

25th
Annual Report
2011-12



HB STOCKHOLDINGS LIMITED



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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HB STOCKHOLDINGS LIMITED

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the members of the Company will be held as per the schedule given below:

Day : Wednesday
Date : 29th August 2012
Time : 11.00 A.M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon-122 001 Haryana

to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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. Anil Goyal who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Pradeep Kumar Mittal 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 : 25th May, 2012

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 23rd August 2012 to 29th August 2012 (both days inclusive).

- Members / Proxies attending the meeting should bring in their Attendance Slips duly filled in while 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:

(a) 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, through electronic credit under ECS, to their respective Depository participants.

(b) Shareholders seeking any information with regard to Accounts of 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: INE550B01014 with National Security Depository Ltd.(NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contact the Depository Participants of either of the above Depositories.

- The Company is implementing the "Green Initiative" as per Circular 17/2011 dated April 21, 2011 and 18/2011 April 29,2011 issued by Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices /documents and annual report to shareholders. Hence forth, email addresses indicated in your respective Depository Participants (DP) account 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 Sec 219 of the Companies act, 1956. The Notice of AGM and the copies of audited financial statement, directors' report, auditors report etc. shall be displayed on the website www.hbstockholdings.com of the Company and other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants.

Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Share Transfer Agent of the company at the address mentioned in 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

Name of the Director	Mr. Anil Goyal	Mr. Pradeep Kumar Mittal
DIN No:	00001938	00165315
Date of Birth	22-02-1959	10-08-1953
Brief Resume & Expertise in specific functional areas	A Fellow member of the Institute of Chartered Accountants of India with expertise in the fields of Finance, taxation, investment banking, corporate restructuring and strategic planning. He has good experience of Corporate and Legal matters including SEBI related Laws.	A Qualified Company Secretary and a Law graduate. He is a practicing Advocate and has varied experiences in the field of Corporate Laws, Corporate planning and business restructuring. He also has experiences in the area of financial management, management control system and administration.
Qualifications	B. Com , FCA	B Com, LLB, FCS
Other Public Ltd Companies in which directorship held as on 31.3.2012	HB Portfolio Limited HB Leasing & Finance Co. Limited HB Estate Developers Limited HB Prima Capital Limited HB Securities Limited Mount Finance Limited HB Corporate Services Limited RRB Securities Limited Bhasin Investments Limited AHL Hotels Limited HB Insurance Advisors Limited	Raunaq International Limited
Chairman / Member of the Committees of the Board of other Companies in which he is a director as on 31.3.2012	<u>Member of Shareholder / Investors Grievances Committee(s)</u> HB Portfolio Limited HB Leasing & Finance Ltd HB Estate Developers Ltd RRB Securities Limited <u>Audit Committee</u> RRB Securities Limited- Chairman	Nil
Shareholding of Director as on 31.03.2012	NIL	NIL

By the Order of the Board
For HB STOCKHOLDINGS LTD.

ANIL KUMAR MITTAL
Company Secretary

Place : Gurgaon
Date : 25th May, 2012



HB STOCKHOLDINGS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 25th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2012.

FINANCIAL RESULTS

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

PARTICULARS	(Amount Rs. in lacs)	
	Current Year Ended	Previous Year Ended
Total Revenue	1215.01	789.85
Total Expenses	438.12	428.50
Profit for the Year before Tax and exceptional items	776.89	361.35
– Tax Expenses	(4.78)	58.76
– Exceptional items	141.63	0.00
Profit After tax and Exceptional Items	923.30	302.59
Earning per Equity Shares (Before exceptional items)		
– EPS Basic	3.29	1.27
– EPS Diluted	3.29	1.27
(After Exceptional Items)		
– EPS Basic	3.88	1.27
– EPS Diluted	3.88	1.27

PERFORMANCE REVIEW & OUTLOOK

The year was marked by high volatility in the stock market, and most asset classes remained subdued despite of the domestic consumption theory remaining intact. Rising Crude oil and commodity prices and even higher prices of precious metals in the national and international market coupled with higher inflation through most of the year in the food sector have been a dampener for the investment climate on domestic bourses. GDP growth estimates for the year have shown a decline in its trend belying hopes of recovery of the economy. The BSE Index which was 19,420 at the start of the financial year 2011-12 made a low of 15,175 in December 2011 and finally recovered and settled at 17,404 on 31st March, 2012.

Volatile prices of index stocks have caused a fear in the minds of FIIs and domestic investors that lead to outflow of funds by FIIs. Hikes in the interest rates by the Reserve Bank to curtail inflation has affected Industrial growth and also been viewed negatively by the market resulting in sharp volatility in the prices of shares of even fundamentally strong companies.

During the year under review, Income from operation was Rs.1205.48 Lakhs (previous year Rs. 788.56 Lakhs). Income of the Company comprises of Dividend Income Rs. 69.13 Lakhs (previous year Rs. 290.38 Lakhs) Securities Trading Loss was Rs. 25.66 Lakhs (Loss of Rs. 44.97 Lakhs in the last year). Loss booked on Sale of Investments was Rs. 609.81 Lakhs (previous year's Profit of Rs.544.97 Lacs) Provisions for diminution in the value of Investment written back Rs. 1770.63 Lakhs (previous year Rs. 8.99 Lakhs). Net Profit before Tax and exceptional items for the year was Rs.776.89 Lakhs (previous year Rs. 361.35 Lakhs)

Considering the volatility in Currency market and high cost of Crude oil in domestic and International market expectations for the current year are moderate across most sectors. With an improvement in the market sentiments, the management of your company expects to improve the financials of your company.

Securities and Exchange Board of India vide its Order dated 9th May 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the Securities market, directly or indirectly, for a period of two years from the date of the Order for having conducted few transactions in a listed scrip during the period August 2000 to December 2000. The Company has been advised that aforesaid order of SEBI is not legally sustainable on various grounds. The Company filed an Appeal against the aforesaid Order of SEBI with the Hon'ble Securities Appellate Tribunal (SAT). The Hon'ble SAT vide its order dated 17th May 2012 has stayed the aforesaid order of SEBI till disposal of the Appeal filed by the Company. The Management of the Company expects a favourable disposal of the Appeal.

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

DIVIDEND

In order to conserve resources for the future and also due to accumulated and unabsorbed losses in the previous years, Director's of your company do not recommend any dividend for the year ended 31st March 2012.

STATUTORY STATEMENTS

PUBLIC DEPOSITS:

Your Company has neither invited nor accepted any 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 to Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA), your directors hereby states 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 there from. The directors had selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year and of the profit of the Company for that period. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and further, that the directors had prepared the annual accounts for the year under review on a going concern basis.

SUBSIDIARIES OF THE COMPANY

In 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 & 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 that may be 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 in the enclosed pages. 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 New Delhi having FRN 000468N, the Statutory Auditors retires 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 issued by the 'Peer Review Board' of the ICAI.

AUDITOR'S REPORT

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

DIRECTORS

Mr. Anil Goyal and Mr. Pradeep Kumar Mittal Directors shall retire by rotation at the conclusion of the 25th 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 25th Annual General Meeting.

ACKNOWLEDGEMENTS

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

For and on Behalf of The Board of Directors

Place : Gurgaon

Date : 25th May, 2012

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	31-03-2012	31-03-2012
No. of Equity Shares held by the Holding Company as on date (Face Value - Rs.10/-)	10,00,000	8,30,006
Extent of Holding (%)	100%	100%
The Net Aggregate of the Profit / (Loss) of subsidiary so far as they concern the members of the company for the year 31st March 2012		
(i) for the financial year of the subsidiary	17,311	(1,98,397)
(ii) for the previous financial periods of the subsidiary	3,23,664	(2,10,510)
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 2012		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil



HB STOCKHOLDINGS LIMITED

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 2012.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (Rs.) during the year ended 31st March 2012	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 54 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	Rs. 86,13,853/-	Group CFO, Renaissance Services SAOG, Oman	33	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 Total Revenue earned by the Company during the year was Rs. 1215.01 Lakhs as compared to Rs. 789.86 Lakhs in the previous year. Administrative expenses, Depreciation and amortization including provisions for sub-standard & doubtful assets and provision against standard assets were Rs. 394.04 Lakhs as compared to Rs. 311.21 Lakhs during the previous year. Interest and financial charges for the year under review were Rs. 44.07 Lakhs as compared to Rs.117.29 Lakhs during the previous year.

2. BUSINESS ANALYSIS DURING 2011-2012

During the year, the stock market remained volatile and the index moved in the range of 15,175 to 19,702 during the year. While the year started well, there have been frequent bouts of sharp volatility and downward trend with a low in December 2011. During the year global economy has not seen any major revival across North America and Europe and growth continues to remain moderate in Asian emerging economies. India has seen inflation and rising oil prices as a threat to the growth outlook in the medium to long term. To combat inflation, the Reserve Bank continuously raised interest rates which have dampened the spirit in the Indian capital market during the year.

Any equity market is influenced by underlying corporate performance, inflows from domestic investors and its attractiveness to foreign investors. In 2011-2012 in India, outflows by FII due to high inflation and depreciation of rupee against major currencies and steep import bill on account of Gold and Crude oil, left a very limited scope for appreciation in Indian market and funds moved to other emerging markets.

During the year under review, Income was at Rs. 1215.01 Lakhs (Rs. 789.86 Lakhs in previous year) and Net Profit after exceptional items was Rs. 923.29 Lakhs (Rs.302.60 Lakhs in the previous year). Securities Trading including Equity derivative trading resulted in a Loss of Rs. 25.66 Lakhs (Loss of Rs. 44.97 Lakhs in the previous year). Loss booked on Sale of Investments during the year was Rs. 609.81 Lakhs (previous year's profit of Rs. 544.97 Lakhs.) Provision for diminution in the value of investment written back was Rs. 1770.63 Lakhs during the year (previous year Rs. 8.99 Lakhs).

3. FUTURE PROSPECTS AND OUTLOOK

While 2011-12 was not a good year for investors in India and several other markets, the problems of the global economy after its meltdown in previous 2-3 years have not gone away. Chinese economy which was a strong growth engine has shown signs of slowing down especially in the housing and infrastructure sectors. The problems of 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 will see a reasonable growth in the near term though inflation, oil prices, budget deficits, interest rates, commodity prices and infrastructural bottlenecks remain areas of concern.

4. RISKS AND CONCERNS

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

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

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has 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 2012 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. 2204.27 Lakhs (previous year Rs. 2947.67lakhs)
- Fixed Assets stood at Rs. 62.28 Lakhs (Rs. 59.22 Lakhs in the previous year.)
- Non Current Investments stood at Rs. 8069.89 Lakhs (previous year Rs. 8298.69 Lakhs)
- Current Assets stood at Rs. 4550.46 Lakhs (previous year Rs. 6196.73 Lakhs)

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 business operations. Effort are made to develop leadership capability in the team members 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.



HB STOCKHOLDINGS LIMITED

REPORT ON CORPORATE GOVERNANCE

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 benefits to the greatest number of stakeholders. The accountability of the personal and corporate funds in a company in a more transparent and equitable manner and the essence of Corporate Governance which ensures investor protection and maximization of shareholders wealth. The Corporate Governance is a continuing exercise and the company would constantly endeavour to improve on these aspects.

Composition of the Board

The Board of Directors of your Company presently comprises of 7 directors, out of whom 5 directors are Non-executive and 4 directors are Independent. Mr. Lalit Bhasin a Promoter and is Non-Executive Chairman of the Board since 30th June 2004. The number of independent directors is more than half of the total strength of the Board composition. 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 expertise, 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 Director(s) among themselves share the overall responsibility of all the day to day business affairs of the company and implement Board's plan and policies. The Composition of the present Board is totally in conformity of the Clause 49 of the Listing Agreement as amended from time to time.

Number of Board Meetings

During the year under review (1-04-2011 to 31-03-2012), the Board of Directors of your Company meet Six (6) times respectively on 28th May 2011; 05th August 2011; 30th August, 2011, 20th October 2011, 9th November 2011; and on 28th January 2012 respectively. The gap between two Board Meetings did not exceed 120 days, as stipulated in the Listing Agreement..

Directors Attendance & their Directorships

Composition of the Board of Directors and Attendance of the Board members with their shareholding in the Company and status of presence 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	6	5	No	11822317 (49.69%)
Mr. P. K. Mittal Independent & Non Executive	1	Nil	Nil	Nil	6	6	Yes	NIL
Mr. Gulshan Rai Independent & Non Executive	Nil	Nil	Nil	Nil	6	6	Yes	NIL
Mr. Anil Goyal Independent & Non Executive	11	Nil	5	1	6	6	Yes	NIL
Mr. Harbans Lal Independent & Non Executive	Nil	Nil	Nil	Nil	6	6	Yes	NIL
Mr. J.M.L. Suri Executive Director	11	Nil	5	2	6	6	Yes	1000 (Not Significant)
Mr. Vijay Sood Managing Director	1	Nil	2	Nil	6	6	Yes	Nil

One-third of the rotational directors of the Company shall retire at every Annual General Meeting in terms of the Companies act, 1956, and Articles of Association of the Company. Accordingly, Mr. Anil Goyal and Mr. Pradeep Kumar Mittal Directors being longest in their respective offices shall retire by rotation at the ensuing Annual General Meeting to be held in 2012 and they being eligible offer them selves for reappointment. In terms of clause 49(IV)(G) of the Listing agreement, a brief resume of directors, proposed to be reappointed, nature of their expertise in specific functional areas, their other directorships and committee memberships. Their shareholdings and their relationships with other directors are provided in the Notice convening the ensuing Annual General Meeting of the Company.

