

# 27th Annual Report 2013 - 14



**HB STOCKHOLDINGS LIMITED**

**BOARD OF DIRECTORS**

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

**CHIEF FINANCIAL OFFICER**

Mr. Mahesh Kumar Gupta

**COMPANY SECRETARY**

Mr. Anil Kumar Mittal

**AUDITORS****M/s. P. Bholusaria & Co.**Chartered Accountants  
26/11, Shakti Nagar,  
Delhi - 110 007**REGISTERED OFFICE****HB Stockholdings Ltd.**

CIN L65929HR1985PLC033836

Plot No. 31, Echelon Institutional Area,  
Sector-32, Gurgaon - 122 001, Haryana  
Ph : 0124-4675500, Fax : 0124-4370985  
Email: corporate@hbstockholdings.com**WEBSITE**

www.hbstockholdings.com

**REGISTRAR & SHARE TRANSFER AGENT****M/s. RCMC Share Registry Pvt. Ltd.**B-25/1, First Floor  
Okhla Industrial Area  
New Delhi - 110020  
Ph : 011-26387320, 26387323  
Fax : 011-26387322  
E-mail: rcmcdelhi.com  
Website: www.rcmcdelhi.com**CONTENTS**

Notice .....	1
Directors' Report .....	4
Management Discussion and Analysis .....	5
Report on Corporate Governance .....	6
Auditor's Report .....	9
Balance Sheet .....	10
Statement of Profit & Loss .....	10
Cash Flow Statement .....	10
Notes on Accounts .....	11
Consolidated Accounts .....	21



## HB STOCKHOLDINGS LIMITED

### NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system).

Notice is hereby given that the 27th Annual General Meeting of members of **HB Stockholdings Limited** will be held as per following schedule:

**Day** : Tuesday

**Date** : 23rd September 2014

**Time** : 11.00 A.M

**Place** : GIA House, I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon - 122001  
to transact the following business:-

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement (including Consolidated Financial Statement) for the year ending 31st March 2014 and the Reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Goyal (DIN: 00001938) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

#### AS SPECIAL BUSINESS:

4. To approve the Appointment of Mr. Pradeep Kumar Mittal as an Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149,150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Pradeep Kumar Mittal (DIN 0165315), Director of the Company whose term of office is liable to retire by rotation and whose term expires at this Annual General Meeting and who has offered himself for reappointment as an Independent Director, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Independent Director of the Company to hold office for a term for Five consecutive years commencing from the date of this Annual General Meeting and he shall not be liable to retire by rotation."

5. To approve the Appointment of Mr. Gulshan Rai as an Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149,150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Gulshan Rai (DIN 00527181), Director of the Company whose term of office is liable to retire by rotation and who has offered himself for reappointment as a non-executive Independent Director, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term for Five consecutive years commencing from the date of this Annual General Meeting and he shall not be liable to retire by rotation."

6. To approve the Appointment of Mr. Harbans Lal as an Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149,150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Harbans Lal (DIN 00076405), Director of the Company, whose term of office is liable to retire by rotation and who has offered himself for reappointment as an Independent Director, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director be and is hereby appointed as a non-executive Independent Director of the Company to hold office for a term for Five consecutive years commencing from the date of this Annual General Meeting and he shall not be liable to retire by rotation."

7. To approve the variation in the Terms of Reappointment of Mr. J M L Suri, Executive Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, Mr. J M L Suri (DIN 00002373), who was re-appointed as the Executive Director of the Company with effect from 1st July, 2013 for a further period of Three (3) years and who is a "non-retiring Director" under the existing Articles of Association of the Company, shall now be liable to retire by rotation as per the provisions of Section 152 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** all other terms and conditions of his re-appointment including remuneration shall remain same as approved by the Shareholders in the 26th Annual General Meeting held on 23rd August, 2013."

8. To approve the adoption of new set of Articles of Association of the Company in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be

and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To approve the authorisation to the Board of Directors of the Company to borrow funds in excess of the aggregate of paid up capital and free reserves and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession to the earlier resolution passed by the members at the Extra Ordinary General Meeting held on 22nd June 1994 in terms of provisions of Section 293(1) (d) of the Companies act, 1956, consent of the Company be and is hereby accorded under Section 180(1) (c) of the Companies Act, 2013 to the Board of Directors of the Company and subject to such other approvals, as may be necessary and subject to such modifications as may be prescribed while granting such approvals, Company to borrow from time to time such sum(s) of money (whether Indian Rupees or foreign currency including external commercial borrowings) as the Board deem requisite for the purpose of the business of the Company not withstanding that the money(s) to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's banker in the ordinary course of business) will or may exceed the aggregate of the paid up share capital of the company and its free reserves provided that the total amount upto which the money may be borrowed by the Board of Directors and outstanding at any time exclusive of Interest shall not exceed the aggregate sum of Rs. 300 Crores (Rupees Three Hundred Crores).

By the Order of the Board  
For HB STOCKHOLDINGS LTD.

