



BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
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

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

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NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of the Company will be held as per the schedule given below:

Day : Tuesday
Date : 30th August, 2011
Time : 11.00 A.M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14 Gurgaon-122 001 Haryana to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date including the notes to accounts together with the Reports of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Gulshan Rai who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Harbans Lal who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

By the Order of the Board
 For HB STOCKHOLDINGS LTD.

ANIL KUMAR MITTAL
 COMPANY SECRETARY

Place : Gurgaon
Date : 28th May, 2011

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 24th August, 2011 to 30th August, 2011(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 the Company are requested to write to the Company Secretary at the Registered Office 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.
- The Company is implementing the “Green Initiative” as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be your registered email address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors report, auditors report etc. will also be displayed on the website www.hbstockholdings.com of the Company and the other requirements of the aforesaid MCA circular will be duly complied with.**
 Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants.
 Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in 4(a) above quoting their folio number(s)
- Details of the Directors seeking reappointment at the ensuing Annual General Meeting. (pursuant to Clause 49, Code of Corporate Governance of the Listing Agreement) are as under:

DIRECTORS SEEKING REAPPOINTMENT AT THE ENSUING AGM (Refer Item No. 2 & 3 of the Notice of the AGM)

Name of the Director	Mr. Gulshan Rai	Mr. Harbans Lal
Date of Birth	01-04-1934	28-02-1942
Profile / Expertise in specific functional areas	Mr. Gulshan Rai is a practicing Chartered Accountant with more than 40 years of experience in the field of Financial Management, Tax Planning, Management Control Systems, Corporate Planning & Business Restructuring. He has vast experience and expertise in International Business operations of Indian Companies abroad and in planning, restructuring and setting up of Branches, 100% owned subsidiaries of foreign entities in India and of Indian companies overseas. He has been director of several private and public limited companies in a professional capacity. He has been associated as Life member of ISCON Institute of Constitutional and Parliamentary Studies, National Forum of Tourism and Environment, India National Trust for Arts and Cultural Heritage, International Council of Consultants and Past President of Rotary Club of Delhi. He is also a regular Contributor to Ramakrishna Mission, CRY, Helpage India etc.	Joined State Bank of India as Probationary Officer in the year 1965. While working for State Bank of India he has held the following important assignment(s) Chief General Manager, Delhi circle from March 2000 to February 2002, Chief General Manager (Credit) at Central office, Mumbai (1998-2000) General Manager (Commercial Banking) Ahmedabad Circle (1995-1998) Dy. General Manager, Pune Zonal Office (1992-1995) and Shillong Zonal Office (1990-92) Vice President & Manager, SBI (Canada) Vancouver (1984-1988) Also associated with the Committee constituted by RBI for Working Group on Simplification of Procedures for Credit Delivery to Exporters (1998) and Working Group on Discounting of Bills by Banks in Dec 1999
Qualifications	B. Com(Hons) Shriram College of Commerce, Delhi , FCA	M.A. Public Administration and CAIIB
Public Ltd Companies in which directorship held as on 31.3.2011	NIL	NIL
Chairman / Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2011	NIL	NIL
Shares held by the Director as on 31.03.2011	NIL	NIL

By the Order of the Board
 For HB STOCKHOLDINGS LTD.
ANIL KUMAR MITTAL
 Company Secretary

Place : Gurgaon
Date : 28th May, 2011



Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 24th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2011.

FINANCIAL RESULTS

The Financial performance of the Company summarised for the year under review is as under:

PARTICULARS	(Amount in Rs.)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Gross Profit / (Loss)	37318536	178063634
Less :		
(a) Depreciation and profit / (loss) on termination of leases	1183105	1195026
(b) Provision for Income-Tax (including deferred tax)	4200000	29000000
(c) Fringe Benefit Tax	-	-
Net Profit/(Loss)	31935431	147868609
Add / (Less):		
(a) Income Tax for earlier year	(1675757)	(22660)
(b) Transfer to Statutory Reserve Fund	(6051935)	(29569190)
(c) Effect of earlier period on account of accounting	-	-
Net Amount available for appropriation	24207739	118276758
Accumulated Loss Brought forward	(318974941)	(437251699)
Balance carried to Balance Sheet	(294767202)	(318974941)

PERFORMANCE REVIEW & OUTLOOK

During the year, the BSE Sensitive Index which was 17,692 at the start of the financial year, made a low of 15,960 in May 2010 and a high of 21,108 in November 2010, ended at 19,445 on 31st March, 2011. The year was marked by volatility in the stock market, and most asset classes remained subdued in spite of the domestic consumption theory remaining intact. Rising Crude and commodity prices and exceptionally high prices of precious metals in the international market coupled with double digit inflation in the food sector have been a dampener in the investment climate in the domestic bourses. Volatile prices of fundamentally strong stocks have caused a fear in the minds of domestic investors. Outflow of funds by FII has also dampened the investor's confidence. Recent hike in interest rates by the Reserve banks to arrest the inflation has also been viewed negatively by the market resulting in fall in the prices of quoted shares.

During the year under review, Income of your Company aggregated Rs.789.86 Lakhs (previous year Rs. 2187.81 Lakhs). Income of the Company comprises of Dividend Rs. 290.38 Lakhs (previous year Rs. 289.15 Lakhs) Securities Trading Loss was Rs. 44.97 Lakhs (Profit of Rs. 206.57 Lakhs in the last year), Profit booked on Sale of Investments was Rs. 544.97 Lakhs (previous year Rs.421.35 Lacs) and Provisions for diminution in the value written back Rs. 0.90 Lakhs (previous year Rs. 1258.38 Lakhs). Net Profit for the year was Rs.302.60 Lakhs (previous year Rs. 1478.46 Lakhs)

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.

DEMISE OF SHRI H.C. BHASIN, FOUNDER CHAIRMAN OF THE COMPANY

The Directors expressed their sorrow and deep sense of loss on the passing away on 7th December, 2010, of Sh. Harish Chander Bhasin, the Founder Chairman of the Company. Poignant and heartfelt tributes were paid to the extraordinary pioneer in the field of Financial Services, whose remarkable vision and keen interest in the affairs of the Company steered it to its illustrious position in the business world.

DIVIDEND

In order to conserve resources for the future and also due to accumulated and unabsorbed Losses incurred in the previous years, Directors of your company do not recommend any dividend for the year ended 31st March 2011.

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 therefrom. The Directors have 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 have 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 have prepared the annual accounts for the year under review on a going concern basis.

SUBSIDIARIES OF THE COMPANY

In terms of the General Circular No. 51/12/2007-CL-III dated 8th February, 2011 of Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, profit and Loss Account, Report of Directors and Auditors of the subsidiaries namely HB Prima Capital Ltd. and Mount Finance Ltd. have not been attached with the Consolidated Balance Sheet of the Company. However the financial data of the subsidiaries have been furnished under "Summary of Financial Information of Subsidiary Companies" and forms part of this Annual Report. Annual accounts of the subsidiary companies will be made available upon request by any member of the Company interested in obtaining the same. Annual accounts of the subsidiary companies will also be kept for inspection by any member of the company at its registered office.

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

AUDITORS

M/s. P. Bholusaria & Co., Chartered Accountants, Delhi, the Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting and eligible offers them selves for reappointment. As per the requirements of the Listing Agreement, Statutory Auditor's firm are holding a valid certificate of 'Peer Review Board'.

AUDITOR'S REPORT

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

DIRECTORS

Mr. K N Malhotra, a Director on the Board, who was associated with the Company for the last two decades, expired on 13th December 2010. The Board condoles the death of Mr. K N Malhotra and appreciates the contributions made by him in guiding the affairs of the Company during his tenure as Director of the Company.

Mr. Gulshan Rai and Mr. Harbans Lal Director(s) shall retire by rotation at the 24th Annual General Meeting and being eligible, have offered themselves for re-appointment.

Information as per Clause 49 of the Listing Agreement is annexed with the Notice of the Annual General Meeting.

ACKNOWLEDGEMENTS

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 : 28th May, 2011

LALIT BHASIN

Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in Rs.)

Name of the Subsidiary	HB Prima Capital Ltd.	Mount Finance Ltd.
Financial Year of the subsidiary ended on	31-03-2011	31-03-2011
No. of Equity Shares held by the Holding Company as on date (Face Value - Rs.10/-)	1000000	830006
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 2011 (in Rs.)		
(i) for the financial year of the subsidiary	323664	(267356)
(ii) for the previous financial periods of the subsidiary	56782	(286889)
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 2011 (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 2011.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (Rs.) during the year ended 31st March 2011	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 53 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	Rs. 75,39,443/-	Group CFO, Renaissance Services SAOG, Oman	32	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.789.86 lakhs during the year compared to Rs. 2187.81 lakhs in the previous year. The administrative expenses during the year under review were Rs.-284.55 lakhs as compared to Rs.288.98 lakhs during the previous year. The interest and financial charges for the year under review have been Rs. 117.29 Lakhs as compared to Rs.118.19 lakhs during the previous year.

2. BUSINESS ANALYSIS DURING 2010-2011

During the year the stock market moved in the range of 17,700 to 21100 and closed at 19445 on 31st March 2011. Global economy has seen a revival across North America and Europe while growth continues to be strong in many Asian countries. However, they along with India have seen inflation rising and emerging as a threat to growth outlook in the medium term. To combat inflation, driven by economic recovery and rising commodity prices, in India the Reserve Bank has continuously raised interest rates which have affected the Capital market.

The Indian Equity markets are influenced by underlying corporate performance, flows from domestic investors and its attractiveness to Foreign Institutional Investors. In 2010-2011 due to high inflation and limited scope of appreciation in Indian market, FII funds moved to other emerging markets.

During the year under review, Net Profit was Rs. 302.60 Lakhs (Rs.1478.46 Lakhs in the previous year). Securities Trading including Equity derivative trading Loss of Rs. 44.97 Lakhs (Profit of Rs. 206.57 Lakhs in the last year), Profit booked on Sale of Investments during the year was Rs. 544.97 Lakhs (previous year Rs. 421.35 Lakhs), Provision for diminution in value of investment written back was Rs. 0.90 Lakhs during the year (previous year Rs. 1258.38 Lakhs).

