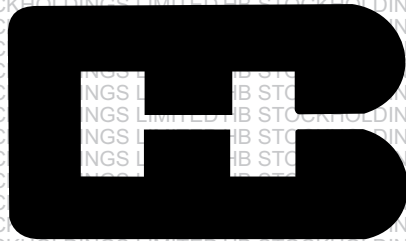


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HB STOCKHOLDINGS LIMITED

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	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

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF HB STOCKHOLDINGS LIMITED WILL BE HELD AS FOLLOWS:

(Note: The Company is providing facility for voting by electronic means and the business of this meeting may be transacted through electronic voting system.)

Day : Wednesday
Date : 7th September, 2016
Time : 11.00 A.M
Place : GIA House, I.D.C., Mehrauli Road,
Opp. Sector 14, Gurgaon - 122 001 (Haryana)
 (Please see route map provided in this Annual Report)

to transact the following business(s):

AS ORDINARY BUSINESS

1. To receive, consider and adopt;
 - a. the Audited Financial Statements of the Company for the Financial year ended 31st March 2016 and the Reports of the Board of Directors' and Auditors' thereon and
 - b. the Audited Consolidated Financial Statements of the Company for the Financial year ended 31st March 2016
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 consider, and it thought fit, to pass following Resolution as an Ordinary Resolution:-**
"RESOLVED THAT in terms of the provisions of Sections 139-142 and other applicable provisions, if any, of the Companies Act, 2013 read with underlying rules viz. Companies (Audit and Auditors) Rules 2014, as may be applicable and pursuant to the Resolution passed by the members at the previous Annual General Meeting, M/s P Bholusaria & Co. Chartered Accountants, (Firm Registration No: 000469 N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the Conclusion of this Meeting i. e Twenty Ninth Annual General Meeting until the conclusion of the Thirtieth Annual General Meeting of the Company, on a remuneration inclusive of service tax and such other taxes and reimbursement of all out of pocket expenses in connection with the Audit of Accounts of the Company to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee in connection with the audit of the accounts of the Company for the year ended March 2017."

AS SPECIAL BUSINESS

4. **Alteration in the Nomenclature of the Main Objects, Objects Incidental or Ancillary and Deleting existing clause (s) in Other objects in the Memorandum of Association (MOA) of the company**
 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 4, 13 and any 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 approval of the Members of the Company be and is hereby granted as a Special Resolution for alteration of the Memorandum of Association (MOA) of the Company as follows:
 - (a) The words "Clause III (A) MAIN OBJECTS OF THE COMPANY TO BE PURSUED ON ITS INCORPORATION" be replaced with the words "Clause III (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:"
 - (b) The words "Clause III (B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS" be replaced with the words "Clause III (B) MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE:"
 - (c) In Sub-clause 25 of Clause III (B) the words "Subject to Section 58A, 292 and 293 of the Act" be replaced with "Subject to Sec 73, 74, 76A, 179 and 180 of the Companies Act, 2013 or any other enactment in force"
 - (d) In Sub clause 26 of Clause III (B) the words "Subject to Sec 293 of the Act," be replaced with "Subject to the provisions of Sec 179 and, 180, 185, and 186 of the Companies Act, 2013 or any other enactment in force"
 - (e) In Sub clause 29 of Clause III (B) the words "for political purpose u/s 293A of the Act," with "provisions of Sec 180, 182 & 183 of the Companies Act, 2013 or any other enactment in force"
 - (f) the Clause III (C) OTHER OBJECTS of the Memorandum of Association of the Company be deleted altogether
 - (g) The words "Clause IV The liabilities of the members is limited" be replaced with the followings:
 "Clause IV The liability of the Member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the above resolution."
5. **To approve the reappointment of Mr. Vijay Sood, Managing Director and payment of remuneration**
 To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:
"RESOLVED THAT in accordance with the provisions of Sections 196, 197, and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, approval of the Company be and

is hereby accorded as a Special Resolution, to the re-appointment of Mr. Vijay Sood (DIN 01473455) as the Managing Director of the company for a further period of 2 years w. e. f. 30th April 2016 on the terms and conditions including remuneration set out in the Explanatory Statement accompanying this Notice.

