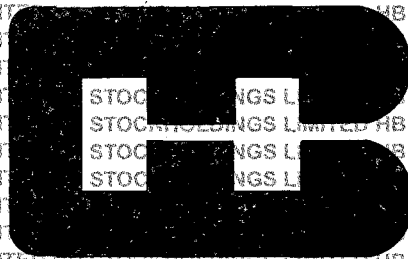


22nd Annual Report 2008-09



HB STOCK HOLDINGS LIMITED

HB STOCKHOLDINGS LIMITED**BOARD OF DIRECTORS**

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

CHIEF FINANCIAL OFFICER

Mr. Mahesh Kumar Gupta

COMPANY SECRETARY

Mr. Anil Kumar Mittal

AUDITORS**M/s. P. Bholusaria & Co.**

Chartered Accountants

26/11, Shakti Nagar,

Delhi - 110 007

Reportjunction.com

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

CONTENTS

Notice	1
Directors' Report	2
Management Discussion and Analysis	3
Corporate Governance Report	4
Auditors' Report	7
Balance Sheet	8
Profit & Loss Account	8
Schedules	8
Balance Sheet Abstract and Company's General Business Profile	16
Cash Flow Statement	16
Consolidated Accounts	17



HB STOCKHOLDINGS LIMITED

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of the Company will be held as per the schedule given below:

Day : Tuesday
Date : 25th August, 2009
Time : 10:30 A.M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14 Gurgaon-122001, Haryana
to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 Director in place of Mr. K N Malhotra who retires by rotation and being eligible offers himself for reappointment.
- To appoint Director in place of Mr. P. K. Mittal who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

By the Order of the Board
For HB Stock Holdings Ltd.

Anil Kumar Mittal
Company Secretary

Place : Gurgaon
Date : 29th May, 2009

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 20th August, 2009 to 25th August, 2009 (both days inclusive).
- Members / Proxies attending the meeting should bring Attendance Slips duly filled in for attending the meeting. They are also requested to bring their copies of Annual Report with them to the meeting, as the same will not be supplied again at the meeting as a measure of economy.
- Members are requested to:**
 - Notify any change in their address including Pin Code to the company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., B-106, Sector-2, NOIDA – 201 301. Phones: 0120-4015880. Fax: 0120-2444346. E-mail: shares@rcmcdelhi.com. Members whose shareholding is in electronic mode are requested to direct Change of Address notifications and bank particulars for receiving the dividend, if declared, through electronic credit under ECS, to their respective Depository participants.
 - Shareholders seeking any information with regard to Accounts of the Company are requested to write to the Company Secretary at their Gurgaon address at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- The Equity Shares of the Company are in the list of securities for compulsory trading in dematerialized form and can be dematerialized by the Shareholders under ISIN No: with National security Depository Ltd.(NSDL) or Central Depository services (India) Ltd. (CDSL) for which they may contract the Depository Participants of either of the above Depositories.
- Details of the Directors seeking reappointment in the ensuing Annual General Meeting. (pursuant to Clause 49, Code of Corporate Governance of the Listing Agreement):

DIRECTORS SEEKING REAPPOINTMENT

Name of the Director	Mr. K N Malhotra	Mr. P K Mittal
Date of Birth	6th February 1926	10th August 1953
Profile / Expertise in specific functional areas	Sh. K N Malhotra has specialization in the insurance and having four decade of varied experience in the general insurance business. He retired as the Chairman & Managing Director of Oriental Insurance Company Ltd.	A Qualified Company Secretary and a practicing Advocate having varied experience in the field of Corporate Laws, Financial Management, Management Control Systems, Corporate Planning and Business Restructuring etc.
Qualifications	B.A.	B. Com, LLB, FCS
List of other private / public Ltd Companies in which directorship held as on 31.3.2009	1. HB Stockholdings Ltd. 2. Taurus Investment Trust Co. Ltd.	1. HB Stockholdings Ltd. 2. Raunaq International Ltd.
Chairman / Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2009	Chairman — Shareholder/Investors Grievance Committee — Remuneration Committee HB Stockholdings Ltd.	Member — Audit Committee — Shareholder / Investor Grievances Committee — Remuneration Committee HB Stockholdings Ltd.

By the Order of the Board
For HB Stock Holdings Ltd.