Place : Gurgaon  
Date : 17.05.2014

ANIL KUMAR MITTAL  
COMPANY SECRETARY  
M. No. FCS 2360

#### NOTES:

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ANNEXURE TO THIS NOTICE.**

A person can act as a proxy on behalf of members not exceeding Fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. The Register of Members and Share Transfer Books shall remain closed from 15th September, 2014 to 23rd September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
3. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
4. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
5. The members are requested to bring their copy of the Annual Report to the meeting.
6. The members/proxies should fill the Attendance Slip for attending the meeting.
7. (a) The members who hold Share Certificate in physical form may notify the request for Change of Address to the Share Transfer Agent and Registrar of the Company namely **RCMC Share Registry Pvt. Ltd.**  
B-25/1, First Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi - 110 020  
Phone: 011 - 26387320, 26387321, 26387323  
Fax : 011 - 26387322  
E-mail: shares@rcmcldelhi.com.  
(b) Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository participants.
8. Copy of the Annual Report 2014 is being sent to all by electronic mode only to all those members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member who has requested for a hard copy of the same. For members who have not registered their email addresses, physical copy of the Annual Report 2014 are being sent by the permitted mode.
9. The Company is implementing the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be your registered email address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of Audited Financial Statements, Directors Report, Auditors Report etc. will also be displayed on the



## HB STOCKHOLDINGS LIMITED

website [www.hbstockholdings.com](http://www.hbstockholdings.com) of the Company and the other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Share Transfer Agent of the Company at the address mentioned in 7(a) above quoting their folio number(s).

10. E-voting facility is being provided to all members of the Company pursuant to the provisions of Section 108 of The Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement. The Company has engaged the Services of Karvy Computershare Private Limited ("Karvy") for providing e-voting facilities to the members of the Company. The e-voting rights of the Members shall be in proportion to the Paid-Up value of their shares in the Equity Capital of the Company as on the cut-off date (i.e. the record date), being Friday, August 08th, 2014. Detailed instructions for availing the e-voting facility indicating the process and manner of e-voting are given separately in the e-voting Notice sent to the members along with a Copy of the Annual Report.

The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company, [www.hbstockholdings.com](http://www.hbstockholdings.com) and on Karvy's website, <https://evoting.karvy.com> within two (2) days of passing of the resolutions and communication of the same to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE).

11. All documents referred to in the accompanying Notice and Explanatory statement shall be open for inspection at the registered office of the Company on all working days except, Saturdays, Sundays and holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
12. Details of Directors Appointment / re-appointment at the AGM, as required under Clause 49 of the Listing Agreement is annexed to the Notice.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

#### Item No.4

Mr. Pradeep Kumar Mittal (61) is a Non-Executive Director of the Company. He joined the Board of Director in March 2001. Mr. Pradeep Kumar Mittal is a member of the Audit Committee, Nomination and Remuneration Committee and Chairman of the Stakeholders Relationship Committee, of the Board of directors of the Company. He does not hold any shares in his name or for any other person on a beneficial basis in the Company.

Mr. Pradeep Kumar Mittal, Director, was liable to retire by rotation at the ensuing AGM under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Pradeep Kumar Mittal, being eligible and offer himself for appointment as an Independent Director for a term of five consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company. A Notice has been received from a member u/s 160(1) of the Companies Act, 2013 proposing Mr. Pradeep Kumar Mittal as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Pradeep Kumar Mittal fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A Copy of the draft Letter of Appointment of Mr. Mittal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desire able to continue to avail services of Mr. Pradeep Kumar Mittal as an Independent Director. Accordingly the Board recommends the resolution in relation to appointment of Mr. Pradeep Kumar Mittal as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. Pradeep Kumar Mittal, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No: 4 of the Notice.

#### Item No. 5

Mr. Gulshan Rai (80) is a Non-Executive Director of the Company. He joined the Board of Directors in October 2004. Mr. Gulshan Rai is the Chairman of the Audit Committee and also a member of Nomination and Remuneration Committee of the Board of directors of the Company. He does not hold any shares in his name or for any other person on a beneficial basis in the Company.

Mr. Gulshan Rai, Director, was liable to retire by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Gulshan Rai, being eligible and offer himself for appointment as an Independent Director for a term of five consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company. A Notice has been received from a member u/s 160(1) of the Companies Act, 2013 proposing Mr. Gulshan Rai as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Gulshan Rai fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A Copy of the draft Letter of Appointment of Mr. Gulshan Rai as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desire able to continue to avail services of Mr. Gulshan Rai as an Independent Director. Accordingly the Board recommends the resolution in relation to appointment of Mr. Gulshan Rai as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. Gulshan Rai, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No: 5 of the Notice.

#### Item No. 6

Mr. Harbans Lal (72) is a Non-Executive Director of the Company. He joined the Board of Directors in January 2006. Mr. Harbans Lal is the Chairman of the Nomination and Remuneration Committee of the Board, Member of Audit Committee and also Member of Stakeholders Relationship Committee. He does not hold any shares in his name or for any other person on a beneficial basis in the Company.

Mr. Harbans Lal, Director, was liable to retire by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Harbans Lal, being eligible and offer himself for appointment as an Independent Director for a term of five consecutive years upto the conclusion of the 32nd Annual General Meeting of the Company. A Notice has been received from a member u/s 160(1) of the Companies Act, 2013 proposing Mr. Harbans Lal as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Harbans Lal fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A Copy of the draft Letter of Appointment of Mr. Harbans Lal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association with the Company would be of immense benefit to the Company and it is desire able to continue to avail services of Mr. Harbans Lal as an Independent Director. Accordingly the Board recommends the resolution in relation to appointment of Mr. Harbans Lal as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. Harbans Lal, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at item No: 6 of the Notice.

#### Item No. 7

As per Sec 152 of the Companies Act, 2013, unless the articles provides for retirement of all Directors at every Annual General Meeting, not less than two-thirds of the total number of directors of a public company shall retire by rotation. It is also clarified by way of explanation given in Sec 152(6) that "total number of directors" shall not include the Independent Directors for determining the directors liable to be retire by rotation.

