

BOARD OF DIRECTORS

Mr. H.C. Bhasin	Chairman
Mr. K.N. Malhotra	Director
Mr. P.S. Mathur	Director
Mr. P.K. Mittal	Director
Mr. Lalit Bhasin	Director
Mr. J.M.L. Suri	Executive Director

**VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY**

Dr. Sanjeev Kumar

AUDITORS

P.Bholusaria & Company
Chartered Accountants
26/11, Shakti Nagar,
Delhi - 110 007

REGISTERED OFFICE

199 Sector - 7,
Urban Estate,
Gurgaon - 122 001
Haryana

CORPORATE OFFICE

10th Floor, DCM Building,
16, Barakhamba Road,
New Delhi - 110 001.

REGISTRAR & SHARE TRANSFER AGENTS

RCMC Share Registry Pvt. Ltd.
1515, (1st Floor)
Bhisham Pitamah Marg,
Kotla Mobarakpur,
(Near South Extension),
New Delhi - 110 003.

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HB STOCKHOLDINGS LIMITED

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held as follows:

Day : Thursday
Date : 28th August 2003
Time : 10:00 A.M.
Place : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122001 (Haryana)

to transact the following business:

AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the period ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible offers himself for reappointment.
- To appoint Director in place of Mr. K.N. Malhotra who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the Resolution passed by the Board of Directors of the company at their meeting held on 21st May 2003 and to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the reappointment of Mr. J.M.L. Suri as Whole-time Director of the company and designated as Executive Director for a period of 5 years with effect from 1st July 2003 on the terms and conditions as approved by the Board of Directors at their meeting mentioned hereinabove and as set out in the Explanatory Statement accompanying this Notice be and is hereby accorded and that during his tenure in the Office as Executive Director, he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration payable, including the minimum remuneration in the event of absence/ inadequacy of profits to Mr. J.M.L. Suri at any time during his tenure in the office of Executive Director of the Company in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 and also to do any other acts and deeds, (including seeking of any approval, consent, permissions from such other authorities, if any required) as may be necessary and incidental in the matter."

- To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of SEBI Delisting Guidelines, 2003; Companies Act, 1956; Securities Contract (Regulation) Act, 1956; and the rules framed thereunder, listing agreements and all other applicable laws, rules, regulations, and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution) the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company also from Delhi Stock Exchange Association Limited apart from the Stock Exchanges at Ahmedabad, Chennai and Kolkata for which the approval of the shareholders was already granted vide Special Resolution passed at the 15th Annual General Meeting of the Company held on 31st May 2002."

**BY ORDER OF THE BOARD
For HB STOCKHOLDINGS LIMITED**

**DR. SANJEEV KUMAR
VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY**

Place : New Delhi
Date : 21st May, 2003

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 OR CORPORATE OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 21.08.2003 to 28.08.2003 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 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 address including PINCODE to the Company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax: 24692345. E-mail: rcmc@dimensioni.net.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- All the material documents referred to in the Notice and Explanatory Statement including the Memorandum & Articles of Association of the Company are available for inspection by the members of the Company at its Corporate Office during the normal business hours on any working day.

ITEM NO. 2 & 3

Details of the Directors seeking reappointment in the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of the Director	Mr. Lalit Bhasin	Mr. K.N. Malhotra
Date of Birth	14.08.1968	06.02.1926
Profile/Expertise in specific functional areas	More than a decade of experience in Financial Services and Stock Market Operations	More than 4 decades of experience in Insurance Industry.
List of other companies in which directorship held as on 31.03.2003	HB Leasing & Finance Co. Ltd.; HB Securities Ltd. (Whole time Director); HB Estate Developers Ltd.; HB Telecommunication Ltd.; Credit capital Asset Management Co. Ltd.; HB Prima Capital Ltd.; HB Corporate Services Ltd.; Har Sai Investment Ltd.; RRB Securities Ltd.; RRB Securities Delhi Ltd.; RRB Master Holdings Ltd.; Raja Ram Bhasin Share & Stock Brokers Ltd. (Whole-time Director); Bhasin Share & Stock Brokers Ltd.; RRB House Finance Pvt. Ltd.; Pal Properties (India) Pvt. Ltd.	RPG Transmission Ltd.; Munjul Showa Ltd.; PNR Capital Services Ltd.; Credit capital Investment Trust Co. Ltd.
Chairman/Member of the Committees of the Board of the companies in which he is a director as on 31.03.2003	Member - Audit Committee HB Leasing & Finance Co. Ltd. and HB Stockholdings Ltd.; Member-Shareholders Committee HB Leasing & Finance Co. Ltd. RRB Securities Ltd.	Member of Audit Committee-Munjul Showa Ltd.; Chairman of Shareholders Committee HB Stockholdings Ltd.

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

The Board of Directors of the Company at their meeting held on 21st May 2003 have reappointed Mr. J.M.L. Suri as Whole-time Director of the Company designated as Executive Director for a further period of 5 years with effect from 1st July 2003. The re-appointment and the remuneration payable to Mr. J.M.L. Suri as Executive Director requires approval of the Company in General Meeting pursuant to Section 269, 198, 309 and 314 read with Schedule XIII of the Companies Act, 1956. The terms and conditions of the re-appointment of Mr. J.M.L. Suri as Executive Director approved by the Board of Directors at their meeting as mentioned hereinabove, are as under: -

- SALARY** : Rs. 30,000/- (Rupees Thirty thousand only) per month:
- PERQUISITES**
 - HOUSING** : *Either one of the following* -
 - The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to 60% of the salary, over and above 10% payable by the Executive Director himself.
 - In case the accommodation provided to the Executive Director is owned by the Company, the Company shall deduct 10% of the salary of the Executive Director.
 - In case of accommodation is not provided by the Company to the Executive Director, House Rent Allowance shall be paid by the Company to the Executive Director, subject to the ceiling of 60% of the Salary.
The expenditure incurred by the Company on gas, electricity, water and furnishings subject to a ceiling of 10% of the Salary of the Executive Director.
 - MEDICAL REIMBURSEMENT**
Expenses incurred for self and family subject to a ceiling of one month's salary per year.
 - LEAVE TRAVEL CONCESSION**
For self and family once in a year subject to a ceiling of one month's salary per year.
 - CLUB FEES**
Fees of a clubs subject to a maximum of two clubs, administration and life membership fees shall not be allowed.
 - PERSONAL ACCIDENT INSURANCE**
Premium subject to a maximum of Rs.4000/- per annum.
 - PROVIDENT FUND**
Company's contribution towards provident fund subject to a ceiling of 12% of salary.
 - SUPERANNUATION FUND**
Company's contribution towards superannuation fund subject to a ceiling of 15% of salary.
 - GRATUITY**
Not exceeding half month's salary for each completed year of service, subject to the ceiling prescribed under Income Tax Act, 1961.
 - CAR AND TELEPHONE**
The Company shall provide car for use on Company's business and telephone at the residence of the Executive Director. However, personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Executive Director.
 - LEAVE**
Earned /Privilege leave, not exceeding one month for every eleven months of service, on full salary and allowance. Leave accumulated and not availed of during the tenure, as Executive Director will be allowed to be encashed at the time of termination of his appointment.
 - Apart from the aforesaid salary, perquisites, allowance and benefits, the Executive Director will be entitled to reimbursement of expenses incurred in connection with business of the Company.
 - No sitting fees will be paid to the Executive Director for attending the meetings of the Board of Directors of the Company or Committees thereof.



- f) The appointment may be terminated by 15 days notice on either side or 15 days salary in lieu thereof.
- g) The terms and conditions of the above appointment may be altered, enhanced or varied from time to time by the Board of Directors as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Director, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments made thereof hereafter.
- h) In the event of absence/inadequacy of profits in any financial year the above remuneration shall be payable as minimum remuneration to the Executive Director.

The particulars set out hereinabove may be treated as the abstract of the terms and conditions of reappointment of Mr. J.M.L. Suri as Executive Director of the Company to be sent to the shareholders under section 302 of the Companies Act, 1956.

None of the Directors except Mr. J.M.L. Suri is concerned or interested in this resolution. The Directors recommend the resolution for approval by the members.

ITEM NO. 6

In terms of the Special Resolution passed at the previous (15th) Annual General Meeting held on 31st May 2002, the approval of shareholders was obtained for seeking delisting of Equity Shares of the Company from the Stock Exchanges at Ahmedabad, Chennai and Kolkata by Special Resolution and in terms of the same the Company has applied to these Stock Exchanges seeking delisting. In the meanwhile the Securities and Exchange Board of India has issued Delisting Guidelines, 2003

wherein a company has now been allowed seek delisting of its securities from all or any of the Stock Exchanges it may be listed, irrespective of the Stock Exchange being a Regional Exchange or otherwise. In view of the same and having regard to practically no trading/liquidity in the company's Equity Shares at Delhi Stock Exchange, it is desired that the company also seek delisting from The Delhi Stock Exchange Association Ltd. (DSE), which would avoid multiplicity of compliances besides reduction in cost.

The proposed delisting from the DSE would not adversely affect the investors as the Equity Shares of the company would continue to remain listed at The Stock Exchange, Mumbai and National Stock Exchange.

In accordance with the provisions of Delisting Guidelines, 2003 issued by SEBI, the approval of the shareholders is necessary for seeking delisting and as such the Directors commend the resolution to the shareholders for adoption.

None of the Directors are in any way concerned or interested in the resolution.

**BY ORDER OF THE BOARD
FOR HB STOCKHOLDINGS LIMITED**

**DR. SANJEEV KUMAR
VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY**

**Place : New Delhi
Date : 21st May, 2003**

DIRECTORS REPORT

To the Members,

Your Directors present the 16th Annual Report together with the Audited Statements of Accounts for the period ended 31st March 2003.

FINANCIAL RESULTS

The Current Accounting year of the company was extended by 4 months to close at 31st March 2003 instead of 30th November 2002, to meet with the requirements under the Prudential Norms of Reserve Bank of India applicable to Non Banking Financial Companies and necessary approval for the extended financial year under the provisions of Companies Act, 1956 was obtained from the Registrar of Companies, NCT of Delhi & Haryana. Accordingly the financial results of the Company for the period under review reflect the working/operations for 16 months and hence are not strictly comparable with figures of the previous year.

The summarised financial results for the period under review are as under:

PARTICULARS	(Amount in Rs.)	
	Period Ended 31.03.2003 (16 months)	Year Ended 30.11.2001 (12 months)
Gross Profit/(Loss)	(20287974)	(4,84,68,986)
Less :		
(a) Depreciation and profit/loss on termination of leases	927711	856379
(b) Miscellaneous Expenses Written off	2685265	2013949
(c) Provision for Income-Tax (including deferred tax)	Nil	Nil
(d) Provision for Sub-Standard and doubtful Assets	8006335	Nil
Net Profit/(Loss)	(31907285)	(5,13,39,314)

DIVIDEND

In view of losses, your Directors regret their inability to recommend dividend for the period under review.

PERFORMANCE REVIEW & OUTLOOK

During the period under review the stock market witnessed largely a gloomy and depressed phase and continued to remain stagnant owing to which the operations of the company could not yield positive results. In the aforesaid background it is satisfactory that the company has logged an income of Rs.37.93 lakhs (after providing for valuation loss) compared to loss of 125.28 lakhs in the previous year.

However, the company has taken this opportunity in pruning and cutting down the expenses and as a result the administrative expenses on an annualised basis (to make it comparable) has come down by 21% and similarly interest and financial charges has also come down by 70%.

Your directors, however, hope that with right policy prescriptions and initiatives from the Government to lift and bring buoyancy in the Capital Market, the company will be able to arrest and reverse the current trend and achieve profitable operations.

The industry trends and future prospects are more elaborately given in the Management Discussion and Analysis.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the period under review.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and out go are not applicable to your company.

The provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable, as there is no such employee.

Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts for the period under review, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. 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. Further, the Directors have prepared the annual accounts on a going concern basis.

SUBSIDIARIES OF THE COMPANY

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheets, Profit & Loss Account together with the Report of the Directors and Auditors thereon of HB Prima Capital Ltd. and Mount Finance Ltd. are attached.

Both of the aforesaid subsidiaries with a view to synchronize their accounting period with that of the company for facilitating easy consolidation of accounts, have changed their accounting year to commence from 1st of April of every year and end on 31st of March of the following year and accordingly the accounts of the subsidiaries for the year ended 30th September 2002 (12 months) and period ended 31st March 2003 (6 months) are attached.

As required under the Listing Agreement the consolidated accounts are also annexed.

CORPORATE GOVERNANCE

The Corporate Governance Report for the period under review is annexed hereto and forms a part of the Directors' Report.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's securities are listed at Delhi, Chennai, Ahmedabad and Mumbai Stock Exchanges. With a view to avoid multiple compliance and also as a cost reduction measure, the approval of the shareholders for delisting from the Stock Exchanges at Chennai, Kolkata and Ahmedabad had already been obtained. In terms of the SEBI Delisting Guidelines, 2003 the company has already applied for delisting from the above Stock Exchanges.

As the said Delisting Guidelines do not differentiate the delisting from regional and/or other Stock Exchanges, it is also proposed to obtain the approval of the shareholders for delisting from Delhi Stock Exchange as well, considering scant/practically no trading in the said Exchange. The aforesaid delisting would not in any way affect the liquidity, as the shares of the company would continue to remain listed at National Stock Exchange and the Stock Exchange, Mumbai.

AUDITORS REPORT

Observations of the Auditors have been explained, wherever necessary, by appropriate notes to accounts. However, as regards the Unclaimed Dividend and Debentures Interest and other balances which are to be transferred to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956, the company has already initiated/taken necessary steps for transferring the unpaid/unclaimed balances and the same would be completed on priority upon the completion of reconciliation process initiated by the concerned banks.

AUDITORS

The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTORATE

Mr. K.N. Malhotra and Mr. Lalit Bhasin are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. R. D. Thapar resigned from the directorship of the company with effect from 29th June 2002 owing to his ill health. The Board wishes to place on record its deep appreciation of his guidance, during his long association, in directing the affairs of the company.

The tenure of Mr. J.M.L. Suri as Executive Director of the company would expire on 30th June 2003. The Board of Directors has reappointed him as Executive Director, vide resolution passed at the meeting held on 21st May 2003 for a further term of 5 years on the existing remuneration subject to the approval of shareholders at the ensuing Annual General Meeting. The details of the remuneration and the terms and conditions of reappointment are disclosed in the Explanatory Statement annexed to the Notice of the ensuing Annual General Meeting.

ACKNOWLEDGMENTS

Your Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Company's Bankers, Shareholders and contribution by the Employees of the Company.

**FOR AND ON BEHALF OF THE BOARD
FOR HB STOCKHOLDINGS LIMITED**

**Place : New Delhi
Date : 21st May, 2003**

**H.C. BHASIN
CHAIRMAN**



HB STOCKHOLDINGS LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	HB Prima Capital Ltd.	Mount Finance Ltd.		
The Financial Year of the subsidiary ended on	31.03.03	30.09.02	31.03.03	30.09.02
No. of Equity Shares held by the Holding Company as on date				
(Face Value of Equity Shares - Rs.10/-)	10,00,000	10,00,000	830,006	830,006
Extent of Holding	100%	100%	100%	100%
The Net Aggregate of the profit/(loss) of subsidiary so far as they concern the members of the company for the year period 31st March 2003				
(i) for the financial year of the subsidiary	(52384)	(121141)	(178864)	734278
(ii) for the previous financial periods of the subsidiary	(364574)	(255933)	(5296194)	(6030472)
The net aggregate of the profit/(loss) of subsidiary so far as they concern the members of the company and which are dealt with the accounts of the company for the year ended 31st March 2003				
(i) for the financial year of the subsidiary	Nil	Nil	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results

The working/results for the period under review being for 16 months is not strictly comparable to the results for the previous year.

The company earned an operational income of Rs.37.93 lakhs during the period under review compared to the loss of Rs.125.28 lakhs in the previous year. The administrative expenses during the period under review was Rs.15.95 lakhs which if annualised (for enabling comparison with the previous year figures) comes to Rs.11.96 lakhs as against Rs.15.16 lakhs in the previous year. Similarly the company has effected reduction in interest and financial charges, which was Rs.86.58 lakhs (Rs.64.94 on annualised basis) as against Rs.217.25 lakhs in the previous year.

2. Industry Trends and Business Analysis

During the period under review, the sentiments in the stock market continued to be sluggish as a result the market was stagnant. The BSE Sensex which opened at 3287.56 in December 2001 closed at 3048.72 in March 2003, with a high of 3758.27 during March 2002 thus registering a fall of 7% during the period. Similar trend has been registered by NSE Nifty, which opened at 1067.2 in December 2001 closed at 978.2 in March 2003 touching a high of 1205.95 in February 2002. Seen under the backdrop of a stagnant and subdued sentiment of the stock market, the company's performance is considered satisfactory.

3. Opportunities and Threats

The decade long sustained reform measures by SEBI has brought in greater transparency in the Stock Market more in line with the market in developed countries. The introduction of trading in derivatives has also added more depth to the Indian Stock Market and the growth of derivative segment is slowly gaining momentum. The reform measures over the years have attracted investments from foreign institutional investors. With the Economic activity picking up momentum and with investor friendly measures and bold investments in infrastructure front from the Government, the Indian Stock Market is poised to record good growth and a promising potential of better returns in the long run. The Company hopes to leverage its strength and experience in stock market operations and expect to turn better financial results in the coming years and ward of competitive pressures from other players.

4. Future Prospects and Outlook

Future outlook for NBFCs especially for a company engaged predominantly in the business of investment in securities, its fortune is always linked to the outlook and growth of the overall economy. The Government's initiative to stimulate growth by infrastructure investment initiatives coupled with the reforms measures in banking and insurance sector and steps taken to ensure low interest rate regime should augur well for the economy in the long term. Further the government, in its recent budget proposals for the year 2003-2004 has also taken initiatives to pep up the sentiment of stock market by abolition of taxation of dividends in the hands of recipient. The derivatives market is also picking up increasing the depth and range of Indian Stock Market. Your Company has already taken steps to enter trading in derivatives by leveraging its strength in the stock market operations. The Government's effort to disinvest PSUs, especially Maruti, through retail market (by inviting bids) is step in the right direction and is likely to galvanize an otherwise dormant primary market segment and revive the fortunes of Indian Stock Market. With its consistent emphasis on controlling/minimising expenses and efforts to increasing the revenue, the company hopes to achieve profitability in its operations in the coming years.

5. Risks and concerns

The company is exposed to the normal industry risk factors being associated with capital market, which inter alia includes economic/ business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility, and credit risk. Company manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

6. Internal control system and their adequacy

The company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, and that the transactions are authorised, recorded and reported correctly.

The company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls.

7. Financial performance

a) Share Capital: The Company's issued and subscribed share capital consists of Equity Share capital only. The paid-up share capital of the company as at 31st March 2003 stood at Rs.2431.66 lakhs comprised of 25443257 Equity Shares of Rs.10/- each. Though the Board of Directors of the company has obtained necessary approvals from the shareholders under section 81(1A) of the Companies Act, 1956 for issuing Redeemable Preference Shares, the company has not

yet made any issue owing to subdued sentiments on the stock market.

- b) Reserves and Surplus: During the period under review the reserves and surplus (net of accumulated loss amounting to Rs.6166.49 lakhs) stood at Rs.3826.95 lakhs as against Rs.4394.23 lakhs during the previous year.
- c) Loans: The unsecured loan during the year increased during the year to Rs.400 lakhs from 300 lakhs.
- d) Current Assets & Current Liabilities: The current assets and current liabilities stood at Rs.1494.93 lakhs and Rs.1942.25 lakhs respectively against Rs.2520.04 and Rs.3269.87 lakhs for the last year. The net current assets/(current liabilities) [Current Assets less Current Liabilities] as at the end of the period stood at (Rs.447.53) lakhs compared to (Rs.749.83) lakhs.

8. Human Resources

The company has a team of able and experienced industry professionals and follows a good man management practices as the company recognises the employees as its foremost assets and partners in its endeavors to achieve excellence in its operations.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Corporate Governance refers to a set of policies, principles, laws, rules, regulations and procedures that enable the company to attract best financial & human resources and to perform efficiently to maximise the long term value for the shareholders. Your company is committed to uphold the good governance values and has been practicing the same over the years. Your directors deeply recognise that it is your company and that you must know what is happening all around.

Size and Composition of the Board

The Board of your Company comprises of 6 directors, out of whom 5 directors are non-executive directors and 3 directors are independent professionals. Mr. Harish Chander Bhasin is the Promoter of your Company and is its Chairman. The non-executive directors are proficient in their fields and bring with them tremendous experience in the areas of finance, legal, corporate affairs and management. Mr. J.M.L. Suri, the Executive Director of your Company, has to his credit over 42 years of corporate experience in renowned Indian and multinational companies. He is responsible for the overall management of the company. The composition of the Board is in conformity with the amendments made in the listing agreement.

7 Meetings of the Board of Directors of the Company were held during the period under review (i.e. from 1.12.2001 to 31.03.2003) on 21st December 2001; 28th February 2002; 30th March 2002; 29th June 2002; and 30th September 2002; 24th December 2002; 27th March 2003. The Particulars regarding composition of the Board of Directors and their attendance in the Meetings held during the period under review are given hereunder:

Name of the Director	Category	No. of other Directorships	No. of Board Meetings attended during the period	Attended Last AGM
Mr. H. C. Bhasin	Non-Executive	14	6	No
Mr. R.D. Thapar#	Independent & Non-Executive	N.A	Nil	No
Mr. K. N. Malhotra	Independent & Non-Executive	5	7	No
Mr. Lalit Bhasin	Non-Executive	14	7	Yes
Mr. P. K. Mittal	Independent & Non-Executive	Nil	7	No
Mr. P. S. Mathur	Independent & Non-Executive	4	2	Yes
Mr. J.M.L. Suri	Executive	5	7	Yes

* Committees, private limited, overseas corporate body and trusts not included

Resigned with effect from 29th June 2002.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third directors of the Company retire at every Annual General Meeting. Accordingly, Mr. K.N. Malhotra and Mr. Lalit Bhasin will retire by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for reappointment.

The tenure of Mr. J.M.L. Suri as Executive Director would expire on 30th June 2003. The Board of Directors has, subject to the approval of the shareholders at the ensuing Annual General Meeting, reappointed Mr. Suri as Executive Director for a further term of 5 years w.e.f. 1st July 2003 on same remuneration.

