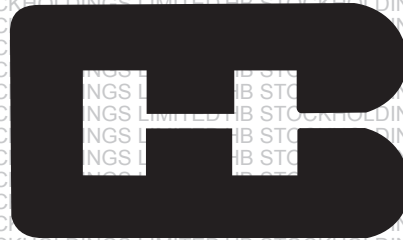


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HB STOCKHOLDINGS LIMITED

BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. Gulshan Rai	Director
Mr. Harbans Lal	Director
Mr. Anil Goyal	Director
Mrs. Asha Mehra	Director

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mahesh Kumar Gupta

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mr. Anil Kumar Mittal

STATUTORY AUDITORS**M/s. G. C. Agarwal & Associates**

Chartered Accountants

240, Ghalib Apartments,
Parwana Road, Pitampura,
Delhi - 110 034**REGISTERED OFFICE****HB Stockholdings Ltd.****CIN L65929HR1985PLC033936**Plot No. 31, Echelon Institutional Area,
Sector-32, Gurugram - 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.****CIN: U67120DL1950PTC601854**

B-25/1, First Floor

Okhla Industrial Area, Phase-II

New Delhi - 110020

Ph : 011-26387320, 26387321

Fax : 011-26387322

E-mail: investor.services@rcmcdelhi.com

Website: www.rcmcdelhi.com

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 31ST 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 : Thursday
Date : 27th September, 2018
Time : 11.00 A.M
Place : GIA House, I.D.C., Mehrauli Road,
Opp. Sector 14, Gurugram - 122 001 (Haryana)

(Please see Route Map of venue provided in this Annual Report)

to transact the following business/(s):

AS ORDINARY BUSINESS

- To receive, consider and adopt:
 - the Audited Financial Statements of the Company for the Financial year ended 31st March 2018 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 31st March 2018
- To appoint a Director in place of Mr. Anil Goyal (DIN: 00001938) who retires by rotation and being eligible offers himself for re-appointment.
- To consider, and it thought fit, to pass following Resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s G C Agarwal & Associates, Chartered Accountants (ICAI Firm Registration No. 017851N) be and are hereby re-appointed as the Statutory Auditors of the Company for a further term of one year commencing from the conclusion of the 31st Annual General Meeting of the Company until the conclusion of the next Annual General Meeting on such remuneration plus taxes as may be applicable, to be fixed by the Board of Directors of the Company.”

**By the order of the Board
FOR HB STOCKHOLDINGS LIMITED**

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

Place : Gurugram
Dated : 25th May, 2018

NOTES:

- 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.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd September, 2018 to 27th September, 2018 (Both days inclusive).
- Shareholders of the Company holding shares in physical form are requested to convert their holdings into Demat Form.**
- Shareholders of the Company are requested to provide / update their e mail ID with their Depository Participant (DP) / Registrar & Share Transfer Agent (RCMC Share Registry Private Limited) for communication purposes.**
- Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 Dated April 20, 2018 all listed companies have to ensure that any payment of Dividend to the Shareholders is made through electronic channels such as NECS/NEFT/ RTGS. In view of the above, the Company hereby requests you to:**

Update your Bank Account details with your Depository Participant (DP) to avoid any kind of rejection by the banker;
- 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. New Delhi.

- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- 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.
- 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.
- Members are requested to:
 - Notify any change in their residential / postal 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,
Fax: 011 – 26387322
E-mail: investor.services@rcmcdelhi.com

Members whose shareholding is in electronic mode are requested to direct change of address to their respective Depository Participants.
 - Bring their copies of Annual Report with them at the meeting as the same will not be supplied again as a measure of economy.
- 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 10 (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.
- Voting through Electronic means:**
 - 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”).
 - The Company has engaged the services of Karvy Computershare Pvt. Ltd. (“Karvy”) to provide the facility of Remote e-voting.
 - 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.
 - 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. 20th September, 2018, may cast their vote by remote e-voting / at the meeting.
 - 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. 20th September, 2018 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 Monday 24th September, 2018 (09.00 A.M) and ends on Wednesday 26th September, 2018 (05.00 P.M). The Remote e-voting module shall be disabled by Karvy for voting thereafter.**
- (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. S R 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 BSE 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 in voting slip. 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.

13. 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.
14. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013; and 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.
15. Details of Director's seeking Re-appointment at the ensuing Annual General Meeting [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed with the Notice.