Mr. J M L Suri, Executive Director was not liable to retire by rotation as per the Article 140 (e) of the existing Articles of Association of the Company. The Board of Directors on the recommendation made by the Remuneration Committee in their meeting held on 17th May, 2014 discussed and agreed that the period of office of Executive Director shall be liable to determination by retirement of directors by rotation. Accordingly, the terms of employment of Mr. J M L Suri, Executive Director of the Company need to be changed to make him liable to retire by rotation as per the provisions of Section 152 of the Companies Act, 2013.

Except Mr. J M L Suri, Executive Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

The Board recommends the Special Resolution at Item No. 7 of the Notice for the approval of the members.

#### Item No. 8

The Articles of Association ("AOA") of the Company as presently in force were from when the Company was incorporated, and have been changed from time to time as and when need be by new clauses. The existing AOA were based on the Companies Act, 1956 and several regulations in the existing AOA are no longer in conformity with the present Act.

With the enforcement of the new Companies Act several regulations of the existing 'AOA' of the Company require alteration or deletions. Considering this position, it is thought expedient to wholly replace the existing AOA by a new set of Articles with such other modifications as the need be to give it more clarity in respect of powers and duties of the Board of Directors. The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model Articles of Association for a company limited by shares.

The proposed new draft AOA is being uploaded on the Company's website [www.hbstockholdings.com](http://www.hbstockholdings.com) for perusal by the shareholders, the draft of the Articles of Association shall also be available for inspection at the Regd. office of the Company.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

#### Item No. 9

The members of the Company, in the Extra Ordinary General Meeting held on 22nd June, 1994 had accorded by way of an ordinary resolution their approval to the Board of Directors of the Company for borrowing monies on behalf of the Company, from time to time, upto an aggregate amount (apart from temporary loans obtained from the Company's bankers in the ordinary course of businesses) not exceeding the paid up share capital of the company and its free reserves by Rs. 300 Crores.

However, after the applicability of the provisions of Section 180(1) (c) of the Companies Act, 2013, a Company can borrow monies exceeding the aggregate of its paid up capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) with the approval of members of the company by way of a Special Resolution.

The Board recommends the Resolution as set out at Item no: 9 of the Notice, for the approval of the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are anyway, concerned or interested, financially or otherwise, in the special resolution, set out at item no. 9 of the notice.



## HB STOCKHOLDINGS LIMITED

**DIRECTORS SEEKING APPOINTMENT AND REAPPOINTMENT IN THE ENSUING AGM** (Please Refer Items: 2, 4-6 of the Notice of AGM).

<b>Name of the Director</b>	<b>1. Mr. Anil Goyal</b>	<b>3. Mr. Gulshan Rai</b>
<b>DIN:</b>	00001938	00527181
<b>Date of Birth</b>	22-02-1959	01-04-1934
<b>Qualifications</b>	B Com, FCA	B Com(Hons) FCA
<b>Brief Resume &amp; Expertise in specific functional areas</b>	A Fellow member of the Institute of Chartered Accountants of India with expertise in the fields of Finance, taxation, investment banking, corporate restructuring and strategic planning. He has good experience of Corporate and Legal matters including SEBI related Laws.	A practicing Chartered Accountant having over 55 years' experience in the field of Financial Management, Tax Planning, Management Control Systems, Corporate Planning & Business Restructuring.  Has vast experience and expertise in International business operations of Indian Companies abroad and vice-versa in planning restructuring and setting up of branches / 100% owned subsidiaries of foreign entities in India and of Indian companies, overseas.
<b>Other Public Ltd Companies in which directorship held as on 31.3.2014</b>	HB Portfolio Limited HB Leasing & Finance Co. Limited HB Estate Developers Limited HB Prima Capital Limited HB Securities Limited Mount Finance Limited HB Corporate Services Limited RRB Securities Limited Bhasin Investments Limited AHL Hotels Limited HB Insurance Advisors Limited	Nil
<b>Chairman / Member of the Committees of the Board of other Companies in which he is a director as on 31.3.2014</b>	<b>Member of Shareholder /Investors Grievances Committee (s)</b> HB Portfolio Limited HB Leasing & Finance Ltd HB Estate Developers Ltd RRB Securities Limited <b>Audit Committee</b> RRB Securities Limited- Chairman	
<b>Shareholding of Director as on 31.03.2014</b>	Nil	Nil
<b>Whether related to any Board Member</b>	No	No

### DIRECTORS SEEKING APPOINTMENT AND REAPPOINTMENT IN THE ENSUING AGM

<b>Name of the Director</b>	<b>2. Mr. Pradeep Kumar Mittal</b>	<b>4. Mr. Harbans Lal</b>
<b>DIN:</b>	0165315	00076405
<b>Date of Birth</b>	10-08-1953	28-02-1942
<b>Qualifications</b>	B Com, LLB, FCS	M A (Public Administration), CA, IIB
<b>Brief Resume &amp; Expertise in specific functional areas</b>	A Qualified Company Secretary and a Law graduate. He is a practicing Advocate and has varied experiences in the field of Corporate Laws, Corporate planning and business restructuring. He also has experiences in the area of financial management, management control system and administration.	Joined State Bank of India in the year 1965. While working for SBI, he held the following important assignment(s). – Chief General Manager, Delhi Circle 2000 to 2002. – Chief General Manager(credit) at Central Office Mumbai in 1998-2000 – General Manager (Commercial Banking) Ahmedabad Circle 1995-1998 – Dy General Manager Shillong Zonal office and Pune Zonal office. – Vice President & Manager, SBI (Canada) Vancouver 1984-1988
<b>Other Public Ltd Companies in which directorship held as on 31.3.2014</b>	Raunaq International Limited	Nil
<b>Chairman / Member of the Committees of the Board of other Companies in which he is a director as on 31.3.2014</b>	Nil	Nil
<b>Shareholding of Director as on 31.03.2014</b>	Nil	Nil
<b>Whether related to any Board Member</b>	No	No

By the Order of the Board  
For HB STOCKHOLDINGS LTD.

