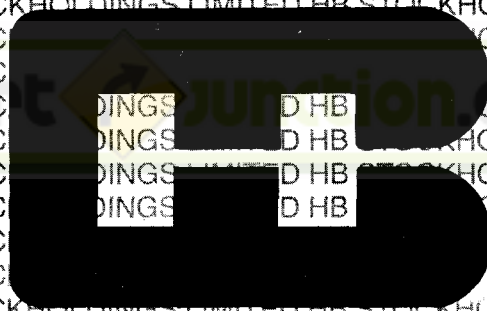
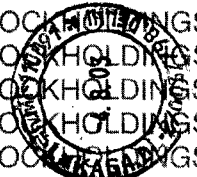


# 16th Annual Report 2002 - 03



**HB STOCKHOLDINGS LIMITED**

**HB STOCKHOLDINGS LIMITED****BOARD OF DIRECTORS**

Mr. H.C. Bhasin	Chairman
Mr. K.N. Malhotra	Director
Mr. P.S. Mathur	Director
Mr. P.K. Mittal	Director
Mr. Lalit Bhasin	Director
Mr. J.M.L. Suri	Executive Director

**VICE PRESIDENT (LEGAL)  
& COMPANY SECRETARY**

Dr. Sanjeev Kumar

**AUDITORS**

P.Bholusaria & Company  
Chartered Accountants  
26/11, Shakti Nagar,  
Delhi - 110 007

**REGISTERED OFFICE**

199 Sector - 7,  
Urban Estate,  
Gurgaon - 122 001  
Haryana

**CORPORATE OFFICE**

10th Floor, DCM Building,  
16, Barakhamba Road,  
New Delhi - 110 001.

**REGISTRAR & SHARE TRANSFER AGENT**

RCMC Share Registry Pvt. Ltd.  
1515, (1st Floor)  
Bhisham Pitamah Marg,  
Kotla Mobarakpur,  
(Near South Extension),  
New Delhi - 110 003.

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## HB STOCKHOLDINGS LIMITED

### NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held as follows:

Day : Thursday  
Date : 28th August 2003  
Time : 10:00 A.M.  
Place : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122001 (Haryana)  
to transact the following business:

#### AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the period ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible offers himself for reappointment.
- To appoint Director in place of Mr. K.N. Malhotra who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

#### AS SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the Resolution passed by the Board of Directors of the company at their meeting held on 21st May 2003 and to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the reappointment of Mr. J.M.L. Suri as Whole-time Director of the company and designated as Executive Director for a period of 5 years with effect from 1st July 2003 on the terms and conditions as approved by the Board of Directors at their meeting mentioned hereinabove and as set out in the Explanatory Statement accompanying this Notice be and is hereby accorded and that during his tenure in the Office as Executive Director, he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration payable, including the minimum remuneration in the event of absence/inadequacy of profits to Mr. J.M.L. Suri at any time during his tenure in the office of Executive Director of the Company in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 and also to do any other acts and deeds, (including seeking of any approval, consent, permissions from such other authorities, if any required) as may be necessary and incidental in the matter."

- To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of SEBI Delisting Guidelines, 2003; Companies Act, 1956; Securities Contract (Regulation) Act, 1956; and the rules framed thereunder, listing agreements and all other applicable laws, rules, regulations, and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution) the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company also from Delhi Stock Exchange Association Limited apart from the Stock Exchanges at Ahmedabad, Chennai and Kolkata for which the approval of the shareholders was already granted vide Special Resolution passed at the 15th Annual General Meeting of the Company held on 31st May 2002."

BY ORDER OF THE BOARD  
For HB STOCKHOLDINGS LIMITED

DR. SANJEEV KUMAR  
VICE PRESIDENT (LEGAL)  
& COMPANY SECRETARY

Place : New Delhi  
Date : 21st May, 2003

### NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OR CORPORATE OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 21.08.2003 to 28.08.2003 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to:
  - Notify any change in their address including PINCODE to the Company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax: 24692345. E-mail: rcmc@dimension1.net.
  - 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.
- All the material documents referred to in the Notice and Explanatory Statement including the Memorandum & Articles of Association of the Company are available for inspection by the members of the Company at its Corporate Office during the normal business hours on any working day.

### ITEM NO. 2 & 3

Details of the Directors seeking reappointment in the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of the Director	Mr. Lalit Bhasin	Mr. K.N. Malhotra
Date of Birth	14.08.1968	06.02.1926
Profile/Expertise in specific functional areas	More than a decade of experience in Financial Services and Stock Market Operations	More than 4 decades of experience in Insurance Industry.
List of other companies in which directorship held as on 31.03.2003	HB Leasing & Finance Co. Ltd.; HB Securities Ltd. (Whole time Director); HB Estate Developers Ltd.; HB Telecommunication Ltd.; Credit capital Asset Management Co. Ltd.; HB Prima Capital Ltd.; HB Corporate Services Ltd.; Har Sai Investment Ltd.; RRB Securities Ltd.; RRB Securities Delhi Ltd.; RRB Master Holdings Ltd.; Raja Ram Bhasin Share & Stock Brokers Ltd. (Whole-time Director); Bhasin Share & Stock Brokers Ltd.; RRB House Finance Pvt. Ltd.; Pal Properties (India) Pvt. Ltd.	RPG Transmission Ltd.; Munjul Showa Ltd.; PNR Capital Services Ltd.; Credit capital Investment Trust Co. Ltd.
Chairman/Member of the Committees of the Board of the companies in which he is a director as on 31.03.2003	Member - Audit Committee HB Leasing & Finance Co. Ltd. and HB Stockholdings Ltd.; Member-Shareholders Committee HB Leasing & Finance Co. Ltd. RRB Securities Ltd.	Member of Audit Committee-Munjul Showa Ltd.; Chairman of Share-holders Committee HB Stockholdings Ltd.

