



BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. K. N. Malhotra	Director
Dr. K. Srinivasan	Director
Mr. P. K. Mittal	Director
Mr. J. M. L. Suri	Executive Director

ASST. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Vinay Shukla

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 AGENT

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

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NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Company will be held as follows:

Day : Wednesday
Date : 29th September, 2004
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, 2004 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. P.K. Mittal 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 modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. K. Srinivasan, who was appointed as additional director on the Board of Directors of the company on 27th April, 2004 be and is hereby appointed as Director of the company liable to retire by rotation."
- To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and subject to such other approvals, permissions and sanctions, as may be required and subject to the applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions as may be prescribed by any of the authorities, while granting such approvals/permissions/sanctions, which 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 powers conferred by the Board) may accept, the consent of the company be and is hereby accorded to the Board to allow Non Resident Indians (hereinafter referred to as "NRIs") and Overseas Corporate Bodies (hereinafter referred to as "OCBs") predominantly owned by NRI's to acquire shares of the company through Stock Exchanges in India under Portfolio Investment Scheme and in accordance with all permissible modes, subject to the condition that the total purchase by NRIs and/or OCBs both on repatriation and non repatriation basis shall be within the overall ceiling (subject to individual limits as may be applicable/prescribed) of 24% of the paid up Equity Capital of the company or such other higher ceiling as may be allowed by Reserve Bank of India from time to time.
"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept investment by NRIs and/or OCBs in variation of the aforesaid ceilings, as may be permissible from time to time and to do all such acts, deeds and things and to execute such documents or writings, as may be necessary, proper or expedient for the purpose of giving effect to this resolution, connected therewith or incidental thereto."

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

VINAY SHUKLA

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

**Place : New Delhi
Date : 30.06.2004**

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 Business herein is annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2004 to 29.09.2004 (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 to the Company including PINCODE 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-110003. 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.
- Details of the Directors seeking appointment/reappointment in the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement :

Name of the Director	Mr. P. K. Mittal	Dr. K. Srinivasan
Date of Birth	10-August-1953	01-July-1941
Profile/Expertise in specific functional areas	Leading Advocate practicing in Corporate and Economic Laws for more than 15 years.	Retired IAS Officer. Has held senior and top positions in various departments of Govt. of India including Ministry of Finance besides having been on the boards of leading and well-known nationalised banks.
Qualifications	FCS; LL.B	Ph.D. (Economics) M.Sc (Chemistry)

List of other companies in which directorship held as on 31.3.2004	Raunaq International Ltd.	Nil
Chairman/Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2004	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Dr. K. Srinivasan was appointed as Additional Director on the Board of Directors on 27th April 2004 and under the provisions of Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting of the company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing his to be appointed as the Director of the company liable to retire by rotation.

Dr. Srinivasan, IAS (Retd.) holds doctorate in Economics and has held senior and top positions in various departments of Govt. of India (including Ministry of Finance). Besides he was also on the boards of leading nationalised banks, IIM and CSIR. He brings with him rich experience in the fields of Finance, Administration and his association with the company would be beneficial and in its interest. The Board accordingly commends the resolution for his appointment as Director for consideration of the members.

The notice received under Section 257 is available for inspection during normal business hours on any working day of the company.

None of the directors except Dr. Srinivasan are in any way concerned or interested in the above resolution.

ITEM NO. 5

In terms of the provisions of the Foreign Exchange Management Act, 1999 read with Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, Non Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) predominantly owned by NRIs are allowed to make investment on repatriation as well as on non-repatriation basis under the Portfolio Investment Scheme (acquisition/purchase of shares through the Stock Exchange) in the equity shares of an Indian Company with an individual ceiling limit of 5% of the paid up equity capital of the company for each NRI/OCB and subject to an overall ceiling of 10% of the paid up equity capital of the company. However, the overall ceiling limit of 10% can be enhanced to 24% if such an enhancement is approved by the Shareholders in a General Meeting.

In the wake of globalisation, your Directors feel that it would be expedient and in the overall interest of the company to enhance the maximum ceiling limit from 10% to 24% to provide for investment by NRIs/OCBs through the Portfolio Investment Scheme. The resolution is accordingly commended for approval of the members.

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

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

**VINAY SHUKLA
ASST. VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY**

Place : New Delhi
Date : 30.06.2004

DIRECTORS REPORT

To the Members,

Your Directors present the 17th Annual Report together with the Audited Statements of Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

The summarised financial results for the year under review are as under. The financial results of the Company for the year under review are not strictly comparable with figures of the previous period as the working for the previous period is for 16 months on account of change of accounting year.

PARTICULARS	(Amount in Rs.)	
	Year Ended 31.03.2004 (12 Months)	Period Ended 31.03.2003 (16 Months)
Gross Profit/(Loss)	2,13,21,968	(2,02,87,974)
Less :		
(a) Depreciation and profit/(loss) on termination of leases	7,30,787	9,27,711
(b) Miscellaneous Expenses Written off	20,13,949	26,85,265
(c) Provision for Income-Tax (including deferred tax)	Nil	Nil
(d) Provision for Sub-Standard and doubtful Assets	Nil	80,06,335
Net Profit/(Loss)	1,85,77,232	(3,19,07,285)
Add/(Less) :		
(a) Surplus/(Deficit) Brought Forward	(61,66,49,009)	(55,51,01,613)
(b) Prior Period Adjustments	5,67,615	(2,96,40,111)
(c) Transfer to Statutory Reserve Fund	(37,15,446)	Nil
Net Amount available for appropriation	(60,12,19,608)	(61,66,49,009)
Balance Transferred to Balance Sheet	(60,12,19,608)	(61,66,49,009)

DIVIDEND

In view of no profits available for distribution, your Directors regret their inability to recommend dividend for the year under review.

PERFORMANCE REVIEW & OUTLOOK

During the year under review, with overall economic growth picking up the sentiments in stock market turned buoyant after witnessing a prolonged and continued downturn. The recent change in the political leadership has had an adverse effect on the market sentiment. However, with the indications of new government headed by the Reformist, Dr. Manmohan Singh being positive about the continuity and carry forward of reforms, it is hoped that the

market will rebound back and recover.

In the aforesaid background it is satisfactory that the company has logged an operational income of Rs. 328.24 lakhs compared to a loss of Rs. 37.93 lakhs in the previous accounting period. The Gross Profit for the year under review amounted to Rs. 213.21 lakhs as against the Gross Loss of Rs. 202.88 lakhs.

Your company continues its focus in cutting down and keeping the expenses at minimum in an era of cutthroat and intense competition while making redoubled efforts to increase its revenues. With the overall Economy on the high growth path and the uncertainty over the reforms due to political change now behind, the Stock Market is expected to reflect a rising trend and your directors are hopeful that the company would be able to maintain the trend of turnaround. 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 year under review. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. During the year under review there was no earnings or outgo in foreign exchange. 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 year 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 year 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.

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

CORPORATE GOVERNANCE

The Corporate Governance Report for the year 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 Stock Exchanges at Mumbai (BSE), Chennai, Kolkata, Ahmedabad and National Stock Exchange, Mumbai (NSE). Pursuant to the approval of shareholders, the company had applied to the Stock Exchanges at Delhi, Chennai, Ahmedabad and Kolkata for delisting. While the delisting has been completed at Delhi Stock Exchange w.e.f. 29.12.2003, the applications for delisting made to other Exchanges are under process. The listing fee to BSE and NSE has been paid.

AUDITORS REPORT

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

AUDITORS

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

DIRECTORATE

Mr. H.C. Bhasin after having donned the mantle of the company as its Chairman from inception resigned from the directorship. The Board wishes to place on record its deep appreciation of the valuable guidance and direction received from Mr. H.C. Bhasin in directing the working of the company. Having regard to his long association and as an appreciative gesture of his services to the company and to have the continued benefits of his wisdom and experience towards future growth, the Board has made him the Chairman-Emeritus. Mr. Lalit Bhasin, Director was unanimously elected as the Chairman of the Company.

Mr. P.S. Mathur resigned from the directorship of the company and the Board wishes to place on record its deep appreciation of the valuable guidance received from Mr. Mathur in directing the affairs of the company.

Dr. K. Srinivasan, IAS (Retd.), a doctorate in Economics and his rich experience of having held senior and top positions in the various departments of Government of India, was co-opted as Additional Director on 27-April-2004 and accordingly holds office only up to the date of ensuing Annual General Meeting. Considering his rich and varied experience, the Board is of the opinion that his continued association would be beneficial to the company and accordingly commends the resolution for appointing him as Director of the Company in the ensuing Annual General Meeting, for the consideration of members.

Mr. P.K. Mittal being longest in Office retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : 30.06.2004

**LALIT BHASIN
CHAIRMAN**

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	31-03-2004	31-03-2004
No. of Equity Shares held by the Holding Company as on date (Face Value-Rs.10/-)	1000000	830006
Extent of Holding (%)	100	100
The Net Aggregate of the Profit/(Loss) of subsidiary so far as they concern the members of the company for the year 31st March 2004 (Rs.)		



HB STOCKHOLDINGS LIMITED

(i) for the financial year of the subsidiary	(28682)	(289735)
(ii) for the previous financial periods of the subsidiary	(416958)	(5475057)
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 31st March 2004 (Rs.)		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results

The working/results for the year under review is not strictly comparable to the results for the previous period (the results of which were for a period of 16 months). The company earned an operational income of Rs. 328.24 lakhs during the year under review compared to the loss of Rs.37.93 lakhs in the previous year. The administrative expenses during the year under review were Rs.111.79 lakhs as compared to Rs.119.63 lakhs (annualised for enabling comparison) during the previous period. The interest and financial charges for the year under review also came down to Rs.34.77 lakhs as compared to Rs.64.94 lakhs (annualised for enabling comparison) during the previous period.

2. Industry Trends and Business Analysis

During the year under review, the stock market after a long period of stagnation witnessed buoyancy reflecting a resurgent and high economic growth backed by strong fundamentals. The BSE Sensex which opened at 3037.54 in April'2003 closed at 5590.60 in March 2004 after peaking at 6249.60 in January'2004 and registering a growth of 83% during the year under review. Similar trend has been registered by NSE Nifty, which opened up at 977.40 in April'2003 closed in March'2004 at 1771.90 after scaling a high of 2014.65 in January'2004 and returning a growth of 81% during the year under review. Seen under the aforesaid backdrop the company has been able to turn out positive results recording a net profit of Rs.185.77 lakhs, and the same is considered satisfactory.

3. Opportunities and Threats

The sustained reform measures initiated by successive governments irrespective of their political ideologies is heartening feature indicating the irreversibility of the reform process. The decade long reform measures have started yielding results with the economy poised for a sustained high growth. The sustained drive for modernisation of the Stock Market and dematerialisation has rid the market of many ills and has brought it on par with other developed markets. The introduction of trading in derivatives has added greater depth to the market. While the market sentiments during the year under review kept up the positive and buoyant sentiments however the political change at the national level took its toll initially due to fear of adverse policy change. However the new government's policy statement has allayed such fears and has assured to carry on the reforms with a human face which augurs well for the economy. The market sentiment has also after initial jitteriness stabilised reflecting an expected phase of buoyancy and growth. The Company hopes to leverage its strength and experience in stock market operations and expect to sustain and scale its performance in current year.

4. Future Prospects and Outlook

Future outlook of the company as a NBFC engaged predominantly in the business of investment in securities, is linked to the buoyancy in the stock market, which is linked to the outlook and growth of the overall economy and other factors. The indications of broad policy framework of new Government to carry forward and continue the reform process augurs well for the economic growth. It is expected that the government would take responsive measures in an effort to maintain the buoyancy of the stock market.

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

- 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 2004 stood at Rs.2431.66 lakhs comprised of 2,54,43,257 Equity Shares of Rs.10/- each.
- Reserves and Surplus: During the year under review the reserves and surplus [net of accumulated loss amounting to Rs. 6012.20 lakhs (previous year 6166.49 lakhs)] stood at Rs. 4018.40 lakhs as against Rs. 3826.95 lakhs during the previous period.
- Loans : The unsecured loan has been repaid during the year compared to Rs.400 lakhs in the previous period.
- Current Assets & Current Liabilities: The current assets and current liabilities at the end of the year under review stood at Rs.1371.30 lakhs and Rs.2268.53 lakhs respectively against Rs. 1494.93 and Rs.1942.25 lakhs for the last year. The net current assets/(current liabilities) [Current Assets less Current Liabilities] as at the end of the year stood at (Rs.897.23) lakhs compared to (Rs. 447.33) lakhs.

8. Human Resources

The company has adequate and experienced industry professionals to carry out its operations 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 5 directors, out of whom 4 directors are non-executive directors and 3 directors are independent professionals. Mr. Lalit Bhasin is its Chairman with effect from 30th June 2004. 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 43 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 Clause 49 of the listing agreement.

4 Meetings of the Board of Directors of the Company were held during the year under review (i.e. from 1.04.2003 to 31.03.2004) on 21st May 2003; 30th July 2003; 30th October 2003; and 30th January 2004. The Particulars regarding composition of the Board of Directors and their attendance in the Meetings held during the year under review are given hereunder:

Name of the Director	Category	No. of other Directorships*	No. of Board Meetings attended during the year	Attended Last AGM
Mr. H. C. Bhasin	Non-Executive	12	4	Yes
Mr. K. N. Malhotra	Independent & Non Executive	3	4	No
Mr. Lalit Bhasin	Non-Executive	13	3	Yes
Mr. P. K. Mittal	Independent & Non Executive	1	4	No
Mr. P. S. Mathur	Independent & Non Executive	N.A.	Nil	No
Mr. J.M.L. Suri	Executive	4	3	Yes
Dr. K. Srinivasan#	Independent & Non Executive	Nil	N.A.	N.A.