ANIL KUMAR MITTAL  
COMPANY SECRETARY  
M.No. FCS 2360



# HB STOCKHOLDINGS LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 27th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2014.

### FINANCIAL RESULTS

The Financial performance of the Company for the year ended is summarised below.

PARTICULARS	(Rs. in lacs)	
	Current Year Ended	Previous Year Ended
Total Revenue	1469.06	1887.52
Total Expenses	327.39	777.59
Profit for the Year before Tax and exceptional items	1141.67	1109.93
- Tax Expenses (including earlier years)	142.87	110.00
- Exceptional items	00.00	0.00
Profit After tax and Exceptional Items	998.80	999.93
Earning per Equity Shares (Before exceptional items)		
- EPS Basic (Rs.)	4.20	4.20
- EPS Diluted (Rs.)	4.20	4.20
(After Exceptional Items)		
- EPS Basic (Rs.)	4.20	4.20
- EPS Diluted (Rs.)	4.20	4.20

### DIVIDEND

In order to conserve resources for the future, Directors' of your company do not recommend any dividend for the year ended 31<sup>st</sup> March 2014.

### PERFORMANCE REVIEW & OUTLOOK

The financial year 2013-2014 was a challenging year in many ways. Economic activity remained subdued, compounded by volatility in currency and interest rate markets in the first half of the year. Gross Domestic Products (GDP) for 2013-14 has been estimated to grow at 4.70%, the second consecutive year of sub5% growth. While financial markets stabilised in the second half of the year, economic activity continued to remain muted.

During the year under review, Income from operation was Rs.1454.28 Lakhs (previous year Rs. 1870.68 Lakhs). Income of the Company comprises of Dividend Income Rs.116.44 Lakhs (previous year Rs. 63.73 Lakhs), Securities Trading Loss was Rs. 11.48 Lakhs (previous year Rs.22.24 Lakhs), Profit booked on Sale of Investments was Rs. 864.27 Lakhs (previous year Rs.1234.49 Lakhs), Provisions for diminution in the value of Investment written back Rs.436.85 Lakhs (previous year Rs. 561.09 Lakhs). Net Profit before Tax and exceptional items for the year was Rs.1141.67 Lakhs (previous year Rs. 1109.93 Lakhs)

With a change of Government at the Centre, positive policy pronouncements and high expectations of fiscal consolidation coupled with demand stimulus and structural de-bottlenecking, economic growth in the current and medium term should improve. This will be positive for the market and society as a whole. First sign of this are being reflected in the upswing in the Equity indices in the current fiscal.

As mentioned in the previous year's Directors' Report, Securities and Exchange Board of India (SEBI) vide its Order dated 9th May 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the Securities market, directly or indirectly, for a period of two years from the dated of the Order; and the aforesaid order was stayed by the Hon'ble Securities Appellate Tribunal vide its Order dated 17th May 2012. The Appeal filed by the Company against the aforesaid SEBI Order was allowed. SEBI Order was quashed and set aside by Hon'ble Securities Appellate Tribunal vide its Order / Judgment dated 27th August 2013.

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

### STATUTORY STATEMENTS

#### PUBLIC DEPOSITS:

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

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

The particulars under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption etc. are not applicable to the company. During the year under review there have been no Earnings or outgo of Foreign Exchange.

#### PERSONNEL:

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

#### DIRECTORS' RESPONSIBILITY STATEMENT:

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

#### SUBSIDIARIES OF THE COMPANY

HB Prima Capital Limited ceased to be a subsidiary Company w. e. f 25th June 2013. In terms of the General Circular dated 8th February 2011, of Ministry of Corporate Affairs, under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Statement of Profit and Loss, Report of Directors and Auditors' of Company's subsidiary namely Mount Finance Ltd. have not being attached with the Balance Sheet of the Company. However the financial data of the subsidiary have been furnished under "Summary of Financial Information of Subsidiary Company" and forms part of this Annual Report in compliance with the said circular. Annual Accounts of the subsidiary company will be made available upon request by any member of the Company and said Annual Accounts will also be kept open for inspection at the registered office of the Company and that of the subsidiary Company.

#### CORPORATE GOVERNANCE REPORT

Your Company is committed to maintain the applicable Corporate Governance standards and is committed to ensure due compliance of any modifications that may be stipulated by SEBI and communicated through stock exchange(s) from time to time and observe their timely

implementation. Compliances of your Company with the requirements are presented in the enclosed pages. A Report on the Corporate Governance forms part of the Annual Report together with the Certificate from the Statutory Auditor's in respect of compliance(s) of Clause 49 of the Listing Agreement.

#### STATEMENT PURSUANT TO THE LISTING AGREEMENT

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

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

#### AUDITORS

M/s. P. Bholusaria & Co., Chartered Accountants, New Delhi having FRN 000468N, the Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible offers themselves for reappointment. The Company has received a Letter from them to this effect that their re-appointment, if made would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified for reappointment.