RESOLVED FURTHER THAT the remuneration to the Managing Director as set out in the Explanatory Statement shall be paid as the Minimum Remuneration in the event of absence / inadequacy of profits in any of the financial years.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things including the power to settle all questions or difficulties that may arise with regard to the said re-appointment or as may be necessary and incidental in the matter, including seeking the approval, consent, permission(s) from such other authorities, as may be required from time to time."

**By the Order of the Board
 For HB STOCKHOLDINGS LIMITED**

Place : Gurgaon
Date : 28th May, 2016

**Sd/-
 ANIL KUMAR MITTAL
 COMPANY SECRETARY
 M. No. FCS 2360**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.**
 A PERSON CAN ACT AS 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. 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 CANNOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. An Explanatory Statement(s) pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business herein is annexed hereto and form part of this Notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **3rd September, 2016 to 7th September, 2016** (Both days inclusive).
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of the 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 Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agent namely, RCMC Share Registry Pvt. Ltd.
5. Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
6. Corporate Members are requested to send a duly Certified Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. Shareholders seeking any information with regard to Financial Statements are requested to write to the Company at least seven days before the date of the meeting so as to enable the management to keep the information ready.
8. Members are requested to:
 - (a) Notify any change in their address to the Company including PIN CODE to the Registrar and Share Transfer Agent 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@rcmcdelhi.com
 Members whose Shareholding is in electronic mode are requested to direct change of address to their respective Depository Participants.
 - (b) Bring their copies of Annual Report with them at the meeting as the same will not be supplied again as a measure of economy.
9. The Company is implementing the "Green Initiative" to enable electronic delivery of Notices / Documents and Annual Reports to the 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 136 of the Companies Act, 2013. The Notice of Annual General Meeting and the copies of Audited Financial Statements, Director's Report, Auditors Report etc. will also be displayed on the website of the Company, www.hbstockholdings.com and also on the website of Stock Exchange(s), www.bseindia.com and www.nseindia.com
 The 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 8 (a) above quoting their folio number(s).
 Copies of the Annual Report are 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 copies of the Annual Report including Attendance Slip and Proxy Form are being sent by the permitted mode.

10. Voting through Electronic means:

- (i) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their votes by electronic means on all the resolutions proposed to be considered in this Annual General Meeting from a remote location ("Remote e-voting").
- (ii) The Company has engaged the services of Karvy Computershare Pvt. Ltd. ("Karvy") to provide the facility of Remote e-voting.
- (iii) The facility for voting through Physical Ballot Papers shall be made available at the meeting and members attending the meeting, who have not already cast their vote by Remote e-voting shall be able to exercise their right to vote at the meeting through Ballot Papers.
- (iv) The e-voting rights of the Members shall be in proportion to the paid-up value of their Shares in the Equity Share Capital of the Company. Members of the Company holding Shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 31st August, 2016**, may cast their vote by remote e-voting / at the meeting.
- (v) Any person who acquires Shares of the Company and becomes member of the Company after dispatch of the Notice and holding Shares as on the cut-off date i.e. 31st August, 2016 may obtain the login Id and password by sending a request at evoting@karvy.com. However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote.
- (vi) **The Remote e-voting period commences on 4th September, 2016 (09.00 A.M) and ends on 6th September, 2016 (05.00 P.M).** The Remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (vii) Once the vote on a Resolution is cast by a Member, the Member shall not be allowed to change it subsequently. The Members who have cast their vote by Remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
- (viii) Mr. Pramod Prakash Agarwal (Membership No. F-4955; C.P. No.10566), Company Secretary in Whole-time Practice has been appointed as the Scrutinizer to scrutinize the remote e-voting & polling process in a fair and transparent manner. Mr. Sukh Raj Sharma, Practicing Company Secretary has been appointed as the Alternate Scrutinizer in the event Mr. Pramod Prakash Agarwal fails to discharge his duties on the designated date due to any reason whatsoever.
- (ix) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through Remote e-voting in the presence of at least two witnesses not in the employment of the Company, and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the result of the voting forthwith upon submission of the Scrutinizer's Report.
- (x) The Company shall submit to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE), within forty eight hours of the conclusion of the Meeting, details regarding the voting results in the prescribed format. The results declared along with the Scrutinizer's Report(s) shall also be placed on the website of the Company, www.hbstockholdings.com and on Karvy's website, <https://evoting.karvy.com> immediately after the declaration of results.
- (xi) In case of any queries pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website, <https://evoting.karvy.com> or call their Toll Free No. 1800-345-4001 for any further clarification.
- (xii) The instructions for availing the Remote e-voting facility indicating the process and manner of e-voting are given as hereunder.
 - **In case a Member receives Notice through e-mail from Karvy [for Members whose email IDs are registered with the Company / Depository Participants:**
 - (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>
 - (b) Enter the login credentials (i.e. User ID and Initial Password provided by Karvy in e-mail). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (c) After entering these details appropriately, click on "LOGIN".
 - (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (e) You need to login again with the new credentials.
 - (f) On successful login, the system will prompt you to select the E-Voting Event Number for HB Stockholdings Limited.
 - (g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
 - (h) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- (l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: fcs.ppa@gmail.com with a copy to Karvy at e-mail ID: evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- In case a Member receives Notice in physical form [for Members whose email IDs are not registered with the Company / Depository Participants]:
 - (a) User ID and Initial Password as given in the e-voting notice sent along with the Annual Report.
 - (b) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

