

# 28th Annual Report 2014 - 15



**HB STOCKHOLDINGS LIMITED**

**BOARD OF DIRECTORS**

Mr. Lalit Bhasin	Chairman
Mr. Vijay Sood	Managing Director
Mr. Gulshan Rai	Director
Mr. Harbans Lal	Director
Mr. Anil Goyal	Director
Mrs. Asha Mehra (w.e.f 30th March, 2015)	Director
Mr. Pradeep Kumar Mittal (upto 30th November 2014)	Director
Mr. Jag Mohan Lal Suri (upto 21st May 2015)	Executive Director

**CHIEF FINANCIAL OFFICER**

Mr. Mahesh Kumar Gupta

**COMPANY SECRETARY**

Mr. Anil Kumar Mittal

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

Chartered Accountants

26/11, Shakti Nagar,

Delhi - 110 007

**REGISTERED OFFICE****HB Stockholdings Ltd.**

CIN L65929HR1985PLC033936

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 Phase-II

New Delhi - 110020

Ph : 011-26387320, 26387323

Fax : 011-26387322

E-mail: shares@rcmcdelhi.com

Website: www.rcmcdelhi.com

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## NOTICE

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

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of members of **HB Stockholdings Limited** will be held on Wednesday, the 9<sup>th</sup> September 2015 at 11.00 a.m. at GIA House, IDC Mehrauli Gurgaon Road, Opp. Sector 14, Gurgaon 122 001, India to transact the following business:

### AS ORDINARY BUSINESS

- To receive, consider and adopt
  - the Audited Financial Statements of the Company for the Financial year ended 31<sup>st</sup> March 2015 and the Reports of the Board of Directors' and Auditors' thereon and
  - the Audited Consolidated Financial Statements of the Company for the Financial year ended 31<sup>st</sup> March 2015
- To appoint a Director in place of Mr. Lalit Bhasin (DIN: 00002114) who retires by rotation and being eligible offers himself for re-appointment.
- To Appoint Auditors of the Company and to fix their remuneration.

### AS SPECIAL BUSINESS

- To Approve the Appointment of Mrs. Asha Mehra as an Independent Director 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, and Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Asha Mehra (DIN 02658967), who was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> March 2015 under Section 161 of the Act, and in respect of her a notice under section 160 of the Companies Act, 2013 was received from a shareholder proposing her candidature for appointment as Director be and is hereby appointed as an Independent Director, to hold office for a term of 5 (Five) consecutive years commencing from the conclusion of this Annual General Meeting."

By the Order of the Board  
For HB STOCKHOLDINGS LTD.

Place : Gurgaon  
Date : 21.05.2015

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 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 proxy for any other person or shareholder.

The Business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e voting are given in this Notice under Note No.10. The Company will send communication relating to remote e voting which inter alia contain details of user ID and password along with other instructions.

- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from 3<sup>rd</sup> September, 2015 to 9<sup>th</sup> September, 2015 (both days inclusive) for the purpose of Annual General Meeting.
- 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.
- 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.

- The members are requested to bring their copy of the Annual Report to the meeting.
  - The members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
  - The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in the physical form can update their PAN number in the records with the Company / with RCMC the RTA.
  - Electronic Copy of the Annual Report 2015 is being sent by electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copy of the Annual Report 2015 are being sent by the permitted mode.
  - 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 as amended from time to time. 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 Wednesday, 2<sup>nd</sup> September, 2015. 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> immediately after declaration of results by the Chairman on passing of the resolutions and communication of the same to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE).
- Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, name of the companies in which they hold directorship and membership/ chairmanships of the Board/ Committees, shareholding and relationships between directors inter see as stipulated under Clause 49 of the Listing Agreement with the Stock exchange(s) are provided in the Notice forming part of the Annual Report
  - Relevant documents referred to in the accompanying Notice and Explanatory statement are 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 Meeting.

### STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 ("the act")

The following Statements sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

#### ITEM NO.4

In accordance with the provisions of Section 149 read with Schedule IV of the Act, appointment of an Independent Director requires approval of the members of the Company.