#### AUDITOR'S REPORT

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

#### DIRECTORS

As per the provisions of existing Articles of Association of the Company, the period of office of all the Directors of the Company except Mr. Vijay Sood Managing Director and Mr. J M L Suri, Executive Director shall be liable to determination by retirement of Directors by rotation. As per Article 140 (e) Mr. Vijay Sood, Managing Director and Mr. J M L Suri Executive Director shall not be liable to retire by rotation as long as they hold the office of Managing Director or Whole Time Director respectively.

The Companies Act, 2013 provides for appointment of Independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that Independent directors shall hold office for a term of up to five consecutive years on the Board of a company. Mr. Gulshan Rai, Mr. Pradeep Kumar Mittal and Mr. Harbans Lal fulfill the criteria of Independent Director as specified in Sec 149(6) of the Companies Act, 2013 and the Rules made thereunder. The Company has received requisite Notices in writing from a member proposing their appointment as Independent Directors. The Company has also received declarations from them confirming that they meet with the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchange. The Board of Directors recommends appointment of Mr. Gulshan Rai, Mr. Pradeep Kumar Mittal and Mr. Harbans Lal as Independent Directors of the Company for a term of five years and they shall not be liable to retire by rotation.

The Board of Directors on the recommendation made by the Remuneration Committee in their meeting held on 17th May, 2014 discussed and agreed that the period of office of Executive Director shall be liable to determination by retirement of Directors by rotation. Accordingly, the terms of reappointment of Mr. J M L Suri, Executive Director of the Company need to be changed to make him liable to retire by rotation as per the provisions of Section 152 of the Companies Act, 2013.

After the proposed variation in the terms of reappointment of Mr. J M L Suri, Executive Director of the Company, the period of office of Directors viz. Mr. Lalit Bhasin, Mr. Anil Goyal, Directors and Mr. J M L Suri, Executive Director shall be liable to determination by retirement of Directors by rotation.

As per the relevant provisions of the existing Article of Association of the Company and the provisions of the erstwhile Companies Act, 1956, Mr. Anil Goyal, Director and Mr. Pradeep Kumar Mittal, Independent Director of the Company were supposed to retire by rotation at the ensuing Annual General Meeting. However, as per the provisions Section 149(13) of the Companies Act, 2013, the provisions of Section 152 in respect of retirement of Directors by rotation shall not be applicable to Independent Directors. Accordingly, Mr. Pradeep Kumar Mittal, Independent Director shall not retire by rotation at the ensuing Annual General Meeting. Mr. Anil Goyal shall retire at the ensuing Annual General Meeting and who being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

#### ACKNOWLEDGEMENT

Your Directors would like to express their appreciations for the assistance and cooperation received from banks, customers, members and other stake holders during the year under review. Your Directors also wish to acknowledge the valuable services rendered by the executive and staff of the Company at all levels.

For and on Behalf of The Board of Directors

Place : Gurgaon  
Dated : 17th May, 2014

Lalit Bhasin  
Chairman  
DIN : 00002114

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

Amount in Rs.

Name of the Subsidiary Company	Mount Finance Ltd. 31-03-2014
Financial Year of the subsidiary ended on	
No of Equity Shares held by the Holding Company as on date (face value-Rs. 10/-)	8,30,006
Extent of Holding (%)	100%
The Net aggregate of the Profit / (Loss) of the Subsidiary so far as they concern the members Of the Company for the year ended 31-03-14	
(i) for the financial year of the Subsidiary	(3,42,091)
(ii) for the previous financial period of the Sub.	(2,08,526)
The Net aggregate of the Profit / (Loss) of the Subsidiary as they concern the members of the company and which are not dealt with the accounts of the Company for the year 31 <sup>st</sup> March 2014	
(i) for the financial year of the subsidiary	Nil
(ii) for the previous financial periods of the subsidiary	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 2014.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (Rs.) during the year ended 31st March 2014	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 56 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	₹ 104,59,235/-	Group CFO, Renaissance Services SAOG, Oman	35	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 REPORT

### 1. Operating Results

The Total Revenue earned by the Company during the year was Rs.1469.06 Lakhs as compared to Rs. 1887.52 Lakhs in the previous year. Administrative expenses, Depreciation and amortization including provisions for sub-standard & doubtful assets and provision against standard assets and Loans & Advances were Rs. 327.39 Lakhs as compared to Rs. 777.59 Lakhs during the previous year. Interest and financial charges were Nil during the current and previous year.

### 2. Business Analysis during 2013-2014

The Financial year 2013-14 was a challenging one in many ways. Economic activity stayed subdued. During the year, the stock market also remained volatile in the first half of the year when the index moved in the range of 17,449 to 20,740. In the period from September 2013 onwards, index started moving up and reached at a high of 22,467 during the month of March 2014. Indian economy continued to experience high food inflation and weak industrial growth. Reserve Bank of India kept interest rates at elevated levels to combat inflation although supply bottlenecks rather than excessive aggregate demand was the cause of the inflationary pressures.

Equity/ capital market is influenced by underlying corporate performance, flows from domestic investors, satisfactory growth potential of domestic economy and its attractiveness to foreign investors. In the first half of the year there was an outflow on account of FII's of USD 7.1 Billion compared to an inflow of 12 Billion in the second half. This was largely on account of tapering related announcements from the US in the summer of 2013. Both Debt and Equity market suffered in this period. In spite of the impending end of the term of the Central Government, markets rallied in the second half due to policy action by the RBI to stabilize the Rupee, curb gold imports and control interest rates. FDI flows for the year were USD 30.8 Bn.