Board Committees

The Board of Directors has in its Meeting held on 7th March, 2001, constituted 2 Committees namely; the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and Shareholders Committee. No Remuneration Committee has been constituted being non-mandatory requirement under the Listing Agreement.

The Audit Committee of the Board comprises of Mr. P.S. Mathur (Chairman of the Committee), Mr. P.K. Mittal and Mr. Lalit Bhasin. The terms of reference, inter alia, includes laying down, review and revise the accounting policies of the company; review of financial operations and performance of the company, review the quarterly/ half yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors, consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company, appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/or review the appointment and removal of auditors of the company, consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of the company and ensure compliance of the same, receive, discuss and consider the observations and reports of the internal auditors and auditors of the company time to time, review and investigate on matters of financial nature, as and when deemed necessary and expedient, give report and/or recommendations to the Board on the matters concerning financial operations of the company, consider and act on any matters as or included Under Clause 49 of the Listing Agreement and/or as may be so included from time to time.

During the period under review, 6 meetings of the Audit Committee were held on 28-02-2002; 30-



HB STOCKHOLDINGS LIMITED

03-2002; 29-06-2002; 30-09-2002; 24-12-2002; and 27-03-2002. Mr. P.K. Mittal and Mr. Lalit Bhasin attended all the 6 meetings and Mr. P.S. Mathur attended 4 meetings.

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

During the period under review, 4 meetings of the Shareholders Committee were held on 28-02-2002; 19-07-2002; 29-11-2002; and 24-12-2002. The meetings were attended by all the members of the Committee.

Remuneration paid to Directors during the period (01.12.2001 to 31.03.2003) is as under:

Director	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. H. C. Bhasin	Father of Mr. Lalit Bhasin	12000	Nil	Nil
Mr. K. N. Malhotra	—	22000	Nil	Nil
Mr. R. D. Thapar	—	Nil	Nil	Nil
Mr. P. S. Mathur	—	8000	Nil	Nil
Mr. P. K. Mittal	—	20000	Nil	Nil
Mr. Lalit Bhasin	Son of Mr. H. C. Bhasin	18000	Nil	Nil
Mr. J. M. L. Suri	—	Nil	9,57,529	Nil

Shareholders' Information

(A) Details of Annual General Meetings:

(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2000-01	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	31.05.2002	10.00 A.M.
1999-00	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	30.05.2001	10.00 A.M.
1998-99	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	05.05.2000	10.00 A.M.

(ii) Whether Special Resolutions were put through postal ballot last year No
 (iii) Are polls proposed to be conducted through postal ballot this year No

(B) No dividend has been paid by the company since the vesting of real estate division of HB Stockholdings Ltd. to it pursuant to a trifurcation under a Scheme of Arrangement sanctioned by High Court.

(C) The Register of Members and Share Transfer Books of the Company shall remain closed from 21.08.2003 to 28.08.2003 (both days inclusive). The previous Book Closure remained w.e.f. 23.05.2002 to 27.05.2002 (both days inclusive).

(D) The transactions with the related parties have been annexed to the Notes to Accounts (Refer to Note No. 15 of Schedule 14 to the Balance Sheet and Profit and Loss Account) and hence not reproduced here.

(E) No penalty has been imposed by the Stock Exchanges or SEBI or any other Statutory Authority nor any strictures have been passed by them during the last three years.

(F) Means of Communication

- Half yearly reports sent to each household of shareholder No
- Quarterly Results Sent to each shareholder No
- In which newspaper the results are normally published in The Pioneer & Veer Arjun
- Any Website, where results are displayed No
- Whether MD&A are part of Annual Report Yes
- Whether shareholders information system is part of AR Yes

(G) Your company is contemplating to place all shareholders information on its proposed Website, for which efforts are being made.

(H) Registrar and Share Transfer Agent of the company: RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017. Fax 24692345. E-mail: rcmc@dimensioni.net

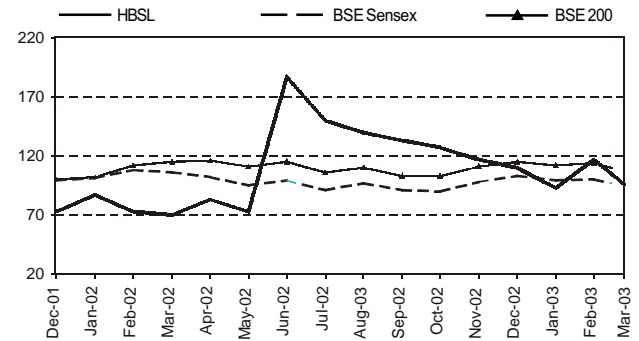
(I) The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR-23/ 2000 dated 29th May 2000.

(J) The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE550B01014.

(K) The Stock Market Data and Performance Indicators of HB Stockholdings Ltd. at BSE and NSE are summarised as under :

Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Dec-01	2.25	1.1	1.1	3320	2.85	1.1	2.85	865
Jan-02	1.5	1	1.3	4906	2.4	1.45	1.45	1471
Feb-02	1.55	0.85	1.1	14786	1.7	1.45	1.6	6297
Mar-02	1.8	0.85	1.05	23589	1.75	1.55	1.75	2632
Apr-02	1.5	0.7	1.25	19072	1.95	1.1	1.45	23907
May-02	1.7	1.05	1.1	5676	2.05	1.2	1.5	11075
Jun-02	3.4	1.1	2.8	23498	3.55	1.25	2.8	53214
Jul-02	3.8	1.75	2.25	29701	4.1	1.8	1.8	67214
Aug-02	2.5	1.9	2.1	161817	2.7	1.65	2.25	22884
Sep-02	2.95	1.7	2	638349	2.65	1.75	2	38048
Oct-02	3	1.65	1.9	12865	2.9	1.5	2.2	8000
Nov-02	2.2	1.35	1.75	11743	4	1.45	2.05	26188
Dec-02	2.15	1.4	1.65	21228	2.6	1.55	1.6	24077
Jan-03	2.2	1.3	1.4	25026	2.2	1.5	1.6	39481
Feb-03	2	1.25	1.75	13907	2	1.2	1.2	16597
Mar-03	1.75	0.9	1.3	14158	1.9	1.15	1.8	10992

(L) Relative performance vis-à-vis major indices



(M) Stock Performance-Absolute returns vis-à-vis Major Indices during the period under review

HB Stock	14%
BSE Sensex	(-)7%
BSE 200	5%

(N) The Company's Scrip Codes at Various Stock Exchanges are as under:

HB Stockholding Ltd.	Scrip Code
BSE, Mumbai	32216
NSE, Mumbai	HBSTOCK
DSE, Delhi	8010
MSE, Chennai	HBL
CSE, Kolkata	18086
ASE, Ahmedabad	HB STOCK/23788

(O) The Dematerialisation of Shares and Liquidity: 51.07%

(P) Dr. Sanjeev Kumar, Vice President (Legal) & Company Secretary is the compliance officer of the company.

(Q) The distribution of shareholdings of the company as on 31st March 2003 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	145764	99.00	11982838	47.10
501-1000	976	0.66	697987	2.74
1001-2000	284	0.19	390873	1.54
2001-3000	78	0.05	190859	0.75
3001-4000	35	0.02	127100	0.50
4001-5000	20	0.01	91747	0.36
5001-10000	29	0.02	208632	0.82
10001 and above	49	0.03	11753221	46.19
TOTAL	147235	100.00	25443257	100.00

(R) The category-wise distribution of Shareholders as on 31st March 2003 is as follows:

Category	No of Shares held	% of Shareholding
A. Promoters Holding		
- Promoters	9152849	35.97
- Persons acting in concert	509630	2.00
B. Others		
- Mutual Funds and UTI	354974	1.40
- Banks/Financial Institutions	825050	3.24
- Foreign Institutional Investors	—	—
- Private Corporate Bodies	844943	3.32
- NRIs/OCB	296629	1.17
- Indian Public	13459182	52.90
TOTAL	25443257	100.00

(S) Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to Executive Director for transfer of shares up to 10,000 Shares under one folio at a time, beyond which the matters are placed before the shareholders Committee, which meets as and when, required. The statistics of share transfers approved during the period including demat of shares are as under:

Transfer Period	No of cases#	No of Shares#	% to Shares
1-15	6389	1390544	100
16-30	—	—	—
31 & Above	—	—	—

includes requests for dematerialisation of holding

(T) The status of Investor's Grievance Redressal during the period 1-12-2001 to 31-03-2003 is as under:

Nature of Grievance	Received	Cleared
Relating to Transfer, Transmission, Change of address etc.	42	42
Nomination	5	5
Demat/Remat of securities	60	60
Issue of Share Certificates on replacement/duplicate etc.	6	6
Others	226	218



HB STOCKHOLDINGS LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges.

CERTIFICATE

To the Members of HB Stockholdings Limited,
New Delhi.

We have examined the compliance of conditions of Corporate Governance by HB STOCKHOLDINGS LIMITED for the period ended on 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company and the management have certified that as on 31st March, 2003 there were 8 Investors' Grievances remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 21st May, 2003

Amit Goel
Partner

AUDITORS' REPORT

THE MEMBERS OF HB STOCKHOLDINGS LIMITED

We have audited the attached Balance Sheet of M/s. **HB STOCKHOLDINGS LIMITED** as at 31st March, 2003 and also the Profit and Loss Account for the period from 01/12/2001 to 31/03/2003 annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Profit & Loss Account and Balance Sheet comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - As informed and explained to us, none of the directors of the company is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to *Note No. 7 of Schedule "14" regarding pending reconciliation and transfer of unclaimed dividend/debenture interest etc to Investor Education & Protection Fund under section 205C of Companies Act, 1956 and adjustments to such account as stated in said note* and read together with significant accounting policies and other notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2003 and
 - In the case of the Profit & Loss account of the Loss for the Period ended on that date.

FOR P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 21st May, 2003

Amit Goel
Partner

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB STOCKHOLDINGS LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2003

(Referred to in paragraph 1 thereof)

- The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. We have been informed that most of the assets have been physically verified by the Management as per verification program which in our opinion is reasonable and no material discrepancies were noticed on such verification carried out during the Period.
- None of the Fixed Assets have been revalued during the period.
- In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate but needs further strengthening in relation to the size of the Company and the nature of its business, the discrepancies noticed on such verification as compared to book records were not material and have been dealt with in the books of account.
- The valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as during the immediately preceding previous year.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998. Advances have however been granted to various parties interest free without any stipulation as to recovery.
- Loans and advances to employees are interest free from whom installments, wherever stipulated are being generally recovered. Loans & Advances to subsidiary Companies are interest free without any stipulation as to recovery. Advances have also been granted to various parties, interest free without any stipulation as to recovery..
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of leased and other assets and for the sale and purchase of shares and debentures.
- The Company has entered into transactions for sale and purchase of shares/debentures with firms, companies, and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 aggregating to more than Rs. 50,000/- during the period. These transactions have taken place at prevailing market prices.
- As per the information and explanations given to us, the Company has not accepted any deposits from the Public during the period.
- In our opinion the Company has an internal audit system commensurate with the size of the company and the nature of its business.
- According to the records of the Company, it has been generally regular in depositing the Provident Fund dues with the appropriate authorities during the year.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice nor have we been informed of any such expenses by the management.
- The service activities of the Company are such that the question of allocation of man-hours to the relative job does not arise. Consequently the authorization and control on the allocation of labour to jobs is not applicable.
- The Company has maintained proper records of transactions and contracts in respect of trading in shares/debentures and timely entries have been made therein. All the shares and debentures are held by the company in its own name or pledged with banks & other except shares valuing Rs. 26.69,575/- at year end either sent for transfer to the companies or held with corresponding transfer deeds or being in the process of dematerialisation in its name. As per Depository Participants statements there are some shares in the name of company pertaining to others for which the company has obtained/in the process of obtaining confirmations from the respective parties.
- The Company is not a Sick Unit within the meaning of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985.
- Other Clauses of the aforesaid order are not applicable to the company during the period under review.

FOR P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 21st May, 2003

Amit Goel
Partner

HB STOCKHOLDINGS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedules	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	243166259.00	243166259.00
Reserves & Surplus	2	999344163.22	999344163.22
LOAN FUNDS			
Unsecured Loans	3	40000000.00	30000000.00
TOTAL		1282510422.22	1272510422.22
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	41561872.80	37816588.80
Less : Depreciation		33764858.89	32837147.59
Net Block		7797013.91	4979441.21
INVESTMENTS			
	5	700663142.33	782593414.66
CURRENT ASSETS, LOANS & ADVANCES			
Stock in Trade	7	2460552.70	3710485.00
Sundry Debtors		8006335.00	121632261.38
Cash & Bank Balances		15804440.39	12787230.39
Loans and Advances		123221292.31	113874287.35
		149492620.40	252004264.12
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	8	37044701.26	116718204.49
Provisions		157180507.89	210269217.25
		194225209.15	326987421.74
NET CURRENT ASSETS		(-) 44732588.75	(-) 74983157.62
MISCELLANEOUS EXPENDITURE 9			
(to the extent not written off/adjusted)		2133846.09	4819111.42
PROFIT & LOSS ACCOUNT			
(As per annexed Account)		616649008.64	555101612.55
TOTAL		1282510422.22	1272510422.22
SIGNIFICANT ACCOUNTING POLICIES 13			
NOTES ON ACCOUNTS 14			

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Dr. Sanjeev Kumar
Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Director

Place : New Delhi
Date : 21-05-2003

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01/12/2001 TO 31/03/2003

	Schedules	Period Ended 31st Mar., 2003 (Rs.)	Year Ended 30th Nov., 2001 (Rs.)
INCOME			
Income from Operations	10	3793493.47	(-) 12528220.08
Other Income		526580.39	946250.89
TOTAL		4320073.86	(-) 11581969.19
EXPENDITURE			
Administration & Other Expenses	11	15949829.86	15162405.46
Interest & Financial Charges	12	8658217.56	21724611.29
TOTAL		24608047.42	36887016.75
Profit/Loss(-) before Depreciation		(-) 20287973.56	(-) 48468985.94
Depreciation		927711.30	856378.81
Miscellaneous Expenditure Written off		2685265.33	2013949.00
Provision for Sub standard & doubtful Debts		8006335.00	—
Profit/Loss(-) for the Period before Taxation		(-) 31907285.19	(-) 51339313.75
Provision for Taxation			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		(-) 31907285.19	(-) 51339313.75
Prior period adjustments		(-) 29640110.90	573577.34
Loss brought forward from last year		(-) 555101612.55	(-) 504335876.14
Balance carried to Balance Sheet		(-) 616649008.64	(-) 555101612.55
Basic and Diluted Earning per Share		(-) 2.42	(-) 2.00
SIGNIFICANT ACCOUNTING POLICIES 13			
NOTES ON ACCOUNTS 14			

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Dr. Sanjeev Kumar
Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Director

Place : New Delhi
Date : 21-05-2003

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2003 (Rs.)	As at 30th November, 2001 (Rs.)
AUTHORISED		
7,00,00,000(Previous Year 10,00,00,000)		
Equity Shares of Rs.10/- each	700000000.00	1000000000.00
3,00,00,000 (Previous Year Nil)		
Redeemable Preference Shares of Rs.10/- each	300000000.00	—
	1000000000.00	1000000000.00
ISSUED, SUBSCRIBED AND CALLED-UP		
2,54,43,257 Equity shares of Rs.10/- each Fully Called-up.	254432570.00	254432570.00
Less : Allotment Money Receivable (Other than Directors)	(-) 11266311.00	(-) 11266311.00
TOTAL	243166259.00	243166259.00

SCHEDULE '2': RESERVES AND SURPLUS

	As at 31st March, 2003 (Rs.)	As at 30th November, 2001 (Rs.)
SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	(-) 55581523.78	(-) 55581523.78
	998867163.22	998867163.22
INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
TOTAL	999344163.22	999344163.22
SCHEDULE '3' : UNSECURED LOANS		
UNSECURED LOANS		
Inter-Corporate Loans	40000000.00	30000000.00
TOTAL	40000000.00	30000000.00

SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	Opening As at 01.12.2001 Rs.	Addition during the period Rs.	Sales/Adj during the period Rs.	Total As at 31.03.2003 Rs.	Upto 30.11.2001 Rs.	For the period Rs.	Adjustments Rs.	Total upto 31.03.2003 Rs.	As at 31.03.2003 Rs.	As at 30.11.2001 Rs.
LEASED ASSETS										
Plant & Machinery	27545288.13	—	—	27545288.13	27545288.13	—	—	27545288.13	—	—
Vehicles	140995.26	—	—	140995.26	140995.26	—	—	140995.26	—	—
Own Assets										
Office Equipment	1666211.83	27990.00	—	1694201.83	493721.50	106525.08	—	600246.58	1093955.25	1172490.33
Vehicles	2373608.50	—	—	2373608.50	870252.75	300245.22	—	1170497.97	1203110.53	1503355.75
Furniture & Fixture	2984339.08	3606544.00	—	6590883.08	1079899.01	465925.99	—	1545825.00	5045058.08	1904440.07
Data Processing Machinery	2573925.00	13750.00	—	2587675.00	2556394.04	18758.37	—	2575152.41	12522.59	17530.96
Air Conditioners	467261.00	97000.00	—	564261.00	124652.67	32148.14	—	156800.81	407460.19	342608.33
Generator Set	64960.00	—	—	64960.00	25944.23	4108.50	—	30052.73	34907.27	39015.77
TOTAL	37816588.80	3745284.00	—	41561872.80	32837147.59	927711.30	—	33764858.89	7797013.91	4979441.21
PREVIOUS YEAR	36968996.60	1687046.70	839454.50	37816588.80	32627375.47	856378.81	646606.69	32837147.59	4979441.21	4341621.13

SCHEDULE '5' : INVESTMENTS

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(A) CURRENT INVESTMENTS					
QUOTED (TRADE) FULLY PAID UP EQUITY SHARES					
ACC LIMITED	10	—	—	17500	2659853.10
ADVANI HOTELS (INDIA) LIMITED	10	1200	80040.00	1200	80040.00
AEGIS LOGISTICS LIMITED	10	900	22927.00	900	22927.00
AHLUWALIA CONTRACTS (INDIA) LTD	10	1000	50857.20	1000	50857.20
ALPS INDUSTRIES LTD	10	31004	2478816.72	46100	4096619.35
AMTEK INDIA LTD	10	—	—	6100	171105.00
AMTREX HITACHI APPLIANCES LTD	10	200	6289.53	200	6289.53
ANANT RAJ INDUSTRIES LIMITED	10	14000	304500.00	14000	304500.00
ANG EXPORTS LIMITED	10	10000	100000.00	10000	100000.00
APOLLO TYRES LIMITED	10	450	40539.67	4075	367109.24
ARVIND LIQUID GASES LIMITED	10	10000	182500.00	10000	182500.00
ARVIND MILLS LIMITED	10	500	17313.63	500	17313.63
ASHIMA LTD	10	100	3742.02	100	3742.02
ASHOK LEYLAND LIMITED	10	20	2458.26	2970	365051.32
ATLAS CYCLE INDUSTRIES LIMITED	10	—	—	1500	457500.00
ATUL LIMITED	10	50	1571.66	50	1571.66
AURBINDO PHARMACEUTICALS LTD	10	—	—	1300	436689.06
B S REFRIGERATR LTD	10	7983	106964.22	7983	106964.22
BAJAJ AUTO LIMITED	10	20	11248.78	20	11248.78
BALLARPUR INDUSTRIES LIMITED	10	5703	246441.15	19242	1240451.14
BALMER LAWARIE & COMPANY LIMITED	10	—	—	11335	1161837.50
BALRAMPUR CHINI MILLS LIMITED	10	265	36153.97	265	36153.97
BANK OF BARODA LIMITED	10	—	—	1400	113360.24
BANK OF INDIA LIMITED	10	—	—	8900	257116.16
BARODA RAYON CORPORATION LIMITED	10	1750	112875.00	1750	112875.00
BEE ELECTRONIC MACHINES LIMITED	10	300	9368.38	200	8908.38
BHAGATWATI INDUSTRIES LTD	10	32	160.32	32	160.32
BHARAT GEARS LIMITED	10	3074	178292.00	7400	429200.00
BHARAT HOTELS LIMITED	10	150	6751.76	1232	55454.43
BHARTIYA INTERNATIONAL LTD	10	4789	158558.13	500	65188.03



