company was reappointed by the Board on the recommendation of the Remuneration Committee in its Meeting held on 24th May 2008 for a further period of Five years, w.e.f. 1st July 2008. Later the re-appointment along with terms thereof was approved by the shareholders in the 21st Annual General Meeting held on 11th September, 2008.

Hitherto as per the Leave Encashment Policy followed by the Company, accumulated Leaves of an employee were encashed only at the time of his/her ceasing to be an employee of the Company based on the Salary drawn by such employee at that point of time. On the recommendation of the Remuneration Committee, Board of the Company in their Meeting held on 29th January 2010 approved changes in the Policy of Encashment of unavailed Leaves for all the employees including Managerial personnel resulting in changes in the remuneration payable.

As per the amended Leave Encashment Policy, all employees including managerial personnel shall from 1st April 2009 be entitled to Privilege Leave as per the rules of the Company / terms of their employment and Privilege Leave accumulated in excess of 90 (Ninety) days as at the end of a financial year shall be encashed on yearly basis based on Basic Salary drawn by the employees at the end of the said preceding financial year and balance unencashed accumulated Privilege Leave may be encashed at the time of leaving the services of the company. Above change in the Policy shall result in the change in the remuneration payable to the managerial personnel, which requires the approval / confirmation of the Members in General Meeting.

Since Mr. J M L Suri Executive Director has been in the employment of the company since 1999 and the amended Leave Encashment Policy of the Company is in effect from 01-04-2009. Consequently the accumulated leaves exceeding 90 days due to his credit shall be encashed every year w.e.f. 01-04-2009 as per ceiling imposed by the company and the balance at the time of his ceasing to be Executive Director of the Company. Hence the remuneration payable to Mr. J M L Suri as approved by the Members of the Company in the Annual General Meeting held on 11th September 2008 shall stand modified to that extent.

None of the Directors of the Company, except Mr. J M L Suri is concerned or interested in this Resolution. The Directors recommend the Resolution for the approval of the Members.

**By the Order of the Board  
For HB Stockholdings Ltd.**

Place : Gurgaon  
Date : 27th May, 2010

Anil Kumar Mittal  
Company Secretary



**Directors' Report**

Dear Shareholders,

Your Directors are pleased to present the 23rd Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2010.

**FINANCIAL RESULTS**

The Financial performance of the Company summarised for the year under review is as under: **(Amount in Rs.)**

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>Gross Profit/(Loss)</b>	<b>17,80,63,634</b>	<b>(3,09,15,767)</b>
<b>Less :</b>		
(a) Depreciation and profit / (loss) on termination of leases	11,95,026	12,39,315
(b) Provision for Income-Tax (including deferred tax)	2,90,00,000	—
(c) Fringe Benefit Tax	—	3,30,000
<b>Net Profit/(Loss)</b>	<b>14,78,68,609</b>	<b>(3,24,85,082)</b>
<b>Add / (Less):</b>		
(a) Income Tax for earlier year	(22,660)	(5,98,685)
(b) Transfer to Statutory Reserve Fund	(2,95,69,190)	—
(c) Effect of earlier period on account of accounting	—	28,711
<b>Net Amount available for appropriation</b>	<b>11,82,76,759</b>	<b>(3,30,55,056)</b>
<b>Accumulated Loss Brought forward</b>	<b>(43,72,51,699)</b>	<b>(40,41,96,643)</b>
<b>Balance carried to Balance Sheet</b>	<b>(31,89,74,940)</b>	<b>(43,72,51,699)</b>

**PERFORMANCE REVIEW & OUTLOOK**

During the year under review almost all capital markets, developed and emerging, rallied strongly as did most asset classes barring real estate. Indian stock market rallied very strongly from the lows it had hit in the 2nd week of March 2009 in the previous year and the Sensex went up by 77% from 1st April 2009 to 17528 on 31st March 2010. The major move happened in the first quarter following the election results in mid May 2009, there was a very strong surge of over 17% in two days and by early June the Sensex was above 15000 levels.

During the year under review, Income was at Rs. 2187.81 Lakhs (Rs. 517.07 Lakhs in previous year) and Net Profit was Rs. 1478.46 Lakhs (Loss Rs. 330.55 Lakhs in the previous year). Securities Trading Profit was Rs. 206.57 Lakhs (Loss of Rs. 1443.86 Lakhs last year), Profit booked on Sale of Investments was Rs. 421.35 Lakhs (Rs.3745.53 Lacs in the previous year) & provisions for diminution written back Rs. 1258.38 Lakhs (provision made for diminution in value of investment Rs. 1939.33 Lakhs last year).

Now, there is political stability, domestic impetus, high savings and a weak but hopefully improving international situation. Expectations for the current year are of reasonably strong growth across most industries.

With an improvement in the market sentiments, the management of your company expects to improve the financials of your company.

Industry Trends and its future prospects have been summed up in the Management Discussion and Analysis Report which forms part of this report.

**DIVIDEND**

In order to conserve resources for the future and also due to accumulated and unabsorbed losses incurred during the previous years, your Directors do not recommend any dividend for the year ended 31st March 2010.

**STATUTORY STATEMENTS**

**PUBLIC DEPOSITS:**

Your Company has neither invited nor accepted any Fixed Deposits from the Public / shareholders during the year under review.

**INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:**

The particulars under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption etc. are not applicable to the company.

During the year under review there have been no Earnings or outgo of Foreign Exchange.

**PERSONNEL:**

A list of Employee(s) under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in the enclosed statement forming part of this report as Annexure .

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA), your Directors hereby state that in the preparation of the Annual Accounts for the year under review, the applicable Accounting Standards have been followed and no departures have been made. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year and of the profit of the Company for that period. That the Directors had taken proper and sufficient care 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 frauds and other irregularities and further, that the Directors had prepared the annual accounts for the year under review on a going concern basis.

**SUBSIDIARIES OF THE COMPANY**

In view of the Company obtaining approval of Central Government under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Report of Directors and Auditors of the two subsidiaries viz. HB Prima Capital Ltd. and Mount Finance Ltd. for the financial year ended 31st March 2010 have not been attached with the Balance Sheet of the Company. Annual accounts of the subsidiary companies shall be kept for inspection by any investor in the registered office as well as in the office of subsidiary companies.

**CORPORATE GOVERNANCE REPORT**

Your Company is fully compliant with the requirements of the applicable Corporate Governance Code and is committed to ensure due compliance of any modifications stipulated by the stock exchange(s) from time to time and well ahead of their timely implementation. Compliances of your Company with the requirements are presented below. A Corporate Governance Report in detail together with Certificate from the Statutory Auditor's in respect of compliance(s) of Clause 49 of the Listing Agreement is enclosed herewith forming part of this report.

**STATEMENT PURSUANT TO THE LISTING AGREEMENT**

The Equity Shares of the Company are listed at Bombay Stock Exchange Ltd.(BSE) and National Stock Exchange of India Ltd. (NSE) Mumbai.

The Listing fees to both the Stock Exchange(s) for the current financial year have been paid in time.

**AUDITORS**

M/s. P. Bholusaria & Co., Chartered Accountants, Delhi, the Statutory Auditor who were appointed at the 22nd Annual General Meeting, retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors firm associated with the Company is holding a valid certificate of 'Peer Review Board' in view of the requirements of the Listing Agreement. A Certificate under section 224(1B) of the Companies Act, 1956 has been submitted by the Auditors towards their eligibility and being eligible offers themselves for re-appointment. Resolution relating to their reappointment has since been included in the Notice of the AGM.

**AUDITOR'S REPORT**

Auditor's observations in their Report have been suitably explained, by way of appropriate notes to accounts wherever necessary.

**DIRECTORS**

During the year under review, Mr. Vijay Sood was reappointed Managing Director of the Company by the Board in their meeting held on 29th January 2010 for a further period of three years w.e.f. 30-04-2010 on completion of his existing term and remuneration payable to Mr. J M L Suri Executive Director was revised due to change in the Leave encashment policy of the Company. The Remuneration payable to the Managing Director was revised by the Board in their meeting held on 27th May 2010. Reappointment of Managing Director and remuneration payable to him is subject to the approval of shareholders and of the Central Government. The changes in the remuneration structure of Executive Director are subject to the approval of Shareholders in the ensuing Annual General Meeting. Both these resolution have been included in the Notice for shareholders' approval.

Mr. Lalit Bhasin and Mr. Anil Goyal Director(s) of the Company shall retire by rotation at the ensuing Annual General Meeting and they being eligible have offered themselves for reappointment.

Information as per Clause 49 of the Listing Agreement is enclosed as per the annexure of the Notice of the Annual General Meeting.

**ACKNOWLEDGEMENT**

Your Directors acknowledge the services rendered by the employees of the Company at all levels and express their gratitude for the assistance, co-operation and support extended by various stakeholders during all these years.

**For and on Behalf of The Board of Directors**

Place : Gurgaon

Date : 27th May, 2010

**LALIT BHASIN**

**CHAIRMAN**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

(Amount in Rs.)

Name of the Subsidiary	HB Prima Capital Ltd. 31-03-2010	Mount Finance Ltd. 31-03-2010
<b>Financial Year of the subsidiary ended on</b>		
No. of Equity Shares held by the Holding Company as on date (Face Value - Rs.10/-)	10,00,000	8,30,006
Extent of Holding (%)	100	100
The Net Aggregate of the Profit / (Loss) of subsidiary so far as they concern the members of the company for the year 31st March 2010 (in Rs.)		
(i) for the financial year of the subsidiary	56,782.00	(2,86,888.90)
(ii) for the previous financial periods of the subsidiary	1,16,798.80	(2,96,767.58)
The Net Aggregate of the Profit / (Loss) of subsidiary so far as they concern the members of the company and which are not dealt with the accounts of the company for the year 31st March 2010 (in Rs.)		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil

**ANNEXURE TO DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2010.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (Rs.) during the year ended 31st March 2010	Particulars of previous Employment (Designation & Name of the Employer)	Experience (No. of years)	Whether relative of any Director or Manager of the Company
Mr. Vijay Sood 52 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	Rs. 74,15,458/-	Group CFO, Renaissance Services SAOG, Oman	31	No

**Note:** Remuneration includes salary, Cost of leased accommodation, Company's contribution to Provident Fund, wherever applicable and other sums & allowances actually received by the employee during the financial year and the Perquisites are valued in accordance with the Income Tax Act, 1961 and Rules made there under. The appointment is contractual.

### Management's Discussion and Analysis

#### 1. Operating Results

The Company earned an Income of Rs. 2187.81 Lakhs during the year compared to Rs. 517.07 Lakhs in the previous year. The administrative expenses during the year under review were Rs. 288.98 Lakhs as compared to Rs. 418.05 Lakhs during the previous year. The interest and financial charges for the year under review have been Rs. 118.19 Lakhs as compared to Rs.408.18 Lakhs during the previous year.

#### 2. Business Analysis during 2009-10

During the year the stock market rallied very strongly from the lows it had hit in the 2nd week of March 2009 in the previous year. The BSE Sensex went up from 9902 on 1<sup>st</sup> April 2009 to 17528 on 31st March 2010 an increase of 77%. Following the election results in mid May there was a very strong surge of over 17 % in two days and by early June the Sensex was above 15000. Thereafter in the subsequent nine months the overall change was positive albeit with several bouts of volatility.

The Indian Equity markets are influenced by underlying corporate performance, flows from domestic investors and its attractiveness to foreign institutional investors. In2009-10 except for the domestic mutual funds which did not see very much of net inflows into their equity schemes, all other categories of investors increased their exposure to the equity markets.

During the year under review, Income was at Rs. 2187.81 Lakhs (Rs. 517.07 Lakhs in previous year) and Net Profit was Rs. 1478.46 Lakhs (Loss of Rs. 3330.84 Lakhs in the previous year). Securities Trading Profit was Rs. 206.57 Lakhs (Loss of Rs. 1443.86 Lakhs last year), Profit booked on Sale of Investments was Rs. 421.35 Lakhs previous year Rs. 3745.53 Lakh before provision for diminution in value of investment Rs. 1939.33 Lakhs.

#### 3. Future Prospects and Outlook

While 2009-10 was a very good year for investors in India and most other markets, the problems of the global economy after its meltdown in 2008 have not gone away. Overheating of the Chinese economy especially in the real estate and infrastructure sectors and concerns over runaway bank lending to support this coupled with the problem of the Eurozone are making the nascent global recovery look remains weak. Asia ex Japan continues to see growth through its composition varies across the region depending upon exposure to the export sector in different countries Indian economy will see a reasonable growth in the near term through inflation, interest rates, commodity prices and infrastructural bottlenecks remain areas of concern.

#### 4. Risks and Concerns

The Company, is mainly exposed to market risk (including liquidity risk), interest risk and credit risk. However prudent business and risk management practices followed by the company over the years help it to manage the normal industry risk factors, which *inter-alia* includes economic / business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility, and credit risk.

The Company is confident of managing these risks by observing a conservative financial profile in investment and trading of securities business.

#### 5. Internal Control Systems and their adequacy

The Company has proper and adequate system of internal controls for business processes, with regard to operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibility for all managerial positions gives strength to the internal control system of the organisation. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of internal control systems and suggests measures for improvement for strengthening the existing control system in view of changing business needs from time to time.

#### 6. Financial Performance

**Share Capital:** The Company's issued and subscribed share capital consists of Equity Share Capital only. The Paid-up Share Capital of the company as at 31<sup>st</sup> March 2010 stood at Rs. 2433.54 Lakhs (including Rs. 54.32 Lakhs towards the Share forfeited account) comprised of 2,37,92,218 Equity Shares of Rs.10/- each (including 55 Equity Shares forfeiture of which has been annulled by the Board during the year)

**Reserves and Surplus:** During the year under review the Loss carried forward is Rs. 3189.75 Lakhs (previous year Rs. 4372.52 Lakhs)]

**Loans:** Secured Loan from Bank stood at Rs. 7.17 Lakhs (previous year Rs. 24.64 Lakhs). There is an Unsecured Loan of Rs. 900 Lakhs as on the date of Balance Sheet of the Company in the year under review (Rs. 900 Lakhs in the previous year)

**Current Assets & Current Liabilities:** The current assets and current liabilities at the end of the year under review stood at Rs.2583.46 Lakhs and Rs. 4234.08 Lakhs respectively against Rs. 1937.80 Lakhs and Rs. 5201.67 Lakhs for the last year.

#### 7. Human Resources

Success of every business depends on proper human resource management. The Company has adequate and experienced professionals having varied experience related to the Industry to carry out its operations. Every effort is made that team members attend refresher courses, orientation programme and training sessions conducted by reputed management institutes to sharpen their business skill and enhance their vision which reflects in the decision making process. These efforts play a significant role in personality development and enable the Company to deliver an improved performance.

#### 8. Cautionary Statement

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include interest rates and changes in the Government regulations, direct tax regimes, credit appraisal and monitoring system, Notifications and guidelines issued by Reserve bank of India, economic developments and other factors such as litigation etc.



**Report on Corporate Governance**

**1. Corporate Governance philosophy:**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Corporate Governance deals with conducting the affairs of the company in such a manner as to ensure that there is fairness to all the stakeholders and action benefit the greatest number of stakeholders. The accountability of the personal and corporate funds in a company in a more transparent and equitable manner is the essence of Corporate Governance which ensures investor protection and maximization of shareholders wealth. The Corporate Governance is a continuing exercise.

**2. Size and Composition of the Board:**

The Board of your Company comprises of 8 directors, out of whom 6 directors are Non-executive and 5 Directors are Independent. Mr. Lalit Bhasin is Non-Executive Chairman of the Board and holds his position since 30th June 2004. The other non-executive director(s) are proficient in their respective fields and bring with them tremendous experience in the areas of Corporate finance, Taxation, Legal matters, Securities market

operations, Corporate affairs and management. Mr. Vijay Sood Managing Director and Mr. J.M.L.Suri, Executive Director, both the working Director(s) have to their credit over three and four decades of corporate experience(s) respectively in Foreign Banks, Indian and Foreign Companies including Multinational Companies. These two working executives among themselves share the overall responsibility of the day to day business affairs of the company and implement Board's plan and policies. The Composition of the present Board is in conformity of the amended Clause 49 of the Listing Agreement.

**a. Number of Board Meetings:**

During the year under review, Six (6) meetings of the Board of Directors of the Company were held (i.e. from 1.04.2009 to 31.03.2010) on 15th April 2009; 29th May 2009; 27th July 2009, 25th August 2009; 30th October 2009; and 29th January 2010 respectively. The gap between the two Board meetings was not more than 4 months.