Board Committee(s)

As per Clause 49 of the Listing Agreement, all mandatory Board committee's are in place and their Constitution meets the requirements as stipulated in the Listing Agreement and as per provisions amended from time to time. The Board of Director's in its meeting held on 7th March, 2001, constituted two 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 Board Meeting 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 primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. 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, both are the permanent invitees at the Audit Committee Meetings in addition to the Internal and Statutory Auditor's of the Company. The Audit Committee in their meetings shall review the following information: Management discussion and Analysis of financial condition, Results of operations; Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management; Management letter / letters of internal control, weaknesses pointed out by the Statutory Auditors in the existing system of operations; 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 of the Board has been empowered, inter-alia, to carry out the following functions:

- 1) To lay down, review and revise the accounting policies of the company.
- 2) To review the financial operations and performance of the company.
- 3) To review the half-yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors.

- 4) To consider and constitute sub-committees, wherever necessary for carrying out and /or monitoring the financial operations of the company.
- 5) To appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and /or review the appointment and removal of auditors of the company.
- 6) To consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of the company and ensure compliance of the same.
- 7) To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company time to time.
- 8) To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
- 9) To give report and /or recommendations to the Board on the matters concerning financial operations of the company.
- 10) To consider and act on any matters as are included under Clause 49 of the Listing Agreement and /or as may be so included from time to time.

During the year under review, 4 (Four) Audit Committee meeting(s) were held respectively on 28-05-2011, 05-08-2011, 09-11-2011 and on 28-01-2012. Audit Committee meeting(s) were attended by all the members of the Committee(s) as well as Internal and Statutory Auditors of the Company.

(B) Shareholders / Investors Grievance Committee:

The Shareholders / Investors Grievance Committee of the Board was reconstituted and presently comprises of three members viz. Mr. P K Mittal (Chairman of the Committee), Mr. Harbans Lal and Mr. J.M.L. Suri as Committee Members. The Company Secretary acts as Secretary to the Committee. The functions of the Committee, inter alia, include approval / rejection of Transfers and transmission of shares, Issue of fresh / duplicate certificates upon split / consolidation / renewal / mutilation / remat / loss or otherwise of equity share Certificate(s), 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 Complaints related to the Investors in respect of various grievances.

During the year under review, Shareholders / Investors Grievances Committee meet 4 (Four) times respectively on 28-05-2011, 05-08-2011, 09-11-2011 and on 28-01-2012. Mr. Harbans Lal, Mr. P K Mittal and Mr. J.M.L. Suri attended all the Committee Meetings.

In order to quickly process the requests of Share Transfers within 14 days of receipt and also dispatch the same to the small shareholders, Mr. J.M.L. Suri, Executive Director has been empowered by the Board of Directors to approve the Transfer up to 10,000 Equity Shares under one folio at a time when such requests accumulates for processing between the two Investors Grievances Committee meeting(s).

(C) Remuneration Committee: The Remuneration Committee of the Board comprises of all independent directors on the Board, viz. Mr. Harbans Lal, 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 payable to 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 of Directors from time to time.

During the year under review, Remuneration Committee meeting was held once on 05th August 2011. The Committee discussed and approve the annual increments payable to Sh Vijay Sood, Managing Director as per the terms of his reappointment.

Remuneration to Non Executive Directors

All the non-executive directors of the Company are remunerated by payment of sitting fees for each meeting of the Board and Committees thereof attended by the members, During the year 01-04-2011 to 31-03-2012, Directors of the Company were paid remuneration as detailed hereunder:

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	—	1,02,000	Nil	Nil
Mr. P K Mittal	—	1,10,000	Nil	Nil
Mr. Harbans Lal	—	1,10,000	Nil	Nil
Mr. Anil Goyal	—	1,10,000	Nil	Nil

Sitting fee for each meeting of the Board and the Committee thereof payable to the Directors has been fixed and revised by the Board of Directors within the overall ceiling laid down under the Companies Act from time to time.

Remuneration to Whole Time Directors

Salary and perquisites paid for the year ended March 31, 2012, in aggregate value to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under:

Mr. Vijay Sood Managing Director
Rs.86,13,853/-

Mr. J M L Suri Executive Director
Rs.18,32,681/-

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.

SHARE HOLDERS INFORMATION:

General Body Meetings:

Location and time where the Annual General Meeting(s) were held during the last three years:-

Year	Type	Location	Date	Time
2010-11	24 th AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	30-08-11	11.00 A.M.
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.

Special Resolution(s) passed if any, in the previous 3 AGMs of the Company

S. No.	Subject Matter(s)	Reference and Date of passing at the AGM
1.	• No Special Resolution passed	24 th AGM 30-08-2011
2.	• Reappointment of Mr. Vijay Sood as the Managing Director of the Company	23 rd AGM 07-09-2010
3.	• No Special Resolution passed	22 nd AGM 25-08-2009

No resolution is proposed to be passed through Postal Ballot during the year and no Special Resolutions were put through Postal Ballot process in the previous year.

Disclosures:

- There were no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2012 (Refer Notes to Accounts – No.21.1 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.
- No penalty has been imposed or any strictures have been passed by the Stock Exchanges or any other Statutory Authority on any matter related to capital market during the last three years. In a matter relating to the alleged violations in the trading in a listed security carried out by the Company at stock exchanges in the year 2000, Securities Exchange Board of India restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market, directly or indirectly, for a period of two years from the date of the Order 9th May 2012. The Hon'ble Securities Appellate Tribunal (SAT) vide its Order dated 17th May, 2012, in an Appeal filed by the Company has stayed the aforesaid order of SEBI till the disposal of Appeal filed by the Company.

- 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.
- Risk assessment and minimisation procedures are in existence and are reviewed periodically.
- None of the Company's subsidiaries viz., HB Prima Capital Limited and/or 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.
- 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 31.03.2012 to the Board of Directors for review.
- Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.
- 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.

Means of Communication:

- Quarterly & Annual Results(audited and/or un-audited: Dissemination through Stock Exchanges announcements and also through Company's website soon after the conclusion of Board Meeting for Adoption of Audited / Unaudited Financial Results, and through publication of Financial Results in Newspapers as per Clause 41 of the Listing Agreement.
- Newspapers wherein results are normally published – Business Standard, English and Hindi Edition.
- Results (Unaudited & Audited) are promptly uploaded at www.hbstockholdings.com for display and for the information of the members of the company.
- Company's website displays official news releases and also 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.

General Shareholder Information:

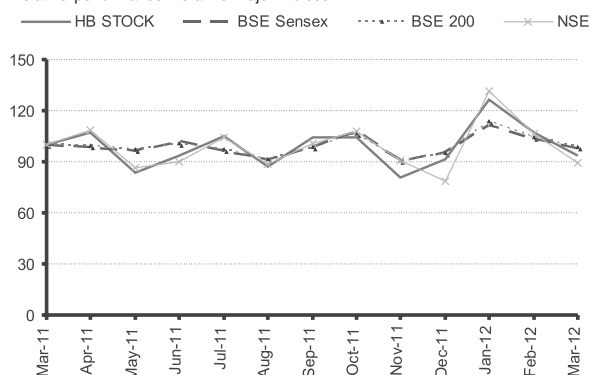
- Ensuing Annual General Meeting Day, Date, time and venue:
Date : 29th, August 2012
Time : 11.00 A. M.
Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon- 122 001 (Haryana)
- Financial Year : 1st April 2011- 31st March 2012
- Date of Book Closure: 23rd August, 2012 to 29th August, 2012 both days inclusive)
- Dividend Payment Date: No dividend has been recommended for the year.
- Listing on Stock Exchange(s)
• Bombay Stock Exchange Ltd., Mumbai
• National Stock Exchange of India Ltd. Mumbai.
- Stock Code
The Company's Scrip Code is as follows:
BSE, Mumbai **532216**
NSE, Mumbai **HBSTOCK**
- 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 31-03-2012; 1,96,84,064 Equity Shares constituting 82.73% of the Company's Subscribed and Paid Up Share capital are held in dematerialised form.
- Market Price Data: The monthly High, Low and Close price of Company's shares and volume of shares traded 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-11	18.55	15.60	16.70	34582	18.70	15.35	16.80	56717
May-11	17.45	12.60	14.00	39038	17.45	12.05	14.50	29109
Jun-11	14.90	12.50	13.10	58069	15.90	11.70	13.05	37353
Jul-11	15.40	12.55	13.74	86243	15.50	12.10	13.60	51081
Aug-11	13.98	10.05	12.00	121197	13.80	9.50	12.00	29242
Sep-11	14.74	11.75	12.55	36457	15.50	11.30	12.10	15782
Oct-11	14.00	11.50	13.06	17732	14.50	11.00	13.05	12485
Nov-11	14.20	10.50	10.53	39925	14.00	10.50	11.85	32253
Dec-11	11.20	9.11	9.61	21082	12.35	9.10	9.30	10196
Jan-12	12.57	9.94	12.16	54597	12.35	9.35	12.20	47329
Feb-12	14.69	11.64	13.02	74231	14.25	12.00	13.00	29712
Mar-12	15.40	11.50	12.20	1068307	14.70	11.20	11.65	22793



HB STOCKHOLDINGS LIMITED

(A) Relative performance vis-à-vis major indices



(X) Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review
 HB Stock : (-) 36.88 %
 BSE Sensex : (-)9.95 %
 BSE 200 : (-)9.53 %

XI. The distribution of shareholdings of the company as on 31st March 2012 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	73423	98.31	6000598	25.22
501-1000	713	0.95	544963	2.29
1001-2000	280	0.37	408071	1.71
2001-3000	88	0.12	222879	0.94
3001-4000	36	0.05	128855	0.54
4001-5000	28	0.04	125875	0.53
5001-10000	52	0.07	360669	1.52
10001 and above	67	0.09	16000308	67.25
TOTAL	74687	100.00	23792218	100.00

The category-wise distribution of Shareholding as on 31st March, 2012 is as follows:

Category	No. of Shares held	% of Shareholding
A. PROMOTERS HOLDING		
1. Indian Promoter	12555621	52.77
2. Foreign Promoters	0	0.00
B. PUBLIC SHAREHOLDING		
1. Institutional	28790	0.12
2. Non- Institutional	11207807	47.11
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	211	22,794	100
31 & Above	—	—	—

Demat Period	No of cases	No of Shares	% to Shares
1-15	949	102143	100
16 & Above	—	—	—

XIV The status of Investor's Grievance Redressal during the year 1-04-2011 to 31-03-2012 is as under:

Grievance / Query received from	Received	Disposed off
Investors	77	77
Stock Exchange(s)	03	03
SEBI	04	04
NSDL	00	00
Total	84	84

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.
 "HB House" 31, Echelon Institutional Area
 Sector-32, Gurgaon- 122 001 (Haryana)

Managing Director's Declaration on Code of Business 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 Business Conduct.