Mr. P.S. Mathur and Mr. H.C. Bhasin have resigned from the directorship of the company and were accepted by the Board of Directors at the meeting held on 27-04-04 and 30-06-04 respectively.

* As on 31-3-2004 (Committees, private limited and trusts excluded)

Appointed as Additional Director with effect from 27th April 2004.

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. P. K. Mittal would retire by rotation at the ensuing Annual General Meeting and being eligible he offers himself for reappointment.

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 as reconstituted on 30th June 2004 comprises of Dr. K. Srinivasan (Chairman of the Committee), Mr. K.N. Malhotra and Mr. P.K. Mittal. 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 are included under Clause 49 of the Listing Agreement and/or as may be so included from time to time.

During the year under review, 3 meetings of the Audit Committee were held on 21-05-2003; 30-07-2003; and 30-10-2003. Mr. P.K. Mittal and Mr. Lalit Bhasin attended all the 3 meetings and Mr. P.S. Mathur attended Nil 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 year under review, 4 meetings of the Shareholders Committee were held on 21-05-2003; 30-07-2003; 30-10-2003; and 30-01-2004. The meetings were attended by all the members of the Committee except the one on 30-01-2004, which was not attended by Mr. J.M.L. Suri.

Remuneration paid to Directors during the period (01.04.2003 to 31.03.2004) is as under:

Director	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. H. C. Bhasin	F/o Mr. Lalit Bhasin	8,000/-	Nil	Nil
Mr. K. N. Malhotra	—	24,000/-	Nil	Nil
Mr. P. S. Mathur	—	Nil	Nil	Nil
Mr. P. K. Mittal	—	16,000/-	Nil	Nil
Mr. Lalit Bhasin	S/o Mr. H. C. Bhasin	12,000/-	Nil	Nil
Mr. J. M. L. Suri	—	Nil	7,33,200/-	Nil
Dr. K. Srinivasan	—	Nil	Nil	Nil



HB STOCKHOLDINGS LIMITED

Shareholders' Information

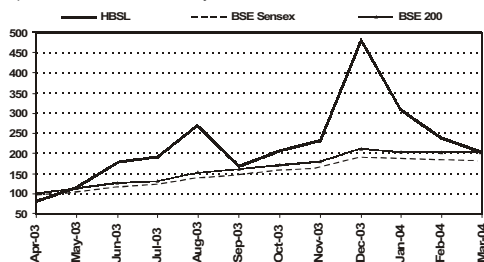
- (A) Details of Annual General Meetings :
(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2001-03	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon-122 001.	28.08.2003	10.00 A.M.
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.

- (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 its trifurcation pursuant to a Scheme of Arrangement sanctioned by High Court. The last dividend was paid for the accounting year 1994-95.
- (C) The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2004 to 29.09.2004 (both days inclusive). The previous Book Closure remained w.e.f. 14.08.2003 to 28.08.2003 (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 Financial Express & Jansatta
 - 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, (I Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110003. 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
Apr-03	1.75	1.00	1.05	7244	2.15	1.65	1.70	132
May-03	1.65	0.85	1.50	14491	1.50	1.00	1.30	20332
Jun-03	2.43	1.10	2.31	53353	2.55	1.20	2.45	97386
Jul-03	3.00	1.90	2.50	105739	3.50	2.20	2.65	153719
Aug-03	5.90	2.25	3.51	124757	6.35	2.75	3.80	370246
Sep-03	4.15	1.70	2.17	53551	3.90	2.70	2.95	38232
Oct-03	3.19	1.73	2.70	49625	—	—	—	—
Nov-03	4.05	1.77	3.01	71804	—	—	—	—
Dec-03	7.49	2.53	6.29	187413	—	—	—	—
Jan-04	6.95	3.56	4.00	118967	—	—	—	—
Feb-04	4.74	2.77	3.10	216995	—	—	—	—
Mar-04	4.10	2.40	2.66	827721	3.70	2.35	2.65	27215

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



- (M) Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review
- | | |
|------------|------|
| HB Stock | 105% |
| BSE Sensex | 83% |
| BSE 200 | 104% |
- (N) The Company's Scrip Codes at Various Stock Exchanges are as under:
- | | |
|----------------------|----------------|
| HB Stockholding Ltd. | Scrip Code |
| BSE, Mumbai | 32216 |
| NSE, Mumbai | HBSTOCK |
| MSE, Chennai | HBL |
| CSE, Kolkata | 18086 |
| ASE, Ahmedabad | HB STOCK/23788 |
- (O) The Dematerialisation of Shares and Liquidity: 55.13% of the Equity Shares of the company are held in dematerialised form.

- (P) Mr. Vinay Shukla, Asst. Vice President (Legal) & Company Secretary is the compliance officer of the company.

- (Q) The distribution of shareholdings of the company as on 31st March 2004 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	140306	98.94	11515414	45.26
501-1000	981	0.69	710477	2.79
1001-2000	300	0.21	419002	1.64
2001-3000	82	0.06	201289	0.79
3001-4000	37	0.03	131593	0.52
4001-5000	24	0.02	111241	0.44
5001-10000	35	0.02	244062	0.96
10001 and above	49	0.03	12110179	47.60
TOTAL	141814	100.00	25443257	100.00

- (R) The category-wise distribution of Shareholders as on 31st March 2004 is as follows:

Category	No of Shares held	% of Shareholding
A. Promoters Holding		
- Promoters	9738794	38.28
- Persons acting in concert	508530	2.00
B. Others		
- Mutual Funds and UTI	318137	1.25
- Banks/Financial Institutions	825050	3.24
- Foreign Institutional Investors	—	—
- Private Corporate Bodies	539049	2.12
- NRIs/OCB	276659	1.09
- Indian Public	13237038	52.02
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 during the year including demat shares are as under:

Transfer Period	No of cases#	No of Shares#	% to Shares
1-15	4186	491465	100
16-30	—	—	—
31 & Above	—	—	—

includes requests of dematerialisation.

- (T) The status of Investor's Grievance Redressal during the year 1-04-2003 to 31-03-2004 is as under:

Nature of Grievance	Received	Cleared
Relating to Transfer, Transmission, Change of address etc.	10	10
Non receipt of Dividend	19	19
Non receipt of Share Certificates etc.	37	37
Non receipt of Balance Sheet	13	13
Demat/Remat of securities & Others	46	46

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.

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 year ended on 31st March 2004, 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 except that Chairman of Audit Committee was not present at the last Annual General Meeting for which we have explained that the Chairman could not attend due to ill health and Head of Accounts Department was present in the said meeting.

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 has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2004 there were no Investors' Grievances remaining unattended/ 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 & COMPANY
Chartered Accountants

Place : New Delhi
Date : 30.06.2004

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, 2004 and also the Profit and Loss Account and Cash flow Statement 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.

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) 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.
 - b) 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;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2004 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes 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 :-
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2004 and
 - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**FOR P. BHOLUSARIA & CO.
Chartered Accountants**

Amit Goel
Partner
(Membership No. 92648)

**Place : New Delhi
Date : 30.06.2004**

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date)

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2. a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, no material discrepancies have been noticed on physical verification of inventory as compared to the book records.
3. a. The Company has neither granted nor taken any loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However advances amounting to Rs.9,34,46,806.12 have been granted to two parties, both wholly owned subsidiaries of the company. Maximum amount involved during the year was Rs.9,82,21,806.12
- b. The aforesaid advances granted by the Company are interest free. In our opinion and according to the information and explanations given to us, other terms and conditions of aforesaid advances are not prima facie prejudicial to the interest of the Company.
- c. There are no stipulations in writing as to the repayment of aforesaid advances. As explained to us, the same is repayable on demand.
- d. In respect of aforesaid advances given by the Company, since these are repayable on demand, therefore the question of over due amounts does not arise.
4. 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 purchases of inventory and fixed assets and sale of goods. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control procedure.
5. a. In our opinion and according to the information and explanations given to us,

the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party during the year have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited by the company during the year with the appropriate authorities except for delay in deposit of amount to Investor Education & Protection Fund. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date of becoming payable. (Refer Note No. 6 of Schedule 14)
- b. The disputed statutory dues aggregating to Rs.2,36,32,797/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	A. Y.	Nature of the Dues	Forum where dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	2001-02	Income Tax	Commissioner of Income Tax (Appeals)	27,08,164
2.	Income Tax Act, 1961	2001-02	Interest	Commissioner of Income Tax (Appeals)	11,46,927
3.	Income Tax Act, 1961	1995-96	Income Tax	Income Tax Appellate Tribunal	31,95,483
4.	Income Tax Act, 1961	1995-96	Interest	Income Tax Appellate Tribunal	1,65,82,223
TOTAL					2,36,32,797

The Management is of the opinion that the demands made by income tax department are not required to be paid because of apparent mistake in sum of them, legal issues involved and pending applications for rectification/ adjustments of refunds (Refer Note No. 3(b) of Schedule 14).

10. The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit. However, it has incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except for shares that are pledged with bank and others or which are lodged for transfer or are pending for rectification of bad deliveries.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the year either on long term or short term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**FOR P. BHOLUSARIA & CO.
Chartered Accountants**

**Place : New Delhi
Date : 30.06.2004**

Amit Goel
Partner
(Membership No. 92648)

HB STOCKHOLDINGS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedules	As at 31st Mar., 2004 (Rs.)	As at 31st Mar., 2003 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	243166259.00	243166259.00
Reserves & Surplus	2	1003059609.67	999344163.22
LOAN FUNDS			
Unsecured Loans	3	—	40000000.00
TOTAL		1246225868.67	1282510422.22
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	13262029.41	41561872.80
Less : Depreciation		6327424.43	33764858.89
Net Block		6934604.98	7797013.91
INVESTMENTS	5	727675249.50	700663142.33
CURRENT ASSETS, LOANS & ADVANCES			
Stock in Trade	6	—	2460552.70
Sundry Debtors	7	4951640.00	8006335.00
Cash & Bank Balances		13159153.22	15804440.39
Loans and Advances		119019087.84	123221292.31
		137129881.06	149492620.40
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	8	80603451.25	37044701.26
Provisions		146249920.95	157180507.89
		226853372.20	194225209.15
NET CURRENT ASSETS		- 89723491.14	- 44732588.75
MISCELLANEOUS EXPENDITURE			
(to the extent not written off/adjusted)	9	119897.09	2133846.09
PROFIT & LOSS ACCOUNT			
(As per annexed Account)		601219608.24	616649008.64
TOTAL		1246225868.67	1282510422.22
SIGNIFICANT ACCOUNTING POLICIES			
	13		
NOTES ON ACCOUNTS			
	14		

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel Partner	Vinay Shukla Asst. Vice President (Legal) & Company Secretary	J.M.L.Suri Executive Director	Lalit Bhasin Director
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Place : New Delhi
Date : 30.06.2004

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 31ST MARCH, 2004

	Schedules	Year Ended 31st Mar., 2004 (Rs.)	Period Ended 31st Mar., 2003 (Rs.)
INCOME			
Income from Operations	10	32823539.92	3793493.47
Other Income		100078.52	526580.39
Provision for Sub standard & doubtful Debts written back		3054695.00	—
TOTAL		35978313.44	4320073.86
EXPENDITURE			
Administration & Other Expenses	11	11179304.10	15949829.86
Interest & Financial Charges	12	3477041.32	8658217.56
Depreciation		730786.78	927711.30
Miscellaneous Expenditure Written off		2013949.00	2685265.33
Provision for Sub standard & doubtful Debts		—	8006335.00
TOTAL		17401081.20	36227359.05
Profit/Loss(-) for the year before Taxation		18577232.24	- 31907285.19
Provision for Taxation			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) for the year after Taxation		18577232.24	- 31907285.19
Prior period adjustments		567614.61	- 29640110.90
(-) Transferred to Statutory Reserve Fund		- 3715446.45	—
Loss brought forward from last year		- 616649008.64	- 555101612.55
Balance carried to Balance Sheet		- 601219608.24	- 616649008.64
Basic and Diluted Earning per Share (in Rs.)		0.75	- 2.42
SIGNIFICANT ACCOUNTING POLICIES			
	13		
NOTES ON ACCOUNTS			
	14		

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel Partner	Vinay Shukla Asst. Vice President (Legal) & Company Secretary	J.M.L.Suri Executive Director	Lalit Bhasin Director
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Place : New Delhi
Date : 30.06.2004

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
AUTHORISED		
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each.	300000000.00	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, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	-55581523.78	-55581523.78
	998867163.22	998867163.22
(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
(C) STATUTORY RESERVE FUND (*)		
Transferred from Profit & Loss Account	3715446.45	—
Total (A+B+C)	1003059609.67	999344163.22

(*) Created pursuant to The Reserve Bank of India (Amendment) Act,1997.