HB STOCKHOLDINGS LIMITED

SCHEDULE '5' INVESTMENTS (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
BHUSAN STEELS AND STRIPS LIMITED	10	2800	56000.00	3300	220773.00
BIHAR SPONGE IRON LIMITED	10	9700	126100.00	9700	126100.00
BIRLA ERICSSON OPTICAL LIMITED	10	—	—	10500	1328346.00
BPL LIMITED	10	400	50908.90	400	50908.90
BRITANNIA INDUSTRIES LIMITED	10	255	75450.00	255	75450.00
BSL LIMITED	10	—	—	578	70805.00
CEAT LTD	10	163143	6488061.54	179455	7421011.74
CENTRAL INDIA LTD	10	438	18423.76	—	—
CENTURIAN BANK LTD	10	3000	30889.20	14975	138146.09
CERA SANITARYWARE LTD	10	9600	272714.95	—	—
CHENNAI PETRO LTD	10	600	31950.00	600	31950.00
CHESLIND TEXTILES LIMITED	10	94	1463.18	5700	88725.00
CIBA SPECIALITY LTD	10	50	500.00	75	750.00
COLGATE-PALMOLIVE (INDIA) LIMITED	10	—	—	2700	833968.26
COMPACT DISC INDIA LIMITED	10	47700	1102543.00	47700	1102543.00
CORPORATION BANK LTD	10	100	11643.90	100	11643.90
CROMPTON GREAVES LIMITED	10	1294	50256.91	26484	570027.16
DAEWOO MOTORS LIMITED	10	300	3930.63	300	3930.63
DALMIA CEMENT (BHARAT) LIMITED	10	222	90770.42	6023	2462658.84
DATAPRO INFORMATION LTD	2	40500	108945.00	40500	108945.00
DCL POLYESTERS LIMITED	10	—	—	876	18423.76
DCM LIMITED	10	24100	2618782.43	24100	2618782.43
DCM SHRIRAM CONSOLIDATED LIMITED	10	12	739.36	12	739.36
DCM SHRIRAM INDUSTRIES LIMITED	10	15950	665282.25	15950	665282.25
DENSO INDIA LIMITED	10	4400	136975.60	4400	136975.60
DESIGN AUTO LTD	10	671400	3953866.50	80100	571630.00
DIGITAL WORLD INDIA LIMITED	10	162400	3136228.37	162400	3136228.37
DSQ SOFTWARE LIMITED	10	100	64054.10	100	64054.10
EICHER LIMITED	10	—	—	4600	410260.20
EICHER MOTORS LIMITED	10	—	—	26500	536095.00
EIH LIMITED	10	21	8171.07	21	8171.07
ESCORTS LIMITED	10	12886	832013.64	86	13664.20
ESSAR SHIPPING LIMITED	10	400	3387.43	400	3387.43
ESSAR STEEL LIMITED	10	41480	1413052.77	16480	1178762.77
FLEX LTD	10	2181	33704.16	10938	169030.76
GERMAN REMEDIES LTD	10	250	91357.50	250	91357.50
GKN DRISHAFT LTD	10	—	—	56663	2186783.84
GLOBAL TRUST BANK LTD.	10	77500	2109425.68	—	—
GODREJ SOAPS LIMITED	10	378	13178.68	383	13352.99
GOODYEAR INDIA LTD	10	—	—	100	15295.94
GRAUR & WEIL LTD	10	3100	341000.00	1550	341000.00
GREAVES LIMITED	10	10520	984660.16	14795	984660.16
GTN TEXTILES LIMITED	10	800	114887.64	1000	143609.55
GUJARAT HEAVY CHEMICALS LIMITED	10	—	—	100	915.00
GUJARAT TELEPHONE CABLES LIMITED	10	22600	994400.00	22600	994400.00
HARYANA LEATHER LIMITED	10	6700	216154.81	6700	216154.81
HARYANA PETROCHEMICALS LIMITED	10	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED	10	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10	22400	1157969.57	22400	1157969.57
HB PORTFOLIO LIMITED	10	100000	1000000.00	100000	1000000.00
HCL INFOTECH SYSTEM LTD	10	100	50701.25	100	50701.25
HDFC BANK LIMITED	10	—	—	5000	1118007.00
HERO HONDA MOTORS LIMITED	10	30	26954.31	30	26954.31
HIMACHAL FUTURISTIC CO LTD	10	—	—	3250	185875.51
HINDUSTAN DEVELOPMENT LTD	10	13000	196464.79	13000	196464.79
HINDUSTAN LEVER LIMITED	1	3	703.45	1757	416269.84
HINDUSTAN MOTORS LIMITED	10	100	1247.67	15700	195884.64
HINDUSTAN OIL EXPLOSION LTD	10	200	3788.00	200	3788.00
HINDUSTAN ORGANICES LTD	10	—	—	1700	41990.00
HINDUSTAN PETROLEUM CORPORATION LIMITED	10	200	45835.06	200	63704.11
HINDUSTAN ZINK LIMITED	10	—	—	25000	475310.00
HINDUSTHAN SAMAC LTD	10	20	20.00	20	20.00
HOTLINE GLASS LIMITED	10	203882	677356.13	1896304	8220343.91
HOTLINE TELETUBE & COMPONENTS LIMITED	10	338572	9645959.87	365482	10497279.23
ICICI BANK CORPORATION LIMITED	10	—	—	500	34557.00
ICP SECURITIES LIMITED	10	1800	18000.00	1800	18000.00
IEC SOFTWARE LIMITED	10	28716	322196.15	700	10026.55
INDDERPRASTHA APOLLO HOSPITAL LTD	10	200	5740.00	200	5740.00
INDIAN ALUMINIUM COMPANY LIMITED	10	—	—	4440	902800.00
INDIAN ORGANIC CHEMICALS LIMITED	10	—	—	450	19125.00
INDIAN PETROLIUM CO LIMITED	10	100	5729.74	100	5729.74
INDIAN RAYON & INDUSTRIES LIMITED	10	29	5689.02	29	5689.02
INDO COUNT INDUSTRIES LIMITED	10	4300	191927.00	4300	191927.00
INDO GULF INDUSTRIES LIMITED	10	633389	40367441.00	633389	40367441.00
INDO RAMA SYNTHETICS (INDIA) LIMITED	10	600	36891.89	600	42000.00
INDO SWISS TIME LIMITED	10	18600	124714.50	18600	124714.50
INDOGULF CORPORATION LTD	10	500	31404.56	500	41511.24
ICICI LIMITED	10	100	13209.65	100	13209.65
INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED	10	600	49959.82	600	49959.82



HB STOCKHOLDINGS LIMITED

SCHEDULE '5' INVESTMENTS (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
INDUSTRIAL FINANCE CORPORATION OF INDIA LIMITED	10	11000	220932.91	44353	890821.57
INFORMATION TECHNOLOGIES LTD	5	10000	4296256.50	10000	4296256.50
INSILCO LTD	10	807	37473.97	43000	1996754.18
IOC LTD	10	—	—	100	12520.00
ION EXCHANGE LTD	10	10851	150979.36	51	4035.05
IPCA LAB LTD	10	1000	134580.00	1000	134580.00
ISPAT PROFILES INDIA LIMITED	5	10000	235020.00	—	—
ISPAT PROFILES INDIA LIMITED	10	—	—	20000	235020.00
ITC HOTELS LIMITED	10	448	57537.58	548	70380.79
ITC LIMITED	10	179	77810.45	449	195178.18
JAIPRAKASH INDUSTRIES LIMITED	10	3052790	107666961.96	3599859	133671257.70
JCT ELECTRONICS LTD	10	48000	444000.00	50000	462500.00
JCT LIMITED	10	7150	128326.91	7150	128326.91
JINDAL IRON & STEEL CO LIMITED	10	—	—	9367	1105253.04
JK INDUSTRIES LIMITED	10	100	2755.00	4075	483774.35
JK SYNTHETICS LIMITED	10	2600	90001.73	2600	90001.73
JUBILANT ORGANO LIMITED	10	—	—	700	142100.00
JULLUNDUR ELECTRONICS LTD	10	124	124.00	124	124.00
JYOTI STRUCTURES LIMITED	10	150	7108.39	150	7108.39
KEC INTERNATIONAL LIMITED	10	300	12065.09	300	12065.09
KERALA CHEMICALS & PROTEINS LIMITED	10	70450	2136088.92	67850	2091652.68
KESORAM INDUSTRIES LIMITED	10	100	3079.64	100	3079.64
KESORAM TEXTILE LIMITED	10	200	4838.93	200	4838.93
KIRAN OVERSEAS EXPORTS LIMITED	10	10000	335000.00	10000	335000.00
KIRLOSKAR FERROUS INDUSTRIES LIMITED	10	10000	404200.00	10000	404200.00
KOCHI REFINERY LTD	10	—	—	250	19783.80
LARSON & TOUBRO LIMITED	10	—	—	3951	981065.21
LCC INFOTECH LTD	10	11260	387984.18	11260	387984.18
LIBERTY SHOES LTD	10	—	—	5700	626509.50
LML LIMITED	10	—	—	2300	122696.83
LUNAR DIAMONDS LIMITED	10	21000	439065.00	21000	439065.00
MACHINO PLASTICS LIMITED	10	7934	79248.50	3400	62050.00
MADHUSUDAN INDUSTRIES LIMITED	10	9600	272714.95	9600	545429.91
MADURA COATS LTD	10	50	2567.72	4550	233662.33
MAHANAGAR TELEPHONE NIGAM LIMITED	10	—	—	400	75118.78
MAHARASHTRA SCOOTERS LIMITED	10	5650	932250.00	5768	951720.00
MAHAVIR SPINNING MILLS LTD	10	3794	301625.86	3894	309575.94
MAHINDRA & MAHINDRA LIMITED	10	45	4823.72	45	21180.89
MALWA COTTON SPINNING MILLS LIMITED	10	59174	7003255.07	38950	6664349.94
MAN INDUSTRIES (INDIA) LIMITED	10	28	585.63	59100	1236095.00
MANALI PETROCHEMICAL LTD	10	51300	356535.00	51300	356535.00
MANGALAM CEMENT LIMITED	10	—	—	1000	73250.00
MARAL OVERSEAS LTD	10	20226	574518.47	53651	1866461.21
METALMAN INDUSTRIES LIMITED	10	300	24998.04	300	24998.04
MODI RUBBER LIMITED	10	—	—	4200	294000.00
MODIPON LIMITED	10	5000	547747.77	12500	1369369.42
N D A SECURITIES LIMITED	10	44600	446000.00	44600	446000.00
NAGARJUNA CEMENT LTD	10	200	1230.00	200	1230.00
NAGARJUNA FERTILISERS & CHEMICALS LIMITED	10	7100	230521.68	75490	2450997.38
NAHAR EXPORT LTD	10	868	14368.40	133501	2212607.47
NAHAR INDUSTRIAL ENTERPRISES LIMITED	10	30030	501387.85	111460	1860962.03
NAHAR INTERNATIONAL LIMITED	10	173617	2262512.34	410950	5355347.95
NAHAR SPINNING MILLS LIMITED	10	11015	884715.32	15065	12100077.84
NATIONAL ORGANICS CHEM INDIA LTD	10	—	—	13330	309922.50
NESTLE INDIA LIMITED	10	—	—	1045	593985.23
NIRMA LIMITED	10	—	—	300	168000.00
NOVA IRON & STEEL LIMITED	10	500	5000.00	500	5000.00
NUCHEM LTD	10	210000	546000.00	210000	546000.00
OIL COUNTRY TUBULAR LTD	10	100	3893.28	100	3893.28
ORIENTAL CARBON & CHEMICALS LIMITED	10	10470	523500.00	10470	523500.00
ORKAY INDUSTRIES LIMITED	10	134000	3149000.00	134000	3149000.00
OSWAL AGRO MILLS LIMITED	10	744589	14305727.64	756988	14543948.61
OSWAL CHEMICALS & FERTILISERS LIMITED	10	—	—	100	2167.27
PADMINI TECHNOLOGIES LIMITED	10	40184	316726.14	33415	384606.19
PANJON LTD	10	—	—	2000	25796.00
PAPER PRODUCT LTD	10	99925	6796124.25	109600	7454142.79
PARRY CONFECTIONERY LTD	10	2550	712496.73	2550	712496.73
PASUPATI ACRYLON LIMITED	10	26125	48973.75	26125	48973.75
PASUPATI SPINNING & WEAVING MILLS LIMITED	10	52000	3278387.50	52000	3278387.50
PATHREJA FORGINGS LTD	10	1000	19325.51	1000	19325.51
PHOENIX INTERNATIONAL LIMITED	10	17200	1075000.00	17200	1075000.00
PHOENIX LAMPS INDIA LIMITED	10	500	14070.00	400	12920.00
PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED	10	250	251006.25	250	251006.25
POLYCHEM LIMITED	10	12500	501825.00	12500	501825.00
PRAKASH INDUSTRIES LIMITED	10	925	3575.51	1025	3962.05
PREMIER VINYL LTD	10	10150	120370.18	10150	120370.18
PRISM MILLS LIMITED	10	10000	187500.00	10000	187500.00
PUNJAB ALKALIES & CHEMICALS LIMITED	10	23443	344467.33	99700	1464974.30
PUNJAB ANAND LAMP INDUSTRIES LIMITED	10	—	—	200	18157.38
PUNJAB TRACTORS LIMITED	10	20	2996.29	20	25763.05

SCHEDULE '5' INVESTMENTS (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
PUNJAB WIRELESS SYSTEMS LIMITED	10	100	6100.00	100	6100.00
RAMA VISION LIMITED	10	18450	557594.76	18450	557594.76
RANBAXY LABORATORIES LIMITED	10	6	4543.69	6	3923.25
RATHI UDYOG LIMITED	10	33500	1247875.00	33500	1247875.00
RATTAN VANASPATI LIMITED	10	72100	721000.00	72100	721000.00
RAYBAN SUN OPTICS INDIA LTD	10	46	4308.08	46	4308.08
RAYMOND LIMITED	10	985	101451.34	985	101451.23
RECRON SYNTHETICS LIMITED	10	—	—	2000	53000.00
RECRON SYNTHETICS LIMITED	5	1000	53000.00	—	—
RELIANCE CAPITAL LIMITED	10	58	4977.62	58	4977.62
RELIANCE INDUSTRIES LIMITED	10	568	146595.16	23372	4606224.12
RELIANCE PETROLEUM LIMITED	10	—	—	140000	4668039.50
ROLTA INDIA LTD	10	250	37052.46	250	33761.07
ROTO PUMPS LIMITED	10	2500	137500.00	2500	137500.00
RRB SECURITIES LIMITED	10	100000	10000000.00	100000	10000000.00
SAHARANPUR ELECTRICALS LTD	10	134	134.00	134	134.00
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000.00	23600	590000.00
SAMTEL COLOUR LTD	10	—	—	3700	128968.93
SAMTEL INDIA LIMITED	10	2700	38475.00	5000	71250.00
SATYAM COMPUTERS LTD	2	—	—	675	144129.84
SAVANI FINANCIALS LIMITED	10	7000	140000.00	7000	140000.00
SHARP INDS LTD	10	6400	28024.11	7300	31965.00
SHIPPING CORPORATION LTD	10	19500	1867838.23	—	—
SHREE CEMENTS LIMITED	10	6750	428625.00	6750	428625.00
SHREYANS INDUSTRIES LIMITED	10	3400	229995.50	3400	229995.50
SHRIRAM HONDA POWER EQUIPMENT LIMITED	10	—	—	2400	319480.00
SIEL LIMITED	10	3900	183069.95	3900	183069.95
SILVERLINE TECHNOLOGIES LTD	10	—	—	400	134905.25
SOUTHERN PETRO CHEMICALS INDUSTRIES CORP. LTD.	10	16950	437282.40	16950	437282.40
SRF LIMITED	10	12	270.93	12	256.68
SRI VASAVI STEEL INDUSTRIES LIMITED	10	10990	590000.00	10000	590000.00
STANDARD INDUSTRIES LIMITED	10	3000	257582.61	3000	257582.61
STI GRANITE INDIA LIMITED	10	2000	34000.00	2000	34000.00
SUBROS LTD	10	6500	280554.15	—	—
SURYA ROSHINI LTD	10	168800	2477219.79	327000	4798879.58
SWARAJ ENGINES LIMITED	10	2000	362595.60	2100	362595.60
TAMILNADU TELECOMMUNICATIONS LIMITED	10	20100	603000.00	20100	603000.00
TANFAC INDUSTRIES LTD	10	—	—	11050	599765.85
TATA CHEMICALS LIMITED	10	—	—	25	8274.41
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10	740	104405.48	6000	524417.20
TATA IRON & STEEL COMPANY LIMITED	10	11	1162.61	418	59304.45
TATA SPONGE IRON LTD	10	—	—	20000	364000.00
TATA TELECOM LIMITED	10	—	—	4250	369750.00
TCFC LIMITED	10	6870	332409.00	6870	332409.00
THERMAX LTD	10	500	77214.58	500	77214.58
THOMAS COOK (INDIA) LIMITED	10	2	955.08	2287	1092133.57
TOP LINE SHOES LIMITED	10	10000	245000.00	10000	245000.00
TRIVENI ENGINEERING & INDUSTRIES LIMITED	10	—	—	6999	716688.78
TTK PRESTIGE LTD	10	300	11689.18	300	11689.18
UNIMERS INDIA LTD	3	5775	444464.00	5775	444464.00
UNITED PRESS OF INDIA LTD	10	5	5.00	5	5.00
UNIVERSAL CABELS LTD	10	5	100.00	5	100.00
UNIVERSAL CANS AND CONTAINERS LIMITED	10	24120	879000.00	24120	879000.00
UP HOTELS LIMITED	10	1900	136630.42	14500	1042705.85
USHA INTERNATIONAL LIMITED	10	12600	1393296.50	12600	1393296.50
VANAVIL DYES & CHEMICALS LIMITED	10	—	—	2262	128325.00
VARDHMAN POLYTEX LIMITED	10	88070	7264949.03	99360	8196268.15
VARDHMAN SPINNING & GEN. MILLS LIMITED	10	15050	2670457.92	15050	2670457.92
VENKY'S INDIA LTD	10	—	—	6900	479404.16
VINYL CHEMICALS (I) LIMITED	10	—	—	5819	232760.00
VIP INDUSTRIES LTD	10	28219	837832.55	66719	1980911.79
VISUAL SOFTWARE LTD	10	—	—	10456	3576742.62
VST INDUSTRIES LIMITED	10	715	195195.00	1140	311220.00
VXL INSTRUMENT LTD	10	22400	476943.88	41605	885859.39
WATERBASE LIMITED	10	29900	1400260.00	29900	1400260.00
WHIRLPOOL OF INDIA LIMITED	10	4300	707329.18	4300	712725.00
WOCKHARFT LIMITED	10	100	27143.05	100	27143.05
XPRO INDIA LTD	10	500	8325.00	—	—
ZUARI AGRO LTD	10	50	3954.13	50	3954.13
TOTAL (A)		8848257	288811487.13	11973186	382087100.66

(B) LONG TERM INVESTMENTS
QUOTED (TRADE) PARTLY PAID UP EQUITY SHARE

BARODA RAYON LTD	10	20	150.00	20	150.00
INDO GULF INDUSTRIES LIMITED	10	340510	7780000.00	340510	7780000.00
JYOTI STRUCTURE LIMITED	10	150	3000.00	150	3000.00
PRAKASH INDUSTRIES LIMITED	10	5850	128700.00	5850	128700.00
SUNDRAM ABEX LIMITED	10	—	—	38	10000.00



HB STOCKHOLDINGS LIMITED

SCHEDULE '5' : INVESTMENTS (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March,2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
IN WHOLLY OWNED SUBSIDIARY COMPANIES					
(Unquoted (Non-Trade) Fully Paid Up Equity Shares)					
HB PRIMA CAPITAL LIMITED	10	1000000	25075000.00	1000000	25075000.00
MOUNT FINANCE LIMITED	10	830006	8300060.00	830006	8300060.00
UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE					
ASSOCIATED INFOTECH LIMITED	10	600000	45000000.00	600000	45000000.00
CREDIT CAPITAL INVESTMENT TRUST CO LTD	10	12570	126858.00	—	—
CREDIT CAPITAL ASSET MANAGEMENT CO LTD.	10	1020000	10276500.00	—	—
HB TELECOMUNICATION LIMITED	10	100	1000.00	100	1000.00
HB INSURANCE ADVISER LTD	10	15000	150000.00	—	—
HARSAI INVESTMENTS LIMITED	10	200000	2000000.00	200000	2000000.00
SOVIKA INFOTECH LTD	10	400000	12000000.00	400000	12000000.00
UNQUOTED(NON-TRADE) FULLY PAID-UP PREFERENCE SHARE					
HB GROWTH FUND LTD	10	50000	500000.00	—	—
HB TELECOMMUNICATION LTD	10	40000	400000.00	—	—
IN MUTUAL FUNDS(UNITS)					
SBI MAGNUM	10	100	1375.00	800.00	11000.00
UTI MASTER PLUS 1991	10	5500	106812.20	10000.00	194204.00
DEBENTURES					
UNQUOTED(NON-TRADE) FULLY PAID UP					
HARSAI INVESTMENTS LTD (OFCD'S)	1000	300000	300000000.00	300000.00	300000000.00
PARTLY PAID UP DEBENTURES					
JINDAL VIJAYNAGAR STEEL LIMITED	40	100	2200.00	100.00	3200.00
TOTAL- (B)		4819906	411851655.20	3687574	400506314.00
TOTAL- (A + B)		13668163	700663142.33	15660760	782593414.66

* Aggregate Cost of Quoted Investments Rs.29,67,23,337/-(Previous Year Rs.39,00,08,951/-)

* Market Value of Quoted Investments Rs.14,00,31,583/-(Previous Year Rs.21,46,63,131/-)

* Aggregate Cost of Unquoted Investments Rs.40,39,39,805/-(Previous Year Rs.39,25,84,464/-)

SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
A. CURRENT ASSETS		
a) Closing Stock of Shares/Debentures		
(As per Schedule "7") taken at Scrip wise lower of Cost or Market Price	2460552.70	3710485.00
b) Sundry Debtors		
(Unsecured considered good unless otherwise stated)		
Considered Good :-		
- Outstanding exceeding six months	—	67666163.59
- Others	—	15877836.24
Considered Doubtful :-		
- Outstanding exceeding six months	8006335.00	38088261.55
c) Cash & Bank Balance		
- Cash in hand (As certified by the Management)	519628.86	762550.01
- Cheques in hand	—	2075850.00
- Balance with Scheduled Banks		
- In Current A/cs	6671108.03	830567.88

SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES (Contd....)