Anil Kumar Mittal
Company Secretary

Place : Gurgaon
Date : 29th May, 2009



HB STOCKHOLDINGS LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 22nd Annual Report with Audited Accounts of your Company for the financial year ended 31st March 2009.

FINANCIAL RESULTS

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

PARTICULARS	(Amount in Rs.)	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Gross Profit/(Loss)	(3,09,15,767)	12,03,46,654
Less :		
(a) Depreciation and profit / (loss) on termination of leases	12,39,315	10,24,038
(b) Provision for Income-Tax (including deferred tax)	—	1,10,00,000
(c) Fringe Benefit Tax	3,30,000	2,25,000
Net Profit/(Loss)	(3,24,85,082)	10,80,97,616
Add / (Less):		
(a) Income Tax for earlier year	(5,98,685)	(51,373)
(b) Transfer to Statutory Reserve Fund	—	(2,16,19,523)
(c) Effect of earlier period on account of accounting	28,711	(7,21,971)
Net Amount available for appropriation	(3,30,55,056)	8,57,04,749
Accumulated Loss Brought forward	(40,41,96,643)	(48,99,01,372)
Balance carried to Balance Sheet	(43,72,51,699)	(40,41,96,643)

PERFORMANCE REVIEW & OUTLOOK

During the year under review capital markets worldwide faced a major crisis due to the sub-prime and credit crisis in USA as well as all the major economies of the world. The crisis led to recession and downturn in economies the world over. The Indian economy and the Capital market were also not insulated from this downturn. BSE Sensex which was at 15771.72 at the beginning of the year, ended the year at 9708.50 i.e. an erosion of nearly 38%.

For the year under review, your Company registered a Turnover of Rs. 522.67 Lakhs (Rs. 1652.84 Lakhs in previous year) and Net Loss for the year was at Rs.330.84 Lakhs (Rs. 1080.47 Lakhs profit in the previous year)

The elections for the 15th Lok Sabha have led to a more stable government at the Centre and it is expected that the new government will carry out the reforms process vigorously and impart an impetus to the economy.

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

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

DIVIDEND

In view of inadequacy of Profits in the year under review and also due to accumulated and unabsorbed losses incurred during the previous years, your Directors do not recommend any dividend for the year ended 31st March 2009.

STATUTORY STATEMENTS

ANNULLMENT OF FORFEITURE

In view of the requirement under the SEBI (Disclosure of Investors Protection) Guidelines, 2000 if, allotment / call money are in arrears / outstanding for more than 12 months, Equity Shares has to be forfeited by the Board after giving last and final opportunity to the defaulting shareholders to remit the allotment/call money due along with over due interest. The Company forfeited 16,51,039 Equity shares on which calls were outstanding vide Board Resolution dated 21st March, 2008, including already paid amount on these shares. However, forfeiture of 55 Equity Shares was annulled by the Board on 30th July, 2008 after receipt of proper document evidencing payment of allotment /call money from the concerned shareholders.

PUBLIC DEPOSITS

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

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

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

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

PERSONNEL

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA), your directors hereby stated 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 their 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 view of the Company obtaining approval of Central Government under section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Report of Directors and Auditors of the two subsidiaries viz. HB Prima Capital Ltd. and Mount Finance Ltd. has not been attached with the Balance Sheet of the Company. These documents are available upon request by any member of the Company interested in obtaining the same.

CORPORATE GOVERNANCE REPORT

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

STATEMENT PURSUANT TO THE LISTING AGREEMENT

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

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

AUDITORS, AUDITOR'S REPORT

M/s. P. Bholusaria & Co., Chartered Accountants, Delhi, the Statutory Auditor who were appointed at the last Annual General Meeting, retire at the conclusion of the ensuing Annual General Meeting. A certificate under section 224(1B) of the Companies Act, 1956 has been submitted by the Auditors towards their eligibility and being eligible offers themselves for re-appointment. Necessary resolution relating to their reappointment has been included in the Notice of the AGM.

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

DIRECTORS

Mr. K N Malhotra and Mr. P K Mittal Director(s) of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

Information desired as per Clause 49 of the Listing Agreement is enclosed as per the annexure of the Notice of the meeting.