For HB STOCKHOLDINGS LIMITED

Place : Gurgaon
 Date : 25th May, 2012

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 2012, 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, 2012 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 : 25th May, 2012

AMIT GOEL
 Partner
 (Membership No. 92648)



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, 2012, the statement of Profit and Loss and the cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon (particularly Note No.9.8 and Note No.31) give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2012 and
 - b) In the case of the Statement of Profit & Loss of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

(AMIT GOEL)
PARTNER

(Membership No. 92648)

Place : Gurgaon
Dated : 25th May, 2012

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, 2012

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, the 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
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2. a. As explained to us, inventories (Investments) have been physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories (Investments) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the accounts.
3. a. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However advances in the nature of Loans amounting to ₹ 5,18,19,436/- is outstanding recoverable as at the year end from two companies, both wholly owned subsidiaries of the company. The amount granted during the year is ₹ 1,51,32,511/- and maximum amount outstanding during the year was ₹ 5,18,19,436/-
 - b. The aforesaid advances granted by the Company are interest free. In our opinion and according to the information and explanations given to us, other terms and conditions of aforesaid advances are not prima facie prejudicial to the interest of the Company.
 - c. There are no stipulations in writing as to the repayment of aforesaid advances.
 - d. In respect of aforesaid advances given by the Company, as explained to us, there are no overdue amounts.
 - e. During the earlier year the company had taken loan of ₹ 9, 00,00,000 /- from one company listed in the register maintained under section 301 of the Companies Act, 1956, which has been repaid back during the year. The maximum amount involved during the year was ₹ 9,00,00,000/- and outstanding as at the year-end is ₹ NIL/-.
 - f. The rate of interest and other terms and conditions of this loan are, in our opinion,

- prima facie not prejudicial to the interest of the company
- g. The payment of principal amounts and interest in respect of such loan had been regular/as per stipulation.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and sale of goods. During the year there was no sale of services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control system.
 5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that section.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market price prevailing at the relevant time..
 6. The Company has not accepted any deposits from the public.
 7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
 8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
 9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent and as applicable to the company have been generally regularly deposited by the company during the year with the appropriate authorities. 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, 2012 for a period of more than six months from the date of becoming payable.
 - b. The disputed statutory dues aggregating to ₹ 82,53,941/- 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	2002-03	Income Tax (Penalty)	Commissioner of Income Tax (Appeal)	24,10,470/-
3.	Income Tax Act, 1961	2005-06	Income Tax (Penalty)	Commissioner of Income Tax (Appeal)	8,94,298/-
4.	Income Tax Act, 1961	2006-07	Income Tax (Penalty)	Commissioner of Income Tax (Appeal)	10,94,082/-
			TOTAL		82,53,941/-

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

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

(AMIT GOEL)
PARTNER
(Membership No. 92648)

Place : Gurgaon
Dated : 25th May, 2012



HB STOCKHOLDINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note(s)	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	243353823	243353823
Reserves and Surplus	3	886300799	793971409
		1129654622	1037325232
Non-Current Liabilities			
Long Term Provisions	4	135423512	133512009
		135423512	133512009
Current Liabilities			
Short-Term Borrowings	5	—	90000000
Other Current Liabilities	6	2139286	5148602
Short Term Provisions	7	87571025	260918703
		89710311	356067305
		1354788445	1526904546
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible assets	8	6227593	5921556
Non-current investments	9	806989127	829868864
Long term loans and advances	10	86526220	71441220
		899742940	907231640
Current Assets			
Current investments	9	198555750	342724857
Cash and Cash equivalents	11	2108070	2564219
Short-Term Loans and Advances	12	254364904	274346642
Other Current Assets	13	16781	37188
		455045505	619672906
		1354788445	1526904546

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 32

As per our Report of even date

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

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

For and on behalf of the Board

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note(s)	Year Ended 31st March, 2012 (In ₹)	Year Ended 31st March, 2011 (In ₹)
Revenue from operations	14	120548167	78856440
Other Income	15	952548	129356
Total Revenue		121500715	78985796
Expenses:			
Employee Benefit Expense	16	15233910	16745769
Finance Costs	17	4406675	11729028
Depreciation	8	1208056	1183104
Other Expenses	18	13619711	11709577
Provision for Sub-Standard and Doubtful Assets		9000000	1000000
Contingent Provision against Standard Assets		343047	482886
Total Expenses		43811399	42850364
Profit for the year before Tax and exceptional items		77689316	36135432
Tax expense:			
Current tax		—	4200000
Tax adjustments for earlier years		(477551)	1675757
Profit for the year after Taxation before exceptional items		78166867	30259675
Exceptional Items	30	14162523	—
Profit after Tax and Exceptional Items		92329390	30259675
Earning per equity share:			
Equity share of Par value ₹ 10/-each	28		
Before Exceptional Items			
Basic and Diluted		3.29	1.27
After Exceptional Items			
Basic and Diluted		3.88	1.27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 32

As per our Report of even date

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

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

For and on behalf of the Board

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -

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.

1.2 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.

1.3 REVENUE RECOGNITION

- 1.3.1 All Income & Expenditure are accounted for on accrual basis.
- 1.3.2 Shares/Securities are capitalised at cost inclusive of brokerage, Service Tax, Education Cess.
- 1.3.3 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.

1.4 FIXED ASSETS

Fixed Assets are stated at cost less depreciation.

1.5 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.

1.6 INVESTMENTS

- 1.6.1 Investments are classified into Current Investments and non current/ Long Term Investments.
- 1.6.2 Current Investments are valued at lower of cost or fair market value on category wise basis. Non current/Long Term Investments are valued at cost less other than temporary 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, 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"(Short term/Long term) in the liabilities side in the Balance Sheet without showing it as deduction from the value of Investments.
- 1.6.3 Cost of investments is computed using the Weighted Average Method.



1.7 EMPLOYEE BENEFITS

- 1.7.1 Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-
- 1.7.2 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.
- 1.7.3 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.
- 1.7.4 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.
- 1.7.5 Termination benefits are recognized as an Expense as and when incurred.
- 1.7.6 The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.

1.8 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.

1.9 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.

1.10 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

The Previous year figures have been regrouped/reclassified, wherever necessary to conform to the Current Year's presentation

2. SHARE CAPITAL

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
AUTHORIZED		
7,00,00,000 (7,00,00,000) Equity Shares of ₹ 10/- each.	700000000	700000000
3,00,00,000 (3,00,00,000) Redeemable Preference Shares of ₹10/- each	300000000	300000000
	1000000000	1000000000
ISSUED		
2, 54, 43, 257 (2, 54, 43, 257) Equity Shares of ₹ 10/- each.	254432570	254432570
	254432570	254432570

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
SUBSCRIBED & PAID UP		
2, 37, 92, 218(2, 37, 92, 218) Equity Shares of ₹ 10/- each fully paid up.	237922180	237922180
Add: Forfeited shares-16,51,039(16,51,039) Equity Shares (Amount originally paid up)	237922180 5431643	237922180 5431643
	243353823	243353823

- Issued Share capital of the Company has only one class of shares referred to as equity shares having Par value of ₹ 10/.Each holder of Equity Shares is entitled to One vote per share.
- Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March, 2012 & 31st March, 2011 is as under:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Number of shares at the beginning	23792218	237922180	23792218	237922180
Number of shares at the end	23792218	237922180	23792218	237922180

- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

Number of shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares Held	% of holding	No. of Shares Held	% of holding
Lalit Bhasin	11822317	49.69	11822317	49.69

- The dividend Proposed, if any,by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.No dividend has been proposed for the current year or for the previous year.
- In the event of the Liquidation of the company,the holder of equity shares will be entitled to receive any of the remaining assets of the company,after distribution of all Preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

3. RESERVES AND SURPLUS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Securities Premium Reserve-opening balance	999689069	999689069
Add: Addition during the year	—	—
	999689069	999689069
Statutory Reserve -Opening balance *	88572542	82520607
Add: Transferred from Surplus	18465878	6051935
	107038420	88572542
Investment Allowance Reserve (Utilised Account)-opening balance **	477000	477000
Less: Transferred to Surplus	477000	—
	—	477000
Surplus -opening balance	(294767202)	(318974942)
Add: Transferred from Investment Allowance Reserve	477000	—
Add: Net Profit after tax transferred from Statement of Profit & Loss	92329390	30259675
	(201960812)	(288715267)
Less:Transferred to Statutory Reserve	18465878	6051935
Surplus-Closing balance	(220426690)	(294767202)
	886300799	793971409

(*) Created by way of transfer of specified percentage of profits as per section 451C of Reserve Bank of India (Amendment) Act,1997.Appropriation from Reserves shall be for the purposes as may be specified by Reserve Bank of India.

(**) Created in earlier years out of Profit and Loss account as per then prevailing provisions of Income tax act.

4. LONG TERM PROVISIONS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
- For Diminution in value of Long term/ Non current Investments	135207196	133333406
- Contingent provision against standard Assets	216316	178603
	135423512	133512009



5. SHORT TERM BORROWINGS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Loan from related Party,(Unsecured)*	—	90000000
	—	90000000

*From HB Portfolio Limited

6. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Current Maturities of Long term Debt	—	98013
Interest Accrued but not due on borrowings	—	2596439
Expenses Payable	1791924	1563765
TDS Payable	347362	890385
	2139286	5148602

7. SHORT TERM PROVISIONS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Provisions For Employees Benefit		
Leave encashment	983790	789037
Gratuity	1028102	598738
Others		
Income Tax	—	4200000
Loss on Equity Derivative instruments	—	140249
Sub-standard and Doubtful Assets	1000000	1000000
Diminution in value of Current Investments	74949516	253886396
Contingent Provision against Standard Assets	609617	304283
	87571025	260918703

8. FIXED ASSETS

(Amount In ₹)

S. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2011	Addition during the year	Deduction during the year	As at 31.03.2012	As at 31.03.2011	For the year	Deduction/ Adjustments during the year	As at 31.03.2012	As on 31.03.2012	As at 31.03.2011
	Tangible Assets										
1	Furnitures & Fixtures	6590883	—	—	6590883	4883448	417203	—	5300651	1290232	1707435
2	Vehicles	6014766	2396141	1797118	6613789	2961374	585137	819486	2727025	3886764	3053392
3	Office Equipment	2002960	15300	—	2018260	1309180	95492	—	1404672	613588	693780
4	Data Processing Machine	388525	80284	—	468809	248358	73007	—	321365	147444	140167
5	Air conditioners	718555	—	—	718555	401995	34131	—	436126	282429	316560
6	Generator Set	64960	—	—	64960	54738	3086	—	57824	7136	10222
	Total	15780649	2491725	1797118	16475256	9859093	1208056	819486	10247663	6227593	5921556
	(Previous Year)	15715105	65544	—	15780649	8675989	1183104	—	9859093	5921556	7039116

9. INVESTMENTS

Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
NON CURRENT INVESTMENTS					
(LONG TERM INVESTMENTS)					
A. TRADE INVESTMENTS (QUOTED)					
INVESTMENT IN EQUITY INSTRUMENTS					
— FULLY PAID UP EQUITY SHARES					
BELL CERAMICS LIMITED	10	275921	16672649	275921	16672649
CROMPTON GREAVES LIMITED	2	4137	86266	4637	96692
DCM SHRIRAM INDUSTRIES LIMITED	10	4346615	488067462	4346615	488067462
GREAVES COTTON LIMITED	2	156145	10620106	255435	17373255
JAIPRAKASH ASSOCIATES LIMITED	2	11763367	93389331	13793367	109505493
MAWANA SUGAR LIMITED	10	60491	15994478	60491	15994478
PVP VENTURES LIMITED	10	35694	5182124	35694	5182124
RRB SECURITIES LIMITED	10	100000	10000000	100000	10000000
VENKAT PHARMA LIMITED	10	41790	2124443	41790	2124443
TOTAL (A) (TRADE INVESTMENTS)		16784160	642136859	18913950	665016596
B. NON TRADE INVESTMENTS (UNQUOTED)					
B.1 INVESTMENT IN EQUITY INSTRUMENTS					
— FULLY PAID UP EQUITY SHARES					
— IN WHOLLY OWNED SUBSIDIARY COMPANIES					
HB PRIMA CAPITAL LIMITED	10	1000000	25075000	1000000	25075000
MOUNT FINANCE LIMITED	10	830006	8300060	830006	8300060
— IN ASSOCIATE COMPANIES					
TAURUS ASSET MANAGEMENT CO LIMITED.	10	2525000	18634750	2525000	18634750
PISCES PORTFOLIOS PVT. LIMITED.	10	2290000	24900000	2290000	24900000
— IN OTHER COMPANIES					
ASSOCIATED INFOTECH LIMITED	10	600000	4500000	600000	4500000
JAIPUR STOCK EXCHANGE LIMITED	10	324500	5841000	324500	5841000
TAURUS INVESTMENT TRUST CO LIMITED	10	15430	155458	15430	155458
HB TELECOMMUNICATION LIMITED	10	100	1000	100	1000
HB INSURANCE ADVISORS LIMITED	10	15000	150000	15000	150000
HARSAI INVESTMENTS LIMITED	10	200000	2000000	200000	2000000
Q R PROPERTIES PVT LIMITED	10	4500	45000	4500	45000
SOVIKA AIRLINE SERVICES LIMITED	10	400000	1200000	400000	1200000
— EQUITY SHARE APPLICATION					
CORE TELECOM PRIVATE LIMITED	10	850000	8500000	850000	8500000
HB INSURANCE ADVISORS PVT LTD	10	260000	2600000	260000	2600000
FALCON PORTFOLIO PRIVATE LIMITED.	10	75000	750000	75000	750000
TOTAL (B.1)		9389536	153952268	9389536	153952268



Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount
B.2 INVESTMENT IN PREFERENCE SHARES					
FULLY PAID-UP REDEEMABLE PREFERENCE SHARE					
HB GROWTH FUND LIMITED (2% NON CUMULATIVE)	10	50000	500000	50000	500000
HB SECURITIES LIMITED (6% CUMULATIVE)	1000	10000	1000000	10000	1000000
HB TELECOMMUNICATION LIMITED (2% NON CUMULATIVE)	10	40000	400000	40000	400000
TOTAL (B.2)		100000	10900000	100000	10900000
TOTAL (B) (NON TRADE INVESTMENTS) (B.1+B.2)		9489536	164852268	9489536	164852268
TOTAL (A+B)-NON CURRENT/LONG TERM INVESTMENTS		26273696	806989127	28403486	829868864
CURRENT INVESTMENTS					
(A) INVESTMENTS IN EQUITY INSTRUMENTS					
a) QUOTED FULLY PAID UP EQUITY SHARES					
ABC PAPER LIMITED	10	800	11200	800	11200
ABAN OFFSHORE LIMITED	2	200	522480	200	522480
AHLUWALIA CONTRACTS (INDIA) LIMITED	2	24950	5197740	84950	17697316
AMRIT BANASPATI COMPANY LIMITED	10	400	5600	400	5600
AMRIT CORP. LIMITED	10	400	5600	400	5600
ARVIND LIQUID GASES LIMITED	10	10000	182500	10000	182500
ASHOK LEYLAND LIMITED	1	200	7603	200	7603
BHARAT HOTELS LIMITED	10	300	6752	300	6752
CIBA SPECIALITY LIMITED	10	50	500	50	500
DCM SHRIRAM CONSOLIDATED LIMITED	2	72845	7202668	72845	7202668
DESIGN AUTO SYSTEMS LIMITED	10	671400	3953867	671400	3953867
DIGITAL WORLD INDIA LIMITED	10	162400	3136228	162400	3136228
GULSHAN POLYOLS LTD.	10	1000	113288	1000	113288
GVK POWER & INFRA LTD.	1	125000	1971942	—	—
GSAL(INDIA) LIMITED.	10	8120	4060	8120	4060
HARYANA PETROCHEMICALS LIMITED	10	9050	212192	9050	212192
HB ESTATE DEVELOPERS LIMITED	10	150000	1500000	150000	1500000
HB LEASING & FINANCE CO LIMITED	10	43200	1186050	43200	1186050
HB PORTFOLIO LIMITED	10	100000	1000000	100000	1000000
HINDUSTAN OIL EXPLORATION COMPANY LTD.	10	216	25684	216	25684
HOTLINE GLASS LIMITED	10	166382	552770	166382	552770
HOTLINE TELETUBE & COMPONENTS LIMITED	10	344400	9751268	344400	9751268
IDBI	10	25000	2355525	—	—
INDIAN HOTEL LTD.	1	50000	3097717	—	—
INDIA BULLS REAL ESTATE LTD.	2	35000	2009428	—	—
IFCI	10	78040	2101243	3040	168698
ICP SECURITIES LIMITED	10	1800	18000	1800	18000
ICICI BANK LIMITED	10	1000	585963	1000	585963
ISPAT PROFILES INDIA LIMITED	10	10000	235020	10000	235020
JAYPEE INFRATECH LTD.	10	700000	30170072	—	0
JAI CORP. LIMITED	1	10074	10366167	10074	10366167
JUBILANT LIFESCIENCE LTD	1	10000	3330897	10000	3330897
JUBILANT INDUSTRIES LTD	10	500	175310	500	175310
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000	10000	335000
LCC INFOTECH LIMITED	2	56300	387984	56300	387984
LUNAR DIAMONDS LIMITED	10	21000	439065	21000	439065
MALANPUR STEEL LIMITED	10	10814	147220	10814	147220
MALWA COTTON SPINNING MILLS LIMITED	10	19300	2284159	19300	2284159
MAWANA SUGAR LIMITED	10	39509	6817465	39509	6817465
MEGA SOFT LIMITED	10	32500	3774848	32500	3774848
MILKFOOD LIMITED	10	3800	34200	3800	34200
NITTA GELATIN INDIA LIMITED	10	33000	1331444	39397	1589543
NAHAR POLYFILMS LIMITED	5	444	17643	444	17643
NIIT LIMITED	2	60988	8865034	60988	8865034
NOIDA TOLL BRIDGE LTD	10	—	—	200000	6501524
NUCHEM LIMITED	10	64755	168363	64755	168363
ORISSA EXTRUSIONS LIMITED	10	10728	21456	10728	21456
ORINTAL BANK OF COMMERCE	10	100	12745	100	12745
ORKAY INDUSTRIES LIMITED	10	135650	3152053	135650	3152053
PATHREJA FORGINGS LIMITED	10	1000	19326	1000	19326
PHOENIX INTERNATIONAL LIMITED	10	14400	900000	14400	900000
PILANI INVESTMENT& INDUSTRIES CORP. LTD	10	250	251006	250	251006
POLYCHEM LIMITED	10	125	501825	125	501825
PRAJ INDUSTRIES LTD.	2	45000	3877920	—	—
PRISM MILLS LIMITED	10	10000	187500	10000	187500
PUNJ LLYOD LTD.	2	64000	3250991	—	—
PUNJAB WIRELESS LIMITED	10	100	6100	100	6100
RAMA VISION LIMITED	10	18300	553061	18300	553061
RASHTRIYA CHEMICAL & FERTILIZERS LTD.	10	15000	1844075	15000	1844075
RELIANCE CAPITAL LIMITED	10	4	1910	4	1910
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772215	5085	2772215
RELIANCE INDUSTRIES LIMITED	10	21105	16456243	1105	1126592
RELIANCE POWER LTD.	10	4000	364902	—	—
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000	23600	590000
SAVANI FINANCIALS LIMITED	10	7000	140000	7000	140000
SESA GOA LTD.	1	16000	3110808	—	—



Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
SHREYANS INDUSTRIES LIMITED	10	5600	96873	5600	96873
SRI VASAVI INDUSTRIES LIMITED	10	10890	584631	10890	584631
STI GRANITE INDIA LIMITED	10	2000	34000	2000	34000
SUMMIT SECURITIES LTD.	10	6	1494	6	1494
SUBEX LIMITED	10	25161	14414392	25161	14414392
UFLEX LIMITED	10	5522	1100502	5522	1100502
UNIMERS INDIA LIMITED	10	1732	444464	1732	444464
UNITECH LIMITED	2	17072	6564246	517072	198816055
UNIVERSAL PRIME ALUMINIUM LIMITED	10	23820	868067	23820	868067
U P HOTELS LIMITED	10	1900	136630	1900	136630
TOTAL (a)		3650287	177857194	3257684	321896701
b) UNQUOTED FULLY PAID UP EQUITY SHARES KESORAM TEXTILE LIMITED	10	172	4161	172	4161
TOTAL (b)		172	4161	172	4161
c) UNQUOTED PARTLY PAID UP EQUITY SHARES RATHI ALLOYS & STEELS LIMITED	10	46293	694395	46293	694395
TOTAL (c)		46293	694395	46293	694395
TOTAL-A (a+b+c)		3696752	178555750	3304149	322595257
(B) INVESTMENT IN DEBENTURES UNQUOTED FULLY PAID UP DEBENTURES HDC LIMITED 14% PCD IX-SERIES		—	—	440	17600
SHREYANS INDUSTRIES LIMITED 14% NCD		—	—	1120	112000
TOTAL (B)		—	—	1560	129600
(C) INVESTMENT IN MUTUAL FUNDS UNQUOTED FULLY PAID UP UNITS TAURUS BONANZA FUND	10	496416	20000000	496416	20000000
TOTAL (C)		496416	20000000	496416	20000000
TOTAL- CURRENT INVESTMENTS (A+B+C)		4193168	198555750	3802125	342724857

Notes	Non Current/Long Term Investments		Current Investments	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
9.1 Aggregate Amount of Quoted Investments	642136859	665016596	177857194	321896701
9.2 Market Value of Quoted Investments	1148893475	1600208265	104419759	68838458
9.3 Aggregate Amount of Unquoted Investments	164852268	164852268	20698556	20828156
9.4 Aggregate Provision for Diminution in Value of Investments	135207196	133333406	74949516	253886396
9.5 Provision for diminution in the value of investments is charged in the statement of Profit & Loss 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. The Net carrying value of investments are as under-				

	Non Current/Long Term Investments		Current Investments	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Gross Amount of Investments	806989127	829868864	198555750	342724857
Less: Provision for Diminution in the Value of Investments	135207196	133333406	74949516	253886396
Net Carrying Value	671781931	696535458	123606234	88838461

9.6 The Detail of Diminution in the value of Non-Current/Long Term Investments where the net Carrying Amount is other than at Cost (i.e at cost Less Provision for diminution other than temporary diminution) are as under:

Name of Investment	Amount in ₹	
	As at March 31, 2012	As at March 31, 2011
<u>Equity Shares</u>		
Bell Ceramics Limited	13311930	12133748
RRB Securities Limited	6000000	6000000
Venkat Pharma Limited	2024147	1985282
Mawana Sugar Limited	15183899	14660651
PVP Ventures Limited	5012220	4878725
HB Prima Capital Limited	25075000	25075000
Associated Infotech Limited	45000000	45000000
HB Insurance Advisor Limited	150000	150000
Sovika Airline Services Limited	11600000	11600000
<u>Equity Share Application</u>		
Core Telecom Private Limited	8500000	8500000
HB Insurance Advisor Pvt Ltd.	2600000	2600000
Falcon Portfolio Private Limited	750000	750000
Total	135207196	133333406

- 9.7 Shares Costing ₹ 14,81,57,552/- (Previous Year ₹ 26,65,73,268/-) Were Lying Pledged/Given as Margin as at the Year end.
- 9.8 In the Opinion of the Management no Provision is required for diminution amounting to ₹ 32,15,92,108/- (Previous Year ₹ 19,96,69,557/-) in the Value of Long term/Non current Investment in DCM Shriram Industries Ltd. as the same is considered to be temporary.
- 9.9 The Company's Investments in DCM Shriram Industries exceeds the exposure norms as Specified in "Non-Banking (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007". The Reserve Bank of India has granted extension of time till March 31,2013 for compliance with the exposure norms.



HB STOCKHOLDINGS LIMITED

10. LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
(Unsecured, Considered Good)-Standard		
Security Deposits *	34706784	34706784
Loans and Advances to Subsidiaries		
HB Prima Capital Ltd.	50750000	35750000
Mount Finance Ltd.	1069436	984436
	86526220	71441220

*Includes Rental Deposits given to related Party namely HB Estate Developers Ltd. ₹ 3,45,00,000/- (Previous Year ₹ 3,45,00,000/-)

11. CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Balances with Banks		
– In Current and Deposit Accounts*	2039590	2344305
Cash-on-Hand	68480	219914
	2108070	2564219

* Includes Fixed deposits with Bank ₹ 19,00,000/- ₹ NIL with more than 12 months maturity

Fixed deposits are time deposits with Bank which can be withdrawn by the Company at any point of time without prior notice or penalty on the Principal.

12. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Unsecured, Considered Good, Unless otherwise stated:		
Advance to related Parties*	6878843	–
Others		
Inter Corporate Deposit-Sub-standard	–	10000000
– Doubtful	10000000	–
Advance against share application	236968000	251818000
Money-Standard		
Prepaid Expenses	206291	190780
Advance Income Tax/Refund Due	311770	12337862
	254364904	274346642

* To RRB Master Securities (Delhi) Ltd.

13. OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Interest accrued but not due on Bank deposits	15126	32677
Dividend and Redemption Receivable	1655	4511
	16781	37188

14. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Profit/(Loss) in Securities dealing/Equity derivative trading	(2566352)	(4496990)
Profit/(Loss) on sale of investments (1)	(60981346)	54496578
Provision for diminution in value of investments written back (2)	177063089	898865
Interest Income:-		
– on Inter Corporate Deposit/Reversal of unrecovered interest (Tax deducted at Source ₹ Nil (Previous Year Nil))	120000	(1079999)
Dividend Income (Gross) (Tax deduction at source ₹ NIL, Previous Year ₹ NIL)(3)	6912776	29037986
	120548167	78856440

The Company, being an Investment and Finance company, the Income from Investment and Finance activities are Operational Income.

(1) Profit/(Loss) on Sale of Investments includes Loss of ₹ 17,86,06,139/- (Previous

Year Loss ₹ 3,40,73,877/-) on Current Investments and Gain of ₹ 11,76,24,793/- (Previous Year ₹ 8,85,70,455/-) on Non current/Long Term Investments.

(2) Provision for diminution in value of Investments written back include ₹ 18,73,790/- provision made (previous year ₹ 15,01,246/-) in respect of Non Current/Long Term Investments and ₹ 17,89,36,879/- provision written back in respect of Current Investments (Previous Year ₹ 24,00,110/- written back).

(3) Dividend Income includes ₹ 60,33,596/- (Previous Year ₹ 2,71,46,444/-) on Long Term/Non current Investments and ₹ 8,79,179/- (Previous year ₹ 18,91,542/-) on Current Investments.

15. OTHER INCOME

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Interest On Fixed Deposits (Tax Deduction at Source ₹ 28451/- (Previous year ₹ 12936/-))	284516	129356
Commission Received (Tax Deduction at source ₹ 66802/- Previous Year ₹ Nil)	668032	–
	952548	129356

16. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Salaries and Benefits	14200101	15730122
Contribution to Provident fund and other fund	933700	925546
Staff welfare	100109	90101
	15233910	16745769

17. FINANCE COSTS

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Interest expense	4406675	11729028
	4406675	11729028

18. OTHER EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Rent/Facility Charges	1290144	1273944
Vehicle Running and Maintenance	730421	861062
Insurance	70906	79181
Communication	577659	574641
Travelling and Conveyance	2365910	1553842
Printing and Stationery	611316	625198
Office Repairs and Maintenance	131824	237316
Depository and custodial	172675	83961
Subscription and Membership	1502143	1636983
Legal and Professional	4125648	3245458
Advertisement & Publicity	175927	376043
Listing Fees	165450	115294
Business Promotion	396577	166642
Miscellaneous	148394	192393
Auditors Remuneration		
– Audit Fees	168540	165450
– Tax Audit Fees	28090	27575
– Income Tax Matters	64200	30200
– Certification and others	54255	52394
Loss On sale of Fixed Assets	367632	0
Directors Sitting Fees	472000	412000
	13619711	11709577

19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Income Tax demand disputed ₹ 82,53,941/- (Previous year ₹ 2,44,13,018/-) 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.