**b. Directors Attendance & Directorships:**

Composition of the present Board of Directors and attendance of the members in the Board with shareholdings and Status of attendance in the last AGM are given hereunder:

Name of the Director & Category	Directorships in other public companies		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM	Shares held in the company & % to the subscribed capital
	Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin Promoter & Non-Executive	14	3	4	Nil	6	6	Yes	4,84,799 (2.037%)
Mr. K. N. Malhotra Independent & Non Executive	1	Nil	Nil	Nil	6	3	No	130 (Not Significant)
Mr. P. K. Mittal Independent & Non Executive	1	Nil	Nil	Nil	6	6	Yes	NIL
Mr. Gulshan Rai Independent & Non Executive	Nil	Nil	Nil	Nil	6	6	Yes	NIL
Mr. Anil Goyal Independent & Non Executive	11	Nil	5	1	6	6	Yes	NIL
Mr. Harbans Lal Independent & Non Executive	Nil	Nil	Nil	Nil	6	4	No	NIL
Mr. J.M.L.Suri Executive Director	9	Nil	5	2	6	5	Yes	1000 (Not Significant)
Mr. Vijay Sood Managing Director	1	Nil	2	Nil	6	5	Yes	Nil

One-third of the rotational directors of the Company shall retire at every Annual General Meeting in terms of the Companies Act, 1956, and Articles of Association of the Company. Accordingly, Mr. Lalit Bhasin and Mr. Anil Goyal Director(s) being longest in their respective office(s) shall retire by rotation at the ensuing Annual General Meeting and they being eligible offers them selves for reappointment.

**3. Board Committee(s):**

As per the provisions of Clause 49 of the Listing Agreement, all mandatory committee's of the Board of the Company are in place and their Constitution meets the requirements as stipulated and as per amended provisions from time to time. The Board of Directors in its Meeting held on 7th March, 2001, Constituted two Committee(s) namely; the Audit Committee also in due compliance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and Shareholders / Investors Grievance Committee. In order to comply with other requirements a Remuneration Committee of the Board was Constituted in the meeting of Board of Directors held on October 30, 2004 as required under the Listing Agreement and also has a mention in Schedule XIII of the Companies Act, 1956.

**(A) Audit Committee:**

The Audit Committee of the Board presently stands as follows:

1. Mr. Gulshan Rai, Chairman
2. Mr. Pradeep Kumar Mittal, Member
3. Mr. Anil Goyal, Member
4. Mr. Harbans Lal, Member

Mr. Vijay Sood, Managing Director and Mr. J. M. L. Suri, Executive Director, are the two permanent invitees at the Audit Committee Meetings. The Audit Committee shall mandatory review the following information: Management discussion and analysis of financial condition, Results of operations; Statement of significant related party transactions (as defined by the audit committee), submitted by the management; Management letter / letters of internal control weaknesses pointed out by the Statutory auditors; Internal audit reports relating to internal control and the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee. The Audit Committee has been empowered, inter-alia, to carry out the following functions:

- 1) To lay down, review and revise the accounting policies of the company.
- 2) To review the financial operations and performance of the company.
- 3) To review the half-yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors.
- 4) To consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company.
- 5) To appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/or review the appointment and removal of auditors of the company.
- 6) To consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of

the company and ensure compliance of the same.

- 7) To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company time to time.
- 8) To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
- 9) To give report and/or recommendations to the Board on the matters concerning financial operations of the company.
- 10) To consider and act on any matters as are included under Clause 49 of the Listing Agreement and/or as may be so included from time to time.

During the year under review, 4 (Four) meeting(s) of the Audit Committee were held respectively on 29-05-2009, 27-07-2009, 30-10-2009 and on 29-01-2010. All Audit Committee meeting(s) were attended by the members of the Committee(s) and no Leave of absence was granted.

**(B) Shareholders / Investors Grievance Committee:** The Shareholders /Investors Grievance Committee of the Board comprises of Mr. K.N. Malhotra (Chairman of the Committee), Mr. P. K. Mittal and Mr. J.M.L. Suri as members. The Secretary of the Company acts as Secretary to the Committee. The functions of the Committee, inter alia, include approval / rejection of Transfers, transmission of shares, issue of fresh / duplicate certificates upon split / consolidation / renewal / mutilation / remat / loss or otherwise, review the status of dematerialisation of company's shares and matters incidental thereto, monitor the matters of litigation related to shareholders and take decisions relating thereto, consider, review and monitor the matters related to the shareholders grievances.

In order to quickly process and dispatch the requests of Share Transfers, Mr. J.M.L. Suri, Executive Director of the Company has been empowered by the Board of the Company to approve the requests for transfer of Equity Shares up to 10,000 under one folio at a time when such requests accumulates in between the two Committee meeting(s).

During the year under review, 4 meetings of the Shareholders / Investors Grievances Committee were held respectively on 11-06-2009, 27-07-2009, 30-10-2009 and on 29-01-2010. Mr. P K Mittal and Mr. J.M.L. Suri attended all the meetings of the Committee whereas Mr. K N Malhotra, Chairman of the Committee attended only three meetings and leave of absence was granted to him in respect of the meeting held on 30th October 2009.

In addition to above, under the delegated power enjoyed by the Executive Director to sign the request of Share Transfers put up before him in between the two committee meeting.

**(C) Remuneration Committee:** The Remuneration Committee of the Board comprises of Mr. K.N. Malhotra, Chairman, Mr. P. K. Mittal and Mr. Gulshan Rai the two members. The functions of the Committee, inter alia, includes to lay down, review and revise the remuneration of the managerial personnel, to give recommendations to the Board of Directors on the matters concerning the managerial remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from time to time.



During the year under review, one Remuneration Committee meeting was held on 29th January 2010 to consider and approve the change in the policy of Leave encashment for managerial personal and consequently revision in the remuneration payable to Mr. J M L Suri- Executive Director. The Committee also considers the reappointment of Mr. Vijay Sood, Managing Director for a further period of Three years w. e. f. 30th April 2010, and for payment of remuneration.

Further to that, a Remuneration committee of the Board met again on 27th May 2010 for consideration of remuneration payable to Mr. Vijay Sood Managing Director and also approved the increment payable in the Second and Third year of reappointment. The Non-Executive directors are paid Sitting fees for each meeting of the Board of Directors and the Committees thereof attended by the members. During the year under review, Director(s) of the Company were paid remuneration as mentioned hereunder during the period (01.04.2009 to 31.03.2010) under review:

Director (s)	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. K. N. Malhotra	—	60,000	Nil	Nil
Mr. Gulshan Rai	—	1,02,000	Nil	Nil
Mr. K N Malhotra	—	38,000	Nil	Nil
Mr. P K Mittal	—	1,10,000	Nil	Nil
Mr. Harbans Lal	—	70,000	Nil	Nil
Mr. Anil Goyal	—	1,00,00	Nil	Nil
Mr. J M L Suri	—	—	18,33,040	Nil
Mr. Vijay Sood	—	—	74,15,458	Nil

The Sitting fee for each meeting of the Board of Directors and the Committee of Directors has been fixed by the Board of Directors within the overall ceiling laid down under the Companies Act.

Salary and perquisites paid in aggregate value for the year ended March 31, 2010 to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under:

**Mr. Vijay Sood**

Salary Rs.45,00,000/- and Perquisites Rs. 29,15,458/- Lakhs respectively.

**Mr. J M L Suri**

Salary Rs.9,00,000/- and Perquisites Rs. 9,33,040/- Lakhs respectively .

Besides, the remuneration mentioned herein above, Mr. J M L Suri, the Executive Director is also entitled to Company's contribution to Provident Fund, Super-annuation Fund or Annuity Fund, and Mr. Vijay Sood Managing Director is entitled to Gratuity and encashment of Leave at the end of tenure, as per rules of the Company.

**4. General Body Meetings:**

Details of Annual General Meeting(s) held during the last three years are summarised hereunder:-

Year	Type	Location	Date	Time
2008-09	22nd AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	25-08-2009	10.30 A.M.
2007-08	21st AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	11-09-2008	10.00 A.M.
2006-07	20th AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	28-08-2007	10.00 A.M.

Details of Special Resolutions passed in the previous 3 AGMs

S. No.	Subject Matter(s)	Reference and Date of passing at the AGM
1.	No Special Resolutions Passed	22nd AGM 25-08-2009
2.	• Re-appointment of Sh. J M L Suri as Executive Director for a period of Five years and payment of remuneration	21st AGM 11-09-2008
3.	• Appointment of Sh. Vijay Sood as Managing Director for a period of Three years and towards payment of Remuneration to him.	20th AGM 28-08-2007

Neither any Special Resolution is proposed to be conducted through Postal Ballot, nor any Special Resolutions were put through Postal Ballot process in the previous year(s).

**5. Disclosures:**

- I. There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2010 (Refer Note No. 10 of Notes to Accounts – Schedule 12 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.
- II. No penalty has been imposed or any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during the last three years.
- III. The company has adopted a Code of Conduct applicable to all the Directors and Senior Management personnel of the company and the same has been posted on the website of the company www.hbstockholdings.com. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code. A declaration to this effect from Managing Director of the Company is also given to this effect at the end of this report.
- IV. Risk Assessment and Minimisation procedures are in existence and are reviewed periodically.
- V. None of the Company's subsidiaries viz., HB Prima Capital Limited and Mount Finance Limited falls under "Material Non Listed Subsidiary" in terms of Clause 49

of the Listing Agreement. However, the financial results and the investments (as and when made) are regularly placed before the Audit Committee meeting of the company for their review.

- VI. The Managing Director, the CEO and the CFO have given their Certification on the review of financial statements, including cash flow, for the year ended 31.03.2010 to the Board of Directors for review.
- VII. Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.
- VIII. All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with. Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

**6. Means of Communication:**

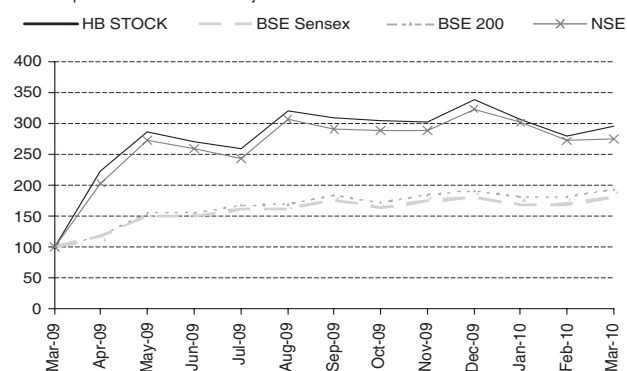
- I. Quarterly Results: Dissemination through Stock Exchange, SEBI site by filling up the data soon after the Board Meeting for Adoption of Results, Company's website and through publication in Newspapers as required under Listing Agreement.
- II. Newspapers wherein results normally published – Business Standard and Jansatta
- III. Financial Results were uploaded for displayed at – www.hbstockholdings.com
- IV. Website of the Company also displays official News releases and important communications made to Stock Exchanges. As and when any presentations shall be made to institutional investors the same would be simultaneously uploaded on the Company's website.

**7. GENERAL SHAREHOLDER INFORMATION:**

- I. Ensuing Annual General Meeting Day, Date, time and venue:
  - Date : Tuesday, 7th Sept, 2010
  - Time : 11:00 A.M.
  - Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector-14, Gurgaon- 122 001 (Haryana)
- II. Financial Year : 1st April 2009- 31st March 2010
- III. Date of Book Closure : 3rd Sept, 2010 to 7th Sept, 2010 (both days inclusive)
- IV. Dividend Payment Date : No dividend has been recommended for the year.
- V. Listing on Stock Exchange(s) : Bombay Stock Exchange Ltd., Mumbai  
National Stock Exchange of India Ltd. Mumbai.
- VI. Stock Code : The Company's Scrip Code is as follows:
  - BSE , Mumbai : 532216
  - NSE, Mumbai : HBSTOCK
- VII. Dematerialisation of Share and Liquidity
  - The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR - 23 / 2000 dated 29th May 2000.
  - The Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
  - The ISIN No. allotted to Equity Shares of the Company is INE550B01014.
  - As at 31-03-2010; 1,93,79,948 Equity Shares of the company are held in dematerialised form constituting 81.46% of the Company's subscribed share capital.
- VIII. Market Price Data: The monthly High, Low during each month in the last financial year at BSE & NSE are as under:

Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-09	19.50	8.70	19.50	113298	18.70	8.55	18.70	28898
May-09	25.95	18.70	25.00	94284	25.15	18.75	25.15	29991
Jun-09	30.60	22.00	23.65	490058	31.25	21.80	23.80	56887
Jul-09	24.15	16.60	22.55	173880	25.00	17.15	22.40	36838
Aug-09	27.90	22.00	27.90	1203634	28.25	21.80	28.25	94055
Sep-09	29.75	24.60	27.00	780983	30.35	24.70	26.80	148258
Oct-09	30.00	24.00	26.60	184794	29.00	24.50	26.55	105819
Nov-09	30.00	24.15	26.45	182959	29.25	24.20	26.50	113824
Dec-09	35.80	26.20	29.55	559705	35.95	24.40	29.75	439760
Jan-10	34.50	25.80	26.75	258653	38.85	26.00	27.70	305215
Feb-10	29.10	23.30	24.50	182083	31.35	23.55	25.00	239251
Mar-10	30.00	23.60	25.75	1062356	29.80	23.85	25.25	404968

**IX. Relative performance vis-à-vis major indices**







## HB STOCKHOLDINGS LIMITED

- X. Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review  
 HB Stock : 194.62% NSE : 174.01%  
 BSE Sensex : 77.01% BSE 200 : 89.60%
- XI. The distribution of shareholdings of the company as on 31st March 2010 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	77858	98.49	6368598	26.76
501-1000	698	0.88	532072	2.24
1001-2000	247	0.31	359458	1.51
2001-3000	90	0.11	225799	0.95
3001-4000	36	0.05	131009	0.55
4001-5000	25	0.03	116174	0.49
5001-10000	45	0.06	320618	1.35
10001 and above	57	0.07	15738490	66.15
<b>TOTAL</b>	<b>79056</b>	<b>100.00</b>	<b>23792218</b>	<b>100.00</b>

The category-wise distribution of Shareholders as on 31st March, 2010 is as follows:

Category	No. of Shares held	% of Shareholding
<b>A. PROMOTERS HOLDING</b>		
1. Indian Promoter	12247120	51.48
2 Foreign Promoters	0	0.00
<b>B PUBLIC SHAREHOLDING</b>		
1. Institutional	421764	1.78
2. Non- Institutional	11123334	46.76
<b>GRAND TOTAL</b>	<b>23792218</b>	<b>100.00</b>

- XII. The Company has no GDR's / ADR's / Warrants or any other instruments outstanding for Conversion into Equity Shares.
- XIII. Share Transfer System  
 Share Transfers are recorded in the Registers and returned to the investors within a period of 30 days from the date of lodgement if the documents are complete in all respects and found to be in order. The authority for transfer of shares has been delegated to the shareholders/investors grievance Committee, which meets as and when, required. However, when no meetings are in the offing then Executive Director exercises his power for transfer of shares up to a fixed number beyond which the matters are placed before the Committee. The statistics of share transfers during the period under review as well as request for Demat of shares are as under:

Transfer Period	No of cases	No of Shares	% to Shares
1-30	536	38487	100%
31 & Above	—	—	—

Demat Period	No of cases	No of Shares	% to Shares
1-15	1687	162220	100%
16 & Above	—	—	—

- XIV. The status of Investor's Grievance Redressal during the year 1-04-2008 to 31-03-2009 is as under:

Grievance / Query received from	Received	Disposed off
Investors	31	31
Stock Exchanges	7	7
SEBI	10	10
NSDL	1	1
<b>Total</b>	<b>49</b>	<b>49</b>

- XV. Sh. Anil K. Mittal- Company Secretary is the Compliance officer of the company.
- XVI. Registrar and Share Transfer Agent of the company:  
**RCMC Share Registry Pvt. Ltd.,**  
 B-106, Sector-2, Noida-201301  
 Phones: -0124- 4015880; 0124-4015886  
 Fax : - 0124- 2444346  
 E-mail:- shares@rcmcdelhi.com .
- XVII. Address for Correspondence:  
 The Company Secretary  
 HB Stockholdings Ltd.  
 Plot No. 31, Echelon Institutional Area  
 Sector-32, Gurgaon- 122 001 (Haryana)

### Managing Director's Declaration on Code of Conduct

To  
 The Members of  
**HB Stockholdings Limited**  
 Gurgaon

I, Vijay Sood, Managing Director of the Company declare that all the members of the Board of Directors; and Senior Management of the Company have affirmed compliance with the Code of Conduct.