ACKNOWLEDGEMENTS

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

For And Behalf of The Board

Place : Gurgaon
Date : 29th May, 2009

Lalit Bhasin
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	HB Prima Capital Ltd. 31-03-2009	Mount Finance Ltd. 31-03-2009
Financial Year of the subsidiary ended on		
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 2009 (in Rs.)		
(i) for the financial year of the subsidiary	1,16,798.80	(2,96,767.58)
(ii) for the previous financial periods of the subsidiary	93,631.81	(3,06,281.12)
The Net Aggregate of the Profit/(Loss) of subsidiary so far as they concern the members of the company and which are not dealt within the accounts of the company for the year 31st March 2009 (in Rs.)		
(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 2009.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (Rs.) during the year, ended 31st March 2009	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 51 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	Rs. 74,17,609/-	Group CFO, Renaissance Services SAOG, Oman	30	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 DISCUSSION AND ANALYSIS

1. Operating Results

The Company earned an income of Rs.522.67 lakhs during the year compared to Rs.1652.84 lakhs in the previous year. The administrative expenses during the year under review were Rs.423.65 lakhs as compared to Rs.355.33 lakhs during the previous year. The interest and financial charges for the year under review have been Rs.408.18 Lakhs as compared to Rs.94.05 lakhs during the previous year.

2. Industry Trends and Business Analysis

The continuing volatility and downward trend in the stock market in 2008-09 had an adverse impact on the profitability of the Company. Compared to 1st April 2008, the BSE Sensex dropped by over 14% in the first quarter till 30th June 2008 and close to 40% by 31st Dec 2008 and closed the year on 31st March 2009 with nearly 38% lower. This affected the Securities Trading profit (loss of Rs. 1438.26 Lakhs), as well as diminution in the value of investments (increase in the provision by Rs. 1939.33 Lacs) Profit Booked on Sale of investments (Rs. 3745.53 Lakhs mitigated these losses).

3. Opportunities and Threats

The international environment continues to remain uncertain although global equity and debt markets have shown a revival from March 2009 onwards. In India, the additional factor of political uncertainty has lifted from mid May with the election results are out and a government supporting pro reform growth agenda has assumed office. However, the reality on the ground will depend on the ability of the government to deliver on the promises made.

4. Future Prospects and Outlook

In order to change the focus of the business, the Company had curtailed its equity trading business from 2nd half of the previous accounting year and will remain focussed on investment in securities for a longer period. This change in the investment pattern shall reduce borrowings during the year and the burden of interest cost in the year under review.

5. Risks and concerns

Company, being associated with capital market 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 helps it to manage the threats imposed by 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. Such prudent business practices and risk management practices gives an edge over other similar company's.

6. Internal control system and their adequacy

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

7. Financial performance

Share Capital: The Company's share capital consists of Equity Share Capital only. The Paid-up Share Capital of the company as at 31st March 2009 stood at Rs. 2433.54 lakhs (including Rs. 54.32 Lakhs towards the Share forfeited account) it comprises of 2,37,92,218 Equity Shares of Rs.10/- each (including 55 Equity Shares forfeiture of which were annulled by the Board during the year)

Reserves and Surplus: During the year under review the loss carried forward is Rs 4372.52 lakhs (previous year Rs. 4041.97 lakhs)]

Loans: Secured Loan from Bodies Corporate stood at Rs. 24.64 Lakhs (previous year Rs. 1520.92 Lakhs). There is an Unsecured Loan of Rs. 900 Lakhs as on the date of Balance Sheet of the Company in the year under review (Rs. 600 Lakhs in the previous year)

Current Assets & Current Liabilities: The current assets and current liabilities at the end of the year under review stood at Rs. 1937.80 lakhs and Rs.5201.67 lakhs respectively against Rs. 1409.51 lakhs and Rs. 4092.14 lakhs for the last year.

8. Human Resources

The Company has adequate and experienced professionals related to the industry to carry out its business operations and is integral to the Company's ongoing success. Attending various refresher courses, orientation programme and training sessions by the in house professionals has improved their business skill and vision which reflects in the decision making process. All these have played a significant role and enabled the Company to deliver an improved performance.