(b) Guarantees given on behalf of Related Parties:- ₹ 22,00,00,000/- (Previous Year ₹ 22,00,00,000/-)

In the Opinion of the Management, the aforesaid guarantees had been given in view of overall long term business involvement/relation of the company with the aforesaid companies and the giving of aforesaid guarantees will not have any prejudicial impact on the company.



HB STOCKHOLDINGS LIMITED

20. QUANTITATIVE DETAILS

Quantitative information in respect of Investments in securities:

A. NON CURRENT/LONG TERM INVESTMENTS

EQUITY INSTRUMENTS

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	28303486	818968864	28164843	1125505315
Purchases/conversions	-	-	781372	52503903
Sales/conversions	2129790	140504530	1827729	150156726
Closing Balance	26173696	796089127	28303486	818968864

PREFERENCE SHARES

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	100000	10900000	100000	10900000
Purchases/conversions	-	-	-	-
Sales/conversions	-	-	-	-
Closing Balance	100000	10900000	100000	10900000

B. CURRENT INVESTMENTS

EQUITY INSTRUMENTS

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	3304149	322595257	3575172	399324482
Purchases/conversions	1335000	127703721	305919	33083351
Sales/conversions	942397	93266690	576942	75678225
Closing Balance	3696752	178555750	3304149	322595257

DEBENTURES

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	1560	129600	1560	129600
Purchases/conversions	-	-	-	-
Sales/conversions	1560	-	-	-
Closing Balance	-	-	1560	129600

MUTUAL FUNDS

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	496416	20000000	496416	20000000
Purchases/conversions	-	-	22560	25000000
Sales/conversions	-	-	22560	25060474
Closing Balance	496416	20000000	496416	20000000

21. RELATED PARTY TRANSACTIONS

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

- a) Subsidiaries.
 1. HB Prima Capital Limited
 2. Mount Finance Limited
- b) Key Managerial Personnel
 1. Shri Vijay Sood, Managing Director
 2. Shri J.M.L.Suri, Executive Director
 3. Shri Anil Kumar Mittal, Company Secretary
- c) Person having control/significant influence /major shareholders
 1. Shri H.C. Bhasin (Expired on 07.12.2010)
 2. Shri Lalit Bhasin
- d) Associate
 1. Pisces Portfolios Private Limited
- e) Enterprises over which control/significant influence exist of the relatives of persons mentioned in(c) above :-
 1. RRB Master Securities Delhi Ltd.
- f) Enterprises under direct or indirect common control/significant influence:
 1. HB Portfolio Ltd.
 2. HB Estate Developers Ltd.
 3. HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)
 4. RRB Securities Ltd.

21.2 Transactions during the financial year ended 31.03.2012 with related Parties as under:-

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	47511 (1700000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	4405753 (11700000)
3	Loans & Advances given	15132511 (3509500)	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 /Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	7000000 (Nil)	45500000 (50000000)
6	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	300000 (500000)
7	Sitting Fee Paid	Nil (Nil)	Nil (Nil)	50000 (50000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	37808 (28811)
9	Remuneration & Other Services	Nil (Nil)	11320158 (10239934)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	150000000 (Nil)	Nil (70000000)	Nil (Nil)
11	Purchase of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	127703721 (27700749)	Nil (Nil)
12	Sale of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	228913038 (168698080)	Nil (Nil)
13	Net Turnover of Derivative Trading	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	78816 (Nil)	1541701 (4496990)
14	Amount recovered on their behalf and remitted to them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (28365127)
15	Commission received	Nil (Nil)	Nil (Nil)	Nil (Nil)	668032 (Nil)	Nil (Nil)	Nil (Nil)
16	Repayment of Loan and Interest	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (Nil)
17	Outstanding as on 31.03.2012						
	- Payable in respect of loan & interest thereon	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (92596439)
	- Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	150000000 (Nil)	70000000 (70000000)	Nil (150000000)
	- Receivables in respect of Loans & Advances.	51819436 (36764436)	Nil (Nil)	Nil (Nil)	Nil (Nil)	6878843 (Nil)	34500000 (34500000)
	- Book value of shares given as margin	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1488750 (1488750)	32653250 (3068250)



22. SEGMENT REPORTING

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

23. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15

Defined Contribution Plan

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

Particulars	Current Year	Previous Year	Head under which shown in the Profit & Loss account
Contribution to Provident Fund	3,66,770/-	4,26,458/-	Contribution to Provident fund and other fund.
Contribution to superannuation fund	1,35,000/-	1,35,000/-	Contribution to Provident fund and other fund.

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)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-
Interest Cost (B)	1,67,590/-	1,36,541/-	69,041/-	49,269/-
Current service cost (C)	2,99,275/-	2,95,021/-	1,34,822/-	1,43,627/-
Benefits paid (D)	Nil	Nil	(1,02,917/-)	(1,23,919/-)
Actuarial loss/ (gain) on obligation (E)	99,736/-	(43,447/-)	93,807/-	1,02,507/-
Present value of obligations as at the end of the year (F=A+B+C-D+E)	26,61,478/-	20,94,877/-	9,83,790/-	7,89,037/-

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)	26,61,478/-	20,94,877/-	9,83,790/-	7,89,037/-
Estimated fair value of plan assets (B)	16,33,376/-	14,96,139/-	Nil	Nil
Net Liability (C=A-B)	10,28,102/-	5,98,738/-	9,83,790/-	7,89,037/-
Amounts in the Balance Sheet				
Liabilities	10,28,102/-	5,98,738/-	9,83,790/-	7,89,037/-
Amount charged to Profit & Loss Account				
Current Service Cost	2,99,275/-	2,95,021/-	1,34,822/-	1,43,627/-
Interest Cost	1,67,590/-	1,36,541/-	69,041/-	49,269/-
Expected Return on Plan Asset	(1,34,671/-)	(1,19,548/-)	Nil	Nil
Actuarial(Gain)/Loss	99,736/-	(43,447/-)	93,807/-	1,02,507/-
	4,31,930/-	2,68,567/-	2,97,670/-	2,95,403/-
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Fund		Salary & benefits	

The Actual Return on Plan Assets is as follows:

Particulars	Gratuity	
	Current Year	Previous Year
Actual return on plan assets	1,34,671/-	1,19,548/-

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

Particulars	Gratuity	
	Current Year	Previous Year
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	9%	9%
Salary Escalation Rate	6%	6%

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

Sl. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	14,96,139/-	12,08,753/-
i)	Expected Return on Plan Assets	1,34,671/-	1,19,548/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	Nil	1,67,838/-
iv)	Benefits Paid	Nil	Nil
v)	Contribution	2,566/-	Nil
	Closing Fair Value of Plan Assets	16,33,376/-	14,96,139/-

24. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD AS-19 FOR LEASES:- Operating Lease

a) Particulars of the minimum lease payments under Operating Lease:-
 Not Later than One Year ₹ 13,22,544/- (Previous Year ₹ 11,65,948/-)
 Later than one year but not Later than five years ₹ 9,49,944/- (Previous Year ₹ 9,49,948/-)
 Later than five years ₹ Nil (Previous Year ₹ Nil)

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2012 is ₹ 1290144/- (Previous Year ₹ 12,73,944/-).

c) General description of the lease arrangement.
 The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.

Restrictions imposed by lease arrangement:-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.

25. Due to Micro, Small and Medium Enterprises

To the extent information available with the company, it has no dues to the Micro, Small and medium enterprises as at 31st March, 2012 and 31st March, 2011.

26. Disclosure pursuant to Accounting Standard AS-22 for accounting for taxes on Income:-

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.

27. Disclosure of Loans/Advances in the nature of loans in terms of provision of clause 32 of Listing Agreement with Stock Exchanges- (Amount in ₹)

S. No.	Particulars	Outstanding Balance as on 31.03.2012	Max. Balance outstanding during the year	Outstanding Balance as on 31.03.2011	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.	10,69,436 5,07,50,000	10,69,436 5,07,50,000	9,84,436 3,57,50,000	9,84,436 3,57,50,000
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

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

Particulars	Current Year (in ₹)	Previous Year (in ₹)
Net Profit/(Loss) before exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders.	78166867	30259675
Net Profit/(Loss) after exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders.	92329390	30259675
Earning Per Share (face value of ₹10 each) Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Basic and diluted Earning per share (₹) before exceptional item	3.29	1.27
Basic and diluted Earning per share (₹) after exceptional item	3.88	1.27



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29 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 ₹ 1,24,06,250/- (Previous year ₹ 1,75,67,250/-) Market Value ₹ 12,75,00,000/- (Previous Year ₹ 20,46,56,250/-) were given as margin at the year end.
- b) Detail of Open Interest in Equity Stock Futures Contracts as at the year-end 31.03.2012

Name of Equity Stock Future	No. of Contracts	Units (In Nos.) Long	Units (In Nos.) (Short)
IFCI Ltd.	Nil (15)	Nil (60000.00)	Nil (Nil)
Coal India Ltd.	25.00 (Nil)	25000.00 (Nil)	Nil (Nil)
Tata Steel Ltd.	40.00 (Nil)	20000.00 (Nil)	Nil (Nil)
J P Power Ltd.	16.00 (32)	128000.00 (128000)	Nil (Nil)
Reliance Infrastructure Ltd.	3.00 (5)	1500.00 (1250)	Nil (Nil)

30 Exceptional Item

Exceptional item consists of ₹ 1,21,62,532/- (Previous Year ₹ NIL) being interest Income on refund of income tax & ₹ 20,00,000/- (Previous Year ₹ NIL) on account of Claim received in settlement of Legal cases under Section 138 of the Negotiable Instrument Act.

- 31 Securities Exchange Board of India (SEBI), vide its Order dated May 09, 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market directly or indirectly for a period of 2 years from the date of the order. The order has been passed in relation to certain trades carried out more than 10 years ago in the scrip of a company. Aggrieved with the said order, the company filed an appeal and also a miscellaneous application before the Securities Appellate Tribunal (SAT), vide its order dated May 17, 2012, the Hon'ble SAT has stayed the operation of the aforesaid order of SEBI till the disposal of appeal, the hearing of which has been fixed for July 11, 2012. The Management is of the firm belief that, and as also legally advised, the order of SEBI is not tenable and that appeal will be decided in its favour. In the opinion of the management, the going concern status of the company will not be impacted due to aforesaid order of SEBI, the operation of which has since been stayed by SAT.

32. Schedule as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in lakhs)

Particulars	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)	Nil (Nil)
: Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
(b) Deferred Credits	(Nil)	(Nil)
(c) Term Loans	Nil (Nil)	Nil (Nil)
(d) Inter-corporate loans and borrowing	Nil (900)	Nil (Nil)
(e) Commercial Paper	Nil (Nil)	Nil (Nil)
(f) Public Deposits	Nil (Nil)	Nil (Nil)
(g) Other Loans (Vehicle Loan)	Nil (0.98)	Nil (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)	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)	Nil (Nil)
c) Other public deposits	Nil (Nil)	Nil (Nil)

(₹ in lakhs)

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 (Nil)
(b) Unsecured	3305.79 (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
(Nil)
- (b) Operating lease Nil
(Nil)
- (ii) Stock on hire including hire charges under sundry debtors:
- (a) Assets on hire Nil
(Nil)
- (b) Repossessed Assets Nil
(Nil)
- (iii) Hypothecation loans counting towards EL/HP activities
- (a) Loans where assets have been repossessed Nil
(Nil)
- (b) Loans other than (a) above Nil
(Nil)

(₹ in lakhs)

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

(5) Break-up of Investments :

Current Investments

1. Quoted :

- (i) Shares : (a) Equity 1778.57
(3218.97)
- (b) Preference Nil
(Nil)
- (ii) Debentures and Bonds Nil
(Nil)
- (iii) Units of mutual funds Nil
(Nil)
- (iv) Government Securities Nil
(Nil)
- (v) Others (please specify) Nil
(Nil)

2. Unquoted :

- (i) Shares :
- (a) Equity 6.99
(6.99)
- (b) Preference Nil
(Nil)
- (ii) Debentures and Bonds Nil
(Nil)
- (iii) Units of mutual funds 200.00
(200.00)
- (iv) Government Securities Nil
(Nil)
- (v) Others (please specify) Nil
(Nil)

Long Term investments

1. Quoted :

- (i) Shares :
- (a) Equity 6421.37
(6650.16)
- (b) Preference Nil
(Nil)
- (ii) Debentures and Bonds Nil
(Nil)
- (iii) Units of mutual funds Nil
(Nil)
- (iv) Government Securities Nil
(Nil)
- (v) Others (please specify) Nil
(Nil)

2. Unquoted :

- (i) Shares :
- (a) Equity 1539.52
(2842.52)
- (b) Preference 109.00
(109.00)
- (ii) Debentures and Bonds Nil
(Nil)
- (iii) Units of mutual funds Nil
(Nil)
- (iv) Government Securities Nil
(Nil)
- (v) Others (please specify) Nil
(Nil)



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

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil (Nil)	518.19 (367.34)	518.19 (367.34)
(b) Companies in the same group	Nil (Nil)	413.79 (345.00)	413.79 (345.00)
(c) Other related parties	Nil (Nil)	Nil (Nil)	Nil (Nil)
2. Other than related parties	Nil (Nil)	2373.81 (1309.21)	2373.81 (1309.21)
Total	Nil (Nil)	3305.79 (2021.55)	3305.79 (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	26.66 (28.08)	83.00 (83.00)
(b) Companies in the same group	208.05 (213.35)	165.00 (165.00)
(c) Other related parties	1857.40 (2640.90)	435.35 (435.35)
2. Other than related parties	12710.37 (18189.38)	7270.53 (8473.39)
TOTAL	14802.48 (21071.71)	7953.88 (9156.74)

(8) Other information

Particulars	₹ in Lacs
(i) Gross Non-Performing Assets	100.00 (100.00)
(a) Related parties	Nil (Nil)
(b) Other than related parties	100.00 (100.00)
(ii) Net Non-Performing Assets	Nil (90)
(a) Related parties	Nil (Nil)
(b) Other than related parties	Nil (Nil)
(iii) Assets acquired in satisfaction of debt	Nil (Nil)

3. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ 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	Nil (.24)	Nil (.24)	Nil (.25)	Nil (.25)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (.98)
Market Borrowings-Inter Corporate Loan	Nil (25.96)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (900.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (925.96)
Assets									
Advances-Inter Corporate Loan	Nil (Nil)	Nil (Nil)	100.00 (100.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	100.00 (100.00)
Investments (net of provision)	Nil (Nil)	Nil (Nil)	1236.06 (888.38)	Nil (Nil)	Nil (Nil)	66.00 (66.00)	34.00 (34.00)	6617.82 (8168.36)	7953.88 (9156.74)

Note: Figure in Bracket related to Previous Year.