For HB Stockholdings Limited

Place : Gurgaon  
 Date : 27th May, 2010

Vijay Sood  
 Managing Director

### Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges.

To the Members of  
**HB Stockholdings Limited**  
 Gurgaon

We have examined the compliance of conditions of Corporate Governance by **HB STOCKHOLDINGS LIMITED** for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2010 there were no Investors' Grievances remaining unattended/pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR P. BHOLUSARIA & CO.  
 CHARTERED ACCOUNTANTS  
 FRN : 000468N

Place : Gurgaon  
 Date : 27th May, 2010

AMIT GOEL  
 PARTNER  
 (Membership No. 92648)



# HB STOCKHOLDINGS LIMITED

## Auditor's Report

### THE MEMBERS OF HB STOCKHOLDINGS LIMITED

We have audited the attached Balance Sheet of M/s. HB STOCKHOLDINGS LIMITED as at 31st March, 2010 and also the Profit and Loss Account and Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that: -
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
  - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon (particularly Note No.13&14) give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2010 and
    - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
    - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**FOR P. BHOLUSARIA & CO.**  
CHARTERED ACCOUNTANTS  
FRN : 000468N

**(AMIT GOEL)**  
PARTNER

(Membership No. 92648)

Place : Gurgaon  
Dated : 27th May, 2010

### ANNEXURE TO AUDITORS' REPORT Re: HB Stockholdings Ltd.

Referred to in Paragraph 1 of our report of even date for the year ended 31st March,2010

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2. a. As explained to us, inventories (Investments) have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories (Investments) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the accounts.
3. a. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However advances in the nature of Loans amounting to Rs.33,39,436/- were outstanding recoverable as at the year end from two parties, both wholly owned subsidiaries of the company. The amount granted during the year was Rs.1,54,292/- and maximum amount outstanding during the year was Rs.33,39,436/-
- b. The aforesaid advances granted by the Company are interest free. In our opinion and according to the information and explanations given to us, other terms and conditions of aforesaid advances are not prima facie prejudicial to the interest of the Company.
- c. There are no stipulations in writing as to the repayment of aforesaid advances. As explained to us, the same is repayable on demand.
- d. In respect of aforesaid advances given by the Company, since these are repayable on demand, therefore the question of over due amounts does not arise.
- e. During the earlier year the company had taken loan of Rs.9,00,00,000/- from one company listed in the register maintained under section 301 of the Companies Act,1956. The maximum amount involved during the year and outstanding as at the year end is Rs.9,00,00,000/-.

- f. The rate of interest and other terms and conditions of this loan are, in our opinion, prima facie not prejudicial to the interest of the company
- g. The payment of principal amounts and interest in respect of such loan is regular/as per stipulation.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and sale of goods. During the year there was no sale of services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control system.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act,1956 have been entered into in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market price prevailing at the relevant time..
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent and as applicable to the company have been generally regularly deposited by the company during the year with the appropriate authorities except for non deposit of installments of advance income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable except for Rs.1,30,00,000/- on account of advance tax installment for June & September,2009 quarters.
- b. The disputed statutory dues aggregating to Rs.1,25,18,711/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	A.Y.	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	2001-02	Income Tax	Commissioner of Income Tax (Appeal)	38,55,091/-
2.	Income Tax Act,1961	2005-06	Income Tax	Income Tax Appellate Tribunal	2,64,920/-
3.	Income Tax Act,1961	2006-07	Income Tax	Income Tax Appellate Tribunal	14,82,410/-
4.	Income Tax Act, 1961	2007-08	Income Tax	Commissioner of Income Tax (Appeal)	69,16,290/-
<b>TOTAL</b>					<b>1,25,18,711/-</b>

10. The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loan & advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading (Investments) in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except for shares/debentures that are pledged or given as margin or which are under process of transfer or are pending for rectification of bad deliveries.
15. As per the information and explanation given to us, there are no outstanding guarantees given by the company for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and considering the activities of the company, we report that the funds raised on short- term basis have not been used for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**For P. BHOLUSARIA & CO.**  
Chartered Accountants  
FRN : 000468N

Place : Gurgaon  
Dated : 27th May, 2010

**(AMIT GOEL)**  
PARTNER  
(Membership No. 92648)



## HB STOCKHOLDINGS LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2010

Schedules	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>SOURCES OF FUNDS</b>		
<b>Shareholders Funds</b>		
Share Capital	243353823.00	243353823.00
Reserves & Surplus	1082686676.45	1053117486.45
	<b>1326040499.45</b>	<b>1296471309.45</b>
<b>LOAN FUNDS</b>		
Secured Loans	717002.00	2463874.31
Unsecured Loans	90000000.00	90000000.00
	<b>90717002.00</b>	<b>92463874.31</b>
<b>TOTAL</b>	<b>1416757501.45</b>	<b>1388935183.76</b>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Gross Block	15715105.12	19249709.12
Less : Depreciation	8675989.43	10108412.53
Net Block	<b>7039115.69</b>	<b>9141296.59</b>
<b>INVESTMENTS</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Cash & Bank Balances	4743350.70	14904931.64
Loans and Advances	253602876.84	178874624.34
	<b>258346227.54</b>	<b>193779555.98</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>		
Liabilities	5090160.63	4084348.63
Provisions	418317937.91	516082425.16
	<b>423408098.54</b>	<b>520166773.79</b>
<b>NET CURRENT ASSETS</b>	<b>(165061871.00)</b>	<b>(326387217.81)</b>
<b>PROFIT &amp; LOSS ACCOUNT</b> (As per annexed Account)	<b>318974941.56</b>	<b>437251699.63</b>
<b>TOTAL</b>	<b>1416757501.45</b>	<b>1388935183.76</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>		
NOTES ON ACCOUNTS	11	12

As per our Report of even date

For P. Bholusaria & Co.

Chartered Accountants  
FRN : 000468N

Amit Goel  
Partner

Place : Gurgaon  
Date : 27th May, 2010

For and on behalf of the Board

Anil Kumar Mittal  
Company Secretary

Mahesh Kumar Gupta  
Chief Financial Officer

Lalit Bhasin  
Chairman

Vijay Sood  
Managing Director

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Schedules	Year Ended 31st March, 2010 (In Rs.)	Year Ended 31st March, 2009 (In Rs.)
<b>INCOME</b>		
Income from Operations & Other Income	8	218780658.66
<b>Total</b>	<b>218780658.66</b>	<b>51706895.34</b>
<b>EXPENDITURE</b>		
Administrative & Other Expenses	9	28898330.41
Interest & Financial Charges	10	11818693.69
Depreciation		1195026.49
<b>Total</b>	<b>41912050.59</b>	<b>83861977.50</b>
Profit/(Loss) for the year before Taxation		176868608.07
Taxation		(32155082.16)
Provision for Taxation		
- Current	(29000000.00)	—
- Deferred	—	—
- Fringe Benefit	—	(330000.00)
- Tax adjustments for earlier year	(22660.00)	(598685.00)
Profit/(Loss) for the year after Taxation		147845948.07
(-) Transferred to Statutory Reserve Fund		(29569190.00)
- Effect of earlier period on account of Accounting Standard-15	0.00	28711.00
Balance brought forward from last year	(437251699.63)	(404196643.47)
Balance carried to Balance Sheet	<b>(318974941.56)</b>	<b>(437251699.63)</b>
<b>Earning per Share(in Rs.)</b>		
- Basic	6.21	(1.39)
- Diluted	6.21	(1.39)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>		
NOTES ON ACCOUNTS	11	12

As per our Report of even date

For P. Bholusaria & Co.

Chartered Accountants  
FRN : 000468N

Amit Goel  
Partner

Place : Gurgaon  
Date : 27th May, 2010

For and on behalf of the Board

Anil Kumar Mittal  
Company Secretary

Mahesh Kumar Gupta  
Chief Financial Officer

Lalit Bhasin  
Chairman

Vijay Sood  
Managing Director

### SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>AUTHORISED CAPITAL</b>		
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each.	300000000.00	300000000.00
	<b>1000000000.00</b>	<b>1000000000.00</b>
<b>ISSUED</b>		
2,54,43,257 Equity shares of Rs.10/- each.	254432570.00	254432570.00
	<b>254432570.00</b>	<b>254432570.00</b>
<b>SUBSCRIBED AND PAIDUP</b>		
2,37,92,218 Equity shares of Rs.10/- each Fully	237922180.00	237922180.00
	<b>237922180.00</b>	<b>237922180.00</b>
Add: Forfeited (1651039) Equity Shares (Amount originally paid up)	5431643.00	5431643.00
<b>Total</b>	<b>243353823.00</b>	<b>243353823.00</b>

### SCHEDULE '2': RESERVES AND SURPLUS

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>(A) SHARE PREMIUM ACCOUNT</b>		
As per Last Account	999689069.00	999689069.00
<b>Total-(A)</b>	<b>999689069.00</b>	<b>999689069.00</b>
<b>(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT</b>		
As per Last Account	477000.00	477000.00
<b>Total-(B)</b>	<b>477000.00</b>	<b>477000.00</b>
<b>(C) STATUTORY RESERVE FUND (*)</b>		
As per last Account	52951417.45	52951417.45
Add: Transferred from Profit & Loss Account	29569190.00	—
<b>Total-(C)</b>	<b>82520607.45</b>	<b>52951417.45</b>
<b>Total (A+B+C)</b>	<b>1082686676.45</b>	<b>1053117486.45</b>

(\*) Created pursuant to The Reserve Bank of India (Amendment) Act, 1997.

**SCHEDULE '3': LOAN FUNDS**

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>(A) SECURED LOAN</b>		
From Banks (secured by hypothecation of vehicles financed) (repayable within a year Rs.6,18,989/-, Previous year Rs.14,54,364/-)	717002.00	2463874.31
<b>Total-A</b>	<u>717002.00</u>	<u>2463874.31</u>
<b>(B) UNSECURED LOAN</b>		
From Body Corporate	90000000.00	90000000.00
<b>Total-B</b>	<u>90000000.00</u>	<u>90000000.00</u>
<b>Total (A+B)</b>	<u><u>90717002.00</u></u>	<u><u>92463874.31</u></u>

**SCHEDULE '4': FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2009 (In Rs.)	Addition during the year (In Rs.)	Deduction during the year (In Rs.)	Total As at 31.03.2010 (In Rs.)	Upto 31.03.2009 (In Rs.)	For the year (In Rs.)	Adjustments (In Rs.)	Total upto 31.03.2010 (In Rs.)	As at 31.03.2010 (In Rs.)	As at 31.03.2009 (In Rs.)
Office Equipment	1937415.83	—	—	1937415.83	1122851.81	92027.25	—	1214879.06	722536.77	814564.02
Vehicles	7008766.21	—	994000.00	6014766.21	1845071.77	584673.79	39774.59	2389970.97	3624795.24	5163694.45
Furniture & Fixture	6590883.08	—	—	6590883.08	4049042.40	417202.90	—	4466245.30	2124637.78	2541840.68
Data Processing	—	—	—	—	—	—	—	—	—	—
Machinery	2929129.00	47071.00	2587675.00	388525.00	2709147.72	63905.59	2587675.00	185378.31	203146.69	219981.28
Air Conditioners	718555.00	—	—	718555.00	333732.50	34131.36	—	367863.86	350691.14	384822.50
Generator Set	64960.00	—	—	64960.00	48566.33	3085.60	—	51651.93	13308.07	16393.67
<b>Total</b>	<b>19249709.12</b>	<b>47071.00</b>	<b>3581675.00</b>	<b>15715105.12</b>	<b>10108412.53</b>	<b>1195026.49</b>	<b>2627449.59</b>	<b>8675989.43</b>	<b>7039115.69</b>	<b>9141296.60</b>
Previous Year	17861902.13	2082655.00	694848.01	19249709.12	9125724.43	1239315.46	256627.36	10108412.53	9141296.60	8736177.70

**SCHEDULE '5': INVESTMENTS**

Name of the Company	Face Value	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
	(In Rs.)	Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
<b>(A) CURRENT INVESTMENTS-TRADE</b>					
<b>QUOTED FULLY PAID UP EQUITY SHARES</b>					
ABC PAPER LIMITED	10	800	11200.00	800	11200.00
ABAN OFFSHORE LIMITED	2	200	522480.00	200	522480.00
AHLUWALIA CONTRACTS (INDIA) LIMITED	2	84950	17697316.19	84950	17697316.19
AHLCON PARENTAL LIMITED	10	—	—	775	47945.00
AMRIT BANASPATI COMPANY LIMITED	10	400	5600.00	400	5600.00
AMRIT CORP. LIMITED	10	400	5600.00	400	5600.00
ARVIND LIQUID GASES LIMITED	10	10000	182500.00	10000	182500.00
ASHOK LEYLAND LIMITED	1	200	7602.83	200	7602.83
BHARAT HOTELS LIMITED	10	300	6751.76	300	6751.76
CAMBRIDGE SOLUTION LIMITED	10	—	—	4197	288867.22
CENTURY TEXTILES LIMITED	10	—	—	2500	2728726.36
CH INVESTMENTS LIMITED	10	37	1493.89	37	1493.89
CIBA SPECIALITY LIMITED	10	50	500.00	50	500.00
COMPACT DISC INDIA LIMITED	10	25000	577852.73	28926	668598.72
DCM SHRIRAM CONSOLIDATED LIMITED	10	72845	7202668.38	72845	7202668.38
DESIGN AUTO SYSTEMS LIMITED	10	671400	3953866.50	671400	3953866.50
DIGITAL WORLD INDIA LIMITED	10	162400	3136228.37	162400	3136228.37
ESCORTS LIMITED	10	48000	2070616.31	—	—
GSAL (INDIA) LIMITED.	10	8120	4060.00	8120	4060.00
GLAXO SMITH CONSUMERS LIMITED	10	0	0.00	5503	3371423.83
HARYANA PETROCHEMICALS LIMITED	10	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED (*)	10	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10	43200	1186049.57	43200	1186049.57
HB PORTFOLIO LIMITED (*)	10	100000	1000000.00	100000	1000000.00
HINDUSTAN OIL EXPLORATION COMPANY LIMITED	10	216	25683.73	216	25683.73
HOTLINE GLASS LIMITED	10	166382	552770.07	166382	552770.07
HOTLINE TELETUBE & COMPONENTS LIMITED	10	344400	9751268.09	344400	9751268.09
ICP SECURITIES LIMITED	10	1800	18000.00	1800	18000.00
ICICI BANK LIMITED	10	1000	585962.80	1000	585962.80
ISPAT PROFILES INDIA LIMITED	10	10000	235020.00	10000	235020.00
JAI CORP. LIMITED	1	10074	10366167.29	10074	10366167.29
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000.00	10000	335000.00
LCC INFOTECH LIMITED	2	56300	387984.18	56300	387984.18
LANCO INFRATECH LIMITED	10	50000	2725295.33	—	—
LUNAR DIAMONDS LIMITED	10	21000	439065.00	21000	439065.00
MALANPUR STEEL LIMITED	10	10814	147220.41	10814	147220.41
MALWA COTTON SPINNING MILLS LIMITED	10	19300	2284158.97	19300	2284158.97
MAWANA SUGAR LIMITED	10	39509	6817465.49	45773	7898348.42
MEGA SOFT LIMITED	10	32500	3774848.02	32500	3774848.02
MICRO INKS LIMITED	10	—	—	26632	11614756.60
MILKFOOD LIMITED	10	3800	34200.00	3800	34200.00
NITTA GELATIN INDIA LIMITED	10	45000	1815605.25	48415	1953389.51
NAHAR POLYFILMS LIMITED	5	444	17642.53	444	17643.00