Mrs. Asha Mehra was appointed as an additional director of the Company with effect from 30<sup>th</sup> March 2015, and as per Sec.161 of the Companies Act, 2013 her term of office shall be upto the date of the Annual General meeting and she is eligible and offer herself for appointment as an Independent Director for a term upto 5 (Five) years. A Notice has been received from a member u/s 160(1) of the Companies Act, 2013 proposing Mrs. Asha Mehra as a candidate for the office of Independent Director.

A Brief Profile of Mrs. Asha Mehra is including nature of her expertise, is provided at page No. 02 of the Annual Report.

In the opinion of the Board, Mrs. Asha Mehra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company. The Board considers that her continued association would be of immense benefit to the Company and it is desire able to continue to avail her services as an Independent Director of the Company.

None of the Directors except Mrs. Asha Mehra, being an appointee and her relatives, and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No: 4 of the Notice.

Accordingly, the Board recommends the resolution at item no: 4 in relation to appointment of Mrs. Asha Mehra as an Independent Director, for the approval of the shareholders of the Company.

By the Order of the Board  
For HB STOCKHOLDINGS LTD.

Place : Gurgaon  
Date : 21st May, 2015

ANIL KUMAR MITTAL  
COMPANY SECRETARY  
M No. FCS 2360

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

<b>Name of the Director</b>	<b>Mr. Lalit Bhasin</b>	<b>Mrs. Asha Mehra</b>
<b>DIN</b>	00002114	02658967
<b>Date of Birth</b>	14-08-1968	08-08-1940
<b>Qualification(s)</b>	B Com (Hons) from Shriram College of Commerce University of Delhi	Post Graduate, 1962, Bombay University IAS, joined in Indian Revenue Service in the year 1964 Post Graduate Diploma in Tax Management, 1972
<b>Brief Resume &amp; Expertise in specific functional areas</b>	Over 24 years' experience in Stock Market, Investment Banking and Real Estate Development. Established a Five Star Hotel in Sector 44 of Gurgaon known as "Vivanta By Taj – Gurgaon NCR"	<ul style="list-style-type: none"> <li>Assistant / Deputy Commissioner of Income Tax- Mumbai, Delhi ,</li> <li>Director of Income Tax (Investigation) Gujrat &amp; Rajasthan</li> <li>Chief Commissioner, Income Tax, Delhi, Rajasthan,</li> <li>Member- (CBDT) Chairman, Income Tax Settlement Commission</li> </ul>
<b>Other Public Ltd Companies in which Directorship are held as on 31.3.2015</b>	HB Portfolio Limited HB Leasing & Finance Co. Limited RRB Master Securities Delhi Limited HB Estate Developers Limited Taurus Asset Management Co. Limited Mansingh Hotels and Resorts Limited CHL Ltd. Jaypee Infratech Limited	HB Estate Developers Limited
<b>Chairman / Member of the Committees of the Board of other Companies in which he/she is a Director as on 31.3.2015</b>	<b><u>Member of Audit Committee</u></b> HB Leasing & Finance Co Ltd Mansingh Hotels & Resorts Ltd CHL Limited <b><u>Stakeholders Relationship Committee</u></b> HB Leasing & Finance Co Limited- Chairman CHL Limited - Member <b><u>Nomination &amp; Remuneration Committee</u></b> HB Leasing & Finance Co Limited - Member CHL Limited - Member	<b><u>Chairperson in HB Estate Developers in</u></b> <ul style="list-style-type: none"> <li>Audit Committee</li> <li>*Nomination and Remuneration Committee</li> <li>CSR Committee</li> </ul> <b><u>Member in HB Stockholdings Ltd in</u></b> <ul style="list-style-type: none"> <li>Nomination &amp; Remuneration Committee</li> </ul>
<b>Shareholding of Director as on 31.03.2015</b>	1,22,62,307	NIL
<b>Whether related to any Board Members of the Company</b>	No	No

By the Order of the Board  
For HB STOCKHOLDINGS LTD.