9. 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

1. Corporate Governance philosophy

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

2. Composition of the Board

The Board of your Company comprises of 8 directors, out of whom 6 directors are non-executive and 5 Directors are independent. Mr. Lalit Bhasin is Non-executive Chairman of the Board and holds the position since 30th June 2004. The other non-executive director(s) are proficient in their respective fields and bring with them tremendous experience in the areas of corporate finance, taxation, legal, securities market operations,

corporate affairs and management. Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director, both these working Executive(s) have to their credit over three and four decades of corporate experience respectively in Foreign Banks, Indian and Foreign Companies including Multinational Companies. Both these working director(s) share the overall responsibility of the day to day management of the company and execute the Board's plan and policies. The composition of the present Board is in conformity of the amended Clause 49 of the Listing Agreement.

3. Number of Board Meetings

During the year under review, Five (5) meetings of the Board of Directors of the Company were held (i.e. from 1.04.2008 to 31.03.2009) on 24th May 2008; 30th July 2008; 11th September 2008; 24th October 2008; and 16th January 2009 respectively. The gap between the two Board meetings was not more than 4 months except the first Board Meeting which held on 24th May 2008.

4. Directors Attendance & Directorships

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

Name of the Director & Category	Directorships in other public companies		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM	Shares held in the company & % to the subscribed capital
	Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin Promoter & Non-Executive	14	3	4	Nil	5	5	Yes	4,84,799 (2.037%)
Mr. K. N. Malhotra Independent & Non Executive	1	Nil	Nil	Nil	5	5	Yes	130 (Not Significant)
Mr. P. K. Mittal Independent & Non Executive	1	Nil	Nil	Nil	5	4	Yes	NIL
Mr. Gulshan Rai Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	NIL
Mr. Anil Goyal Independent & Non Executive	11	Nil	4	1	5	5	Yes	NIL
Mr. Harbans Lal Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	NIL
Mr. J.M.L. Suri Executive Director	7	Nil	3	2	5	5	Yes	1000 (Not Significant)
Mr. Vijay Sood Managing Director	1	Nil	2	Nil	5	5	Yes	Nil

One-third of the rotational directors of the Company shall retire at every Annual General Meeting in terms of the Companies Act, 1956, and Articles of Association of the Company. Accordingly, Mr. K.N. Malhotra and Mr. P.K. Mittal Director(s) being longest in their respective office(s) shall retire by rotation at the ensuing Annual General Meeting and being eligible offer them selves for reappointment.

5. Board Committees

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

(A) Audit Committee: The Audit Committee of the Board stands as follows:

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

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

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

and auditors of the company time to time.

- 8) To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
 - 9) To give report and /or recommendations to the Board on the matters concerning financial operations of the company.
 - 10) To consider and act on any matters as are included under Clause 49 of the Listing Agreement and/or as may be so included from time to time.
- During the year under review, 4 (Four) meeting(s) of the Audit Committee were held on 24-05-2008, 30-07-2008, 24-10-2008 and on 16-01-2009 respectively. Mr. Gulshan Rai, Mr. Harbans Lal and Mr. Anil Goyal have attended all the meetings of the Audit Committee and Mr. P.K. Mittal attended last three meeting(s) of the Audit Committee held during the year 2008-09 and leave of absence was granted for the first meeting held on 24-05-2008.

(B) Shareholders / Investors Grievance Committee: The Shareholders / Investors Grievance Committee of the Board comprises of Mr. K.N. Malhotra (Chairman of the Committee), Mr. P. K. Mittal and Mr. J.M.L. Suri. The Secretary of the Company acts as Secretary to the Committee. The functions of the Committee, inter alia, include approval / rejection of transfers, transmission of shares, issue of fresh / duplicate certificates upon split / consolidation / renewal / mutilation / 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.

Mr. J.M.L. Suri, Executive Director of the Company has been empowered to approve transfer of Equity Shares up to 10,000 Equity Shares under one folio at a time in between the Committee meeting(s).

During the year under review, 4 meetings of the Shareholders / Investors Grievances Committee were held respectively on 24-05-2008, 30-07-2008, 24-10-2008 and on 16-01-2009. Mr. K.N. Malhotra and Mr. J.M.L. Suri attended all the meetings of the Committee whereas Mr. P.K. Mittal attended only three meetings and leave of absence was granted to him in respect of the meeting held on 24th May 2008.

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

During the year under review, a sole Remuneration Committee meeting was held on 24th May 2008 to reappoint Mr. J.M.L. Suri, Executive Director for a further period of Five years w. e. f. 01st July 2008 up to 30th June 2013 and for payment of remuneration as presently drawn by him.