SCHEDULE '3' UNSECURED LOANS

UNSECURED LOANS		
— Inter-Corporate Loans	—	40000000.00
	—	40000000.00



SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	Opening As at 01.04.2003 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2004 Rs.	Upto 31.03.2003 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2004 Rs.	As at 31.03.2004 Rs.	As at 31.03.2003 Rs.
LEASED ASSETS										
Plant & Machinery	27545288.13	—	27545288.13	0.00	27545288.13	—	27545288.13	0.00	—	—
Vechicles	140995.26	—	140995.26	0.00	140995.26	—	140995.26	0.00	—	—
Own Assets										
Office Equipment	1694201.83	24000.00	—	1718201.83	600246.58	80693.88	—	680940.46	1037261.37	1093955.25
Vechicles	2373608.50	—	637560.00	1736048.50	11704987.97	190479.41	481937.35	879039.53	857008.97	1203110.53
Furniture & Fixture	6590883.08	—	—	6590883.08	1545825.00	417202.90	—	1963027.90	4627855.18	5045058.08
Data Processing Machinery	2587675.00	—	—	2587675.00	2575152.41	12522.59	—	2587675.00	0.00	12522.59
Air Conditioners	564261.00	—	—	564261.00	156800.81	26802.40	—	183603.21	380657.79	407460.19
Generator Set	64960.00	—	—	64960.00	30052.73	3085.60	—	33138.33	31821.67	34907.27
TOTAL	41561872.80	24000.00	28323843.39	13262029.41	33764858.78	730786.78	28168221.24	6327424.43	6934604.98	7797013.91
Previous Period	37816588.80	3745284.00	—	41561872.80	32837147.59	927711.30	—	33764858.89	7797013.91	4979441.21

SCHEDULE '5' : INVESTMENTS

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(A) CURRENT INVESTMENTS					
QUOTED FULLY PAID UP EQUITY SHARES					
ACC LIMITED	10	40000	8629226.79	—	—
ADVANI HOTELS AND RESORTS (INDIA) LIMITED	10	—	—	1200	80040.00
AEGIS LOGISTICS LIMITED	10	—	—	900	22927.00
AHLUWALIA CONTRACTS (INDIA) LTD	10	1000	50857.20	1000	50857.20
ALPS INDUSTRIES LTD	10	—	—	31004	2478816.72
ANANT RAJ INDUSTRIES LIMITED	10	10500	228375.00	14000	304500.00
ANG EXPORTS LIMITED	10	10000	100000.00	10000	100000.00
APOLLO TYRES LIMITED	10	—	—	450	40539.67
ARVIND LIQUID GASES LIMITED	10	10000	182500.00	10000	182500.00
ARVIND MILLS LIMITED	10	450	15582.27	500	17313.63
ASHIMA LTD	10	—	—	100	3742.02
ASHOK LEYLAND LIMITED	1	25000	6439269.06	20	2458.26
ATUL LIMITED	10	50	1571.66	50	1571.66
B S REFRIGERATRS LTD	10	200	2679.80	7983	106964.22
BAJAJ AUTO LIMITED	10	—	—	20	11248.78
BALLARPUR INDUSTRIES LIMITED	10	—	—	5703	246441.15
BALRAMPUR CHINI MILLS LIMITED	10	65	8867.95	265	36153.97
BANNARI AMMAN SUGARS LTD	10	100	8192.00	—	—
BARODA RAYON CORPORATION LIMITED	10	1150	74175.00	1750	112875.00
BEE ELECTRONIC MACHINES LIMITED	10	300	9368.38	300	9368.38
BHAGWATI INDUSTRIES LTD	10	32	160.32	32	160.32
BHARAT GEARS LIMITED	10	—	—	3074	178292.00
BHARAT HOTELS LIMITED	10	150	6751.76	150	6751.76
BHARTIYA INTERNATIONAL LTD	10	—	—	4789	158558.13
BHUSHAN STEEL AND STRIPS LIMITED	10	—	—	2800	56000.00
BIHAR SPONGE IRON LIMITED	10	9700	126100.00	9700	126100.00
BPL LIMITED	10	—	—	400	50908.90
BRITANNIA INDUSTRIES LIMITED	10	—	—	255	75450.00
CANARA BANK	10	15000	1600560.00	—	—
CEAT LTD	10	165443	6546596.54	163143	6488061.54
CENTRAL INDIA POLYESTERS LTD	10	438	18423.76	438	18423.76
CENTURION BANK LTD	1	3000	30889.20	3000	30889.20
CERA SANITARYWARE LTD	5	8225	233654.21	9600	272714.95
CHENNAI PETROLEUM CORPORATION LTD	10	—	—	600	31950.00
CHESLIND TEXTILES LIMITED	10	—	—	94	1463.18
CIBA SPECIALITY CHEMICALS (I) LTD	10	—	—	50	500.00
COMPACT DISC INDIA LIMITED	10	47400	1095608.77	47700	1102543.00
CORPORATION BANK	10	100	11643.90	100	11643.90
CROMPTON GREAVES LIMITED	10	5215	372496.92	1294	50256.91
DAEWOO MOTORS INDIA LIMITED	10	—	—	300	3930.63
DALMIA CEMENT (BHARAT) LIMITED	10	—	—	222	90770.42
DATAPRO INFORMATION TECHNOLOGY LTD	2	40500	108945.00	40500	108945.00
DCM LIMITED	10	26930	2638875.43	24100	2618782.43
DCM SHRIRAM CONSOLIDATED LIMITED	10	12	739.36	12	739.36
DCM SHRIRAM INDUSTRIES LIMITED	10	10739	399576.72	15950	665282.25
DENSO INDIA LIMITED	10	—	—	4400	136975.60
DESIGN AUTO SYSTEMS LTD	10	671400	3953866.50	671400	3953866.50
DIGITAL WORLD INDIA LIMITED	10	162400	3136228.37	162400	3136228.37
DSQ SOFTWARE LIMITED	10	—	—	100	64054.10
EXCEL INDUSTRIES LTD	5	1125	72506.25	—	—
EIH LIMITED	10	—	—	21	8171.07
ESCORTS LIMITED	10	—	—	12886	832013.64
ESSAR SHIPPING LIMITED	10	400	3387.43	400	3387.43
ESSAR STEEL LIMITED	10	800	26305.43	41480	1413052.77
FLEX LTD	10	100	1545.35	2181	33704.16
GREAT EASTERN SHIPPING COMPANY LTD	10	90	6637.50	—	—
GERMAN REMEDIES LTD	10	250	91357.50	250	91357.50
GINNI FILAMENTS LTD	10	3450	15525.00	—	—
GLOBAL TRUST BANK LTD.	10	25000	680459.90	77500	2109425.68
GODREJ SOAPS LIMITED	10	378	13178.68	378	13178.68
GOLDSTAR STEEL AND ALLOYS LIMITED	10	8120	4060.00	—	—

HB STOCKHOLDINGS LIMITED



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

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
GRAUER & WEIL (INDIA) LTD	10	—	—	3100	341000.00
GREAVES LIMITED	10	1570	146950.23	10520	984660.16
GTN TEXTILES LIMITED	10	800	114887.64	800	114887.64
GUJARAT TELEPHONE CABLES LIMITED	10	22600	994400.00	22600	994400.00
HARYANA LEATHER CHEMICALS LIMITED	10	7200	217354.81	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	43200	1186049.57	22400	1157969.57
HB PORTFOLIO LIMITED	10	100000	1000000.00	100000	1000000.00
HCL INFOSYSTEMS LTD	10	100	50701.25	100	50701.25
HERO HONDA MOTORS LIMITED	10	—	—	30	26954.31
HINDUSTAN DEVELOPMENT LTD	10	—	—	13000	196464.79
HINDUSTAN ENGINEERING & INDUSTRIES LTD	10	11577	157607.79	—	—
HINDUSTAN LEVER LIMITED	1	—	—	3	703.45
HINDUSTAN MOTORS LIMITED	10	100	1247.67	100	1247.67
HINDUSTAN OIL EXPLORATION COMPANY LTD	10	200	3788.00	200	3788.00
HINDUSTAN PETROLEUM CORPORATION LIMITED	10	200	45835.06	200	45835.06
HINDUSTHAN SAMAC LTD	10	20	20.00	20	20.00
HITACHI HOMELIEF SOULTION LTD	10	100	2538.00	200	6289.53
HOTLINE GLASS LIMITED	10	203882	677356.13	203882	677356.13
HOTLINE TELETUBE & COMPONENTS LIMITED	10	338572	9645959.87	338572	9645959.87
ICP SECURITIES LIMITED	10	1800	18000.00	1800	18000.00
IEC SOFTWARE LIMITED	10	20916	234679.44	28716	322196.15
INDDERPRASTHA APOLLO HOSPITAL LTD	10	200	5740.00	200	5740.00
INDIAN PETROCHEMICALS CORPORATION LIMITED	10	100	5729.74	100	5729.74
INDIAN RAYON & INDUSTRIES LIMITED	10	—	—	29	5689.02
INDO COUNT INDUSTRIES LIMITED	10	2130	95070.82	4300	191927.00
INDO GULF INDUSTRIES LIMITED	10	641439	40377503.50	633389	40367441.00
INDO RAMA SYNTHETICS (INDIA) LIMITED	10	600	36891.89	600	36891.89
IST LIMITED	10	18600	124714.50	18600	124714.50
INDOGULF CORPORATION LTD	10	500	31404.56	500	31404.56
ICICI LTD.	10	—	—	100	13209.65
INDUSTRIAL DEVELOPMENT BANK OF INDIA	10	600	49959.82	600	49959.82
INDUSTRIAL FINANCE CORPORATION OF INDIA LIMITED	10	11000	220932.91	11000	220932.91
INFORMATION TECHNOLOGIES LTD	5	10000	4296256.50	10000	4296256.50
INFOTECH ENTERPRISES LTD	10	34831	7079947.29	—	—
INSILCO LTD	10	—	—	807	37473.97
ION EXCHANGE(INDIA) LTD	10	—	—	10851	150979.36
IPCA LABORATORIES LTD	10	—	—	1000	134580.00
ISPAT PROFILES INDIA LIMITED	5	10000	235020.00	10000	235020.00
ITC HOTELS LIMITED	10	100	12843.21	448	57537.58
ITC LIMITED	10	179	77810.45	179	77810.45
JAIPRAKASH INDUSTRIES LIMITED	10	—	—	3052790	107666961.96
JCT ELECTRONICS LTD	10	39700	347566.60	48000	444000.00
JCT LIMITED	2.50	7652	129933.31	7150	128326.91
JK INDUSTRIES LIMITED	10	100	2755.00	100	2755.00
JK SYNTHETICS LIMITED	10	—	—	2600	90001.73
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	70700	2139613.92	70450	2136088.92
KESORAM INDUSTRIES LIMITED	10	—	—	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
LCC INFOTECH LTD	10	11260	387984.18	11260	387984.18
LUNAR DIAMONDS LIMITED	10	21000	439065.00	21000	439065.00
MAHINDRA GESCO DEVELOPERS LTD	10	10	737.50	—	—
MACHINO PLASTICS LIMITED	10	7934	79248.50	7934	79248.50
MADHUSUDAN INDUSTRIES LIMITED	5	9600	272714.95	9600	272714.95
MADURA COATS LTD	10	50	2567.72	50	2567.72
MAHARASHTRA SCOOTERS LIMITED	10	—	—	5650	932250.00
MAHAVIR SPINNING MILLS LTD	10	—	—	3794	301625.86
MAHINDRA & MAHINDRA LIMITED	10	—	—	45	4823.72
MALANPUR STEEL LTD	10	3303	44967.00	—	—
MALWA COTTON SPINNING MILLS LIMITED	10	54425	6441209.94	59174	7003255.07
MAN INDUSTRIES (INDIA) LIMITED	10	—	—	28	585.63
MANALI PETROCHEMICAL LTD	10	33800	234910.00	51300	356535.00
MARAL OVERSEAS LTD	10	4000	113619.79	20226	574518.47
METALMAN INDUSTRIES LIMITED	10	—	—	300	24998.04
MILKFOOD LIMITED	10	3800	34200.00	—	—
MOSER BAER INDIA LTD	10	5000	850850.00	—	—
MODIPON LIMITED	10	5000	547747.77	5000	547747.77
MYSORE CEMENTS LIMITED	10	133	678.30	—	—
N D A SECURITIES LIMITED	10	44600	446000.00	44600	446000.00
NAGARJUNA CEMENT LTD	10	200	1230.00	200	1230.00
NAGARJUNA FERTILIZERS & CHEMICALS LIMITED	10	7100	230521.68	7100	230521.68
NAHAR EXPORTS LTD	10	868	14368.40	868	14368.40
NAHAR INDUSTRIAL ENTERPRISES LIMITED	10	30030	501387.85	30030	501387.85
NAHAR INTERNATIONAL LIMITED	10	170967	2227978.52	173617	2262512.34
NAHAR SPINING MILLS LIMITED	10	11145	892567.32	11015	884715.32
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
ORISSA EXTRUSIONS LIMITED	10	10728	21456.00	—	—
ORIENTAL CARBON & CHEMICALS LIMITED	10	—	—	10470	523500.00
ORKAY INDUSTRIES LIMITED	10	135650	3152052.50	134000	3149000.00