Place : Gurgaon  
Date : 21st May, 2015

ANIL KUMAR MITTAL  
COMPANY SECRETARY  
M. No. FCS 2360

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 28<sup>th</sup> Annual Report and the Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March 2015.

### FINANCIAL RESULTS

The Financial performance of the Company for the year is summarised below:

PARTICULARS	(₹ in lacs)	
	Current Year Ended	Previous Year Ended
Total Revenue	813.27	1469.06
Total Expenses	308.45	343.84
Profit for the Year before Tax and exceptional items	504.83	1125.23
- Tax Expenses (including earlier years)	5.28	126.43
- Exceptional items	0.00	0.00
Profit After tax and Exceptional Items	499.54	998.80
Earning per Equity Shares (Before exceptional items)		
- EPS Basic (Rs.)	2.10	4.20
- EPS Diluted (Rs.)	2.10	4.20
(After Exceptional Items)		
- EPS Basic (Rs.)	2.10	4.20
- EPS Diluted (Rs.)	2.10	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 2015.

### PERFORMANCE REVIEW & OUTLOOK

In the financial year 2014-2015, the Indian economy posted an improvement in its growth dynamics. Due to positive changes in sentiment associated with the political stability from May 2014, the commodity prices environment remained benign since July 2014. Building on the macroeconomic mending process, the Indian economy has made some progress in the previous year. Led by the manufacturing, finance and electricity sectors, government expects GDP growth for FY 2015-2016 to be around 7.4%. While financial markets stabilised from the second half of the previous year economic sentiment continued to remain bullish, though improvements were limited in real economy.

During the year under review, Income from operation was ₹ 813.27 Lakhs (previous year ₹ 1469.06 Lakhs including other income of ₹ 14.78 lakhs). Income of the Company comprises of Dividend Income ₹ 156.72 Lakhs (previous year ₹ 116.44 Lakhs), Securities Trading gain was ₹ 26.56 Lakhs (previous year Loss of ₹ 11.48 Lakhs), Profit booked on Sale of Investments was ₹ 107.54 Lakhs (previous year ₹ 864.27 Lakhs), Provisions for diminution in the value of Investment written back ₹ 347.37 Lakhs (previous year ₹ 436.85 Lakhs). Net Profit before Tax and exceptional items for the year was ₹ 504.83 Lakhs (previous year ₹ 1125.23 Lakhs).

With a change of Government at the Centre, curtailing of inflation, some reduction in the interest rates, positive policy pronouncements and high expectations of fiscal consolidation coupled with demand stimulus and structural de-bottlenecking, measures to curb black money and tightening of regulatory frame work in this regard, economic growth in the current and medium term has shown improvement over the previous year. This is a positive for the Capital market. First signs of this were reflected in the upswing in the Equity indices in the previous fiscal year.

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

### Subsidiary Company

In accordance with the provision of section 129(3) of the Companies Act, 2013, the company has prepared a Consolidated Financial Statement of the Company and its wholly owned subsidiary Mount Finance Limited. The Consolidated Financial Statement for the year 2014-15 forms a part of the Annual Report and Accounts and shall be laid before the Annual General meeting while laying it financial statement. A Report on the performance and the financial position of the Subsidiary Company in form AOC-1 forms a part of the Consolidated Financial Statement.

The company does not have a Material Subsidiary in the immediately preceding accounting year. However, as per the Clause 49 of the Listing Agreement, SEBI has made it mandatory for all listed companies to formulate a policy of determining Material Subsidiaries. Accordingly a policy was formulated by the Audit committee of the Board and the same was posted on the web site of the Company and may be accessed at the link [www.hbstockholdings.com](http://www.hbstockholdings.com)

### Associate Companies

One of the associates Pisces Portfolios Pvt Ltd merged with another entity during the year under review. The merged entity does not qualify to be an Associate Company. A Report on the performance and the financial position of the Associate Company in form AOC-1 forms a part of the Consolidated Financial Statement.