The Non-Executive directors are paid sitting fees for attending each meeting of the Board of Directors and the Committees thereof constituted by the Board. During the year under



HB STOCKHOLDINGS LIMITED

review, Director(s) of the Company were paid remuneration as mentioned hereunder during the period (01.04.2008 to 31.03.2009) under review:

Director (s)	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. K. N. Malhotra	—	60,000	Nil	Nil
Mr. P. K. Mittal	—	76,000	Nil	Nil
Mr. Lalit Bhasin	—	50,000	Nil	Nil
Mr. J. M. L. Suri	—	Nil	18,69,745	Nil
Mr. Gulshan Rai	—	1,02,000	Nil	Nil
Mr. Anil Goyal	—	1,00,000	Nil	Nil
Mr. Harbans Lal	—	1,00,000	Nil	Nil
Mr. Vijay Sood	—	Nil	74,17,609	Nil

The sitting fee for each meeting of the Board of Directors and the Committee of Directors are fixed by the Board of Directors within the overall ceiling laid down under the Companies Act. Salary and perquisites paid in aggregate value for the year ended March 31, 2009 to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under: Mr. Vijay Sood : Salary Rs.45,00,000/- and Perquisites Rs. 29,17,609/- Lakhs respectively. Mr. J M L Suri : Salary Rs.9,00,000/- and Perquisites Rs. 9,69,745/- Lakhs respectively. Besides, that Sh. J M L Suri, the Executive Director is also entitled to Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, and Sh 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:

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

Year	Type	Location	Date	Time
2007-08	21st AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	11-09-08	10.00 A.M.
2006-07	20th AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	28-08-07	10.00 A.M.
2005-06	19th AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	08.09.06	10.00 A.M.

Details of Special Resolutions passed in the previous 3 AGMs

S. No.	Subject Matter(s)	Reference and Date of passing at the AGM
1.	Re-appointment of Sh. J M L Suri as Executive Director for a period of Five years and payment of remuneration	21st AGM 11-09-2008
2	Appointment of Sh. Vijay Sood as Managing Director for a period of Three years and towards payment of Remuneration to him.	20th AGM 28-08-2007
3	Approval for investment by FIIs in the shares of the Company by purchase or acquisition from market under Portfolio Investment Scheme. Approval to remunerate non-executive directors by way of commission commencing from the financial year 2007-08 onwards	19th AGM 08-09-2006

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

Disclosures:

- There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2009 (Refer Note No. 10 of Notes to Accounts – Schedule 12 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.
- No penalty has been imposed or any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during the last three years.
- The company has adopted a Code of Conduct applicable to all the Directors and Senior Management personnel of the company and the same has been posted on the website of the company www.hbstockholdings.com. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code. A declaration to this effect from Managing Director of the Company is also given to this effect at the end of this report.
- Risk Assessment and Minimisation procedures are in existence and are reviewed periodically.
- None of the Company's subsidiaries viz., HB Prima Capital Limited and Mount Finance Limited falls under "Material Non Listed Subsidiary" in terms of Clause 49 of the Listing Agreement. However, the financial results and the investments (as and when made) are regularly placed before the Audit Committee meeting of the company for their review.
- 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 31.03.2009 to the Board of Directors for review.
- Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.

VIII. All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with. Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

6. Means of Communication:

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

7. General Shareholder Information:

- Ensuing Annual General Meeting Day, Date, time and venue:

Date : Tuesday, 25th August, 2009
Time : 10.30 A.M.
Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector-14, Gurgaon- 122 001 (Haryana)

- Financial Year : 1st April 2008- 31st March 2009
- Date of Book Closure : 20th August, 2009 to 25th August, 2009 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.

VI. Stock Code

The Company's Scrip Code is as follows:

BSE, Mumbai : 532216
NSE, Mumbai : HBSTOCK

VII. Dematerialisation of Share and Liquidity

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

The Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

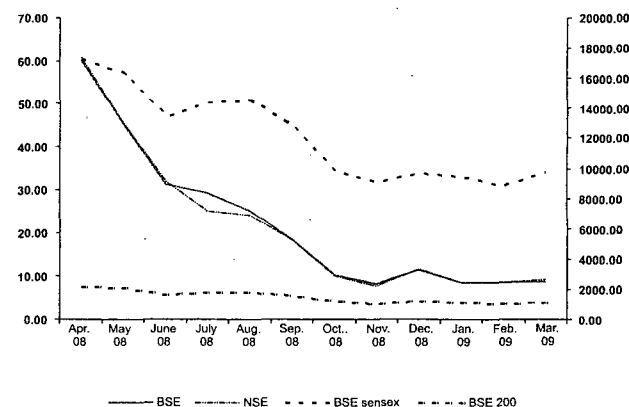
The ISIN No. allotted to Equity Shares of the Company is INE550B01014.