	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
- In Dividend/Debentures Intt. A/cs	1199461.27	1204874.67
- Share Appl. Money refund A/cs	327860.68	328000.68
- In Fixed Deposit A/cs	7021323.49	7360216.49
Interest accrued but not due on above	65058.06	225170.66
TOTAL 'A'	26271328.09	138129976.77
B. LOANS AND ADVANCES		
(Unsecured considered good)		
a) Advances Recoverable in cash or in kind or for value to be received.	110016679.84	101250416.51
b) Advance Tax & Tax Deducted at Source	10977349.82	10250123.19
c) Security Deposits with Govt. Department and others	2227262.65	2373747.65
TOTAL 'B'	123221292.31	113874287.35
TOTAL 'A' + 'B'	149492620.40	252004264.12

SCHEDULE '7' : STOCK IN TRADE

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March,2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES					
AMRIT BANASPATI COMPANY LIMITED	10	1600	22400.00	1600	22400.00
BALLARPUR INDUSTRIES LIMITED.	10	565	20424.75	565	24605.75
BANNARI AMMAN SUGARS LIMITED	10	100	8192.00	5600	458752.26
CAMLIN LIMITED	10	—	—	4000	220000.00
CEAT LIMITED	10	2300	58535.00	2300	44850.00
CROMPTON GREAVES LIMITED	10	215	11051.00	215	4805.25
DAURALA ORGANICS LIMITED	10	100	330.00	100	500.00
DAEWOO MOTORS LIMITED	10	550	742.50	550	2227.50
DCM LIMITED	10	2830	20093.00	2830	17546.00
DCM SHRIRAM INDUSTRIES LIMITED	10	3488	15696.00	3488	17440.00
DCW LIMITED	10	—	—	3243	26106.15
ESSAR STEEL LIMITED	10	1640	11480.00	1640	5986.00
EUROTEX INDUSTRIES & EXPORTS LIMITED	10	477	4293.00	477	3458.25
EXCEL INDUSTRIES LIMITED	10	1688	108791.60	1688	88535.60

HB STOCKHOLDINGS LIMITED



SCHEDULE '7' : STOCK IN TRADE (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 30th November, 2001	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
GINNI FILAMENTS LIMITED	10	3450	15525.00	3350	10217.50
GOLDSTAR STEEL AND ALLOYS LIMITED	10	8120	4060.00	8120	4060.00
HB LEASING & FINANCE CO LTD	10	20800	28080.00	20800	16640.00
HINDUSTAN DEVELOPMENT CORPORATION LIMITED	10	1880	6110.00	1880	6110.00
HINDUSTAN LEVER LIMITED	1	—	—	12000	82200.00
HINDUSTAN MOTORS LIMITED	10	—	—	900	4500.00
HOTLINE GLASS LIMITED	10	—	—	20000	55000.00
INDO GULF INDUSTRIES LIMITED	10	8050	10062.50	8050	10062.50
JAIPRAKASH INDUSTRIES LIMITED	10	103	2853.10	103	3388.70
JCT ELECTRONICS LIMITED	10	3800	9500.00	3800	15010.00
JCT LIMITED	10	502	1606.40	502	1004.00
JK SYNTHETICS LIMITED	10	417	1084.20	417	1376.10
KERALA CHEMICALS & PROTEINS LIMITED	10	250	3525.00	250	4850.00
LARSEN & TOUBRO LIMITED	10	—	—	700	79800.00
MAHINDRA & MAHINDRA LIMITED	10	107	7425.46	107	7425.46
MILKFOOD LIMITED	10	3800	34200.00	3800	23560.00
MYSORE CEMENTS LIMITED	10	133	678.30	5000	40000.00
NAHAR SPINNING MILLS LIMITED	10	130	7852.00	130	6389.50
NESTLE INDIA LIMITED	10	20	3200.00	75	12000.00
ORISSA EXTRUSIONS LIMITED	10	10728	21456.00	10728	21456.00
ORKAY INDUSTRIES LIMITED	10	1650	3052.50	1650	3465.00
OSWAL AGRO MILLS LIMITED	10	11750	17037.50	11750	29375.00
PHILIPS INDIA LIMITED	10	21	1901.55	21	2137.80
RANBAXY LABORATORIES LIMITED	10	54	8100.00	54	8100.00
RELIANCE INDUSTRIES LIMITED	10	85	7014.56	85	7014.56
RELIANCE PETROLEUM LIMITED	10	—	—	100	1000.00
SATYAM COMPUTER LTD	2	—	—	25	5305.00
SHREYANS INDUSTRIES LIMITED	10	11300	24295.00	11300	80795.00
STANFORD ENGINEERING LIMITED	10	46800	163800.00	46800	163800.00
SUNDRAM BRAKE LININGS LIMITED	10	—	—	200	10000.00
SURYA ROSHNI LIMITED	10	6100	68015.00	6100	77165.00
SWARAJ ENGINES LIMITED	10	4400	129394.00	4400	129394.00
TATA ELXSI LTD	10	—	—	100	6215.00
TATA IRON & STEEL COMPANY LIMITED	10	498	66607.50	2018	181216.40
TATA SPONGE IRON LIMITED	10	—	—	1900	33725.00
THOMAS COOK (INDIA) LIMITED	10	983	190259.65	1259	283581.22
TRIVENI ENGINEERING & INDUSTRIES LIMITED	10	40	1180.00	2557	37076.50
UNITED PHOSPHORUS LIMITED	10	100	12880.63	100	4350.00
VARDHMAN POLYTEX LIMITED	10	1570	64213.00	1570	39407.00
VARUN SHIPPING COMPANY LIMITED	10	700	6335.00	700	7630.00
PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	46293	694395.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10	3050	114375.00	3050	114375.00
QUOTED FULLY PAID UP DEBENTURES					
ESSAR SHIPPING LIMITED 13.5% NCD	75	20	1500.00	20	1500.00
HINDUSTAN DEVELOPMENT CORP. LTD. 14% PCD	50	440	17600.00	440	17600.00
SHREYANS INDUSTRIES LIMITED 14% NCD	100	1120	112000.00	1120	112000.00
UNITED PHOSPHORUS LTD 17% SECURED REDEMABLE NCD	25	—	—	10	250.00
QUOTED PARTLY PAID UP DEBENTURES/WARRANTS					
CEAT LIMITED 15% SECURED REDEMABLE PCD	75	900	84600.00	900	84600.00
RELIANCE PETROLEUM LIMITED	50	200	4000.00	200	4000.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	75	3050	228750.00	3050	228750.00
TOTAL		218967	2460552.70	276780	3710485.00

SCHEDULE '8': CURRENT LIABILITIES AND PROVISIONS

	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
(A) CURRENT LIABILITIES		
i) Sundry Creditors(Including due to SSI Unit Nil, previous year Nil)	32718327.80	110794055.84
ii) Advance from Customers	—	144122.50
iii) Investor Education and Protection Fund shall be credited by the following amounts namely :-		
(a) Unpaid Dividend	886904.00	890054.00
(b) Unpaid application money received by the companies for allotment of securities and due for refund;	260824.68	260824.68
(c) Unpaid Matured Deposit	—	—
(d) Unpaid Matured Debentures	—	—
(e) Interest accrued on (a) to (d) above	313157.27	3149063.41
iv) Other Liabilities	1199165.00	539337.68
v) Cheques over issued in Current Accounts	411845.51	349500.33
vi) Interest Accrued but not due	1254477.00	591246.05
TOTAL - A	37044701.26	116718204.49

SCHEDULE '8': CURRENT LIABILITIES AND PROVISIONS (Contd...)

	As at 31st Mar., 2003 (Rs.)	As at 30th Nov., 2001 (Rs.)
(B) PROVISIONS		
i) Provision for Gratuity	268341.68	340403.06
ii) Provision for Leave Encashment	125927.00	131885.00
iii) Provision for Sub Standard & Doubtful Assets	8006335.00	38088261.55
iv) Provision for Diminution in Investments	148779904.21	171708667.64
TOTAL - B	157180507.89	210269217.25
TOTAL - (A + B)	194225209.15	326987421.74
SCHEDULE '9': MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses		
As per Last Account	4819111.42	6833060.42
Less : Amount Written Off	(-) 2685265.33	(-) 2013949.00
TOTAL	2133846.09	4819111.42

SCHEDULE '10' : INCOME FROM OPERATIONS

	Period Ended 31st Mar., 2003 (Rs.)	Year Ended 30th Nov., 2001 (Rs.)
Profit/Loss(-) on sale/Valuation of Shares (Stock in Trade) & Diff in Share Dealing(Net)	1477786.11	(-) 13805072.27
Interest Income :-		
— On Debentures(Tax deducted at Source Rs.307.93 Previous Year Rs. 67,557/-)	1467.76	4011.93
— On Fixed Deposits with banks (Tax deducted at source Rs.1,63,649.60 Previous Year Rs.1,69,291/-)	706777.53	671945.77
Profit/Loss(-) on Sale of Investments (Net)/diminution in value of Investments	(-) 4157654.53	(-) 3669206.29
Dividend Income (Tax deducted at Source Rs.4,01,427.50 Previous Year Rs. Nil.)	5765116.60	4270100.78
TOTAL	3793493.47	(-) 12528220.08

SCHEDULE "11" : ADMINISTRATION & OTHER EXPENSES

Salaries & Benefits	1910867.62	1458829.00
Executive Director's Remuneration	957529.00	786815.00
Contribution to Provident Fund & Other Funds	199394.00	159900.00
Bank Charges	82355.53	811427.14
Directors Meeting Fees	80000.00	42000.00
Listing Fees	142500.00	103250.00
Travelling & Conveyance Expenses	1455977.70	1294705.86
Postage, Telegram and Telephone Expenses	1321878.66	1432816.01
Printing & Stationery	866152.40	831800.36

SCHEDULE '13': SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the period ended 31st March,2003.

A. SYSTEM OF ACCOUNTING :-

The Company follows the accrual system of accounting except in case of :-

- (1) Interest on allotment / call money in arrears on shares and debentures which are accounted as and when received due to practical difficulties.

B. REVENUE RECOGNITION :-

- (1) Lease rental income is accrued over the year of lease commencing from the date of disbursement. Overdue lease rentals are accounted on the basis of certainty of recovery. Sale of leased assets is shown only on full realisation of all dues from the lessee and till such time the same are continued to be shown as leased assets even after expiry of lease agreements and depreciation is also provided on such assets.
- (2) Interest receivable on allotment/call money in arrears on shares and debentures which are accounted as and when received due to practical difficulties.
- (3) Dividend income is accounted on accrual basis.
- (4) Income from services is accounted for on the basis of the bills raised on customers.
- (5) Shares/Debentures are capitalised at cost inclusive of brokerage. Transfer stamps and Depository Charges are charged directly to the Profit and Loss Account. Purchase & Sale of Shares/Debentures are accounted for on the basis of bills thereof.
- (6) All Expenses are accounted for on accrual basis.

C. FIXED ASSETS :-

Fixed Assets are stated at cost less depreciation.

D. DEPRECIATION :-

Depreciation is charged on all assets including leased assets on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

E. INVESTMENTS :-

- (a) Investments (Long Term) are valued at Cost less permanent diminution, if any.
- (b) Investments (Current) are valued at lower of Cost or Market Price on Category-wise basis .

F. STOCK IN TRADE :-

Closing Stock of Shares and Debentures is valued at scrip wise lower of Cost or market price.

G. DEFERRED REVENUE EXPENDITURE :-

Deferred Revenue Expenditure is written off proportionately over a period of ten years.

H. RETIREMENT BENEFITS :-

Leave En-Cashment, Gratuity, Provident fund and Superannuation Fund dues to employees have been accounted for on accrual basis. In respect of Gratuity and Superannuation, the company has taken policy from LIC of India and pay 's contribution to it.

I. TAXATION :-

Tax expenses for the year comprises of Current Tax Deferred Tax charge or credit. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arises mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation / liabilities.

SCHEDULE 14 - NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the period ended 31st March,2003.

1. Cash in hand includes Rs. 1,53,520/- seized by the Income Tax Authority in course of search proceedings carried out on 7th August 1997.
2. There was no employees in receipt of remuneration aggregating to more than Rs.24,00,000/- p.a or Rs. 2,00,000/- or more per month where employed for a part of the period (Previous year Nil).
3. (a) Advances recoverable includes due from subsidiary companies Rs. 3,48,75,000/-

SCHEDULE "11" : ADMINISTRATION & OTHER EXPENSES (Contd...)

	Period Ended 31st Mar., 2003 (Rs.)	Year Ended 30th Nov., 2001 (Rs.)
Office Repairs and Maintenance	1527187.83	996673.02
Electricity Expenses	465217.00	526672.00
Rent, Rates & Taxes	2477038.00	2046384.00
Legal & Professional Charges	2548178.15	1707380.95
Advertisement Expenses	41695.00	191655.00
Business Promotion Expenses	416055.45	404013.92
Miscellaneous Expenses	1065157.62	1953381.59
Donation	0.00	501.00
Share Transfer Expenses	11560.00	11021.71
Staff welfare Expenses	199435.90	275103.90
Auditor's Remuneration		
- Audit Fees	126000.00	90000.00
- Tax Audit Fees	52500.00	26250.00
- Certification & Others (Including Service Tax)	3150.00	11825.00
TOTAL	15949829.86	15162405.46

SCHEDULE '12' : INTEREST & FINANCIAL CAHRGES

On Overdraft from banks	33419.57	7531117.13
On Inter-Corporate Loan	8607946.00	14147207.00
On Others	16851.99	46287.16
TOTAL	8658217.56	21724611.29

(Previous year Rs. Nil) from HB Prima Capital Ltd.,maximum balance outstanding during the period Rs.3,48,75,000/- (Previous year Nil) and Rs.6,33,01,806.12 (Previous year Rs. 6,72,81,806.12) due from Mount Finance Ltd. Maximum balance during the period Rs. ,6,72,91,806.12 (Previous year Rs. 10,13,31,806.12)..

- (b) Advances recoverable includes Rs. Nil (Previous year Rs. Nil) due from Companies / firms and other parties in which Directors are interested. Maximum balance during the year Rs. Nil (Previous year Rs. 2,91,00,000/-).
 - (c) Sundry debtors includes Rs Nil. (Previous year Rs.5,46,35,444.20) due from HB Prima Capital Ltd., Subsidiary Company ., maximum balance outstanding during the period Rs.5,46,35,444.20(Previous year 5,47,83,344.20)
4. Contingent Liability in respect of :
 - (a) Liability in respect of partly paid-up shares/debentures Rs. 66,49,970/- (Previous year Rs.66,58,020/-).
 - (b) Income Tax demand disputed Rs. 4.68 Crores (Previous year Rs. 21.93 Crores) against which appeals are pending with appropriate authorities and in respect of which the management is confident that appeals will be decided in favour of the company.
 - (c) Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.2800 Lacs (Previous year Rs.2800 lacs) in the due course of business.
 5. In the opinion of the management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of the business. Some of the Debtors, Creditors, Loans & Advances balances are subject to confirmations.
 6. Profit/loss(-) on Investments (Net) includes Rs. (-) 2,70,86,418/-on Current Investments (Previous Year Rs.1,34,77,785/-)and Rs.Nil (Previous year Nil) on Long Term Investment, Provision for diminution in value of Investments Rs Nil (Previous year Rs. 1,71,46,991/) Provision for diminution in value of Investments written back Rs.2,29,28,763/-(Previous year Rs. Nil).
 7. Unclaimed Dividend / Debentures Interest and other such balances are taken on the basis of certificate from the respective bank for want of complete information. The amount due for transfer shall be transferred to the Investor Protection Fund under Section 205C of the Companies Act, 1956 on complete reconciliation of the said accounts and identification of the persons to whom the amount are payable for which necessary steps have already been taken by the company with the bank. The Differences amounting to Rs.28,34,062/- have been adjusted under the head prior period adjustments in the Profit & Loss Account.
 8. Dividend Income includes Rs.Nil (Previous Year Rs.Nil) on Long Term Investments, Rs. 56,22,839/- (Previous year Rs. 41,12,513/-) on Current Investments and Rs.1,42,278/- (Previous year Rs.1,57,587/-) on stock in Trade.
 9. During the period Current Investments have been valued category wise at aggregate of Cost or Market Price whichever is lower basis. Up to last year the Current Investments were being valued at lower of Cost or Market Price individual Scrip-wise. The change in valuation has been adopted to comply with the Prudential Norms of Reserve Bank of India applicable to the Non-Banking Financial Companies. As a result of the change in valuation, the loss for the year is lower by Rs. 43,14,309/-.
 10. Current Investments are valued at lower of Cost or Market Price. Provision for diminution in the value of Investments is charged to Profit & Loss Account and shown correspondingly under the head "Provisions" in the Balance Sheet without showing it as deduction from the value of Investments. Up to Last year such provision was shown by way of deduction from the value of Investments. However from this period such provision have been separately shown in the Schedule of Current Liabilities & Provisions. This has been done in compliance with Non-Banking Financial Companies Prudential Norms (Reserve Bank Directions 1998). Previous year figures have been regrouped /rearranged accordingly. It has no impact on the loss for the period.
 11. In the opinion of Management no provision is required for diminution in the value of Long Term Investments as the same is temporary.
 12. The Current Accounting year of the company was extended by 4 months to close at 31st March 2003 instead of 30th November 2002, to meet with the requirements under the



HB STOCKHOLDINGS LIMITED

Prudential Norms of Reserve Bank of India applicable to Non Banking Financial Companies and necessary approval for the extended financial year under the provisions of Companies Act, 1956 was obtained from the Registrar of Companies, NCT of Delhi & Haryana. Accordingly, the previous year figures are not comparable with the current period. Previous year figures have been regrouped/rearranged wherever considered necessary.

13. Operating Lease (Disclosure pursuant to Accounting Standard AS-19 for Leases)
- Particulars of the minimum lease payments under Operating Lease :-
 - Not Later than One year Rs. 3,16,800/-
 - Later than one year and not later than five year Rs. 14,46,720/-
 - Later than five years Rs. 63,360/-
 - Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March, 2003 is Rs. 2,64,000/-
 - General description of the lease arrangement.
 - Renewal Option-At the end of the lease period. Lessee has the option to renew the lease for another period of three years.
 - Escalation Clause- If the renewal option is exercised by the lessee the Rent will be increased by 20%.
 - Restrictions imposed by lease arrangement-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.
 - The lease can be terminated by the lessee by serving three months notice to the lessor.
14. In the opinion of Management, the Company is mainly engaged in the business of Sale/ Purchase of Securities in current period and all other activities are incidental to/revolve around the main business and therefore there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17) issued by the Institute of Chartered Accountants of India .
15. Disclosure of related party transaction in accordance with the Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India -As per Annexure attached.
16. Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Period (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/(Loss) for the Period as per Profit & Loss Account	(31907285)	(5,13,39,314)
Less : Prior Period Adjustments	(29640111)	5,73,577
Net Profit/(Loss) available for Equity Share holders	(61547396)	(5,07,65,737)
Weighted Average No. of Equity Share Outstanding	2,54,43,257	2,54,43,257
Basic & Diluted Earning per share(Face Value of Rs.10/- each.)	(2.42)	(2.00)

17. Quantitative information in respect of :-
Stock of Shares/Debentures/Securities

Particulars	As at 31st March, 2003		As at 30th November, 2001	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Stock	276780	3710485	297283	5292495
Purchases	100	485	11496	303944
Sales	57913	3711502	31999	1549744
Closing Stock	218967	2460553	276780	3710485

Investments

Particulars	As at 31st March, 2003		As at 30th November, 2001	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Stock	15660760	782593415	15566735	820033405
Purchases	5207831	195160059	7304296	275473665
Sales	7200428	250003914	7210271	326391441
Closing Balance	13668163	700663142	15660760	782593415

18. Balances /Liabilities no longer required relating to earlier years have been adjusted under the head prior period adjustments in the Profit & Loss Account.
19. Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
20. Addition Information pursuant to Non-Banking Financial Companies Prudential Norms(Reserve Bank) Direction 1998 is annexed.
21. Particulars of Executive Director Remuneration are as under :-

Particulars	Current Period (Amount Rs.)	Previous Year (Amount Rs.)
Salary	4,80,000	3,60,000
House Rent	2,88,000	2,16,000
Contribution to Provident and Superannuation Fund	1,29,600	97,200
LTA	30,000	60,000
Medical Reimbursement	29,929	36,307
Others	Nil	17,308
TOTAL	9,57,529	7,86,815

22. Schedules 1 to 14 form an integral part of the accounts.

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Dr. Sanjeev Kumar
Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Director

Place : New Delhi
Date : 21-05-2003

ANNEXURE REFERRED TO IN NOTE NO. 15 OF SCHEDULE 14 TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

As per Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

1. List of related parties with whom transactions have taken place and relationship:

- Subsidiaries.
 - HB Prima Capital Limited
 - Mount Finance Ltd.
- Key Managerial Personnel
 - Shri J.M.L.Suri, Executive Director
- Person having control/significant influence
 - Shri H C Bhasin
 - Shri Lalit Bhasin

2. Transactions during the Period with Related Parties.

Sr. No.	Nature of Transaction	Related Party Referred in 1(a)	Related Party Referred in 1(b)	Related Party Referred in 1(c)
		above	above	above
1.	Amount recovered against Sundry Debtors & advances	5,86,15,444	Nil	Nil
2.	Sitting Fee Paid	Nil	Nil	30,000
3.	Advances given	3,49,50,000.00	Nil	Nil
4.	Reimbursement of Income/expenses	-75,000.00	Nil	Nil
5.	Remuneration & Other Services	Nil	9,57,529.00	Nil
6.	Outstanding as on 31.03.2003- Receivables in respect of Current Assets.	9,81,76,806.12	Nil	Nil

ANNEXURE REFERRED TO IN NOTE NO. 19 OF SCHEDULE 14 TO THE ACCOUNTS BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART-(IV) OF THE COMPANIES ACT, 1956

I. Registration Details		
Registration No.		33936
State Code		5
Balance Sheet Date		31-March-03
II. Capital Raised during the year		(Rs. '000)
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities		1282510.42
Total Assets		1282510.42
Sources of funds		
Paid-up Share capital		243166.26
Reserves & Surplus		999344.16
Secured Loans		0.00
Unsecured Loans		40000.00
Application of Funds		
Net Fixed Assets		7797.01
Investments		700663.14
Net Current Assets		(-) 44732.59
Miscellaneous Expenditure		2133.85
Accumulated losses		616649.01
IV. Performance of the Company		
Total Turnover		4320.07
Total Expenditure		36227.36
Profit/Loss Befor Tax		(-) 31907.29
Profit/Loss After Tax		(-) 61547.40
Earnings per share (Rs.)		(-) 2.42
Dividend rate (%)		NIL
V. Generic names of principal Products/Services of Company (as per monetary terms)		
Item Code		N.A.
Product Description		Investments & Leasing

ANNEXURE REFERRED TO IN NOTE NO. 20 OF SCHEDULE 14 TO THE ACCOUNTS DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 9BB OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998

(Rs. in lakhs)

Particulars	Amount outstanding	Amount overdue
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LIABILITIES SIDE :

- (1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:

(a) Debentures	: Secured	Nil	Nil
	: Unsecured (other than falling within the meaning of public deposits*)	Nil	Nil

Particulars	(Rs. in lakhs)	
	Amount outstanding	Amount overdue
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	412.54	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits	Nil	Nil
(g) Other Loans (specify nature)	Nil	Nil
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil

Particulars	(Rs. in lakhs)
	Amount outstanding

ASSETS SIDE :

(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	Nil
(b) Unsecured	1122.44

(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	Nil
(b) Operating lease	Nil
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	Nil
(b) Repossessed Assets	Nil
(iii) Hypothecation loans counting towards EL/HP activities	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

(5) BREAK-UP OF INVESTMENTS :

Current Investments :

1. Quoted :	
(i) Shares : (a) Equity	2888.11
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil

Long Term investments :

1. Quoted :	
(i) Share : (a) Equity(Partly Paid-Up)	79.12
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	1029.29
(b) Preference	9
(ii) Debentures and Bonds	3000.02
(iii) Units of mutual funds	1.08
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	Nil	981.77	981.77
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	140.67	140.67
TOTAL	<u>Nil</u>	<u>1122.44</u>	<u>1122.44</u>

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):Please see note 3 below

Category	Market Value / Break up or fair value or NAV(*)	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	274.78	333.75
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	5004.82	5185.08
TOTAL	<u>5279.60</u>	<u>5518.83</u>

(*) Breakup value has been taken on the basis of last available audited Balance Sheet, where the Balance sheet is not available the value has been taken at cost.