3. FUTURE PROSPECTS AND OUTLOOK

While 2009-10 was a good year after 2008-09, 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 weak. Asia ex Japan continues to see growth though its composition varies across the region depending upon exposure to the export sector in different countries. Indian economy is expected to witness reasonable growth in the near term though 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 helped it to mitigate the normal industry risk factors, which *inter-alia* include 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 an adequate and effective 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. Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of internal control systems and suggests measures for improvement of the existing control system and strengthen the control in view of changing business needs and safe guarding the assets of the Company against significant misuse or Loss 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 31st March 2011 stood

at Rs. 2433.54 lakhs (including Rs. 54.32 Lakhs towards the original amount paid up equity share forfeited.) comprised of 2,37,92,218 Equity Shares of Rs.10/- each.

Reserves and Surplus: During the year under review the Loss carried forward is Rs. 2947.67 Lakhs (previous year Rs. 3189.75 lakhs)

Loans: Secured Loan from Bank stood at Rs. 0.98 Lakhs (previous year Rs. 7.17 Lakhs). There is an Unsecured Loan from a body corporate Rs. 900 Lakhs as on the date of Balance Sheet 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.2180.89 lakhs and Rs. 3994.81 lakhs respectively against Rs. 2583.46 lakhs and Rs. 4234.08 lakhs for the last year.

7. HUMAN RESOURCES

Success of every business depends on proper human resource planning. . The Company has adequate and experienced professionals having varied experience related to the Industry to carry out its various operations. Effort are made to develop leadership capability in the available resources by sponsoring the team members to attend refresher courses, orientation programme and training sessions conducted by reputed management institutes to enhance their vision which reflects in the decision making process. These efforts have played a significant role in business development through personality development.

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 & Composition of the Board

The Board of your Company presently comprises of 7 directors, out of whom 5 directors are Non-executive and 4 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, Five (5) meetings of the Board of Directors of the Company were held (from 1.04.2010 to 31.03.2011) i. e. on 27th May 2010; 12th August 2010; 7th September, 2010, 3rd November 2010; and on 29th January 2011 respectively. The gap between the two Board meeting(s) 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	4	7	Nil	5	5	Yes	11822317(49.69%)
Mr. K. N. Malhotra@ Independent & Non Executive	1	Nil	Nil	Nil	5	—	No	130(Not Significant)
Mr. P. K. Mittal Independent & Non Executive	1	Nil	Nil	Nil	5	4	No.	NIL
Mr. Gulshan Rai Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	NIL
Mr. Anil Goyal Independent & Non Executive	11	Nil	5	1	5	5	Yes	NIL
Mr. Harbans Lal Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	NIL
Mr. J.M.L. Suri Executive Director	11	Nil	5	2	5	5	Yes	1000(Not Significant)
Mr. Vijay Sood Managing Director	1	Nil	2	Nil	5	4	Yes	Nil

@ Since demised on 13th December 2010.

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. Gulshan Rai and Mr. Harbans Lal Director(s) being longest in their respective office(s) shall retire by rotation at the ensuing Annual General Meeting and they being eligible offer 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 provisions amended from time to time. The Board of Director's in its meeting held on 7th March, 2001, Constituted two Board Committee(s) namely; the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 read with clause 49 of the Listing Agreement and Shareholders / Investors Grievance Committee. Further to that, a Remuneration Committee was constituted in the meeting of Board of Directors held on October 30, 2004 to meet the requirements of the Listing Agreement and Schedule XIII of the Companies Act, 1956.

(A) Audit Committee:

The Audit Committee of the Board presently comprises of the following members:

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 in addition to the Internal and Statutory Auditor's. The Audit Committee shall review mandatory 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 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 lays 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 27-05-2010, 12-08-2010, 3-011-2010 and on 29-01-2011. All Audit Committee meeting(s) were attended by the members of the Committee(s).

(B) Shareholders / Investors Grievance Committee:

The reconstituted Shareholders / Investors Grievance Committee of the Board comprises of Mr. P K Mittal (Chairman of the Committee), Mr. Harbans Lal 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 the requests of Share Transfers and dispatch the same to the shareholders, Mr. J.M.L. Suri, Executive Director of the Company has been empowered by the Board of Directors to approve the Transfer of 10,000 Equity shares under one folio at a time when such requests accumulates in between the two Investors Grievances Committee meeting(s).

During the year under review, 4 meetings of the Shareholders / Investors Grievances Committee were held respectively on 27-05-2010, 12-08-2010, 03-11-2010 and on 29-01-2011. 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 could not attend any meetings and leave of absence was granted to him in respect of all the Committee meeting(s) during the period he was a member.

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 remuneration structure and composition, 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, a meeting of the Remuneration Committee was held on 27th May 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. In the same meeting, the Committee also considered 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 and also approved the increment payable each in the second and third years of his reappointment.

In the Board meeting held on 29th January 2011, the Remuneration Committee was reconstituted due to demise of Mr. K N Malhotra, Chairman of the Committee. Mr. Harbans Lal was inducted a member of the Remuneration committee and also nominated as the Chairman of the Remuneration Committee. No meeting of the Remuneration Committee took place since it was reconstituted in January 2011.

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 (01.04.2010 to 31.03.2011) under review:

Director (s)	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. Lalit Bhasin	—	50,000	Nil	Nil
Mr. Gulshan Rai	—	92,000	Nil	Nil
Mr. K N Malhotra	—	0.00	Nil	Nil
Mr. P K Mittal	—	90,000	Nil	Nil
Mr. Harbans Lal	—	90,000	Nil	Nil
Mr. Anil Goyal	—	90,000	Nil	Nil
Mr. J M L Suri	—	—	18,32,946	Nil
Mr. Vijay Sood	—	—	75,39,443	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, 2011 to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under:

Mr. Vijay Sood

Salary Rs.48,50,308/- and Perquisites Rs.26,89,135/- Lakhs respectively.

Mr. J M L Suri

Salary Rs.9,00,000/- and Perquisites Rs. 9,32,946/- 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, Superannuation 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
2009-10	23 rd AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	07-09-10	11.00 A.M.
2008-09	22 nd AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	25-08-09	10.30 A.M.
2007-08	21 st AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	11-09-08	10.00 A.M.

Details of Special Resolution(s) passed in the previous 3 AGMs of the Company

S. No.	Subject Matter(s)	Reference and Date of passing at the AGM
1.	• Reappointment of Mr. Vijay Sood as the Managing Director of the Company	23 rd AGM 07-09-2010
2	• No Special Resolution passed	22 nd AGM 25-08-2009
3.	• Re-appointment of Sh. J M L Suri as Executive Director for a period of Five years and payment of remuneration	21 st AGM 11-09-2008

During the year under review, no resolution is proposed to be passed through Postal Ballot, and no Special Resolution(s) were put through Postal Ballot process in the previous year(s).

5. Disclosures:

- I. There were no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2011 (Refer Note No.11 of Notes to Accounts – Schedule12 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 market 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 company's website www.hbstockholdings.com. During 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 on behalf of all the directors of the Company has been furnished by the Managing Director of the Company and the same is given at the end of Corporate Governance 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 31.03.2011 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(s) announcements and Company's website soon after the Board Meeting for Adoption of Results, and through publication of Results in Newspapers as Clause 42 of the Listing Agreement.
- II. Newspapers wherein results are normally published – Business Standard, English and Hindi Edition.
- III. Results (Unaudited & Audited) are uploaded at www.hbstockholdings.com for display.
- IV. Company's website also displays official news releases and important communications sent to Stock Exchanges. As per the Listing Agreement, any presentations made to institutional investor's etc. shall be communicated to the stock exchange(s) in advance and also to be uploaded on the Company's website.

7. GENERAL SHAREHOLDER INFORMATION:

- I. Ensuing Annual General Meeting Day, Date, time and venue:
 - Date : Tuesday, 30, August, 2011
 - 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 2010- 31st March 2011
- III. Date of Book Closure : 24th August, 2011 to 30th August, 2011 (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).

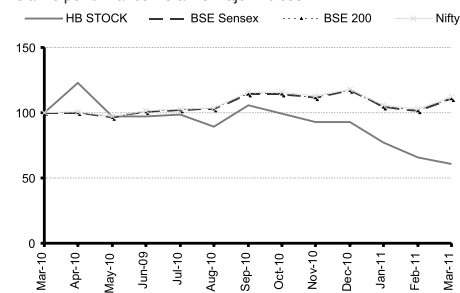
The ISIN No. allotted to Equity Shares of the Company is INE550B01014.

As on 31-03-2011; 1,95,81,921 Equity Shares constituting 82.30% of the Company's Subscribed and Paid Up Share capital are held in dematerialised form.

VIII. Market Price Data: The monthly High, Low and Close price of Company's shares during each month in the last financial year at BSE & NSE are as under:

Months	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-10	38.80	25.60	31.55	1383246	38.80	24.50	31.50	2387286
May-10	31.95	23.25	25.00	201413	32.30	22.60	25.00	277955
Jun-10	27.80	23.10	25.10	266313	28.95	20.30	25.25	235096
Jul-10	28.00	23.65	25.35	251097	28.20	24.05	25.50	190385
Aug-10	28.00	22.40	22.90	279227	27.00	22.30	22.65	183841
Sep-10	30.20	22.20	27.20	449106	30.40	22.60	27.00	447553
Oct-10	28.50	25.45	25.50	256234	28.55	25.20	25.50	189672
Nov-10	29.60	22.00	23.95	253864	30.70	22.70	23.70	266143
Dec-10	27.10	20.10	23.90	85602	26.80	21.00	23.25	117675
Jan-11	25.00	19.65	19.95	71497	25.05	19.80	20.35	82906
Feb-11	21.00	15.50	16.90	45992	23.00	14.20	17.05	58869
Mar-11	18.45	11.85	15.60	332520	18.85	13.00	15.45	170700

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 : (-) 35.33 % BSE Sensex : 9.72%
BSE 200 : 7.06%

XI The distribution of shareholdings of the company as on 31st March 2011 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	74690	98.28	6118642	25.72
501-1000	738	0.97	564436	2.37
1001-2000	300	0.39	445492	1.87
2001-3000	89	0.12	227030	0.95
3001-4000	36	0.05	129538	0.54
4001-5000	33	0.04	150354	0.63
5001-10000	48	0.06	333634	1.40
10001 and above	66	0.09	15823092	66.52
TOTAL	76000	100.00	23792218	100.00

The category-wise distribution of Shareholding as on 31st March, 2011 is as follows:

Category	No. of Shares held	% of Shareholding
A. PROMOTERS HOLDING		
1. Indian Promoter	12447359	52.32
2. Foreign Promoters	0	0.00
B. PUBLIC SHAREHOLDING		
1. Institutional	28790	0.12
2. Non- Institutional	11316069	47.56
GRAND TOTAL	23792218	100.00

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	550	57658	100%
31 & Above	—	—	—

Demat Period	No of cases	No of Shares	% to Shares
1-15	2113	202073	100%
16 & Above	—	—	—

XIV The status of Investor's Grievance Redressal during the year 1-04-2010 to 31-03-2011 is as under:

Grievance / Query received from	Received	Disposed off
Investors	125	125
Stock Exchange(s)	03	03
SEBI	07	07
NSDL	00	00
Total	135	135

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: -0120- 4015880, 0120-4015886
Fax : - 0120- 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 has affirmed compliance with the Code of Conduct.

