



BOARD OF DIRECTORS

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

*Left for his heavenly abode on 27th June, 2005

AVP (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.

CONTENTS

Notice	1
Directors' Report	2
Statement pursuant to Sec. 212 of the Companies Act, 1956 and Corporate Governance Report	2
Auditors' Report	5
Balance Sheet	6
Profit & Loss Account	6
Schedules	6
Balance Sheet Abstract and Company's General Business Profile	12
Cash Flow Statement	13
Consolidated Accounts	14
Annual Report of Subsidiary Companies :	
Mount Finance Ltd.	18
HB Prima Capital Ltd.	22

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held as per the schedule given below:

Day : Wednesday
Date : August 17, 2005
Time : 10.00 A. M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon-122001, Haryana to transact the following business(es) :

AS ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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. Lalit Bhasin who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Gulshan Rai, who was appointed under Section 260 of the Companies Act, 1956 as Additional Director of the Company on 30th October, 2004 till the ensuing AGM and in respect of whom a notice with requisite fee proposing his appointment has been received, 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 an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of the revised Clause 49 of the Listing Agreement and all other applicable provisions of any other law, the approval/sanction of shareholders of the company be and is hereby accorded for payment of sitting fee to the non executive directors of the company for attending the meetings of the Board of Directors (hereinafter 'the Board') or any Committee(s) constituted by the Board not exceeding a sum of Rs. 20,000/- per meeting, which shall be exclusive of and in
- 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. Lalit Bhasin	Mr. Gulshan Rai
Date of Birth	August 14, 1968	April 1, 1934
Profile/Expertise in specific functional areas	An energetic and experienced entrepreneur having more than 15 years of rich experience in the field of Stock Market operations, Strategic investment and management.	A practising Chartered Accountant having experience in the field of Financial Management, Management Control Systems, Corporate Planning, Business Restructuring etc.
Qualification	Bachelor of Commerce	Chartered Accountant
List of other companies in which directorship held as on 31.3.2005 :	<ol style="list-style-type: none"> HB Leasing & Finance Co. Limited HB Portfolio Ltd. HB Securities Limited Credit Capital Asset Management Co. Ltd. Har Sai Investments Limited RRB Master Securities Delhi Limited Bhasin Share & Stock Brokers Ltd. Indo Continental Hotels & Resorts Ltd. HBB Properties Pvt. Ltd. Pal Properties (India) Pvt. Ltd. 	<ol style="list-style-type: none"> Unicom Services Private Limited Sai Beverages Private Limited
Chairman/Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2005	<p>Audit Committee</p> <ol style="list-style-type: none"> HB Leasing & Finance Co. Ltd. HB Estate Developers Ltd. <p>Shareholders' Committee</p> <ol style="list-style-type: none"> HB Leasing & Finance Co. Ltd. RRB Securities Limited. 	NIL

addition to reimbursement of any incidental/traveling expenses, to be decided and fixed by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised and empowered to fix, review and revise the sitting fee payable as above to the non executive directors from time to time within the aforesaid overall limit of Rs.20,000/- per meeting."

BY THE ORDER OF THE BOARD FOR HB STOCKHOLDINGS LTD.

Place : New Delhi
Date : 25.04.2005
NOTES:

VINAY SHUKLA
AVP(LEGAL) & COMPANY SECRETARY

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 11/08/2005 to 17/08/2005 (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.



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

ITEM NO. 4 : Mr. Gulshan Rai was appointed as Additional Director on the Board of Directors on 30th October 2004 and under the provisions of Section 260 of the Companies Act, 1956 to hold the office up to the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing for his appointment as a Director of the company liable to retire by rotation.

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 Mr. Gulshan Rai himself, are in any way concerned with or interested in the above resolution.

ITEM NO. 5 : The provisions of revised clause 49 of the Listing Agreement provides that all fees/compensation, if any paid to non executive directors shall be fixed by the Board of Directors and shall require the previous approval of shareholders in a general meeting. All the listed companies are required to conform to the requirement under revised clause 49 of the listing agreement latest by 31st December, 2005.

As per Rule 10B of Companies (Central Government's) General Rules & Forms, 1956 as amended vide Notification No. GSR 580 (E) dated 24-7-2003, read with the provisions of Section 310 of the Companies Act, 1956, the company by virtue of the criteria of its net worth and the annual turnover, is entitled to fix/pay maximum sitting fee of Rs. 20,000/- to non executive directors for attending the meetings of Board of Directors and the Committees constituted by the Board thereof.