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	80.06
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2003

	(Amount in Rs. '000) Period Ended 31st March, 2003	(Amount in Rs. '000) Year Ended 30th November, 2001
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	(-) 31907	(-) 51339
Adjustment for :		
Depreciation (Net)	928	856
Profit/Loss on Sale of Investments	4158	3669
Profit/Loss on sale of Fixed Assets	0	33
Interest/Dividend	2185	16779
Preliminary Expenses W/off	2685	2014
Operating Profit before Working Capital Changes	(-) 21952	(-) 27988
Adjustment for :		
Trade & other Receivable	104279	87530
Inventories	1250	1582
Trade Payable	(-) 109833	(-) 7890
Cash Generated from operation	(-) 26256	53233
Interest Paid	(-) 8658	(-) 21725
Cash Flow before extraordinary Items	(-) 34915	31509
Extra Ordinary Items	(-) 29640	574
Net Cash from Operation Activities	(-) 64555	32082
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	(-) 3745	(-) 1687
Sale of Fixed Assets	Nil	160
Purchase of Investments	(-) 195160	(-) 275067
Sale of Investments	250004	325985
Interest Received	708	676
Dividend Received	5765	4270
Net Cash used in Investments Activities	57572	54337
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Long Term Borrowings	10000	(-) 86800
Dividend Paid	—	—
Income tax paid	—	—
Payment for Preliminary expenses	—	—
Net Cash used in Financing Activities	10000	(-) 86800
Net Increase in Cash & Cash Equivalents A+B+C	3017.21	(-) 382
Cash and Cash Equivalents as at 1st December, 2001	12787.23	13169
(Opening Balance)		
Cash and Cash Equivalents as at 31st March, 2003	15804.44	12787
(Closing Balance)		

For and on behalf of the Board

Place : New Delhi	Dr. Sanjeev Kumar	J.M.L.Suri	Lalit Bhasin
Date : 21-05-2003	Vice President (Legal) & Company Secretary	Executive Director	Director

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement with the books and record maintained by HB STOCKHOLDINGS LIMITED and certify that in our opinion and according to the information and explanation given to us the above statement is in accordance therewith.

For P.BHOLUSARIA & COMPANY
Chartered Accountants

Place : New Delhi
Date : 21-05-2003
Amit Goel
Partner

AUDITORS' REPORT

TO

 The Board of Directors,
 of **HB STOCKHOLDINGS LIMITED**

Report on the Consolidated Financial Statements of HB Stockholdings Ltd. and its Subsidiaries.

We have examined the attached Consolidated Balance Sheet of HB Stockholdings Ltd. and its two subsidiaries as at 31st March, 2003 and the Consolidated Profit & Loss Account for the period from 01/12/2001 to 31/03/2003 annexed thereto.

These Consolidated financial statements are the responsibility of the HB Stockholdings Ltd.'s Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Mount Finance Ltd. Subsidiary of the company which have been audited by other Auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the auditor.

The adjustment made by the company's management towards significant transactions or other events of subsidiaries of the company occurring between reporting period of financial statement of the company and its subsidiaries in these consolidated financial statement based on record, information as available, have not been audited by us.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statement of HB Stockholdings Ltd. and its two subsidiaries included in the consolidated financial statements.

 On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of HB Stockholdings Ltd. and its aforesaid two subsidiaries, we are of the opinion that subject to *Note No. 6 of Schedule "12" regarding pending reconciliation and transfer of unclaimed dividend/debenture interest etc to Investor Education & Protection Fund under section 205C of Companies Act, 1956 and adjustments to such account as stated in said note* :

- The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of HB Stockholdings Ltd. and its two subsidiaries as at 31st March, 2003 and
- The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of HB Stockholdings Ltd. and its two subsidiaries for the period ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants
Amit Goel
 Partner

 Place : New Delhi
 Date : 21st May, 2003

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedules	As at 31st March, 2003 (Rs.)
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital	1	243166259.00
Reserves & Surplus	2	999344163.22
LOAN FUNDS		
Unsecured Loans	3	40000000.00
TOTAL		<u>1282510422.22</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	4	48299743.80
Less : Depreciation		35443074.42
Net Block		<u>12856669.38</u>
INVESTMENTS		742709582.33
CURRENT ASSETS, LOANS & ADVANCES		
Stock in Trade	5	2535115.20
Sundry Debtors		8151335.00
Cash & Bank Balances		15944199.97
Loans and Advances		93192385.19
		<u>119823035.36</u>
LESS : CURRENT LIABILITIES & PROVISIONS	6	
Liabilities		60378016.87
Provisions		157180507.89
		<u>217558524.76</u>
NET CURRENT ASSETS		(-) 97735489.40
MISCELLANEOUS EXPENDITURE (to the extent not written off/adjusted)	7	2138636.09
PROFIT & LOSS ACCOUNT (As per annexed Account)		
		<u>622541023.82</u>
TOTAL		<u>1282510422.22</u>
SIGNIFICANT ACCOUNTING POLICIES	11	
NOTES ON ACCOUNTS	12	

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
 Chartered Accountants

For and on behalf of the Board
Amit Goel
 Partner

Dr. Sanjeev Kumar
 Vice President (Legal) &
 Company Secretary

J.M.L.Suri
 Executive Director

Lalit Bhasin
 Director

 Place : New Delhi
 Date : 21-05-2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01/12/2001 TO 31/03/2003

	Schedules	Period Ended 31st March, 2003 (Rs.)
INCOME		
Income from Operations	8	3868493.47
Other Income		526580.39
TOTAL		<u>4395073.86</u>
EXPENDITURE		
Administration & Other Expenses	9	16202495.32
Interest & Financial Charges	10	8658217.56
TOTAL		<u>24860712.88</u>
Profit/Loss(-) before Depreciation		(-) 20465639.02
Depreciation		1241619.20
Miscellaneous Expenditure Written off		2744985.33
Provision for Sub standard & doubtful Debts		8006335.00
Profit/Loss(-) for the Period before Taxation		(-) 32458578.55
Provision for Taxation		
- Current		—
- Deferred		—
Profit/Loss(-) after Taxation		(-) 32458578.55
Prior period adjustments		(-) 29640110.90
Loss brought forward from last year		(-) 560454834.37
Transferred from Genral Reserve Account		12500.00
Balance carried to Balance Sheet		(-) 622541023.82
Basic and Diluted Earning per Share		(-) 2.44
SIGNIFICANT ACCOUNTING POLICIES	11	
NOTES ON ACCOUNTS	12	

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
 Chartered Accountants

For and on behalf of the Board
Amit Goel
 Partner

Dr. Sanjeev Kumar
 Vice President (Legal) &
 Company Secretary

J.M.L.Suri
 Executive Director

Lalit Bhasin
 Director

 Place : New Delhi
 Date : 21-05-2003

SCHEDULE '1' - SHARE CAPITAL

	As at 31st March, 2003 (Rs.)
AUTHORISED	
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each	300000000.00
	<u>1000000000.00</u>
ISSUED, SUBSCRIBED AND CALLED-UP	
2,54,43,257 Equity shares of Rs.10/- each Fully Called-up.	254432570.00
Less : Allotment Money Receivable (Other than Directors)	(-) 11266311.00
TOTAL	<u>243166259.00</u>

SCHEDULE '2': RESERVES AND SURPLUS

	As at 31st March, 2003 (Rs.)
SHARE PREMIUM ACCOUNT	
As per Last Account	1054448687.00
Less : Allotment Money Receivable	(-) 55581523.78
	<u>998867163.22</u>
GENERAL RESERVE	
As per Last Account	12500.00
Less : Transfer to Profit & Loss Account	(-) 12500.00
INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT	
As per Last Account	477000.00
TOTAL	<u>999344163.22</u>
SCHEDULE '3' UNSECURED LOANS	
UNSECURED LOANS	
— Inter-Corporate Loans	40000000.00
TOTAL	<u>40000000.00</u>

SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK
	Opening As at 01.12.2001 Rs.	Addition during the period Rs.	Sales/Adj during the period Rs.	Total As at 31.03.2003 Rs.	Upto 30.11.2001 Rs.	For the period Rs.	Adjustments Rs.	Total upto 31.03.2003 Rs.	As at 31.03.2003 Rs.
LEASED ASSETS									
Plant & Machinery	27545288.13	—	—	27545288.13	27545288.13	—	—	27545288.13	—
Vehicles	140995.26	—	—	140995.26	140995.26	—	—	140995.26	—
Own Assets									
Office Premises	4823385.00	—	—	4823385.00	685380.16	104684.64	—	790064.80	4033320.20
Office Equipment	1884061.83	27990.00	—	1912051.83	564829.24	120303.37	—	685132.61	1226919.22
Vehicles	2373608.50	—	—	2373608.50	870252.75	300245.22	—	1170497.97	1203110.53
Furniture	4069194.08	3606544.00	—	7675738.08	1582236.91	555917.85	—	2138154.76	5537583.32
Data Processing Machinery	3010804.00	13750.00	—	3024554.00	2604996.04	113149.51	—	2718145.55	306408.45
Air Conditioners	642163.00	97000.00	—	739163.00	181532.50	43210.11	—	224742.61	514420.39
Generator Set	64960.00	—	—	64960.00	25944.23	4108.50	—	30052.73	34907.27
TOTAL	44554459.80	3745284.00	—	48299743.80	34201455.22	1241619.20	—	35443074.42	12856669.38

SCHEDULE '5' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2003 (Rs.)
A. CURRENT ASSETS	
a) Closing Stock of Shares/Debentures taken at Scrip wise lower of Cost or Market Price	2535115.20
b) Sundry Debtors (Unsecured considered good unless otherwise stated)	
Considered Good :-	
— Outstanding exceeding six months	145000.00
— Considered Doubtful :-	
— Outstanding exceeding six months	8006335.00
c) Cash & Bank Balance	
— Cash in hand (As certified by the Management)	563202.76
Balance with Scheduled Banks	
— In Current A/cs	6767293.71
— In Dividend/Debentures Intt. A/cs	1199461.27
— Share Appl. Money refund A/cs	327860.68
— In Fixed Deposit A/cs	7021323.49
Interest accrued but not due on above	65058.06
TOTAL 'A'	<u>26630650.17</u>
B. LOANS AND ADVANCES (Unsecured considered good)	
a) Advances Recoverable in cash or in kind or for value to be received.	79501618.72
b) Advance Tax & Tax Deducted at Source	11038163.82
c) Security Deposits with Govt. Department and others	2652602.65
TOTAL 'B'	<u>93192385.19</u>
TOTAL 'A' + 'B'	<u>119823035.36</u>

SCHEDULE '6': CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2003 (Rs.)
(A) CURRENT LIABILITIES	
i) Sundry Creditors	54299806.41
ii) Investor Education and Protection Fund shall be credited by the following amounts namely :-	
(a) Unpaid Dividend	886904.00
(b) Unpaid application money received by the companies for allotment of securities and due for refund;	260824.68
(c) Unpaid Matured Deposit	—
(d) Unpaid Matured Debentures	—
(e) Interest accrued on (a) to (d) above	313157.27
iii) Other Liabilities	1201002.00
iv) Cheques over issued in Current Accounts	411845.51
v) Interest Accrued but not due	1254477.00
vi) Security Received	1750000.00
TOTAL - A	<u>60378016.87</u>
(B) PROVISIONS	
i) Provision for Gratuity	268341.68
ii) Provision for Leave Encashment	125927.00
iii) Provision for Sub Standard & Doubtful Assets	8006335.00
iv) Provision for Diminution in Investments	148779904.21
TOTAL - B	<u>157180507.89</u>
TOTAL - (A + B)	<u>217558524.76</u>

SCHEDULE '7' : MISCELLANEOUS EXPENDITURE

	As at 31st March, 2003 (Rs.)
(To the extent not written off or adjusted)	
Deferred Revenue Expenses As per Last Account	4872444.42
Less : Amount Written Off	(-) 2738598.33
	<u>2133846.09</u>
Preliminary Expenses As per Last Account	11177.00
Less : Amount Written Off	(-) 6387.00
	<u>4790.00</u>
TOTAL	<u>2138636.09</u>

SCHEDULE '8' : INCOME FROM OPERATIONS

	Period Ended 31st March, 2003 (Rs.)
Profit/Loss(-) on sale/Valuation of Shares (Stock in Trade) & Diff in Share Dealing (Net)	1477786.11
Interest Income :-	
- On Debentures(Tax deducted at Source Rs.307.93)	1467.76
- On Fixed Deposits with banks (Tax deducted at source Rs.1,63,649.60)	706777.53
Profit/Loss(-) on Sale of Investments (Net)/Diminution in value of Investments.	(-) 4157654.53
Dividend Income (Tax deducted at Source Rs.4,01,427.50)	5840116.60
TOTAL	3868493.47

SCHEDULE "9" : ADMINISTRATION & OTHER EXPENSES

Salaries & Benefits	1910867.62
Executive Director's Remuneration	957529.00
Contribution to Provident Fund & Other Funds	199394.00
Bank Charges	85000.53
Directors Meeting Fees	80000.00
Listing Fees	142500.00
Travelling & Conveyance Expenses	1455977.70
Postage, Telegram and Telephone Expenses	1321878.66
Printing & Stationery	866152.40
Office Repairs and Maintenance	1663680.83
Electricity Expenses	465217.00
Rent, Rates & Taxes	2477038.00
Legal & Professional Charges	2601778.15
Advertisement Expenses	41695.00
Business Promotion Expenses	416055.45
Miscellaneous Expenses	1091597.08
Share Transfer Expenses	11560.00
Staff welfare Expenses	199435.90
Auditor's Remuneration	
- Audit Fees	142800.00
- Tax Audit Fees	63000.00
- Certification & Others(Including Service Tax)	9338.00
	215138.00
TOTAL	16202495.32

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Overdraft from banks	33419.57
On Inter-Corporate Loan	8607946.00
On Others	16851.99
TOTAL	8658217.56

SCHEDULE - 11
SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the statement of Accounts for the Period ended 31st March,2003

(A) PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements relate to HB Stockholdings Ltd. (the company) and its subsidiary companies HB Prima Capital Ltd. and Mount Finance Ltd.. The consolidated financial statements have been prepared in accordance with Accounting Standard(AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India on the following basis :

- The Financial statements of the Company and the subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses.
- As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances and are presented to, in the same manner as the company's separate financial statements.

(B) OTHER SIGNIFICANT ACCOUNTING POLICY

These are said out under "Significant Accounting Policies" as given in the Financial Statements of HB Stockholdings Ltd. Ltd. and its subsidiaries HB Prima Capital Ltd. and Mount Finance Ltd.

SCHEDULE 12
NOTES ON ACCOUNTS

Annexed to and forming part of Statement of Accounts for the Period ended 31st March,2003

- The accompanying consolidated financial statement includes the accounts of HB Stockholdings Ltd. and its following subsidiaries :-

Name of Company	Country of Incorporation	Proportion of ownership interest	Financial Period end
HB Prima Capital Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2003
Mount Finance Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2003

- Financial period of HB Stockholdings Ltd. is 01/12/2001 to 31/03/2003 whereas the financial period of the Subsidiaries is from 01/10/2002 to 31/03/2003. However for consolidation purposes, adjustment has been done to the subsidiaries financial statement to take effects of significant transactions and other events that occurred between 01/12/2001 to 30/09/2002.
- As this is the first year of adoption of Accounting Standard (AS-21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, figures for the previous year have not been presented.
- Contingent Liability in respect of:
 - Liability in respect of partly paid-up shares/debentures Rs. 67,14,470/-.
 - Income Tax demand disputed Rs. 4.68 Crores against which appeals are pending with appropriate authorities and in respect of which the management is confident that appeals will be decided in favour of the company.
 - Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.2800 Lacs in the due course of business.
- In the opinion of the management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of the business. Some of the Debtors, Creditors, Loans & Advances balances are subject to confirmations.
- Unclaimed Dividend / Debentures Interest and other such balances are taken on the basis of certificate from the respective bank for want of complete information. The amount due for transfer shall be transferred to the Investor Protection Fund under Section 205C of the Companies Act, 1956 on complete reconciliation of the said accounts and identification of the persons to whom the amount are payable for which necessary steps have already been taken by the company with the bank. The Differences amounting to Rs.28,34,062/- have been adjusted under the head prior period adjustments in the Profit & Loss Account.
- Operating Lease(Disclosure pursuant to Accounting Standard AS-19 for Leases)
 - Particulars of the minimum lease payments under Operating Lease:-
 - Not Later than One year Rs. 3,16,800/-
 - Later than one year and not later than five year Rs. 14,46,720/-
 - Later than five years Rs. 63,360/-
 - Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March,2003 is Rs.2,64,000/-
 - General description of the lease arrangement.
 - Renewal Option-At the end of the lease period. Lessee has the option to renew the lease for another period of three years.
 - Escalation Clause- If the renewal option is exercised by the lessee the Rent will be increased by 20%.
 - Restrictions imposed by lease arrangement:-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.
 - The lease can be terminated by the lessee by serving three months notice to the lessor.
- In the opinion of Management, the Company is mainly engaged in the business of Sale/ Purchase of Securities in current period and all other activities are incidental to/revolve around the main business and therefore there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17) issued by the Institute of Chartered Accountants of India .
- Balances/Liabilities no longer required relating to earlier years have been adjusted under the head prior period adjustments in the Profit & Loss Account.
- Disclosure of related party transaction in accordance with the Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India- As per Annexure attached.
- Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Period (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account	(32458579)
Less: Prior Period Adjustments	(29640111)
Net Profit/(Loss) available for Equity Share holders	(62099440)
Weighted Average No. of Equity Share Outstanding	2,54,43,257
Basic & Diluted Earning per share (Face Value of Rs.10/- each.)	(-) 2.44

- Schedules 1 to 12 form an integral part of the accounts.

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Dr. Sanjeev Kumar
Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Director

Place : New Delhi

Date : 21-05-2003



ANNEXURE REFERRED TO IN NOTE NO. 10 OF SCHEDULE 12 TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

As per Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

1. List of related parties with whom transactions have taken place and relationship:

a) Key Managerial Personnel

i) Shri J.M.L.Suri, Executive Director

b) Person having control/significant influence

ii) Shri H.C. Bhasin

iii) Shri Lalit Bhasin

2. Transactions during the Period with Related Parties.

Nature of Transaction	Related Party Referred in 1(a) above	Related Party Referred in 1(a) above
Sitting Fee Paid	Nil	30,000
Remuneration & Other Services	9,57,529.00	Nil

For and on behalf of the Board

Place : New Delhi Date : 21-05-2003
 Dr. Sanjeev Kumar Vice President (Legal) & Company Secretary
 J.M.L.Suri Executive Director
 Lalit Bhasin Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2003 (Amount in Rs. '000)

Period Ended 31st March, 2003

A) CASH FLOW FROM OPERATION ACTIVITIES	
Net Profit before tax and Extraordinary Items	(-) 32459
Adjustment for :	
Depreciation(Net)	1242
Profit/Loss on Sale of Investments	4158
Provision for in sub standard & doubtful assets	8006
Profit/Loss on sale of Fixed Assets	0
Interest/Dividend	2110
Preliminary Expenses W/off	2745
Operating Profit before Working Capital Changes	(-) 14198
Adjustment for :	
Trade & other Receivable	82924
Inventories	1250
Trade Payable	(-) 96293
Cash Generated from operation	(-) 26317
Interest Paid	(-) 8658
Cash Flow before extraordinary Items	(-) 34976
Extra Ordinary Items	(-) 29640
Net Cash from Operation Activities	(-) 64616
B) CASH FLOW FROM INVESTMENTS ACTIVITIES	
Purchase of Fixed Assets	(-) 3745
Sale of Fixed Assets	Nil
Purchase of Investments	(-) 195160
Sale of Investments	250004
Interest Received	708
Dividend Received	5840
Net Cash used in Investments Activities	57647

C) CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Issue of Share Capital & Share Premium	—
Proceeds from Long Term Borrowings	10000
Dividend Paid	—
Income tax paid	—
Payment for Preliminary expenses	—
Net Cash used in Financing Activities	10000
Net Increase in Cash & Cash Equivalents A + B + C	3031
Cash and Cash Equivalents as at 1st December, 2001	12913
(Opening Balance)	
Cash and Cash Equivalents as at 31st March, 2003	15944
(Closing Balance)	

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement with the books and record maintained by HB STOCKHOLDINGS LIMITED and certify that in our opinion and according to the information and explanation given to us the above statement is in accordance therewith.

For P.BHOLUSARIA & COMPANY Chartered Accountants

Place : New Delhi Date : 21-05-2003
 Amit Goel Partner

MOUNT FINANCE LIMITED

DIRECTORS' REPORT

To the members,

Your Directors are pleased to present the 17th Annual Report together with the Audited Statement of Accounts for the year ended 30th September, 2002.

FINANCIAL RESULTS

The financial results of the Company during the year under review are summarized as under:

Particulars	(Amount in Rs.)	
	Year Ended 30.09.2002	Year Ended 30.09.2001
Net Profit/(Loss) for the year	(3,04,795.88)	(5,12,234.86)
Depreciation for earlier year written back	10,39,074.22	Nil
Profit/(Loss) brought forward	(60,30,471.75)	(55,18,236.89)
Profit/(Loss) carried forward	(52,96,193.41)	(60,30,471.75)

DIVIDEND

In view of the loss suffered, your Directors do not recommend dividend for the year under review.

OPERATIONS AND RESULTS

The loss suffered during the period under review reflects the establishment expenses incurred and the valuation loss on the stock of shares held by the company.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your Company.

The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there is no such employee.

Pursuant to Section 217(2AA), it is hereby stated that in preparation of the Annual Accounts, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company for that period. 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 from preventing and detecting frauds and other irregularities. Further, the Directors have prepared the annual accounts on a going concern basis.

In terms of the proviso to Section 383A(1) of the Companies Act, 1956, Secretarial Compliance Certificate dated 30.01.2003 obtained from Mr. Arvind Kohli, a Practising Company Secretary, is annexed with this Report and the same forms part thereof.

CHANGE IN ACCOUNTING YEAR

Consequent to change of financial year of the holding company, your company has also changed its financial year to commence on 1st April of every year and to close on 31st March of the following year so as to synchronise and align it with that of the holding company for facilitating easy consolidation of accounts. Accordingly the current financial year, which commenced on 1st October 2002, would be ended on 31st March 2003 instead of 30th September 2003.