HB STOCKHOLDINGS LIMITED



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

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
OSWAL AGRO MILLS LIMITED	10	755269	14302502.59	744589	14305727.64
PADMINI TECHNOLOGIES LIMITED	10	40184	316726.14	40184	316726.14
PAPER PRODUCTS LTD	10	80786	5494437.76	99925	6796124.25
PARRYS CONFECTIONERY LTD	10	—	—	2550	712496.73
PASUPATI ACRYLON LIMITED	10	16480	30893.30	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
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	550	2125.98	925	3575.51
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
PUNJAB TRACTORS LIMITED	10	—	—	20	2996.29
PUNJAB WIRELESS LIMITED	10	100	6100.00	100	6100.00
RAMA VISION LIMITED	10	18300	553061.47	18450	557594.76
RANBAXY LABORATORIES LIMITED	10	—	—	6	4543.69
RATHI UDYOG LIMITED	10	20000	745000.00	33500	1247875.00
RATTAN VANASPATI LIMITED	10	72100	721000.00	72100	721000.00
RAYBAN SUN OPTICS INDIA LTD	10	—	—	46	4308.08
RAYMOND LIMITED	10	985	101451.34	985	101451.34
RECRON SYNTHETICS LIMITED	5	1000	12640.00	1000	53000.00
RELIANCE CAPITAL LIMITED	10	70000	9589246.47	58	4977.62
RELIANCE INDUSTRIES LIMITED	10	653	153609.72	568	146595.16
ROLTA INDIA LTD	10	—	—	250	37052.46
ROTO PUMPS LIMITED	10	2500	137500.00	2500	137500.00
RRB SECURITIES LIMITED	10	—	—	100000	1000000.00
SAHARANPUR ELECTRICALS LTD	10	134	134.00	134	134.00
SAJJAN UDYOG EXPORTS LIMITED	10	23600	590000.00	23600	590000.00
SAMTEL INDIA LIMITED	10	2700	38475.00	2700	38475.00
SAVANI FINANCIALS LIMITED	10	7000	140000.00	7000	140000.00
SHARP INDUSTRIES LTD	10	6400	28024.11	6400	28024.11
SHIPPING CORPORATION OF INDIA LTD	10	—	—	19500	1867838.23
SHREE CEMENT LIMITED	10	—	—	6750	428625.00
SHREYANS INDUSTRIES LIMITED	10	8850	153093.26	3400	229995.50
SIEL LIMITED	10	971	24301.39	3900	183069.95
SIEL SUGAR LTD	10	2915	72904.16	—	—
SOUTHERN PETRO CHEMICALS INDUSTRIES CORPORATION LTD	10	—	—	16950	437282.40
SRF LIMITED	10	—	—	12	270.93
SRF POLYMERS LTD	10	75	1721.25	—	—
SRI VASAVI INDUSTRIES LIMITED	10	10890	584631.48	10990	590000.00
STANDARD INDUSTRIES LIMITED	5	—	—	3000	257582.61
STANFORD ENGINEERING LIMITED	10	46800	163800.00	—	—
STI GRANITE INDIA LIMITED	10	2000	34000.00	2000	34000.00
SUBROS LTD	10	—	—	6500	280554.15
SURYA ROSHNI LTD	10	120724	1759238.79	168800	2477219.79
SWARAJ ENGINES LIMITED	10	—	—	2000	362595.60
TAMILNADU TELECOMMUNICATIONS LIMITED	10	—	—	20100	603000.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10	—	—	740	104405.48
TATA IRON & STEEL COMPANY LIMITED	10	24400	10001912.87	11	1162.61
TCFC FINANCE LIMITED	10	—	—	6870	332409.00
THERMAX LTD	10	500	77214.58	500	77214.58
THOMAS COOK (INDIA) LIMITED	10	—	—	2	955.08
TOP LINE SHOES LIMITED	10	10000	245000.00	10000	245000.00
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
U P HOTELS LIMITED	10	1900	136630.42	1900	136630.42
USHA INTERNATIONAL LIMITED	10	12600	1393296.50	12600	1393296.50
VARDHMAN POLYTEX LIMITED	10	75100	6139709.56	88070	7264949.03
VARDHMAN SPINNING & GENERAL MILLS LIMITED	10	2950	523445.24	15050	2670457.92
V I P INDUSTRIES LTD	10	600	17814.22	28219	837832.55
VST INDUSTRIES LIMITED	10	—	—	715	195195.00
VXL INSTRUMENTS LTD	10	—	—	22400	476943.88
VIJAYA BANK	10	54148	2810519.80	—	—
WATERBASE LIMITED	10	29800	1395576.86	29900	1400260.00
WHIRLPOOL OF INDIA LIMITED	10	—	—	4300	707329.18
WOCKHARFT LIMITED	5	100	27143.05	100	27143.05
XPRO INDIA LTD	10	—	—	500	8325.00
ZUARI AGRO LTD	10	—	—	50	3954.13
PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10	46293	694395.00	—	—
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10	3050	114375.00	—	—
QUOTED FULLY PAID UP DEBENTURES					
ESSAR SHIPPING LIMITED 13.5% NCD	75	20	1500.00	—	—
HDC LIMITED 14% PCD IX-SERIES	50	440	17600.00	—	—
SHREYANS INDUSTRIES LIMITED 14% NCD	100	1120	112000.00	—	—
QUOTED PARTLY PAID UP DEBENTURES/WARRANTS					
CEAT LIMITED 15% SECURED REDEMABLE PCD	75	900	84600.00	—	—

HB STOCKHOLDINGS LIMITED



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

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	75	3050	228750.00	—	—
TOTAL- (A)		5579649	193225179.24	8848257	288811487.13
(B) LONG TERM INVESTMENTS					
QUOTED (TRADE) FULLY PAID UP EQUITY SHARE					
JAIPRAKASH INDUSTRIES LIMITED	10	3052893	107669815.06	—	—
RRB SECURITIES LIMITED	10	100000	10000000.00	—	—
QUOTED (TRADE) PARTLY PAID UP EQUITY SHARE					
BARODA RAYON CORPORATION 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
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	15430	155458.00	12570	126858.00
CREDIT CAPITAL ASSET MANAGEMENT CO LTD.	10	1020000	10276500.00	1020000	10276500.00
HB TELECOMMUNICATION LIMITED	10	100	1000.00	100	1000.00
HB INSURANCE ADVISER LTD	10	15000	150000.00	15000	150000.00
HARSAI INVESTMENTS LIMITED	10	200000	2000000.00	200000	2000000.00
PISCES PORTFOLIOS PVT. LTD.	10	2290000	24900000.00	—	—
SOVIKA INFOTECK LTD	10	400000	12000000.00	400000	12000000.00
UNQUOTED(NON -TRADE) FULLY PAID-UP PREFERENCE SHARE					
HB GROWTH FUND LTD	10.00	50000	500000.00	50000	500000.00
HB TELECOMMUNICATION LTD	10.00	40000	400000.00	40000	400000.00
IN MUTUAL FUNDS(UNITS)					
SBI MAGNUM	10	100	1375.00	100	1375.00
UTI MASTER PLUS 1991	10	5500	106812.20	5500	106812.20
DEBENTURES					
UNQUOTED(NON-TRADE) FULLY PAID UP					
HARSAI INVESTMENTS LTD (OFCD'S)	1000.00	280000	280000000.00	300000	300000000.00
PARTLY PAID UP DEBENTURES					
JINDAL VIJAYNAGAR STEEL LIMITED	40	100	2200.00	100	2200.00
TOTAL- (B)		10245659	534450070.26	4819906	411851655.20
TOTAL- (A + B)		15825308	727675249.50	13668163	700663142.33

* Aggregate Cost of Quoted Investments Rs.31,88,06,844.30 (Previous Year Rs. 29,67,23,337/-)

* Market Value of Quoted Investments Rs.46,41,32,927.12 (Previous Year Rs. 14,00,31,583/-)

* Aggregate Cost of Unquoted Investments Rs.40,88,68,405.20 (Previous Year Rs. 40,39,39,805/-)

SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
A. CURRENT ASSETS		
a) Closing Stock of Shares/Debentures (As per Schedule '7')	—	2460552.70
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
Considered Good :-		
— Outstanding exceeding six months	—	—
— Others	—	—
Considered Doubtful		
— Outstanding exceeding six months	4951640.00	8006335.00
c) Cash & Bank Balance		
— Cash in hand (As certified by the Management)	541816.68	519628.86
— Cheques in Hand	4790194.50	—
Balance with Scheduled Banks		
— In Current A/cs	516964.37	6671108.03
— In Dividend/Debentures Intt. A/cs	—	1199461.27

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

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
- Share Appl. Money refund A/cs	—	327860.68
- In Fixed Deposit A/cs	7232322.19	7021323.49
Interest accrued but not due on above	77855.48	65058.06
Total 'A'	18110793.22	26271328.09
B. LOANS AND ADVANCES (Unsecured, considered good)		
a) Advances Recoverable in cash or in kind or for value to be received.	105671970.11	110016679.84
b) Advance Tax & Tax Deducted at Source	11354723.08	10977349.82
c) Security Deposits with Govt. Department and others	1992394.65	2227262.65
Total 'B'	119019087.84	123221292.31
Total 'A'+ 'B'	137129881.06	149492620.40

SCHEDULE '7' : STOCK IN TRADE

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES					
AMRIT BANASPATI COMPANY LIMITED	10	—	—	1600	22400.00
BALLARPUR INDUSTRIES LIMITED.	10	—	—	565	20424.75
BANNARI AMMAN SUGARS LIMITED	10	—	—	100	8192.00
CEAT LIMITED	10	—	—	2300	58535.00
CROMPTON GREAVES LIMITED	10	—	—	215	11051.00
DAURALA ORGANICS LIMITED	10	—	—	100	330.00
DAEWOO MOTORS LIMITED	10	—	—	550	742.50
DCM LIMITED	10	—	—	2830	20093.00
DCM SHRIRAM INDUSTRIES LIMITED	10	—	—	3488	15696.00
ESSAR STEEL LIMITED	10	—	—	1640	11480.00



HB STOCKHOLDINGS LIMITED

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

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
EUROTEX INDUSTRIES & EXPORTS LIMITED	10	—	—	477	4293.00
EXCEL INDUSTRIES LIMITED	10	—	—	1688	108791.60
GINNI FILAMENTS LIMITED	10	—	—	3450	15525.00
GOLDSTAR STEEL AND ALLOYS LIMITED	10	—	—	8120	4060.00
HB LEASING & FINANCE CO LTD	10	—	—	20800	28080.00
HINDUSTAN DEVELOPMENT CORPORATION LIMITED	10	—	—	1880	6110.00
INDO GULF INDUSTRIES LIMITED	10	—	—	8050	10062.50
JAIPRAKASH INDUSTRIES LIMITED	10	—	—	103	2853.10
JCT ELECTRONICS LIMITED	10	—	—	3800	9500.00
JCT LIMITED	10	—	—	502	1606.40
JK SYNTHETICS LIMITED	10	—	—	417	1084.20
KERALA CHEMICALS & PROTEINS LIMITED	10	—	—	250	3525.00
MAHINDRA & MAHINDRA LIMITED	10	—	—	107	7425.46
MILKFOOD LIMITED	10	—	—	3800	34200.00
MYSORE CEMENTS LIMITED	10	—	—	133	678.30
NAHAR SPINNING MILLS LIMITED	10	—	—	130	7852.00
NESTLE INDIA LIMITED	10	—	—	20	3200.00
ORISSA EXTRUSIONS LIMITED	10	—	—	10728	21456.00
ORKAY INDUSTRIES LIMITED	10	—	—	1650	3052.50
OSWAL AGRO MILLS LIMITED	10	—	—	11750	17037.50
PHILIPS INDIA LIMITED	10	—	—	21	1901.55
RANBAXY LABORATORIES LIMITED	10	—	—	54	8100.00
RELIANCE INDUSTRIES LIMITED	10	—	—	85	7014.56
SHREYANS INDUSTRIES LIMITED	10	—	—	11300	24295.00
STANFORD ENGINEERING LIMITED	10	—	—	46800	163800.00
SURYA ROSHNI LIMITED	10	—	—	6100	68015.00
SWARAJ ENGINES LIMITED	10	—	—	4400	129394.00
TATA IRON & STEEL COMPANY LIMITED	10	—	—	498	66607.50
THOMAS COOK (INDIA) LIMITED	10	—	—	983	190259.65
TRIVENI ENGINEERING & INDUSTRIES LIMITED	10	—	—	40	1180.00
UNITED PHOSPHORUS LIMITED	10	—	—	100	12880.63
VARDHMAN POLYTEX LIMITED	10	—	—	1570	64213.00
VARUN SHIPPING COMPANY LIMITED	10	—	—	700	6335.00
PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10	—	—	46293	694395.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10	—	—	3050	114375.00
QUOTED FULLY PAID UP DEBENTURES					
ESSAR SHIPPING LIMITED 13.5% NCD	75	—	—	20	1500.00
HINDUSTAN DEVELOPMENT CORPORATION LIMITED 14% PCD IX-SERIES	50	—	—	440	17600.00
SHREYANS INDUSTRIES LIMITED 14% NCD	100	—	—	1120	112000.00
QUOTED PARTLY PAID UP DEBENTURES/WARRANTS					
CEAT LIMITED 15% SECURED REDEMABLE PCD	75	—	—	900	84600.00
RELIANCE PETROLEUM LIMITED	50	—	—	200	4000.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	75	—	—	3050	228750.00
TOTAL				218967	2460552.70

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
(A) CURRENT LIABILITIES		
i) Sundry Creditors (Including due to SSI Unit Nil, previous year Nil)	79923296.06	32718327.80
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	30095.00	1199165.00
iv) Cheques over issued in Current Accounts	650060.19	411845.51
v) Interest Accrued but not due	—	1254477.00
TOTAL - A	80603451.25	37044701.26
(B) PROVISIONS		
i) For Gratuity	223220.68	268341.68
ii) For Leave Encashment	128912.00	125927.00
iii) For Sub Standard & Doubtful Assets	4951640.00	8006335.00
iv) For Diminution in value of Investments	140946148.27	148779904.21
TOTAL - B	146249920.95	157180507.89
TOTAL - (A + B)	226853372.20	194225209.15