As per our Report of even date

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

AMIT GOEL
Partner
Membership No. : 092648

Place : Gurgaon
Date : 25th May, 2012

For and on behalf of the Board

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer



HB STOCKHOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	(Amount in ₹) Year Ended 31st March, 2012	(Amount in ₹) Year Ended 31st March, 2011
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	77689316	36135432
Adjustment for :		
Depreciation	1208056	1183104
Provisions for Sub Standard and doubtful Assets	9000000	1000000
Contingent Provision against Standard Assets	343047	482886
Loss on sale of fixed assets	367632	—
Operating Profit before Working Capital Changes	88608051	38801422
Adjustment for :		
Trade & other Receivables	4917145	38079018
Investments	(10014246)	(47987271)
Current and Non-current Liabilities	(2525448)	(331000)
Cash generated from exceptional items	14162523	—
Cash Generated from operation	95148025	28562169
Income tax paid	(3722449)	(30675757)
Cash Flow after exceptional Items	91425576	(2113588)
Net Cash from Operation Activities	91425576	(2113588)
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	(2491725)	(65544)
Sale of Fixed Assets	610000	—
Net Cash used in Investing Activities	(1881725)	(65544)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(-) repayment of Borrowings	(90000000)	—
Net Cash used in Financing Activities	(90000000)	—
Net Increase in Cash & Cash	(456149)	(2179132)
Equivalents A+B+C		
Cash and Cash Equivalents (Opening Balance)	2564219	4743351
Cash and Cash Equivalents (Closing Balance)	2108070	2564219

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
Membership No. : 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2012

(Amount in Rupees)

Name of the Subsidiary	Share Capital	Reserve & Surplus	Equity & Liabilities	Assets	Non Current Assets	Turnover	Profit before Taxation	Profit after Taxation	Proposed Dividend
HB Prima Capital Ltd (Previous Year)	1,00,00,000 1,00,00,000	1,51,86,927 1,51,69,616	7,59,42,545 7,59,71,131	7,59,42,545 7,59,71,131	7,57,78,500 7,57,78,500	52,500 3,88,900	18,822 3,69,664	17,311 3,23,664	Nil Nil
Mount Finance Limited (Previous Year)	83,00,060 83,00,060	(56,34,047) (54,35,650)	37,59,949 38,73,346	37,59,949 38,73,346	35,20,829 36,24,501	0 0	(1,98,397) (2,10,510)	(1,98,397) (2,10,510)	Nil Nil



HB STOCKHOLDINGS LIMITED – CONSOLIDATED ACCOUNTS

AUDITORS' REPORT

To,
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, 2012 and the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then 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.20).

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.9.6 and note no. 30) 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, 2012 and
- In the case of Consolidated Statement of Profit & Loss 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

AMIT GOEL
Partner
(M. No. 92648)

Place : Gurgaon
Date : 25th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note(s)	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	243353823	243353823
Reserves and Surplus	3	977818721	966109523
		1221172544	1209463346
Non-Current Liabilities			
Long Term Provisions	4	180588338	176531099
		180588338	176531099
Current Liabilities			
Short-Term Borrowings	5	-	90000000
Other Current Liabilities	6	2169404	5178617
Short Term Provisions	7	87571025	260964703
		89740429	356143320
		1491501311	1742137765
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible assets	8	9728082	9468870
Non-current investments	9	991197434	1092427389
Long term loans and advances	10	35127124	35127124
		1036052640	1137023383
Current Assets			
Current investments	9	198555750	342724857
Cash and Cash equivalents	11	2309986	2804445
Short-Term Loans and Advances	12	254566154	259547892
Other Current Assets	13	16781	37188
		455448671	605114382
		1491501311	1742137765

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 30

As per our Report of even date

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

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	Note(s)	Year Ended 31st March, 2012 (In ₹)	Year Ended 31st March, 2011 (In ₹)
Revenue from operations	14	118454931	79708460
Other Income	15	713526	129356
Total Revenue		119168457	79837816
Expenses:			
Employee Benefit Expense	16	15233910	16745769
Finance Costs	17	4406675	11729028
Depreciation	8	1254881	1355448
Other Expenses	18	13748114	11823825
Provision for Sub-Standard and Doubtful Assets		9000000	1000000
Contingent Provision against Standard Assets		343047	482886
Total Expenses		43986627	43136956
Profit for the year before Tax and exceptional items		75181830	36700860
Tax expense:			
Current tax		-	4246000
Tax adjustments for earlier years		(476040)	1675757
Profit for the year after Taxation before Share of Profit/(Loss) in Associates & exceptional items		75657870	30779103
Share of Profit/(Loss) in Associates		(78111195)	15875723
Profit/(Loss) for the year after Taxation before exceptional items		(2453325)	46654826
Exceptional Items	27	14162523	-
Profit/(Loss) after Tax and Exceptional Items		11709198	46654826
Earning per equity share:			
Equity share of Par value ₹ 10/-each	26		
Before Exceptional Items			
Basic and Diluted		(0.10)	1.96
After Exceptional Items			
Basic and Diluted		0.49	1.96

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 30

As per our Report of even date

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

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

1.1 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.

1.2 INVESTMENTS

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

1.3 OTHER SIGNIFICANT ACCOUNTING POLICIES

These are set 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.

NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

The Previous year figures have been regrouped/reclassified,wherever necessary to conform to the Year's presentation

2. SHARE CAPITAL

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
AUTHORIZED		
7,00,00,000 (7,00,00,000) Equity Shares of ₹ 10/- each.	700000000	700000000
3,00,00,000 (3,00,00,000) Redeemable Preference Shares of ₹10/- each	300000000	300000000
	1000000000	1000000000
ISSUED		
2, 54, 43, 257 (2, 54, 43, 257) Equity Shares of ₹ 10/- each.	254432570	254432570
	254432570	254432570
SUBSCRIBED & PAID UP		
2, 37, 92, 218(2, 37, 92, 218) Equity Shares of ₹ 10/- each fully paid up.	237922180	237922180
Add: Forfeited shares-16,51,039(16,51,039) Equity Shares (Amount originally paid up)	5431643	5431643
	243353823	243353823

- Issued Share capital of the Company has only one class of shares referred to as equity shares having Par value of ₹ 10/. Each holder of Equity Shares is entitled to One vote per share.
- Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March, 2012 & 31st March, 2011 is as under:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Number of shares at the beginning	23792218	237922180	23792218	237922180
Number of shares at the end	23792218	237922180	23792218	237922180

- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

Number of shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares Held	% of holding	No. of Shares Held	% of holding
Lalit Bhasin	11822317	49.69	11822317	49.69

- The dividend Proposed, if any,by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.No dividend has been proposed for the current year or for the previous year.
- In the event of the Liquidation of the company,the holder of equity shares will be entitled to receive any of the remaining assets of the company,after distribution of all Preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

3. RESERVES AND SURPLUS

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
Securities Premium Reserve-opening balance	999689069	999689069
Add: Addition during the year	—	—
	999689069	999689069
Statutory Reserve -Opening balance *	88572542	82520607
Add: Transferred from Surplus	18465878	6051935
	107038420	88572542
Investment Allowance Reserve (Utilised Account)-opening balance **	477000	477000
Less: Transferred to Surplus	477000	—
	—	477000
Surplus-opening balance	(122629088)	(163231979)
Add: Transferred from Investment Allowance Reserve	477000	—
Add: Net Profit after tax transferred from Statement of Profit & Loss	11709198	46654826
	(110442890)	(116577153)
Less:Transferred to Statutory Reserve	18465878	6051935
Surplus-Closing balance	(128908768)	(122629088)
	977818721	966109523

(*) Created by way of transfer of specified percentage of profits as per section 45IC of Reserve Bank of India (Amendment) Act,1997.Appropriation from Reserves shall be for the purposes as may be specified by Reserve Bank of India.

(**) Created in earlier years out of Profit and Loss account as per then prevailing provisions of Income tax act.

4. LONG TERM PROVISIONS

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
- For Diminution in value of Long term/ Non current Investments	180372022	176352496
- Contingent provision against standard Assets	216316	178603
	180588338	176531099

5. SHORT TERM BORROWINGS

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
Loan from related Party,(Unsecured)*	—	90000000
	—	90000000

*From HB Portfolio Limited

6. OTHER CURRENT LIABILITIES

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
Current Maturities of Long term Debt	—	98013
Interest Accrued but not due on borrowings	—	2596439
Expenses Payable	1822042	1593780
TDS Payable	347362	890385
	2169404	5178617

7. SHORT TERM PROVISIONS

Particulars	As at	
	31st March, 2012 (In ₹)	31st March, 2011 (In ₹)
Provisions For Employees Benefit		
Leave encashment	983790	789037
Gratuity	1028102	598738
Others		
Income Tax	—	4246000
Loss on Equity Derivative instruments	—	140249
Sub-standard and Doubtful Assets	10000000	10000000
Diminution in value of Current Investments	74949516	253886396
Contingent Provision against Standard Assets	609617	304283
	87571025	260964703



8. FIXED ASSETS

(Amount In ₹)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Addition during the year	Deduction during the year	As at 31.03.2012	As at 31.03.2011	For the year	Deduction/ Adjustments during the year	As at 31.03.2012	As on 31.03.2012	As at 31.03.2011
	Tangible Assets										
1	Flat	4823385			4823385	1419034	78621		1497655	3325730	3404351
2	Furnitures & Fixtures	7675738			7675738	6025150	360356		6385506	1290232	1650588
3	Vehicles	6014766	2396141	1797118	6613789	2961374	585137	819486	2727025	3886764	3053392
4	Office Equipment	2252335	15300		2267635	1482732	107337		1590069	677566	769603
5	Data Processing Machine	388525	80284		468809	248358	73007		321365	147444	140167
6	Air conditioners	996578			996578	556031	47337		603368	393210	440547
7	Generator Set	64960			64960	54738	3086		57824	7136	10222
	Total	22216287	2491725	1797118	22910894	12747417	1254881	819486	13182812	9728082	9468870
	(Previous Year)	22150743	65544		22216287	11391969	1355448		12747417	9468870	10758774