FOR HB STOCKHOLDINGS LIMITED

Place : Gurgaon
Date : 28th May, 2011

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 2011, 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, 2011 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 : 28th May, 2011

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, 2011 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.

- 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.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that: -
 - 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.
 - 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;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 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.
 - As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - 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.7 &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:-
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2011 and
 - In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - 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 : 28th May, 2011

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,2011

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - As explained to us, the management during the year has physically verified the fixed assets 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
 - 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.
- As explained to us, inventories (Investments) have been physically verified by the management at reasonable intervals during the year.
 - 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.
 - 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.
- 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. 3,67,34,436/- 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.3,50,95,000/- and maximum amount outstanding during the year was Rs.3,67,34,436/-
 - 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.
 - There are no stipulations in writing as to the repayment of aforesaid advances. As explained to us, the same is repayable on demand.
 - 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.
 - 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/-.
 - 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

- The payment of principal amounts and interest in respect of such loan is regular/as per stipulation.
- 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.
 - 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.
 - 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..
 - The Company has not accepted any deposits from the public.
 - In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
 - 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.
 - 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, 2011 for a period of more than six months from the date of becoming payable except for Rs. 18,90,000 /- on account of advance tax installment for June & September,2010 quarters.
 - The disputed statutory dues aggregating to Rs.2,44,13,018/- 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	2008-09	Income Tax	Commissioner of Income Tax (Appeal)	31,97,443/-
5.	Income Tax Act, 1961	1994-95	Income Tax	Commissioner of Income Tax (Appeal)	1,56,13,154/-
TOTAL					2,44,13,018/-

- 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.
- 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.
- 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.
- 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.
- 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 certain shares/debentures that are pledged or given as margin or which are under process of transfer or are pending for rectification of bad deliveries.
- The company has given guarantees in respect of loans taken from bank by two companies under the same management. In the opinion of management, as explained in note no.2(b) of Schedule '12', the terms and conditions of guarantees given are not prejudicial to the interest of the company. However, we are unable to comment about the same.
- The Company has not raised any term loans during the year.
- 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.
- 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.
- No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
- The Company has not raised any money by way of public issue during the year.
- 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
(AMIT GOEL)
Partner
(Membership No. 92648)

Place : Gurgaon
Dated : 28th May, 2011



HB STOCKHOLDINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	243353823.00	243353823.00
Reserves & Surplus	2	1088738611.45	1082686676.45
		<u>1332092434.45</u>	<u>1326040499.45</u>
LOAN FUNDS			
Secured Loans	3	98013.00	717002.00
Unsecured Loans		90000000.00	90000000.00
		<u>90098013.00</u>	<u>90717002.00</u>
Total		<u>1422190447.45</u>	<u>1416757501.45</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	15780649.12	15715105.12
Less : Depreciation		9859093.19	8675989.43
		<u>5921555.93</u>	<u>7039115.69</u>
Net Block		5921555.93	7039115.69
INVESTMENTS	5	1302893721.64	1255805315.20
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	6	2596896.56	4743350.70
Loans and Advances		215492372.49	253602876.84
		<u>218089269.05</u>	<u>258346227.54</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	7	5050588.94	5090160.63
Provisions		394430711.88	418317937.91
		<u>399481300.82</u>	<u>423408098.54</u>
NET CURRENT ASSETS		<u>(181392031.77)</u>	<u>(165061871.00)</u>
PROFIT & LOSS ACCOUNT (As per annexed Account)			
		294767201.65	318974941.56
Total		<u>1422190447.45</u>	<u>1416757501.45</u>
SIGNIFICANT ACCOUNTING POLICIES			
	11		
NOTES ON ACCOUNTS			
	12		

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 Chairman
VIJAY SOOD Managing Director
MAHESH KUMAR GUPTA Chief Financial Officer
Place : Gurgaon
Date : 28th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
INCOME			
Income from Operations & Other Income	8	78985795.80	218780658.66
Total		<u>78985795.80</u>	<u>218780658.66</u>
EXPENDITURE			
Administrative & Other Expenses	9	28455346.13	28898330.41
Interest & Financial Charges	10	11729028.00	11818693.69
Depreciation		1183103.76	1195026.49
Provisions for Sub Standard Assets		1000000.00	—
Contingent Provision against Standard Assets		482886.00	—
Total		<u>42850363.89</u>	<u>41912050.59</u>
Profit for the year before Taxation		<u>36135431.91</u>	<u>176868608.07</u>
Provision for Taxation			
– Current		(4200000.00)	(29000000.00)
– Deferred		—	—
– Tax adjustments for earlier year		(1675757.00)	(22660.00)
Profit for the year after Taxation		<u>30259674.91</u>	<u>147845948.07</u>
(-) Transferred to Statutory Reserve Fund		(6051935.00)	(29569190.00)
Balance brought forward from last year		(318974941.56)	(437251699.63)
Balance carried to Balance Sheet		<u>(294767201.65)</u>	<u>(318974941.56)</u>
Earning per Share(in Rs.)			
– Basic		1.27	6.21
– Diluted		1.27	6.21
SIGNIFICANT ACCOUNTING POLICIES			
	11		
NOTES ON ACCOUNTS			
	12		

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 Chairman
VIJAY SOOD Managing Director
MAHESH KUMAR GUPTA Chief Financial Officer
Place : Gurgaon
Date : 28th May, 2011

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
AUTHORISED CAPITAL		
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
	<u>1000000000.00</u>	<u>1000000000.00</u>
ISSUED		
2,54,43,257 Equity shares of Rs.10/- each.	254432570.00	254432570.00
	<u>254432570.00</u>	<u>254432570.00</u>
SUBSCRIBED AND PAIDUP		
2,37,92,218 Equity shares of Rs.10/- each Fully	237922180.00	237922180.00
	<u>237922180.00</u>	<u>237922180.00</u>
Add: Forfeited (1651039) Equity Shares (Amount originally paid up)	5431643.00	5431643.00
Total	<u>243353823.00</u>	<u>243353823.00</u>

SCHEDULE '2': RESERVES AND SURPLUS

	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	999689069.00	999689069.00
Total-(A)	<u>999689069.00</u>	<u>999689069.00</u>
(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
Total-(B)	<u>477000.00</u>	<u>477000.00</u>
(C) STATUTORY RESERVE FUND (*)		
As per last Account	82520607.45	52951417.45
Add: Transferred from Profit & Loss Account	6051935.00	29569190.00
Total-(C)	<u>88572542.45</u>	<u>82520607.45</u>
Total (A+B+C)	<u>1088738611.45</u>	<u>1082686676.45</u>

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

SCHEDULE '3': LOAN FUNDS

	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
(A) SECURED LOAN		
From Banks (secured by hypothecation of vehicles financed) (repayable within a year Rs. 98,013/-, Previous year Rs.6,18,989/-)	98013.00	717002.00
Total-A	<u>98013.00</u>	<u>717002.00</u>
(B) UNSECURED LOAN		
From Body Corporate	90000000.00	90000000.00
Total-B	<u>90000000.00</u>	<u>90000000.00</u>
Total (A+B)	<u><u>90098013.00</u></u>	<u><u>90717002.00</u></u>

SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2010 (In Rs.)	Addition during the year (In Rs.)	Deduction during the year (In Rs.)	Total As at 31.03.2011 (In Rs.)	Upto 31.03.2010 (In Rs.)	For the year (In Rs.)	Adjustments (In Rs.)	Total upto 31.03.2011 (In Rs.)	As at 31.03.2011 (In Rs.)	As at 31.03.2010 (In Rs.)
Office Equipment	1937415.83	65544.00	-	2002959.83	1214879.06	94301.21	-	1309180.27	693779.56	722536.77
Vehicles	6014766.21	-	-	6014766.21	2389970.97	571402.79	-	2961373.76	3053392.45	3624795.24
Furniture & Fixture	6590883.08	-	-	6590883.08	4466245.30	417202.90	-	4883448.20	1707434.88	2124637.78
Data Processing Machinery	388525.00	-	-	388525.00	185378.31	62979.90	-	248358.21	140166.79	203146.69
Air Conditioners	718555.00	-	-	718555.00	367863.86	34131.36	-	401995.22	316559.78	350691.14
Genrator Set	64960.00	-	-	64960.00	51651.93	3085.60	-	54737.53	10222.47	13308.07
Total	15715105.12	65544.00	0.00	15780649.12	8675989.43	1183103.76	0.00	9859093.19	5921555.93	7039115.69
Previous Year	19249709.12	47071.00	3581675.00	15715105.12	10108412.53	1195026.49	2627449.59	8675989.43	7039115.69	9141296.60

SCHEDULE '5' : INVESTMENTS

Name of the Company	Face Value	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
	(In Rs.)	Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
(A) CURRENT INVESTMENTS-TRADE					
QUOTED FULLY PAID UP EQUITY SHARES					
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
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
CHI INVESTMENTS LIMITED	10	-	-	37	1493.89
CIBA SPECIALITY LIMITED	10	50	500.00	50	500.00
COMPACT DISC INDIA LIMITED	10	-	-	25000	577852.73
DCM SHRIRAM CONSOLIDATED LIMITED	2	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
GULSHAN POLYOLS LTD.	10	1000	113288.01	-	-
GSAL(INDIA) LIMITED.	10	8120	4060.00	8120	4060.00
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 EXPPLORATION 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
IFCI LIMITED	10	3040	168698.22	-	-
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
JUBILANT LIFESCENCE LTD	1	10000	3330897.08	-	-
JUBILANT INDUSTRIES LTD	10	500	175310.37	-	-
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000.00	10000	335000.00
LCC INFOTECH LIMITED	2	56300	387984.18	56300	387984.18
LANCO INFRA TECH 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	39509	6817465.49



Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
MEGA SOFT LIMITED	10	32500	3774848.02	32500	3774848.02
MILKFOOD LIMITED	10	3800	34200.00	3800	34200.00
NITTA GELATIN INDIA LIMITED	10	39397	1589542.22	45000	1815605.25
NAHAR POLYFILMS LIMITED	5	444	17642.53	444	17642.53
NHPC LIMITED	10	—	—	100000	3624422.59
NIIT LIMITED	2	60988	8865033.95	90988	13225744.56
NOIDA TOLL BRIDGE LTD	10	200000	6501524.05	—	—
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
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
RASHTRIYA CHEMICAL & FERTILIZERS LTD.	10	15000	1844074.77	—	—
RELIANCE CAPITAL LIMITED	10	4	1909.99	4	1909.99
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772214.88	5085	2772214.88
RELIANCE INDUSTRIES LIMITED	10	1105	1126591.40	12732	12410078.45
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
SUMMIT SECURITIES LTD.	10	6	1493.89	—	—
SUBEX LIMITED	10	25161	14414392.45	25161	14414392.45
UFLEX LIMITED	10	5522	1100502.32	80772	16097387.43
UNIMERS INDIA LIMITED	10	1732	444464.00	1732	444464.00
UNITECH LIMITED	2	517072	198816054.96	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
		3257684	321896700.69	3528707	398625925.85
UNQUOTED FULLY PAID UP EQUITY SHARES					
KESORAM TEXTILE LIMITED	10	172	4161.48	172	4161.48
		172	4161.48	172	4161.48
UNQUOTED PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	46293	694395.00
		46293	694395.00	46293	694395.00
UNQUOTED FULLY PAID UP DEBENTURES					
HDC LIMITED 14% PCO 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
UNQUOTED FULLY PAID UP MUTUAL FUND UNITS					
TAURUS BONANZA FUND	10.00	496416	20000000.00	496416	20000000.00
		3802125	342724857.17	4073148	419454082.33
TOTAL- (A)					
(B) LONG TERM INVESTMENTS					
QUOTED (TRADE) FULLY PAID UP EQUITY SHARE					
BELL CERAMICS LIMITED	10	275921	16672648.67	861376	17349633.56
CROMPTON GREAVES LIMITED	2	4637	96692.10	64925	1353835.30
DCM SHRIRAM INDUSTRIES LIMITED	10	4346615	488067462.31	4233414	478914850.67
GREAVES COTTON LIMITED	2(10)	255435	17373254.67	83000	28225970.16
JAIPRAKASH ASSOCIATES LIMITED	2	13793367	109505494.49	14479617	114953630.95
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
TOTAL		18913950	665016596.47	19960307	674098964.87
IN WHOLLY OWNED SUBSIDIARY COMPANIES					
(Unquoted (Non-Trade) Fully Paid Up Equity Shares)					
HB PRIMA CAPITAL LIMITED	10	1000000	25075000.00	1000000	25075000.00
MOUNT FINANCE LIMITED	10	830006	8300060.00	830006	8300060.00
UNQUOTED (NON -TRADE) FULLY PAID-UP REDEEMABLE PREFERENCE SHARE					
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

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
UNQUOTED- SHARE APPLICATION		—	142150000.00	—	9250000.00
UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE					
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
TOTAL- (B)		27218486	960168864.47	28264843	836351232.87
TOTAL- (A+B)		31020611	1302893721.64	32337991	1255805315.20

Notes

- (1) Aggregate Cost of Quoted Investments (other than Mutual Fund Units) Rs. 98,69,13,297/- (Previous Year Rs.107,27,24,890/-)
(2) Market Value of Quoted Investments(other than Mutual Fund Units) Rs.166,90,46,723/-(Previous Year Rs.274,37,81,562/-)
(3) Aggregate Cost of Unquoted Investments Rs.29,59,80,425/- (Previous Year Rs.16,30,80,425/-)
(4) Net Asset Value of Investments in units of Mutual Fund Rs.2,15,84,163/-(Previous year Rs. 1,94,84,328/-) and cost of units of Mutual Fund Rs.2,00,00,000/-(previous year Rs. 2,00,00,000/-)
(5) Shares costing Rs.26,65,73,268/-(Previous year Rs 35,24,37,741/-) 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, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
A. CURRENT ASSETS		
(a) Cash & Bank Balance		
Cash in hand	219914.00	282003.00
(As certified by the Management)		
(b) Balance with Scheduled Banks		
– In Current Accounts	444305.22	2556475.34
– In FDR Account (Pledged with Bank)	1900000.00	1900000.00
– Interest accrued but not due on FDR	32677.34	4872.36
Total 'A'	2596896.56	4743350.70
B. LOANS AND ADVANCES		
(Unsecured, Considered good, unless otherwise stated)		
(a) Inter Corporate Deposit (including intrerest receivable Rs. Nil (previous year Rs 10,79,999/-))	—	11079999.00
(i) Standard	—	—
(ii) Sub Standard	1000000.00	—
(b) Advances Recoverable in cash or in kind or for value to be received-Standard	158447726.98	195427679.98
(c) Advance Tax & Tax Deducted at Source	12337861.55	12388413.90
(d) Security Deposits with Govt. Department and others	34706783.96	34706783.96
Total 'B'	215492372.49	253602876.84
Total 'A'+ 'B'	218089269.05	258346227.54

SCHEDULE '7': CURRENT LIABILITIES AND PROVISIONS

(A) CURRENT LIABILITIES		
i) Sundry Creditors		
– Due to Micro and Small Enterprises	—	—
– Others	1498880.94	1819690.63
ii) Other Liabilities	955269.00	674031.00
iii) Interest accrued but not due on loan	2596439.00	2596439.00
Total-A	5050588.94	5090160.63
(B) PROVISIONS		
i) For Income Tax	4200000.00	29000000.00
ii) For Gratuity	598738.00	498009.00
iii) For Leave Encashment	789037.00	617553.00
iv) For Diminution in value of Investments	387219801.68	388118666.32
v) For Loss on Equity Derivative Instruments	140249.20	83709.59
vi) For Sub Standard Assets	1000000.00	—
vii) For Contingent provision against Standard Assets	482886.00	—
Total-B	394430711.88	418317937.91
Total-(A+B)	399481300.82	423408098.54

SCHEDULE '8' : INCOME FROM OPERATIONS & OTHER INCOME

	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
Profit/(Loss)/(Net) in Securities dealing/ Equity derivative trading	(4496989.54)	20656657.93
Interest Income :-		
– On Inter corporate Deposits/reversal of unrecovered interest (Tax Deducted at Source Rs.Nil (Previous Year Rs.120001/-))	(1079999.00)	1200000.00
– On Fixed Deposits (Tax deducted at source Rs.12936.00 (previous year 3586.50))	129355.62	35865.54
Net Gain on sale of Investments	54496577.60	42135334.37
Provision for diminution in value of Investments written back	898864.64	125838263.15
Dividend Income (Gross) Tax deducted at source Rs. Nil	29037986.48	28914537.67
Total	78985795.80	218780658.66

SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES

Salaries & Benefits	6600733.00	4547567.00
Managerial Remuneration	9372389.00	9248498.00
Contribution to Provident Fund & other funds	682546.00	639325.00
Directors Sitting Fees	412000.00	490000.00
Listing Fees	115294.00	115317.00
Travelling & Conveyance	1553842.62	1813190.64
Communication	574640.75	646501.82
Printing & Stationery	625198.00	661774.00
Office Repairs and Maintenance	237316.54	112823.00
Vehicle running & maintenance	861062.00	619098.95
Rent/Facility Charges	1273944.00	1318511.00
Insurance	79181.00	95405.35
Loss on sale of Fixed Asset	0.00	289225.41
Depository & Custodial	83960.90	71248.42
Subscription & Membership	1636982.98	1572654.91
Legal & Professional	3245458.00	5828503.00
Advertisement	376043.00	50665.00
Business Promotion	166642.04	294429.51
Miscellaneous	192392.30	195615.40
Staff welfare	90101.00	86124.00
Auditor's Remuneration		
– Audit Fees	165450.00	99270.00
– Tax Audit Fees	27575.00	27575.00
– Income Tax Matters	30200.00	36400.00
– Certification & Others	52394.00	38608.00
Total	28455346.13	28898330.41

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Vehicle Financed from banks	29028.00	118693.69
On Loan from Body Corporates	11700000.00	11700000.00
Total	11729028.00	11818693.69



HB STOCKHOLDINGS LIMITED

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2011.

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. 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 result 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 disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires 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, 2011.

1. (a) Advances recoverable includes due from subsidiary companies Rs. 3,57,50,000/- (Previous year Rs. 24,50,000/-) from HB Prima Capital Ltd., maximum balance outstanding during the year Rs. 3,57,50,000/-(Previous year 24,50,000/-) and Rs. 9,84,436/- (Previous year Rs. 8,89,436/-) due from Mount Finance Ltd. Maximum balance outstanding during the year Rs. 9,84,436/- (Previous year Rs. 8,89,436/-).

- (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.)
1. HB Estate Developers Ltd.	3,45,00,000/- (3,45,00,000)	3,45,00,000/- (3,45,00,000)
2. HB Securities Ltd.	Nil (Nil)	3,19,30,105/- (3,98,46,034/-)
3. RRB Master Securities Delhi Ltd.	Nil (Nil)	87,49,813/- (60,29,352/-)

2. Contingent Liability in respect of:-

- (a) Income Tax demand disputed Rs.2,44,13,018/-(Previous year Rs.1,25,18,711/-) 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.

- (b) Guarantees issued on behalf of companies under the same management:-

- i) HB Securities Ltd. Rs.15,00,00,000/-(previous year Rs.15,00,00,000/-)
- ii) RRB Master Securities Delhi Ltd. Rs.7,00,00,000/-(previous year Nil)

Subsequent to the year end, HB Securities Ltd. has written to their bank for withdrawal of guarantee of Rs.15,00,00,000/- as the same was no longer required by them. Accordingly the company has also written to the bank of HB Securities Ltd. for withdrawal of guarantee. The aforesaid guarantees were given in view of overall long term business involvement/relationship of the company with the aforesaid companies. In the opinion of management, the giving of aforesaid guarantees will not have any prejudicial impact on the company.