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

The Board of Directors of the Company at their meeting held on 21st May 2003 have reappointed Mr. J.M.L. Suri as Whole-time Director of the Company designated as Executive Director for a further period of 5 years with effect from 1st July 2003. The re-appointment and the remuneration payable to Mr. J.M.L. Suri as Executive Director requires approval of the Company in General Meeting pursuant to Section 269, 198, 309 and 314 read with Schedule XIII of the Companies Act, 1956. The terms and conditions of the re-appointment of Mr. J.M.L. Suri as Executive Director approved by the Board of Directors at their meeting as mentioned hereinabove, are as under: -

- SALARY** : Rs. 30,000/- (Rupees Thirty thousand only) per month;
- PERQUISITES**
  - HOUSING** : Either one of the following -
    - The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to 60% of the salary, over and above 10% payable by the Executive Director himself.
    - In case the accommodation provided to the Executive Director is owned by the Company, the Company shall deduct 10% of the salary of the Executive Director.
    - In case of accommodation is not provided by the Company to the Executive Director, House Rent Allowance shall be paid by the Company to the Executive Director, subject to the ceiling of 60% of the Salary.  
The expenditure incurred by the Company on gas, electricity, water and furnishings subject to a ceiling of 10% of the Salary of the Executive Director.
  - MEDICAL REIMBURSEMENT**  
Expenses incurred for self and family subject to a ceiling of one month's salary per year.
  - LEAVE TRAVEL CONCESSION**  
For self and family once in a year subject to a ceiling of one month's salary per year.
  - CLUB FEES**  
Fees of a clubs subject to a maximum of two clubs, administration and life membership fees shall not be allowed.
  - PERSONAL ACCIDENT INSURANCE**  
Premium subject to a maximum of Rs.4000/- per annum.
  - PROVIDENT FUND**  
Company's contribution towards provident fund subject to a ceiling of 12% of salary.
  - SUPERANNUATION FUND**  
Company's contribution towards superannuation fund subject to a ceiling of 15% of salary.
  - GRATUITY**  
Not exceeding half month's salary for each completed year of service, subject to the ceiling prescribed under Income Tax Act, 1961.
  - CAR AND TELEPHONE**  
The Company shall provide car for use on Company's business and telephone at the residence of the Executive Director. However, personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Executive Director.
  - LEAVE**  
Earned/Privilege leave, not exceeding one month for every eleven months of service, on full salary and allowance. Leave accumulated and not availed of during the tenure, as Executive Director will be allowed to be encashed at the time of termination of his appointment.
  - Apart from the aforesaid salary, perquisites, allowance and benefits, the Executive Director will be entitled to reimbursement of expenses incurred in connection with business of the Company.
  - No sitting fees will be paid to the Executive Director for attending the meetings of the Board of Directors of the Company or Committees thereof.





## HB STOCKHOLDINGS LIMITED

- f) The appointment may be terminated by 15 days notice on either side or 15 days salary in lieu thereof.
- g) The terms and conditions of the above appointment may be altered, enhanced or varied from time to time by the Board of Directors as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Director, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments made thereof hereafter.
- h) In the event of absence/inadequacy of profits in any financial year the above remuneration shall be payable as minimum remuneration to the Executive Director.

The particulars set out hereinabove may be treated as the abstract of the terms and conditions of reappointment of Mr. J.M.L. Suri as Executive Director of the Company to be sent to the shareholders under section 302 of the Companies Act, 1956.

None of the Directors except Mr. J.M.L. Suri is concerned or interested in this resolution. The Directors recommend the resolution for approval by the members.

### ITEM NO. 6

In terms of the Special Resolution passed at the previous (15th) Annual General Meeting held on 31st May 2002, the approval of shareholders was obtained for seeking delisting of Equity Shares of the Company from the Stock Exchanges at Ahmedabad, Chennai and Kolkata by Special Resolution and in terms of the same the Company has applied to these Stock Exchanges seeking delisting. In the meanwhile the Securities and Exchange Board of India has issued Delisting Guidelines, 2003

wherein a company has now been allowed seek delisting of its securities from all or any of the Stock Exchanges it may be listed, irrespective of the Stock Exchange being a Regional Exchange or otherwise. In view of the same and having regard to practically no trading/liquidity in the company's Equity Shares at Delhi Stock Exchange, it is desired that the company also seek delisting from The Delhi Stock Exchange Association Ltd. (DSE), which would avoid multiplicity of compliances besides reduction in cost.

The proposed delisting from the DSE would not adversely affect the investors as the Equity Shares of the company would continue to remain listed at The Stock Exchange, Mumbai and National Stock Exchange.

In accordance with the provisions of Delisting Guidelines, 2003 issued by SEBI, the approval of the shareholders is necessary for seeking delisting and as such the Directors commend the resolution to the shareholders for adoption.

None of the Directors are in any way concerned or interested in the resolution.

**BY ORDER OF THE BOARD  
For HB STOCKHOLDINGS LIMITED**

**DR. SANJEEV KUMAR  
VICE PRESIDENT (LEGAL)  
& COMPANY SECRETARY**

**Place : New Delhi  
Date : 21st May, 2003**

## DIRECTORS REPORT

To the Members,

Your Directors present the 16th Annual Report together with the Audited Statements of Accounts for the period ended 31st March 2003.

### FINANCIAL RESULTS

The Current Accounting year of the company was extended by 4 months to close at 31st March 2003 instead of 30th November 2002, to meet with the requirements under the Prudential Norms of Reserve Bank of India applicable to Non Banking Financial Companies and necessary approval for the extended financial year under the provisions of Companies Act, 1956 was obtained from the Registrar of Companies, NCT of Delhi & Haryana. Accordingly the financial results of the Company for the period under review reflect the working/operations for 16 months and hence are not strictly comparable with figures of the previous year.

The summarised financial results for the period under review are as under:

PARTICULARS	(Amount in Rs.)	
	Period Ended 31.03.2003 (16 months)	Year Ended 30.11.2001 (12 months)
Gross Profit/(Loss)	(20287974)	(4,84,68,986)
Less :		
(a) Depreciation and profit/loss on termination of leases	927711	856379
(b) Miscellaneous Expenses Written off	2685265	2013949
(c) Provision for Income-Tax (including deferred tax)	Nil	Nil
(d) Provision for Sub-Standard and doubtful Assets	8006335	Nil
Net Profit/(Loss)	(31907285)	(5,13,39,314)

### DIVIDEND

In view of losses, your Directors regret their inability to recommend dividend for the period under review.

### PERFORMANCE REVIEW & OUTLOOK

During the period under review the stock market witnessed largely a gloomy and depressed phase and continued to remain stagnant owing to which the operations of the company could not yield positive results. In the aforesaid background it is satisfactory that the company has logged an income of Rs.37.93 lakhs (after providing for valuation loss) compared to loss of 125.28 lakhs in the previous year.

However, the company has taken this opportunity in pruning and cutting down the expenses and as a result the administrative expenses on an annualised basis (to make it comparable) has come down by 21% and similarly interest and financial charges has also come down by 70%.

Your directors, however, hope that with right policy prescriptions and initiatives from the Government to lift and bring buoyancy in the Capital Market, the company will be able to arrest and reverse the current trend and achieve profitable operations.

The industry trends and future prospects are more elaborately given in the Management Discussion and Analysis.

### STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the period under review.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and out go are not applicable to your company.

The provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable, as there is no such employee.

Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the period under review, the applicable accounting standards have been followed. The Directors' have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. The Directors' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors' have prepared the annual accounts on a going concern basis.