11. All documents referred to in this Notice shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 A.M to 5.00 P.M) on all working days up to and including the date of the Annual General Meeting of the Company.
12. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013; the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available for inspection at the Annual General Meeting.
13. Details of Directors seeking Appointment / Re-appointment at the ensuing Annual General Meeting [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] enclosed with the Notice.

EXPLANATORY STATEMENT UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013 ("the act")**ITEM No. 4**

The Company was incorporated in the year 1985 under the Companies Act, 1956. The Memorandum of Association of the Company has since been modified from time to time to enable the Company to pursue new objects in furtherance of its business objective. Presently the Main Objects of the Company comprises of the business of Portfolio Investments in equity shares, preference shares, stocks, debentures, (Convertible and Non- Convertible), Company Deposits, and to deal in Government Securities.

As per the provisions of the Companies Act, 2013, the Memorandum of Association (MOA) of a Company shall state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance thereof. It shall also state that the liability of the Member(s) is limited and this liability is limited to the amount unpaid, if any, on the Shares held by them. Further, any provision contained in the Memorandum of Association shall, to the extent to which it is repugnant to the provisions of the Companies Act, 2013, become or be void, as the case may be. Therefore, Other Objects clause mentioned in the Memorandum of Association of the Company is repugnant to the provisions of Memorandum of Association under the Companies Act, 2013. Accordingly, the Board of Directors has decided to alter the existing Memorandum of Association of the Company in line with the provisions of the Companies Act, 2013 by making suitable changes thereto.

An amended copy of the Memorandum of Association of the Company is available for inspection by the members at the Registered Office of the Company during normal business hours on all working days up to and including the date of the Meeting.

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. 4.

ITEM No.5

The Board of Directors of the Company in their meeting held on 11th February 2016, on the recommendation of the Nomination and Remuneration Committee, reappointed Mr. Vijay Sood Managing Director of the Company for a period of 2 (Two) years w. e. f. 30-04-2016, including the Remuneration payable to Mr. Vijay Sood and such other terms and conditions as set out hereunder.

The re-appointment and payment of remuneration to Mr. Vijay Sood, the Managing Director requires the approval of the members in the ensuing Annual General Meeting by Special Resolution pursuant to Schedule V of the Companies Act, 2013 read with Section 196, 197 and Sec 198 of the said Act. The terms and conditions of re-appointment of Mr. Vijay Sood as approved by the Board of Directors is as under: -

S. No.	Particulars	Amount in Rs.
1	Basic Salary Rs. 4,68,500X 12	56,22,000
2	Housing Rent Allowance Rs. 242000X12	29,04,000
3	Medical Reimbursement (Annual)	24,000
4	Leave Travel Concession (payable annually)	75,000
	Cost to the Company – per annum	86,25,000

In addition to the remuneration proposed as mentioned herein above, Board of Directors of the Company shall be given an authority by the shareholders, to increase the remuneration payable to Mr. Vijay Sood by a maximum of 15 % per annum in the 2nd year of his tenure.