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
NHPC LIMITED	10	100000	3624422.59	—	—
NIIT LIMITED	2	90988	13225744.56	110000	15989272.23
NUCHEM LIMITED	10	64755	168363.00	64755	168363.00
ORISSA EXTRUSIONS LIMITED	10	10728	21456.00	10728	21456.00
ORINTAL BANK OF COMMERCE	10	100	12745.00	100	12745.00
ORKAY INDUSTRIES LIMITED	10	135650	3152052.50	135650	3152052.50
PARSVNATH DEVELOPERS LIMITED	10	—	—	81000	25774492.48
PATHREJA FORGINGS LIMITED	10	1000	19325.51	1000	19325.51
PHOENIX INTERNATIONAL LIMITED	10	14400	900000.00	14400	900000.00
PILANI INVESTMENT & INDUSTRIES CORPORATION LTD	10	250	251006.25	250	251006.25
POLYCHEM LIMITED	10	125	501825.00	125	501825.00
PRISM MILLS LIMITED	10	10000	187500.00	10000	187500.00
PUNJAB WIRELESS LIMITED	10	100	6100.00	100	6100.00
RAMA VISION LIMITED	10	18300	553061.47	18300	553061.47
RELIANCE CAPITAL LIMITED	10	4	1909.99	4	1909.99
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772214.88	5085	2772214.88
RELIANCE INDUSTRIES LIMITED	10	12732	12410078.45	2085	4691044.17
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000.00	23600	590000.00
SAVANI FINANCIALS LIMITED	10	7000	140000.00	7000	140000.00
SHREYANS INDUSTRIES LIMITED	10	5600	96872.57	5600	96872.57
SRI VASAVI INDUSTRIES LIMITED	10	10890	584631.48	10890	584631.48
STI GRANITE INDIA LIMITED	10	2000	34000.00	2000	34000.00
SUBEX LIMITED	10	25161	14414392.45	25161	14414392.45
THERMAX LIMITED	2	0	0.00	2000	77214.58
UFLEX LIMITED	10	80772	16097387.43	85772	17093858.20
UNIMERS INDIA LIMITED	10	1732	444464.00	1732	444464.00
UNITECH LIMITED	2	642072	246879007.26	642072	246879007.26
UNIVERSAL PRIME ALUMINIUM LIMITED	10	23820	868067.16	23820	868067.16
U P HOTELS LIMITED	10	1900	136630.42	1900	136630.42
USHA INTERNATIONAL LIMITED	10	30052	934732.60	30052	934732.60
		<b>3528707</b>	<b>398625925.85</b>	<b>3480284</b>	<b>431459395.03</b>
<b>UNQUOTED FULLY PAID UP EQUITY SHARES</b>					
KESORAM TEXTILE LIMITED	10	172	4161.48	172	4161.48
		172	4161.48	172	4161.48
<b>UNQUOTED PARTLY PAID UP EQUITY SHARES</b>					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	46293	694395.00
		46293	694395.00	46293	694395.00
<b>UNQUOTED FULLY PAID UP DEBENTURES</b>					
HDC LIMITED 14% PCD IX-SERIES	50	440	17600.00	440	17600.00
SHREYANS INDUSTRIES LIMITED 14% NCD	100	1120	112000.00	1120	112000.00
		1560	129600.00	1560	129600.00
<b>UNQUOTED FULLY PAID UP MUTUAL FUND UNITS</b>					
TAURUS BONANZA FUND	10.00	496416	20000000.00	—	—
<b>TOTAL- (A)</b>		<b>4073148</b>	<b>419454082.33</b>	<b>3528309</b>	<b>432287551.51</b>
<b>(B) LONG TERM INVESTMENTS</b>					
<b>QUOTED (TRADE) FULLY PAID UP EQUITY SHARE</b>					
BELL CERAMICS LIMITED	10	861376	17349633.56	913685	18403229.18
CHEMPLAST SANMA LIMITED	1	—	—	78426	641832.01
CROMPTON GREAVES LIMITED	2	64925	1353835.30	35000	1353835.30
DCM SHRIRAM INDUSTRIES LIMITED	10	4233414	478914850.67	4189941	473993067.64
GREAVES COTTON LIMITED	10	83000	28225970.16	83000	28225970.16
JAIPRAKASH ASSOCIATES LIMITED	2	14479617	114953630.95	9849859	77775328.41
JAYPEE HOTEL LIMITED	10	—	—	223219	40695278.91
MAWANA SUGAR LIMITED	10	60491	15994478.04	60491	15994478.04
PVP VENTURES LIMITED	10	35694	5182123.56	35694	5182123.56
RRB SECURITIES LIMITED (*)	10	100000	10000000.00	100000	10000000.00
VENKAT PHARMA LIMITED	10	41790	2124442.63	41790	2124442.63
		<b>19960307</b>	<b>674098964.87</b>	<b>15611105</b>	<b>674389585.84</b>
<b>IN WHOLLY OWNED SUBSIDIARY COMPANIES</b>					
<b>(Unquoted (Non-Trade) Fully Paid Up Equity Shares)</b>					
HB PRIMA CAPITAL LIMITED	10	1000000	25075000.00	1000000	25075000.00
MOUNT FINANCE LIMITED	10	830006	8300060.00	830006	8300060.00
<b>UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE</b>					
ASSOCIATED INFOTECH LIMITED	10	600000	45000000.00	600000	45000000.00
JAIPUR STOCK EXCHANGE LIMITED	10	324500	5841000.00	324500	5841000.00
TAURUS INVESTMENT TRUST CO LIMITED	10	15430	155458.00	15430	155458.00
TAURUS ASSET MANAGEMENT CO LIMITED.	10	2525000	18634750.00	2525000	18634750.00
HB TELECOMMUNICATION LIMITED	10	100	1000.00	100	1000.00
HB INSURANCE ADVISORS LIMITED	10	15000	150000.00	15000	150000.00
HARSAI INVESTMENTS LIMITED	10	200000	2000000.00	200000	2000000.00
Q R PROPERTIES PVT LIMITED	10	4500	45000.00	4500	45000.00
PISCES PORTFOLIOS PVT. LIMITED.	10	2290000	24900000.00	2290000	24900000.00
SOVIKA INFOTEK LIMITED	10	400000	12000000.00	400000	12000000.00
<b>UNQUOTED(NON -TRADE) FULLY PAID-UP REDEEMABLE PREFERENCE SHARE</b>					
HB GROWTH FUND LIMITED (2% NON CUMULATIVE)	10	50000	500000.00	50000	500000.00
HB SECURITIES LIMITED (*) (6% CUMULATIVE)	1000	10000	10000000.00	10000	10000000.00

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
HB TELECOMMUNICATION LIMITED (2% NON CUMULATIVE)	10	40000	400000.00	40000	400000.00
<b>UNQUOTED(NON -TRADE) -EQUITY SHARE APPLICATION</b>					
CORE TELECOM PRIVATE LIMITED	10	850000	8500000.00	850000	8500000.00
FALCON PORTFOLIO PRIVATE LIMITED.	10	75000	750000.00	75000	750000.00
<b>TOTAL- (B)</b>		<b>29189843</b>	<b>836351232.87</b>	24840641	836641853.84
<b>TOTAL- (A+B)</b>		<b>33262991</b>	<b>1255805315.20</b>	28368950	1268929405.35

**Notes**

- (1) Aggregate Cost of Quoted Investments (other than Mutual Fund Units) Rs.107,27,24,890/- (Previous Year Rs.110,58,48,981/-)
- (2) Market Value of Quoted Investments(other than Mutual Fund Units) Rs.274,37,81,562/-(Previous Year Rs.113,64,98,814/-)
- (3) Aggregate Cost of Unquoted Investments (other than units of Mutual Fund) Rs.16,30,80,425/- (Previous Year Rs.16,30,80,425/-)
- (4) Net Asset Value of Investments in units of Mutual Fund Rs.1,94,84,328/-(Previous year Rs. Nil) and cost of units of Mutal Fund Rs.2,00,00,000/-(previous year Rs. Nil)
- (5) Shares costing Rs.35,24,37,741/-(Previous year Rs37,39,39,946/-) were lying pledged/given as margin as at the year end.
- (\*) Companies under the same management

**SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES**

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>A. CURRENT ASSETS</b>		
(a) <b>Cash &amp; Bank Balance</b>		
<b>Cash in hand</b>	<b>282003.00</b>	170419.00
(As certified by the Management)		
(b) <b>Balance with Scheduled Banks</b>		
– In Current Accounts	<b>2556475.34</b>	14734512.64
– In FDR Account	<b>1900000.00</b>	—
– Interest accrued but not due on FDR	<b>4872.36</b>	—
<b>Total 'A'</b>	<b>4743350.70</b>	14904931.64
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, Considered good, unless otherwise stated)		
(a) Inter Corporate Deposit (including intrerest receivable Rs.10,79,999/- (previous year Rs 9,28,079/-) Standard	<b>11079999.00</b>	10928079.00
(b) Advances Recoverable in cash or in kind or for value to be received- Standard	<b>195427679.98</b>	120945434.98
(c) Advance Tax & Tax Deducted at Source	<b>12388413.90</b>	12264826.40
(d) Security Deposits with Govt. Department and others (including margin Deposit paid)	<b>34706783.96</b>	34736283.96
<b>Total 'B'</b>	<b>253602876.84</b>	178874624.34
<b>Total 'A'+ 'B'</b>	<b>258346227.54</b>	193779555.98

**SCHEDULE '7': CURRENT LIABILITIES AND PROVISIONS**

<b>(A) CURRENT LIABILITIES</b>		
i) Sundry Creditors		
– Due to Micro and Small Enterprises	—	—
– Others	<b>1819690.63</b>	629953.63
ii) Other Liabilities	<b>674031.00</b>	1694222.00
iii) Interest accrued but not due on loan	<b>2596439.00</b>	1760173.00
<b>Total-A</b>	<b>5090160.63</b>	4084348.63
<b>(B) PROVISIONS</b>		
i) For Income Tax	<b>29000000.00</b>	0.00
ii) For Fringe Benefit Tax	<b>0.00</b>	330000.00
iii) For Gratuity	<b>498009.00</b>	454533.00
iv) For Leave Encashment	<b>617553.00</b>	1235810.00
v) For Diminution in value of Investments	<b>388118666.32</b>	513956929.47
vi) For Loss on Equity Derivative Instruments	<b>83709.59</b>	105152.69
<b>Total-B</b>	<b>418317937.91</b>	516082425.16
<b>Total-(A+B)</b>	<b>423408098.54</b>	520166773.79

**SCHEDULE '8' : INCOME FROM OPERATIONS & OTHER INCOME**

	Year Ended 31st March, 2010 (In Rs.)	Year Ended 31st March, 2009 (In Rs.)
Profit/(Loss)(Net) in Securities dealing/ Equity derivative trading	<b>2065667.93</b>	(144386304.92)
Interest Income :-		
– On Inter corporate Deposit (Tax Deducted At Source Rs. 120001/- (Previous Year Rs.2,72,121/-)	<b>1200000.00</b>	1200000.00
– On Fixed Deposits (Tax deducted at source Rs.3586.50 (previous year Nil)	<b>35865.54</b>	0.00
– On Others (Tax deducted at source Rs.Nil (Previous year Rs. 16,347/-))	<b>0.00</b>	79356.27
– On Allotment Money received	<b>0.00</b>	1000.00
Profit on sale of Fixed Assets	<b>0.00</b>	21779.35
Net Gain on sale of Investments	<b>42135334.37</b>	374553160.87
Provision for diminution in value of Investments written back/(made)	<b>125838263.15</b>	(193932763.87)
Dividend Income (Gross)	<b>28914537.67</b>	14170667.64
Tax deducted at source Rs. Nil		
<b>Total</b>	<b>218780658.66</b>	51706895.34

**SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES**

Salaries & Benefits	<b>4547567.00</b>	6923283.00
Managerial Remuneration	<b>9248498.00</b>	9287354.00
Contribution to Provident Fund & other funds	<b>639325.00</b>	687411.00
Directors Sitting Fees	<b>490000.00</b>	488000.00
Listing Fees	<b>115317.00</b>	115823.00
Travelling & Conveyance	<b>1813190.64</b>	2129428.51
Communication	<b>226134.92</b>	271566.08
Postage	<b>420366.90</b>	3478486.80
Printing & Stationery	<b>661774.00</b>	1341799.00
Office Repairs and Maintenance	<b>112823.00</b>	265959.40
Vehicle running & maintenance	<b>619098.95</b>	717644.00
Rent/Facility Charges	<b>1318511.00</b>	1614373.00
Insurance	<b>95405.35</b>	70830.00
Loss on sale of Fixed Asset	<b>289225.41</b>	—
Depository & Custodial	<b>71248.42</b>	727341.55
Subscription & Membership	<b>1572654.91</b>	1901102.93
Legal & Professional	<b>5828503.00</b>	10407446.00
Advertisement	<b>50665.00</b>	161093.00
Business Promotion	<b>294429.51</b>	566805.37
Miscellaneous	<b>195615.40</b>	355905.83
Staff welfare	<b>86124.00</b>	130620.00
<b>Auditor's Remuneration</b>		
– Audit Fees	<b>99270.00</b>	99270.00
– Tax Audit Fees	<b>27575.00</b>	27575.00
– Taxation	<b>36400.00</b>	—
– Certification & Others	<b>38608.00</b>	201853.00
<b>Total</b>	<b>28898330.41</b>	41804588.47

**SCHEDULE '10' : INTEREST & FINANCIAL CHARGES**

On Vehicle Financed from banks	<b>118693.69</b>	303214.59
On Loan from Body Corporates	<b>11700000.00</b>	36421682.48
On Margin Financing	<b>0.00</b>	4093176.50
<b>Total</b>	<b>11818693.69</b>	40818073.57

**SCHEDULE '11': SIGNIFICANT ACCOUNTING POLICIES**

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2010.

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -**

- (1) The Financial Statements are prepared under the Historical Cost Convention method in accordance with the generally accepted Accounting Principles and the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- (2) Use of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles ( GAAP ) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**B. REVENUE RECOGNITION: -**

- (1) All Income & Expenditure are accounted for on accrual basis.
- (2) Shares/Securities are capitalised at cost inclusive of brokerage, Service Tax, Education Cess.
- (3) Provision for loss in respect of Open Equity Derivative Instrument as at the Balance Sheet date is made Index-wise/Scrip-wise. As a matter of prudence, any anticipated profit is ignored.

**C. FIXED ASSETS: Fixed Assets are stated at cost less depreciation.**

**D. DEPRECIATION: Depreciation is provided on Fixed Assets on Straight Line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.**

**E. INVESTMENTS: -**

- i) Investments are classified into Current Investments and Long Term Investments.
- ii) Current Investments are valued at lower of cost or fair market value on category wise basis. Long Term Investments are valued at cost less permanent diminution, if any, on scrip wise basis. Provision for reduction/diminution in the value of Investments and reversal of such reduction/ diminution are included in the Profit & Loss Account. For the purpose of disclosure and presentation in the financial statements (refer note no. 6), and in compliance with the Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directions 2007 :-
  - (a) on the assets side, investments are shown at cost;
  - (b) the diminution/depreciation is shown correspondingly under the head "Provisions" in the liabilities side in the Balance Sheet without showing it as deduction from the value of Investments.
- iii) Cost of investments is computed using the Weighted Average Method.

**F. EMPLOYEE BENEFITS : Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-**

- a) Short Term Employee benefits are recognized as expense at the undiscounted amount in the Profit & Loss account of the year in which they are incurred.
- b) Employee benefits under defined contribution plans comprise of contribution to Provident Fund and Superannuation. Contributions to Provident Fund are deposited with appropriate authorities and charged to Profit & Loss account. Contribution to Superannuation are funded with Life Insurance Corporation of India.
- c) Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with Life Insurance Corporation of India.
- d) Termination benefits are recognized as an Expense as and when incurred.
- e) The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.

**G. TAXATION: Tax expenses for the year comprises of Current Tax and Deferred Tax charge or credit and fringe benefit tax. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/ Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation/ liabilities.**

**H. IMPAIRMENT OF FIXED ASSETS : Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.**

**I. CONTINGENCIES :**

The company creates a provision when there is present obligation as a results of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosures for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**SCHEDULE '12' - NOTES ON ACCOUNTS**

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2010.

1. (a) Advances recoverable includes due from subsidiary companies Rs.24,50,000/- (Previous year Rs.24,50,000/-) from HB Prima Capital Ltd., maximum balance outstanding during the year Rs.24,50,000/-(Previous year 24,50,000/-) and

Rs.8,89,436/- (Previous year Rs.7,35,144/-) due from Mount Finance Ltd. Maximum balance outstanding during the year Rs.8,89,436/- (Previous year Rs.7,35,144/-).