### SUBSIDIARIES OF THE COMPANY

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheets, Profit & Loss Account together with the Report of the Directors and Auditors thereon of HB Prima Capital Ltd. and Mount Finance Ltd. are attached.

Both of the aforesaid subsidiaries with a view to synchronize their accounting period with that of the company for facilitating easy consolidation of accounts, have changed their accounting year to commence from 1st of April of every year and end on 31st of March of the following year and accordingly the accounts of the subsidiaries for the year ended 30th September 2002 (12 months) and period ended 31st March 2003 (6 months) are attached.

As required under the Listing Agreement the consolidated accounts are also annexed.

### CORPORATE GOVERNANCE

The Corporate Governance Report for the period under review is annexed hereto and forms a part of the Directors' Report.

### STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's securities are listed at Delhi, Chennai, Calcutta, Ahmedabad and Mumbai Stock Exchanges. With a view to avoid multiple compliance and also as a cost reduction measure, the approval of the shareholders for delisting from the Stock Exchanges at Chennai, Kolkata and Ahmedabad had already been obtained. In terms of the SEBI Delisting Guidelines, 2003 the company has already applied for delisting from the above Stock Exchanges.

As the said Delisting Guidelines do not differentiate the delisting from regional and/or other Stock Exchanges, it is also proposed to obtain the approval of the shareholders for delisting from Delhi Stock Exchange as well, considering scant/practically no trading in the said Exchange. The aforesaid delisting would not in any way affect the liquidity, as the shares of the company would continue to remain listed at National Stock Exchange and the Stock Exchange, Mumbai.

### AUDITORS REPORT

Observations of the Auditors have been explained, wherever necessary, by appropriate notes to accounts. However, as regards the Unclaimed Dividend and Debentures Interest and other balances which are to be transferred to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956, the company has already initiated/taken necessary steps for transferring the unpaid/unclaimed balances and the same would be completed on priority upon the completion of reconciliation process initiated by the concerned banks.

### AUDITORS

The Auditors, M/s. P.Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

### DIRECTORATE

Mr. K.N. Malhotra and Mr. Lalit Bhasin are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. R. D. Thapar resigned from the directorship of the company with effect from 29th June 2002 owing to his ill health. The Board wishes to place on record its deep appreciation of his guidance, during his long association, in directing the affairs of the company.

The tenure of Mr. J.M.L. Suri as Executive Director of the company would expire on 30th June 2003. The Board of Directors has reappointed him as Executive Director, vide resolution passed at the meeting held on 21st May 2003 for a further term of 5 years on the existing remuneration subject to the approval of shareholders at the ensuing Annual General Meeting. The details of the remuneration and the terms and conditions of reappointment are disclosed in the Explanatory Statement annexed to the Notice of the ensuing Annual General Meeting.

### ACKNOWLEDGMENTS

Your Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Company's Bankers, Shareholders and contribution by the Employees of the Company.

**FOR AND ON BEHALF OF THE BOARD  
For HB STOCKHOLDINGS LIMITED**

**H.C. BHASIN  
CHAIRMAN**

**Place : New Delhi  
Date : 21st May, 2003**



## HB STOCKHOLDINGS LIMITED

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

Name of the Subsidiary	HB Prima Capital Ltd.	Mount Finance Ltd.		
The Financial Year of the subsidiary ended on	31.03.03	30.09.02	31.03.03	30.09.02
No. of Equity Shares held by the Holding Company as on date				
(Face Value of Equity Shares - Rs.10/-)	10,00,000	10,00,000	830,006	830,006
Extent of Holding	100%	100%	100%	100%
The Net Aggregate of the profit/(loss) of subsidiary so far as they concern the members of the company for the year period 31st March 2003				
(i) for the financial year of the subsidiary	(52384)	(121141)	(178864)	734278
(ii) for the previous financial periods of the subsidiary	(364574)	(255933)	(5296194)	(6030472)
The net aggregate of the profit/(loss) of subsidiary so far as they concern the members of the company and which are dealt with the accounts of the company for the year ended 31st March 2003				
(i) for the financial year of the subsidiary	Nil	Nil	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil	Nil	Nil

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### 1. Operating Results

The working/results for the period under review being for 16 months is not strictly comparable to the results for the previous year.

The company earned an operational income of Rs.37.93 lakhs during the period under review compared to the loss of Rs.125.28 lakhs in the previous year. The administrative expenses during the period under review was Rs.15.95 lakhs which if annualised (for enabling comparison with the previous year figures) comes to Rs.11.96 lakhs against Rs.15.16 lakhs in the previous year. Similarly the company has effected reduction in interest and financial charges, which was Rs.86.58 lakhs (Rs.64.94 on annualised basis) as against Rs.217.25 lakhs in the previous year.

#### 2. Industry Trends and Business Analysis

During the period under review, the sentiments in the stock market continued to be sluggish as a result the market was stagnant. The BSE Sensex which opened at 3287.56 in December 2001 closed at 3048.72 in March 2003, with a high of 3758.27 during March 2002 thus registering a fall of 7% during the period. Similar trend has been registered by NSE Nifty, which opened at 1067.2 in December 2001 closed at 978.2 in March 2003 touching a high of 1205.95 in February 2002. Seen under the backdrop of a stagnant and subdued sentiment of the stock market, the company's performance is considered satisfactory.

#### 3. Opportunities and Threats

The decade long sustained reform measures by SEBI has brought in greater transparency in the Stock Market more in line with the market in developed countries. The introduction of trading in derivatives has also added more depth to the Indian Stock Market and the growth of derivative segment is slowly gaining momentum. The reform measures over the years have attracted investments from foreign institutional investors. With the Economic activity picking up momentum and with investor friendly measures and bold investments in infrastructure front from the Government, the Indian Stock Market is poised to record good growth and a promising potential of better returns in the long run. The Company hopes to leverage its strength and experience in stock market operations and expect to turn better financial results in the coming years and ward of competitive pressures from other players.

#### 4. Future Prospects and Outlook

Future outlook for NBFCs especially for a company engaged predominantly in the business of investment in securities, its fortune is always linked to the outlook and growth of the overall economy. The Government's initiative to stimulate growth by infrastructure investment initiatives coupled with the reforms measures in banking and insurance sector and steps taken to ensure low interest rate regime should augur well for the economy in the long term. Further the government, in its recent budget proposals for the year 2003-2004 has also taken initiatives to pep up the sentiment of stock market by abolition of taxation of dividends in the hands of recipient. The derivatives market is also picking up increasing the depth and range of Indian Stock Market. Your Company has already taken steps to enter trading in derivatives by leveraging its strength in the stock market operations. The Government's effort to disinvest PSUs, especially Maruti, through retail market (by inviting bids) is step in the right direction and is likely to galvanize an otherwise dormant primary market segment and revive the fortunes of Indian Stock Market. With its consistent emphasis on controlling/minimising expenses and efforts to increasing the revenue, the company hopes to achieve profitability in its operations in the coming years.