### Internal Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and operations, which covers both locations of its operations. The scope and authority of the Internal Audit function has been detailed in the Audit Committee section of the Corporate Governance Report of the Company. To maintain objectivity and Independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the company, its compliance with the operating systems, accounting procedures and policies at all locations of company's operation. Internal Audit Report stimulates other functional

departments to improve their systems and procedures to strengthen the controls. All these issues are placed before the Audit Committee of the Board for deliberations.

### Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. Hence the provisions of section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in the Format AOC 2 is not required. Further, there are no material Related Party Transactions during the year under review made by the Company with Directors, Key Managerial Personnel or other designated persons and others. The policy on Related Party Transactions as approved by the Board is uploaded on the company's website and may be accessed at [www.hbstockholdings.com](http://www.hbstockholdings.com)

### Risk Management

The Company has developed a Risk Management process to ensure that all current and future risk exposures are identified, assessed, quantified, appropriately mitigated, minimised and managed. In order to achieve sustained business growth, the Company has laid a Comprehensive Risk Assessment and minimization Procedure, which is reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure management controls risk through means of a properly defined framework best risk management policies are followed and risk minimisation exercises to be attributed and same are monitored by Audit Committee of the Board.

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Managerial personnel and their remuneration. The said Remuneration Policy is stated and being a part of the Corporate Governance Report.

### 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 Corporate Governance Report 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.

### Corporate Social Responsibility Committee

The Board constituted a Corporate Social Responsibility Committee (CSR) pursuant to Section 135 of the Act, as per Composition stipulated in the Corporate Governance Report forming part of the Annual Report. The Board after consultations approved the Corporate Social Responsibility Policy for the Company and disclosed its contents has been elaborated in the Corporate Governance Report. Corporate Social Responsibility Policy of the Company forming part of the Boards Report is enclosed [Annexure-I](#). The details of the CSR Policy is also posted on the Web site of the Company and may be accessed at the link [www.hbstockholdings.com](http://www.hbstockholdings.com)

A sum of ₹ 2.45 Lakhs was to be incurred on the programme relating to Corporate Social Responsibility however no suitable / viable project of such small size cannot be ascertained hence the amount was not spent during 2014-2015. However, the Board shall endure to spend the amount in the ensuing financial year along with current year contribution.

### Nomination and Remuneration Committee

A Nomination and Remuneration Committee was reconstituted by the Board in terms of Section 178 of the Companies Act, 2013 comprises of all Independent directors on the Board of the Company. Nomination and Remuneration Policy of the Company forming part of the Boards Report is enclosed [Annexure-II](#). The detailed terms of reference of the Nomination and Remuneration Committee, number and date of the meetings held, attendance of the Directors etc. are given separately in the attached Corporate Governance Report.

### Vigil Mechanism / Whistle blower Policy

In compliance of Section 177 (9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the company approved a Vigil mechanism / Whistle Blower Policy effective from 01<sup>st</sup> October, 2014, enabling stakeholders, to freely communicate their concerns about illegal or unethical practices and for the directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics Policy. No matter relating to Vigil mechanism was reported during the year under review. The Whistle Blower Policy approved by the Board of Directors is also posted on the website and may be accessed at the link [www.hbstockholdings.com](http://www.hbstockholdings.com)

### Directors

During the year under review, Mr. Pradeep Kumar Mittal- Director, resigned from the Board with effect from 1<sup>st</sup> December 2014 and Mr. J M L Suri, resigned as Executive Director of the Company at the close of business hours on 21<sup>st</sup> May 2015. Resignation(s) were accepted by the Board and placed on record its appreciation for the valuable services rendered by Mr. Pradeep Kumar Mittal and Mr. J M L Suri as the Director(s) of the Company during their respective tenures of office.

Board of Directors in terms of Sec 161 of the Companies Act, 2013 appointed Mrs. Asha Mehra a Woman Director (in the Independent category) as an Additional Director effective from 30<sup>th</sup> March 2015 and her term of office shall be upto the date of the ensuing Annual General Meeting. A Notice along with security deposit was received from a member proposing her for appointment as an Independent Director in the ensuing Annual General Meeting for a consecutive term of 5 (Five) years. As an Independent Director she shall not be liable to retire by rotation.