Mr. Vijay Sood, Managing Director shall also be entitled to the following perquisites which shall not be included in the remuneration payable as mentioned herein above:-

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

Other Terms of Re-appointment

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

The Additional Disclosures as required in Para 1(B) (iv) of Section II of Part I of Schedule V to the Companies Act, 2013 is as under:**I. GENERAL INFORMATION:**

1.	Nature of Industry	The Company is a NBFC registered with RBI and engaged in the business of financial services sector since the year 2000.	
2.	Date or expected date of Commencement of Production	The Company is existing operational listed Company and it is not engaged in any manufacturing activities. The Company is engaged in the business of investments in the shares, stocks & securities and financing of loans and advances.	
3.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus.	Re- appointment of Managing Director is in an existing company which is in operation since.	
4.	Financial Performance based on given indicators	Information given are hereunder:-	
(₹ in Lacs)			
Particulars		2014-2015	2013-2014
Total Sales and other Income		813.27	1469.06
Profit before Depreciation & Tax		527.11	1134.59
Depreciation		22.28	9.36
Provision for Taxation		5.28	126.43
Exception item (Add)		0.00	0.00
Transfer to Statutory Reserve		99.91	199.76
Surplus –		399.64	799.04
5.	Export performance and net foreign Exchange collaborations.	The Company is not engaged in Import and Export trade activity. There is no Foreign Collaboration with any company	
6.	Foreign investments or collaborators, if any	The company has no foreign investments or foreign collaborations. The company does not have any foreign investments or collaboration overseas.	

II. INFORMATION ABOUT THE APPOINTEE

1. Background details	Mr. Vijay Sood holds B A (Hons) Degree in Economics from Delhi University, passed in 1977 and completed MBA from Indian Institute of Management (IIM) Ahmedabad in the year 1979, the premier Business School of India. Mr. Sood is also an Associate Member of Institute of Cost & Works Accounts of India (ICWA) since 1986. He has also completed an Advanced Management Programme from Wharton Business School, USA in 2003. Mr. Vijay Sood brings with him more than 36 years of experience in the fields of funds management, investment banking and corporate finance and has held senior and top management positions in M N Cs and in foreign Banks.
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2. Past remuneration	Rs. 86,25,000/- per annum.
3. Recognition or awards	Not applicable
4. Job profile and his suitability	Position of Managing Director is a top management level position and job profile essentially requires a dynamic leader who is mature, innovative, self-motivated and result oriented. The appointee for the top Job viz. Managing Director should be a hard core finance professional and who has experience in conceptualizing, planning, directing and implementing business and financial strategies and translates them in long terms business growth.
5. Remuneration proposed	As set out in the explanatory statement forms part of the Notice of the 29 th AGM
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin.)	Though the latest data with the comparative profile with remuneration of the CEO / MD / Key Managerial Personnel of Financial Services Companies was not available, however generally the CEOs/ MDs/ Key Managerial personnel of financial services sector / NBFC Companies of comparable status are generally receiving remuneration over and above Rs.100 lakhs per annum.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Managing Director, the appointee in the Company does not have any other pecuniary relationship with the company and its subsidiary and he is not related to any Director or KMP and has no pecuniary relationship with any of the existing Directors of the company. He does not hold any Equity Shares in the Company and of its subsidiary company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits	1. Provisioning requirements under Reserve Bank's Prudential Norms applicable to Non-Banking Financial Companies may Result small reported figures of Profit 2. Losses may sometime occur on account of sudden crash in the stock indices and also on account of losses in the F & O segment due to higher Intra-day volatility in the stock market
2. Steps taken or proposed to be taken for improvement	The company has undertaken a comprehensive review of its investments Portfolio to identify and eliminate the low return yielding and illiquid stocks/ scrip's / securities so as to improve the average return / profitability. All these efforts yielded results and performance of the company improved significantly in the year 2013-2014 and 2014-2015 and company posted significant improvement in its operations.
3. Expected increase in productivity and profits in measurable terms	The aforesaid measures undertaken have boosted performance of the company since last 3-4 years. The performance of the Company improved all round resulting adequate Cash flow and also surplus generated for creation of Statutory Reserve as per the RBI guidelines.