AUDITORS REPORT

Observations of the Auditors are explained, wherever necessary, by appropriate notes to accounts.

AUDITORS

The Auditors, M/s. A. Salwan & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORATE

Mr. C. M. Mathur is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

ACKNOWLEDGEMENT

Your Directors wish to thank for the assistance and support extended by the holding Company.

FOR AND ON BEHALF OF THE BOARD FOR MOUNT FINANCE LIMITED

Place : New Delhi
Date : 30th January, 2003

J. M. L. SURI
Director

ANIL GOYAL
Director

COMPLIANCE CERTIFICATE

To,
The Members
Mount Finance Limited

We have examined the registers, records, books and papers of **Mount Finance Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on September 30, 2002. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, We certify that in respect of the aforesaid financial year:

1) The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- The company being public limited company has the minimum prescribed paid-up capital.
- The Board of Directors duly met 4 times on December 19, 2001; February 16, 2002; May 10, 2002 and August 21, 2002 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year.
- The company has not closed its Register of Members during the financial year.
- The annual general meeting for the financial year ended on September 30, 2001 was held on March 30, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary meeting(s) was/were held during the financial year.
- The company has not advanced any loans to its directors and/or persons or firms of companies referred to in section 295 of the Act that require complying with the said provisions of the Act.
- The company has not entered into any contract falling within the purview of section 297 of the Act during the financial year.
- The company has not entered into any contract requiring making of entries in the register under section 301 of the Act during the financial year under review.
- As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- The company has not issued any duplicate share certificates during the financial year.
- The Company :
 - was not required to deliver any certificates on allotment of securities as the Company has not issued any security during the financial year;
 - has not received any request for transfer/transmission or any other purpose during the financial year;
 - has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - was not required to post warrants for dividend to any member of the company as no dividend was declared during the financial year;
 - was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as there are no such sum which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointment of directors, additional directors have been duly made; no alternate directors and directors to fill casual vacancies were appointed during the financial year.
- The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
- The company has not appointed any sole-selling agent during the financial year.
- The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The company has not issued any shares, debentures or other securities during the financial year.
- The company has not bought back any shares during the financial year.
- The company does not have any preference share capital.
- There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- The company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- The Company has not borrowed any money from directors, members, public financial institutions, banks and others during the financial year ending September 30, 2002 that require resolutions as per section 293(1)(d) of the Act.
- The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate that require compliance with the provisions of the Act and thus necessitate making of entries in the register kept for the purpose.
- The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- The company has not altered its articles of association during the year under scrutiny.
- There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

MOUNT FINANCE LIMITED

- 32) The company has not received any money as security from its employees during the financial year.
- 33) The company has no employees who are entitled to provident fund benefits.

Place : New Delhi
Date : 30.01.2003

Arvind Kohli
Company Secretary
(CP No 2818)

Annexure A

Registers as maintained by the Company

Sr. No	Particulars	Section Reference
1.	Member's & Director's Minute Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Members	150/151

Annexure B

Forms & Returns as filled by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on September 30, 2002.

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	-	220	Balance Sheet etc 30/09/2001	29/04/2002	23/04/02
2.	Sch. V	159	Annual Return 30/03/2002	29/05/2002	23/04/02

Place : New Delhi
Date : 30.01.2003

Arvind Kohli
Company Secretary
(CP No 2818)

AUDITOR'S REPORT

THE MEMBERS OF
MOUNT FINANCE LIMITED

We have audited the attached Balance Sheet of MOUNT FINANCE LIMITED, as at 30th September, 2002 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that-
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of section 211.
 - As informed and explained to us, none of the directors of the company is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.-

- In the case of the Balance Sheet of the State of Affairs of the Company as at 30th September, 2002 and
- In the case of the Profit & Loss account of the Loss for the year ended on that date.

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 30.01.2003

(Ashwani Salwan)
Proprietor

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF MOUNT FINANCE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2002.

(Referred to in paragraph 1 thereof)

- The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management and no discrepancies were noticed on such verification carried out during the year.
- None of the fixed assets have been revalued during the year.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the acquisition of assets.
- The Company has not entered into any transactions aggregating to more than Rs. 50,000/- during the year with parties listed in the register maintained under section 301 of the Companies Act, 1956.
- The Company has not accepted any deposits from the Public during the year as defined under section 58-A of the Companies Act, 1956 and rules framed thereunder.
- In our opinion during the current year the company has had an adequate internal audit system commensurate with the size and nature of its business.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax and customs-duty were outstanding, as at 30th September, 2002 for a year of more than six months from the date they become payable
- According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The company has not granted loans or advances on the basis of security by way of pledge of shares/debentures and other similar securities.
- The service activities of the Company are such that the question of recording receipts, issues and allocation of man hours to the relative jobs does not arise. Consequently the authorisation and control on the allocation of labor hours to job is not applicable.

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 30.01.2003

(Ashwani Salwan)
Proprietor

MOUNT FINANCE LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 2002

Particulars	Schedule	As At 30th Sept., 2002 RS/P	As At 30th Sept., 2001 RS/P
SOURCES OF FUNDS			
Share Capital	A	8300060.00	8300060.00
TOTAL		8300060.00	8300060.00
APPLICATION OF FUNDS			
Fixed Assets :	B	4847975.50	3973764.66
Current Assets, Loans & Advances	C	851238.21	910629.71
Less : Current Liabilities & Provisions	E	(-) 2695347.12	(-) 2614806.12
Net Current Assets		(-) 1844108.91	(-) 1704176.41
Profit & Loss Account (As per annexed)		5296193.41	6030471.75
TOTAL		8300060.00	8300060.00

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

F

As per our report of even date attached.
FOR A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 30.01.2003

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2002

Particulars	Schedule	Year Ended 30th Sept., 2002 RS/P	Year Ended 30th Sept., 2001 RS/P
INCOME			
Closing Stock of Shares (Valued at Cost or Market Price whichever is lower)	D	74562.50	125265.00
TOTAL		74562.50	125265.00
EXPENDITURE			
Opening Stock of Shares		125265.00	292285.00
Office Repair & Maintenance		74056.00	74077.00
Filing Fees		1000.00	1000.00
Bank Charges		174.00	3102.50
Professional fees		3500.00	6500.00
Auditor's Remuneration :-			
— Tax Audit Fees		5250.00	5250.00
— Audit Fees		5250.00	5250.00
		10500.00	10500.00
Depreciation		164863.38	250035.36
TOTAL		379358.38	637499.86
Loss for the year before Taxation		(-) 304795.88	(-) 512234.86
Provision for Taxation			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		(-) 304795.88	(-) 512234.86
Depreciation for earlier year written back		1039074.22	—
Balance b/f from previous year		(-) 6030471.75	5518236.89
Balance carried to Balance Sheet		(-) 5296193.41	6030471.75
Basic & diluted Earning per Share		0.88	(-) 0.62

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

F

As per our report of even date attached.
For A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 30.01.2003

SCHEDULES FORMING PART OF THE BALANCE SHEET SCHEDULE 'A' SHARE CAPITAL

	As At 30th Sept., 2002 RS/P	As At 30th Sept., 2001 RS/P
AUTHORISED 10,00,000 Equity Shares of Rs. 10/-each	10000000.00	10000000.00
ISSUED, SUBSCRIBED AND PAID UP 830006(Previous Year 830006) Equity Shares of Rs. 10/- each fully paid up in Cash	8300060.00	8300060.00
TOTAL	8300060.00	8300060.00

(Out of the above 830006 Equity Shares are held by HB Stockholdings Ltd., the holding company)

SCHEDULE 'B' : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.10.2001	Addition during the year	As at 30.09.2002	Up to 30.09.2001	Provided during the year	Adjustments	Up to 30.09.2002	As at 30.09.2002	As at 30.09.2001
Office Premises	4823385.00	—	4823385.00	1711314.95	78621.18	(-)1039074.22	750861.91	4072523.09	3112070.05
Office Equipment	217850.00	—	217850.00	69378.37	10347.88	—	79726.25	138123.75	148471.63
Plant & Machinery	174902.00	—	174902.00	55491.39	8307.85	—	63799.24	111102.76	119410.61
Furniture & Fixture	1084855.00	—	1084855.00	491042.63	67586.47	—	558629.10	526225.90	593812.37
TOTAL	6300992.00	—	6300992.00	2327227.34	164863.38	(-)1039074.22	1453016.50	4847975.50	3973764.66
PREVIOUS YEAR	6300992.00	—	6300992.00	2077191.98	250035.36	—	2327227.34	3973764.66	4223800.02

MOUNT FINANCE LIMITED

SCHEDULE 'C' : CURRENT ASSETS, LOANS & ADVANCES

	As At 30th Sept., 2002 RS/P	As At 30th Sept., 2001 RS/P
A) CURRENT ASSETS		
i) Closing Stock of Share 'D' (at cost/market price whichever is lower)	74562.50	125265.00
ii) Cash in Hand (As certified by Director)	13573.90	13573.90
iii) Bank Balances With Scheduled banks in Current Accounts	15284.81	41660.81
iv) Sundry Debtors (Unsecured considered good otherwise stated) - Outstanding exceeding six months	645000.00	645000.00
TOTAL (A)	748421.21	825499.71
B) LOANS & ADVANCES (Unsecured considered goods)		
a) Advance Recoverable in cash or in kind or for value to be received.	16745.00	16745.00
b) Security Deposits With Others	25340.00	25340.00
c) Income Tax & Tax deducted at Source	60732.00	43045.00
TOTAL (B)	102817.00	85130.00
TOTAL (A + B)	851238.21	910629.71

SCHEDULE - D : CLOSING STOCK OF SHARES

Name of the Company	Face Value	As At 30th Sep., 2002 Qty. (Nos.)	Amount Rs.	As At 30th Sep., 2001 Qty. (Nos.)	Amount Rs.
QUOTED FULLY PAID UP EQUITY SHARE					
Indo Gulf Industries Ltd.	10.00	59650	74562.50	59650	125265.00
TOTAL		59650	74562.50	59650	125265.00

SCHEDULE 'E' : CURRENT LIABILITIES & PROVISIONS

	As At 30th Sept., 2002 RS/P	As At 30th Sept., 2001 RS/P
CURRENT LIABILITIES		
a) Sundry Creditors	58541.00	13000.00
b) Security Deposits	1750000.00	1750000.00
c) Advances received (Nett)	886806.12	851806.12
TOTAL	2695347.12	2614806.12

SCHEDULE 'F' : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Annexed to and forming part of the Statement of Accounts for the year ended 30th September, 2002)

A. ACCOUNTING POLICIES.

- All income and expenses are accounted for on accrual basis.
- Service charges are accounted for on the basis of bills raised on customers.
- Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- Tax expenses for the year comprises of Current Tax Deferred Tax charge or credit. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arises mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation/liabilities.
- Stock in Trade of shares & Debentures is valued at cost or market price which ever is lower.

B) NOTES ON ACCOUNTS

- During the year the Company has changed the method of providing Depreciation on Office Premises from Written Down Value method to Straight Line Method. As a result of this change, loss for the year is lower by Rs.76982.32.
- In the absence of any material tax effect of timing difference, there is no provision for deferred tax in term of Accounting Standard (AS-22) ON Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.
- Current Assets loans and advances are in the opinion of management approx of the value stated if realised in the ordinary course of business. Debtors/Creditors and Loans & Advances balances are subject to confirmations.
- Previous period figures have been regrouped/rearranged wherever considered necessary.
- Quantitative information. Shares/Debentures/Securities:

Particulars	As at 30.09.2002		As at 30.09.2001	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	59650	125265.00	59650	292285.00
Purchases	—	—	—	—
Sales	—	—	—	—
Closing Stock	59650	74562.50	59650	125265.00

- Earning (Loss) per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	(-) 304795.88	(-) 512234.86
Less: Depreciation for Earlier Year Written Back	1039074.22	Nil
Net Profit/Loss(-) available for Equity Share holders	734278.34	(-) 512234.86
Weighted Average No. of Equity Share Outstanding	830006	830006
Basic & Diluted Earning per share(Face Value of Rs.10/- each.)	0.88	(-) 0.62

- Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
- Schedule A to F forms an integral part of the accounts

As per our report of even date attached.

For A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 30.01.2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code	Bombay
Registration No.	38136
Balance Sheet Date	30.09.2002

II. Capital raised during the year (Amount in Rs.)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilization and deployment of Funds (Amount in Rs. in lacs)

Total Liabilities	83.00	Total Assets	83.00
Source of Funds		Application of Funds	
Paid up Capital	83.00	Net Fixed Asset	48.48
Reserve & Surplus	—	Investments	—
Secured Loans	—	Net Current Assets	(18.44)
Unsecured Loans	—	Misc. Expenditure	—
		Profit & Loss A/c	52.96

IV. Performance of Company (Amount Rs. in lacs)

Total Turnover	—	Total Expenditure	3.05
Profit/(Loss) before Tax	(3.05)	Profit/(Loss) after Tax	(7.34)
Earning Per Share in Rs.	0.88	Dividend Rate	—

V. Generic, names of principal products/service of company (as per monetary terms)

- Item Code No. : N.A.
Product Description : Dealing in shares

MOUNT FINANCE LIMITED

DIRECTORS' REPORT

To the Members,
Your Directors present the 18th Annual Report together with the Audited Statement of Accounts for the period ended 31st March 2003.

FINANCIAL RESULTS

The financial results of the Company during the year under review are summarized as under:

Particulars	(Amount in Rs.)	
	Period Ended 31.03.2003	Period Ended 30.09.2002
Net Profit/(Loss) for the year	(1,78,863.89)	(3,04,795.88)
Depreciation for earlier year written back	Nil	10,39,074.22
Balance brought forward	(52,96,193.41)	(60,30,471.75)
Balance carried forward	(54,75,057.30)	(52,96,193.41)

In order to align and synchronise the accounting year of the company with that of the holding company for facilitating consolidation of accounts, the financial year of the company had been changed to commence on 1st April of every year and to end on 31st March of the following year. Accordingly the accounts for the period under review has been closed on 31st March 2003 instead of 30th September 2003 and therefore the accounts/figures reflect working for a period of 6 months and are not strictly comparable with the figures of the previous year.

DIVIDEND

Due to loss suffered by the Company, no dividend is being recommended for the period under review.

OPERATIONS AND RESULTS

The loss during the period under review reflects the establishment expenses incurred and the valuation loss on the stock of shares held by the company.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your Company.

The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there is no such employee.

Pursuant to Section 217(2AA), it is hereby stated that in preparation of the Annual Accounts, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company for that period. 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 from preventing and detecting frauds and other irregularities. Further, the Directors have prepared the annual accounts on a going concern basis.

In terms of the proviso to Section 383A(1) of the Companies Act, a Secretarial Compliance Certificate dated 25.04.2003 as received from Mr. Arvind Kohli Practicing Company Secretary, is attached with this Report and forms part thereof.

AUDITORS REPORT

Observations of the Auditors are explained, wherever necessary, by notes to accounts.

AUDITORS

The Auditors, M/s. A. Salwan & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORATE

Mr. Anil Goyal is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

ACKNOWLEDGEMENT

Your Directors wish to thank the holding company for the support received and all concerned.

FOR & ON BEHALF OF THE BOARD FOR MOUNT FINANCE LIMITED

Place : New Delhi
Date : 25.04.2003

J. M. L. SURI
Director

ANIL GOYAL
Director

COMPLIANCE CERTIFICATE

To,
The Members
Mount Finance Limited

We have examined the registers, records, books and papers of Mount Finance Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year of six months period ended on March 31, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, We certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The company is yet to file the documents and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the

rules made thereunder.

- The company being public limited company has the minimum prescribed paid-up capital.
- The Board of Directors duly met 2 times on 20th November 2002; and 30th January 2003; in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year.
- The company has not closed its Register of Members during the financial year.
- The annual general meeting for the financial year ended on September 30, 2002 was held on March 31, 2003 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary meeting(s) was/were held during the financial year.
- The company has not advanced any loans to its directors and/or persons or firms of companies referred to in section 295 of the Act that require complying with the said provisions of the Act.
- The company has not entered into any contract falling within the purview of section 297 of the Act during the financial year.
- The company has not entered into any contract requiring making of entries in the register under section 301 of the Act during the financial year under review.
- As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- The company has not issued any duplicate share certificates during the financial year.
- The Company:
 - was not required to deliver any certificates on allotment of securities as the Company has not issued any security during the financial year;
 - has not received any request for transfer/transmission or any other purpose during the financial year;
 - has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - was not required to post warrants for dividend to any member of the company as no dividend was declared during the financial year;
 - was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as there are no such sum which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointment of directors, additional directors have been duly made; no alternate directors and directors to fill casual vacancies were appointed during the financial year.
- The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
- The company has not appointed any sole-selling agent during the financial year.
- The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The company has not issued any shares, debentures or other securities during the financial year.
- The company has not bought back any shares during the financial year.
- The company does not have any preference share capital.
- There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- The company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- The Company has not borrowed any money from directors, members, public financial institutions, banks and others during the financial period ending March 31, 2003 that require resolutions as per section 293(1)(d) of the Act.
- The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate that require compliance with the provisions of the Act and thus necessitate making of entries in the register kept for the purpose.
- The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- The company has not altered its articles of association during the year under scrutiny.
- There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
- The company has not received any money as security from its employees during the financial year.

MOUNT FINANCE LIMITED

33) The company has no employees who are entitled to provident fund benefits.

Place : New Delhi
Date : 25.04.2003

Arvind Kohli
Company Secretary
(CP No 2818)

- a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2003 and
- b) In the case of the Profit & Loss account of the Loss for the Period ended on that date.

Annexure A

Registers as maintained by the Company

Sr. No	Particulars	Section Reference
1.	Member's & Director's Minute Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Members	150/151

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 25.04.2003

(Ashwani Salwan)
Proprietor

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on March 31, 2003.

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	-	220	Balance Sheet etc 30/09/2002	30/04/2003	To be filed
2.	-	383A(1)	Secretarial Compliance Certificate	30/04/2003	To be filed
3.	Sch. V	159	Annual Return 31/03/2003	30/05/2003	To be filed

Place : New Delhi
Date : 25.04.2003

Arvind Kohli
Company Secretary
(CP No 2818)

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF MOUNT FINANCE LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2003. (Referred to in paragraph 1 thereof)

AUDITORS' REPORT

THE MEMBERS OF
MOUNT FINANCE LIMITED

We have audited the attached Balance Sheet of MOUNT FINANCE LIMITED, as at 31st March, 2003 and the Profit and Loss Account for the Period from 01st October, 2002 to 31st March, 2003 annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of section 211.
 - As informed and explained to us, none of the directors of the company is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management and no discrepancies were noticed on such verification carried out during the year.
- None of the fixed assets have been revalued during the period.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the acquisition of assets.
- The Company has not entered into any transactions aggregating to more than Rs. 50,000/- during the year with parties listed in the register maintained under section 301 of the Companies Act, 1956.
- The Company has not accepted any deposits from the Public during the year as defined under section 58-A of the Companies Act, 1956 and rules framed thereunder.
- In our opinion during the current period the company, has had an adequate internal audit system commensurate with the size and nature of its business.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax and customs-duty were outstanding, as at 31st March, 2003 for a period of more than six months from the date they become payable.
- According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The company has not granted loans or advances on the basis of security by way of pledge of shares/debentures and other similar securities.
- The service activities of the Company are such that the question of recording receipts, issues and allocation of man hours to the relative jobs does not arise. Consequently the authorisation and control on the allocation of labor hours to job is not applicable.