SCHEDULE '9' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Deferred Revenue Expenses		
As per Last Account	2133846.09	4819111.42
Less : Amount Written Off	-2013949.00	-2685265.33
TOTAL	119897.09	2133846.09

SCHEDULE '10' : INCOME FROM OPERATIONS

	Year Ended 31st March, 2004 (Rs.)	Period Ended 31st March, 2003 (Rs.)
Profit/Loss(-) on sale/Valuation of Shares (Stock in Trade) & Diff in Share Dealing(Net)	7530698.77	1477786.11
Interest Income :-		
— On Debentures (Tax deducted at Source Rs. Nil Previous Period Rs. 307.93)	—	1467.76
— On Fixed Deposits with banks (Tax deducted at source Rs. 81,051.29 Previous Period Rs.1,63,649.60)	395372.06	706777.53
— On Inter corporate Deposit (Tax Deducted At Source Rs.1,42,797.97 Previous Period Rs. Nil)	696575.35	—
Profit/Loss(-)on Sale of Investments/diminution in value of Investments (Net)	17862746.84	-4157654.53
Dividend Income (Tax deducted at Source Rs.Nil Previous Period Rs. 4,01,427.50)	6338146.90	5765116.60
TOTAL	32823539.92	3793493.47

SCHEDULE "11" : ADMINISTRATION & OTHER EXPENSES

Salaries & Benefits	1259490.00	1910867.62
Executive Director's Remuneration	733200.00	957529.00
Contribution to Provident Fund & Other Funds	142350.00	199394.00
Bank Charges	8881.57	82355.53
Directors Meeting Fees	60000.00	80000.00
Listing Fees	118414.00	142500.00
Travelling & Conveyance Expenses	1286319.51	1455977.70
Communication Expenses	1486788.29	1321878.66
Printing & Stationery	760495.75	866152.40
Office Repairs and Maintenance	651962.00	1527187.83
Electricity Expenses	216055.00	465217.00
Rent, Rates & Taxes	1480380.00	2477038.00
Insurance Charges	31407.14	25680.85
Subscription & Membership	287783.75	590423.19
Legal & Professional Charges	1568416.00	2548178.15
Advertisement Expenses	80943.00	41695.00

HB STOCKHOLDINGS LIMITED

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

	Year Ended 31st March, 2004 (Rs.)	Period Ended 31st March, 2003 (Rs.)
Business Promotion Expenses	312572.38	416055.45
Miscellaneous Expenses	246436.56	449053.58
Loss on Sale of Fixed Asset	130622.15	—
Share Transfer Expenses	13880.00	11560.00
Staff welfare Expenses	155187.00	199435.90
Auditor's Remuneration		
- Audit Fees	97200	126000.00
- Tax Audit Fees	27000	52500.00
- Certification & Others	23520	3150.00
	147720.00	181650.00
TOTAL	11179304.10	15949829.86

SCHEDULE '12': INTEREST & FINANCIAL CAHRGES

On Overdraft from banks	—	33419.57
On Inter-Corporate Loan	1087397.00	8607946.00
On Others	2389644.32	16851.99
TOTAL	3477041.32	8658217.56

SCHEDULE '13': SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2004.

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :- The Financial Statements have been prepared under the Historical Cost Convention method in accordance with the generally accepted Accounting Principles and the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

B. REVENUE RECOGNITION :-

- All Income & Expenditure are accounted for on accrual basis.
- Shares/Debentures are capitalised at cost inclusive of brokerage. Transfer stamps, Depository Charges and other miscellaneous transaction charges which due to practical difficulty can not be identified/allocated to a particular transaction are charged directly to the Profit and Loss Account. Purchase & Sale of Shares/ Debentures are accounted for on the basis of bills thereof.

C. FIXED ASSETS :- Fixed Assets are stated at cost less depreciation.

D. DEPRECIATION :- Depreciation is provided on Fixed Assets on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

E. INVESTMENTS :-

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

F. STOCK IN TRADE :- Stock in Trade is valued at scrip wise lower of Cost or fair market value.

G. DEFERRED REVENUE EXPENDITURE :- Deferred Revenue Expenditure is written off proportionately over a period of ten years.

H. RETIREMENT BENEFITS :- Leave Encashment, 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 pays contribution to it.

I. TAXATION :- Tax expenses for the year comprises of Current Tax and 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 year ended 31st March, 2004.

- 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).
- (a) Advances recoverable includes due from subsidiary companies Rs. 3,01,00,000/- (Previous year Rs. 3,48,75,000/-) from HB Prima Capital Ltd., maximum balance outstanding during the year Rs.3,48,75,000/- (Previous year 3,48,75,000/-) and Rs.6,33,46,806.12 (Previous year Rs. 6,33,01,806.12) due from Mount Finance Ltd. Maximum balance during the year Rs. 6,33,46,806.12 (Previous year Rs. 6,72,91,806.12).
- (b) Sundry debtors includes Rs Nil. (Previous year Rs. Nil) due from HB Prima Capital Ltd., Subsidiary Company .. maximum balance outstanding during the year Rs. Nil (Previous year 5,46,35,444.20)
- Contingent Liability in respect of :
 - Liability in respect of partly paid-up shares/debentures Rs. 66,49,970/- (Previous year Rs.66,49,970/-).
 - Income Tax demand disputed Rs.2.37Crores (Previous year 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. The aforesaid amount of Rs.2.37 crores also includes substantial interest in respect of which there is apparent calculation mistake. The company has filed necessary rectification application. Moreover substantial refund due to the company for various years are pending adjustment against the aforesaid demand. Once the aforesaid apparent calculation mistake is rectified and refund due to the company are adjusted, there will be no demand outstanding payable.
 - Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.28 Crores (Previous year Rs.28 Crores) 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.
- Profit/loss(-) on Sale of Investments /diminution in value of Investments (Net), as shown in Profit & Loss Account, includes: Rs 1,00,28,991/-on Current Investments (Previous period Rs.-2,70,86,418/-); Rs .Nil (Previous period Nil) on Long Term Investment; and Provision

for diminution in value of Investments written back Rs.78,33,756/- (Previous period Rs.2,29,28,763/-). Provision for diminution in value of Investments as shown in Balance Sheet includes Rs.4,90,92,110/-(Previous Period Rs. Nil) on Long term Investments and Rs.9,18,54,038/-(Previous period Rs.14,87,79,904/-) on Current Investments.

- In the absence of complete information and reconciliation, Unclaimed Dividend / Debentures Interest and such other balances due for transfer to the Investor Protection Fund under Section 205C of the Companies Act, 1956 have been so transferred on the basis of certificates from the respective bankers.
- Dividend Income includes 45,78,954/- (Previous Year Rs. Nil) on Long Term Investments-Trade, Rs. 17,59,193/-(Previous year Rs. 56,22,839/-) on Current Investments-Trade and Rs. Nil (Previous year Rs.1,42,278/-) on stock in Trade.
- During the year the company has reclassified/transfered shares /debentures from Stock in Trade to Current Investments. The same has been done at Cost or Market Price whichever is lower.
- During the year the company has reclassified some of Investments from Current Investment to Long Term Investment. The same has been done at cost or market price which ever is lower as prescribed by Accounting Standard AS-13 issued by the Institute of Chartered Accountants of India.
- 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. This is being done in compliance with Non-Banking Financial Companies Prudential Norms (Reserve Bank Directions 1998.).
- The previous 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. Accordingly, the Current year figures are not comparable with the previous period. Previous period figures have been regrouped/rearranged wherever considered necessary.
- The company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realisation, credit for Deferred Tax Assets has not been recognised to comply with Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India.
- 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. 8, 41, 200/- (Previous Period Rs.3,16,800/-)
 - Later than one year but not later than five years Rs. 32,27,520/- (Previous Period 14,46,720/-)
 - Later than five years Rs. 4,56,660/- (Previous Period 63,360/-)
 - Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2004 is Rs.14,50,380/-(Previous Period 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- In respect of one Lease agreement, if the renewal option is exercised by the lessee the Rent will be increased by 20%. In respect of another Lease Agreement rent will be decided in mutually agreed terms in case of exercise of renewal option.
 - 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 year 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.
- 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 is 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 Year (Amount Rs.)	Prev. Period (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account	18577232	(31907285)
Add Prior Period Adjustments	5,67,615	(29640111)
Net Profit/(Loss) available for Equity Share holders	19144847	(61547396)
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.)	0.75	(2.42)

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

Particulars	As at 31st March, 2004		As at 31st March, 2003	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Stock	218967	2460553	276780	3710485
Purchases	Nil	Nil	100	485
Sales/Transfer	218967	2460553	57913	3711502
Closing Stock	Nil	Nil	218967	2460553

Investments

Particulars	As at 31st March, 2004		As at 31st March, 2003	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Balance	13668163	700663142	15660760	782593415
Purchases/Transfer	3561810	143083329	5207831	195160059
Sales/Transfer	1404665	126100212	7200428	250003914
Closing Balance	15825308	727675250	13668163	700663142



HB STOCKHOLDINGS LIMITED

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. Disclosure of Loans/Advances and Investments in its own shares by the listed companies, their subsidiaries, associates etc.(as certified by the Management.)

(Amount in Rs.)

S. No.	Particulars	Outstanding Balance as on 31.03.2004	Max. Balance Outstanding during the year	Outstanding as on 31.03.2003	Max. Balance outstanding during the previous period
i.	Loans & Advances in the nature of Loans to subsidiaries :- (a) Mount Finance Ltd. (b) HB Prima Capital Ltd.	6,33,46,806.12 3,01,00,000.00	6,33,46,806.12 3,48,75,000.00	6,33,01,806.12 3,48,75,000.00	6,72,91,806.12 3,48,75,000.00
ii.	Loans & Advances in the nature of loans to Associates.	Nil	Nil	Nil	Nil
iii.	Loans & Advances in the nature of loans where there is no repayment schedule, no interest or interest below Section 372A of the Companies Act,1956	Nil	Nil	Nil	Nil
iv.	Loans & Advances in the nature of loans to firms/companies in which directors are interested.	Nil	Nil	Nil	Nil
v.	Investments by Loanee in the Shares of parent company and subsidiary company when the company has made loan or advance in the nature of Loan.	No. of Shares Nil	Amount Nil	No. of Shares Nil	Amount Nil

20. Particulars of Executive Director's Remuneration are as under :-

Particulars	Current year (Amount Rs.)	Previous period (Amount Rs.)
Salary	3,60,000	4,80,000
House Rent	2,16,000	2,88,000
Contribution to Provident and Superannuation Fund	97,200	1,29,600
LTA	30,000	30,000
Medical Reimbursement	30,000	29,929
TOTAL	7,33,200	9,57,529

21. Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.

22. Additional Information pursuant to Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 is annexed.

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

As per our Report of even date annexed thereto

For P. Bholusaria & Co.

For and on behalf of the Board

Chartered Accountants

Amit Goel

Vinay Shukla

J.M.L.Suri

Lalit Bhasin

Partner

Asst. Vice President (Legal) &
Company Secretary

Executive Director

Director

Place : New Delhi

Date : 30.06.2004

ANNEXED 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 :

- 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
- Transactions during the year with Related Parties.

Sr. No.	Nature of Transaction	Related Party Referred in 1(a) above	Related Party Referred in 1(b) above	Related Party Referred in 1(c) above
1.	Amount recovered against Sundry Debtors & advances	3,48,76,000 (5,86,15,444)	Nil (Nil)	Nil (Nil)
2.	Sitting Fee Paid	Nil (Nil)	Nil (Nil)	20,000 (30,000)
3.	Advances given	3,01,46,000 (3,49,50,000)	Nil (Nil)	Nil (Nil)
4.	Reimbursement of Income/ expenses	-75,000 (-75,000)	Nil (Nil)	Nil (Nil)
5.	Remuneration & Other Services	Nil (Nil)	7,33,200 (9,57,529)	Nil (Nil)
6.	Outstanding as on 31.03.2004			
	- Receivables in respect of Current Assets.	9,34,46,806.12 (9,81,76,806.12)	Nil (Nil)	Nil (Nil)

ANNEXURE REFERRED TO IN NOTE NO. 21 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-04
II. Capital Raised during the year	
Public Issue	(Rs. '000) NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	1246226

Total Assets	1246226
Sources of funds	
Paid-up Share capital	243166
Reserves & Surplus	1003060
Secured Loans	0
Unsecured Loans	0
Application of Funds	
Net Fixed Assets	6935
Investments	727675
Net Current Assets	(-) 89723
Miscellaneous Expenditure	120
Accumulated losses	601220
IV. Performance of the Company	
Total Turnover	35978
Total Expenditure	20146
Profit/Loss Before Tax	18577
Profit/Loss After Tax	19145
Earnings per share (Rs.)	0.75
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. 22 OF SCHEDULE 14 TO THE BALANCE SHEET OF HB STOCKHOLDINGS LTD. (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
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
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	Nil	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	Nil	Nil

i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil

Particulars	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	1076.64

(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	1927.81
(b) Preference	Nil
(ii) Debentures and Bonds	4.44
(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	1255.82
(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	1278.58
(b) Preference	9
(ii) Debentures and Bonds	2800.02
(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	934.47	934.47
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	142.17	142.17
TOTAL	Nil	1076.64	1076.64