- (b) Security Deposit/advances recoverable shown under the head "Loan & Advances" includes due from the following companies under the same management:-

Name of Company	Amount outstanding (Rs)	Maximum amount outstanding during the year (Rs.)
HB Estate Developers Ltd.	3,45,00,000/- 3,45,00,000/-	(3,45,00,000) (3,45,00,000)
HB Securities Ltd.	Nil (Nil)	3,98,46,034/- (2,26,63,596/-)
RRR Master Securities Delhi Ltd.	Nil (Nil)	60,29,352/- (2,79,97,970/-)

**2. Contingent Liability in respect of:-**

- (a) Income Tax demand disputed Rs.1,25,18,711/-(Previous year Rs.89,05,374/-) against which appeals are pending with appropriate authorities and in respect of which the management is confident that appeals will be decided in favour of the company. The company has also filed various rectification applications. Moreover substantial refund due to the company for various years are pending adjustment against the aforesaid demand. Once the aforesaid rectification applications are disposed off and refund due to the company are adjusted, there will be no demand outstanding payable.
3. In the opinion of the management, current assets, loans and advances are approximately on the value stated, if realised, in the ordinary course of the business.
4. Gain on Sale of Investments (Net) as shown in Profit & Loss Account includes Loss of Rs.1,28,41,104/-on Trade Current Investments in securities (Previous Year Loss Rs.2,07,36,324/-), Gain of Rs.5,49,76,439/- (Previous Year Rs.20,88,47,484/-) on Long Term Trade Investments in securities and Gain of Rs. Nil (previous year Rs.18,64,42,000/-) on properties(current investment-trade). Provision for diminution in value of Investments as shown in Profit & Loss Account include Rs.1,70,51,295/-(previous year Rs.1,83,95,601/-) on account of provision written back in respect of Long Term Investments in securities and Rs. 10,87,86,968/- in respect of Current Investments in securities(Previous Year provision made Rs.21,23,28,365/-).
5. Dividend Income includes Rs.2,73,11,528/- (Previous Year Rs 92,33,961/-) on Long Term Investments-Trade, Rs. 16,03,009/-(Previous year Rs. 49,36,706/-) on Current Investments-Trade.
6. Provision for diminution in the value of Investments is charged to Profit & Loss Account and shown correspondingly under the head "Provisions" in the Balance Sheet without showing it as deduction from the value of Investments. This is being done in compliance with Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007. It has no impact on the profit for the year and also on the net carried amount of the investments. Provision for diminution in value of Investments as shown in Balance Sheet includes Rs.13,18,32,160/-(Previous Year Rs. 14,88,83,456/-) on Long term Investments and Rs. 25,62,86,506/-(Previous Year Rs.36,50,73,474/-) on Current Investments
7. The company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realization and on the consideration of prudence, credit for Deferred Tax Assets has not been recognised to comply with Accounting Standard AS-22.
8. **Disclosure pursuant to Accounting Standard AS-19 for Leases :-** Operating Lease
  - a) Particulars of the minimum lease payments under Operating Lease:-
    - I. Not Later than One year (Previous Year Rs.11,85,240/-) Rs. 12,73,948/-
    - II. Later than one year but not Later than five years Rs. 21,15,895/- (Previous Year Rs.14,01,240/-)
    - III. Later than five years (Previous Year NIL) Rs. Nil
  - b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2010 is Rs. 13,18,511/-(Previous Year Rs16,14,373/-).
  - c) General description of the lease arrangement.
    - I. The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.
    - II Restrictions imposed by lease arrangement:-
      - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
      - The lessee shall use the premises for commercial purposes only.
      - The lease can be terminated by the lessee by serving three months notice to the lessor in respect of one agreement and one month notice in respect of second agreement.
9. In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).
10. Disclosure of related party transaction in accordance with the Accounting Standard (AS-18) "Related Party Disclosures" is as per annexure attached.
11. Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share".

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account after Tax	14,78,45,948	(3,30,83,767)
Net Profit/(Loss) available for Equity Share holders	14,78,45,948	(3,30,83,767)
Basic Earning Per Share (face value of Rs.10 each)		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Earning per share(Rs.)	6.21	(1.39)
Diluted Earning per share (Face Value of Rs.10/- each.)		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Earning per share(Rs.)	6.21	(1.39)

12. Quantitative information in respect of Investment in securities:

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Balance	28368950	1268929405	31931955	1363893666
Purchases/conversions	10001400	175982906	83336938	1025552160
Sales/conversions	5107359	231242331	86899943	1308627581
Closing Balance	33262991	1255805315	28368950	1268929405

13. The Company's investments in certain scrips exceeds the exposure norms as specified in Non-Banking Financial (Non deposit accepting or holding) companies Prudential norms (Reserve bank ) Directions 2007. The company has made an application to Reserve Bank of India for exemption for a period of 5 years from applicability of these provisions to the company.
14. In the opinion of management no provision is required for diminution amounting to Rs.9,98,12,627/-(previous year Rs.27,58,08,858/-)in the value of Long term investment in DCM Shriram Industries Ltd. as the same is considered to be temporary.

15. Disclosure of Loans/Advances in the nature of loans in terms of provision of clause 32 of Listing Agreement with Stock Exchanges-

(Amount in Rs.)

S. No.	Particulars	Outstanding Balance as on 31.03.2010	Max. Balance Outstanding during the year	Outstanding as on 31.03.2009	Max. Balance outstanding during the previous year
i.	Loans & Advances in the nature of Loans to subsidiaries:-				
	(a) Mount Finance Ltd.	8,89,436	8,89,436	7,35,144	7,35,144
	(b) HB Prima Capital Ltd.	24,50,000	24,50,000	24,50,000	5,32,00,000
ii.	Loans & Advances in the nature of loans to Associates.	Nil	Nil	Nil	Nil
iii.	Loans & Advances in the nature of loans where there is no repayment schedule , no interest or interest below Section 372A of the Companies Act,1956	Nil	Nil	Nil	Nil
iv.	Loans & Advances in the nature of loans to firms/companies in which directors are interested.	Nil	Nil	Nil	Nil
v.	Investments by Loanee in the Shares of parent company and subsidiary company when the company has made loan or advance in the nature of Loan.	No. of Shares	Amount	No. of Shares	Amount
		Nil	Nil	Nil	Nil

16. Particulars of Managerial Remuneration are as under:-

Particulars	Current year (Amount Rs.)	Previous year (Amount Rs.)
Salary	54,00,000	54,00,000
House Rent	30,60,000	30,60,000
Contribution to Provident & superannuation Fund	2,43,000	2,43,000
LTA	4,50,000	4,75,000
Medical Reimbursement	95,498	1,09,354
<b>Total</b>	<b>92,48,498</b>	<b>92,87,354</b>

Note: The figure does not include Leave encashment & Gratuity as valuation for same is available for company as a whole.

17. Traveling Expenses includes Rs.9,43,647/-(Previous Year Rs.12,52,160/-)on account of Director's Travelling.

18. Disclosure pursuant to Accounting Standard - 15

- a) Defined Contribution Plan  
Amount recognized as expense for defined contribution plans are as under :-

Particulars	Current Year Amount(Rs.)	Previous Year Amount(Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	4,50,908/-	5,46,689/-	Managerial Remuneration Rs.1,08,000/-(previous year Rs.1,08,000/-,contribution to Provident Fund & other fund Rs.3,42,908/-(previous year Rs.4,38,689/-).
Contribution to superannuation fund	1,35,000/-	1,35,000/-	Managerial Remuneration

- b) Defined Benefit Plan  
Movement in net liability

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligations as at beginning of the year (A)	13,86,622/-	10,97,838/-	12,35,810/-	11,80,270/-
Adjustment for increase (decrease) in opening obligation (B)	Nil	(28,711/-)	Nil	Nil
Interest Cost (C)	1,10,930/-	85,530/-	98,865/-	94,422/-
Current service cost (D)	2,42,006/-	2,38,148/-	76,124/-	1,09,042/-
Benefits paid (E)	(79,356/-)	Nil	(7,00,529/-)	25,644/-
Actuarial loss/ (gain) on obligation (F)	46,560/-	(6,183)	(92,717/-)	(1,22,280/-)
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-

- c) The amounts recognized in the balance sheet and Profit & loss account are as follows :

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation (A)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-
Estimated fair value of plan assets (B)	12,08,753/-	9,32,089/-	Nil	Nil
Net Liability (C=A-B)	4,98,009	4,54,533/-	6,17,553/-	12,35,810/-
<b>Amounts in the Balance Sheet</b>				
Liabilities	4,98,009	4,54,533/-	6,17,553/-	12,35,810/-
<b>Amount charged to Profit &amp; Loss Account</b>				
Current Service Cost	2,42,006/-	2,38,148/-	76,124/-	1,09,042/-
Interest Cost	1,10,930/-	85,530/-	98,865/-	94,422/-
Expected Return on Plan Asset	(1,03,079)	(68,773)	Nil	Nil
Actuarial(Gain)/Loss	46560	(6,183)	(92,717)	(1,22,280/-)
	2,96,417/-	2,48,722/-	82,272/-	81,184/-
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Funds		Salary & benefits	

- d) The Actual Return on Plan Assets is as follows :

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Actual return on plan assets	1,03,079/-	68,773

- e) Following are the Principal Actuarial Assumptions used as at the balance sheet date

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Discount Rate	8%	8%
ii)	Expected Rate of Return on Plan Assets	9%	9%
iii)	Salary Escalation Rate	6%	5%

- f) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	9,32,089/-	7,19,678
i)	Expected Return on Plan Assets	1,03,079/-	68,773/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	2,52,941/-	1,43,638/-
iv)	Benefits Paid	79,356/-	Nil
	Closing Fair Value of Plan Assets	12,08,753/-	9,32,089





## HB STOCKHOLDINGS LIMITED

19. (a) To the extent information available with the company, Sundry Creditors include Nil, (Previous year Nil) due to Small Scale Industrial Undertaking.
- (b) The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.

20. Disclosure pursuant to Guidance Note issued by The Institute of Chartered Accountants of India on 'Accounting for Equity Index & Equity Stock Futures & Options':-

- (a) Cash Margin amounting to Rs.Nil (Rs.Nil) on Equity Derivative instruments contracts has been paid and outstanding as at the end of previous year. However, shares having book value of Rs.1,04,21,250/-(Previous year Rs.69,09,000/-)Market Value Rs.19,64,15,625/-(Previous Year Rs.7,36,75,000/- ) were given as margin at the year end.
- (b) Detail of Open Interest in Equity Stock Futures Contracts as at the year end 31.03.2010

Name of Equity Stock Future	No. of Contracts	Units (in Nos.) (Long)	Units (in Nos.) (Short)
IFCI Ltd.	8(7)	63040 (110320)	Nil(Nil)
J P Power Ltd.	40(24)	125000(300000)	Nil(Nil)
Reliance Infrastructure Ltd.	4 (9)	1104 (4968)	Nil(Nil)

21. Previous Year figures have been regrouped/rearranged wherever considered necessary.
22. Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
23. Additional Information pursuant to Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 is annexed.
24. Schedules 1 to 12 form an integral part of the accounts.

As per our Report of even date

**For P. Bholusaria & Co.**

Chartered Accountants  
FRN : 000468N

**Amit Goel**  
Partner  
(Membership No. 92648)

**Anil Kumar Mittal**  
Company Secretary

**Lalit Bhasin**  
Chairman

**Vijay Sood**  
Managing Director

**For and on behalf of the Board**

Place : Gurgaon  
Date : 27th May, 2010

**Mahesh Kumar Gupta**  
Chief Financial Officer

### ANNEXED REFERRED TO IN NOTE NO. 10 OF SCHEDULE 12 TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

As per Accounting Standard (AS-18) on "Related Party Disclosures", the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

1. List of related parties with whom transactions have taken place and relationship :
  - a) Subsidiaries.
    - i) HB Prima Capital Limited
    - ii) Mount Finance Ltd.
  - b) Key Managerial Personnel
    - i) Shri Vijay Sood, Managing Director
    - ii) Shri J.M.L.Suri, Executive Director
    - iii) Shri Anil Kumar Mittal ,Company Secretary
  - c) Person having control/significant influence /major shareholders
    - i) Shri H C Bhasin (no transaction during the year)
    - ii) Shri Lalit Bhasin
  - d) Enterprise over where significant influence exist:-
    - i) Pisces Portfolios Private Limited
  - e) Enterprises over which control/significant influence exist of the relatives of persons mentioned in (c ) above :-
    - i) RRB Master Securities Delhi Ltd.
  - f) Enterprises under direct or indirect common control/significant influence :-
    - i) HB Portfolio Ltd.
    - ii) HB Estate Developers Ltd.
    - iii) HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)
    - iv) RRB Securities Ltd.

### 2. Transactions during the Financial Year ended 31.03.2010 with Related Parties.

Sr. No.	Nature of Transaction	Related Party Referred in 1(a) above	Related Party Referred in 1(b) above	Related Party Referred in 1(c) above	Related Party referred in 1(d) above	Related Party referred in 1(e) above	Related Party referred in 1(f) above
1	Amount recovered against Loan & Advances	Nil (50750000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Loan taken	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (90000000)
3	Loan repaid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (60000,00)	Nil (Nil)	Nil (Nil)
4	Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (1347945)	Nil (Nil)	11700000 (6369066)
5	Loans & Advances given	154292 (90000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Rent/Facility Charges Paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	949944 (966213)
7	Margin Securities/Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1000000 (43500000)	24000000 (85000000)
8	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	450000 (500000)
9	Sitting Fee Paid	Nil (Nil)	Nil (Nil)	60000 (50000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	16098 (680424)
11	Remuneration & Other Services	Nil (Nil)	9985898 (10062980)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
12	Reimbursement of Expenses.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (378900)
13	Purchase of Investment (inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	23382424 (47032870)	34352387 (Nil)
14	Sale of Investment ( inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	135845878 (313832476)	Nil (13956)
15	Net Turnover of Derivative Trading (inclusive of brokerage)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (19214899)	20656658 (107219373)



Sr. No.	Nature of Transaction	Related Party Referred in 1(a) above	Related Party Referred in 1(b) above	Related Party Referred in 1(c) above	Related Party referred in 1(d) above	Related Party referred in 1(e) above	Related Party referred in 1(f) above
16	<b>Outstanding as on 31.03.2010</b>						
	– Payable in respect of loan & interest thereon	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (91760173)
	– Receivables in respect of Current Assets, . Loans & Advances	3339436 (3185144)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	34500000 (34500000)

ANNEXURE TO NOTE NO.24 OF SCHEDULE 12 TO THE BALANCE SHEET OF HB STOCKHOLDINGS LTD (AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007

Particulars	(Rs. in lakhs)	
	Amount outstanding	Amount overdue
<b>LIABILITIES SIDE :</b>		
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	Nil	Nil
: Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	900	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits	Nil	Nil
(g) Other Loans (Vehicle Loan)	7.17	Nil
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil

Particulars	Amount outstanding*
-------------	---------------------

<b>ASSETS SIDE :</b>	
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>	
(a) Secured	Nil
(b) Unsecured	2411.35
*Net of provisions	
<b>(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	Nil
(b) Operating lease	Nil
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	Nil
(b) Repossessed Assets	Nil
(iii) Hypothecation loans counting towards EL/HP activities	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

<b>(5) BREAK-UP OF INVESTMENTS :</b>	
<b>Current Investments :</b>	
1. Quoted :	
(i) Shares : (a) Equity	3986.26
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	6.99
(b) Preference	Nil
(ii) Debentures and Bonds	1.30
(iii) Units of mutual funds	200.00
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil

<b>Long Term investments :</b>	
1. Quoted :	
(i) Share : (a) Equity	6740.99
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	1513.52
(b) Preference	109.00
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	33.39	33.39
(b) Companies in the same group	Nil	345.00	345.00
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	2032.96	2032.96
<b>TOTAL</b>	<b>Nil</b>	<b>2411.35</b>	<b>2411.35</b>

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):\*

Category	Market Value / Break up or fair value or NAV(*)	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	30.75	83.00
(b) Companies in the same group	218.41	165.00
(c) Other related parties	2482.14	435.35
2. Other than related parties	27617.22	7993.52
<b>TOTAL</b>	<b>30348.52</b>	<b>8676.87</b>

(\*) Breakup value in case of unquoted companies has been taken on the basis of last available Balance Sheet, where the Balance sheet is not available, the breakup value/fair value/NAV has been taken at cost.