As per Article 89(1) and (2) of the Article of Association of the Company and the provisions of



Section 152 of the Companies Act, 2013, Mr. Lalit Bhasin shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

#### Meeting of Board of Director(s)

During the year under review, Four Board Meetings were convened and held respectively on 17<sup>th</sup> May 2014; 06<sup>th</sup> August 2014; 12<sup>th</sup> November 2014; and 11<sup>th</sup> February, 2015. The details of such meeting(s) are also given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance and of all the directors individually as well as the evaluation of the working of Audit, Nomination & Remuneration and other Compliance Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

#### Declaration by Independent Directors

Mr. Gulshan Rai, Mr. Harbans Lal and Mrs Asha Mehra are Independent Director(s) on the Board of the company. The Company has received declarations under Section 149(6) of the Companies Act from all the Independent Director(s) of the Company confirming that they respectively met with the criteria of Independence as prescribed both in Companies Act 2013 and in Clause 49 of the Listing Agreement.

#### Directors' Responsibility Statement

Pursuant to Section 134 (3) (c) and sub section (5) of the Companies Act, 2013, The Directors Responsibility Statements, it is hereby stated that a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; b) The Directors have selected such accounting policies and applied them consistently and made judgments 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 or loss of the Company for that period; c ) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; d) The Directors had prepared the annual financial statements have been prepared on a going concern basis and e) The Directors have laid down proper internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively. f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, 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.

#### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, M/s A N Kukreja & Co. a Firm of Company Secretary in Practice was appointed to undertake the Secretarial Audit for 2014-2015 of the company. The Secretarial Audit Report in MR-3 is annexed herewith and marked as Annexure-III.

#### Observation on Auditor's and Secretarial Auditor's Report

Statutory Auditor's and Secretarial Auditor's observations, if any, in their respective report(s), have been suitably explained by way of appropriate notes to accounts and also in the Board's Report wherever it was considered necessary.

#### Particulars of Employees

As required pursuant to Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 in respect of employees of the Company have been forms part of the Director's Report and marked as Annexure to Directors' Report as given below.

#### Details relating to Remuneration of Directors, Key Managerial Personnel and Employee

Disclosure pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 is marked as Annexure-IV which is annexed hereto and forms a part of the Board's 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) and Listing fees for the current financial year have been paid in time to both the Stock Exchange(s).

#### Extract of Annual Return

The details forming part of the extract of the Annual Report in Form MGT-9 as required under section 92 of the Companies Act, 2013 is annexed herewith as "Annexure-V"

#### Information as per Section 134 (3) (m) of the Companies Act, 2013:

The particulars under Section 134 (3)(m) of the Companies Act, 2013 read with Rules 8(1) of Companies (Accounts) Rules 2014, information in respect of conservation of energy and technology absorption are not applicable to your Company.

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

#### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### Acknowledgment

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 : 21<sup>st</sup> May, 2015

Lalit Bhasin  
Chairman  
DIN : 00002114

#### **ANNEXURE TO DIRECTORS' REPORT**

Information as per Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and forming part of Directors' Report for the year ended 31st March 2015.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (₹) during the year ended 31st March 2015	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 57 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	₹ 86,29,171/-	Group CFO, Renaissance Services SAOG, Oman	36	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 of Managing Director is contractual and he does not hold any Equity Shares in the Company.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY****1. PREAMBLE:**

The Board of Directors (the "Board") of HB Stockholdings Limited (the "Company" or "HBSH") in their meeting held on 11<sup>th</sup> February, 2015 has approved the following Corporate Social Responsibility Policy (CSR Policy) on the recommendation of the Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors as per the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as may be amended from time to time. This Policy is effective from 11<sup>th</sup> February, 2015.