IV. DISCLOSURES

Remuneration payable to Mr. Vijay Sood, Managing Director of the company has been disclosed in the explanatory statement forming part of the Notice.

All elements of Remuneration breakup to all other Directors' of the company are disclosed in the Corporate Governance Report annexed to the Director's Report.

The particulars set out hereinabove may be treated as the abstract of the terms and conditions of re-appointment of Mr. Vijay Sood as Managing Director of the Company, to be sent to the shareholders of the Company under Section 196 of the Companies Act, 2013.

None of the Directors except Mr. Vijay Sood is concerned or interested in this resolution. The Board of Directors' recommends the **Special Resolution** for the approval of the Members.

**By the Order of the Board
For HB STOCKHOLDINGS LTD.**

Place : Gurgaon
Date : 28th May 2016

Sd/-
ANIL KUMAR MITTAL
COMPANY SECRETARY
M. No. FCS 2360

PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE ENSUING AGM (Please Refer Items: 2 & 5 of the Notice of AGM).

Name of the Director	Mr. Anil Goyal	Mr. Vijay Sood
DIN	00001938	01473455
Date of Birth	22nd February 1959	12th June 1958
Qualification(s)	B Com FCA	B A (Hons) Economics, MBA, IIM (Ahmedabad) AICWA. Advanced Management Programme, Wharton USA
Brief Resume & Expertise in specific functional areas	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.	He held Senior and top positions in International Financial House / Banks like ANZ Grindlays, Hong Kong Bank, WI Carr. and brings with him rich experience in funds management, investment banking and corporate finance.
Other Listed Companies in which directorship held as on 31.3.2016	HB Portfolio Limited - Managing Director HB Leasing & Finance Co Ltd. - Managing Director HB Estate Developers Ltd. - Director RRB Securities Ltd. - Director	MPS Limited- Director
Membership of the Committees of the Board as on 31.3.2016	<u>Member in HB Stockholdings Ltd.</u> <ul style="list-style-type: none"> • Audit Committee • Stakeholders Relationship Committee • CSR Committee <u>Member in RRB Securities Limited</u> <ul style="list-style-type: none"> • Nomination and Remuneration Committee • Stakeholders Relationship Committee <u>Member in HB Portfolio Limited</u> <ul style="list-style-type: none"> • Stakeholders Relationship Committee • CSR Committee <u>Member in HB Estate Developers Limited</u> <ul style="list-style-type: none"> • Stakeholders Relationship Committee • CSR Committee <u>Member in HB Leasing & Finance Co. Limited</u> <ul style="list-style-type: none"> • Stakeholders Relationship Committee 	<u>Committee membership in MPS Limited</u> <ul style="list-style-type: none"> • Audit Committee • Nomination and Remuneration Committee • CSR Committee <u>Member in HB Stockholdings Ltd in</u> <ul style="list-style-type: none"> • Stakeholders Relationship Committee
Shareholding of Director as on 31.03.2016	Nil	NIL
Whether related to any Board Members of the Company	No	No

By the Order of the Board
For HB STOCKHOLDINGS LTD.

Place : Gurgaon
Date : 28.05.2016

Sd/-
ANIL KUMAR MITTAL
COMPANY SECRETARY
M. No. FCS 2360

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 29th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2016.

FINANCIAL RESULTS

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

PARTICULARS	(₹ in lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Total Revenue	384.27	813.27
Total Expenses	283.53	308.45
Profit for the Year before Tax and exceptional items	100.74	504.83
- Tax Expenses (including earlier years)	12.18	5.28
- Exceptional items	0.00	0.00
Profit After tax and Exceptional Items	88.56	499.54
Earning per Equity Shares (Before exceptional items)		
- EPS Basic (Rs.)	0.37	2.10
- EPS Diluted (Rs.)	0.37	2.10
(After Exceptional Items)		
- EPS Basic (Rs.)	0.37	2.10
- EPS Diluted (Rs.)	0.37	2.10

DIVIDEND

In order to conserve resources for the future, Directors' of your company do not recommend any dividend for the year ended 31st March 2016.