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

Additional Disclosure as per Para 10 of aforesaid Directions

<b>1. CRAR</b>		
<b>Items</b>	<b>Current Year</b>	<b>Previous Year</b>
i) CRAR (%)	97%	62%
ii) CRAR - Tier-I Capital (%)	97%	62%
iii) CRAR - Tier-II Capital (%)	Nil	Nil
<b>2. Exposures</b>		
<b>Exposures to Real Estate Sector</b>		
<b>Category</b>	<b>Current Year</b>	<b>Previous Year</b>
a) Direct Exposure	—	—
(i) Residential Mortgages -	—	—
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	—	—
(ii) Commercial Real Estate -	—	—
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures	—	—
a. Residential.	—	—
b. Commercial Real Estate.	—	—
b) Indirect Exposure	—	—
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	—	—



3. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. In lacs)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from banks-Vehicle Loan	0.60	0.60	0.60	1.80	2.90	0.67	—	—	7.17
Market Borrowings-Inter Corporate Loan	25.96	—	—	—	900.00	—	—	—	925.96
<b>Assets</b>									
Advances-Inter Corporate Loan	10.80	—	100	—	—	—	—	—	110.80
Investments(net of provision)	—	—	1631.68	—	—	33	67	6945.19	8676.87

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount in Rs. '000) (Amount in Rs. '000)  
Year Ended Year Ended  
31st March, 2010 31st March, 2009

A) CASH FLOW FROM OPERATION ACTIVITIES

Net Profit/(Loss) before tax and Extraordinary Items 176869 -32155

Adjustment for :

Depreciation 1195 1239  
Profit/Loss on sale of Fixed Asset 289 -22  
Operating Profit before Working Capital Changes 178353 -186191

Adjustment for :

Trade & other Receivables -74608 -45793  
Investments -112714 288897  
Trade Payables 80 -83521  
Cash Generated from operation -8890 -26607  
Income tax paid -143 -887  
Fringe Benefit Tax  
Cash Flow before extraordinary Items -9033 -27494  
Employee Benefits for earlier year 0 29  
Net Cash from Operation Activities -9033 -27465

B) CASH FLOW FROM INVESTMENTS ACTIVITIES

Purchase of Fixed Assets -47 -2083  
Sale of Fixed Assets 665 460  
Net Cash used in Investing Activities 618 -1623

C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Issue of Share Capital & Share Premium 0 0  
Proceeds from Share Application Money & Share Premium 0 0  
Proceeds/(-) repayment of Borrowings -1746 -119628  
Dividend Paid 0 0  
Net Cash used in Financing Activities -1746 -119628  
Net Increase in Cash & Cash Equivalents A+B+C -10161 -148716  
Cash and Cash Equivalents (Opening Balance) 14904 8157  
Cash and Cash Equivalents (Closing Balance) 4743 14904

As per our Report of even date

For P. BHOLUSARIA & CO.

Chartered Accountants  
FRN : 000468N

For and on behalf of the Board

Amit Goel Anil Kumar Mittal Lalit Bhasin Vijay Sood  
Partner Company Secretary Chairman Managing Director

Place : Gurgaon Mahesh Kumar Gupta  
Date : 27th May, 2010 Chief Financial Officer

ANNEXED REFERRED TO IN NOTE NO. 22 OF SCHEDULE 12 TO THE NOTES TO THE ACCOUNT BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART-(IV) OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No. 33936 State Code 05  
Balance Sheet Date 31-Mar-10

II. Capital Raised during the year(Rs. '000)

Public Issue NIL Right Issue NIL  
Bonus Issue NIL Private Placement NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities 1416758 Total Assets 1416758

Sources of funds

Paid-up Share capital 243354 Reserves & Surplus 1082687  
Secured Loans 717 Unsecured Loans 90000

Application of Funds

Net Fixed Assets 7039 Investments 1255805  
Net Current Assets -165061 Miscellaneous Expenditure NIL  
Accumulated losses 318975

IV. Performance of the Company

Total Turnover 218781 Total Expenditure 41912  
Profit/Loss Before Tax 176869 Profit/Loss After Tax 147823  
Earnings per share (Rs.)  
— Basic 6.21  
— Diluted 6.21  
— Dividend rate (%) NIL

V. Generic names of principal Products/Services of Company(as per monetary terms)

Item Code N.A.  
Product Description Investments

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2010

(Amount in Rupees)

Name of the Subsidiary	Paid up Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision of Taxation	Profit after Taxation	Proposed Dividend
HB Prima Capital Ltd (Previous Year)	1,00,00,000 1,00,00,000	1,50,75,000 1,50,75,000	2,50,75,000 2,50,75,000	2,50,75,000 2,50,75,000	7,66,28,500 7,66,28,500	77,600 1,38,900	56,864 1,16,799	82 Nil	56,782 1,16,799	Nil Nil
Mount Finance Limited (Previous Year)	83,00,060 83,00,060	Nil Nil	83,00,060 83,00,060	83,00,060 83,00,060	Nil Nil	Nil Nil	-2,86,889 -2,96,768	Nil Nil	-2,96,767.58 -3,06,281.12	Nil Nil



# HB STOCKHOLDINGS LIMITED – CONSOLIDATED ACCOUNTS

## AUDITORS' REPORT

### The Board of Directors of HB STOCKHOLDINGS LIMITED

Report on the Consolidated Financial Statements of HB Stockholdings Ltd. and its Subsidiaries.

We have audited the attached Consolidated Balance Sheet of HB Stockholdings Ltd. and its two subsidiaries as at 31st March, 2010 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year than ended annexed thereto.

These Consolidated financial statements are the responsibility of the HB Stockholdings Ltd.'s Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Mount Finance Ltd. Subsidiary of the company which have been audited by other Auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the auditor.

The financial statements of two associates companies are unaudited and our opinion in so far as it relates to the amounts included in respect of these two associates companies is based solely on the management certified financial statements(also refer note no.2 of schedule 12).

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for investments in associates in consolidated financial statements notified pursuant to Companies (Accounting Standard) Rules, 2006.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of HB Stockholdings Ltd. and its aforesaid two subsidiaries and on the other financial information of the components, we are of the opinion that the said consolidated financial statements give a true & fair view in conformity with the Accounting principles generally accepted in India:-

- In the case of Consolidated Balance Sheet of the consolidated state of affairs as at 31st March, 2010 and
- In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flow for the year ended on that date.

**For P. BHOLUSARIA & CO.**  
Chartered Accountants  
FRN : 000468N

Place : Gurgaon  
Date : 27th May, 2010

**Amit Goel**  
Partner  
(M. No. 92648)

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	243353823.00	243353823.00
Reserves & Surplus	2	1082686676.45	1053117486.45
		<b>1326040499.45</b>	1296471309.45
<b>LOAN FUNDS</b>			
Secured Loans	3	717002.00	2463874.31
Unsecured Loans		90000000.00	90000000.00
		<b>90717002.00</b>	92463874.31
<b>Total</b>		<b>1416757501.45</b>	1388935183.76
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	22150743.12	25685347.12
Less : Depreciation		11391969.14	12652048.34
Net Block		<b>10758773.98</b>	13033298.78
<b>INVESTMENTS</b>			
- In Associates	5	248214110.83	232084778.86
- In others		1255524005.20	1268648095.35
		<b>1503738116.03</b>	1500732874.21
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash & Bank Balances	6	5057924.82	15144507.76
Loans and Advances		213385030.84	176311152.34
		<b>218442955.66</b>	191455660.10
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	7	17614175.63	54129976.63
Provisions		461800147.91	583568467.16
		<b>479414323.54</b>	637698443.79
<b>NET CURRENT ASSETS</b>		<b>(260971367.88)</b>	(446242783.69)
<b>PROFIT &amp; LOSS ACCOUNT</b>			
(As per annexed Account)		<b>163231979.32</b>	321411794.46
<b>Total</b>		<b>1416757501.45</b>	1388935183.76
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	11		
<b>NOTES ON ACCOUNTS</b>			
	12		

As per our Report of even date

**FOR P. BHOLUSARIA & CO.**  
Chartered Accountants  
FRN : 000468N

**Amit Goel**  
Partner  
M. No.92648

**Anil Kumar Mittal**  
Company Secretary

**Lalit Bhasin**  
Chairman

**Vijay Sood**  
Managing Director

Place : Gurgaon  
Date : 27th May, 2010

**Mahesh Kumar Gupta**  
Chief Financial Officer

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	Year Ended 31st March, 2010 (In Rs.)	Year Ended 31st March, 2009 (In Rs.)
<b>INCOME</b>			
Income from Operations & Other Income	8	242862090.66	49263303.34
<b>Total</b>		<b>242862090.66</b>	49263303.34
<b>EXPENDITURE</b>			
Administrative & Other Expenses	9	29033611.41	41951113.35
Interest & Financial Charges	10	11818693.69	40818073.57
Depreciation		1367370.39	1411660.16
<b>Total</b>		<b>42219675.49</b>	84180847.08
<b>Profit/(Loss) for the year before Taxation</b>		<b>200642415.17</b>	(34917543.74)
<b>Provision for Taxation</b>			
- Current		(29000000.00)	—
- Deferred		—	—
- Fringe Benefit		—	(330000.00)
- Tax adjustments for earlier year		(22742.00)	(598685.00)
<b>Profit/(Loss) for the year after Taxation</b>		<b>171619673.17</b>	(35846228.74)
Share of Profit/(Loss) in Associates		16129331.97	(28132999.14)
(-) Transferred to Statutory Reserve Fund		(29569190.00)	—
- Effect of earlier period on account of Accounting Standard-15		0.00	28711.00
Balance brought forward from last year		(321411794.46)	(257461277.58)
<b>Balance carried to Balance Sheet</b>		<b>(163231979.32)</b>	(321411794.46)
<b>Earning per Share(in Rs.)</b>			
- Basic		7.89	(2.69)
- Diluted		7.89	(2.69)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	11		
<b>NOTES ON ACCOUNTS</b>			
	12		

As per our Report of even date

**FOR P. BHOLUSARIA & CO.**  
Chartered Accountants  
FRN : 000468N

**Amit Goel**  
Partner  
M No.92648

**Anil Kumar Mittal**  
Company Secretary

**For and on behalf of the Board**

**Lalit Bhasin**  
Chairman

**Vijay Sood**  
Managing Director

Place : Gurgaon  
Date : 27th May, 2010

**Mahesh Kumar Gupta**  
Chief Financial Officer

**SCHEDULE '1' : SHARE CAPITAL**

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>AUTHORISED CAPITAL</b>		
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each.	300000000.00	300000000.00
	<b>1000000000.00</b>	<b>1000000000.00</b>
<b>ISSUED</b>		
2,54,43,257 Equity shares of Rs.10/- each.	254432570.00	254432570.00
	<b>254432570.00</b>	<b>254432570.00</b>
<b>SUBSCRIBED AND PAIDUP</b>		
2,37,92,218 Equity shares of Rs.10/- each Fully	237922180.00	237922180.00
	<b>237922180.00</b>	<b>237922180.00</b>
Add: Forfeited (1651039) Equity Shares (Amount originally paid up)	5431643.00	5431643.00
	<b>243353823.00</b>	<b>243353823.00</b>
<b>Total</b>	<b>243353823.00</b>	<b>243353823.00</b>

**SCHEDULE '2': RESERVES AND SURPLUS**

<b>(A) SHARE PREMIUM ACCOUNT</b>		
As per Last Account	999689069.00	999689069.00
<b>Total-(A)</b>	<b>999689069.00</b>	<b>999689069.00</b>

**(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT**

As per Last Account	477000.00	477000.00
<b>Total-(B)</b>	<b>477000.00</b>	<b>477000.00</b>
<b>(C) STATUTORY RESERVE FUND (*)</b>		
As per last Account	52951417.45	52951417.45
Add: Transferred from Profit & Loss Account	29569190.00	---
<b>Total-(C)</b>	<b>82520607.45</b>	<b>52951417.45</b>
<b>Total (A+B+C)</b>	<b>1082686676.45</b>	<b>1053117486.45</b>

(\*) Created pursuant to The Reserve Bank of India (Amendment)Act,1997.

**SCHEDULE '3' : LOAN FUNDS**

<b>(A) SECURED LOAN</b>		
From Banks (secured by hypothication of vehicles financed)	717002.00	2463874.31
(repayable with in a year Rs.6,18,989/-, Previous year Rs.14,54,364/-)		
<b>Total-A</b>	<b>717002.00</b>	<b>2463874.31</b>
<b>(B) UNSECURED LOAN</b>		
From Body Corporate	90000000.00	90000000.00
<b>Total-B</b>	<b>90000000.00</b>	<b>90000000.00</b>
<b>Total (A+B)</b>	<b>90717002.00</b>	<b>92463874.31</b>

**SCHEDULE '4' : FIXED ASSETS**

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2009 (In Rs.)	Addition during the year (In Rs.)	Deduction during the year (In Rs.)	Total As at 31.03.2010 (In Rs.)	Upto 31.03.2009 (In Rs.)	For the year (In Rs.)	Adjustments (In Rs.)	Total upto 31.03.2010 (In Rs.)	As at 31.03.2010 (In Rs.)	As at 31.03.2009 (In Rs.)
Office Premises	4823385.00			4823385.00	1261791.88	78621.18		1340413.06	3482971.94	3561593.12
Office Equipment	2186790.83		—	2186790.83	1105197.04	103872.56	—	1209069.60	977721.23	1081593.79
Vehicles	7008766.21		994000.00	6014766.21	2012588.33	584673.79	39774.59	2557487.53	3457278.68	4996177.89
Furniture & Fixture	7675738.08		—	7675738.08	5053400.08	485874.22	—	5539274.30	2136463.78	2622338.00
Data Processing Machinery	2929129.00	47071.00	2587675.00	388525.00	2709147.72	63905.59	2587675.00	185378.31	203146.69	219981.28
Air Conditioners	996578.00		—	996578.00	461356.96	47337.45	—	508694.41	487883.59	535221.04
Generator Set	64960.00		—	64960.00	48566.33	3085.60	—	51651.93	13308.07	16393.67
<b>Total</b>	<b>25685347.12</b>	<b>47071.00</b>	<b>3581675.00</b>	<b>22150743.12</b>	<b>12652048.34</b>	<b>1367370.39</b>	<b>2627449.59</b>	<b>11391969.14</b>	<b>10758773.98</b>	<b>13033298.79</b>
Previous Year	24734419.13	2082655.00	1131727.01	25685347.12	11933894.54	1411660.16	692506.36	12652048.34	13033298.79	12800524.59

**SCHEDULE '5' : INVESTMENTS**

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
<b>(1) In Associates</b>					
<b>UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE</b>					
TAURUS ASSET MANAGEMENT CO LIMITED.	10	2525000		2525000	
Cost of acquisition			18634750.00		18634750.00
Add / (Less) : Group Share of Profits/(Losses) upto year end			4581506.35		361397.00
		2525000	23216256.35	2525000	18996147.00
PISCES PORTFOLIOS PVT. LIMITED.	10	2290000		2290000	
Cost of acquisition			24900000.00		24900000.00
Add / (Less) : Group Share of Profits/(Losses) upto year end			200097854.48		188188631.86
		2290000	224997854.48	2290000	213088631.86
<b>Total-(1)</b>		<b>4815000</b>	<b>248214110.83</b>	<b>4815000</b>	<b>232084778.86</b>
<b>(2) In Others</b>					
<b>(A) CURRENT INVESTMENTS-TRADE</b>					
<b>QUOTED FULLY PAID UP EQUITY SHARES</b>					
ABC PAPER LIMITED	10	800	11200.00	800	11200.00
ABAN OFFSHORE LIMITED	2	200	522480.00	200	522480.00
AHLUWALIA CONTRACTS (INDIA) LIMITED	2	84950	17697316.19	84950	17697316.19
AHLCON PARENTAL LIMITED	10	—	—	775	47945.00
AMRIT BANASPATI COMPANY LIMITED	10	400	5600.00	400	5600.00
AMRIT CORP. LIMITED	10	400	5600.00	400	5600.00
ARVIND LIQUID GASES LIMITED	10	10000	182500.00	10000	182500.00
ASHOK LEYLAND LIMITED	1	200	7602.83	200	7602.83
BHARAT HOTELS LIMITED	10	300	6751.76	300	6751.76
CAMBRIDGE SOLUTION LIMITED	10	—	—	4197	288867.22
CENTURY TEXTILES LIMITED	10	—	—	2500	2728726.36
CH INVESTMENTS LIMITED	10	37	1493.89	37	1493.89
CIBA SPECIALITY LIMITED	10	50	500.00	50	500.00
COMPACT DISC INDIA LIMITED	10	25000	577852.73	28926	668598.72