**2. SHORT TITLE & APPLICABILITY:**

- 2.1 The CSRPolicy of HB Stockholdings Limited ("the Company") encompasses its philosophy for delineating its responsibility as a Corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.
- 2.2 This Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the Society.

**3. THE COMPANY'S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY:**

- 3.1 The approach of the Company towards Corporate Social Responsibility would be oriented to identify the activities in response to felt societal needs in diverse areas and to implement them with full involvement and commitment in a time bound manner. The Company will provide financial assistance in the form of grant-in-aid assistance and corpus fund support etc. to support, supplement and improve the quality of life of different segments of the Society.
- 3.2 As a responsible corporate entity, the Company will consistently strive for opportunities to meet the expectation of its stake holders by pursuing the concept of sustainable development with focus on the social welfare activities.
- 3.3 The Companies Act, 2013 provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR. The Company will thus give preference to conduct CSR activities in the State of Haryana and such other place(s) in India wherein the Company has/will have its operations.
- 3.4 The Company may also collaborate with other Companies for undertaking CSR activities in such manner as the CSR Committee may decide in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**4. ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY:**

The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking one or more of the following activities, which shall be taken up strategically, in a focused manner within India only to the extent possible and allowed as per Section 135 of the Companies Act, 2013 and the applicable rules and regulations as may be prescribed in this regard, including any modification (s) thereof.

- (i) Eradicating hunger, poverty, malnutrition, promoting preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) Promotion of education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the different abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historically importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependants;
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;

- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government;
- (x) Rural development projects;
- (xi) Such other matters as may be prescribed by the Central Government and approved by the Board of Directors/ CSR Committee, as the case may be.

**5. IMPLEMENTATION MECHANISM**

The Company would consider the following broad parameters while identifying/selecting the schemes/projects:

- 5.1 The assistance under CSR activities may be in the form of donation, grant-in-aid assistance and corpus fund support so as to create social impact and visibility.
- 5.2 While implementing the identified activities, time frames and milestones may be predefined.
- 5.3 The CSR projects may be based on fundamentals of sustainable development.
- 5.4 In line with the Companies Act, 2013, donation based assistance/ grants, should not be less than limits as may be prescribed by the Central Government/ Ministry of Corporate Affairs from time to time.
- 5.5 Proper screening, checks and balances shall be ensured while sanctioning the CSR proposals.

**6. PLANNING AND COORDINATION**

- 6.1 The CSR Committee will prepare an annual plan for CSR activities for each year and will place the same before the Board of Directors for approval, as the case may be.
- 6.2 The focus of benefits will be in line with the activities mentioned in this document and as per programs, projects and schemes approved.

**7. MONITORING AND EVALUATION**

- 7.1 Regular update on the CSR initiatives undertaken and/ or to be undertaken shall be given to the CSR Committee. The Company may also depute one or more employees who shall monitor the CSR initiatives of the Company and report the same to the CSR Committee. The impact of the CSR activities may be quantified to the extent possible. The Chairman of CSR Committee shall draw a time frame from the date of initiation. In case of any delay noticed while monitoring the CSR initiatives, remedial measures shall be taken for timely completion of the activities.
- 7.2 The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) as may be deemed expedient for the purpose of accomplishments of CSR activities.

**8. ALLOCATION OF FUNDS**

A total allocation of amount as prescribed by the Companies Act, 2013 and approved by the Board will be earmarked every year for implementation of CSR activities.

**9. REPORTING**

An annual report of the activities undertaken under the CSR initiatives will be prepared as per specified format and the same shall be submitted to the Board of Directors for its inclusion in their Board's Report and on the website of the Company.

**10. GENERAL**

- 10.1 The surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company;
- 10.2 In case of any doubt with regard to any provision of this Policy and also in respect of matters not covered herein, a reference to be made to the CSR Committee.
- 10.3 Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Companies Act, 2013, rules and regulations as may be prescribed by the Central Government, from time to time.
- 10.4 The CSR Committee reserves the right to modify, cancel, add, or amend the Policy at any time subject to the approval of the Board of Directors.