PERFORMANCE REVIEW & OUTLOOK

The global economy experienced challenging conditions in fiscal 2016, with weak growth and divergent monetary policies in advanced economies, slowdown in China and significant decline in commodity prices. The Indian economy continued to make progress during the year, with improvement in key macroeconomic parameters and focused government initiatives to drive sustainable growth. 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 operations was ₹ 384.27 Lakhs (previous year ₹ 813.27 Lakhs) comprising Dividend Income ₹ 44.03 Lakhs (previous year ₹ 156.72 Lakhs), Interest on Loan / ICD ₹ 428.75 Lakhs (previous year ₹ 175.09 Lakhs), Securities Trading Loss ₹ 19.10 Lakhs (previous year gain of ₹ 26.56 Lakhs), Loss booked on Sale of Investments ₹ 123.45 Lakhs (previous year Profit of ₹ 107.54 Lakhs) and Provisions for diminution in the value of Investment written back ₹ 54.04 Lakhs (previous year ₹ 347.37 Lakhs). Net Profit before Tax and exceptional items for the year was ₹ 100.74 Lakhs (previous year ₹ 504.83 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 Annual Report.

SCHEME OF ARRANGEMENT

The Board of Directors of the Company in their meeting held on 11th February 2016 have approved a Composite Scheme of Arrangement between HB Stockholdings Limited ('the company'), HB Portfolio Limited and HB Estate Developers Limited and their respective members and creditors under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013, subject to various Statutory approvals as may be required. The appointed date of the Scheme of Arrangement is 1st April 2015. The Company has submitted all the documents relating to the Scheme of Arrangement with BSE and NSE Stock exchange(s) for seeking their 'No Objection' enabling it to file the Scheme before the High Courts/ Tribunals. A Copy of draft Scheme of Arrangement with all necessary annexures is available at the website(s) of NSE and BSE and also available at Company's [web site at www.hbstockholdings.com](http://www.hbstockholdings.com)

SUBSIDIARY AND ASSOCIATES COMPANIES

In compliance with the provision of Section 129(3) of the Companies Act, 2013, the company has prepared Consolidated Financial Statement along with its wholly owned subsidiary Company. As on 31st March 2016, the Company had one Indian Subsidiary. The Company has one associate company within the meaning of Sec 2(6) of the Companies Act, 2013. The Consolidated Financial Statement for the year 2015-16 forms a part of the Annual Report and Accounts and shall be laid before the Annual General Meeting. A Report on the performance and the financial position of the Subsidiary and Associate Companies in form AOC-1 forms part of the Consolidated Financial Statement.

The company does not have an unlisted material subsidiary as per Reg 24(1) of SEBI (Listing Obligation and Disclosure Requirements) Reg 2015 in the immediately preceding accounting year. In Compliance to Reg 16 (c) of the Listing Regulations, all listed companies was to formulate a policy of determining Material Subsidiary. Accordingly, a Policy for material Subsidiary was formulated by the Audit Committee and approved by the Board and the same was posted on the web site of the Company and may be accessed at the [web link www.hbstockholdings.com](http://www.hbstockholdings.com)

RELATED PARTY TRANSACTIONS

All Related Party Transactions during the financial year were entered into 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. No disclosure is required in this regard. Further, there are no Material Related Party Transactions made during the year under review by the Company with its Directors, Key Managerial Personnel or other designated persons and others. Policy on Related Party Transactions is uploaded on the company's website and may be viewed at [web link www.hbstockholdings.com](http://www.hbstockholdings.com).

Internal Control Systems and their Adequacy

The Internal Control System of the Company is commensurate with the size, scale and operations, of its business operation which covers all the locations. To maintain objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. 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.