**PROFILE OF DIRECTORS SEEKING REAPPOINTMENT IN THE ENSUING AGM
(Please Refer Item no.2 of the Notice of the AGM)**

Name of the Director	Mr. Anil Goyal
DIN	00001938
Date of Birth	22 nd February 1959
Qualification(s)	B Com FCA
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.
Other Listed Companies in which directorship held as on 31.3.2018	HB Portfolio Limited- Managing Director HB Leasing & Finance Co Ltd- Managing Director HB Estate Developers Ltd – Director Chairman Director
Chairmanship / Membership of the Committees of the Board as on 31.3.2018 of Listed entities	Member in HB Stockholdings Ltd <ul style="list-style-type: none"> • Audit Committee • Stakeholders Relationship Committee • CSR Committee Member in HB Portfolio Limited <ul style="list-style-type: none"> • Stakeholders Relationship • CSR Committee Member in HB Estate Developers Limited <ul style="list-style-type: none"> • Stakeholders Relationship • CSR Committee Member in HB Leasing & Finance Co. Limited <ul style="list-style-type: none"> • Stakeholders Relationship
Shareholding of the Director as on 31.03.2018	NIL
Whether related to any Board members of the Company	No

By the order of the Board
FOR HB STOCKHOLDINGS LIMITED

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

Place : Gurugram
Dated : 25th May, 2018



DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the 31st Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2018.

FINANCIAL RESULTS

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

(Rs in Lacs)

PARTICULARS	Current Year Ended 31-03-2018	Previous year Ended 31-03-2017
Total Revenue	202.95	1517.73
Total Expenses	211.07	318.87
Profit for the Year before Tax and exceptional items	(8.12)	1198.86
- Tax Expenses (including earlier years)	42.00	137.00
- Exceptional items	(0.01)	(0.23)
Profit After tax and Exceptional Items	(50.11)	1062.09
Earning per Equity Shares (Before exceptional items)		
--EPS Basic (Rs.)	(0.70)	4.46
--EPS Diluted (Rs.)	(0.70)	4.46
(After Exceptional Items)		
--EPS Basic (Rs.)	(0.70)	4.46
--EPS Diluted (Rs.)	(0.70)	4.46

DIVIDEND

In view of loss [due to the effect given in the Books of Accounts on sanction of Scheme of Arrangement between the company, HB Portfolio Limited and HB Estate Developers Limited and their respective members and creditors], Directors of your company do not recommend any dividend for the year ended 31st March 2018.

PERFORMANCE REVIEW & OUTLOOK

Due to the effect given in the Books of Accounts on sanction of Scheme of Arrangement between the company, HB Portfolio Limited and HB Estate Developers Limited and their respective members and creditors, the financial figures reported for the year ended 31st March 2018 are not comparable to the figures for the year ended 31st March 2017.

In line with the uptick in global economic activity, the Indian economy during 2017-18 is projected to see an improvement in GDP growth in October to March 2018 to 7.2% from 6.1% in first half of the Financial year 2018 and 7.5% in the year 2017, according to the Central Statistical Organization. The withdrawal of high denomination notes by the Reserve Bank of India in November 2016 and the implementation of the Goods and Services Tax in July 2017 resulted in a transient loss in growth momentum, especially in first half of the year. However, the recovery has been stronger in second half of 2018, led by Government consumption growth and gross fixed capital formation. On the sectoral front, while the industry slowed down, higher momentum was recorded for Construction, Transport, Communication, Financial and Real Estate sectors. The recovery is expected to continue with in the year 2019 and GDP growth being pegged at 7.5% as per yearly forecast.

On the bond market, the 10-year G-secc yield rose by 72 bps to 7.40% during the course of the year 2018. Uptick in inflation trajectory in second half of 2017-18, slippage in the year 2018 fiscal deficit and fast dwindling surplus on money market liquidity, amidst rise in global crude prices and hardening of US treasury yields cumulatively weighed on the market sentiment. The Indian Rupee weakened marginally by 0.5% and closed the year at Rs. 65.18 vis-a-vis the US dollar. Rupee largely remained stable amidst recovering global growth, a softer dollar and benign global financial market conditions. In addition, favourable domestic factors like normalization in second half of 2018 growth momentum and sovereign credit rating upgrade by international rating agency Moody's aided sentiment.

SCHEME OF ARRANGEMENT

The Board of Directors, in their meeting held in February 2016 approved a Composite Scheme of Arrangement between HB Stockholdings Limited ('the company'), HB Portfolio Limited (HBPL) and HB Estate Developers Limited (HBEDL) 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 fixed for the Scheme of Arrangement was 1st April 2015.