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 25.04.2003

(Ashwani Salwan)
Proprietor

MOUNT FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2003

Particulars	Schedule	As At 31st Mar., 2003 RS/P	As At 30th Sept., 2002 RS/P
SOURCES OF FUNDS			
Share Capital	A	8300060.00	8300060.00
TOTAL		8300060.00	8300060.00
APPLICATION OF FUNDS			
Fixed Assets	B	4765769.61	4847975.50
Current Assets, Loans & Advances	C	357488.21	851238.21
Less : Current Liabilities & Provisions	E	(-) 2298255.12	(-) 2695347.12
Net Current Assets		(-) 1940766.91	(-) 1844108.91
Profit & Loss Account (As per annexed)		5475057.30	5296193.41
TOTAL		8300060.00	8300060.00

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES F

As per our report of even date attached.
For A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 25.04.2003

PROFIT & LOSS ACCOUNT FOR PERIOD FROM 1ST OCTOBER, 2002 TO 31ST MARCH, 2003

Particulars	Schedule	Period Ended 31st Mar., 2003 RS/P	Year Ended 30th Sept., 2002 RS/P
INCOME			
Closing Stock of Shares (Valued at Cost or Market Price whichever is lower)	D	74562.50	74562.50
TOTAL		74562.50	74562.50
EXPENDITURE			
Opening Stock of Shares		74562.50	125265.00
Office Repair & Maintenance		37758.00	74056.00
Filing Fees		1750.00	1000.00
Bank Charges		1500.00	174.00
Professional fees		45000.00	3500.00
Auditor's Remuneration :-			
— Tax Audit Fees		5250.00	5250.00
— Audit Fees		5400.00	5250.00
Depreciation		82205.89	164863.38
TOTAL		253426.39	379358.38
Loss for the period before Taxation		(-) 178863.89	(-) 304795.88
Provision for Taxation			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		(-) 178863.89	(-) 304795.88
Depreciation for earlier year written back		—	1039074.22
Balance b/f from previous year		(-) 5296193.41	(-) 6030471.75
Balance carried to Balance Sheet		(-) 5475057.30	(-) 5296193.41
Basic & diluted Earning per Share		(-) 0.22	0.88

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES F

As per our report of even date attached.
For A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 25.04.2003

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A' : SHARE CAPITAL

	As At 31st Mar., 2003 RS/P	As At 30th Sept., 2002 RS/P
AUTHORISED 10,00,000 Equity Shares of Rs. 10/-each	10000000.00	10000000.00
ISSUED, SUBSCRIBED AND PAID UP 830006(Previous Year 830006) Equity Shares of Rs. 10/- each fully paid up in Cash	8300060.00	8300060.00
TOTAL	8300060.00	8300060.00

(Out of the above 830006 Equity Shares are held by HB Stockholdings Ltd., the holding company)

SCHEDULE 'B' : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.10.2002	Addition during the period	As at 31.03.2003	Up to 30.09.2002	Provided during the period	Adjustments	Up to 31.03.2003	As at 31.03.2003	As at 30.09.2002
Office Premises	4823385.00	—	4823385.00	750861.91	39202.89	—	790064.80	4033320.20	4072523.09
Office Equipment	217850.00	—	217850.00	79726.25	5159.78	—	84886.03	132963.97	138123.75
Plant & Machinery	174902.00	—	174902.00	63799.24	4142.56	—	67941.80	106960.20	111102.76
Furniture & Fixture	1084855.00	—	1084855.00	558629.10	33700.66	—	592329.76	492525.24	526225.90
TOTAL	6300992.00	—	6300992.00	1453016.50	82205.89	—	1535222.39	4765769.61	4847975.50
PREVIOUS YEAR	6300992.00	—	6300992.00	2327227.34	164863.38	(-)1039074.22	1453016.50	4847975.50	3973764.66

MOUNT FINANCE LIMITED

SCHEDULE 'C' : CURRENT ASSETS, LOANS & ADVANCES

	As At 31st Mar., 2003 RS/P	As At 30th Sept., 2002 RS/P
A) CURRENT ASSETS		
i) Closing Stock of Share 'D' (at cost/market price whichever is lower)	74562.50	74562.50
ii) Cash in Hand (As certified by Director)	13573.90	13573.90
iii) Bank Balances		
With Scheduled banks in Current Accounts	21534.81	15284.81
iv) Sundry Debtors (Unsecured considered good otherwise stated) - Outstanding exceeding six months	145000.00	645000.00
TOTAL (A)	254671.21	748421.21
B) LOANS & ADVANCES (Unsecured considered goods)		
a) Advance Recoverable in cash or in kind or for value to be received.	16745.00	16745.00
b) Security Deposits With Others	25340.00	25340.00
c) Income Tax & Tax deducted at Source	60732.00	60732.00
TOTAL (B)	102817.00	102817.00
TOTAL (A + B)	357488.21	851238.21

SCHEDULE - D : CLOSING STOCK OF SHARES

Name of the Company	Face Value	As At 31st Mar., 2003 Qty. (Nos.)	Amount Rs.	As At 30th Sept., 2002 Qty. (Nos.)	Amount Rs.
QUOTED FULLY PAID UP EQUITY SHARE					
Indo Gulf Industries Ltd.	10.00	59650	74562.50	59650	74562.50
TOTAL		59650	74562.50	59650	74562.50

SCHEDULE 'E' : CURRENT LIABILITIES & PROVISIONS

	As At 30th Sept., 2002 RS/P	As At 30th Sept., 2001 RS/P
CURRENT LIABILITIES		
a) Sundry Creditors	139612.00	58541.00
b) Security Deposits	1750000.00	1750000.00
c) Advances received (Nett)	406806.12	886806.12
d) Other Liabilities	1837.00	—
TOTAL	2298255.12	2695347.12

SCHEDULE 'F' : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Annexed to and forming part of the Statement of Accounts for the period ended 31st March, 2003)

A. ACCOUNTING POLICIES.

- All income and expenses are accounted for on accrual basis.
- Service charges are accounted for on the basis of bills raised on customers.
- Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- Tax expenses for the year comprises of Current Tax Deferred Tax charge or credit. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arises mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation/liabilities.
- Stock in Trade of shares & Debentures is valued at cost or market price which ever is lower.

B) NOTES ON ACCOUNTS

- In the absence of any material tax effect of timing difference, there is no provision for deferred tax in term of Accounting Standard (AS-22) ON Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.
- Current Assets loans and advances are in the opinion of management approx of the value stated if realised in the ordinary course of business. Debtors/Creditors and Loans & Advances balances are subject to confirmations.
- Quantitative information. Shares/Debentures/Securities:

Particulars	As at 31.03.2003		As at 30.09.2002	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	59650	74562.50	59650	125265.00
Purchases	—	—	—	—
Sales	—	—	—	—
Closing Stock	59650	74562.50	59650	74562.50

- Earning (Loss) per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Period (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	(-) 213632.18	(-) 304795.88
Less: Depreciation for Earlier Year Written Back	Nil	1039074.12
Net Profit/Loss(-) available for Equity Share holders	(-) 213632.18	734278.24
Weighted Average No. of Equity Share Outstanding	830006	830006
Basic & Diluted Earning per share(Face Value of Rs.10/- each.)	(-) 0.26	0.88

- Previous Year figures have been regrouped /rearranged wherever necessary. Current Period figures are not directly comparable with the figures of previous year as current period of six months.
- Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.

- Schedule A to F forms an integral part of the accounts

As per our report of even date attached.

For A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN)
Proprietor

Place : New Delhi
Date : 25.04.2003

FOR AND ON BEHALF OF THE BOARD

J.M.L.SURI
Director

C.M.MATHUR
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code	Bombay
Registration No.	38136
Balance Sheet Date	31.03.2003

II. Capital raised during the year (Amount in Rs.)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilization and deployment of Funds (Amount in Rs. in lacs)

Total Liabilities	83.00	Total Assets	83.00
Source of Funds		Application of Funds	
Paid up Capital	83.00	Net Fixed Asset	47.26
Reserve & Surplus	—	Investments	—
Secured Loans	—	Net Current Assets	(19.36)
Unsecured Loans	—	Misc. Expenditure	—
		Profit & Loss A/c	55.10

IV. Performance of Company (Amount Rs. in lacs)

Total Turnover	—	Total Expenditure	2.14
Profit/(Loss) before Tax	(2.14)	Profit/(Loss) after Tax	(2.14)
Earning Per Share in Rs.	(0.26)	Dividend Rate	—

V. Generic, names of principal products/service of company (as per monetary terms)

- Item Code No. : N.A.
Product Description : Dealing in shares

HB PRIMA CAPITAL LIMITED

DIRECTORS' REPORT

To the Members,
Your Directors are pleased to present the 8th Annual Report together with the Audited Statement of Accounts for the year ended 30th September 2002.

FINANCIAL RESULTS

The summarised financial results of the Company for the year under review are as under:

Particulars	(Amount in Rs.)	
	Year Ended 30.09.2002	Year Ended 30.09.2001
Gross profit / (loss) for the year	75,000	(13,24,284.87)
Net profit / (loss) for the year	(1,75,098.59)	(16,98,384.36)
Provision for Income Tax	Nil	Nil
Surplus brought forward	(2,55,933.53)	14,42,719.83
Balance carried to Balance Sheet	(3,64,573.87)	(2,55,933.53)

DIVIDEND

In view of loss, your Directors do not recommend dividend for the year under review.

OPERATIONS

With the OTCEI recording practically no activities and remaining dormant the Company did not carry any significant operations particularly at OTCEI during the year under review. With extensive networking, the bulk of trading in shares and securities are now restricted to BSE and National Stock Exchange and the other stock exchanges have more or less become dormant. There are practically no signs of revival as of now. The directors are considering various options available before the company including commencing/undertake some other activities.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your Company.

The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there is no such employee.

Pursuant to Section 217(2AA), it is hereby stated that in preparation of the Annual Accounts, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company for that period. 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 from preventing and detecting frauds and other irregularities. Further, the Directors have prepared the annual accounts on a going concern basis.

In terms of the proviso to Section 383A(1) of the Companies Act, 1956, Secretarial Compliance Certificate dated 16.01.2003 obtained from Mr. Arvind Kohli, a Practising Company Secretary, is annexed with this Report and the same forms part thereof.

AUDITORS REPORT

Observations of the Auditors are explained, wherever necessary, by notes to accounts.

AUDITORS

The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

CHANGE IN ACCOUNTING YEAR

Consequent to change of financial year of the holding company, your company has also changed its financial year to commence on 1st April of every year and to close on 31st March of the following year so as to synchronise and align it with that of the holding company for facilitating easy consolidation of accounts. Accordingly the current financial year, which commenced on 1st October 2002, would be ended on 31st March 2003 instead of 30th September 2003.

DIRECTORS

Mr. Anil Goyal retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

ACKNOWLEDGEMENT

Your directors wish to thank and acknowledge the support received from the holding company and all other concerned.

FOR & ON BEHALF OF THE BOARD FOR HB PRIMA CAPITAL LIMITED

Place : New Delhi
Date : 16.01.2003

ANIL GOYAL C.M. MATHUR
Director Director

COMPLIANCE CERTIFICATE

To,
The Members
HB Prima Capital Limited

We have examined the registers, records, books and papers of HB Prima Capital Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on September 30, 2002. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, We certify that in respect of the aforesaid financial year:

1) The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

- 2) The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- 3) The company being public limited company has the minimum prescribed paid-up capital.
- 4) The Board of Directors duly met 4 times on December 24, 2001; January 15, 2002; June 20, 2002 and August 05, 2002 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year.
- 5) The company has not closed its Register of Members during the financial year.
- 6) The annual general meeting for the financial year ended on September 30, 2001 was held on March 30, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7) No extra ordinary meeting(s) was/were held during the financial year.
- 8) The company has not advanced any loans to its directors and/or persons or firms of companies referred to in section 295 of the Act that require complying with the said provisions of the Act.
- 9) The company has not entered into any contract falling within the purview of section 297 of the Act during the financial year.
- 10) The company has not entered into any contract requiring making of entries in the register under section 301 of the Act during the financial year under review.
- 11) As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- 12) The company has not issued any duplicate share certificates during the financial year.
- 13) The Company :
 - i) was not required to deliver any certificates on allotment of securities as the Company has not issued any security during the financial year;
 - ii) has not received any request for transfer/transmission or any other purpose during the financial year;
 - iii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - iv) was not required to post warrants for dividend to any member of the company as no dividend was declared during the financial year;
 - v) was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as there are no such sum which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - vi) has duly complied with the requirements of section 217 of the Act.
- 14) The Board of Directors of the company is duly constituted and the appointment of directors, additional directors have been duly made; no alternate directors and directors to fill casual vacancies were appointed during the financial year.
- 15) The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
- 16) The company has not appointed any sole-selling agent during the financial year.
- 17) The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- 18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- 19) The company has not issued any shares, debentures or other securities during the financial year.
- 20) The company has not bought back any shares during the financial year.
- 21) The company does not have any preference share capital.
- 22) There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- 23) The company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- 24) The Company has not borrowed any money from directors, members, public financial institutions, banks and others during the financial year ending September 30, 2002 that require resolutions as per section 293(1)(d) of the Act.
- 25) The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate that require compliance with the provisions of the Act and thus necessitate making of entries in the register kept for the purpose.
- 26) The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- 27) The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- 28) The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29) The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30) The company has not altered its articles of association during the year under scrutiny.
- 31) There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

HB PRIMA CAPITAL LIMITED

- 32) The company has not received any money as security from its employees during the financial year.
- 33) The company has no employees who are entitled to provident fund benefits.

Place : New Delhi
Date : 16.01.2003

Arvind Kohli
Company Secretary
(CP No 2818)

- a) In the case of the Balance Sheet of the State of Affairs of the Company as at 30th SEPTEMBER, 2002 and
- b) In the case of the Profit & Loss account of the Loss for the year ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants

Annexure A

Registers as maintained by the Company

Sr. No	Particulars	Section Reference
1.	Member's & Director's Minute Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Members	150/151
4.	Register of Investments not held in Company's Name	49
5.	Register of Particular of Loans & Investments	372A

Place : New Delhi
Date : 16.01.2003

Amit Goel
Partner

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB PRIMA CAPITAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2002. (Referred to in paragraph 1 thereof)

- The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management and no serious discrepancies were noticed on such verification carried out during the year.
- None of the fixed assets have been revalued during the year.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase and sale of shares.
- The Company has not accepted any deposits from the Public during the year as defined under section 58-A of the Companies Act, 1956 and rules framed thereunder.
- In our opinion during the current period the company, has had an adequate internal audit system commensurate with the size and nature of its business.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax and customs-duty were outstanding, as at 30th September, 2002 for a period of more than six months from the date they become payable.
- The company has not entered into transactions for sale & purchase of shares/debentures with firms, companies and other parties listed in the register maintained Under Section 301 of the Companies Act, 1956 aggregating to more than Rs. 50,000/- during the year.
- According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- In respect of its dealings in shares/debentures, the company has maintained proper records of the transactions and timely entries have been made. All the shares except as stated in Schedule 'D' are held by Company in its own name.

For P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 16.01.2003

Amit Goel
Partner

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on September 30, 2002.

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	Form-18	146	Change of Registered office	03/09/2002	26/08/02
2.	—	220	Balance Sheet etc 30/09/2001	28/04/2002	11/04/02
3.	Sch. V	159	Annual Return 30/03/2002	28/05/2002	11/04/02

Place : New Delhi
Date : 16.01.2003

Arvind Kohli
Company Secretary
(CP No 2818)

AUDITORS' REPORT

THE MEMBERS OF
HB PRIMA CAPITAL LIMITED

We have audited the attached Balance Sheet of HB PRIMA CAPITAL LIMITED, as at 30th September, 2002 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of section 211.
 - As informed and explained to us, none of the directors of the company is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.:-

HB PRIMA CAPITAL LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 2002

(Rs.)

PARTICULARS	Schedules	As At 30th Sept., 2002	As At 30th Sept., 2001
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
a) Share Capital	A	10000000.00	10000000.00
b) Reserves & Surplus	B	15075000.00	15087500.00
TOTAL		25075000.00	25087500.00
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	C	436879.00	436879.00
Less : Depreciation		(-) 107584.09	(-) 90724.25
Net Block		329294.91	346154.75
INVESTMENTS			
Share Application Money (Pending Allotment)	D	75421500.00 1000000.00	75421500.00 1000000.00
CURRENT ASSETS, LOANS & ADVANCES			
(i) Sundry Debtors	E	747500.00	2072500.00
(ii) Cash & Bank Balances		214345.07	110166.53
(iii) Loans & Advances		1652911.96	453681.00
Less : Current Liabilities & Provisions	F	54662310.81	54664410.81
(i) Liabilities		—	—
(ii) Provisions		—	—
NET CURRENT ASSETS		(-) 52047553.78	(-) 52028063.28
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	G	7185.00	91975.00
PROFIT & LOSS ACCOUNT			
(As annexed Account)		364573.87	255933.53
TOTAL		25075000.00	25087500.00
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES			
H			

As per our report of even date attached

For P. BHOLUSARIA & COMPANY

Chartered Accountants

AMIT GOEL

Partner

Place : New Delhi

Date : 16.01.2003

FOR AND ON BEHALF OF THE BOARD

ANIL GOYAL
Director

C.M. MATHUR
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2002

(Rs.)

PARTICULARS	Schedules	Year Ended 30th Sept., 2002	Year Ended 30th Sept., 2001
INCOME			
Brokerage Income		—	715.13
Gain/Loss on Sale of Investments		—	(-) 1400000.00
Dividend Income		75000.00	75000.00
(On Long Term(Non-Trade) Investments		—	—
TOTAL		75000.00	(-)1324284.87
EXPENDITURE			
— Misc. Expenses		2735.00	1480.24
— Subscription & Mmembership		7500.00	—
— Computer Software & Maint.Charges		13808.00	21192.00
— Depository Charges		5698.46	3854.00
— Insurance Charges		6438.04	5832.00
— Repair & Maint.Charges		14800.00	23050.00
— VSAT Charges		34323.00	52677.00
— Auditor's Remuneration		—	—
Audit fees		3150.00	3150.00
Tax audit fees		5250.00	5250.00
Others		788.00	2100.00
— Preliminary & Deferred Revenue Expenditure		9188.00	10500.00
— Depreciation		84790.00	164790.00
		70818.09	90724.25
TOTAL		250098.59	374099.49
Profit/Loss(-) during the year before Taxation		(-) 175098.59	(-) 1698384.36
Provision for Income Tax		—	—
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		(-) 175098.59	(-) 1698384.36
Depreciation for earlier year written back		53958.25	—
Income Tax for earlier Year		—	(-) 269.00
Amount transferred from General Reserve		12500.00	—
Balance Brought forward from Last Year		(-) 255933.53	1442719.83
Balance carried to Balance Sheet		(-) 364573.87	(-) 255933.53
Basic and Diluted Earning per Share		(-) 0.12	(-) 1.70
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES			
H			

As per our report of even date attached

For P. BHOLUSARIA & COMPANY

Chartered Accountants

AMIT GOEL

Partner

Place : New Delhi

Date : 16.01.2003

FOR AND ON BEHALF OF THE BOARD

ANIL GOYAL
Director

C.M. MATHUR
Director

HB PRIMA CAPITAL LIMITED

SCHEDULE 'A' - SHARE CAPITAL

	As At 30th Sept., 2002 (Rs.)	As At 30th Sept., 2001 (Rs.)
AUTHORISED		
10,00,000 Equity Shares of Rs.10/- each	10000000.00	10000000.00
ISSUED, SUBSCRIBED AND PAID-UP(*)		
10,00,000 Equity Shares of Rs.10/- each fully paid-up	10000000.00	10000000.00
TOTAL	<u>10000000.00</u>	<u>10000000.00</u>

* ALL THE SHARES ARE HELD BY THE HOLDING COMPANY, HB STOCKHOLDINGS LTD

SCHEDULE 'B' - RESERVE AND SURPLUS

	As At 30th Sept., 2002 (Rs.)	As At 30th Sept., 2001 (Rs.)
SHARE PREMIUM ACCOUNT		
As Per Last Account	15075000.00	15075000.00
GENERAL RESERVE ACCOUNT		
As Per Last Account	12500.00	12500.00
Less : Transfer to P & L Account	(-) 12500.00	—
	—	12500.00
TOTAL	<u>15075000.00</u>	<u>15087500.00</u>

SCHEDULE 'C' : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.10.2001 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 30.09.2002 Rs.	Upto 01.10.2001 Rs.	For the year Rs.	Adjustments Rs.	Total upto 30.09.2002 Rs.	As at 30.09.2002 Rs.	As at 30.09.2001 Rs.
Data Processing Machinery	436879.00	—	—	436879.00	90724.25	70818.09	53958.25	107584.09	329294.91	346154.75
TOTAL	436879.00	—	—	436879.00	90724.25	70818.09	53958.25	107584.09	329294.91	346154.75
PREVIOUS YEAR	—	436879.00	—	436879.00	—	90724.25	—	90724.25	346154.75	—

SCHEDULE - D : INVESTMENTS

Name of the Company	Face Value	As At 30th Sept., 2002 Qty. (Nos.)	Amount Rs.	As At 30th Sept., 2001 Qty. (Nos.)	Amount Rs.
LONG TERM INVESTMENTS					
QUOTED FULLY PAID-UP EQUITY SHARES (NON-TRADE, AT COST)					
Elcot Power Control Ltd.	10	500	37500.00	500	37500.00
Malwa Cotton Spinning Mills Ltd.	10	50000	32500000.00	50000	32500000.00
Nahar Spinning Mills Ltd.	10	15000	22875000.00	15000	22875000.00
Phoenix International Ltd.	10	17200	6106000.00	17200	6106000.00
Rattan Vanaspati Ltd.	10	400000	7600000.00	400000	7600000.00
RRB Securities Ltd.	10	62600	6260000.00	62600	6260000.00
TOTAL (A)		<u>545300</u>	<u>75378500.00</u>	<u>545300</u>	<u>75378500.00</u>
QUOTED PARTLY PAID-UP EQUITY SHARES					
Malvika Steel Ltd	10	4300	43000.00	4300	43000.00
TOTAL (B)		<u>4300</u>	<u>43000.00</u>	<u>4300</u>	<u>43000.00</u>
TOTAL (A + B)		<u>549600</u>	<u>75421500</u>	<u>549600</u>	<u>75421500</u>

NOTES :

- Share Costing Rs.6,90,81,000/- (Previous Year Rs.6,90,81,000/-) are pending transfer in Company's name.
- Market Value of Quoted Investment Rs.96,65,020/- (Previous year Rs.90,23,420/-)
- Liability towards partly paid-up Shares Rs.64,500/- (Previous year Rs.64,500/-)

SCHEDULE 'E' CURRENT ASSETS, LOANS & ADVANCES

	As At 30th Sept., 2002 (Rs.)	As At 30th Sept., 2001 (Rs.)
A. CURRENT ASSETS		
Sundry debtors (Unsecured Considered good unless otherwise stated)		
Outstanding for more than six months	747500.00	1997500.00
Outstanding for Less than six months	—	75000.00
Cash in Hand(As Certified by the Management)	180000.00	30000.00
Balance with Scheduled Bank in Current Account.	34345.07	80166.53
TOTAL - A	<u>961845.07</u>	<u>2182666.53</u>
B. LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received.	1250000.00	—
Prepaid Expenses	2829.96	53599.00
Security Deposit with OTCEI	400000.00	400000.00
Advance Tax paid /tax Deducted at Source	82.00	82.00
TOTAL - B	<u>1652911.96</u>	<u>453681.00</u>
TOTAL (A + B)	<u>2614757.03</u>	<u>2636347.53</u>

SCHEDULE 'F' - CURRENT LIABILITIES AND PROVISIONS

	As At 30th Sept., 2002 (Rs.)	As At 30th Sept., 2001 (Rs.)
A. CURRENT LIABILITIES		
Sundry Creditors	54662310.81	54664410.81
TOTAL - A	<u>54662310.81</u>	<u>54664410.81</u>
B. PROVISIONS		
Provision for Income Tax	—	—
TOTAL - B	<u>—</u>	<u>—</u>
TOTAL - (A + B)	<u>54662310.81</u>	<u>54664410.81</u>

SCHEDULE 'G' - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As At 30th Sept., 2002 (Rs.)	As At 30th Sept., 2001 (Rs.)
PRELIMINARY EXPENSES	11975	16765
Less : Proportionate amount written off	4790	4790
	<u>7185.00</u>	<u>11975.00</u>
DEFERRED REVENUE EXPENDITURE	80000	240000
Less : Proportionate amount written off	80000	160000
	<u>0.00</u>	<u>80000.00</u>
TOTAL	<u>7185.00</u>	<u>91975.00</u>

SCHEDULE 'H' - NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES.

(Annexed to and forming part of the Statement of Accounts for the period ended 30th September,2002)

A. ACCOUNTING POLICIES.

- All income and expenses are accounted for on accrual basis.
- Long Term Investments are valued at cost.
- a) Dividend income is accounted for on accrual basis.
b) Income from services is accounted on the basis of bills raised on customers.
- Preliminary Expenses are written off proportionately to be amortized over a period of ten year.
- Deferred Revenue Expenditure are written of proportionately to be amortized over a period of eight years.
- Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV of the Companies Act,1956.
- Tax expenses for the year comprises of Current Tax Deferred Tax charge or credit. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arises mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation/liabilities.