Internal Auditors of the Company 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 regularly placed before the Audit Committee meeting for its deliberations and monitoring.

Risk Management

In order to achieve sustained business growth, the Company has laid a Comprehensive Risk Assessment and minimization procedure. 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, which is reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure management controls risks 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.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, 2015, Management discussion and Analysis Report, Corporate Governance Report and Certificate from the Statutory Auditor's forms part of the Annual Report and information in respect thereof has been disclosed in the enclosed document. Your Company is committed to maintain the applicable Corporate Governance standards and is committed to ensure their due compliance or modifications, if any, that may be stipulated by SEBI and communicated from time to time through stock exchange(s) and company timely observe these for implementation.

NOMINATION AND REMUNERATION COMMITTEE

In terms of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (LODR) Regulations 2015, a Nomination and Remuneration Committee was reconstituted of independent directors on the Board of the Company. Nomination and Remuneration Policy of the Company forming part of the Boards Report, and enclosed at [Annexure I](#). 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.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board constituted a Corporate Social Responsibility Committee (CSR) pursuant to Section 135 of the Act and 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 of the Company and disclosed its contents in the [Annexure II](#). The details of the CSR Policy can be viewed on the website of the Company at www.hbstockholdings.com.

Average Net profit of the Company in respect of immediately preceding three financial years was not sufficient enough as per these rules, hence, Company has not incurred any amount towards CSR activities during the financial year 2015-2016.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

A Vigil mechanism / Whistle Blower Policy was approved in compliance of Section 177 (9) of the Companies Act, 2013 read with Reg 22 of the SEBI Listing Regulations effective from 01st October, 2014. The Policy was amended effective from 1st December 2015 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. During the year under review, no matter relating to Vigil Mechanism was reported. A Copy of Board approved Whistle Blower Policy is posted on the Company's [website at www.hbstockholdings.com](http://www.hbstockholdings.com).

AUDITORS

Statutory Auditors

M/s. P. Bholusaria & Co., Chartered Accountants, New Delhi having FRN 000468N, were Statutory Auditors of the Company and they hold office till the conclusion of the ensuing Annual General Meeting and being 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.

Internal Auditors

M/s M K Choudhary & Co. Chartered Accountants, New Delhi was appointed Internal Auditors of the Company by the Board in terms of Sec 138 of the Companies Act, 2013. Internal Audit Report are regularly placed before the Audit Committee of the Board for their review and follows up.

Secretarial Auditors

M/s A N Kukreja & Co. Company Secretaries was appointed by the Board to undertake the Secretarial Audit for the year 2015-2016, pursuant to the provisions of Section 204 of the Companies Act, 2013 and other applicable rules. The Secretarial Audit Report in MR-3 is annexed herewith and marked as [Annexure III](#).

Observation on Auditor's and Secretarial Auditor's Report

There are no qualifications, observations, reservation, or adverse remarks made by the Statutory Auditor's and Secretarial Auditor's in their Report(s) save and except disclaimer made by them in discharge of their professional duties.

DIRECTORS & OTHER KEY MANAGERIAL PERSONNEL

Appointment and Reappointment of Directors' & KMP

Company's Board members are eminent persons with proven competence and integrity. They have financial literacy, experience, leadership qualities and the ability of thinking strategically. Company's Directors have a significant degree of commitment and devotion and spares their adequate time for the meetings and for other deliberations. During the year Mr. J M L Suri, Executive Director of the Company resigned at the close of business hours on 21st May 2015 and Board accepted his resignation and placed on record the appreciation for the valuable contribution made during the tenures of his services as the Executive Director of the Company. The Board of Directors on the recommendation of Nomination and Remuneration Committee on 11th February 2016, reappointed Mr. Vijay Sood, Managing Director for a further period of Two years on the completion of his current terms on 30th April, 2016. A Special Resolution in respect of reappointment(s) and payment of remuneration has been placed before the shareholders in the 29th Annual General Meeting.

On the recommendation of Nomination and Remuneration Committee Mr. Jag Mohan Lal Suri, has been retained as Executive Director (Operations) w. e. f 22nd May 2015 as a Senior Executive of the Company on the remuneration and other terms and conditions as may be applicable to him.