# HB STOCKHOLDINGS LIMITED

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
DCM SHRIRAM CONSOLIDATED LIMITED	10	72845	7202668.38	72845	7202668.38
DESIGN AUTO SYSTEMS LIMITED	10	671400	3953866.50	671400	3953866.50
DIGITAL WORLD INDIA LIMITED	10	162400	3136228.37	162400	3136228.37
ESCORTS LIMITED	10	48000	2070616.31	—	—
GSAL(INDIA) LIMITED.	10	8120	4060.00	8120	4060.00
GLAXO SMITH CONSUMERS LIMITED	10	—	—	5503	3371423.83
HARYANA PETROCHEMICALS LIMITED	10	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED (*)	10	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10	43200	1186049.57	43200	1186049.57
HB PORTFOLIO LIMITED (*)	10	100000	1000000.00	100000	1000000.00
HINDUSTAN OIL EXPLORATION COMPANY LIMITED	10	216	25683.73	216	25683.73
HOTLINE GLASS LIMITED	10	166382	552770.07	166382	552770.07
HOTLINE TELETUBE & COMPONENTS LIMITED	10	344400	9751268.09	344400	9751268.09
ICP SECURITIES LIMITED	10	1800	18000.00	1800	18000.00
ICICI BANK LIMITED	10	1000	585962.80	1000	585962.80
ISPAT PROFILES INDIA LIMITED	10	10000	235020.00	10000	235020.00
JAI CORP. LIMITED	1	10074	10366167.29	10074	10366167.29
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000.00	10000	335000.00
LCC INFOTECH LIMITED	2	56300	387984.18	56300	387984.18
LANCO INFRATECH LIMITED	10	50000	2725295.33	—	—
LUNAR DIAMONDS LIMITED	10	21000	439065.00	21000	439065.00
MALANPUR STEEL LIMITED	10	10814	147220.41	10814	147220.41
MALWA COTTON SPINNING MILLS LIMITED	10	19300	2284158.97	19300	2284158.97
MAWANA SUGAR LIMITED	10	39509	6817465.49	45773	7898348.42
MEGA SOFT LIMITED	10	32500	3774848.02	32500	3774848.02
MICRO INKS LIMITED	10	—	—	26632	11614756.60
MILKFOOD LIMITED	10	3800	34200.00	3800	34200.00
NITTA GELATIN INDIA LIMITED	10	45000	1815605.25	48415	1953389.51
NAHAR POLYFILMS LIMITED	5	444	17642.53	444	17643
NHPC LIMITED	10	100000	3624422.59	—	—
NIIT LIMITED	2	90988	13225744.56	110000	15989272.23
NUCHEM LIMITED	10	64755	168363.00	64755	168363.00
ORISSA EXTRUSIONS LIMITED	10	10728	21456.00	10728	21456.00
ORINTAL BANK OF COMMERCE	10	100	12745.00	100	12745.00
ORKAY INDUSTRIES LIMITED	10	135650	3152052.50	135650	3152052.50
PARSVNATH DEVELOPERS LIMITED	10	—	—	81000	25774492.48
PATHREJA FORGINGS LIMITED	10	1000	19325.51	1000	19325.51
PHOENIX INTERNATIONAL LIMITED	10	14400	900000.00	14400	900000.00
PILANI INVESTMENT & INDUSTRIES CORPORATION LTD	10	250	251006.25	250	251006.25
POLYCHEM LIMITED	10	125	501825.00	125	501825.00
PRISM MILLS LIMITED	10	10000	187500.00	10000	187500.00
PUNJAB WIRELESS LIMITED	10	100	6100.00	100	6100.00
RAMA VISION LIMITED	10	18300	553061.47	18300	553061.47
RELIANCE CAPITAL LIMITED	10	4	1909.99	4	1909.99
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772214.88	5085	2772214.88
RELIANCE INDUSTRIES LIMITED	10	12732	12410078.45	2085	4691044.17
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000.00	23600	590000.00
SAVANI FINANCIALS LIMITED	10	7000	140000.00	7000	140000.00
SHREYANS INDUSTRIES LIMITED	10	5600	96872.57	5600	96872.57
SRI VASAVI INDUSTRIES LIMITED	10	10890	584631.48	10890	584631.48
STI GRANITE INDIA LIMITED	10	2000	34000.00	2000	34000.00
SUBEX LIMITED	10	25161	14414392.45	25161	14414392.45
THERMAX LIMITED	2	—	—	2000	77214.58
UFLEX LIMITED	10	80772	16097387.43	85772	17093858.20
UNIMERS INDIA LIMITED	10	1732	444464.00	1732	444464.00
UNITECH LIMITED	2	642072	246879007.26	642072	246879007.26
UNIVERSAL PRIME ALUMINIUM LIMITED	10	23820	868067.16	23820	868067.16
U P HOTELS LIMITED	10	1900	136630.42	1900	136630.42
USHA INTERNATIONAL LIMITED	10	30052	934732.60	30052	934732.60
		<b>3528707</b>	<b>398625925.85</b>	<b>3480284</b>	<b>431459395.03</b>
<b>UNQUOTED FULLY PAID UP EQUITY SHARES</b>					
KESORAM TEXTILE LIMITED	10	172	4161.48	172	4161.48
		<b>172</b>	<b>4161.48</b>	<b>172</b>	<b>4161.48</b>
<b>UNQUOTED PARTLY PAID UP EQUITY SHARES</b>					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	46293	694395.00
		<b>46293</b>	<b>694395.00</b>	<b>46293</b>	<b>694395.00</b>
<b>UNQUOTED FULLY PAID UP DEBENTURES</b>					
HDC LIMITED 14% PCD IX-SERIES	50	440	17600.00	440	17600.00
SHREYANS INDUSTRIES LIMITED 14% NCD	100	1120	112000.00	1120	112000.00
		<b>1560</b>	<b>129600.00</b>	<b>1560</b>	<b>129600.00</b>
<b>UNQUOTED FULLY PAID UP MUTUAL FUND UNITS</b>					
TAURUS BONANZA FUND	10.00	496416	20000000.00	—	—
		<b>496416</b>	<b>20000000.00</b>	<b>—</b>	<b>—</b>
<b>TOTAL- (A)</b>		<b>4073148</b>	<b>419454082.33</b>	<b>3528309</b>	<b>432287551.51</b>
<b>(B) LONG TERM INVESTMENTS</b>					
<b>QUOTED (TRADE) FULLY PAID UP EQUITY SHARE</b>					
BELL CERAMICS LIMITED	10	861376	17349633.56	913685	18403229.18
CHEMPLAST SANMA LIMITED	1	—	—	78426	641832.01
CROMPTON GREAVES LIMITED	2	64925	1353835.30	35000	1353835.30
DCM SHRIRAM INDUSTRIES LIMITED	10	4233414	478914850.67	4189941	473993067.64
GREAVES COTTON LIMITED	10	83000	28225970.16	83000	28225970.16
JAI PRAKASH ASSOCIATES LIMITED	2	14479617	114953630.95	9849859	77775328.41
JAYPEE HOTEL LIMITED	10	—	—	223219	40695278.91
MAWANA SUGAR LIMITED	10	60491	15994478.04	60491	15994478.04
PVP VENTURES LIMITED	10	35694	5182123.56	35694	5182123.56
RRB SECURITIES LIMITED (*)	10	100000	1000000.00	100000	1000000.00
VENKAT PHARMA LIMITED	10	41790	2124442.63	41790	2124442.63
		<b>19960307</b>	<b>674098964.87</b>	<b>15611105</b>	<b>674389585.84</b>



# HB STOCKHOLDINGS LIMITED

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2010		Balance as at 31st March, 2009	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
<b>QUOTED (NON TRADE) FULLY PAID UP EQUITY SHARE</b>					
ELCOT POWER CONTROL LIMITED	10	500	37500.00	500	37500.00
MALWA COTTON SPINNING MILLS LIMITED	10	50000	32500000.00	50000	32500000.00
NAHAR SPINNING MILLS LIMITED	5	15000	11437500.00	15000	11437500.00
NAHAR CAPITAL & FINANCIAL SERVICES LIMITED	10	15000	11437500.00	15000	11437500.00
PHOENIX INTERNATIONAL LIMITED	10	17200	6106000.00	17200	6106000.00
RATAN VANASPATI LIMITED	10	400000	7600000.00	400000	7600000.00
RRB SECURITIES LIMITED (*)	10	62600	6260000.00	62600	6260000.00
		<b>560300</b>	<b>75378500.00</b>	<b>560300</b>	<b>75378500.00</b>
<b>UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE</b>					
ASSOCIATED INFOTECH LIMITED	10	600000	45000000.00	600000	45000000.00
FINCAP FINANCIAL CORPORATION LIMITED	10	125000	1250000.00	125000	1250000.00
HARSAI INVESTMENTS LIMITED	10	200000	2000000.00	200000	2000000.00
HB INSURANCE ADVISORS LIMITED	10	15000	1500000.00	15000	1500000.00
HB TELECOMMUNICATION LIMITED	10	100	1000.00	100	1000.00
JAIPUR STOCK EXCHANGE LIMITED	10	324500	5841000.00	324500	5841000.00
Q R PROPERTIES PVT LIMITED	10	4500	45000.00	4500	45000.00
SOVIKA INFOTEK LIMITED	10	400000	12000000.00	400000	12000000.00
TAURUS INVESTMENT TRUST CO LIMITED	10	15430	155458.00	15430	155458.00
<b>UNQUOTED(NON -TRADE) FULLY PAID-UP REDEEMABLE PREFERENCE SHARE</b>					
HB GROWTH FUND LIMITED (2% NON CUMULATIVE)	10	50000	500000.00	50000	500000.00
HB SECURITIES LIMITED (*) (6% CUMULATIVE)	1000	10000	10000000.00	10000	10000000.00
HB TELECOMMUNICATION LIMITED (2% NON CUMULATIVE)	10	40000	400000.00	40000	400000.00
<b>UNQUOTED(NON -TRADE) -EQUITY SHARE APPLICATION</b>					
CORE TELECOM PRIVATE LIMITED	10	850000	8500000.00	850000	8500000.00
FALCON PORTFOLIO PRIVATE LIMITED.	10	75000	750000.00	75000	750000.00
<b>TOTAL- (B)</b>		<b>23230137</b>	<b>836069922.87</b>	<b>18880935</b>	<b>836360543.84</b>
<b>TOTAL- (A+B)</b>		<b>27303285</b>	<b>1255524005.20</b>	<b>22409244</b>	<b>1268648095.35</b>
<b>TOTAL- (1+2)</b>		<b>32118285</b>	<b>1503738116.03</b>	<b>27224244</b>	<b>1500732874.21</b>

## Notes

- (1) Aggregate Cost of Quoted Investments (other than Mutual Fund Units) Rs.114,81,03,391/- (Previous Year Rs.118,24,77,481/-)
  - (2) Market Value of Quoted Investments(other than Mutual Fund Units) Rs.275,06,02,852/-(Previous Year Rs.114,43,91,272/-)
  - (3) Net Asset Value of Investments in units of Mutual Fund Rs.1,94,84,328/-(Previous year Rs. Nil) and cost of units of Mutual Fund Rs.2,00,00,000/-(previous year Rs. Nil)
  - (4) Shares costing Rs.35,24,37,741/- (Previous year Rs. 37,39,39,946/-) were lying pledged/given as margin as at the year end.
- (\*) Companies under the same management

## SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>A. CURRENT ASSETS</b>		
<b>(a) Cash &amp; Bank Balance</b>		
Cash in hand	325576.90	213992.90
(As certified by the Management)		
<b>Balance with Scheduled Banks</b>		
- In Current Accounts	2827475.56	14930514.86
- In FDR Account	1900000.00	—
- Interest accrued but not due on FDR	4872.36	—
<b>Total 'A'</b>	<b>5057924.82</b>	<b>15144507.76</b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, Considered good, unless otherwise stated)		
(a) Inter Corporate Deposit( including intrerest receivable Rs.10,79,999/- (previous year Rs 9,28,079/-) Standard	11079999.00	10928079.00
(b) Advances Recoverable in cash or in kind or for value to be received-Standard	154588243.98	117760290.98
(c) Advance Tax & Tax Deducted at Source	12589663.90	12466158.40
(d) Security Deposits with Govt. Department and others (including margin Deposit paid)	35127123.96	35156623.96
<b>Total 'B'</b>	<b>213385030.84</b>	<b>176311152.34</b>
<b>Total 'A'+ 'B'</b>	<b>218442955.66</b>	<b>191455660.10</b>

## SCHEDULE '7': CURRENT LIABILITIES AND PROVISIONS

<b>(A) CURRENT LIABILITIES</b>		
i) Sundry Creditors		
- Due to Micro and Small Enterprises	—	—
- Others	1843705.63	675581.63
ii) Advances Received	12500000.00	50000000.00
iii) Other Liabilities	674031.00	1694222.00
iv) Interest accrued but not due on loan	2596439.00	1760173.00
<b>Total-A</b>	<b>17614175.63</b>	<b>54129976.63</b>

## SCHEDULE '7': CURRENT LIABILITIES AND PROVISIONS (Contd...)

	As at 31st March, 2010 (In Rs.)	As at 31st March, 2009 (In Rs.)
<b>(B) PROVISIONS</b>		
i) For Income Tax	29000000.00	0.00
ii) For Fringe Benefit Tax	0.00	330000.00
iii) For Gratuity	498009.00	454533.00
iv) For Leave Encashment	617553.00	1235810.00
v) For Diminution in value of Investments	431600876.32	581442971.47
vi) For Loss on Equity Derivative Instruments	83709.59	105152.69
<b>Total-B</b>	<b>461800147.91</b>	<b>583568467.16</b>
<b>Total-(A+B)</b>	<b>479414323.54</b>	<b>637698443.79</b>

## SCHEDULE '8' : INCOME FROM OPERATIONS & OTHER INCOME

	Year Ended 31st March, 2010 (In Rs.)	Year Ended 31st March, 2009 (In Rs.)
Profit/(Loss)/(Net) in Securities dealing/ Equity derivative trading	20656657.93	(144386304.92)
Interest Income :-		
- On Inter corporate Deposit (Tax Deducted At Source Rs. 120001/- (Previous Year Rs.2,72,121/-)	1200000.00	1200000.00
- On Fixed Deposits (Tax deducted at source Rs.3586.50 (previous year Nil)	3586.54	0.00
- On Others (Tax deducted at source Rs.Nil (Previous year Rs. 16,347/-)	0.00	79356.27
- On Allotment Money received	0.00	1000.00
Profit on sale of Fixed Assets	0.00	21779.35
Net Gain on sale of Investments	42135334.37	374553160.87
Provision for diminution in value of Investments written back/(made)	149842095.15	(196515255.87)
Dividend Income (Gross) Tax deducted at source Rs. Nil	28992137.67	14309567.64
<b>Total</b>	<b>242862090.66</b>	<b>49263303.34</b>



## HB STOCKHOLDINGS LIMITED

### SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES

	Year Ended 31st March, 2010 (In Rs.)	Year Ended 31st March, 2009 (In Rs.)
Salaries & Benefits	4547567.00	6923283.00
Managerial Remuneration	9248498.00	9287354.00
Contribution to Provident Fund & other funds	639325.00	687411.00
Directors Sitting Fees	490000.00	488000.00
Listing Fees	115317.00	115823.00
Travelling & Conveyance	1813190.64	2129428.51
Communication	226134.92	271566.08
Postage	420366.90	3478486.80
Printing & Stationery	661774.00	1341799.00
Office Repairs and Maintenance	188218.00	336025.40
Vehicle running & maintenance	619098.95	717644.00
Rent/Facility Charges	1318511.00	1614373.00
Insurance	95405.35	70830.00
Loss on sale of Fixed Asset	289225.41	—
Depository & Custodial	78969.42	734897.75
Subscription & Membership	1572654.91	1906102.93
Legal & Professional	5865503.00	10449750.00
Advertisement	50665.00	161093.00
Business Promotion	294429.51	566805.37
Miscellaneous	199265.40	365989.51
Staff welfare	86124.00	130620.00
<b>Auditor's Remuneration</b>		
– Audit Fees	110785.00	110785.00
– Tax Audit Fees	27575.00	27575.00
– Taxation	36400.00	—
– Certification & Others	38608.00	213368.00
		35471.00
<b>Total</b>	<b>29033611.41</b>	<b>41951113.35</b>

### SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Vehicle Financed from banks	118693.69	303214.59
On Loan from Body Corporates	11700000.00	36421682.48
On Margin Financing	0.00	4093176.50
<b>Total</b>	<b>11818693.69</b>	<b>40818073.57</b>

### SCHEDULE - 11 : SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of the statement of Accounts for the Year ended 31st March, 2010

#### (A) PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements relate to HB Stockholdings Ltd. (the company) and its subsidiary companies HB Prima Capital Ltd. and Mount Finance Ltd..The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" on the following basis:

- The Financial statements of the Company and the subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses.
- As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances and are presented to, in the same manner as the company's separate financial statements.
- In the case of associates, where the company directly or indirectly through subsidiaries holds more than 20% of the equity (except where significant influence does not exist), Investments in Associates are accounted for using equity method in accordance with the Accounting Standard (AS)-23 "Accounting for Investments in Associates in Consolidated Financial Statements".
- The company accounts for its shares in the change in net assets of the associates, post acquisition after eliminating unrealized profit & loss resulting from transaction between the company and its associates to the extent of its share, through its profit & loss account to the extent such change in attributable to the associate's profit and loss account and through its reserves for the balance, based on available information.