(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	271.32	333.75
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	7950.24	5533.54
TOTAL	8221.56	5867.29

(*) 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	49.52
(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 YEAR ENDED 31ST MARCH, 2004

	(Amount in Rs. '000) Year Ended 31st March, 2004	(Amount in Rs. '000) Period Ended 31st March, 2003
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	18577	-31907
Adjustment for :		
Depreciation (Net)	731	928
Profit/Loss on Sale of Investments	-17863	4158
Profit/Loss on sale of Fixed Assets	131	0
Provision for Standard assets W/Back	-3055	
Interest/Dividend	-3256	2185
Preliminary Expenses W/off	2014	2685
Operating Profit before Working Capital Changes	-2721	-21952
Adjustment for :		
Trade & other Receivable	7257	104279
Inventories	2461	1250
Trade Payable	43517	-109833
Cash Generated from operation	50513	-26256
Interest Paid	-3477	-8658
Cash Flow before extraordinary Items	47036	-34915
Extra Ordinary Items	568	-29640
Net Cash from Operation Activities	47603	-64555
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	-24	-3745
Sale of Fixed Assets	25	Nil
Purchase of Investments	-143083	-195160
Sale of Investments	126100	250004
Interest Received	395	708
Dividend Received	6338	5765
Net Cash used in Investments Activities	-10249	57572
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Long Term Borrowings	-40000	10000
Dividend Paid	—	—
Income tax paid	—	—
Payment for Preliminary expenses	—	—
Net Cash used in Financing Activities	-40000	10000
Net Increase in Cash & Cash Equivalents A+B+C	-2645	3017
Cash and Cash Equivalents as at 1st April, 2003	15804	12787
(Opening Balance)		
Cash and Cash Equivalents as at 31st March, 2004	13159	15804
(Closing Balance)		

For and on behalf of the Board

Place : New Delhi	Vinay Shukla	J.M.L.Suri	Lalit Bhasin
Date : 30.06.2004	Asst. 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	Amit Goel
Date : 30.06.2004	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, 2004 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year than ended 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.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard-(AS21), 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 the said consolidated financial statements give a true & fair view in conformity with the Accounting principles generally accepted in India :-

- In the case of Consolidated Balance Sheet of the consolidated state of affairs as at 31st March, 2004 and
- In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flow for the year ended on that date.

For **P. BHOLUSARIA & CO.**
Chartered Accountants

Amit Goel
Partner

(Membership No. 92648)

Place : New Delhi
Date : 30.06.2004

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

Schedules	As at 31st Mar., 2004 (Rs.)	As at 31st Mar., 2003 (Rs.)
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital 1	243166259.00	243166259.00
Reserves & Surplus 2	1003059609.67	999344163.22
LOAN FUNDS		
Unsecured Loans 3	—	40000000.00
TOTAL	1246225868.67	1282510422.22
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block 4	19999900.41	48299743.80
Less : Depreciation	8242406.28	35443074.42
Net Block	11757494.13	12856669.38
INVESTMENTS		
	770971689.50	742709582.33
CURRENT ASSETS, LOANS & ADVANCES		
Stock in Trade 5	74562.50	2535115.20
Sundry Debtors	4996640.00	8151335.00
Cash & Bank Balances	13309628.77	15944199.97
Loans and Advances	100915180.72	93192385.19
	119296011.99	119823035.36
LESS : CURRENT LIABILITIES & PROVISIONS		
Liabilities 6	117131722.29	60378016.87
Provisions	146249920.95	157180507.89
	263381643.24	217558524.76
NET CURRENT ASSETS		
	-144085631.25	-97735489.40
MISCELLANEOUS EXPENDITURE 7		
(to the extent not written off/adjusted)	119897.09	2138636.09
PROFIT & LOSS ACCOUNT		
(As per annexed Account)	607462419.20	622541023.82
TOTAL	1246225868.67	1282510422.22
SIGNIFICANT ACCOUNTING POLICIES 11		
NOTES ON ACCOUNTS 12		

As per our Report of even date

For **P. Bholusaria & Co.**
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner
Vinay Shukla
Asst. Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director
Lalit Bhasin
Director

Place : New Delhi
Date : 30.06.2004

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Schedules	Year Ended 31st Mar., 2004 (Rs.)	Period Ended 31st Mar., 2003 (Rs.)
INCOME		
Income from Operations 8	32898539.92	3868493.47
Other Income	100078.52	526580.39
Provision for Sub standard & doubtful Debts written/back	3054695.00	—
TOTAL	36053313.44	4395073.86
EXPENDITURE		
Administration & Other Expenses 9	11331164.56	16202495.32
Interest & Financial Charges 10	3477041.32	8658217.56
Depreciation	967553.10	1241619.20
Miscellaneous Expenditure Written off	2018739.00	2744985.33
Provision for Sub standard & doubtful Debts	—	8006335.00
TOTAL	17794497.98	36853652.41
Profit/Loss(-) for the year before taxation	18258815.46	-32458578.55
Provision for Taxation	—	—
— Current	—	—
— Deferred	—	—
Profit/Loss(-) for the year after Taxation	18258815.46	-32458578.55
Prior period adjustments	535235.61	-29640110.90
(-) Transferred to Statutory Reserve Fund	- 3715446.45	—
Loss brought forward from last year	- 622541023.82	-560454834.37
Transferred from General Reserve Account	—	12500.00
Balance carried to Balance Sheet	- 607462419.20	-622541023.82
Basic and Diluted Earning per Share	0.74	-2.44
SIGNIFICANT ACCOUNTING POLICIES 11		
NOTES ON ACCOUNTS 12		

As per our Report of even date

For **P. Bholusaria & Co.**
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner
Vinay Shukla
Asst. Vice President (Legal) &
Company Secretary

J.M.L.Suri
Executive Director
Lalit Bhasin
Director

Place : New Delhi
Date : 30.06.2004

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
AUTHORISED		
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each	300000000.00	300000000.00
	<u>1000000000.00</u>	<u>1000000000.00</u>
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	<u>243166259.00</u>	<u>243166259.00</u>
SCHEDULE '2': RESERVES AND SURPLUS		
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	-55581523.78	-55581523.78
	<u>998867163.22</u>	<u>998867163.22</u>

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
(B) GENERAL RESERVE		
As per Last Account	—	12500.00
Less : Transfer to Profit & Loss Account	—	-12500.00
	<u>—</u>	<u>—</u>
(C) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
(D) STATUTORY RESERVE FUND (*)		
Transferred from Profit & Loss Account	3715446.45	—
TOTAL (A + B + C + D)	<u>1003059609.67</u>	<u>999344163.22</u>
(*) Created pursuant to The Reserve Bank of India (Amendment) Act,1997.		
SCHEDULE '3' : LOANS		
(A) UNSECURED LOANS		
— Inter - Corporate Loans	—	40000000.00
TOTAL	<u>—</u>	<u>40000000.00</u>

SCHEDULE '4' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2003 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2004 Rs.	Upto 31.03.2003 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2004 Rs.	As at 31.03.2004 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	790064.80	78621.18	—	868685.98	3954699.02	4033320.20
Office Equipment	1912051.83	24000.00	—	1936051.83	685132.61	91041.76	—	776174.37	1159877.46	1226919.22
Vehicle	2373608.50	—	637560.00	1736048.50	1170497.97	190479.41	481937.85	879039.53	857008.97	1203110.53
Furniture & Fixture	7675738.08	—	—	7675738.08	2138154.76	485874.22	—	2624028.98	5051709.10	5537583.32
Data Processing Machinery	3024554.00	—	—	3024554.00	2718145.55	83340.68	—	2801486.23	223067.77	306408.45
Air Conditioners	739163.00	—	—	739163.00	224742.61	35110.25	—	259852.86	479310.14	514420.39
Generator Set	64960.00	—	—	64960.00	30052.73	3085.60	—	33138.33	31821.67	34907.27
TOTAL	48299743.80	24000.00	28323843.39	19999900.41	35443074.42	967553.10	28168221.24	8242406.28	11757494.13	12856669.38
Previous Period	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, 2004 (Rs.)	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	74562.50	2535115.20
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
Considered Good :-		
— Outstanding exceeding six months	45000.00	145000.00
Considered Doubtful		
— Outstanding exceeding six months	4951640.00	8006335.00
c) Cash & Bank Balance		
— Cash in hand	585390.58	563202.76
(As certified by the Management)		
— Cheques in hand	4790194.50	—
Balance with Scheduled Banks		
— In Current A/cs	623866.02	6767293.71
— In Dividend/Debentures Intt. A/cs	—	1199461.27
— Share Appl. Money refund A/cs	—	327860.68
— In Fixed Deposit A/cs	7232322.19	7021323.49
Interest accrued but not due on above	77855.48	65058.06
TOTAL 'A'	<u>18380831.27</u>	<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.	87081908.99	79501618.72
b) Advance Tax & Tax Deducted at Source	11415537.08	11038163.82
c) Security Deposits with Govt. Department and others	2417734.65	2652602.65
TOTAL 'B'	<u>100915180.72</u>	<u>93192385.19</u>
TOTAL 'A' + 'B'	<u>119296011.99</u>	<u>119823035.36</u>

SCHEDULE '6': CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
(A) CURRENT LIABILITIES		
i) Sundry Creditors	116434136.06	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	30095.00	1201002.00
iv) Cheques over issued in Current Accounts	667491.23	411845.51
v) Interest Accrued but not due	—	1254477.00
vi) Security Received	—	1750000.00
TOTAL - A	<u>117131722.29</u>	<u>60378016.87</u>
(B) PROVISIONS		
i) For Gratuity	223220.68	268341.68
ii) For Leave Encashment	128912.00	125927.00
iii) For Sub Standard & Doubtful Assets	4951640.00	8006335.00
iv) For Diminution in value of Investments	140946148.27	148779904.21
TOTAL - B	<u>146249920.95</u>	<u>157180507.89</u>
TOTAL - (A + B)	<u>263381643.24</u>	<u>217558524.76</u>



HB STOCKHOLDINGS LIMITED (Consolidated)

SCHEDULE '7' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Deferred Revenue Expenses		
As per Last Account	2133846.09	4872444.42
Less : Amount Written Off	-2013949.00	-2738598.33
	119897.09	2133846.09
Preliminary Expenses		
As per Last Account	4790.00	11177.00
Less : Amount Written Off	-4790.00	-6387.00
	—	4790.00
TOTAL	119897.09	2138636.09

SCHEDULE '8' : INCOME FROM OPERATIONS

	Year Ended 31st March, 2004 (Rs.)	Period Ended 31st March, 2003 (Rs.)
Profit/Loss (-) on sale/Valuation of Shares (Stock in Trade) & Diff in Share Dealing (Net)	7530698.77	1477786.11
Interest Income :-		
— On Debentures (Tax deducted at Source Rs.Nil Previous Period Rs. 307.93)	—	1467.76
— On Fixed Deposits with banks (Tax deducted at source Rs.81,051.29 Previous Period Rs.1,63,649.60)	395372.06	706777.53
— On Inter Corporate Deposit (Tax Deducted at Source Rs.1,42,797.97 Previous Period Rs.Nil)	696575.35	—
Profit/Loss(-) on Sale of Investments/Diminution in value of Investments.(Net)	17862746.84	-4157654.53
Dividend Income (Tax deducted at Source Rs.Nil Previous Period Rs. 4,01,427.50)	6413146.90	5840116.60
TOTAL	32898539.92	3868493.47

SCHEDULE '9' : ADMINISTRATION & OTHER EXPENSES

Salaries & Benefits	1259490.00	1910867.62
Executive Director's Remuneration	733200.00	957529.00
Contribution to Provident Fund & Other Funds	142350.00	199394.00
Bank Charges	11471.03	85000.53
Directors Meeting Fees	60000.00	80000.00
Listing Fees	118414.00	142500.00
Travelling & Conveyance Expenses	1286319.51	1455977.70
Communication Expenses	1486788.29	1321878.66
Printing & Stationery	760733.75	866152.40
Office Repairs and Maintenance	712574.00	1663680.83
Electricity Expenses	216055.00	465217.00
Rent, Rates & Taxes	1480380.00	2477038.00
Insurance Charges	31407.14	31238.85
Subscription & Membership	287783.75	598756.19
Legal & Professional Charges	1614116.00	2601778.15
Advertisement Expenses	80943.00	41695.00
Business Promotion Expenses	312572.38	416055.45
Miscellaneous Expenses	277097.56	461602.04
Share Transfer Expenses	13880.00	11560.00
Staff welfare Expenses	155187.00	199435.90
Loss on Sale of Fixed Asset	130622.15	—
Auditor's Remuneration		
— Audit Fees	105840.00	142800.00
— Tax Audit Fees	27000.00	63000.00
— Certification & Others (Including Service Tax)	26940.00	9338.00
TOTAL	11331164.56	16202495.32

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Overdraft from banks	—	33419.57
On Inter-Corporate Loan	1087397.00	8607946.00
On Others	2389644.32	16851.99
TOTAL	3477041.32	8658217.56

SCHEDULE '11'-SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of the statement of Accounts for the Year ended 31st March, 2004

(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 CONSOLIDATED ACCOUNTS

Annexed to and forming part of Statement of Accounts for the Year ended 31st March,2004

- 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 year end
HB Prima Capital Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2004
Mount Finance Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2004

- Contingent Liability in respect of:
 - Liability in respect of partly paid-up shares/debentures Rs. 67,14,470/-(Previous Period Rs.67,14,470/-)
 - Income Tax demand disputed Rs.2.43 Crores (Previous Period 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. The aforesaid amount of Rs.2.43 crores also includes substantial interest in respect of which there is apparent calculation mistake. The company has filed necessary rectification application. Moreover substantial refund due to the company for various years are pending adjustment against the aforesaid demand. Once the aforesaid apparent calculation mistake is rectified and refund due to the company are adjusted, there will be no demand outstanding payable.
 - Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.28 Crores (Previous Period Rs.28 Crores) 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.
- 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. 8, 41, 200/-
(Previous Period Rs.3,16,800/-)
 - Later than one year but not
Later than five years
Rs.32,27,520/-
(Previous Period 14,46,720/-)
 - Later than five years
Rs. 4,56,660/-
(Previous Period 63,360/-)
 - Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2004 is Rs. 14,50,380/- (Previous Period 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- In respect of one Lease agreement, if the renewal option is exercised by the lessee the Rent will be increased by 20%.In respect of another Lease Agreement rent will be decided in mutually agreed terms in case of exercise of renewal option.
 - 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.
- 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 Year (Amount Rs.)	Prev. Period (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account	18258815	(32458579)
Less : Prior Period Adjustments	535236	(29640111)
Net Profit/(Loss) available for Equity Share holders	18794051	(62099440)
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.)	0.74	(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	Vinay Shukla Asst. Vice President (Legal) & Company Secretary	J.M.L.Suri Executive Director	Lalit Bhasin Director
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Place : New Delhi
Date : 30.06.2004

MOUNT FINANCE LIMITED

ANNEXED REFERRED TO IN NOTE NO. 6 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:

- 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 year with Related Parties.