#### 5. Risks and concerns

The company is exposed to the normal industry risk factors being associated with capital market, which inter alia includes economic/ business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility, and credit risk. Company manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

#### 6. Internal control system and their adequacy

The company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, and that the transactions are authorised, recorded and reported correctly. The company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls.

#### 7. Financial performance

a) 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 2003 stood at Rs.2431.66 lakhs comprised of 25443257 Equity Shares of Rs.10/- each. Though the Board of Directors of the company has obtained necessary approvals from the shareholders under section 81(1A) of the Companies Act, 1956 for issuing Redeemable Preference Shares, the company has not

yet made any issue owing to subdued sentiments on the stock market.

- b) Reserves and Surplus: During the period under review the reserves and surplus (net of accumulated loss amounting to Rs.6166.49 lakhs) stood at Rs.3826.95 lakhs as against Rs.4394.23 lakhs during the previous year.
- c) Loans: The unsecured loan during the year increased during the year to Rs.400 lakhs from 300 lakhs.
- d) Current Assets & Current Liabilities: The current assets and current liabilities stood at Rs.1494.93 lakhs and Rs.1942.25 lakhs respectively against Rs.2520.04 and Rs.3269.87 lakhs for the last year. The net current assets/(current liabilities) [Current Assets less Current Liabilities] as at the end of the period stood at (Rs.447.53) lakhs compared to (Rs.749.83) lakhs.

#### 8. Human Resources

The company has a team of able and experienced industry professionals and follows a good man management practices as the company recognises the employees as its foremost assets and partners in its endeavors to achieve excellence in its operations.

### REPORT ON CORPORATE GOVERNANCE

#### Company's philosophy on Corporate Governance

Corporate Governance refers to a set of policies, principles, laws, rules, regulations and procedures that enable the company to attract best financial & human resources and to perform efficiently to maximise the long term value for the shareholders. Your company is committed to uphold the good governance values and has been practicing the same over the years. Your directors deeply recognise that it is your company and that you must know what is happening all around.

#### Size and Composition of the Board

The Board of your Company comprises of 6 directors, out of whom 5 directors are non-executive directors and 3 directors are independent professionals. Mr. Harish Chander Bhasin is the Promoter of your Company and is its Chairman. The non-executive directors are proficient in their fields and bring with them tremendous experience in the areas of finance, legal, corporate affairs and management. Mr. J.M.L. Suri, the Executive Director of your Company, has to his credit over 42 years of corporate experience in renowned Indian and multinational companies. He is responsible for the overall management of the company. The composition of the Board is in conformity with the amendments made in the listing agreement.

7 Meetings of the Board of Directors of the Company were held during the period under review (i.e. from 1.12.2001 to 31.03.2003) on 21st December 2001; 28th February 2002; 30th March 2002; 29th June 2002; and 30th September 2002; 24th December 2002; 27th March 2003. The Particulars regarding composition of the Board of Directors and their attendance in the Meetings held during the period under review are given hereunder:

Name of the Director	Category	No. of other Directorships	No. of Board Meetings attended during the period	Attended Last AGM
Mr. H. C. Bhasin	Non-Executive	14	6	No
Mr. R.D. Thapar#	Independent & Non-Executive	N.A	Nil	No
Mr. K. N. Malhotra	Independent & Non-Executive	5	7	No
Mr. Lalit Bhasin	Non-Executive	14	7	Yes
Mr. P. K. Mittal	Independent & Non-Executive	Nil	7	No
Mr. P. S. Mathur	Independent & Non-Executive	4	2	Yes
Mr. J.M.L. Suri	Executive	5	7	Yes

\* Committees, private limited, overseas corporate body and trusts not included

# Resigned with effect from 29th June 2002.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third directors of the Company retire at every Annual General Meeting. Accordingly, Mr. K.N. Malhotra and Mr. Lalit Bhasin would retire by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for reappointment.

The tenure of Mr. J.M.L. Suri as Executive Director would expire on 30th June 2003. The Board of Directors has, subject to the approval of the shareholders at the ensuing Annual General Meeting, reappointed Mr. Suri as Executive Director for a further term of 5 years w.e.f. 1st July 2003 on same remuneration.

#### Board Committees

The Board of Directors has in its Meeting held on 7th March, 2001, constituted 2 Committees namely: the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and Shareholders Committee. No Remuneration Committee has been constituted being non-mandatory requirement under the Listing Agreement.

The Audit Committee of the Board comprises of Mr. P.S. Mathur (Chairman of the Committee), Mr. P.K. Mittal and Mr. Lalit Bhasin. The terms of reference, inter alia, includes laying down, review and revise the accounting policies of the company; review of financial operations and performance of the company, review the quarterly/ half yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors, consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company, 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, 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, receive, discuss and consider the observations and reports of the internal auditors and auditors of the company time to time, review and investigate on matters of financial nature, as and when deemed necessary and expedient, give report and/or recommendations to the Board on the matters concerning financial operations of the company, consider and act on any matters as or included Under Clause 49 of the Listing Agreement and/or as may be so included from time to time.

During the period under review, 6 meetings of the Audit Committee were held on 28-02-2002; 30-



## HB STOCKHOLDINGS LIMITED

03-2002; 29-06-2002; 30-09-2002; 24-12-2002; and 27-03-2002. Mr. P.K. Mittal and Mr. Lalit Bhasin attended all the 6 meetings and Mr. P.S. Mathur attended 4 meetings.

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

During the period under review, 4 meetings of the Shareholders Committee were held on 28-02-2002; 19-07-2002; 29-11-2002; and 24-12-2002. The meetings were attended by all the members of the Committee.

Remuneration paid to Directors during the period (01.12.2001 to 31.03.2003) is as under:

Director	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. H. C. Bhasin	Father of Mr. Lalit Bhasin	12000	Nil	Nil
Mr. K. N. Malhotra	—	22000	Nil	Nil
Mr. R. D. Thapar	—	Nil	Nil	Nil
Mr. P. S. Mathur	—	8000	Nil	Nil
Mr. P. K. Mittal	—	20000	Nil	Nil
Mr. Lalit Bhasin	Son of Mr. H. C. Bhasin	18000	Nil	Nil
Mr. J. M. L. Suri	—	Nil	9,57,529	Nil

### Shareholders' Information

(A) Details of Annual General Meetings:

(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2000-01	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	31.05.2002	10.00 A.M.
1999-00	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	30.05.2001	10.00 A.M.
1998-99	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	05.05.2000	10.00 A.M.