As per Article 89(1) and (2) of the Article of Association of the Company read with the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Goyal, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Meeting of Board of Director(s)

The Board of Directors of the Company meets at regular intervals to discuss and decide on company / business policy and strategy, apart from other routine businesses. The Board meetings are normally held in Gurgaon and Notice of the meetings are given well in advance to all the directors. Agenda of the Board and Committee meetings are circulated at least a week prior to the date of the meeting including notes on the items to be discussed at the meeting(s) to enable directors of the Company to take an informed decision. Details of the Board Meeting(s) held are given in the Corporate Governance Report attached with Directors' Report.

Annual Evaluation of the Board

An annual evaluation was carried out by the Board of its own performance, as well as of evaluation of the working of all its Committees and the individual directors including Chairman of the Board. While undertaking the evaluation, a structured questionnaire was prepared and sent to Board, Committee and individual directors. An Evaluation of Board functioning, quality, quantity and timeliness of information flow, quality and transparency of Board discussions and Board's effectiveness in dissemination of information to the shareholders and other stakeholders was carried out based on the responses received from the Directors.

Performance of the Board and committee's on the basis of their effectiveness in carrying out their mandated functions were reviewed based on various performance parameters. The performance parameter of the Chairman was carried out by the Independent Directors at a separate meeting of the Independent Directors.

Declaration by Independent Directors

Mr. Gulshan Rai, Mr. Harbans Lal and Mrs Asha Mehra are Independent Director(s) on the Board of the Company. Declaration Forms under Section 149(6) of the Companies Act 2013 were received from all the Independent Directors confirming that they respectively met with the criteria of Independence as prescribed both in Companies Act 2013 and in Reg 16(b) of the SEBI Listing Regulations.

Remuneration Policy

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

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 to the Director's Report** which is annexed hereto and forms a part of the Board's Report.

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 2016.

Name of Employee/ Age (Years)	Date of Employment	Qualifications	Designation/ Nature of job	Gross Remuneration (₹) during the year ended 31st March 2016	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 58 Yrs.	30-04-2007	AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA	Managing Director	₹ 86,24,775/-	Group CFO, Renaissance Services SAOG, Oman	37	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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) read with sub section (5) of the Companies Act, 2013, the Directors Responsibility Statements hereby states 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.

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 was no Earnings or outgo of Foreign Exchange by the Company.

Particulars of Employees

A statement containing particulars of employees required pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 is given in an annexure and forms part of the Director's Report and marked as **Annexure IV**.

EXTRACT OF ANNUAL RETURN

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

STATUTORY STATEMENT

The Board of Directors of your Company state's 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:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
- Neither the Managing Director nor the Whole-time Director of the Company receives any remuneration or commission from any of its subsidiaries.
- No significant and material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- As per the Annual Report submitted by the Committee for Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review, there was no case filed or pending for review.
- There was no change in the nature of business during the year under review.
- None of the company have become or ceases to be the subsidiary, joint venture or associate of this company during the year under review.
- No Listing Fee and other dues are pending to the Stock exchange(s) and other depositories.

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

Sd/-
Place : Gurgaon
Dated : 28th May, 2016

Sd/-
LALIT BHASIN
CHAIRMAN
DIN 00002114

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 11th February, 2015, in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the SEBI(Listing Obligations & Disclosure Requirement) Reg.2015 read with Part D of Schedule II of the Regulation.

The Policy has been revised by the Board on 11th February 2016 on the recommendation of Nomination and Remuneration Committee Meeting held on the same day.

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 performance of Independent Director and the Board of Directors.
- 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 to extend or continue the terms of appointment of Independent Director on the basis of report of performance evaluation of an Independent Director.
- 2.10. To assist the Board in fulfilling responsibilities.
- 2.11. 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 entities as an Independent Director and three listed entities as an Independent Director in case such person is serving as a Whole-time Director of a listed entities 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 fees 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 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.

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 11th 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 11th February, 2015.

2. SHORT TITLE & APPLICABILITY:

- 2.1 The CSR Policy 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, agro forestry, 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.