As at 31-03-2009; 1,92,17,810 Equity Shares of the company are held in dematerialised form constituting 80.77% of the Company's subscribed share capital.

VIII. Market Price Data: The monthly High, Low during each month in the last financial year at BSE & NSE are as under:

Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-08	66.00	40.15	60.15	160256	66.55	40.60	61.05	95517
May-08	61.50	44.00	45.40	165047	62.00	45.05	45.70	149208
Jun-08	45.75	31.15	31.15	66629	45.50	32.05	32.05	43190
Jul-08	33.40	25.35	29.10	84749	34.05	25.15	28.85	57366
Aug-08	30.85	24.15	25.00	100659	30.60	24.05	24.85	80731
Sep-08	28.75	17.00	18.40	76077	28.80	17.60	18.35	50769
Oct-08	20.00	10.25	10.25	51640	19.95	10.00	10.00	37546
Nov-08	12.50	7.90	8.16	46103	12.65	7.50	7.75	39032
Dec-08	13.72	8.16	11.70	52869	13.85	8.00	11.50	20551
Jan-09	12.79	7.95	8.49	34265	12.90	7.80	8.45	19459
Feb-09	10.20	8.10	8.61	83760	10.20	8.00	8.50	14315
Mar-09	10.20	7.30	8.74	53549	10.20	7.15	9.20	77322

IX. Relative performance vis-à-vis major indices





HB STOCKHOLDINGS LIMITED

- X. Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review
- | | |
|------------|---------|
| HB Stock | -80.62% |
| BSE Sensex | -37.87% |
| BSE 200 | -40.90% |

- XI. The distribution of shareholdings of the company as on 31st March 2009 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	81019	98.62	6631010	27.87
501-1000	686	0.84	517527	2.18
1001-2000	233	0.28	337863	1.42
2001-3000	74	0.09	184635	0.78
3001-4000	32	0.04	115954	0.49
4001-5000	20	0.02	91896	0.38
5001-10000	41	0.05	288935	1.21
10001 and above	51	0.06	15624398	65.67
TOTAL	82156	100.00	23792218	100.00

The category-wise distribution of Shareholders as on 31st March, 2009 is as follows:

Category	No. of Shares held	% of Shareholding
A. PROMOTERS HOLDING		
1. Indian Promoter	12121464	50.95
2. Foreign Promoters	0	0.00
B. PUBLIC SHAREHOLDING		
1. Institutional	421764	1.77
2. Non- Institutional	112,48,990	47.28
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	982	71895	100
31 & Above	—	—	—

Demat Period	No of cases	No of Shares	% to Shares
1-15	2621	231708	100
16 & Above	—	—	—

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

Grievance / Query received from	Received	Disposed off
Investors	55	55
Stock Exchanges	—	—
SEBI	36	36
NSDL	—	—
Total	91	91

- (XV) Sh. Anil K. Mittal- Company Secretary is the Compliance officer of the company.

- (XVI) Registrar and Share Transfer Agent of the company:

RCMC Share Registry Pvt. Ltd.,
B-106, Sector-2, Noida-201301
Phones: -0124- 4015880; 0124-4015886, Fax : - 0124- 2444346
E-mail:- shares@ rcmc Delhi.com .

- (XVII) Address for Correspondence:

The Company Secretary
HB Stockholdings Ltd.
Plot No. 31, Echelon Institutional Area, Sector-32, Gurgaon- 122 001, (Haryana)

Managing Director's Declaration on Code of Conduct

To
The Members of
HB Stockholdings Limited
Gurgaon

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

For HB Stockholdings Limited

Place : Gurgaon
Date : 29th May, 2009

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 2009, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. 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 based on 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.

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 : Gurgaon
Date : 29th May, 2009

AMIT GOEL
PARTNER
(Membership No. 92648)