Hearing in the Scheme of Arrangements was concluded on 22nd December 2017 by Hon'ble National Company Law Tribunal (NCLT) Bench at Chandigarh and a Copy of the Order was filed with the Registrar of Companies, (ROC) New Delhi. The Scheme of Arrangement becomes effective / operational on 30th January 2018.

On the Scheme of Arrangement becoming effective / operational, the Books of Account of the Company have been recasted / adjusted based on the Appointed Date. Turnover, Operational Expenses, Profit / Loss, Assets and Liabilities of the Company pertaining to the Demerged undertaking(s) from Appointed Date till the Effective Date have been adjusted/ accounted for in the Account Books of the Company.

Gist of the Scheme of Arrangement is as under:-

- Investment Division 1 was transferred by the Company to HB Portfolio Ltd (HBPL) (Demerger 1); and Investment Division 2 was transferred by the Company to HB Estate Developers Ltd (HBEDL) (Demerger 2);
- Consequent to the above, Shareholders of the Company (HBPL) shall get 25 Equity Share of Rs. 10/- each fully paid up of HBPL for every 100 Equity Shares of the Company as a consideration of Demerger 1.
 - Shareholders of the Company (HBPL) shall get 24 Equity Share of Rs. 10/- each fully paid up of HBEDL for every 100 Equity Shares of the Company as a consideration of Demerger 2.
- After the above mentioned demerger(s), the face value of the equity shares shall reduce from 1 (one) equity share of Rs. 10/- each fully paid up to 1 (one) equity share of Rs. 3/- each fully paid.
- As a result, the issued and paid up equity share capital shall be reduced from Rs. 23,79,22,180 comprising of 2,37,92,218 shares of Rs. 10/- each to Rs. 7,13,76,654 comprising of 2,37,92,218 shares of Rs. 3/- each.
- Simultaneously, 10 (Ten) equity shares of Rs.3/- each fully paid up shall be consolidated

into 3 (three) fully paid-up share of Rs. 10/- each resulting in 71,37,665 fully paid-up Equity Shares of Rs. 10/- each after ignoring fraction shares.

In consultation of Stock Exchange(s), 12th March 2018 was fixed as Record Date by the Company for determining the List of Equity Shareholders who shall be allotted Equity Shares by HB Portfolio Limited (HBPL) and HB Estate Developers Limited (HBEDL) on transfer of Investment Undertakings respectively and also to determine the List of shareholders for Reduction and Reorganization of its Share Capital

A meeting of Capital Restructuring Committee (CRC) was held on 17th March 2018 for allotment of 71,37,665 new Equity Shares on Reduction of Capital to the allottees as per the List of Shareholders based on the aforesaid Record date. The Company applied to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for seeking Listing approval on completion of necessary formalities and the same was granted by BSE on 22nd May 2018 and NSE on 24th May 2018.

A Copy of Scheme of Arrangement along with all other documents are available on the website of the BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE), <http://www.bseindia.com> and on [nseindia.com](http://www.nseindia.com) and also on the Company's website having following web link, http://www.hbstockholdings.com/investorcentre/Scheme_of_Arrangement.html

The Company has taken necessary steps to dispatch the New Share Certificate(s) to Shareholders holding Shares in the physical form and for others a Corporate Action shall be initiated with NSDL and CDSL for crediting the beneficiary account of respective shareholders.

SHARE CAPITAL

On implementation of the Scheme of Arrangement approved by the Hon'ble NCLT Bench Chandigarh, the Authorized Share Capital of the Company stands decreased by Rs. 65,00,00,000/- (Rupees Sixty Five Crore), i.e. from Rs. 100,00,00,000 (Rupees One Hundred Crore) to Rs. 35 00,00,000 (Rupees Thirty Five Crore) divided into 2,50,00,000 (Two Crore Fifty Lac) Equity Shares of Rs. 10/- each (Rupees Ten only) and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 10/- each (Rupees Ten only).

The paid up Share Capital of the Company as on March 31, 2018 was Rs. 7,13,76,650 consisting of 71,37,665 Equity shares of Rs. 10 /-each. During the year under review, the Company has not issued shares with differential rights for voting, dividend or otherwise and not granted Stock options to employees and sweat equity was issued to promoters.