(ii) Whether Special Resolutions were put through postal ballot last year No

(iii) Are polls proposed to be conducted through postal ballot this year No

(B) No dividend has been paid by the company since the vesting of real estate division of HB Stockholdings Ltd. to it pursuant to a trifurcation under a Scheme of Arrangement sanctioned by High Court.

(C) The Register of Members and Share Transfer Books of the Company shall remain closed from 21.08.2003 to 28.08.2003 (both days inclusive). The previous Book Closure remained w.e.f. 23.05.2002 to 27.05.2002 (both days inclusive).

(D) The transactions with the related parties have been annexed to the Notes to Accounts (Refer to Note No. 15 of Schedule 14 to the Balance Sheet and Profit and Loss Account) and hence not reproduced here.

(E) No penalty has been imposed by the Stock Exchanges or SEBI or any other Statutory Authority nor any strictures have been passed by them during the last three years.

(F) Means of Communication

1. Half yearly reports sent to each household of shareholder No

2. Quarterly Results Sent to each shareholder No

3. In which newspaper the results are normally published in The Pioneer & Veer Arjun

4. Any Website, where results are displayed No

5. Whether MD&A are part of Annual Report Yes

6. Whether shareholders information system is part of AR Yes

(G) Your company is contemplating to place all shareholders information on its proposed Website, for which efforts are being made.

(H) Registrar and Share Transfer Agent of the company: RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax 24692345. E-mail: rcmc@dimension1.net

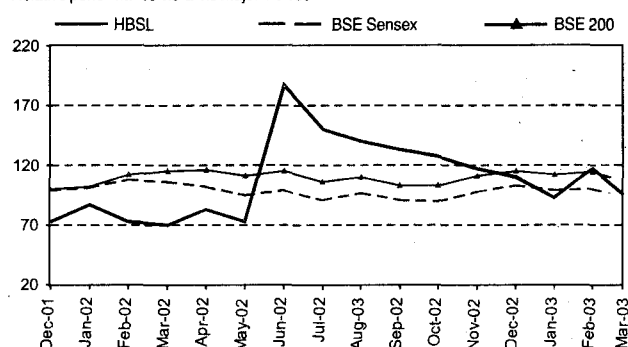
(I) The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR-23/ 2000 dated 29th May 2000.

(J) The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE550B01014.

(K) The Stock Market Data and Performance Indicators of HB Stockholdings Ltd. at BSE and NSE are summarised as under:

Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Dec-01	2.25	1.1	1.1	3320	2.85	1.1	2.85	865
Jan-02	1.5	1	1.3	4906	2.4	1.45	1.45	1471
Feb-02	1.55	0.85	1.1	14786	1.7	1.45	1.6	6297
Mar-02	1.8	0.85	1.05	23589	1.75	1.55	1.75	2632
Apr-02	1.5	0.7	1.25	19072	1.95	1.1	1.45	23907
May-02	1.7	1.05	1.1	5676	2.05	1.2	1.5	11075
Jun-02	3.4	1.1	2.8	23498	3.55	1.25	2.8	53214
Jul-02	3.8	1.75	2.25	29701	4.1	1.8	1.8	67214
Aug-02	2.5	1.9	2.1	161817	2.7	1.65	2.25	22884
Sep-02	2.95	1.7	2	638349	2.65	1.75	2	38048
Oct-02	3	1.65	1.9	12865	2.9	1.5	2.2	8000
Nov-02	2.2	1.35	1.75	11743	4	1.45	2.05	26188
Dec-02	2.15	1.4	1.65	21228	2.6	1.55	1.6	24077
Jan-03	2.2	1.3	1.4	25026	2.2	1.5	1.6	39481
Feb-03	2	1.25	1.75	13907	2	1.2	1.2	16597
Mar-03	1.75	0.9	1.3	14158	1.9	1.15	1.8	10992

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



(M) Stock Performance-Absolute returns vis-à-vis Major Indices during the period under review

HB Stock	14%
BSE Sensex	(-)7%
BSE 200	5%

(N) The Company's Scrip Codes at Various Stock Exchanges are as under:

HB Stockholding Ltd.	Scrip Code
BSE, Mumbai	32216
NSE, Mumbai	HBSTOCK
DSE, Delhi	8010
MSE, Chennai	HBL
CSE, Kolkata	18086
ASE, Ahmedabad	HB STOCK/23788

(O) The Dematerialisation of Shares and Liquidity: 51.07%

(P) Dr. Sanjeev Kumar, Vice President (Legal) & Company Secretary is the compliance officer of the company.

(Q) The distribution of shareholdings of the company as on 31st March 2003 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	145764	99.00	11982838	47.10
501-1000	976	0.66	697987	2.74
1001-2000	284	0.19	390873	1.54
2001-3000	78	0.05	190859	0.75
3001-4000	35	0.02	127100	0.50
4001-5000	20	0.01	91747	0.36
5001-10000	29	0.02	208632	0.82
10001 and above	49	0.03	11753221	46.19
<b>TOTAL</b>	<b>147235</b>	<b>100.00</b>	<b>25443257</b>	<b>100.00</b>

(R) The category-wise distribution of Shareholders as on 31st March 2003 is as follows:

Category	No of Shares held	% of Shareholding
<b>A. Promoters Holding</b>		
- Promoters	9152849	35.97
- Persons acting in concert	509630	2.00
<b>B. Others</b>		
- Mutual Funds and UTI	354974	1.40
- Banks/Financial Institutions	825050	3.24
- Foreign Institutional Investors	—	—
- Private Corporate Bodies	844943	3.32
- NRIs/OCB	296629	1.17
- Indian Public	13459182	52.90
<b>TOTAL</b>	<b>25443257</b>	<b>100.00</b>

(S) Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to Executive Director for transfer of shares up to 10,000 Shares under one folio at a time, beyond which the matters are placed before the shareholders Committee, which meets as and when, required. The statistics of share transfers approved during the period including demat of shares are as under:

Transfer Period	No of cases#	No of Shares#	% to Shares
1-15	6389	1390544	100
16-30	—	—	—
31 & Above	—	—	—

# includes requests for dematerialisation of holding

(T) The status of Investor's Grievance Redressal during the period 1-12-2001 to 31-03-2003 is as under:

Nature of Grievance	Received	Cleared
Relating to Transfer, Transmission, Change of address etc.	42	42
Nomination	5	5
Demat/Remat of securities	60	60
Issue of Share Certificates on replacement/duplicate etc.	6	6
Others	226	218





## HB STOCKHOLDINGS LIMITED

### 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.

#### CERTIFICATE

To the Members of HB Stockholdings Limited,  
New Delhi.