During the year under review, Revenue from Operations was Rs.1454.28 Lakhs (Rs. 1870.68 Lakhs in previous year) and Net Profit after exceptional items was Rs. 998.80 Lakhs (Rs.999.93 Lakhs in the previous year). Securities Trading including Equity derivative trading resulted in a Loss of Rs. 11.48 Lakhs (previous year Loss Rs. 22.24 Lakhs). Profit booked on Sale of Investments during the year was Rs. 864.27 Lakhs (previous year's profit of Rs. 1234.49) Provision for diminution in the value of investment written back was Rs. 436.85 Lakhs during the year under review (previous year Rs. 561.09 Lakhs).

### 3. Future Prospects and Outlook

While 2013-14 turned out to be a good year for Indian and other emerging markets, the problems of the global economy after its meltdown in previous years have not been resolved. China's economy has shown some signs of slowing down especially in the manufacturing and infrastructure sectors. The problems of Eurozone are making the nascent global recovery look weak. Asia ex Japan continues to see growth revival its composition varies across the region depending upon exposure to the export sector in different countries. Indian economy is expected to see higher growth potentials with the policy announcements made by the new government though many hurdles remain in implementation. However there is no denying the fact that there is optimism amongst foreign and local business men which will be good for the economy and therefore the Company.

### 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 a company over the years helps it to manage the normal industry risk factors, which inter-alia includes economic / business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility, and credit risk.

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

### 5. Internal control systems and their adequacy

The Company has an adequate and effective system of internal controls for its various 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. Internal audits are done at regular intervals to ensure that responsibilities are executed effectively. Audit Committee of the Board of Directors on quarterly basis reviews the adequacy and effectiveness of internal control systems and suggests measures for improvement of the existing control system and strengthen the control in view of changing business needs and safe guarding the assets of the Company against significant misuse or Loss from time to time.

### 6. Financial performance

- Share Capital:** The Company's issued and subscribed share capital consists of Equity Share Capital only. The Paid-up Share Capital of the company as at 31st March 2014 stood at Rs. 2433.54 lakhs (including Rs. 54.32 Lakhs towards the original amount paid up on equity share forfeited.) comprised of 2,37,92,218 Equity Shares of Rs.10/- each.
- Reserves and Surplus:** During the year under review, the balance is Rs. 10583.38 Lakhs (previous year Rs. 9584.58 lakhs)
- Fixed Assets stood at Rs. 53.96 Lakhs (Rs. 62.91 Lakhs in the previous year.)
- Non Current Investments stood at Rs. 8970.82 Lakhs (previous year Rs. 8518.93 Lakhs)
- Current Assets stood at Rs. 5046.40 Lakhs (previous year Rs. 5148.48 Lakhs)

### 7. Human Resources

Success of every business depends on proper human resource planning. The Company has adequate and experienced professionals having varied experience related to the Industry to carry out its business operations. Efforts are made to develop leadership capability in the team members which reflects in the decision making process.

### 8. Cautionary Statement

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



# HB STOCKHOLDINGS LIMITED

## REPORT ON CORPORATE GOVERNANCE

### Corporate Governance philosophy

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

### Composition of the Board

The Board of Directors of your Company presently comprises of 7 Directors, out of whom 5 are Non-Executive Directors and 4 are Independent Directors. Mr. Lalit Bhasin, Promoter of the Company is the Non-Executive Chairman of the Board since 30th June 2004. The strength of the Independent Directors is more than half of the total strength of the Board. All the Non-Executive Directors are proficient in their respective fields and bring with them tremendous experience in

the areas of Banking, finance, Taxation, Legal expertise, Securities market operations, Corporate Affairs and management. Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director, the working Director(s) have to their credit over three and four decades of corporate experiences respectively in Foreign Banks, Indian and Foreign Companies including Multinational Companies. These two working Director(s) among themselves share the overall responsibility of all the day to day business affairs of the company and implement Board's policies and plans. Board Composition at present is in conformity of the Clause 49 of the Listing Agreement as amended from time to time.

### Number of Board Meetings

During the year under review (1-04-2013 to 31-03-2014), the Board of Directors of the Company meet Five (5) times respectively on 17th May 2013; 07th August 2013; 23rd August, 2013; 12th November 2013; and on 14th February, 2014. The time gap between two Board Meetings did not exceed 120 days.

### Directors Attendance & their Directorships

Composition of the Board of Directors and Attendance of the Board members with their shareholding in the Company and status of presence in the last AGM are given hereunder:

Name of the Director(s) & Category	Directorships in other public companies		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM	Shares held in the company & % to the subscribed capital
	Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin Promoter & Non-Executive	14	4	6	Nil	5	5	Yes	1,22,62,307 (51.54%)
Mr. Pradeep Kumar Mittal Independent & Non Executive	1	Nil	Nil	Nil	5	5	Yes	Nil
Mr. Gulshan Rai Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	Nil
Mr. Harbans Lal Independent & Non Executive	Nil	Nil	Nil	Nil	5	5	Yes	Nil
Mr. Anil Goyal Independent Non Executive	11	Nil	5	1	5	5	Yes	Nil
Mr. J.M.L. Suri Executive Director	13	Nil	4	2	5	5	Yes	1000 (Not Significant)
Mr. Vijay Sood Managing Director	2	Nil	1	1	5	4	Yes	Nil

One-third of the rotational directors of the Company shall retire at every Annual General Meeting in terms of Articles of Association of the Company and Companies Act, 1956. Accordingly, after appointment of 3 Independent Directors on the Board (who shall not be retiring), and Managing Director being not to retire by rotation. In order to comply with the provisions of retirement of at least one third of the Directors, terms of office of Mr. J M L Suri, Executive Director was modified to liable to retire by rotation for rest of his tenure. Accordingly Mr. Anil Goyal Director of the Company being longest in the office as director shall retire by rotation at the ensuing Annual General Meeting to be held in September 2014 and he being eligible offers himself for reappointment. In terms of Clause 49(IV)(D) of the Listing Agreement, a brief Resume of Directors, proposed to be reappointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other Board members are provided in the Notice convening the 27th Annual General Meeting of the Company.