3. 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.
4. Gain on Sale of Investments (Net) as shown in Profit & Loss Account includes Loss of Rs.3,40,73,877/- (Previous Year Loss Rs. 1,28,41,104/-) on Trade Current Investments and Gain of Rs.8,85,70,455/- (Previous Year Rs. 5,49,76,439/-) on Long Term Trade Investments. Provision for diminution in value of Investments as shown in Profit & Loss Account include Rs.15,01,246/- provision made (previous year Rs.1,70,51,295/- written back) in respect of Long Term Investments and Rs. 24,00,110/- written back in respect of Current Investments (Previous Year Rs. 10,87,86,968/-).
5. Dividend Income includes Rs. 2,71,46,444/- (Previous Year Rs 2,73,11,528/-) on Long Term Investments-Trade, Rs. 18,91,542/-(Previous year Rs. 16,03,009/-) 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. 13,33,33,406/- (Previous Year Rs. 13,18,32,160/-) on Long term Investments and Rs. 25,38,86,395/- (Previous Year Rs. 25,62,86,506/-) on Current Investments
7. In the opinion of management no provision is required for diminution amounting to Rs.19,96,69,557/-(previous year Rs. 9,98,12,627/-) in the value of Long term investment in DCM Shriram Industries Ltd. as the same is considered to be temporary.
8. 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.



9. 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 Rs.11, 65,948/-
 (Previous Year Rs.12, 73,948/-)
 II. Later than one year but not later than five years Rs. 9,49,948/-
 (Previous Year Rs.21, 15,895/-)
 III. 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 2011 is Rs. 12,73,944/- (Previous Year Rs13, 18,511/-).
- c) General description of the lease arrangement.
 I. The lease is for an initial period of 3 years, which may be renewed 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 lessee can terminate the lease by serving three months notice to the lessor in respect of one agreement and one-month notice in respect of second agreement.

10. In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).
 11. Disclosure of related party transaction in accordance with the Accounting Standard (AS-18) "Related Party Disclosures" is as per annexure attached.
 12. Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share".
 15. Disclosure of Loans/Advances in the nature of loans in terms of provision of clause 32 of Listing Agreement with Stock Exchanges-

S. No.	Particulars	Outstanding Balance as on 31.03.2011	Max. Balance Outstanding during the year	Outstanding as on 31.03.2010	Max. Balance outstanding during the previous year
i.	Loans & Advances in the nature of Loans to subsidiaries:- (a) Mount Finance Ltd. (b) HB Prima Capital Ltd.	9,84,436 3,57,50,000	9,84,436 3,57,50,000	8,89,436 24,50,000	8,89,436 24,50,000
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 Nil	Amount. Nil	No. of Shares Nil	Amount Nil

16. Particulars of Managerial Remuneration are as under:-

Particulars	Current year (Amount Rs.)	Previous year (Amount Rs.)
Salary	57,50,308	54,00,000
House Rent	30,60,000	30,60,000
Contribution to Provident & superannuation Fund	2,43,000	2,43,000
LTA	2,11,644	4,50,000
Medical Reimbursement	1,07,437	95,498
Total	93,72,389	92,48,498

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. 7,37,096/- (Previous Year Rs.9,43,647/-) 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	4,26,458/-	4,50,908/-	Managerial Remuneration Rs.1, 08,000/- (previous year Rs.1, 08,000/-, contribution to Provident Fund & other fund Rs.3,18,458/- (previous year Rs.3, 42,908/-).
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)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-
Adjustment for increase (decrease) in opening obligation (B)	Nil	Nil	Nil	Nil

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account after Tax	3,02,59,675	14,78,45,948
Net Profit/(Loss) available for Equity Share holders	3,02,59,675	14,78,45,948
Earning Per Share (face value of Rs.10 each)		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Basic Earning per share (Rs.)	1.27	6.21
Diluted Earning per share (Rs.)	1.27	6.21

13. Quantitative information in respect of Investments in securities:

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (Rs.)	Qty.(Nos.)	Amount (Rs.)
Opening Balance	32337991	1255805315	27443950	1268929405
Purchases/conversions	1109851	243487254	10001400	175982906
Sales/conversions	2427231	250895425	5107359	231242331
Closing Balance	31020611	1302893722	32337991	1255805315

14. 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. The Reserve Bank of India has also sought clarification/compliance from the company on the matter. The Necessary representations/clarification is being made to Reserve Bank of India. The management is confident of getting the exemption.

(Amount in Rs.)

Interest Cost (C)	1,36,541/-	1,10,930/-	49,269/-	98,865/-
Current service cost (D)	2,95,021/-	2,42,006/-	1,43,627/-	76,124/-
Benefits paid (E)	Nil	(79,356/-)	(1,23,919/-)	(7,00,529/-)
Actuarial loss/ (gain) on obligation (F)	(43,447/-)	46,560/-	1,02,507/-	(92,717/-)
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-

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)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-
Estimated fair value of plan assets (B)	14,96,139/-	12,08,753/-	Nil	Nil
Net Liability (C=A-B)	5,98,738/-	4,98,009	7,89,037/-	6,17,553/-
Amounts in the Balance Sheet	5,98,738/-			
Liabilities	5,98,738/-	4,98,009	7,89,037/-	6,17,553/-
Amount charged to Profit & Loss Account				
Current Service Cost	2,95,021/-	2,42,006/-	49,269/-	76,124/-
Interest Cost	1,36,541/-	1,10,930/-	1,43,627/-	98,865/-
Expected Return on Plan Asset	(1,19,548/-)	(1,03,079)	Nil	Nil
Actuarial(Gain)/Loss	(43,447/-)	46,560	1,02,507/-	(92,717)
	2,68,567/-	2,96,417/-	2,95,403/-	82,272/-
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	1,19,548/-	1,03,079/-



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%	6%

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	12,08,753/-	9,32,089/-
i)	Expected Return on Plan Assets	1,19,548/-	1,03,079/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	1,67,838/-	2,52,941/-
iv)	Benefits Paid	Nil	79,356/-
	Closing Fair Value of Plan Assets	14,96,139/-	12,08,753/-

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 relating to outstanding derivative exposures in securities :-
 (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.1,75,67,250/-(Previous year Rs.1,04,21,250/-) Market Value Rs. 20,46,56,250/-(Previous Year Rs.19, 64,15,625/-) were given as margin at the year end.
 (b) Detail of Open Interest in Equity Stock Futures Contracts as at the year-end 31.03.2011

Name of Equity Stock Future	No. of Contracts	Units (in Nos.) (Long)	Units (in Nos.) (Short)
IFCI Ltd.	15 (8)	60000 (63040)	Nil (Nil)
J P Power Ltd.	32 (40)	128000 (125000)	Nil (Nil)
Reliance Infrastructure Ltd.	5 (4)	1250 (1104)	Nil (Nil)

2. Transactions during the Financial Year ended 31.03.2011 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	1700000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	11700000 (11700000)
3	Loans & Advances given	35095000 (154292)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Rent/Facility Charges Paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	949944 (949944)
5	Margin Securities/Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (1000000)	50000000 (24000000)
6	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	500000 (450000)
7	Sitting Fee Paid	Nil (Nil)	Nil (Nil)	50000 (60000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	28811 (16098)
9	Remuneration & Other Services	Nil (Nil)	10239934 (9985898)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	70000000 (Nil)	Nil (Nil)
11	Purchase of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	27700749 (23382424)	Nil (34352387)
12	Sale of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	168698080 (135845878)	Nil (Nil)
13	Net Turnover of Derivative Trading	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	4496990 (20656658)
14	Amount recovered on their behalf and remitted to them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	28365127 (Nil)
15	Outstanding as on 31.03.2011						
	- Payable in respect of loan & interest thereon	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (92596439)
	- Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	70000000 (Nil)	150000000 (150000000)
	- Receivables in respect of Current Assets, Loans & Advances.	36734436 (3339436)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	34500000 (34500000)

- 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

For and on behalf of the Board

AMIT GOEL ANIL KUMAR MITTAL LALIT BHASIN VIJAY SOOD
 Partner Company Secretary Chairman Managing Director
 (Membership No. 92648)

Place : Gurgaon MAHESH KUMAR GUPTA
 Date : 28th May, 2011 Chief Financial Officer

ANNEXED REFERRED TO IN NOTE NO. 11 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:
- Subsidiaries.**
 - HB Prima Capital Limited
 - Mount Finance Ltd.
 - Key Managerial Personnel**
 - Shri Vijay Sood, Managing Director
 - Shri J.M.L.Suri, Executive Director
 - Shri Anil Kumar Mittal ,Company Secretary
 - Person having control/significant influence /major shareholders**
 - Shri H C Bhasin (expired on 07.12.2010)
 - Shri Lalit Bhasin
 - Enterprise over where significant influence exist:-**
 - Pisces Portfolios Private Limited
 - Enterprises over which control/significant influence exist of the relatives of persons mentioned in(c) above :-**
 - RRB Master Securities Delhi Ltd.
 - Enterprises under direct or indirect common control/significant influence: -**
 - HB Portfolio Ltd.
 - HB Estate Developers Ltd.
 - HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)
 - RRB Securities Ltd.

Schedule to the Balance Sheet of HB Stockholdings Ltd. as on 31.03.2011
(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
LIABILITIES SIDE :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	Nil	Nil
: Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
(b) Deferred Credits	Nil	Nil
LIABILITIES SIDE :		
(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)	0.98	Nil
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
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*
-------------	---------------------

ASSETS SIDE :	
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	Nil
(b) Unsecured	2021.55
* Net of Provisions and includes security deposits etc	
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
(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

(5) Break-up of Investments :	
Current Investments	
1. Quoted :	
(i) Shares : (a) Equity	3218.97
(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

Long Term investments	
1. Quoted :	
(i) Shares :	
(a) Equity	6650.16
(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	2842.52
(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	—	367.34	367.34
(b) Companies in the same group	—	345.00	345.00
(c) Other related parties	—	Nil	Nil
2. Other than related parties	—	1309.21	1309.21
Total	—	2021.55	2021.55

(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	28.08	83.00
(b) Companies in the same group	213.35	165.00
(c) Other related parties	2640.90	435.35
2. Other than related parties	18189.38	8473.39
TOTAL	21071.71	9156.74

(8) Other information

Particulars	Rs. in Lacs
(i) Gross Non-Performing Assets	100
(a) Related parties	—
(b) Other than related parties	100
(ii) Net Non-Performing Assets	90
(a) Related parties	—
(b) Other than related parties	90
(iii) Assets acquired in satisfaction of debt	—

Additional Disclosure as per Para 10 of aforesaid Directions

1. CRAR

Items	Current Year	Previous Year
i) CRAR (%)	80.45%	97%
ii) CRAR - Tier I capital (%)	0.05%	97%
iii) CRAR - Tier II Capital (%)	80.50%	Nil

2. Exposures

Exposure to Real Estate Sector

Category	Current Year	Previous Year
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, multi-family 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).		