9. INVESTMENTS

Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
NON CURRENT INVESTMENTS					
(LONG TERM INVESTMENTS)					
(1) IN ASSOCIATES					
- UNQUOTED (NON-TRADE) FULLY PAID UP EQUITY SHARES					
TAURUS ASSET MANAGEMENT CO LIMITED.	10	2525000	18634750	2525000	18634750
Cost of acquisition			4439466		4214790
Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2012					
		2525000	23074216	2525000	22849540
PISCES PORTFOLIOS PVT. LIMITED.	10	2290000	24900000	2290000	24900000
Cost of acquisition			137765401		216340294
Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2012					
		2290000	162665401	2290000	241240294
TOTAL-(1) Investments in Associates Companies		4815000	185739617	4815000	264089834
(2) IN OTHERS					
A. TRADE INVESTMENTS (QUOTED)					
INVESTMENT IN EQUITY INSTRUMENTS					
-FULLY PAID UP EQUITY SHARES					
BELL CERAMICS LIMITED	10	275921	16672649	275921	16672649
CROMPTON GREAVES LIMITED	2	4137	86266	4637	96692
DCM SHRIRAM INDUSTRIES LIMITED	10	4346615	488067462	4346615	488067462
GREAVES COTTON LIMITED	2	156145	10620106	255435	17373255
JAIPRAKASH ASSOCIATES LIMITED	2	11763367	93389331	13793367	109505494
MAWANA SUGAR LIMITED	10	60491	15994478	60491	15994478
PVP VENTURES LIMITED	10	35694	5182124	35694	5182124
RRB SECURITIES LIMITED	10	1000000	10000000	1000000	10000000
VENKAT PHARMA LIMITED	10	41790	2124443	41790	2124443
TOTAL (A) (TRADE INVESTMENTS)		16784160	642136859	18913950	665016597
B. NON TRADE INVESTMENTS					
B.1 INVESTMENT IN EQUITY INSTRUMENTS					
-FULLY PAID UP EQUITY SHARES (QUOTED)					
ELCOT POWR CONTROL LIMITED	10	500	37500	500	37500
MALWA COTTON SPINNING MILLS LIMITED	10	50000	32500000	50000	32500000
NAHAR SPINNING MILLS LIMITED	5	15000	11437500	15000	11437500
NAHAR CAPITAL & FINANCIAL SERVICES LTD	10	15000	11437500	15000	11437500
PHOENIX INTERNATION LIMITED	10	17200	6106000	17200	6106000
RATTAN VANASPATI LIMITED	10	400000	7600000	400000	7600000
RRB SECUTITIES LIMITED	10	62600	6260000	62600	6260000
-FULLY PAID UP EQUITY SHARES (UNQUOTED)					
ASSOCIATED INFOTECH LIMITED	10	600000	45000000	600000	45000000
JAIPUR STOCK EXCHANGE LIMITED	10	324500	5841000	324500	5841000
TAURUS INVESTMENT TRUST CO LIMITED	10	15430	155458	15430	155458
HB TELECOMMUNICATION LIMITED	10	100	1000	100	1000
HB INSURANCE ADVISORS LIMITED	10	15000	150000	15000	150000
HARSAI INVESTMENTS LIMITED	10	200000	2000000	200000	2000000
Q R PROPERTIES PVT LIMITED	10	4500	45000	4500	45000
SOVIKA AIRLINE SERVICES LIMITED	10	400000	12000000	400000	12000000
-EQUITY SHARE APPLICATION					
CORE TELECOM PRIVATE LIMITED	10	850000	8500000	850000	8500000
HB INSURANCE ADVISORS PVT LTD	10	260000	2600000	260000	2600000
FALCON PORTFOLIO PRIVATE LIMITED.	10	75000	750000	75000	750000
TOTAL B.1		3304830	152420958	3304830	152420958



HB STOCKHOLDINGS LIMITED

Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
B.2 Investments in Preference Shares					
FULLY PAID-UP REDEEMABLE PREFERENCE SHARE					
HB GROWTH FUND LIMITED (2% NON CUMULATIVE)	10	50000	500000	50000	500000
HB SECURITIES LIMITED (6% CUMULATIVE)	1000	10000	1000000	10000	1000000
HB TELECOMMUNICATION LIMITED (2% NON CUMULATIVE)	10	40000	400000	40000	400000
TOTAL B.2		100000	10900000	100000	10900000
TOTAL B.1+B.2 (NON TRADE INVESTMENTS)		3404830	163320958	3404830	163320958
TOTAL-2 (A+B) INVESTMENTS IN OTHERS		20188990	805457817	22318780	828337555
TOTAL- (1+2) NON CURRENT/LONG TERM INVESTMENTS		25003990	991197434	27133780	1092427389
CURRENT INVESTMENTS					
(A) INVESTMENTS IN EQUITY INSTRUMENTS					
a) <u>QUOTED, FULLY PAID UP EQUITY SHARES</u>					
ABC PAPER LIMITED	10	800	11200	800	11200
ABAN OFFSHORE LIMITED	2	200	522480	200	522480
AHLUWALIA CONTRACTS (INDIA) LIMITED	2	24950	5197740	84950	17697316
AMRIT BANASPATI COMPANY LIMITED	10	400	5600	400	5600
AMRIT CORP. LIMITED	10	400	5600	400	5600
ARVIND LIQUID GASES LIMITED	10	10000	182500	10000	182500
ASHOK LEYLAND LIMITED	1	200	7603	200	7603
BHARAT HOTELS LIMITED	10	300	6752	300	6752
CIBA SPECIALITY LIMITED	10	50	500	50	500
DCM SHRIRAM CONSOLIDATED LIMITED	2	72845	7202668	72845	7202668
DESIGN AUTO SYSTEMS LIMITED	10	671400	3953867	671400	3953867
DIGITAL WORLD INDIA LIMITED	10	162400	3136228	162400	3136228
GULSHAN POLYOLS LTD.	10	1000	113288	1000	113288
GVK POWER & INFRA LTD.	1	125000	1971942	—	—
GSAL(INDIA) LIMITED.	10	8120	4060	8120	4060
HARYANA PETROCHEMICALS LIMITED	10	9050	212192	9050	212192
HB ESTATE DEVELOPERS LIMITED	10	150000	1500000	150000	1500000
HB LEASING & FINANCE CO LIMITED	10	43200	1186050	43200	1186050
HB PORTFOLIO LIMITED	10	100000	1000000	100000	1000000
HINDUSTAN OIL EXPLORATION COMPANY LIMITED	10	216	25684	216	25684
HOTLINE GLASS LIMITED	10	166382	552770	166382	552770
HOTLINE TELETUBE & COMPONENTS LIMITED	10	344400	9751268	344400	9751268
IDBI	10	25000	2355525	—	—
INDIAN HOTEL LTD.	1	50000	3097717	—	—
INDIA BULLS REAL ESTATE LTD.	2	35000	2009428	—	—
IFCI	10	78040	2101243	3040	168698
ICP SECURITIES LIMITED	10	1800	18000	1800	18000
ICICI BANK LIMITED	10	1000	585963	1000	585963
ISPAT PROFILES INDIA LIMITED	10	10000	235020	10000	235020
JAYPEE INFRA TECH LTD.	10	700000	30170072	—	0
JAI CORP. LIMITED	1	10074	10366167	10074	10366167
JUBILANT LIFESCENCE LTD	1	10000	3330897	10000	3330897
JUBILANT INDUSTRIES LTD	10	500	175310	500	175310
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000	10000	335000
LCC INFOTECH LIMITED	2	56300	387984	56300	387984
LUNAR DIAMONDS LIMITED	10	21000	439065	21000	439065
MALANPUR STEEL LIMITED	10	10814	147220	10814	147220
MALWA COTTON SPINNING MILLS LIMITED	10	19300	2284159	19300	2284159
MAWANA SUGAR LIMITED	10	39509	6817465	39509	6817465
MEGA SOFT LIMITED	10	32500	3774848	32500	3774848
MILKFOOD LIMITED	10	3800	34200	3800	34200
NITTA GELATIN INDIA LIMITED	10	33000	1331444	39397	1589543
NAHAR POLYFILMS LIMITED	5	444	17643	444	17643
NIIT LIMITED	2	60988	8865034	60988	8865034
NOIDA TOLL BRIDGE LTD	10	—	—	200000	6501524
NUCHEM LIMITED	10	64755	168363	64755	168363
ORISSA EXTRUSIONS LIMITED	10	10728	21456	10728	21456
ORINTAL BANK OF COMMERCE	10	100	12745	100	12745
ORKAY INDUSTRIES LIMITED	10	135650	3152053	135650	3152053
PATHREJA FORGINGS LIMITED	10	1000	19326	1000	19326
PHOENIX INTERNATIONAL LIMITED	10	14400	900000	14400	900000
PILANI INVESTMENT& INDUSTRIES CORPORATION LTD	10	250	251006	250	251006
POLYCHEM LIMITED	10	125	501825	125	501825
PRAJ INDUSTRIES LTD.	2	45000	3877920	—	—
PRISM MILLS LIMITED	10	10000	187500	10000	187500
PUNJ LLYOD LTD.	2	64000	3250991	—	—
PUNJAB WIRELESS LIMITED	10	100	6100	100	6100
RAMA VISION LIMITED	10	18300	553061	18300	553061
RASHTRIYA CHEMICAL & FERTILIZERS LTD.	10	15000	1844075	15000	1844075
RELIANCE CAPITAL LIMITED	10	4	1910	4	1910
RELIANCE COMMUNICATIONS LIMITED	5	5085	2772215	5085	2772215
RELIANCE INDUSTRIES LIMITED	10	21105	16456243	1105	1126592
RELIANCE POWER LTD.	10	4000	364902	—	—
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000	23600	590000
SAVANI FINANCIALS LIMITED	10	7000	140000	7000	140000
SESA GOA LTD.	1	16000	3110808	—	—
SHREYANS INDUSTRIES LIMITED	10	5600	96873	5600	96873



Name of the Company	Face Value (In ₹)	Balance as at 31st March, 2012		Balance as at 31st March, 2011	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
SRI VASAVI INDUSTRIES LIMITED	10	10890	584631	10890	584631
STI GRANITE INDIA LIMITED	10	2000	34000	2000	34000
SUMMIT SECURITIES LTD.	10	6	1494	6	1494
SUBEX LIMITED	10	25161	14414392	25161	14414392
UFLEX LIMITED	10	5522	1100502	5522	1100502
UNIMERS INDIA LIMITED	10	1732	444464	1732	444464
UNITECH LIMITED	2	17072	6564246	517072	198816055
UNIVERSAL PRIME ALUMINIUM LIMITED	10	23820	868067	23820	868067
U P HOTELS LIMITED	10	1900	136630	1900	136630
TOTAL (a)		3650287	177857194	3257684	321896701
b) UNQUOTED, FULLY PAID UP EQUITY SHARES KESORAM TEXTILE LIMITED	10	172	4161	172	4161
TOTAL (b)		172	4161	172	4161
c) UNQUOTED PARTLY PAID UP EQUITY SHARES RATHI ALLOYS & STEELS LIMITED	10	46293	694395	46293	694395
TOTAL (c)		46293	694395	46293	694395
TOTAL-A (a+b+c)		3696752	178555750	3304149	322595257
(B) INVESTMENT IN DEBENTURES					
UNQUOTED FULLY PAID UP DEBENTURES					
HDC LIMITED 14% PCD IX-SERIES		—	—	440	17600
SHREYANS INDUSTRIES LIMITED 14% NCD		—	—	1120	112000
TOTAL (B)		—	—	1560	129600
(C) INVESTMENT IN MUTUAL FUNDS					
UNQUOTED FULLY PAID UP UNITS TAURUS BONANZA FUND	10	496416	20000000	496416	20000000
TOTAL (C)		496416	20000000	496416	20000000
TOTAL- CURRENT INVESTMENTS (A+B+C)		4193168	198555750	3802125	342724857

Notes	Non Current/Long Term Investments		Current Investments	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
9.1 Aggregate Amount of Quoted Investments	717515359	740395097	177857194	321896701
9.2 Market Value of Quoted Investments	1154032149	1607492675	104419759	68838458
9.3 Aggregate Amount of Unquoted Investments	273682075	352032292	20698556	20828156
9.4 Aggregate Provision for Diminution in Value of Investments	180372022	176352496	74949516	253886396
9.5 Investments Costing ₹ 14,81,57,552/- (Previous Year ₹ 26,65,73,268/-) Were Lying Pledged/Given as Margin as at the Year end.				
9.6 In the Opinion of the Management no Provision is Required for Diminution Amounting to ₹ 32,15,92,108/-(Previous Year ₹ 19,96,69,557/-) in the Value of Long term/Non current Investment in DCM Shriram Industries Ltd. as the same is Considered to be Temporary.				
9.7 The Company's Investments in DCM Shriram Industries Exceeds the Exposure Norms As specified in "Non-Banking (Non Deposit Acceptance or holding) Companies Prudential Norms (Reserve Bank) Directions 2007".The Reserve Bank of India has Granted Extension of time till March 31, 2013 for Compliance with the Exposure Norms.				

10. LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
(Unsecured, Considered Good)-Standard Security Deposits *	35127124	35127124
	35127124	35127124

*Includes Rental Deposits given to related Party namely HB Estate Developers Ltd. ₹ 3,45,00,000/- (Previous Year ₹. 3,45,00,000/-)

11. CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Balances with Banks		
— In Current and Deposit Accounts*	2197932	2540957
Cash-on-Hand	112054	263488
	2309986	2804445

* Includes Fixed deposits with Bank ₹ 19,00,000/- ₹ NIL with more than 12 months maturity

Fixed deposits are time deposits with Bank which can be withdrawn by the Company at any point of time without prior notice or penalty on the Principal.

12. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Unsecured, Considered Good, Unless otherwise stated:		
Advance to related Parties*	6878843	—
Others		
Inter Corporate Deposit-Sub-standard	—	10000000
— Doubtful	10000000	—
Advance against share application	236968000	236818000
Money-Standard		
Prepaid Expenses	206291	190780
Advance Income Tax/Refund Due	513020	12539112
	254566154	259547892

* To RRB Master Securities (Delhi) Ltd.


13. OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012 (In ₹)	As at 31st March, 2011 (In ₹)
Interest accrued but not due on Bank deposits	15126	32677
Dividend and Redemption Receivable	1655	4511
	16781	37188

14. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Profit/(Loss) in Securities dealing/Equity derivative trading	(2566352)	(4496990)
Profit/(Loss) on sale of investments (1)	(60981346)	54496578
Provision for diminution in value of investments written back (2)	174917353	1361985
Interest Income:-		
– on Inter Corporate Deposit/Reversal of unrecovered interest (Tax deducted at Source ₹ Nil (Previous Year Nil))	120000	(1079999)
Dividend Income (Gross) (Tax deduction at source ₹ NIL, Previous Year ₹ NIL)(3)	6965276	29176886
	118454931	79708460

The Company, being an Investment and Finance company, the Income from Investment and Finance activities are shown Operational Income.

- Profit/(Loss) on Sale of Investments includes Loss of ₹ 17,86,06,139/- (Previous Year Loss ₹ 3,40,73,877/-) on Current Investments and Gain of ₹ 11,76,24,793/- (Previous Year ₹ 8,88,20,455/-) on Non current/Long Term Investments.
- Provision for diminution in value of Investments written back include ₹ 40,19,526/- provision made (previous year ₹ 19,64,366/-) in respect of Non Current/Long Term Investments and ₹ 17,89,36,879/- provision written back in respect of Current Investments (Previous Year ₹ 24,00,110/- written back).
- Dividend Income includes ₹ 60,86,096/- (Previous Year ₹ 2,72,85,344/-) on Long Term/Non current Investments and ₹ 8,79,179/- (Previous year ₹ 18,91,542/-) on Current Investments.

15. OTHER INCOME

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Interest On Fixed Deposits (Tax Deduction at Source ₹ 28451/-(Previous year ₹ 12936/-)	284516	129356
Commission Received (Tax Deduction at source ₹ 66802/- Previous Year ₹ Nil)	429010	–
	713526	129356

16. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Salaries and Benefits	14200101	15730122
Contribution to Provident fund and other fund	933700	925546
Staff welfare	100109	90101
	15233910	16745769

17. FINANCE COSTS

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Interest expense	4406675	11729028
	4406675	11729028

18. OTHER EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Rent/Facility Charges	1290144	1273944
Vehicle Running and Maintenance	730421	861062
Insurance	70906	79181
Communication	577659	574641
Travelling and Conveyance	2365910	1553842
Printing and Stationery	611316	625198
Office Repairs and Maintenance	214409	319653
Depository and custodial	180396	91682
Subscription and Membership	1502143	1636983
Legal and Professional	4133848	3245458
Advertisement & Publicity	175927	376043
Listing Fees	165450	115294
Business Promotion	396577	166642
Miscellaneous	165018	196068
Auditors Remuneration		
– Audit Fees	180158	176965
– Tax Audit Fees	28090	27575
– Income Tax Matters	64200	30200
– Certification and others	55910	52394
Loss On sale of Fixed Assets		0
Directors Sitting Fees	472000	412000
	13748114	11823825

19. 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 end
HB Prima capital Ltd	India	100% Subsidiary of HB stockholdings Ltd	31.03.2012
Mount Finance Ltd.	India	100% Subsidiary of HB stockholdings Ltd	31.03.2012

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 'Short Term Provisions/Long Term 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.

20. 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% (35.78%)

* Valuation done on the basis of available unaudited, management certified financial statements for year ended 31.03.2012.

21. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

- Income Tax demand disputed ₹ 88,84,287/- (Previous year ₹ 2,50,43,364/-) 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.
- Guarantees given on behalf of Related Parties:- ₹ 22,00,00,000/- (Previous Year ₹ 22,00,00,000/-)

In the Opinion of the Management, the aforesaid guarantees had been given in view of overall long term business involvement/relationship of the company with the aforesaid companies and the giving of aforesaid guarantees will not have any prejudicial impact on the company.

22 RELATED PARTY TRANSACTIONS

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

- 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
- Associate
 - 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.



22.2 Transactions during the financial year ended 31.03.2012 with related Parties as under:-

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
1	Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	4405753 (11700000)
2	Rent/Facility Charges Paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	949944 (949944)
3	Margin /Advances paid & received back	Nil (Nil)	Nil (Nil)	Nil (Nil)	7000000 (Nil)	45500000 (50000000)
4	Dividend Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	300000 (500000)
5	Sitting Fee Paid	Nil (Nil)	50000 (50000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Depository Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	37808 (28811)
7	Remuneration & Other Services	11320158 (10239934)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Guarantee Given	Nil (Nil)	Nil (Nil)	150000000 (Nil)	Nil (70000000)	Nil (Nil)
9	Purchase of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	127703721 (27700749)	Nil (Nil)
10	Sale of Investment through them	Nil (Nil)	Nil (Nil)	Nil (Nil)	228913038 (168698080)	Nil (Nil)
11	Net Turnover of Derivative Trading	Nil (Nil)	Nil (Nil)	Nil (Nil)	78816 (Nil)	1541701 (4496990)
12	Amount recovered on their behalf and remitted to them	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (28365127)
13	Commission received	Nil (Nil)	Nil (Nil)	429010 (Nil)	Nil (Nil)	Nil (Nil)
14	Repayment of Loan and Interest	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92596439 (Nil)
15	Outstanding as on 31.03.2012 - Payable in respect of loan & interest thereon - Guarantee Given - Receivables in respect of Loans & Advances. -Book value of shares given as margin	Nil (Nil) Nil (Nil) Nil (Nil) Nil (Nil)	Nil (Nil) Nil (Nil) Nil (Nil) Nil (Nil)	Nil (Nil) 150000000 (Nil) Nil (Nil) Nil (Nil)	Nil (Nil) 70000000 (70000000) 6878843 (Nil) 1488750 (1488750)	Nil (92596439) Nil (150000000) 34500000 (34500000) 32653250 (30668250)

23 SEGMENT REPORTING

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

24 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15

Defined Contribution Plan

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

Particulars	Current Year	Previous Year	Head under which shown in the Profit & Loss account
Contribution to Provident Fund	3,66,770/-	4,26,458/-	Contribution to Provident fund and other fund.
Contribution to superannuation fund	1,35,000/-	1,35,000/-	Contribution to Provident fund and other fund.

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)	20,94,877/-	17,06,762/-	7,89,037/-	6,17,553/-
Interest Cost (B)	1,67,590/-	1,36,541/-	69,041/-	49,269/-
Current service cost (C)	2,99,275/-	2,95,021/-	1,34,822/-	1,43,627/-
Benefits paid (D)	Nil	Nil	(1,02,917/-)	(1,23,919/-)
Actuarial loss/ (gain) on obligation (E)	99,736/-	(43,447/-)	93,807/-	1,02,507/-
Present value of obligations as at the end of the year (F=A+B+C-D+E)	26,61,478/-	20,94,877/-	9,83,790/-	7,89,037/-

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)	26,61,478/-	20,94,877/-	9,83,790/-	7,89,037/-
Estimated fair value of plan assets (B)	16,33,376/-	14,96,139/-	Nil	Nil
Net Liability (C=A-B)	10,28,102/-	5,98,738/-	9,83,790/-	7,89,037/-
Amounts in the Balance Sheet				
Liabilities	10,28,102/-	5,98,738/-	9,83,790/-	7,89,037/-
Amount charged to Profit & Loss Account				
Current Service Cost	2,99,275/-	2,95,021/-	1,34,822/-	1,43,627/-
Interest Cost	1,67,590/-	1,36,541/-	69,041/-	49,269/-
Expected Return on Plan Asset	(1,34,671/-)	(1,19,548/-)	Nil	Nil
Actuarial(Gain)/Loss	99,736/-	(43,447/-)	93,807/-	1,02,507/-
	4,31,930/-	2,68,567/-	2,97,670/-	2,95,403/-
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Fund		Salary & benefits	

The Actual Return on Plan Assets is as follows

Particulars	Gratuity	
	Current Year	Previous Year
Actual return on plan assets	1,34,671/-	1,19,548/-

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



Particulars	Gratuity	
	Current Year	Previous Year
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	9%	9%
Salary Escalation Rate	6%	6%

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

Sl. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	14,96,139/-	12,08,753/-
i)	Expected Return on Plan Assets	1,34,671/-	1,19,548/-
ii)	Actuarial Gains / (Losses)	Nil	Nil
iii)	Contribution by the Employer	Nil	1,67,838/-
iv)	Benefits Paid	Nil	Nil
v)	Contribution	2,566/-	Nil
	Closing Fair Value of Plan Assets	16,33,376/-	14,96,139/-

25 Disclosure pursuant to Accounting Standard AS-19 for Leases: -

Operating Lease

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

Not Later than One year	₹ 13,22,544/- (Previous Year ₹ 11,65,948/-)
Later than one year but not Later than five years	₹ 9,49,944/- (Previous Year ₹ 9,49,948/-)
Later than five years	₹ Nil (Previous Year ₹ NIL)

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2012 is ₹ 1290144/- (Previous Year ₹ 12,73,944/-).

c) General description of the lease arrangement.

The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.

Restrictions imposed by lease arrangement:-

- The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
- The lessee shall use the premises for commercial purposes only.

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

Particulars	Current Year (in ₹)	Previous Year (in ₹)
Net Profit/(Loss) before exceptional items as Per Statement of Profit and Loss to Equity Shareholders.	(2453325)	46654826
Net Profit/(Loss) after exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders.	11709198	46654826
Earning Per Share (face value of ₹ 10 each)		
Weighted Average Nos. of Equity Share Outstanding	2,37,92,218	2,37,92,218
Basic and diluted Earning per share (₹) before exceptional item	(0.10)	1.96
Basic and diluted Earning per share (₹) after exceptional item	0.49	1.96

27. Exceptional Item

Exceptional item consists of ₹ 1,21,62,532/- (Previous Year ₹ NIL) being interest Income on refund of income tax & ₹ 20,00,000/- (Previous Year ₹ NIL) on account of Claim received in settlement of Legal cases under Section 138 of the Negotiable Instrument Act.

28. Due to Micro, Small and Medium Enterprises

To the extent information available with the company, it has no dues to the Micro, Small and medium enterprises as at 31st March, 2012 and 31st March, 2011.

29. Disclosure pursuant to Accounting Standard AS-22 for accounting for taxes on Income:-

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.

30. Securities & Exchange Board of India (SEBI), vide its Order dated May 09, 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market directly or indirectly for a period of 2 years from the date of the order. The order has been passed in relation to certain trades carried out more than 10 years ago in the scrip of a company. Aggrieved with the said order, the company filed an appeal and also a miscellaneous application before the Securities Appellate Tribunal (SAT). Vide its order dated May 17, 2012, the Hon'ble SAT has stayed the operation of the aforesaid order of SEBI till the disposal of appeal, the hearing of which has been fixed for July 11, 2012. The Management is of the firm belief that, and as also legally advised, the order of SEBI is not tenable and that appeal will be decided in its favour. In the opinion of the management, the going concern status of the company will not be impacted due to aforesaid order of SEBI, the operation of which has since been stayed by SAT.

As per our Report of even date

For P. BHOLUSARIA & CO.

Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	(Amount in ₹) Year Ended 31st March, 2012	(Amount in ₹) Year Ended 31st March, 2011
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	(2929365)	52576584
Adjustment for :		
Depreciation	1254881	1355448
Provisions for Sub Standard and doubtful Assets	9000000	1000000
Contingent Provision against Standard Assets	343047	482886
Loss on sale of fixed assets	367632	-
Operating Profit before Working Capital Changes	8036195	55414918
Adjustment for :		
Trade & other Receivables	5002145	48972826
Investments	70481708	(63076115)
Current and Non-current Liabilities	(2525345)	(12823808)
Cash generated from exceptional items	14162523	-
Cash Generated from operation	95157226	28487821
Income tax paid	(3769960)	(30675757)
Cash Flow after exceptional Items	91387266	(2187936)
Net Cash from Operation Activities	91387266	(2187936)
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	(2491725)	(65544)
Sale of Fixed Assets	610000	-
Net Cash used in Investing Activities	(1881725)	(65544)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(-) repayment of Borrowings	(90000000)	-
Net Cash used in Financing Activities	(90000000)	-
Net Increase in Cash & Cash Equivalents A+B+C	(494459)	(2253480)
Cash and Cash Equivalents (Opening Balance)	2804445	5057925
Cash and Cash Equivalents (Closing Balance)	2309986	2804445

As per our Report of even date

For P. BHOLUSARIA & CO.

Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 25th May, 2012

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

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

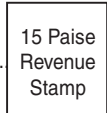


HB STOCKHOLDINGS LIMITED
PROXY FORM

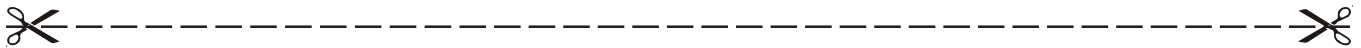
I/We
of.....
being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....
.....
of or failing
him/her of
as my/our proxy to attend and vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on 29th August, 2012 and at any adjournment thereof. As witness my hand/our hands this day of 2012.

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

25TH ANNUAL GENERAL MEETING

Time : 11:00 A.M., Wednesday, 29th August, 2012
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 25th Annual General Meeting held on 29th August, 2012 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