### Board Committee(s)

As per Clause 49 of the Listing Agreement as on 31st March 2014, all mandatory Board Committees are in place and their Constitution fully meets the requirements as stipulated in the Listing Agreement and as amended from time to time. The Board of Director's in its meeting held on 7th March, 2001, constituted two Committee(s) namely; the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement and Shareholders / Investors Grievance Committee. The Committee was renamed as Share Transfer & Investors grievances Committee in the Board Meeting held on 12<sup>th</sup> November 2013. Further to that, a Remuneration Committee was constituted in the Board Meeting held on October 30, 2004 to meet the requirements of the Listing Agreement and Schedule XIII of the Companies Act, 1956.

#### (A) Audit Committee:

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Audit Committee of the Board presently comprises of the following members:

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

Mr. Vijay Sood, Managing Director and Mr. J. M. L. Suri, Executive Director, both are the permanent invitees at the Audit Committee Meetings, this is in addition to the Internal Auditors and Statutory Auditors of the Company. The Audit Committee in their meetings shall review the following information: Management discussion and Analysis of financial condition, Results of operations; Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management; Management letter / letters of internal control, weaknesses pointed out by the Statutory Auditors in the existing system of operations; Internal Auditors Reports relating to Internal Control and the appointment, removal and payments of remuneration to the Internal Auditors shall be subject to review by the Audit Committee. The Audit Committee of the Board has been empowered, inter-alia, to carry out the following functions:

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

During the year under review, 4 (Four) Audit Committee Meeting(s) were held respectively on 17-05-2013, 07-08-2013, 12-11-2013 and on 14-02-2014. Audit Committee Meeting(s) were attended by all the members of the Committee(s) as well as Internal and Statutory Auditors of the Company.

#### (B) Shareholders / Investors Grievance Committee:

The Investors Grievances Committee of the Board presently comprises of three members viz. Mr. P K Mittal (Chairman of the Committee), Mr. Harbans Lal and Mr. J.M.L. Suri as Committee Members. The Company Secretary being the compliance officer and acts as the Secretary to the Committee. The functions of the Committee, inter alia, include approval / rejection of Transfers and transmission of shares, Issue of fresh / duplicate certificates upon split / consolidation / renewal / mutilated / remat / loss or otherwise of equity share Certificate(s), review the status of dematerialisation of company's shares and matters incidental thereto, monitor the matters of litigation related to shareholders and take decisions relating thereto, Consider, review and monitor the Complaints related to the Investors in respect of various grievances.

During the year under review, Shareholders / Investors Grievances Committee meet 4 (Four) times respectively on 17-05-2013, 7-08-2013, 12-11-2013 and on 14-02-2014. All the Committee Meetings were attended by the Committee members.

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

**(C) Remuneration Committee:**

Existing Remuneration Committee of the Board has been constituted as per the Clause 49 of the Listing Agreement. Committee presently comprises of Three Directors, all of them are non-executive directors and Independent Directors. Mr. Harbans Lal, Chairman, being an Independent Director. Mr. P. K. Mittal and Mr. Gulshan Rai are the other two members of the Committee. Remuneration Committee fully complies requirement the Clause 49 of the Listing Agreement.

The functions of the Committee, inter alia, includes to lay down review and revise the remuneration payable to the managerial personnel, to give recommendations to the Board of Directors on the matters concerning the remuneration structure and composition, to deal with any other matter related or incidental to the above or as may be delegated by the Board of Directors from time to time.

During the year under review, one Remuneration Committee meeting was held, which was attended by all the committee members.

**Remuneration to Non Executive Directors**

All the Non-Executive Directors of the Company are remunerated by payment of sitting fees for each meeting of the Board and Committees thereof attended by them. During the year 01-04-2013 to 31-03-2014, Non-Executive Directors of the Company were paid remuneration as detailed below:

Director (s)	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. Lalit Bhasin	---	50,000	Nil	Nil
Mr. Gulshan Rai	---	92,000	Nil	Nil
Mr. P K Mittal	---	1,00,000	Nil	Nil
Mr. Harbans Lal	---	1,00,000	Nil	Nil
Mr. Anil Goyal	---	90,000	Nil	Nil

Payment of Sitting fee for meeting of the Board and the Committee's thereof to the Board of Directors has been fixed by the Board of Directors within the overall ceiling limits laid down under the Companies Act 1956 and revised from time to time.

**Remuneration to Whole Time Directors**

Salary and perquisites paid for the year ended March 31, 2014, in aggregate value to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under:

Mr. Vijay Sood Managing Director

Rs. 104,59,235/-

Mr. J M L Suri Executive Director

Rs.18,32,992/-

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

**SHARE HOLDERS INFORMATION:****General Body Meetings:**

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

Year	Type	Location	Date	Time
2012-13	26 <sup>th</sup> AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	23-08-2013	11.00 A.M.
2011-12	25 <sup>th</sup> AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	29-08-2012	11.00 A.M.
2010-11	24 <sup>th</sup> AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	30-08-2011	11.00 A.M.