*The company has made certain investments in equity shares of the companies which are in the real estate sector. The same are reflected in the Balance Sheet. However, since these investments are not Mortgage backed securities / other securitized exposures, the same are not mentioned here.



HB STOCKHOLDINGS LIMITED

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
Liabilities									
Borrowings from banks-Vehicle Loan	0.24	0.24	0.25	0.25	—	—	—	—	0.98
Market Borrowings-Inter Corporate Loan	25.96	—	—	—	900.00	—	—	—	925.96
Assets									
Advances-Inter Corporate Loan			100	—	—	—	—	—	100
Investments(net of provision)			888.38			66	34	8168.36	9156.74

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs. '000) (Amount in Rs. '000)
Year Ended Year Ended
31st March, 2011 31st March, 2010

A) CASH FLOW FROM OPERATION ACTIVITIES

Net Profit before tax and Extraordinary Items	36135	176869
Adjustment for :		
Depreciation	1183	1195
Provisions for Sub Standard Assets	1000	0
Contingent Provision against Standard Assets	483	0
Profit on sale of Fixed Asset	0	289
Operating Profit before Working Capital Changes	38801	178353
Adjustment for :		
Trade & other Receivables	38111	-74608
Investments	-47088	-112714
Trade Payables	-610	80
Cash Generated from operation	29214	-8889
Income tax paid	-30676	-143
Cash Flow before extraordinary Items	-1462	-9033
Net Cash from Operation Activities	-1462	-9033

B) CASH FLOW FROM INVESTMENTS ACTIVITIES

Purchase of Fixed Assets	-66	-47
Sale of Fixed Assets	0	665
Net Cash used in Investing Activities	-66	618

C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds/(-) repayment of Borrowings	-619	-1746
Net Cash used in Financing Activities	-619	-1746
Net Increase in Cash & Cash Equivalents A+B+C	-2146	-10161
Cash and Cash Equivalents (Opening Balance)	4743	14904
Cash and Cash Equivalents (Closing Balance)	2596	4743

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 : 28th May, 2011 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

(Rs. '000)

I. Registration Details

Registration No.	33936	State Code	05
Balance Sheet Date	31-Mar-11		

II. Capital Raised during the year

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

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	1422190	Total Assets	1422190
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Sources of funds

Paid-up Share capital	243354	Reserves & Surplus	1088738
Secured Loans	98	Unsecured Loans	90000

Application of Funds

Net Fixed Assets	5921	Investments	1302894
Net Current Assets	-181392	Miscellaneous Expenditure	NIL
Accumulated losses	294767		

IV. Performance of the Company

Total Turnover	78986	Total Expenditure	42850
Profit/Loss Before Tax	36135	Profit/Loss After Tax	28584
Earnings per share (Rs.)			
- Basic	1.27		
- Diluted	1.27		
- 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 2011

(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	1,51,69,616 1,50,75,000	2,51,69,616 2,50,75,000	2,51,69,616 2,50,75,000	7,53,78,500 7,66,28,500	1,38,900 77,600	3,69,664 56,864	46,000 82	3,23,664 56,782	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	-2,67,356 -2,86,889	Nil Nil	-2,67,356 -2,86,889	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, 2011 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 read with notes thereon (particularly note no. 12& 14) 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, 2011 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 : 28th May, 2011

AMIT GOEL
Partner
(M. No. 92648)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	243353823.00	243353823.00
Reserves & Surplus	2	1088738611.45	1082686676.45
		<u>1332092434.45</u>	<u>1326040499.45</u>
LOAN FUNDS			
Secured Loans	3	98013.00	717002.00
Unsecured Loans		90000000.00	90000000.00
Total		<u>1422190447.45</u>	<u>1416757501.45</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	22216287.12	22150743.12
Less : Depreciation		12747416.80	11391969.14
Net Block		<u>9468870.32</u>	<u>10758773.98</u>
INVESTMENTS			
- In Associates	5	264089834.34	248214110.83
- In Others		1301362411.64	1255524005.20
		<u>1565452245.98</u>	<u>1503738116.03</u>
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	6	2837122.68	5057924.82
Loans and Advances		164379526.49	21385030.84
		<u>167216649.17</u>	<u>218442955.66</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	7	5080603.94	17614175.63
Provisions		437495801.88	461800147.91
		<u>442576405.82</u>	<u>479414323.54</u>
NET CURRENT ASSETS		<u>(275359756.65)</u>	<u>(260971367.88)</u>
PROFIT & LOSS ACCOUNT			
(As per annexed Account)		122629087.80	163231979.32
Total		<u>1422190447.45</u>	<u>1416757501.45</u>
SIGNIFICANT ACCOUNTING POLICIES			
	11		
NOTES ON ACCOUNTS			
	12		

As per our Report of even date

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

Amit Goel
Partner
M. No.92648

Place : Gurgaon
Date : 28th May, 2011

For and on behalf of the Board

ANIL KUMAR MITTAL LALIT BHASIN VIJAY SOOD
Company Secretary Chairman Managing Director

MAHESH KUMAR GUPTA
Chief Financial Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
INCOME			
Income from Operations & Other Income	8	79837815.80	242862090.66
Total		<u>79837815.80</u>	<u>242862090.66</u>
EXPENDITURE			
Administrative & Other Expenses	9	28569594.13	29033611.41
Interest & Financial Charges	10	11729028.00	11818693.69
Depreciation		1355447.66	1367370.39
Provisions for Sub Standard Assets		1000000.00	—
Contingent Provision against Standard Assets		482886.00	—
Total		<u>43136955.79</u>	<u>42219675.49</u>
Profit for the year before Taxation		36700860.01	200642415.17
Provision for Taxation		—	—
- Current		(4246000.00)	(29000000.00)
- Deferred		—	—
- Tax adjustments for earlier year		(1675757.00)	(22742.00)
Profit for the year after Taxation		30779103.01	171619673.17
Share of Profit/(Loss) in Associates		15875723.51	16129331.97
(-) Transferred to Statutory Reserve Fund		(6051935.00)	(29569190.00)
Balance brought forward from last year		(163231979.32)	(321411794.46)
Balance carried to Balance Sheet		<u>(122629087.80)</u>	<u>(163231979.32)</u>
Earning per Share(in Rs.)			
- Basic		1.96	7.89
- Diluted		1.96	7.89
SIGNIFICANT ACCOUNTING POLICIES			
	11		
NOTES ON ACCOUNTS			
	12		

As per our Report of even date

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

Amit Goel
Partner
M. No.92648

Place : Gurgaon
Date : 28th May, 2011

For and on behalf of the Board

ANIL KUMAR MITTAL LALIT BHASIN VIJAY SOOD
Company Secretary Chairman Managing Director

MAHESH KUMAR GUPTA
Chief Financial Officer



SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
AUTHORISED CAPITAL		
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
	<u>1000000000.00</u>	<u>1000000000.00</u>
ISSUED		
2,54,43,257 Equity shares of Rs.10/- each.	254432570.00	254432570.00
	<u>254432570.00</u>	<u>254432570.00</u>
SUBSCRIBED AND PAIDUP		
2,37,92,218 Equity shares of Rs.10/- each Fully	237922180.00	237922180.00
	<u>237922180.00</u>	<u>237922180.00</u>
Add: Forfeited (1651039) Equity Shares (Amount originally paid up)	5431643.00	5431643.00
Total	<u>243353823.00</u>	<u>243353823.00</u>

SCHEDULE '2': RESERVES AND SURPLUS

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

(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT

As per Last Account	477000.00	477000.00
Total-(B)	<u>477000.00</u>	<u>477000.00</u>

(C) STATUTORY RESERVE FUND (*)

As per Last Account	82520607.45	52951417.45
Add: Transferred from Profit & Loss Account	6051935.00	29569190.00
Total-(C)	<u>88572542.45</u>	<u>82520607.45</u>
Total (A+B+C)	<u>1088738611.45</u>	<u>1082686676.45</u>

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

SCHEDULE '3' : LOAN FUNDS

(A) SECURED LOAN		
From Banks (secured by hypothication of vehicles financed)	98013.00	717002.00
(repayable with in a year Rs. 98,013/-, Previous year Rs.6,18,989/-)		
Total-A	<u>98013.00</u>	<u>717002.00</u>
(B) UNSECURED LOAN		
From Body Corporate	90000000.00	90000000.00
Total-B	<u>90000000.00</u>	<u>90000000.00</u>
Total (A+B)	<u>90089013.00</u>	<u>90717002.00</u>

SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2010 (In Rs.)	Addition during the year (In Rs.)	Deduction during the year (In Rs.)	Total As at 31.03.2011 (In Rs.)	Upto 31.03.2010 (In Rs.)	For the year (In Rs.)	Adjustments (In Rs.)	Total upto 31.03.2011 (In Rs.)	As at 31.03.2011 (In Rs.)	As at 31.03.2010 (In Rs.)
Flat	4823385.00			4823385.00	1340413.06	78621.18		1419034.24	3404350.76	3482971.94
Office Equipment	2186790.83	65544.00	—	2252334.83	1209069.60	106146.52	—	1315216.12	937118.71	977721.23
Vehicles	6014766.21		—	6014766.21	2557487.53	571402.79	—	3128890.32	2885875.89	3457278.68
Furniture & Fixture	7675738.08		—	7675738.08	5539274.30	485874.22	—	6025148.52	1650589.56	2136463.78
Data Processing Machinery	388525.00	—	—	388525.00	185378.31	62979.90	—	248358.21	140166.79	203146.69
Air Conditioners	996578.00		—	996578.00	508694.41	47337.45	—	556031.86	440546.14	487883.59
Generator Set	64960.00		—	64960.00	51651.93	3085.60	—	54737.53	10222.47	13308.07
Total	<u>22150743.12</u>	<u>65544.00</u>	<u>0.00</u>	<u>22216287.12</u>	<u>11391969.14</u>	<u>1355447.66</u>	<u>0.00</u>	<u>12747416.80</u>	<u>9468870.32</u>	<u>10758773.98</u>
Previous Year	25685347.12	47071.00	3581675.00	22150743.12	12652048.34	1367370.39	2627449.59	11391969.14	10758773.98	13033298.79