(B) Investments other than in associates have been accounted as per Accounting Standard (AS)-13 "Accounting for Investment"

#### (C) OTHER SIGNIFICANT ACCOUNTING POLICY

These are said out under "Significant Accounting Policies" as given in the Financial Statements of HB Stockholdings Ltd. Ltd. and its subsidiaries HB Prima Capital Ltd. and Mount Finance Ltd.

### SCHEDULE 12 : NOTES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of Statement of Accounts for the Year ended 31st March, 2010

- The accompanying consolidated financial statement includes the accounts of HB Stockholdings Ltd. and its following subsidiaries:-

Name of Company	Country of Incorporation	Proportion of ownership interest and relationship	Financial Year
HB Prima Capital Ltd.	India	100% subsidiary of HB Stockholding Ltd.	31.03.2010
Mount Finance Ltd.	India	100% subsidiary of HB Stockholding Ltd.	31.03.2010

The parent company HB Stockholdings Ltd. is making provision towards diminution in the value of Investments by charging the said amount to the profit & loss account and correspondingly crediting provisions under the head 'Current Liabilities & Provisions'. The Subsidiary HB Prima Capital Ltd. on other hand is not making such provisions, however in preparing these consolidated financial statements uniform policy is followed and provision for diminution is being made for all investments including those held by subsidiary company.

- The accompanying Consolidated Financial Statements consider the following Associates Companies.

S No.	Name of Associates Company	Country of Incorporation	Proportion of ownership interest
(i)	Taurus Asset Management Co. Ltd. (*)	India	20.11%
(ii)	Pisces Portfolios Private Limited(*)	India	27.26%

(\*)Valuation done on the basis of available unaudited, management certified financial statements for year ended 31.03.2010.

- Contingent Liability in respect of:**

Income Tax demand disputed Rs.129.48 Lacs (Previous year Rs.95.35 Lacs) against which appeals are pending with appropriate authorities and in respect of which the management is confident that appeals will be decided in favour of the company. The company has also filed various rectification applications. Moreover substantial refund due to the company for various years are pending adjustment against the aforesaid demand. Once the aforesaid rectification applications are disposed off and refund due to the company are adjusted, there will be no demand outstanding payable.

- In the opinion of the management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of the business.

- Disclosure pursuant to Accounting Standard AS-19 for Leases

Operating Lease

a) Particulars of the minimum lease payments under Operating Lease:-

- Not Later than One year Rs. 12,73,948/- (Previous Year Rs.11,85,240/-)
- Later than one year but not later than five years Rs. 21,15,895/- (Previous Year Rs.14,01,240/-)
- Later than five years Rs. Nil (Previous Year NIL)

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2010 is Rs. 13,18,511/- (Previous Year Rs.16,14,373/-).

c) General description of the lease arrangement.

- The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.
- Restrictions imposed by lease arrangement:-
  - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
  - The lessee shall use the premises for commercial purposes only.
  - The lease can be terminated by the lessee by serving three months notice to the lessor in respect of one agreement and one month notice in respect of second agreement.

- In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).

- Disclosure of related party transaction in accordance with the Accounting Standard (AS-18) "Related Party Disclosures" as per Annexure attached.

- Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share".

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account after Tax	17,16,19,673	(3,58,46,229)
Share of Profit/(Loss) of Associates	1,61,29,332	(2,81,32,999)
Net Profit/(Loss) available for Equity Share holders	18,77,49,005	(6,39,79,228)
<b>Basic Earning Per Share (face value of Rs.10 each)</b>		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Earning per share(Rs.)	7.89	(2.69)
<b>Diluted Earning per share (Face Value of Rs.10/- each)</b>		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Earning per share(Rs.)	7.89	(2.69)





**9. Disclosure pursuant to Accounting Standard - 15**

**a) Defined Contribution Plan**

Amount recognized as expense for defined contribution plans are as under :-

Particulars	Current Year Amount(Rs.)	Previous Year Amount(Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	4,50,908/-	5,46,689/-	Managerial Remuneration Rs.1,08,000/-(previous year Rs.1,08,000/-, contribution to Provident Fund & other fund Rs.3,42,908/- (previous year Rs.4,38,689/-).
Contribution to superannuation fund	1,35,000/-	1,35,000/-	Managerial Remuneration

**b) Defined Benefit Plan**

Movement in net liability

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligations as at beginning of the year (A)	13,86,622/-	10,97,838/-	12,35,810/-	11,80,270/-
Adjustment for increase (decrease) in opening obligation (B)	Nil	(28,711/-)	Nil	Nil
Interest Cost (C)	1,10,930/-	85,530/-	98,865/-	94,422/-
Current service cost (D)	2,42,006/-	2,38,148/-	76,124/-	1,09,042/-
Benefits paid (E)	79,356/-	Nil	7,00,529/-	25,644/-
Actuarial loss/ (gain) on obligation (F)	46,560/-	(6,183)	(92,717/-)	(1,22,280/-)
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-

**c) The amounts recognized in the balance sheet and Profit & loss account are as follows :**

Particulars	Gratuity (Funded)		Leave (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation (A)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-
Estimated fair value of plan assets (B)	12,08,753/-	9,32,089/-	Nil	Nil
Net Liability (C=A-B)	4,98,009	4,54,533/-	6,17,553/-	12,35,810/-
<b>Amounts in the Balance Sheet</b>				
Liabilities	4,98,009	4,54,533/-	6,17,553/-	12,35,810/-
<b>Amount charged to Profit &amp; Loss Account</b>				
Current Service Cost	2,42,006/-	2,38,148/-	76,124/-	1,09,042/-
Interest Cost	1,10,930/-	85,530/-	98,865/-	94,422/-
Expected Return on Plan Asset	(1,03,079)	(68,773)	Nil	Nil
Actuarial(Gain)/Loss	46560	(6,183)	(92,717)	(1,22,280/-)
	2,96,417/-	2,48,722/-	82,272/-	81,184/-
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Funds		Salary & benefits	

**d) The Actual Return on Plan Assets is as follows :**

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Actual return on plan assets	1,03,079	68,773

**e) Following are the Principal Actuarial Assumptions used as at the balance sheet date**

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Discount Rate	8%	8%
ii)	Expected Rate of Return on Plan Assets	9%	9%
iii)	Salary Escalation Rate	6%	5%

**f) A reconciliation of the opening and closing balances of the fair value of plan assets:**

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	9,32,089/-	7,19,678
i)	Expected Return on Plan Assets	1,03,079/-	68,773/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	2,52,941/-	1,43,638/-
iv)	Benefits Paid	79,356/-	Nil
	Closing Fair Value of Plan Assets	12,08,753/-	9,32,089

- Gain on Sale of Investments (Net) as shown in Profit & Loss Account includes Loss of Rs.1,28,41,104/-on Trade Current Investments in securities (Previous Year Loss Rs.2,07,36,324/-), Gain of Rs.5,49,76,439/- (Previous Year Rs.20,88,47,484/-) on Long Term Trade Investments in securities and Gain of Rs. Nil (previous year Rs.18,64,42,000/-) on properties(current investment- trade). Provision for diminution in value of Investments as shown in Profit & Loss Account include Rs.4,10,55,127/-(previous year Rs.158,13,110/-) on account of provision written back in respect of Long Term Investments in securities and Rs. 10,87,86,968/- in respect of Current Investments in securities(Previous Year provision made Rs.21,23,28,365/-).
- Dividend Income includes Rs. 2,73,11,528/- (Previous Year Rs 92,33,961/-) on Long Term Investments-Trade, Rs. 16,03,009/-(Previous year Rs. 49,36,706/-) on Current Investments-Trade and Rs.77,600/-(previous year Rs.1,38,900/-) on long term investments (non-trade).
- In the opinion of management no provision is required for diminution amounting to Rs.9,98,12,627/-(previous year Rs.27,58,08,858/-)in the value of Long term investment in DCM Shriram Industries Ltd. as the same is considered to be temporary.
- Provision for diminution in value of Investments as shown in Balance Sheet includes Rs.17,53,14,370/-(Previous Year Rs. 21,63,69,497/-) on Long term Investments and Rs. 25,62,86,506/-(Previous Year Rs.36,50,73,474/-) on Current Investments
- Previous Year figures have been regrouped/rearranged wherever considered necessary.
- Schedules 1 to 12 form an integral part of the accounts.

As per our Report of even date

**FOR P. BHOLUSARIA & CO.**

Chartered Accountants  
FRN : 000468N

**For and on behalf of the Board**

**Amit Goel**  
Partner

**Anil Kumar Mittal**  
Company Secretary

**Lalit Bhasin**      **Vijay Sood**  
Chairman      Managing Director

Place : Gurgaon

**Mahesh Kumar Gupta**  
Chief Financial Officer

Date : 27th May, 2010

**ANNEXED REFERRED TO IN NOTE NO. 7 OF SCHEDULE 12 TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)**

As per Accounting Standard (AS-18) on "Related Party Disclosures", the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

**List of related parties with whom transactions have taken place and relationship**

**a) Key Managerial Personnel**

- Shri J.M.L.Suri, Executive Director
- Shri Vijay Sood, Managing Director
- Shri Anil Kumar Mittal, Company Secretary

**b) Person having control/significant influence/major shareholder**

- Shri H. C. Bhasin (no transaction during the year)
- Shri Lalit Bhasin

**c) Enterprise over where significant influence exist**

- Pisces Portfolios Pvt. Ltd.

**d) Enterprises controlled by relatives of (b) above**

- RRB Master Securities Delhi Ltd.

**e) Enterprises under direct or indirect common control/significant influence**

- HB Estate Developers Ltd.
- HB Securities Ltd. (Subsidiary of HB Portfolio Ltd.)
- HB Portfolio Ltd.
- RRB Securities Ltd.


**2. Transactions during the Financial Year ended 31.03.2010 with Related Parties.**

Sr. No.	Nature of Transaction	Related Party Referred in 1(b) above	Related Party Referred in 1(c) above	Related Party referred in 1(d) above	Related Party referred in 1(e) above	Related Party referred in 1(e) above
1	Amount recovered against Loan & Advances	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Loan taken	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (9000000)
3	Loan repaid	Nil (Nil)	Nil (Nil)	Nil (60000,00)	Nil (Nil)	Nil (Nil)
4	Interest paid	Nil (Nil)	Nil (Nil)	Nil (1347945)	Nil (Nil)	11700000 (6369066)
5	Rent/Facility Charges Paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	949944 (966213)
6	Margin Securities/Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	1000000 (43500000)	24000000 (85000000)
7	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	512600 (593900)
8	Sitting Fee Paid	Nil (Nil)	60000 (50000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	16098 (680424)
10	Remuneration & Other Services	9985898 (10062980)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
11	Reimbursement of Expenses.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (378900)
12	Purchase of Investment( inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	23382424 (47032870)	34352387 (Nil)
12	Sale of Investment ( inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	135845878 (313832476)	Nil (13956)
13	Net Turnover of Derivative Trading (inclusive of brokerage)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (19214899)	20656658 (107219373)
14	<b>Outstanding as on 31.03.2010</b>					
	- Payable in respect of loan & interest thereon	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (91760173)
	- Receivables in respect of Current Assets, Loans & Advances.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	34500000 (34500000)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year Ended 31st March, 2010 (Amount in Rs. '000)	Year Ended 31st March, 2009 (Amount in Rs. '000)
<b>A) CASH FLOW FROM OPERATION ACTIVITIES</b>		
Net Profit/(Loss) before tax and Extraordinary Items	216772	-63051
<b>Adjustment for :</b>		
Depreciation	1367	1412
Profit/Loss on sale of Fixed Asset289	-22	
Operating Profit before Working Capital Changes	218428	-61661
<b>Adjustment for :</b>		
Trade & other Receivables	-36954	-96453
Investments	-152847	319613
Trade Payables	-37442	-33283
Cash Generated from operation-8815	128216	
Income tax paid	-143	-887
Fringe Benefit Tax	Nil	Nil
Cash Flow before extraordinary Items	-8958	127329
Employee Benefits for earlier year0	29	
<b>Net Cash from Operation Activities</b>	<b>-8958</b>	<b>127358</b>

**B) CASH FLOW FROM INVESTMENTS ACTIVITIES**

Purchase of Fixed Assets	-47	-2083
Sale of Fixed Assets	665	460
<b>Net Cash used in Investing Activities</b>	<b>618</b>	<b>-1623</b>

**C) CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Share Application Money & Share Premium	—	—
Proceeds/repayment of Borrowings	-1747	-119628
Dividend Paid	—	—
<b>Net Cash used in Financing Activities</b>	<b>-1747</b>	<b>-119628</b>
<b>Net Increase in Cash &amp; Cash Equivalents A+B+C</b>	<b>-10087</b>	<b>6107</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>15144</b>	<b>9037</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>5057</b>	<b>15144</b>

As per our Report of even date

**FOR P. BHOLUSARIA & CO.**  
 Chartered Accountants  
 M No.92648

**For and on behalf of the Board**
**Amit Goel**  
 Partner  
 M No.92648

**Anil Kumar Mittal**  
 Company Secretary

**Lalit Bhasin**  
 Chairman

**Vijay Sood**  
 Managing Director

 Place : Gurgaon  
 Date : 27th May, 2010

**Mahesh Kumar Gupta**  
 Chief Financial Officer

Folio No. ....  
(To be filled in by the Shareholder)  
No. of Shares .....

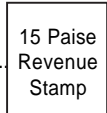


**HB STOCKHOLDINGS LIMITED**  
**PROXY FORM**

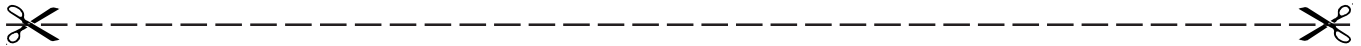
I/We .....  
of.....  
being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....  
.....  
of ..... or failing  
him/her of .....  
as my/our proxy to attend and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on 7th Sept., 2010 and at any adjournment thereof. As witness my hand/our hands this day ..... of 2010.

Client Id : .....  
DP ID : .....

Signed by the Said : .....



**NOTE :** The Proxy must be deposited at the Registered Office of the Company at Plot No. 31, Echelon Institutional Area, Sector-32, Gurgaon - 122 001, Haryana not less than 48 hours before the time for holding the meeting.



**HB STOCKHOLDINGS LIMITED**  
**ATTENDANCE SLIP**

**23RD ANNUAL GENERAL MEETING**

Time : 11:00 A.M., Tuesday, 7th Sept., 2010  
Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

FULL NAME OF THE FIRST SHAREHOLDER.....  
Joint Shareholders, if any.....  
Father's/Husband's Name .....  
Address in full.....

FULL NAME(S) OF THE PERSON ATTENDING THE MEETING AS A PROXY/SHAREHOLDER(S)  
.....

I/We hereby record my presence at the 23rd Annual General Meeting held on 7th Sept., 2010 at 11:00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. : .....  
Client ID : .....  
DP ID : .....

No. of Shares : .....

Signature

Members may please note that the Auditorium Authorities do not permit carrying of bags/articles/snack packets etc. inside the meeting hall. The Company will not make any arrangements for safe keeping of articles etc. outside the Hall. Members may make their own arrangements which shall be solely at their risk and cost and the Company will in no way be responsible for any loss/theft of articles etc.

**BOOK POST**

*If Undelivered please return to :-*



**HB STOCKHOLDINGS LIMITED**

Plot No. 31, Echelon Institutional Area,  
Sector-32, Gurgaon - 122 001, Haryana