We have examined the compliance of conditions of Corporate Governance by HB STOCKHOLDINGS LIMITED for the period ended on 31st March, 2003, 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 and the management have certified that as on 31st March, 2003 there were 8 Investors' Grievances remaining 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

Place : New Delhi  
Date : 21st May, 2003

Amit Goel  
Partner

### AUDITORS' REPORT

#### THE MEMBERS OF HB STOCKHOLDINGS LIMITED

We have audited the attached Balance Sheet of M/s. HB STOCKHOLDINGS LIMITED as at 31st March, 2003 and also the Profit and Loss Account for the period from 01/12/2001 to 31/03/2003 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Profit & Loss Account and Balance Sheet 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 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 accounts subject to Note No. 7 of Schedule "14" regarding pending reconciliation and transfer of unclaimed dividend/debenture interest etc to Investor Education & Protection Fund under section 205C of Companies Act, 1956 and adjustments to such account as stated in said note and read together with significant accounting policies and other notes on accounts and annexures thereon 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, 2003 and
    - b) In the case of the Profit & Loss account of the Loss for the Period ended on that date.

FOR P. BHOLUSARIA & CO.  
Chartered Accountants

Place : New Delhi  
Date : 21st May, 2003

Amit Goel  
Partner

### ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB STOCKHOLDINGS LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2003

(Referred to in paragraph 1 thereof)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. We have been informed that most of the assets have been physically verified by the Management as per verification program which in our opinion is reasonable and no material discrepancies were noticed on such verification carried out during the Period.
2. None of the Fixed Assets have been revalued during the period.
3. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate but needs further strengthening in relation to the size of the Company and the nature of its business, the discrepancies noticed on such verification as compared to book records were not material and have been dealt with in the books of account.
4. The valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as during the immediately preceeding previous year.
5. According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
6. According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998. Advances have however been granted to various parties interest free without any stipulation as to recovery.
7. Loans and advances to employees are interest free from whom installments, wherever stipulated are being generally recovered. Loans & Advances to subsidiary Companies are interest free without any stipulation as to recovery. Advances have also been granted to various parties, interest free without any stipulation as to recovery.
8. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of leased and other assets and for the sale and purchase of shares and debentures.
9. The Company has entered into transactions for sale and purchase of shares/debentures with firms, companies, and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 aggregating to more than Rs. 50,000/- during the period. These transactions have taken place at prevailing market prices.
10. As per the information and explanations given to us, the Company has not accepted any deposits from the Public during the period.
11. In our opinion the Company has an internal audit system commensurate with the size of the company and the nature of its business.
12. According to the records of the Company, it has been generally regular in depositing the Provident Fund dues with the appropriate authorities during the year.
13. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
14. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice nor have we been informed of any such expenses by the management.
15. The service activities of the Company are such that the question of allocation of man-hours to the relative job does not arise. Consequently the authorization and control on the allocation of labour to jobs is not applicable.
16. The Company has maintained proper records of transactions and contracts in respect of trading in shares/debentures and timely entries have been made therein. All the shares and debentures are held by the company in its own name or pledged with banks & other except shares valuing Rs. 26,69,575/- at year end either sent for transfer to the companies or held with corresponding transfer deeds or being in the process of dematerialisation in its name. As per Depository Participants statements there are some shares in the name of company pertaining to others for which the company has obtained/in the process of obtaining confirmations from the respective parties.
17. The Company is not a Sick Unit within the meaning of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985.
18. Other Clauses of the aforesaid order are not applicable to the company during the period under review.

FOR P. BHOLUSARIA & CO.  
Chartered Accountants

Place : New Delhi  
Date : 21st May, 2003

Amit Goel  
Partner



## HB STOCKHOLDINGS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedules	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	243166259.00	243166259.00
Reserves & Surplus	2	999344163.22	999344163.22
<b>LOAN FUNDS</b>			
Unsecured Loans	3	40000000.00	30000000.00
<b>TOTAL</b>		<b>1282510422.22</b>	<b>1272510422.22</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	41561872.80	37816588.80
Less : Depreciation		33764858.89	32837147.59
Net Block		7797013.91	4979441.21
<b>INVESTMENTS</b>	5	700663142.33	782593414.66
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Stock in Trade	7	2460552.70	3710485.00
Sundry Debtors		8006335.00	121632261.38
Cash & Bank Balances		15804440.39	12787230.39
Loans and Advances		123221292.31	113874287.35
		149492620.40	252004264.12
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	8	37044701.26	116718204.49
Provisions		157180507.89	210269217.25
		194225209.15	326987421.74
<b>NET CURRENT ASSETS</b>		<b>(-) 44732588.75</b>	<b>(-) 74983157.62</b>
<b>MISCELLANEOUS EXPENDITURE</b> 9 (to the extent not written off/adjusted)		2133846.09	4819111.42
<b>PROFIT &amp; LOSS ACCOUNT</b> (As per annexed Account)			
		616649008.64	555101612.55
<b>TOTAL</b>		<b>1282510422.22</b>	<b>1272510422.22</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	13		
<b>NOTES ON ACCOUNTS</b>	14		

As per our Report of even date annexed thereto  
For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

Amit Goel  
Partner

Dr. Sanjeev Kumar  
Vice President (Legal) &  
\* Company Secretary

J.M.L.Suri  
Executive Director

Lalit Bhasin  
Director

Place : New Delhi  
Date : 21-05-2003

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01/12/2001 TO 31/03/2003

	Schedules	Period Ended 31st Mar., 2003 (Rs.)	Year Ended 30th Nov., 2001 (Rs.)
<b>INCOME</b>			
Income from Operations	10	3793493.47	(-) 12528220.08
Other Income		526580.39	946250.89
<b>TOTAL</b>		<b>4320073.86</b>	<b>(-) 11581969.19</b>
<b>EXPENDITURE</b>			
Administration & Other Expenses	11	15949829.86	15162405.46
Interest & Financial Charges	12	8658217.56	21724611.29
<b>TOTAL</b>		<b>24608047.42</b>	<b>36887016.75</b>
<b>Profit/Loss(-) before Depreciation</b>		<b>(-) 20287973.56</b>	<b>(-) 48468985.94</b>
Depreciation		927711.30	856378.81
Miscellaneous Expenditure Written off		2685265.33	2013949.00
Provision for Sub standard & doubtful Debts		8006335.00	—
<b>Profit/Loss(-) for the Period before Taxation</b>		<b>(-) 31907285.19</b>	<b>(-) 51339313.75</b>
<b>Provision for Taxation</b>			
— Current		—	—
— Deferred		—	—
<b>Profit/Loss(-) after Taxation</b>		<b>(-) 31907285.19</b>	<b>(-) 51339313.75</b>
Prior period adjustments		(-) 29640110.90	573577.34
Loss brought forward from last year		(-) 555101612.55	(-) 504335876.14
<b>Balance carried to Balance Sheet</b>		<b>(-) 616649008.64</b>	<b>(-) 555101612.55</b>
<b>Basic and Diluted Earning per Share</b>			
		<b>(-) 2.42</b>	<b>(-) 2.00</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	13		
<b>NOTES ON ACCOUNTS</b>			
	14		