SCHEDULE '5' : INVESTMENTS

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
(1) In Associates					
UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE					
TAURUS ASSET MANAGEMENT CO LIMITED.	10	2525000		2525000	
Cost of acquisition			18634750.00		18634750.00
Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2011			(2050460.16)		4581506.35
		<u>2525000</u>	<u>16584289.84</u>	<u>2525000</u>	<u>23216256.35</u>
PISCES PORTFOLIOS PVT. LIMITED.	10	2290000		2290000	
Cost of acquisition			24900000.00		24900000.00
Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2011			222605544.50		200097854.48
		<u>2290000</u>	<u>247505544.50</u>	<u>2290000</u>	<u>224997854.48</u>
Total-(1)		<u>4815000</u>	<u>264089834.34</u>	<u>4815000</u>	<u>248214110.83</u>
(2) In Others					
(A) CURRENT INVESTMENTS-TRADE					
QUOTED FULLY PAID UP EQUITY SHARES					
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
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
CHI INVESTMENTS LIMITED	10	—	—	37	1493.89
CIBA SPECIALITY LIMITED	10	50	500.00	50	500.00
COMPACT DISC INDIA LIMITED	10	—	—	25000	577852.73
DCM SHRIRAM CONSOLIDATED LIMITED	2	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
GULSHAN POLYOLS LTD.	10	1000	113288.01	—	—



HB STOCKHOLDINGS LIMITED

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
GSAL(INDIA) LIMITED.	10	8120	4060.00	8120	4060.00
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
IFCI LIMITED	10	3040	168698.22	—	—
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
JUBILANT LIFESCENCE LTD	1	10000	3330897.08	—	—
JUBILANT INDUSTRIES LTD	10	500	175310.37	—	—
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	39509	6817465.49
MEGA SOFT LIMITED	10	32500	3774848.02	32500	3774848.02
MILKFOOD LIMITED	10	3800	34200.00	3800	34200.00
NITTA GELATIN INDIA LIMITED	10	39397	1589542.22	45000	1815605.25
NAHAR POLYFILMS LIMITED	5	444	17642.53	444	17642.53
NHPC LIMITED	10	—	—	100000	3624422.59
NIIT LIMITED	2	60988	8865033.95	90988	13225744.56
NOIDA TOLL BRIDGE LTD	10	200000	6501524.05	—	—
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
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
RASHTRIYA CHEMICAL & FERTILIZERS LTD.	10	15000	1844074.77	—	—
RELIANCE CAPITAL LIMITED	10	4	1909.99	4	1909.99
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772214.88	5085	2772214.88
RELIANCE INDUSTRIES LIMITED	10	1105	1126591.40	12732	12410078.45
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
SUMMIT SECURITIES LTD.	10	6	1493.89	—	—
SUBEX LIMITED	10	25161	14414392.45	25161	14414392.45
UFLEX LIMITED	10	5522	1100502.32	80772	16097387.43
UNIMERS INDIA LIMITED	10	1732	444464.00	1732	444464.00
UNITECH LIMITED	2	517072	198816054.96	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
		3257684	321896700.69	3528707	398625925.85
UNQUOTED FULLY PAID UP EQUITY SHARES					
KESORAM TEXTILE LIMITED	10	172	4161.48	172	4161.48
		172	4161.48	172	4161.48
UNQUOTED PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	46293	694395.00
		46293	694395.00	46293	694395.00
UNQUOTED FULLY PAID UP DEBENTURES					
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
UNQUOTED FULLY PAID UP MUTUAL FUND UNITS					
TAURUS BONANZA FUND	10.00	496416	20000000.00	496416	20000000.00
TOTAL- (A)		3802125	342724857.17	4073148	419454082.33
(B) LONG TERM INVESTMENTS					
QUOTED (TRADE) FULLY PAID UP EQUITY SHARE					
BELL CERAMICS LIMITED	10	275921	16672648.67	861376	17349633.56
CROMPTON GREAVES LIMITED	2	4637	96692.10	64925	1353835.30
DCM SHRIRAM INDUSTRIES LIMITED	10	4346615	488067462.31	4233414	478914850.67
GREAVES COTTON LIMITED	2(10)	255435	17373254.67	83000	28225970.16
JAIPRAKASH ASSOCIATES LIMITED	2	13793367	109505494.49	14479617	114953630.95
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
		18913950	665016596.47	19960307	674098964.87



HB STOCKHOLDINGS LIMITED

Name of the Company	Face Value (In Rs.)	Balance as at 31st March, 2011		Balance as at 31st March, 2010	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
QUOTED (NON TRADE) FULLY PAID UP EQUITY SHARE					
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
		560300	75378500.00	560300	75378500.00
UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE					
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
FINCAP FINANCIAL CORPORATION LIMITED	10	—	—	125000	1250000.00
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
SOVIKA INFOTEK LIMITED	10	400000	12000000.00	400000	12000000.00
UNQUOTED SHARE APPLICATION		—	142150000.00	—	9250000.00
UNQUOTED(NON -TRADE) FULLY PAID-UP REDEEMABLE PREFERENCE SHARE					
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
TOTAL- (B)			21133780	22305137	836069922.87
TOTAL- (A+B)			24935905	26378285	1255524005.20
TOTAL- (1+2)			29750905	31193285	1503738116.03

Notes:

- (1) Aggregate Cost of Quoted Investments (other than Mutual Fund Units) Rs. 106,22,91,797/- (Previous Year Rs.114,81,03,391/-)
- (2) Market Value of Quoted Investments(other than Mutual Fund Units) Rs.167,63,31,133/- (Previous Year Rs.275,06,02,852/-)
- (3) Net Asset Value of Investments in units of Mutual Fund Rs.2,15,84,163/- (Previous year Rs. 1,94,84,328/-) and cost of units of Mutual Fund Rs.2,00,00,000/- (previous year Rs. 2,00,00,000/-)
- (4) Shares costing Rs.26,65,73,268/- (Previous year Rs 35,24,37,741/-) 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, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
A. CURRENT ASSETS		
(a) Cash & Bank Balance		
Cash in hand	263487.90	325576.90
(As certified by the Management)		
Balance with Scheduled Banks		
– In Current Accounts	640957.44	2827475.56
– In FDR Account	1900000.00	1900000.00
– Interest accrued but not due on FDR	32677.34	4872.36
Total 'A'	2837122.68	5057924.82
B. LOANS AND ADVANCES		
(Unsecured, Considered good, unless otherwise stated)		
(a) Inter Corporate Deposit (including interest receivable Rs. Nil (previous year Rs 10,79,999/-))-Standard		
(i) Standard	—	11079999.00
(ii) Sub Standard	10000000.00	—
(b) Advances Recoverable in cash or in kind or for value to be received-Standard	106713290.98	154588243.98
(c) Advance Tax & Tax Deducted at Source	12539111.55	12589663.90
(d) Security Deposits with Govt. Department and others (including margin Deposit paid)	35127123.96	35127123.96
Total 'B'	164379526.49	213385030.84
Total 'A'+ 'B'	167216649.17	218442955.66

SCHEDULE '7': CURRENT LIABILITIES AND PROVISIONS

	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
(A) CURRENT LIABILITIES		
i) Sundry Creditors		
– Due to Micro and Small Enterprises	—	—
– Others	1528895.94	1843705.63
ii) Advances Received	0.00	12500000.00
iii) Other Liabilities	955269.00	674031.00
iv) Interest accrued but not due on loan	2596439.00	2596439.00
Total-A	5080603.94	17614175.63

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

	As at 31st March, 2011 (In Rs.)	As at 31st March, 2010 (In Rs.)
(B) PROVISIONS		
i) For Income Tax	4246000.00	29000000.00
ii) For Gratuity	598738.00	498009.00
iii) For Leave Encashment	789037.00	617553.00
iv) For Diminution in value of Investments	430238891.68	431600876.32
v) For Loss on Equity Derivative Instruments	140249.20	83709.59
vi) For Sub Standard Assets	1000000.00	—
vii) For Contingent Provision against Standard Assets	482886.00	—
Total-B	437495801.88	461800147.91
Total-(A+B)	442576405.82	479414323.54

SCHEDULE '8' : INCOME FROM OPERATIONS & OTHER INCOME

	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
Profit/(Loss)(Net) in Securities dealing/ Equity derivative trading	(4496989.54)	20656657.93
Interest Income :		
– On Inter corporate Deposits/reversal of unrecovered interest (Tax Deducted at Source Rs.Nil (Previous Year Rs.120001/-)	(1079999.00)	1200000.00
– On Fixed Deposits (Tax deducted at source Rs.12,935/- (previous year Rs.3586.50)	129355.62	35865.54
Net Gain on sale of Investments	54746577.60	42135334.37
Provision for diminution in value of Investments written back	1361984.64	149842095.15
Dividend Income (Gross) Tax deducted at source Rs. Nil	29176886.48	28992137.67
Total	79837815.80	242862090.66

SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES

	Year Ended 31st March, 2011 (In Rs.)	Year Ended 31st March, 2010 (In Rs.)
Salaries & Benefits	6600733.00	4547567.00
Managerial Remuneration	9372389.00	9248498.00
Contribution to Provident Fund & other funds	682546.00	639325.00
Directors Sitting Fees	412000.00	490000.00
Listing Fees	115294.00	115317.00
Travelling & Conveyance	1553842.62	1813190.64
Communication	574640.75	646501.82
Printing & Stationery	625198.00	661774.00
Office Repairs and Maintenance	319653.54	188218.00
Vehicle running & maintenance	861062.00	619098.95
Rent/Facility Charges	1273944.00	1318511.00
Insurance	79181.00	95405.35
Loss on sale of Fixed Asset	0.00	289225.41
Depository & Custodial	91681.90	78969.42
Subscription & Membership	1636982.98	1572654.91
Legal & Professional	3254458.00	5865503.00
Advertisement	376043.00	50665.00
Business Promotion	166642.04	294429.51
Miscellaneous	196067.30	199265.40
Staff welfare	90101.00	86124.00
Auditor's Remuneration		
- Audit Fees	176965.00	110785.00
- Tax Audit Fees	27575.00	27575.00
- Income Tax	30200.00	36400.00
- Certification & Others	52394.00	38608.00
Total	28569594.13	29033611.41

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Vehicle Financed from banks	29028.00	118693.69
On Loan from Body Corporates	11700000.00	11700000.00
Total	11729028.00	11818693.69

SCHEDULE - 11 : SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of the statement of Accounts for the Year ended 31st March, 2011

(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, 2011

- 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 Stockholdings Ltd.	31.03.2011
Mount Finance Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2011

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% (20.11%)
(ii)	Pisces Portfolios Private Limited(*)	India	35.78% (27.26%)

(*) Valuation done on the basis of available unaudited, management certified financial statements for year ended 31.03.2011.