HB PRIMA CAPITAL LIMITED

B) NOTES ON ACCOUNTS

- (1) During the year the Company has changed the method of providing Depreciation on Fixed Assets from Written Down Value method to Straight Line Method. As a result of this change, loss for the year is lower by Rs. 67644/-.
- (2) In the opinion of management diminution amounting to Rs 6,57,56,480/- in the value of Long Term Investment is temporary and hence no provision is required.
- (3) In the absence of any material tax effect of timing difference, there is no provision for deferred tax in term of Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.
- (4) Earning (Loss) per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	(-) 175098.25	(-) 1698384.36
Less: Depreciation for Earlier Year Written Back	53958.25	Nil
Less : Income Tax for Earlier Year	Nil	(-) 269.00
Net Profit/Loss(-) available for Equity Share holders	(-) 121140.34	(-) 1698653.36
Weighted Average No. of Equity Share Outstanding	10,00,000	10,00,000
Basic & Diluted EPS (Face Value of Rs.10/- each.)	(-) 0.12	(-) 1.70

- (5) Sundry Creditors includes a sum of Rs.2,81,35,444.20 (Previous Year Rs.5,46,35,444.20) due to holding Company, HB Stockholdings Ltd.
- (6) Current Assets loans and advances are in the opinion of management approx. of the value stated if realised in the ordinary course of business.
- (7) Previous Year figures have been regrouped /rearranged wherever necessary.
- (8) Income Tax provision for the period 01.04.2002 to 30.09.2002 shall be made in the next year.
- (9) Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
- (10) Schedule 'A' to 'H' forms an integral part of the accounts.

As per our report of even date attached

For P. BHOLUSARIA & COMPANY
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 16.01.2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART-(IV) OF THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS

Registration No.	59475
State Code	55
Balance Sheet Date	30-Sept.-02

II. CAPITAL RAISED DURING THE PERIOD

(Rs. in '000)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	25075
Total Assets	25075

SOURCES OF FUNDS

Paid-up Share Capital	10000
Reserves & Surplus	15075
Secured Loans	NIL
Unsecured Loans	NIL

APPLICATION OF FUNDS

Net Fixed Assets	329
Investments	76422
Net Current Assets	(-) 52048
Miscellaneous Expenditure	7
Profit & Loss Account	365

IV. PERFORMANCE OF THE COMPANY

Total Turnover	75
Total Expenditure	250
Profit/Loss Before Tax	(-) 175
Profit/Loss After Tax	(-) 121
Earnings per share (Rs.)	(-) 0.12
Dividend rate (%)	Nil

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code	: N.A.
Product Description	: MEMBER OF OTCEI AND INVESTMENTS

HB PRIMA CAPITAL LIMITED

DIRECTORS' REPORT

To the Members,
Your Directors are pleased to present the 9th Annual Report together with the Audited Statement of Accounts for the period ended 31st March 2003.

FINANCIAL RESULTS

In order to align and synchronise the accounting year of the company with that of the holding company for facilitating consolidation of accounts, the financial year of the company had been changed to commence on 1st April of every year and to end on 31st March of the following year. Accordingly the accounts for the period under review has been closed on 31st March 2003 instead of 30th September 2003 and therefore the accounts/figures reflect working for a period of 6 months and are not strictly comparable with the figures of the previous year. The financial results of the Company during the year under review are summarized as under:

Particulars	(Amount in Rs.)	
	Period Ended 31.03.2003	Year Ended 30.09.2002
Gross Profit/(Loss) for the year	Nil	75,000
Net Profit/(Loss) for the year	(52,384.01)	(1,75,098.59)
Provision for Income tax	Nil	Nil
Surplus brought forward	(3,64,573.87)	(2,55,933.53)
Balance carried to Balance Sheet	(4,16,957.88)	(3,64,573.87)

DIVIDEND

In view of loss suffered, your Directors do not recommend dividend for the period under review.

OPERATIONS

The company did not carry any significant OTCEI operations during the period under review, as the primary market largely remained dormant with no activities at the OTCEI. The subdued sentiments that had been prevailing in the Stock Market for the past 2-3 years have further discouraged operations at OTCEI.

Your Company in the above scenario is reviewing its options including measures to diversify/ enter some other activities.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year.

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your Company.

The provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there is no such employee.

Pursuant to Section 217(2AA), it is hereby stated that in preparation of the Annual Accounts, the applicable accounting standards have been followed. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company for that period. 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 from preventing and detecting frauds and other irregularities. Further, the Directors have prepared the annual accounts on a going concern basis.

In terms of the proviso to Section 383A(1) of the Companies Act, 1956, Secretarial Compliance Certificate dated 24.04.2003 obtained from Mr. Arvind Kohli, a Practicing Company Secretary, is annexed with this Report and the same forms part thereof.

AUDITORS REPORT

Observations of the Auditors are explained, wherever necessary, by notes to accounts.

AUDITORS

The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS

Mr. C. M. Mathur is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

ACKNOWLEDGEMENTS

Your directors wish to thank and acknowledge the support received from the holding company and all other concerned.

FOR & ON BEHALF OF THE BOARD FOR HB PRIMA CAPITAL LIMITED

Place : New Delhi
Date : 24.04.2003

ANIL GOYAL C.M.MATHUR
Director Director

COMPLIANCE CERTIFICATE

To,
The Members
HB Prima Capital Limited

We have examined the registers, records, books and papers of HB Prima Capital Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year of six months period ended on March 31, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, We certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The company is yet to file the documents and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- The company being public limited company has the minimum prescribed paid-up capital.
- The Board of Directors duly met 2 times on 11th November 2002; and 16th January 2003; in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year.
- The company has not closed its Register of Members during the financial year.
- The annual general meeting for the financial year ended on September 30, 2002 was held on March 31, 2003 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary meeting(s) was/were held during the financial year.
- The company has not advanced any loans to its directors and/or persons or firms of companies referred to in section 295 of the Act that require complying with the said provisions of the Act.
- The company has not entered into any contract falling within the purview of section 297 of the Act during the financial year.
- The company has not entered into any contract requiring making of entries in the register under section 301 of the Act during the financial year under review.
- As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- The company has not issued any duplicate share certificates during the financial year.
- The Company:
 - was not required to deliver any certificates on allotment of securities as the Company has not issued any security during the financial year;
 - has not received any request for transfer/transmission or any other purpose during the financial year;
 - has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - was not required to post warrants for dividend to any member of the company as no dividend was declared during the financial year;
 - was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as there are no such sum which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointment of directors, additional directors have been duly made; no alternate directors and directors to fill casual vacancies were appointed during the financial year.
- The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
- The company has not appointed any sole-selling agent during the financial year.
- The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The company has not issued any shares, debentures or other securities during the financial year.
- The company has not bought back any shares during the financial year.
- The company does not have any preference share capital.
- There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- The company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- The Company has not borrowed any money from directors, members, public financial institutions, banks and others during the financial period ending March 31, 2003 that require resolutions as per section 293(1)(d) of the Act.
- The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate that require compliance with the provisions of the Act and thus necessitate making of entries in the register kept for the purpose.
- The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- The company has not altered its articles of association during the year under scrutiny.

HB PRIMA CAPITAL LIMITED

- 31) There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
- 32) The company has not received any money as security from its employees during the financial year.
- 33) The company has no employees who are entitled to provident fund benefits.

Place : New Delhi
Date : 24.04.2003

Arvind Kohli
Company Secretary
(CP No 2818)

Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.:-

- a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2003 and
- b) In the case of the Profit & Loss account of the Loss for the Period ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants

Annexure A

Registers as maintained by the Company

Sr. No	Particulars	Section Reference
1.	Member's & Director's Minute Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Members	150/151
4.	Register of Investments not held in Company's Name.	49
5.	Register of Particular of Loans & Investments	372A

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial period ending on March 31, 2003

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	—	220	Balance Sheet etc 30/09/2002	30/04/2003	To be filed
2.	—	383A(1)	Secretarial Compliance Certificate	30/04/2003	To be filed
3.	Sch. V	159	Annual Return 31/03/2003	29/05/2003	To be filed

Place : New Delhi
Date : 24.04.2003

Arvind Kohli
Company Secretary
(CP No 2818)

Place : New Delhi
Date : 24.04.2003

Amit Goel
Partner

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB PRIMA CAPITAL LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2003. (Referred to in paragraph 1 thereof)

AUDITORS' REPORT

THE MEMBERS OF
HB PRIMA CAPITAL LIMITED

We have audited the attached Balance Sheet of HB PRIMA CAPITAL LIMITED, as at 31st March, 2003 and the Profit and Loss Account for the period from 1st October, 2002 to 31st March, 2003 annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of section 211.
 - As informed and explained to us, none of the directors of the company is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies

- The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management and no serious discrepancies were noticed on such verification carried out during the period.
- None of the fixed assets have been revalued during the period.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- According to the information and explanations given to us, the company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In term of Section 370(6) of the Companies Act, 1956, provisions of Section 370 are not applicable to the company on or after 31st October, 1998.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase and sale of shares.
- The Company has not accepted any deposits from the Public during the period as defined under section 58-A of the Companies Act, 1956 and rules framed thereunder.
- In our opinion during the current period the company, has had an adequate internal audit system commensurate with the size and nature of its business.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax and customs-duty were outstanding, as at 31st March, 2003 for a period of more than six months from the date they become payable.
- The company has not entered into transactions for sale & purchase of shares/debentures with firms, companies and other parties listed in the register maintained Under Section 301 of the Companies Act, 1956 aggregating to more than Rs. 50,000/- during the period.
- According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- In respect of its dealings in shares/debentures, the company has maintained proper records of the transactions and timely entries have been made. All the shares except as stated in Schedule 'D' are held by Company in its own name.

For P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 24.04.2003

Amit Goel
Partner

HB PRIMA CAPITAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2003

Particulars	Schedules	As At 31st Mar., 2003 (Rs.)	As At 30th Sept., 2002 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
a) Share Capital	A	10000000.00	10000000.00
b) Reserves & Surplus	B	15075000.00	15075000.00
TOTAL		25075000.00	25075000.00
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	C	436879.00	436879.00
Less : Depreciation		(-) 142993.14	(-) 107584.09
Net Block		293885.86	329294.91
INVESTMENTS			
Share Application Money (Pending Allotment)	D	75421500.00	75421500.00
		1000000.00	1000000.00
CURRENT ASSETS, LOANS & ADVANCES			
(i) Sundry Debtors	E	35000.00	747500.00
(ii) Cash & Bank Balances		104650.87	214345.07
(iii) Loans & Advances		1650082.00	1652911.96
		1789732.87	2614757.03
Less : Current Liabilities & Provisions			
(i) Liabilities	F	53851866.61	54662310.81
(ii) Provisions		—	—
NET CURRENT ASSETS		(-)52062133.74	(-)52047553.78
MISC. EXPENDITURE			
(To the extent not written off or adjusted)	G	4790.00	7185.00
PROFIT & LOSS ACCOUNT			
(As annexed Account)		416957.88	364573.87
TOTAL		25075000.00	25075000.00

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

As per our report of even date attached
For P. BHOLUSARIA & COMPANY
Chartered Accountants

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M. MATHUR
Director

Place : New Delhi
Date : 24.04.2003

FOR AND ON BEHALF OF THE BOARD

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 01/10/2002 TO 31/03/2003

Particulars	Schedules	Period Ended 31st Mar., 2003 (Rs.)	Year Ended 30th Sept., 2002 (Rs.)
INCOME			
Dividend Income		0.00	75000.00
(On Long Term(Non-Trade) Investments)			
TOTAL		0.00	75000.00
EXPENDITURE			
— Misc. Expenses		0.00	2735.00
— Subscription & Mmembership		2500.00	7500.00
— Computer Software & Maint.Charges		0.00	13808.00
— Professional Charges		5100.00	—
— Depository Charges		3500.00	5698.46
— Insurance Charges		329.96	6438.04
— Repair & Maint.Charges		0.00	14800.00
— VSAT Charges		0.00	34323.00
— Auditor's Remuneration			
Audit fees	3150.00		3150.00
Tax audit fees	—		5250.00
Others	—	3150.00	788.00
— Preliminary & Deferred Revenue Expenditure		2395.00	84790.00
— Depreciation		35409.05	70818.09
TOTAL		52384.01	250098.59
Profit/Loss(-) during the period before Taxation		(-) 52384.01	(-) 175098.59
Provision for Income Tax			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		(-) 52384.01	(-) 175098.59
Depreciation for earlier year written back		—	53958.25
Amount transferred from General Reserve		—	12500.00
Balance Brought forward from Last Year		(-) 364573.87	(-) 255933.53
Balance carried to Balance Sheet'		(-) 416957.88	(-) 364573.87
Basic and Diluted Earning per Share		(-) 0.05	(-) 0.12

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

As per our report of even date attached
For P. BHOLUSARIA & COMPANY
Chartered Accountants

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M. MATHUR
Director

Place : New Delhi
Date : 24.04.2003

FOR AND ON BEHALF OF THE BOARD

SCHEDULE 'A' - SHARE CAPITAL

	As At 31st Mar., 2003 (Rs.)	As At 30th Sept., 2002 (Rs.)
AUTHORISED		
10,00,000 Equity Shares of Rs.10/- each	10000000.00	10000000.00
ISSUED, SUBSCRIBED AND PAID-UP (*)		
10,00,000 Equity Shares of Rs.10/- each fully paid-up	10000000.00	10000000.00
TOTAL	10000000.00	10000000.00

* ALL THE SHARES ARE HELD BY THE HOLDING COMPANY, HB STOCKHOLDINGS LTD

SCHEDULE 'B' - RESERVE AND SURPLUS

	As At 31st Mar., 2003 (Rs.)	As At 30th Sept., 2002 (Rs.)
SHARE PREMIUM ACCOUNT		
As Per Last Account	15075000.00	15075000.00
GENERAL RESERVE ACCOUNT		
As Per Last Account	—	12500.00
Less : Transfer to P & L Account	—	(-)12500.00
TOTAL	15075000.00	15075000.00

SCHEDULE 'C' : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.10.2002 Rs.	Addition during the period Rs.	Sales/Adj during the period Rs.	Total As at 31.03.2003 Rs.	Upto 01.10.2002 Rs.	For the period Rs.	Adjustments Rs.	Total upto 31.03.2003 Rs.	As at 30.09.2003 Rs.	As at 30.09.2002 Rs.
Data Processing Machinery	436879.00	—	—	436879.00	107584.09	35409.05	—	142993.14	293885.86	329294.91
TOTAL	436879.00	—	—	436879.00	107584.09	35409.05	—	142993.14	293885.86	329294.91
PREVIOUS YEAR	436879.00	—	—	436879.00	90724.25	70818.09	53958.25	107584.09	329294.91	346154.75

HB PRIMA CAPITAL LIMITED

SCHEDULE 'D' - INVESTMENTS

Name of the Company	Face Value	As At 31st Mar., 2003 Qty. (Nos.)	Amount Rs.	As At 30th Sep., 2002 Qty. (Nos.)	Amount Rs.
LONG TERM INVESTMENTS					
QUOTED FULLY PAID-UP EQUITY SHARES (NON-TRADE, AT COST)					
Elcot Power Control Ltd.	10	500	37500.00	500	37500.00
Malwa Cotton Spinning Mills Ltd.	10	50000	32500000.00	50000	32500000.00
Nahar Spinning Mills Ltd.	10	15000	22875000.00	15000	22875000.00
Phoenix International Ltd.	10	17200	6106000.00	17200	6106000.00
Rattan Vanaspati Ltd.	10	400000	7600000.00	400000	7600000.00
RRB Securities Ltd.	10	62600	6260000.00	62600	6260000.00
TOTAL (A)		545300	75378500.00	545300	75378500.00
QUOTED PARTLY PAID-UP EQUITY SHARES					
Malvika Steel Ltd	10	4300	43000.00	4300	43000.00
TOTAL (B)		4300	43000.00	4300	43000.00
TOTAL (A + B)		549600	75421500	549600	75421500

NOTES :

- Share Costing Rs.6,90,81,000/- (Previous Year Rs.6,90,81,000/-) are pending transfer in Company's name.
- Market Value of Quoted Investment Rs.95,38,700/- (Previous year Rs.96,65,020 /-)
- Liability towards partly paid-up Shares Rs.64,500/- (Previous year Rs.64,500/-)

SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES (Rs.)

	As At 31st Mar., 2003	As At 30th Sept., 2002
A. CURRENT ASSETS		
Sundry debtors (Unsecured Considered good unless otherwise stated)		
Outstanding for more than six months	35000.00	747500.00
Cash in Hand (As Certified by the Management)	30000.00	180000.00
Balance with Scheduled Bank in Current Account.	74650.87	34345.07
TOTAL - A	139650.87	961845.07
B. LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received.	1250000.00	1250000.00
Prepaid Expenses	0.00	2829.96
Security Deposit with OTCEI	400000.00	400000.00
Advance Tax paid /tax Deducted at Source	82.00	82.00
TOTAL - B	1650082.00	1652911.96
TOTAL (A + B)	1789732.87	2614757.03

SCHEDULE 'F' - CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES		
Sundry Creditors	18976866.61	54662310.81
Advances Received	34875000.00	—
TOTAL - A	53851866.61	54662310.81
B. PROVISIONS		
Provision for Income Tax	—	—
TOTAL - B	—	—
TOTAL - (A + B)	53851866.61	54662310.81

SCHEDULE 'G' - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

PRELIMINARY EXPENCES	7185	11975
Less : Proportionate amount written off	2395	4790
	4790.00	7185.00
DEFERRED REVENUE EXPENDITURE	—	80000.00
Less : Proportionate amount written off	—	(-80000.00)
TOTAL	4790.00	7185.00

SCHEDULE 'H' - NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES. (Annexed to and forming part of the Statement of Accounts for the period ended 31st March, 2003)

A. ACCOUNTING POLICIES.

- All income and expenses are accounted for on accrual basis.
- Long Term Investments are valued at cost.
- a) Dividend income is accounted for on accrual basis.
b) Income from services is accounted on the basis of bills raised on customers.
- Preliminary Expenses are written off proportionately to be amortized over a period of ten year.
- Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- Tax expenses for the year comprises of Current Tax Deferred Tax charge or credit.

The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arises mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred Tax Assets/Liabilities are reviewed at each balance sheet date based on development during the year, further future expectations and available case laws to reassess realisation/liabilities.

B) NOTES ON ACCOUNTS

- In the opinion of management diminution amounting to Rs 6,58,82,800/- (Previous Year Rs. 6,57,56,480/-) in the value of Long Term Investment is temporary and hence no provision is required.
- In the absence of any material tax effect of timing difference, there is no provision for deferred tax in term of Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.
- Earning (Loss) per share pursuant to Accounting Standard (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Particulars	Current Period (Amount Rs.)	Previous Year (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	(-) 52384.01	(-) 175098.59
Less: Depreciation for Earlier Year Written Back	Nil	53958.25
Net Profit/Loss(-) available for Equity Share holders	(-) 52384.01	(-) 121140.34
Weighted Average No. of Equity Share Outstanding	10,00,000	10,00,000
Basic & Diluted EPS (Face Value of Rs.10/- each.)	(-) 0.05	(-) 0.12

- Sundry Creditors includes a sum of Rs. Nil (Previous year 2,81,35,444.20) and Advances Received Includes a sum of Rs.3,48,75,000/- (Previous Year Rs.Nil) due to holding Company, HB Stockholdings Ltd.
- Current Assets loans and advances are in the opinion of management approx. of the value stated if realised in the ordinary course of business.
- Previous Year figures have been regrouped /rearranged wherever necessary. Current Period figures are not directly comparable with the figures of previous year as current period of six months.
- Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
- Schedule 'A' to 'H' forms an integral part of the accounts.

As per our report of even date attached.

For P. BHOLUSARIA & COMPANY
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M.MATHUR
Director

Place : New Delhi

Date : 24.04.2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART-(IV) OF THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS

Registration No.	59475
State Code	55
Balance Sheet Date	31-Mar-03

II. CAPITAL RAISED DURING THE PERIOD

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	25075
Total Assets	25075

SOURCES OF FUNDS

Paid-up Share Capital	10000
Reserves & Surplus	15075
Secured Loans	NIL
Unsecured Loans	NIL

APPLICATION OF FUNDS

Net Fixed Assets	294
Investments	76422
Net Current Assets	(-) 52062
Miscellaneous Expenditure	5
Profit & Loss Account	417

IV. PERFORMANCE OF THE COMPANY

Total Turnover	0
Total Expenditure	52
Profit/Loss Before Tax	(-) 52
Profit/Loss After Tax	(-) 52
Earnings per share (Rs.)	(-) 0.05
Dividend rate (%)	Nil

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code	: N.A.
Product Description	: MEMBER OF OTCEI AND INVESTMENTS

Folio No.

(To be filled in by the Shareholder)

No. of Shares



HB STOCKHOLDINGS LIMITED

PROXY FORM

I/We

of

being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....

.....

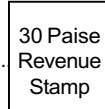
of or failing him/her

of

as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Thursday, 28th day of August, 2003 and at any adjournment thereof. As witness my hand/our hands this day of 2003.

Client Id :

Signed by the Said :



DP ID :

NOTE: The Proxy must be deposited at the Registered Office of the Company at 199 Sector - 7, Urban Estate, Gurgaon - 122 001, Haryana or at the Corporate Office at 10th Floor, DCM Building, 16, Barakhamba Road, New Delhi - 110 001 not less than 48 hours before the time for holding the meeting.



HB STOCKHOLDINGS LIMITED

ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., Thursday, 28th day of August, 2003

Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana.

FULL NAME OF THE FIRST SHAREHOLDER.....

Joint Shareholders, if any.....

Father's/Husband's Name

Address in full.....

FULL NAME(S) OF THE PERSON ATTENDING THE MEETING AS A PROXY/SHAREHOLDER(S)

.....

I/We hereby record my presence at the 16th Annual General Meeting held on 28th August, 2003 at 10.00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. : No. of Shares :

Client ID :

DP ID :

Signature

Members may please note that the Auditorium Authorities do not permit carrying of bags/articles/snack packets etc. inside the meeting hall. The Company will not make any arrangements for safe keeping of articles etc. outside the Hall. Members may make their own arrangements which shall be solely at their risk and cost and the Company will in no way be responsible for any loss/theft of articles etc.