As per our Report of even date annexed thereto  
For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

Amit Goel  
Partner

Dr. Sanjeev Kumar  
Vice President (Legal) &  
Company Secretary

J.M.L.Suri  
Executive Director

Lalit Bhasin  
Director

Place : New Delhi  
Date : 21-05-2003





## HB STOCKHOLDINGS LIMITED

### SCHEDULE '1': SHARE CAPITAL

	As at 31st March, 2003 (Rs.)	As at 30th November, 2001 (Rs.)
<b>AUTHORISED</b>		
7,00,00,000 (Previous Year 10,00,00,000)		
Equity Shares of Rs.10/- each	700000000.00	1000000000.00
3,00,00,000 (Previous Year Nil)		
Redeemable Preference Shares of Rs.10/- each	300000000.00	—
	<u>1000000000.00</u>	<u>1000000000.00</u>
<b>ISSUED, SUBSCRIBED AND CALLED-UP</b>		
2,54,43,257 Equity shares of Rs.10/- each Fully Called-up	254432570.00	254432570.00
Less : Allotment Money Receivable (Other than Directors)	(-) 11266311.00	(-) 11266311.00
<b>TOTAL</b>	<u>243166259.00</u>	<u>243166259.00</u>

### SCHEDULE '2': RESERVES AND SURPLUS

	As at 31st March, 2003 (Rs.)	As at 30th November, 2001 (Rs.)
<b>SHARE PREMIUM ACCOUNT</b>		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	(-) 55581523.78	(-) 55581523.78
	<u>998867163.22</u>	<u>998867163.22</u>
<b>INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT</b>		
As per Last Account	477000.00	477000.00
<b>TOTAL</b>	<u>999344163.22</u>	<u>999344163.22</u>
<b>SCHEDULE '3': UNSECURED LOANS</b>		
<b>UNSECURED LOANS</b>		
Inter-Corporate Loans	40000000.00	30000000.00
<b>TOTAL</b>	<u>40000000.00</u>	<u>30000000.00</u>

### SCHEDULE '4': FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	Opening As at 01.12.2001 Rs.	Addition during the period Rs.	Sales/Adj during the period Rs.	Total As at 31.03.2003 Rs.	Upto 30.11.2001 Rs.	For the period Rs.	Adjustments Rs.	Total upto 31.03.2003 Rs.	As at 31.03.2003 Rs.	As at 30.11.2001 Rs.
<b>LEASED ASSETS</b>										
Plant & Machinery	27545288.13	—	—	27545288.13	27545288.13	—	—	27545288.13	—	—
Vehicles	140995.26	—	—	140995.26	140995.26	—	—	140995.26	—	—
<b>Own Assets</b>										
Office Equipment	1666211.83	27990.00	—	1694201.83	493721.50	106525.08	—	600246.58	1093955.25	1172490.33
Vehicles	2373608.50	—	—	2373608.50	870252.75	300245.22	—	1170497.97	1203110.53	1503355.75
Furniture & Fixture	2984339.08	3606544.00	—	6590883.08	1079899.01	465925.99	—	1545825.00	5045058.08	1904440.07
Data Processing Machinery	2573925.00	13750.00	—	2587675.00	2556394.04	18758.37	—	2575152.41	12522.59	17530.96
Air Conditioners	467261.00	97000.00	—	564261.00	124652.67	32148.14	—	156800.81	407460.19	342608.33
Generator Set	64960.00	—	—	64960.00	25944.23	4108.50	—	30052.73	34907.27	39015.77
<b>TOTAL</b>	37816588.80	3745284.00	—	41561872.80	32837147.59	927711.30	—	33764858.89	7797013.91	4979441.21
PREVIOUS YEAR	36968996.60	1687046.70	839454.50	37816588.80	32627375.47	856378.81	646606.69	32837147.59	4979441.21	4341621.13

### SCHEDULE '5': INVESTMENTS

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
<b>(A) CURRENT INVESTMENTS</b>					
<b>QUOTED (TRADE) FULLY PAID UP EQUITY SHARES</b>					
ACC LIMITED	10	—	—	17500	2659853.10
ADVANI HOTELS (INDIA) LIMITED	10	1200	80040.00	1200	80040.00
AEGIS LOGISTICS LIMITED	10	900	22927.00	900	22927.00
AHLUWALIA CONTRACTS (INDIA) LTD	10	1000	50857.20	1000	50857.20
ALPS INDUSTRIES LTD	10	31004	2478816.72	46100	4096619.35
AMTEK INDIA LTD	10	—	—	6100	171105.00
AMTREX HITACHI APPLIANCES LTD	10	200	6289.53	200	6289.53
ANANT RAJ INDUSTRIES LIMITED	10	14000	304500.00	14000	304500.00
ANG EXPORTS LIMITED	10	10000	100000.00	10000	100000.00
APOLLO TYRES LIMITED	10	450	40539.67	4075	367109.24
ARVIND LIQUID GASES LIMITED	10	10000	182500.00	10000	182500.00
ARVIND MILLS LIMITED	10	500	17313.63	500	17313.63
ASHIMA LTD	10	100	3742.02	100	3742.02
ASHOK LEYLAND LIMITED	10	20	2458.26	2970	365051.32
ATLAS CYCLE INDUSTRIES LIMITED	10	—	—	1500	457500.00
ATUL LIMITED	10	50	1571.66	50	1571.66
AURBINDO PHARMACEUTICALS LTD	10	—	—	1300	436689.06
B S REFRIGERATR LTD	10	7983	106964.22	7983	106964.22
BAJAJ AUTO LIMITED	10	20	11248.78	20	11248.78
BALLARPUR INDUSTRIES LIMITED	10	5703	246441.15	19242	1240451.14
BALMER LAWARIE & COMPANY LIMITED	10	—	—	11335	1161837.50
BALRAMPUR CHINI MILLS LIMITED	10	265	36153.97	265	36153.97
BANK OF BARODA LIMITED	10	—	—	1400	113360.24
BANK OF INDIA LIMITED	10	—	—	8900	257116.16
BARODA RAYON CORPORATION LIMITED	10	1750	112875.00	1750	112875.00
BEE ELECTRONIC MACHINES LIMITED	10	300	9368.38	200	8908.38
BHAGATWATI INDUSTRIES LTD	10	32	160.32	32	160.32
BHARAT GEARS LIMITED	10	3074	178292.00	7400	429200.00
BHARAT HOTELS LIMITED	10	150	6751.76	1232	55454.43
BHARTIYA INTERNATIONAL LTD	10	4789	158558.13	500	65188.03



