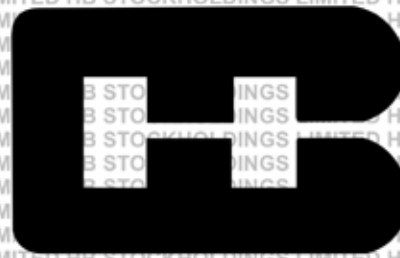


23rd
Annual Report
2009 - 10



HB STOCKHOLDINGS LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Mahesh Kumar Gupta

COMPANY SECRETARY

Mr. Anil Kumar Mittal

AUDITORS**M/s. P. Bholusaria & Co.**Chartered Accountants
26/11, Shakti Nagar,
Delhi - 110 007**REGISTERED OFFICE**Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001, Haryana
Ph : 0124-4675500, Fax : 0124-4370985**WEBSITE**www.hbstockholdings.com**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**

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HB STOCKHOLDINGS LIMITED

Notice

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

Day : Tuesday
Date : 7th September 2010
Time : 11:00 A.M.
Place : GIA House I.D.C. Mehrauli Road Opp. Sector 14, Gurgaon-122 001 (Haryana)
to transact the following business:

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

Suri, Executive Director, with effect from 1st April, 2009, as approved by the Board of Directors and set out in the Explanatory Statement accompanying this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all other acts and deeds as may be necessary and incidental in the matter, as may be required from time to time."

By the Order of the Board
For HB Stockholdings Ltd.

Anil Kumar Mittal
Company Secretary

Place : Gurgaon
Date : 27th May, 2010

NOTES:

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

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

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

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

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

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

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

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

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

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

Other Terms of Appointment

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

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

I. GENERAL INFORMATION:

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

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

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

II. INFORMATION ABOUT THE APPOINTEE

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

- Remuneration proposed
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case expatriates the relevant details would be w. r. t. the country of his origin.)
- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

III. OTHER INFORMATION

- Reasons of loss or inadequate profits
- Steps taken or proposed to be taken for improvement
- Expected increase in productivity and profits in measurable terms

As per the Explanatory Statement of the Notice Though the exact latest data of the comparative profile with remuneration of the CEO/MD/Key Personnel of Financial Services Companies is not available, however generally the CEOs/ MDs/ Key Managerial personnel of financial services sector / NBFC Companies of comparable status are generally receiving remuneration above Rs.100 lakhs He does not have any other pecuniary relationship with the company nor he is related to or has pecuniary relationship with any of the directors of the company.

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

IV. DISCLOSURES

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

ITEM NO. 6

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

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

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

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

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

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

Place : Gurgaon
Date : 27th May, 2010

Anil Kumar Mittal
Company Secretary



HB STOCKHOLDINGS LIMITED

Directors' Report

Dear Shareholders,

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

FINANCIAL RESULTS

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

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

PERFORMANCE REVIEW & OUTLOOK

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

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

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

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

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

DIVIDEND

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

STATUTORY STATEMENTS

PUBLIC DEPOSITS:

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

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

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

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

PERSONNEL:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA), your Directors hereby state that in the preparation of the Annual Accounts for the year under review, the applicable Accounting Standards have been followed and no departures have been made. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year and of the profit of the Company for that period. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and further, that the Directors had prepared the annual accounts for the year under review on a going concern basis.

SUBSIDIARIES OF THE COMPANY

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

CORPORATE GOVERNANCE REPORT

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

STATEMENT PURSUANT TO THE LISTING AGREEMENT

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

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

AUDITORS

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

AUDITOR'S REPORT

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

DIRECTORS

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

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

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

ACKNOWLEDGEMENT

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

For and on Behalf of The Board of Directors

Place : Gurgaon
Date : 27th May, 2010

LALIT BHASIN
CHAIRMAN

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in Rs.)

Name of the Subsidiary	HB Prima Capital Ltd. 31-03-2010	Mount Finance Ltd. 31-03-2010
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 2010 (in Rs.)		
(i) for the financial year of the subsidiary	56,782.00	(2,86,888.90)
(ii) for the previous financial periods of the subsidiary	1,16,798.80	(2,96,767.58)
The Net Aggregate of the Profit / (Loss) of subsidiary so far as they concern the members of the company and which are not dealt with the accounts of the company for the year 31st March 2010 (in Rs.)		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil



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 2010.

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

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

Management's Discussion and Analysis

1. Operating Results

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

2. Business Analysis during 2009-10

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

The Indian Equity markets are influenced by underlying corporate performance, flows from domestic investors and its attractiveness to foreign institutional investors. In 2009-10 except for the domestic mutual funds which did not see very much of net inflows into their equity schemes, all other categories of investors increased their exposure to the equity markets.

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

3. Future Prospects and Outlook

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

4. Risks and Concerns

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

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

5. Internal Control Systems and their adequacy

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

6. Financial Performance

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

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

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

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

7. Human Resources

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

8. Cautionary Statement

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

Report on Corporate Governance

1. Corporate Governance philosophy:

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

2. Size and Composition of the Board:

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

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

a. Number of Board Meetings:

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

b. Directors Attendance & Directorships:

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

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

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

3. Board Committee(s):

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

(A) Audit Committee:

The Audit Committee of the Board presently stands as follows:

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

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

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

the company and ensure compliance of the same.

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Vijay Sood

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

Mr. J M L Suri

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

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

4. General Body Meetings:

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

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

Details of Special Resolutions passed in the previous 3 AGMs

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

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

5. Disclosures:

- There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2010 (Refer Note No. 10 of Notes to Accounts – Schedule 12 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.
- 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 31.03.2010 to the Board of Directors for review.
- Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.
- All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with. Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

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 – Business Standard 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, 7th Sept, 2010
Time : 11:00 A.M.
Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector-14, Gurgaon- 122 001 (Haryana)
- Financial Year : 1st April 2009- 31st March 2010
- Date of Book Closure : 3rd Sept, 2010 to 7th Sept, 2010 (both days inclusive)
- Dividend Payment Date : No dividend has been recommended for the year.
- Listing on Stock Exchange(s) :
Bombay Stock Exchange Ltd., Mumbai
National Stock Exchange of India Ltd. Mumbai.
- Stock Code : The Company's Scrip Code is as follows:
• BSE , Mumbai : 532216
• NSE, Mumbai : HBSTOCK

VII. Dematerialisation of Share and Liquidity

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

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

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

As at 31-03-2010; 1,93,79,948 Equity Shares of the company are held in dematerialised form constituting 81.46% of the Company's subscribed share capital.

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

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

IX. Relative performance vis-à-vis major indices