SUBSIDIARY AND ASSOCIATE COMPANIES

Subsidiary

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, a policy of determining 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)

The company has prepared Consolidated Financial Statement along with subsidiary Company M/s Mount Finance Limited , the Indian Wholly Owned Subsidiary Company In compliance with the provision of Section 129 (3) of the Companies Act, 2013. A Report on the financial performance of Subsidiary Company in form **AOC-1 forms part of the Directors' Report**

Audited Financial Statement as on 31-03-2018 of Subsidiary Company shall be made available for inspection at its Regd. office upon request by any Member of the Company. The Financial Statements of the Subsidiary Company shall be available at website of the Company at link www.hbstockholdings.com / investor centre

Associate Company

Investment held by the Company in the Equity Shares of Taurus Asset Management Company Limited (TAMCO) has since been vested into HB Portfolio Limited as per the Scheme of Arrangement. In view of this TAMCO ceases to be an Associate Company within the meaning of Sec 2(6) of the Companies Act, 2013 w.e. f. 30th January 2018.

The Consolidated Financial Statement for the year 2017-18 forms a part of the Annual Report and Accounts and these documents shall be laid before the Annual General Meeting in the Company for approval.

RELATED PARTY TRANSACTIONS

The disclosure of Related Party Transactions under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable, since all Related Party Transactions during year ended 31st March 2018 were on arm's length basis and were in the ordinary course of business. There was no materially significant Related Party Transactions entered into by the Company during the year under review. None of the Directors of the Company has any pecuniary relationships or transactions vis-a-vis the Company.

On the recommendation of the Audit Committee, the Board of Directors has approved a Policy to regulate transactions between the Company and its Related Parties, in compliance of the Companies Act, 2013, and the Rules made there under read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on Related Party Transactions has been uploaded on the Company's website at, www.hbstockholdings.com. The web link for the same is, www.hbstockholdings.com/Investor Information/Corporate Governance

Internal Control Systems and their Adequacy

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

As required under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report; and a Report on the Corporate Governance together with the Compliance Certificate from G. C. Agarwal & Associate, Chartered Accountants, Delhi, being the Company's Statutory Auditor's confirming compliance(s) forms an integral part of this Report.

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 constituted of all independent directors on the Board of the Company. Nomination and Remuneration Policy of the Company forms 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 (CSR) Committee pursuant to Section 135 of the Act and composition of the Committee is stipulated in the Corporate Governance Report forms part of this Annual Report. The Corporate Social Responsibility Policy of the Company was approved by Board and its contents are disclosed in the **Annexure II**. The CSR Policy is available on the website of the Company at www.hbstockholdings.com.

Based on the average Net profit of the Company in respect of immediately preceding three financial years ended 31-03-2017 the Company was to spend a sum of Rs. 4.22 Lakhs on Corporate Social Responsibility related expenses, however no amount could be spent during the year 2017. During the financial year a sum of Rs. 4.31 Lakhs was spent by the Company on CSR related activities by contributing to M/s Earth Saviour Foundation, an Organisation Founded by Sh Ravi Kalra, a Karamyogi as an Old Age Home (OAH) near Gurgaon. The amount was utilised by them to procure modern Utility appliances for their Kitchen and for Outdoor Lighting Units for their Old Age Home (OAH) Campus. The Report on CSR activities with expenditure incurred is given else wherein as an **Annexure IIA** of this Annual Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

A Vigil Mechanism for Stakeholders, Employees and Directors of the Company has been established by the Company in terms of the provisions of Sec 177(9) & (10) of the Companies Act, 2013 and pursuant to the provisions of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Whistle Blower Policy duly approved by the Board is available on the website of the Company and can be accessed at www.hbstockholdings.com. During the year under review, no matter relating to Vigil Mechanism was reported to the Audit Committee.

AUDITORS**(1) Statutory Auditors**

M/s G. C. Agarwal & Associates, Chartered Accountants, Delhi having FRN 017851N, were appointed as Statutory Auditors of the Company for a period of Five years in the 30th Annual General Meeting held in 2017 subject to ratification of their appointment by the members of the Company every year in the Annual General Meeting. Accordingly, Board of the Company have recommended their re-appointment as Statutory Auditors for a further period of one year to the shareholders for approval in the ensuing AGM of the Company.

(2) Internal Auditors

M/s MARV & Associates LLP, Chartered Accountants, New Delhi were appointed as Internal Auditors of the Company by the Board in terms of Sec 138 of the Companies Act, 2013. Internal Audit Report is regularly placed before the Audit Committee of the Board for their review and follows up.