## NOMINATION AND REMUNERATION POLICY

### 1. PREAMBLE:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC/Committee") and approved by the Board of Directors of the Company at their meeting held on 11<sup>th</sup> February, 2015, in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

### 2. OBJECTIVE:

The Objective of this policy is to lay down a framework in relation to remuneration of Directors, KMP and Senior Management. The Key Objectives of the Committee would be:

- 2.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 2.2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and Senior Management.
- 2.3. Formulation of criteria for evaluation of Independent Director and the Board.
- 2.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 2.5. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 2.6. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 2.8. To develop a succession plan for the Board and to regularly review the plan.
- 2.9. To assist the Board in fulfilling responsibilities.
- 2.10 To Implement and monitor policies and processes regarding principles of corporate governance.

### 3. DEFINITIONS:

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company both executive and non-executive.

"Key Managerial Personnel (KMP)" means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

"Senior Management" means Senior Management means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 4. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT:

#### A. Appointment Criteria and Qualifications

- (I) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (II) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- (III) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### B. Term / Tenure

##### (I) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of term.

##### (II) Independent Director:

- a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- b) No Independent Director shall hold office for more than two consecutive terms of upto maximum of five (5) years each, but such Independent Director shall be eligible for appointment after expiry of three years of

ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### C. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### D. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### E. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### 5. REMUNERATION TO DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP) / SENIOR MANAGEMENT PERSONNEL:

The Committee to recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management Personnel of the Company.

- a) The Remuneration/ Compensation/ Commission etc. to be paid to Managing Director, Whole-time/Executive Director, Non-Executive Director / Independent Directors, KMP shall be governed as per applicable provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b) The Non-Executive / Independent Director may receive remuneration by way of sitting fee for attending the meeting of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors. The amount of sitting fee shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- c) The remuneration payable to Senior Management Personnel shall be governed by the Company's HR Policy.

### 6. DUTIES IN RELATION TO NOMINATION MATTERS:

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- d) Determining the appropriate size, diversity and composition of the Board;
- e) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- f) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- g) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- h) Delegating any of its powers to one or more members of the Committee;
- i) Recommend any necessary changes to the Board; and
- j) Considering any other matters, as may be requested by the Board.

### 7. DUTIES IN RELATION TO REMUNERATION MATTERS:

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the remuneration based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract and retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) Delegating any of its powers to one or more members of the Committee.
- d) Considering any other matters as may be requested by the Board.

### 8. REVIEW AND AMENDMENT:

- a) The Committee or the Board may review the policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.
- c) This policy may be amended or substituted by the Committee or by the Board as and when required and also by the Company Secretary where there is any statutory changes necessitating the change in the policy.



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

To,  
**The Members of**  
**HB Stockholdings Limited.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HB Stockholdings Limited** CIN: L65929HR1985PLC033936 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **HB Stockholdings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31<sup>st</sup> March, 2015** complied with statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by HB Stockholdings Limited for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings\*.
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009\*;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999\*.
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008\*;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*;
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*.
  - (vi) The Other Laws applicable specifically to the Company are:
    - (a) The Reserve Bank of India Act, 1934.
      - (i) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
      - (ii) The Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 and other applicable Directions, Guidelines, Standards/ instructions issued by RBI.

The Company is an NBFC-ND-SI and holds valid Certificate of Registration No. 14.01345 dated 26.07.2000 issued under Section 45IA of the Reserve Bank of India Act, 1934. The Company has complied with the provisions of above Act, Directions, Guidelines, standards and instructions issued by Reserve Bank of India to the extent applicable.
    - (b) Prevention of Sexual Harassment of Women at Workplace (Prohibition and Redressal) Act, 2013.