## HB STOCKHOLDINGS LIMITED

## SCHEDULE '5' INVESTMENTS (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
BHUSAN STEELS AND STRIPS LIMITED	10	2800	56000.00	3300	220773.00
BIHAR SPONGE IRON LIMITED	10	9700	126100.00	9700	126100.00
BIRLA ERICSSON OPTICAL LIMITED	10	—	—	10500	1328346.00
BPL LIMITED	10	400	50908.90	400	50908.90
BRITANNIA INDUSTRIES LIMITED	10	255	75450.00	255	75450.00
BSL LIMITED	10	—	—	578	70805.00
CEAT LTD	10	163143	6488061.54	179455	7421011.74
CENTRAL INDIA LTD	10	438	18423.76	—	—
CENTURIAN BANK LTD	10	3000	30889.20	14975	138146.09
CERA SANITWARE LTD	10	9600	272714.95	—	—
CHENNAI PETRO LTD	10	600	31950.00	600	31950.00
CHESLIND TEXTILES LIMITED	10	94	1463.18	5700	88725.00
CIBA SPECIALITY LTD	10	50	500.00	75	750.00
COLGATE-PALMOLIVE (INDIA) LIMITED	10	—	—	2700	833968.26
COMPACT DISC INDIA LIMITED	10	47700	1102543.00	47700	1102543.00
CORPORATION BANK LTD	10	100	11643.90	100	11643.90
CROMPTON GREAVES LIMITED	10	1294	50256.91	26484	570027.16
DAEWOO MOTORS LIMITED	10	300	3930.63	300	3930.63
DALMIA CEMENT (BHARAT) LIMITED	10	222	90770.42	6023	2462658.84
DATAPRO INFORMATION LTD	2	40500	108945.00	40500	108945.00
DCL POLYESTERS LIMITED	10	—	—	876	18423.76
DCM LIMITED	10	24100	2618782.43	24100	2618782.43
DCM SHRIRAM CONSOLIDATED LIMITED	10	12	739.36	12	739.36
DCM SHRIRAM INDUSTRIES LIMITED	10	15950	665282.25	15950	665282.25
DENSO INDIA LIMITED	10	4400	136975.60	4400	136975.60
DESIGN AUTO LTD	10	671400	3953866.50	80100	571630.00
DIGITAL WORLD INDIA LIMITED	10	162400	3136228.37	162400	3136228.37
DSQ SOFTWARE LIMITED	10	100	64054.10	100	64054.10
EICHER LIMITED	10	—	—	4600	410260.20
EICHER MOTORS LIMITED	10	—	—	26500	536095.00
EIH LIMITED	10	21	8171.07	21	8171.07
ESCORTS LIMITED	10	12886	832013.64	86	13664.20
ESSAR SHIPPING LIMITED	10	400	3387.43	400	3387.43
ESSAR STEEL LIMITED	10	41480	1413052.77	16480	1178762.77
FLEX LTD	10	2181	33704.16	10938	169030.76
GERMAN REMEDIES LTD	10	250	91357.50	250	91357.50
GKN DRISHAFT LTD	10	—	—	56683	2186783.84
GLOBAL TRUST BANK LTD.	10	77500	2109425.68	—	—
GODREJ SOAPS LIMITED	10	378	13178.68	383	13352.99
GOODYEAR INDIA LTD	10	—	—	100	15295.94
GRAUR & WEIL LTD	10	3100	341000.00	1550	341000.00
GREAVES LIMITED	10	10520	984660.16	14795	984660.16
GTN TEXTILES LIMITED	10	800	114887.64	1000	143609.55
GUJARAT HEAVY CHEMICALS LIMITED	10	—	—	100	915.00
GUJARAT TELEPHONE CABLES LIMITED	10	22600	994400.00	22600	994400.00
HARYANA LEATHER LIMITED	10	6700	216154.81	6700	216154.81
HARYANA PETROCHEMICALS LIMITED	10	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED	10	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10	22400	1157969.57	22400	1157969.57
HB PORTFOLIO LIMITED	10	100000	1000000.00	100000	1000000.00
HCL INFOTECH SYSTEM LTD	10	100	50701.25	100	50701.25
HDFC BANK LIMITED	10	—	—	5000	1118007.00
HERO HONDA MOTORS LIMITED	10	30	26954.31	30	26954.31
HIMACHAL FUTURISTIC CO LTD	10	—	—	3250	185875.51
HINDUSTAN DEVELOPMENT LTD	10	13000	196464.79	13000	196464.79
HINDUSTAN LEVER LIMITED	1	3	703.45	1757	416269.84
HINDUSTAN MOTORS LIMITED	10	100	1247.67	15700	195884.64
HINDUSTAN OIL EXPLOSION LTD	10	200	3788.00	200	3788.00
HINDUSTAN ORGANICS LTD	10	—	—	1700	41990.00
HINDUSTAN PETROLEUM CORPORATION LIMITED	10	200	45835.06	200	63704.11
HINDUSTAN ZINK LIMITED	10	—	—	25000	475310.00
HINDUSTHAN SAMAC LTD	10	20	20.00	20	20.00
HOTLINE GLASS LIMITED	10	203882	677356.13	1896304	8220343.91
HOTLINE TELETUBE & COMPONENTS LIMITED	10	338572	9645959.87	365482	10497279.23
ICICI BANK CORPORATION LIMITED	10	—	—	500	34557.00
ICP SECURITIES LIMITED	10	1800	18000.00	1800	18000.00
IEC SOFTWARE LIMITED	10	28716	322196.15	700	10026.55
INDDERPRASTHA APOLLO HOSPITAL LTD	10	200	5740.00	200	5740.00
INDIAN ALUMINIUM COMPANY LIMITED	10	—	—	4440	902800.00
INDIAN ORGANIC CHEMICALS LIMITED	10	—	—	450	19125.00
INDIAN PETROLIUM CO LIMITED	10	100	5729.74	100	5729.74
INDIAN RAYON & INDUSTRIES LIMITED	10	29	5689.02	29	5689.02
INDO COUNT INDUSTRIES LIMITED	10	4300	191927.00	4300	191927.00
INDO GULF INDUSTRIES LIMITED	10	633389	40367441.00	633389	40367441.00
INDO RAMA SYNTHETICS (INDIA) LIMITED	10	600	36891.89	600	42000.00
INDO SWISS TIME LIMITED	10	18600	124714.50	18600	124714.50
INDOGULF CORPORATION LTD	10	500	31404.56	500	41511.24
ICICI LIMITED	10	100	13209.65	100	13209.65
INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED	10	600	49959.82	600	49959.82