Nature of Transaction	Related Party Referred in 1(a) above	Related Party Referred in 1(b) above
1. Sitting Fee Paid	Nil	20,000
2. Remuneration & Other Services	7,33,200.00	Nil

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2004

	Year Ended 31st March, 2004 (Amount in Rs. '000)	Period Ended 31st March, 2003 (Amount in Rs. '000)
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	18259	-32459
Adjustment for :		
Depreciation (Net)	968	1242
Profit/Loss on Sale of Investments	4158	-17863
Provision for diminuation in Investments	0	8006
Profit/Loss on sale of Fixed Assets	131	0
Provision for substandard & doubtful debts writtenback	-3055	—
Interest/Dividend	-4028	2110
Preliminary Expenses W/off	2019	2745
Operating Profit before Working Capital Changes	-3570	-14199
Adjustment for :		
Trade & other Receivable	-4568	82924
Inventories	2461	1250
Trade Payable	56712	-96293
Cash Generated from operation	51034	-26318
Interest Paid	-3477	-8658
Cash Flow before extraordinary Items	47557	-34976
Extra Ordinary Items	535	-29640
Net Cash from Operation Activities	48092	-64616
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	-24	-24
Sale of Fixed Assets	25	Nil
Purchase of Investments	-144333	-195160
Sale of Investments	126100	250004
Interest Received	1092	708
Dividend Received	6413	5840
Net Cash used in Investments Activities	-10727	61368
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Long Term Borrowings	-40000	10000
Dividend Paid	—	—
Income tax paid	—	—
Payment for Preliminary expenses	—	—
Net Cash used in Financing Activities	-40000	10000
Net Increase in Cash & Cash Equivalents A+B+C	-2635	6752
Cash and Cash Equivalents as at 1st April, 2003 (Opening Balance)	15944	12913
Cash and Cash Equivalents as at 31st March, 2004 (Closing Balance)	13310	15944

For and on behalf of the Board

Place : New Delhi
Date : 30.06.2004

Vinay Shukla
Asst. Vice President (Legal)
& Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
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 : 30.06.2004

Amit Goel
Partner

DIRECTORS' REPORT

To the members,

Your Directors present the 19th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

The figures for current year are not comparable with that of previous period as the current year working are for 12 months as against 6 months in the previous period.

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

Particulars	(Amount in Rs.)	
	Year Ended 31.03.2004	Period Ended 31.03.2003
Net Profit/(Loss) for the year	(2,89,735.23)	(1,78,863.89)
Provision for Taxation	Nil	Nil
Balance brought forward	(54,75,057.30)	(52,96,193.41)
Balance carried forward	(57,64,792.53)	(54,75,057.30)

DIVIDEND

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

OPERATIONS

Due to adverse business conditions the Company has suffered loss during the year under review.

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 are not applicable to your company. During the year under review there was no earnings or outgo in foreign exchange. 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 the preparation of the Annual Accounts for the year 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 year 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.

In terms of the proviso to Section 383A(1) of the Companies Act, a Secretarial Compliance Certificate dated 23rd June 2004, 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. J.M.L. Suri 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 AND ON BEHALF OF THE BOARD FOR MOUNT FINANCE LIMITED

Place : New Delhi
Date : 23.06.2004

J. M. L. SURI
Director

C. M. MATHUR
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 March 31, 2004. 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 has filed 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 5 times on 4th April 2003; 25th April 2003; 30th August 2003; 31st October 2003 and 25th March 2004; in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the Minutes Book maintained for the purpose.
- The company has not closed its Register of Members during the financial year.
- The annual general meeting for the financial period ended on March 31, 2003 was held on September 29, 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.

MOUNT FINANCE LIMITED

- 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 March 31, 2004 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 its articles of association 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.
- 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 : 23.06.2004

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 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, 2004

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	-	220	Balance Sheet etc 31/03/2003	29/10/2003	17/10/2003
2.	-	383A(1)	Secretarial Compliance Certificate	29/10/2003	17/10/2003
3.	Sch. V	159	Annual Return 29/09/2003	28/11/2003	17/10/2003

Place : New Delhi
Date : 23.06.2004

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 31st March, 2004 and the Profit and Loss Account for the Year ended 31st March, 2004 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.

- 1 As required by Companies (Auditor's Report) Order, 2003 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that-
 - a) 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.
 - b) 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;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub Section (3C) of section 211.
 - e) 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.
 - f) 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 :-
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2004 and
 - b) In the case of the Profit & Loss account of the Loss for the Year ended on that date.

For A. SALWAN & ASSOCIATES
Chartered Accountants
(Ashwani Salwan)
Proprietor

Place : New Delhi
Date : 23.06.2004

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF MOUNT FINANCE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004. (Referred to in paragraph 1 thereof)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :-
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The Company has neither taken nor granted any loans secured or unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However Advances amounting to Rs.6,33,46,806.12 (Maximum Balance during the year Rs. 6,33,46,806.13) has been received from Holding Company, which is interest free. The other terms & conditions of aforesaid advance is, prima-facie not prejudicial to the interest of the company. There are no stipulation in writing regarding repayment of aforesaid advance. As explained to us, the advance is repayable on demand. Since the advance is repayable on demand, there is no question of any overdue amount.
4. 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 purchases of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. The Company has not entered into any transaction made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 as the company is not doing any manufacturing activities.
9. In respect of statutory dues :
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date of becoming payable.

MOUNT FINANCE LIMITED

b. The disputed statutory dues aggregating to Rs. 6,30,346.00 that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)
1.	Income Tax Act,1961	Income Tax	CIT(Appeal)	2,30,897.00
2.	Income Tax Act,1961	Interest U/s 234B	CIT(Appeal)	3,99,449.00

- The Company has accumulated losses less than of its Net Worth and has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- The Company has no borrowings / dues to financial institutions, banks or debenture holders.
- In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have

been made therein. All shares, debentures and other investments have been held by the Company in its own name.

- The Company has not given guarantees for loans taken by others from banks or financial institutions.
- The Company has not raised any term loans during the year.
- The Company has not raised any funds from short term sources.
- During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company has not issued any debentures so the question of creating securities in respect of debentures does not arise.
- The Company has not raised any money by way of public issue during the year.
- In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For A. SALWAN & ASSOCIATES
Chartered Accountants
(Ashwani Salwan)
Proprietor

Place : New Delhi
Date : 23.06.2004

BALANCE SHEET AS AT 31ST MARCH, 2004

Particulars	Schedule	As At	As At
		31st March, 2004 (Rs.)	31st March, 2003 (Rs.)
SOURCES OF FUNDS			
Share Capital	A	8300060.00	8300060.00
TOTAL		8300060.00	8300060.00
APPLICATION OF FUNDS			
Fixed Assets :	B	4599821.38	4765769.61
Current Assets, Loans & Advances	C	249852.21	357488.21
Less : Current Liabilities & Provisions	E	-2314406.12	-2298255.12
Net Current Assets		-2064553.91	-1940766.91
Profit & Loss Account (As per annexed)		5764792.53	5475057.30
TOTAL		8300060.00	8300060.00

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

As per our report of even date attached.

FOR A.SALWAN & ASSOCIATES
Chartered Accountants
(ASHWANI SALWAN)
Proprietor

Place : New Delhi
Date : 23.06.2004

FOR AND ON BEHALF OF THE BOARD

J.M.L.SURI
Director

C.M.MATHUR
Director

PROFIT & LOSS ACCOUNT FOR PERIOD FROM 1ST APRIL,2003 TO 31ST MARCH, 2004

Particulars	Schedule	Year Ended	Period Ended
		31st March, 2004 (Rs.)	31st March, 2003 (Rs.)
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	74562.50
Office Repair & Maintenance		60612.00	37758.00
Filling Fess		15737.00	1750.00
Bank Charges		1500.00	1500.00
Printing & Stationery		238.00	
Professional fees		40300.00	45000.00
Auditor's Remuneration		5400.00	10650.00
Depreciation		165948.23	82205.89
TOTAL		364297.73	253426.39
Loss for the period before Taxation		-289735.23	-178863.89
Provision for Taxation			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		-289735.23	-178863.89
Depreciation for earlier year written back		—	—
Balance b/f from previous year		-5475057.30	-5296193.41
Balance carried to Balance Sheet		-5764792.53	-5475057.30
Basic & diluted Earning per Share		-0.35	-0.22
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES			

As per our report of even date attached.

FOR A.SALWAN & ASSOCIATES
Chartered Accountants
(ASHWANI SALWAN)
Proprietor

Place : New Delhi
Date : 23.06.2004

FOR AND ON BEHALF OF THE BOARD

J.M.L.SURI
Director

C.M.MATHUR
Director

SCHEDULE 'A' : SHARE CAPITAL

	As At 31st March, 2004 (Rs.)	As At 31st March, 2003 (Rs.)
AUTHORISED 10,00,000 Equity Shares of Rs. 10/-each	10000000.00	10000000.00
ISSUED, SUBSCRIBED AND PAID UP 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 01.04.2003	Addition during the period	As at 31.03.2004	Up to 30.03.2003	Provided during the period	Adjustments	Up to 31.03.2004	As at 31.03.2004	As at 31.03.2003
Office Premises	4823385.00	—	4823385.00	790064.80	78621.18	—	868685.98	3954699.02	4033320.20
Office Equipment	217850.00	—	217850.00	84886.03	10347.88	—	95233.91	122616.09	132963.97
Plant & Machinery	174902.00	—	174902.00	67941.80	8307.85	—	76249.65	98652.35	106960.20
Furniture & Fixture	1084855.00	—	1084855.00	592329.76	68671.32	—	661001.08	423853.92	492525.24
TOTAL	6300992.00	—	6300992.00	1535222.39	165948.23	—	1701170.62	4599821.38	4765769.61
Previous Year	6300992.00	—	6300992.00	1453016.50	82205.89	—	1535222.39	4765769.61	4847975.50

MOUNT FINANCE LIMITED

SCHEDULE 'C' CURRENT ASSETS, LOANS & ADVANCES

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
A) CURRENT ASSETS		
i) Closing Stock of Share (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	13898.81	21534.81
iv) Sundry Debtors (Unsecured considered good) (good otherwise stated)		
- Outstanding exceeding six months	45000.00	145000.00
TOTAL (A)	147035.21	254671.21
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)	249852.21	357488.21

SCHEDULE - D : CLOSING STOCK OF SHARES

Name of the Company	Face Value	As At 31st Mar., 2004 Qty. (Nos.)	Amount Rs.	As At 31st Mar., 2003 Qty. (Nos.)	Amount Rs.
QUOTED FULLY PAID UP EQUITY SHARE					
Indo Gulf Industries Limited	10.00	59650	74562.50	59650	74562.50
TOTAL		59650	74562.50	59650	74562.50

SCHEDULE 'E' CURRENT LIABILITIES & PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
CURRENT LIABILITIES		
a) Sundry Creditors	7600.00	139612.00
b) Security Deposits	0.00	1750000.00
c) Advances received (Nett)	2306806.12	406806.12
d) Other Liabilities		1837.00
TOTAL	2314406.12	2298255.12

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, 2004)

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

- The Company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realisation, credit for deferred tax assets has not been recognised to comply with 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 31.03.2004		As at 31.03.2003	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	59650	74562.50	59650	74562.50
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 year (Amount Rs.)	Prev. period (Amount Rs.)
Net Profit/Loss(-) for the year as per Profit & Loss Account	-289735.23	-178863.89
Less : Depreciation for Earlier Year Written Back	Nil	Nil
Net Profit/Loss(-) available for Equity Share holders	-289735.23	-178863.89
Weighted Average No. of Equity Share Outstanding	830006	830006
Basic & Diluted Earning per share(Face Value of Rs.10/- each.)	-0.35	-0.22

- Previous Year figures have been regrouped /rearranged wherever necessary. Current Year figures are not directly comparable with the figures of previous period as previous period was 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

FOR AND ON BEHALF OF THE BOARD

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 23.06.2004

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code	Mumbai
Registration No.	38136
Balance Sheet Date	31.03.2004

II. Capital raised during the year

	(Amount in Rs. '000)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil

III. Position of mobilization and deployment of Funds

Total Liabilities	8300.06	Total Assets	8300.06
Source of Funds		Application of Funds	
Paid up Capital	8300.06	Net Fixed Asset	4599.82
Reserve & Surplus	NIL	Investments	—
Secured Loans	NIL	Net Current Assets	-2064.55
Unsecured Loans	NIL	Misc. Expenditure	—
		Accumulated Losses	5764.79

IV. Performance of Company

Total Turnover	74.56	Total Expenditure	364.30
Profit/(Loss) before Tax	-289.74	Profit/(Loss) after Tax	-289.74
Earning Per Share in Rs.	-0.35	Dividend Rate	NIL

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 10th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

The figures for current year are not comparable with that of previous period as the current year working are for 12 months as against 6 months in the previous period.
The financial results of the Company during the year under review are summarized as under:

Particulars	(Amount in Rs.)	
	Year Ended 31.03.2004	Period Ended 31.03.2003
Net Profit/(Loss) for the year	(28,681.55)	(52,384.01)
Provision for Income tax	Nil	Nil
Balance brought forward	(4,16,957.88)	(3,64,573.87)
Prior Period Adjustments	(32,379.00)	Nil
Balance carried to Balance Sheet	(4,78,018.43)	(4,16,957.88)

DIVIDEND

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

OPERATIONS

The company did not carry any significant operations as the OTCEI continues to remain dormant and subdued. The OTCEI also did not witness any IPO/capital offering during the year under review.