\*Foreign Exchange Management Act, 1999 and the rules and regulations at sub-para (iv), SEBI Regulations listed at sub-para (v) Serial Nos. ©, (d), (e), (g) and (h) above are not applicable to the Company for 2014-15 as there were no corporate decisions/actions attracting these regulations.
2. We have also examined the compliances with the applicable clauses of the Listing Agreements entered into by the Company with the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd. The Secretarial Standards issued by the ICSI are not applicable for the financial year 2014-15
3. During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (a) *The Company could not spend the eligible profit on Corporate Social Responsibility measures. However the Company has constituted the CSR Committee as per applicable provisions of the Act.*
4. We further report that:
  - (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - (c) Majority decisions are carried through while dissenting members' views are captured and recorded as part of the minutes.
5. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. We further report that during the audit period, no major decisions having a bearing on Company's affairs in pursuance of the above referred laws, rules/regulations were taken except the following major decision by the members under Section 180 of the Companies Act, 2013:
 

Approval of shareholders was obtained at the Annual General Meeting held on 23<sup>rd</sup> September, 2014 for increase of borrowing powers of the Board up to rupees 300 crore exclusive of interest, under Section 180(1) (c) of the Companies Act, 2013.

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

**For A.N. Kukreja & Co.**  
**Company Secretaries**

**Sd/-**  
**A.N. Kukreja**  
**(Proprietor)**  
**FCS 1070; CP 2318**

**Place :** New Delhi  
**Date :** 21st May, 2015

Annexure 'A'

To,  
**The Members of**  
**HB Stockholdings Limited**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

**For A.N. Kukreja & Co.**  
**Company Secretaries**

**Sd/-**  
**A.N. Kukreja**  
**(Proprietor)**  
**FCS 1070; CP 2318**

**Place :** New Delhi  
**Date :** 21st May, 2015

## ANNEXURE - IV

**DETAILS PERTAINING TO THE REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

- The ratio of the remuneration of each director to the median remuneration of the employees of the for the financial year and
- The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

S. No.	Name of the Director/KMP'S	Designation	% Increase in remuneration in the financial year 2014-15	Ratio of Remuneration of each Director /to median remuneration of employees
1.	Mr. Lalit Bhasin	Director (Non-executive)	Nil	Nil
2.	Mr. Anil Goyal	Director (Non-executive)	Nil	Nil
3.	Mr. Gulshan Rai	Director (Non-executive)	Nil	Nil
4.	Mr. Harbans Lal	Director (Non-executive)	Nil	Nil
5.	Mrs. Asha Mehra	Director (Non-executive)	Nil	Nil
6.	Mr. Vijay Sood	Managing Director	Nil	26.60:1
7.	Mr. Jag Mohan Lal Suri	Executive Director	Nil	5.42:1
8.	Mr. Mahesh Kumar Gupta	Chief Financial Officer	Nil	
9.	Mr. Anil Kumar Mittal	Company Secretary	Nil	

**Note:** No Director received any remuneration other than sitting fee during the financial year 2014-15. Only Managing and Executive Directors are paid remuneration during the year.

- The percent increase in the median remuneration of employees in the financial year: **NIL**
- No. of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2015: **07(Seven)**
- The explanation on the relationship between average increase in the remuneration and Company performance: **Not Applicable**
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

(₹ In Lakhs)	
Remuneration of Key managerial Personnel during financial year 2014-15	127.84
Revenue from Operations	813.27
Remuneration (as % of revenue)	16.00
Profit before tax (PBT)	504.83
Remuneration(as % of PBT)	25.00

- Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: **NIL**
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **NIL**
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

(₹ In Lakhs)				
Particulars	Managing Director	Executive Director	Chief Financial Officer	Company Secretary
Remuneration	86.29	17.58	13.65	10.32
Revenue	813.27	813.27	813.27	813.27
Remuneration (as % of revenue)	10.61	2.16	1.68	1.27
Profit before tax (PBT)	504.83	504.83	504.83	504.83
Remuneration(as % of PBT)	17.09	3.48	2.70	2.04

- The key parameters for any variable component of remuneration availed by the directors : **NIL**
- The ratio of the Remuneration of the highest paid Director to that of the Employees who are not directors but receive remuneration in excess of the highest paid Director during the year: **None**
- It is hereby confirm that the remuneration paid is as per the remuneration policy of the Company.