- Contingent Liability in respect of:

- Income Tax demand disputed Rs. 250.43 Lacs (Previous year Rs.129.48 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.
- Guarantees issued on behalf of companies under the same management:-
 - HB Securities Ltd. Rs.15,00,00,000/- (previous year Rs.15,00,00,000)/-
 - RRB Master Securities Delhi Ltd. Rs.7,00,00,000/-(previous year Nil)

Subsequent to the year end, HB Securities Ltd. has written to their bank for withdrawal of guarantee of Rs.15,00,00,000/- as the same was no longer required by them. Accordingly the company has also written to the bank of HB Securities Ltd. for withdrawal of guarantee. The aforesaid guarantees were given in view of overall long term business involvement/relation of the company with the aforesaid companies. In the opinion of management, the giving of aforesaid guarantees will not have any prejudicial impact on the company.

- 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.

5. Disclosure pursuant to Accounting Standard AS-19 for Leases Operating Lease

- Particulars of the minimum lease payments under Operating Lease:-
 - Not Later than One Year Rs. 11,65,948/- (Previous Year Rs.12,73,948/-)
 - Later than one year but not Later than five years Rs. 9,49,948/- (Previous Year Rs.21,15,895/-)
 - Later than five years Rs. Nil (Previous Year NIL)
- Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2011 is Rs. 12,73,944/-(Previous Year Rs.13,18,511/-).
- 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.



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

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit for the year as per Profit & Loss Account after Tax	3,07,79,103	17,16,19,673
Share of Profit of Associates	1,58,75,724	1,61,29,332
Net Profit available for Equity Share holders	4,66,54,827	18,77,49,005
Basic & 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.)	1.96	7.89

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	4,26,458/-	4,50,908/-	Managerial Remuneration Rs.1,08,000/- (previous year Rs.1,08,000/-, contribution to Provident Fund & other fund Rs.3,18,458/-(previous year Rs.3,42,908/-).
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)	17,06,762/-	13,86,622/-	6,17,553/-	12,35,810/-
Adjustment for increase (decrease) in opening obligation (B)	Nil	Nil	Nil	Nil
Interest Cost (C)	1,36,541/-	1,10,930/-	49,269/-	98,865/-
Current service cost (D)	2,95,021/-	2,42,006/-	1,43,627/-	76,124/-
Benefits paid (E)	Nil	(79,356/-)	(1,23,919/-)	(7,00,529/-)
Actuarial loss/ (gain) on obligation (F)	(43,447/-)	46,560/-	1,02,507/-	(92,717/-)
Present value of obligations as at the end of the year (G=A+B+C+D-E+F)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-

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)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-
Estimated fair value of plan assets (B)	14,96,139/-	12,08,753/-	Nil	Nil
Net Liability (C=A-B)	5,98,738/-	4,98,009	7,89,037/-	6,17,553/-
Amounts in the Balance Sheet				
Liabilities	5,98,738/-	4,98,009	7,89,037/-	6,17,553/-
Amount charged to Profit & Loss Account				
Current Service Cost	2,95,021/-	2,42,006/-	49,269/-	76,124/-
Interest Cost	1,36,541/-	1,10,930/-	1,43,627/-	98,865/-
Expected Return on Plan Asset	(1,19,548/-)	(1,03,079)	Nil	Nil
Actuarial(Gain)/Loss	(43,447/-)	46,560	1,02,507/-	(92,717)
	2,68,567/-	2,96,417/-	2,95,403/-	82,272/-
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	1,19,548/-	1,03,079/-

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%	6%

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	12,08,753/-	9,32,089/-
i)	Expected Return on Plan Assets	1,19,548/-	1,03,079/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	1,67,838/-	2,52,941/-
iv)	Benefits Paid	Nil	79,356/-
	Closing Fair Value of Plan Assets	14,96,139/-	12,08,753/-

10. Gain on Sale of Investments (Net) as shown in Profit & Loss Account includes Loss of Rs.3,40,73,877/-on Trade Current Investments (Previous Year Loss Rs. 1,28,41,104/-) and Gain of Rs.8,88,20,455/- (Previous Year Rs. 5,49,76,439/-) on Long Term Trade Investments. Provision for diminution in value of Investments as shown in Profit & Loss Account include Rs.10,38,126/-proision made (previous year Rs.4,10,55,127/- written back) in respect of Long Term Investments and Rs. 24,00,110/- written back in respect of Current Investments(Previous Year Rs. 10,87,86,968/-).

11. Dividend Income includes Rs. 2,71,46,444/- (Previous Year Rs 2,73,11,528/-) on Long Term Investments-Trade, Rs. 18,91,542/-(Previous year Rs. 16,03,009/-) on Current Investments-Trade and Rs.1,38,900/-(previous year Rs.77,600/-) on long term investments (non-trade).

12. In the opinion of management no provision is required for diminution amounting to Rs. 19,96,69,557/-(previous year Rs. 9,98,12,627/-)in the value of Long term investment in DCM Shriram Industries Ltd. as the same is considered to be temporary.

13. Provision for diminution in value of Investments as shown in Balance Sheet includes Rs. 17,63,52,496/-(Previous Year Rs. 17,53,14,370/-) on Long term Investments and Rs. 25,38,86,395/-(Previous Year Rs.25,62,86,506/-) on Current Investments

14. 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. The Reserve Bank of India has also sought clarification/compliance from the company on the matter. The Necessary representations/clarification is being made to Reserve Bank of India. The management is confident of getting the exemption.

15. Previous Year figures have been regrouped/rearranged wherever considered necessary.

16. 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
Chairman

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 28th May, 2011

MAHESH KUMAR GUPTA
Chief Financial Officer



HB STOCKHOLDINGS LIMITED

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:

1. List of related parties with whom transactions have taken place and relationship:

a) Key Managerial Personnel

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

b) Person having control/significant influence /major shareholders

- i) Shri H C Bhasin (expired on 07.12.2010)
- ii) Shri Lalit Bhasin

c) Enterprise over where significant influence exist:-

- i) Pisces Portfolios Private Limited

d) Enterprises over which control/significant influence exist of the relatives of persons mentioned in(b) above :-

- i) RRB Master Securities Delhi Ltd.

e) 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 31.03.2011 with Related Parties.

Sr. No.	Nature of Transaction Referred	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 in 1(e) above
1	Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	11700000 (11700000)
2	Rent/Facility Charges Paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	949944 (949944)
3	Margin Securities/Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (1000000)	50000000 (24000000)
4	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	5138900 (512600)
5	Sitting Fee Paid	Nil (Nil)	50000 (60000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	28811 (16098)
7	Remuneration & Other Services	10239934 (9985898)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	70000000 (Nil)	Nil (Nil)
9	Purchase of Investment(inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	27700749 (23382424)	Nil (34352387)
10	Sale of Investment (inclusive of brokerage paid) through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	168698080 (135845878)	Nil (Nil)
11	Net Turnover of Derivative Trading (inclusive of brokerage)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	4496990 (20656658)
12	Outstanding as on 31.03.2011					
	– Payable in respect of loan & interest thereon	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (92596439)
	–Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	70000000 (Nil)	150000000 (150000000)
	– 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, 2011**

	Year Ended 31st March, 2011 (Amount in Rs. '000)	Year Ended 31st March, 2010 (Amount in Rs. '000)
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	216772	
Adjustment for :		
Depreciation	1355	1367
Profit on sale of Fixed Asset	0	289
Provisions for Sub Standard Assets	1000	0
Contingent Provision against Standard Assets	483	0
Operating Profit before Working Capital Changes	55415	218428
Adjustment for :		
Trade & other Receivables	49006	-36954
Investments	-61714	-152847
Trade Payables	-13567	-37442
Cash Generated from operation	29139	-8815
Income tax paid	-30676	-143
Cash Flow before extraordinary Items	-1536	-8958
Net Cash from Operation Activities	-1536	-8958
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	-66	-47
Sale of Fixed Assets	0	665
Net Cash used in Investing Activities	-66	618
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(-) repayment of Borrowings	-619	-1747
Net Cash used in Financing Activities	-619	-1747
Net Increase in Cash & Cash Equivalents A+B+C	-2221	-10087
Cash and Cash Equivalents (Opening Balance)	5057	15144
Cash and Cash Equivalents (Closing Balance)	2837	5057

As per our Report of even date

FOR P. BHOLUSARIA & CO.
Chartered Accountants
FRN No. 000468N

For and on behalf of the Board

AMIT GOEL
Partner
M No. 92648ANIL KUMAR MITTAL
Company SecretaryLALIT BHASIN
ChairmanVIJAY SOOD
Managing DirectorPlace : Gurgaon
Date : 28th May, 2011MAHESH KUMAR GUPTA
Chief Financial Officer

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

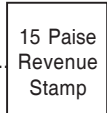


HB STOCKHOLDINGS LIMITED
PROXY FORM

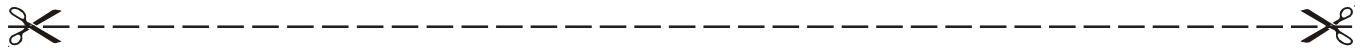
I/We
of.....
being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....
.....
of or failing
him/her of
as my/our proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on 30th August., 2011 and
at any adjournment thereof. As witness my hand/our hands this day of 2011.

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

24TH ANNUAL GENERAL MEETING

Time : 11:00 A.M., Tuesday,30th August., 2011
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 24th Annual General Meeting held on 30th August, 2011 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