(3) Secretarial Auditors

M/s A N Kukreja & Co. Company Secretaries, New Delhi was appointed by the Board to undertake the Secretarial Audit of the Company for the year 2017-2018, 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**.

(4) Observation on Statutory Auditor's and Secretarial Auditor's Report

There are no qualifications, reservation, or adverse remarks made by the Statutory Auditor's. Observation made by the Auditor's in their Report(s) has been suitably explained else wherein the Report of the Management. Except that no reservation or adverse remarks were made by the Auditors, save and except disclaimer made by them in discharge of their professional duties.

The Secretarial Auditors have made following observations in their Secretarial Audit Report: *The Company did not have Managing Director, or Chief Executive Officer or Manager and in their absence a whole time director, since 1.12.2016.*

Director's Comment:

The Board of Directors the Company is making efforts to fill up the vacancy of Managing Director/ Chief Executive Officer/ Manager.

DIRECTORS & OTHER KEY MANAGERIAL PERSONNEL**(1) Appointment and Reappointment of Directors' & KMP**

Board members of the Company comprises of eminent persons with proven competence and integrity. All members have financial literacy, experience, leadership qualities and the ability of thinking strategically. Directors of the Company have a significant degree of commitment and devotion and spare their adequate time for the meetings and for other deliberations.

As per Article 89(1) and (2) of Article of Association of the Company read with 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.

(2) Meeting of Board of Director(s)

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

(3) Board Diversity

The Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

A diverse Board will enhance the quality of the decisions made by the company by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced growth of the Company. On the recommendations of the Nomination and Remuneration Committee, the Board of Directors has adopted a Policy on Diversity of Board of Directors

in terms of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(4) Annual Evaluation of the Board

The Board has carried out an Annual Performance Evaluation of its own performance and of all the Directors of the Company individually as well as the evaluation of the working of Audit, Nomination & Remuneration and other Compliance Committees; pursuant to the provisions of the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The manner in which the annual evaluation has been carried out is been suitably explained in the Corporate Governance Report.

(5) Declaration by Independent Directors

Declaration Forms duly filled in under Section 149(6) of the Companies Act 2013 were received from Mr. Gulshan Rai, Mr. Harbans Lal and Mrs Asha Mehra, Independent Directors of the Company, which confirms that all these directors respectively met with the criteria of Independence as prescribed in the Companies Act 2013 and also in Reg 16(b) of the SEBI Listing Regulations.

(6) Remuneration Policy

On the recommendation of the Nomination & Remuneration Committee, the Board has framed a policy for selection and appointment of directors, Senior Managerial personnel and payment of remuneration to them. The Nomination and Remuneration Policy being a part of the Corporate Governance Report is enclosed as Annexure I

(7) Remuneration of Directors, Key Managerial Personnel and Employees

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 not applicable as none of the Director / and or employee of the Company are in receipt of the remuneration specified in these Rules.

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.

SIGNIFICANT AND OTHER MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

Approval of the Scheme of Arrangement between ('the Scheme') between HB Stockholdings Limited (HBSL), HB Portfolio Limited (HBPL) and HB Estate Developers Limited (HBEDL) and their respective Shareholders and Creditors under Sections 391 to 394 read with Section 100 to 104 of the Companies Act, 1956 by the Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench at Chandigarh.

There are no other significant material orders passed by the Regulators or Courts or Tribunal during the year under review which has an impact on the Going Concern status and Company's operations in future.

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 the Company.

During the year under review there were 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 not given as none of the Employee is eligible.

SECRETARIAL STANDARDS

During the year under review, your Company had complied with all the applicable Secretarial Standards.

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.
- The Managing / Whole Time Director(s), if any, of the Company receives no remuneration or commission from any of its subsidiaries.
- As per the Annual Report submitted by the Committee constituted to monitor the cases 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.
- 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 National Company Law Tribunal Chandigarh Bench, Stock exchange(s), Depositories, members and other stake holders during the year under review. Your Directors also wish to acknowledge the valuable services rendered by the executives and staff of the Company at all levels.

For and on Behalf of the Board of Directors

Sd/
LALIT BHASIN
(CHAIRMAN)
DIN 00002114

Place : Gurugram
Date : 25th May, 2018



NOMINATION AND REMUNERATION POLICY (AMENDED)

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.



REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A Brief outline of the Company's CSR Policy including overview of the Project:

CSR Policy of the Company is on Page 06 of the Annual Report. The expenditure incurred on CSR activities by the Company is on a activity / Project mentioned in the Policy adopted by the Board and extract of the same is as under:-

“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;”

2. The Composition of CSR Committee :

- a. Mr. Lalit Bhasin – Chairman
- b. Mr. Gulshan Rai
- c. Mr. Anil Goyal

3. Average net profits and prescribed CSR Expenditure:

Particulars	Amount (Rs.)
Average Net profit of the Company for the last three Financial years i. e .2013-14 To 2015-16	6,32,63,440
2% of the average net profit	2,10,87,813
Minimum amount is to be spent in Financial year 2016-17	4,21,756

4. Details of amount spent during the Financial year:

Total amount spent during the Financial year 2016-2017	Nil
Total amount spent during the Financial year 2017-2018	4,31,000
Total spent during the year 2017-18	4,31,000
Amount unspent, if any out of the earlier years	Nil

5. Manner in which the amount spent during the financial year is detailed below:

Serial No.	CSR Project or activity undertaken	Sector in which the project is covered	Project or programs: 1. Local area or other 2. Specify the State and district where projects or programs undertaken	Amount outlay (Budget) project or program wise (Rupees)	Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on project or programmes, 2. Overhead (in Rupees)	Cumulative Expenditure upto the Reporting period (In Rupees)	Amount spent: Direct or through implementing Agency ##
1..	Contribution to Earth Saviours Foundation for procurement of modern Kitchen Equipment and Smart Solar Street Lights with Poles with Batteries, with Auto on and off systems	Setting up of an Old Age Home (OAH)	Foundation seeking help is located in the Gurgaon District, near the place of registered office of the Company Assisted NGO is at: Bandwari Village on Gurgaon Faridabad Road - Gurugram	4,31,000	Rs. 4,31,000 has given directly to the Foundation	4,31,000	Implementing Agency

The Earth Saviours Foundation –Bandwari Village, Gurgaon Faridabad Road, Gurugram is an Internationally Recognised NGO, committed to serve the Humanity. NGO is registered with Income Tax department u/s 80G for seeking Income Tax Exemption and Its Registration no: is S/60983/2008. The Earth Saviours Foundation was established in the year 2008 by Mr. Ravi Kalra, a Karamyogi in Vasant Vihar Area of New Delhi. Later the Foundation was shifted to its present Location and it runs an Old Age Home having around 450 inmates. Mr. Ravi Kalra, with the help of his teams of volunteer's looks after homeless-abandoned senior citizens who have been disowned by their families and society and mentally disable people. The Foundation also helps the deprived and aged females neglected by the people and help them in the sunset years of their life irrespective of their cast creed and religion.

6. Responsibility Statement

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, the implementation of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Place : Gurugram
Date : 25th May, 2018

For HB Stockholdings Limited
Sd/-
ANIL GOYAL
DIRECTOR

For HB Stockholdings Limited
Sd/-
LALIT BHASIN
CHAIRMAN OF CSR COMMITTEE



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

(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 31st March, 2018** 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 **31st March, 2018** 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, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (d) 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;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014*;
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009*;
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*.

*Foreign Exchange Management Act, 1999 and the rules and regulations at sub-para (iv) of para 1 above and SEBI Regulations listed at sub-para (v) Serial Nos. (f), (g), (h) and (i) above are not applicable to the Company for 2017-18 as there were no corporate decisions/actions attracting these regulations.

- (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;
 - (iii) Credit Information Companies (Regulation) Act, 2005.
The Company is an NBFC-ND 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) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 2. We have also examined the compliances with the applicable Regulations/Standards of the following:
 - (i). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements with Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd; and
 - (ii). Secretarial Standards issued by the Institute of Company Secretaries of India.

3. During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines, etc. mentioned above, subject to the following:

The Company did not have Managing Director, or Chief Executive Officer or Manager and in their absence a whole time director, since 1.12.2016.

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:

The Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench at Chandigarh has approved/sanctioned the Composite Scheme of Arrangement (Demerger & Capital Reduction) amongst HB Stockholdings Ltd. (HBSL), HB Portfolio Ltd. (HBPL) & HB Estate Developers Ltd. (HBEDL) and their respective Shareholders and Creditors under Sections 391 to 394 read with Section 100 to 104 of Companies Act, 1956 vide its order dated 22.12.2017. The Company has filed the Certified True Copy of the order with the Registrar of Companies, Ministry of Corporate Affairs on 30.01.2018 which shall be deemed to be the Effective Date for the purpose of the Scheme.

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: 25th May, 2018

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: 25th May, 2018