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

S. No.	Subject Matter(s)	Reference and Date of passing at the AGM
1.	(a) Reappointment of Mr. Vijay Sood as MD for a period of three years & (b) Reappointment of Mr. JML Suri as ED for a period of three years	26 <sup>th</sup> AGM on 23-08-2013
2.	No Special Resolution passed	25 <sup>th</sup> AGM 29-08-2012
3.	No Special Resolution passed	24 <sup>th</sup> AGM 30-08-2011

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

**Disclosures:**

- There were no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2014 (Refer Notes to Accounts - No.20.1 forming part of the Balance Sheet & Statement of Profit & Loss). Accordingly the same have not been reproduced here.
- No penalty has been imposed or any strictures have been passed by the Stock Exchanges or any other Statutory Authority on any matter related to capital market during the last year. Securities and Exchange Board of India (SEBI) vide its Order dated 9th May 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the Securities market, directly or indirectly, for a period of two years from the date of the Order; and the aforesaid order was stayed by the Hon'ble Securities Appellate Tribunal vide its Order dated 17th May 2012. The Appeal filed by the Company against the aforesaid SEBI Order was allowed. SEBI Order was quashed and set aside by Hon'ble Securities Appellate Tribunal vide its Order / Judgment dated 27th August 2013.

- The company has adopted a Code of Conduct applicable to all the Directors and Senior Management personnel of the company and the same has been posted on the company's website [www.hbstockholdings.com](http://www.hbstockholdings.com). During the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code. A declaration to this effect on behalf of all the directors of the Company has been furnished by the Managing Director of the Company and the same is given at the end of Corporate Governance Report.
- Risk assessment and minimisation procedures are in existence and are reviewed periodically.
- The Subsidiary Company viz., Mount Finance Limited does not 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 members of Audit Committee 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 31.03.2014 to the Board of Directors for review.
- All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with and has been adopted by the company.

**6. Means of Communication:**

- Quarterly & Annual Results (audited and/or un-audited) Dissemination through Stock Exchange announcements and also through Company's website soon after the conclusion of Board Meeting for Adoption of Audited / Unaudited Financial Results, and through publication of Financial Results in Newspapers as per Clause 41 of the Listing Agreement.
- Newspapers wherein results are normally published - Business Standard, English and Hindi Edition.
- Results (Unaudited & Audited) are promptly uploaded at [www.hbstockholdings.com](http://www.hbstockholdings.com) for display and for the information of the members of the company.
- Company's website displays official news releases and also important communications sent to Stock Exchanges. As per the Listing Agreement, any presentations made to institutional investor's etc. shall be communicated to the stock exchange(s) in advance and also to be uploaded on the Company's website.

**7. General Shareholder Information:**

- Ensuing Annual General Meeting Day, Date, time and venue:  
Day & Date : Tuesday, the 23<sup>rd</sup> September, 2014  
Time : 11.00 A. M.  
Venue : GIA House, I.D.C., Mehrauli Road,  
Opp. Sector 14, Gurgaon - 122 001 (Haryana)
- Financial Year : 1<sup>st</sup> April 2013- 31<sup>st</sup> March 2014
- Date of Book Closure: 15<sup>th</sup> September, 2014 to 23<sup>rd</sup> September, 2014 (both days inclusive)
- Dividend Payment Date: Not Applicable
- Listing on Stock Exchange(s)
  - Bombay Stock Exchange Ltd., Mumbai
  - National Stock Exchange of India Ltd. Mumbai.
- Stock Code  
The Company's Scrip Code is as follows:  
BSE, Mumbai **532216**  
NSE, Mumbai **HBSTOCK**
- Dematerialisation of Share and Liquidity  
The trading of the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR - 23 / 2000 dated 29th May 2000.  
The Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).  
The ISIN No. allotted to Equity Shares of the Company is **INE550B01014**.  
As on 31-03-2014; 1,98,15,941 Equity Shares constituting 83.29% of the Company's Subscribed and Paid up Share Capital are held in dematerialised form.
- Market Price Data:** The monthly High, Low and Close price of Company's shares and volume of shares traded during each month in the last financial year at BSE & NSE are as under:

Month(s)	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-13	11.85	8.52	9.00	12023	10.45	8.30	10.45	4148
May-13	12.98	9.00	10.26	38094	11.95	8.50	12.00	778
Jun-13	10.55	8.25	8.66	68190	11.50	10.10	11.50	305
Jul-13	10.32	8.28	8.30	38074	10.95	9.95	9.95	397
Aug-13	8.82	6.75	7.69	27420	8.55	8.55	8.55	01
Sep-13	8.15	6.81	7.25	27153	8.85	7.85	7.85	5369
Oct-13	9.30	7.50	8.30	20196	8.90	7.60	8.40	6534
Nov-13	9.08	7.80	8.35	35077	9.40	8.10	8.10	5844
Dec-13	9.04	8.01	8.95	27431	8.95	7.60	8.95	10202
Jan-14	10.20	8.06	9.18	83490	10.95	8.60	9.15	31535
Feb-14	9.50	7.66	8.00	61939	9.80	7.90	8.00	24629
Mar-14	9.80	7.70	9.48	42276	10.30	7.55	10.30	52854