Your company is reviewing its options for suitably diversify/take up 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 are not applicable to your company. During the year under review there was no earnings or outgo in foreign exchange. 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 the preparation of the Annual Accounts for the year 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 year 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.

In terms of the proviso to Section 383A(1) of the Companies Act, 1956, Secretarial Compliance Certificate dated 23rd June 2004 obtained from Mr. Arvind Kohli, 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.

DIRECTORS

Mr. Lalit Bhasin is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

ACKNOWLEDGEMENTS

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

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

Place : New Delhi
Date : 23.06.2004

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 March 31, 2004. 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 filed 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.
- 3) The company being public limited company has the minimum prescribed paid-up capital.
- 4) The Board of Directors duly met 4 times on 24th April 2003; 11th August 2003; 21st

November 2003 and 24th February 2004; 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 period ended on March 31, 2003 was held on September 27, 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.
- 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 March 31, 2004 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.
- 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 : 23.06.2004

Arvind Kohli
Company Secretary
(CP No 2818)

HB PRIMA CAPITAL LIMITED

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 year ending on March 31, 2004.

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	–	220	Balance Sheet etc 31/03/2003	27/10/2003	16/10/2003
2.	–	383A(1)	Secretarial Compliance Certificate	27/10/2003	16/10/2003
3.	Sch. V	159	Annual Return 27/09/2003	26/11/2003	16/10/2003

Place : New Delhi
Date : 23.06.2004

Arvind Kohli
Company Secretary
(CP No 2818)

AUDITOR'S REPORT THE MEMBERS OF HB PRIMA CAPITAL LIMITED

We have audited the attached Balance Sheet of HB PRIMA CAPITAL LIMITED, as at 31st March, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India 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 as on 31st March, 2004 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 31st March, 2004 and
 - In the case of the Profit & Loss account of the Loss for the Year ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 23.06.2004

Amit Goel
Partner
(Membership No. 92648)

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB PRIMA CAPITAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004.

(Referred to in paragraph 1 thereof)

- In respect of its fixed assets :
 - The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, the fixed assets have been physically verified by the

- management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification
- In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- The Company has no inventories.
 - The Company has neither taken nor granted any loans secured or unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 However Advances amounting to Rs.3,01,00,000/- (Maximum Balance during the year Rs.3,48,75,000/- has been received from Holding Company, which is interest free. The other terms & conditions of aforesaid advance is, prima-facie not prejudicial to the interest of the company. There are no stipulation in writing regarding repayment of aforesaid advance. As explained to us, the advance is repayable on demand. Since the advance is repayable on demand, there is no question of any overdue amount.
 - 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 purchases of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
 - The Company has not entered into any transaction made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
 - The Company has not accepted any deposits from the public.
 - In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
 - The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 as the company is not doing any manufacturing activities.
 - In respect of statutory dues :
 - According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities . According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date of becoming payable.
 - There are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
 - The accumulated losses of the company at the Financial year end are less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit. However, it has incurred cash losses in the immediately preceding financial period.
 - The Company has no borrowings / dues to financial institutions, banks or debenture holders.
 - In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
 - In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
 - The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except as stated in Schedule 'D' of the Balance Sheet.
 - The Company has not given guarantees for loans taken by others from banks or financial institutions.
 - The Company has not raised any term loans during the year.
 - According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the year either on long term or short term basis.
 - During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - The Company has not issued any debentures so the question of creating securities in respect of debentures does not arise.
 - The Company has not raised any money by way of public issue during the year.
 - In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 23.06.2004

Amit Goel
Partner
(Membership No. 92648)

HB PRIMA CAPITAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2004

Particulars	Schedules	As At 31st March, 2004 (Rs.)	As At 31st March, 2003 (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		-213811.23	-142993.14
Net Block		223067.77	293885.86
INVESTMENTS			
Share Application Money (Pending Allotment)	D	76671500.00	75421500.00
		1000000.00	1000000.00
CURRENT ASSETS, LOANS & ADVANCES			
(i) Sundry Debtors	E	0.00	35000.00
(ii) Cash & Bank Balances		123002.84	104650.87
(iii) Loans & Advances		10700082.00	1650082.00
		10823084.84	1789732.87
Less : Current Liabilities & Provisions			
(i) Liabilities	F	64120671.04	53851866.61
(ii) Provisions		—	—
NET CURRENT ASSETS		-53297586.20	-52062133.74
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	G	—	4790.00
PROFIT & LOSS ACCOUNT (As annexed Account)			
		478018.43	416957.88
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

Place : New Delhi
Date : 23.06.2004

FOR AND ON BEHALF OF THE BOARD

ANIL GOYAL
Director

C.M. MATHUR
Director

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 01/04/2003 TO 31/03/2004

Particulars	Schedules	Year Ended 31st March, 2004 (Rs.)	Period Ended 31st March, 2003 (Rs.)
INCOME			
Dividend Income		75000.00	0.00
(On Long Term(Non-Trade) Investments)		—	—
TOTAL		75000.00	0.00
EXPENDITURE			
— Misc. Expenses		9089.46	0.00
— Subscription & Membership		0.00	2500.00
— Professional Charges		5400.00	5100.00
— Depository Charges		6924.00	3500.00
— Insurance Charges		0.00	329.96
— Auditor's Remuneration		6660.00	3150.00
— Preliminary Expenses W/off		4790.00	2395.00
— Depreciation		70818.09	35409.05
TOTAL		103681.55	52384.01
Profit/Loss(-) during the period before Taxation		-28681.55	-52384.01
Provision for Income Tax			
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		-28681.55	-52384.01
Prior Period Adjustments		-32379.00	—
Balance Brought forward from Last Year		-416957.88	-364573.87
Balance carried to Balance Sheet		-478018.43	-416957.88
Basic and Diluted Earning per Share (In Rs.)		-0.06	-0.05

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

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

AMIT GOEL
Partner

Place : New Delhi
Date : 23.06.2004

FOR AND ON BEHALF OF THE BOARD

ANIL GOYAL
Director

C.M. MATHUR
Director

SCHEDULE 'A' - SHARE CAPITAL

	As At 31st March, 2004 (Rs.)	As At 31st March, 2003 (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 & SURPLUS

	As At 31st March, 2004 (Rs.)	As At 31st March, 2003 (Rs.)
SHARE PREMIUM ACCOUNT		
As Per Last Account	15075000.00	15075000.00
TOTAL	15075000.00	15075000.00

SCHEDULE 'C' : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2003 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2004 Rs.	Upto 01.04.2003 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2004 Rs.	As at 31.03.2004 Rs.	As at 31.03.2003 Rs.
Data Processing Machinery	436879.00	—	—	436879.00	142993.14	70818.09	—	213811.23	223067.77	293885.86
TOTAL	436879.00	—	—	436879.00	142993.14	70818.09	—	213811.23	223067.77	293885.86
PREVIOUS YEAR	436879.00	—	—	436879.00	107584.09	35409.05	—	142993.14	293885.86	329294.91

HB PRIMA CAPITAL LIMITED

SCHEDULE 'D' - INVESTMENTS

Name of the Company	Face Value	As At 31st Mar., 2004 Qty. (Nos.)	Amount Rs.	As At 31st Mar., 2003 Qty. (Nos.)	Amount Rs.
LONG TERM INVESTMENTS					
QUOTED FULLY PAID-UP EQUITY SHARES (NON-TRADE, AT COST)					
Elcot Power Control Limited	10	500	37500.00	500	37500.00
Malwa Cotton Spinning Mills Ltd.	10	50000	32500000.00	50000	32500000.00
Nahar Spinning Mills Limited	10	15000	22875000.00	15000	22875000.00
Phoenix International Limited	10	17200	6106000.00	17200	6106000.00
Rattan Vanaspati Limited	10	400000	7600000.00	400000	7600000.00
RRB Securities Limited	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
UNQUOTED FULLY PAID UP EQUITY SHARES (NON-TRADE, AT COST)					
Fincap Financial Corporation Ltd.	10	125000	1250000.00		
TOTAL (C)		125000	1250000.00		
TOTAL (A+B+C)		674600	76671500	549600	75421500

NOTES :

- Share Costing Rs.2,41,25,000/- (Previous Year Rs.6,90,81,000/-) are pending transfer in Company's name.
- Market Value of Quoted Investment Rs.1,07,11,700/- (Previous year Rs.95,38,700/-)
- Liability towards partly paid-up Shares Rs.64,500/- (Previous year Rs.64,500/-)

SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES

	As At 31st Mar., 2004 (Rs.)	As At 31st Mar., 2003 (Rs.)
A. CURRENT ASSETS		
Sundry debtors (Unsecured Considered good unless otherwise stated)		
Outstanding for more than six months	0.00	35000.00
Cash in Hand (As Certified by the Management)	30000.00	30000.00
Balance with Scheduled Bank in Current Account.	93002.84	74650.87
TOTAL - A	123002.84	139650.87
B. LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received.	10300000.00	1250000.00
Security Deposit with OTCEI	400000.00	400000.00
Advance Tax paid / tax Deducted at Source	82.00	82.00
TOTAL - B	10700082.00	1650082.00
TOTAL (A + B)	10823084.84	1789732.87

SCHEDULE 'F' - CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES		
Sundry Creditors	3240.00	18976866.61
Advances Received	64100000.00	34875000.00
Cheques Overissued in C/a	17431.04	
TOTAL - A	64120671.04	53851866.61
B. PROVISIONS		
Provision for Income Tax	—	—
TOTAL - B	—	—
TOTAL - (A + B)	64120671.04	53851866.61

SCHEDULE 'G' - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
PRELIMINARY EXPENSES	4790.00	7185.00
Less : Proportionate amount written off	-4790.00	-2395.00
TOTAL	—	4790.00

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

(Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2004)

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.6,46,66,800/- (Previous Year Rs. 6,58,82,800/-) in the value of Long Term Investment is temporary and hence no provision is required.
- The Company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realisation, credit for deferred tax assets has not been recognised to comply with 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 year (Amount Rs.)	Prev. Period (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	-28681.55	-52384.01
Add: Prior Period Adjustment	-32379.00	Nil
Net Profit/Loss(-) available for Equity Share holders	-61060.55	-52384.01
Weighted Average No. of Equity Share Outstanding	10,00,000	10,00,000
Basic & Diluted Earning per share (Face Value of Rs.10/- each.)	-0.06	-0.05

- Advances Received Includes a sum of Rs.3,01,00,000/- (Previous Year Rs.3,48,75,000/-) 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 Year figures are not directly comparable with the figures of previous year as Previous period was 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
Chartered Accountants

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 23.06.2004

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-04

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	223
Investments	77672
Net Current Assets	-53298
Miscellaneous Expenditure	0
Profit & Loss Account	478

IV. PERFORMANCE OF THE COMPANY

Total Turnover	75
Total Expenditure	104
Profit/Loss Before Tax	-29
Profit/Loss After Tax	-29
Earnings per share (Rs.)	-0.06
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



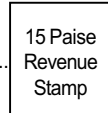
HB STOCKHOLDINGS LIMITED

PROXY FORM

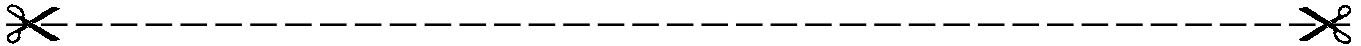
I/We
of.....
being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....
.....
of or failing him/her
of as my/our proxy
to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Wednesday, 29th day of September, 2004 and at any adjournment thereof. As witness my hand/our hands this day of 2004.

Client Id :
DP ID :

Signed by the Said :



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

17TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., Wednesday, 29th day of September, 2004
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 17th Annual General Meeting held on 29th September, 2004 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.