Accordingly in view of foregoing provisions of the revised Clause 49 of the Listing Agreement read with the applicable provisions of the Companies Act, 1956 and the rules made thereunder, the sanction/approval of the shareholders is being sought for the payment of sitting fees to the non executive directors for their attending the meetings of the board of directors and the committees constituted by the board, not exceeding a sum of Rs. 20,000/-, to be decided and fixed by the Board of Directors. In order to have flexibility, the power to vary, review and revise the sitting fee by the board of directors within the aforesaid overall limit fixed by the shareholders is also being sought.

All the non executive directors of the company may be deemed to be interested or concerned in the item to the extent of sitting fees they would be entitled to receive for attending the meetings of the Board of Directors or any Committees of Directors.

BY THE ORDER OF THE BOARD FOR HB STOCKHOLDINGS LTD.

Place : New Delhi
Date : 25.04.2005

**VINAY SHUKLA
AVP (LEGAL) & COMPANY SECRETARY**

DIRECTORS' REPORT

To the Members,
Your Directors have pleasure in presenting the 18th Annual Report with Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

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

PARTICULARS	(Amount in Rs.)	
	Year Ended 31.03.2005	Year Ended 31.03.2004
Gross Profit/(Loss)	1,61,86,545	2,13,21,968
Less :		
(a) Depreciation and profit/(loss) on termination of leases	7,69,877	7,30,787
(b) Miscellaneous Expenses Written off	1,19,897	20,13,949
(c) Provision for Income -Tax (including deferred tax)	3,00,000	Nil
Net Profit/(Loss)	1,49,96,771	1,85,77,232
Add/(Less) :		
(a) Surplus/(Deficit) Brought Forward	(60,12,19,608)	(61,66,49,009)
(b) Prior Period Adjustments	4,04,241	5,67,615
(c) Transfer to Statutory Reserve Fund	(29,99,354)	(37,15,446)
Net Amount available for appropriation	(58,88,17,950)	(60,12,19,608)
Balance Transferred to Balance Sheet	(58,88,17,950)	(60,12,19,608)

DIVIDEND : Your directors' are of the recommend to plough back the profits and not to distribute the same by way of dividend.

PERFORMANCE REVIEW & OUTLOOK : During the year under review, overall economy including primary and secondary market has registered significant growth. NSE and BSE sensex have flared up from 5590.60 and 1819.65 to 6492.82 and 2035.65 respectively. Gross turnover on NSE and BSE, putting together spot and derivatives, rose to Rs. 86,28,645 Crores during the year.

The outlook of current economic scenario is positive. Overall economy is expected to grow @ 6.50 to 7%. Growing confidence level among foreign and domestic investors and the industry, broadening of investors base and increased flow of FDIs, stable fiscal and economic policies, are giving more impetus for continuous and steady growth.

Your Company continues to emphasise on consolidating its position in the market with in bound activities of cost minimisation and efficiency and productivity development and out bound activities of market exploration and strategic investments and profit maximisation. With this 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

PUBLIC DEPOSITS : Your Company has not accepted any deposits from the public during the year under review.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 : 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.

PERSONNEL : None of the employees are in receipt of remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT : 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 wholly owned subsidiaries viz. HB Prima Capital Ltd. and Mount Finance Ltd. of the Company are attached.

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

CORPORATE GOVERNANCE : Your company has been adopting good Corporate Governance Practices since inception and complying with the code of Corporate Governance. A detailed Corporate Governance Report together with a certificate from Statutory Auditors in compliance with Clause 49 of the Listing Agreement is attached forming part of this report.

STATEMENT PURSUANT TO LISTING AGREEMENT (S) : The Company's securities are presently listed at Stock Exchanges at Mumbai (BSE), Kolkata, and National Stock Exchange, Mumbai (NSE). Pursuant to Shareholders' resolution dtd. May 31, 2002 equity shares of the Company have been delisted from Ahmedabad Stock Exchange and Madras Stock Exchange w.e.f. 24.04.2004 and 16.03.2005 respectively and application for delisting made to the Calcutta Stock Exchange is under process. The listing fees to BSE and NSE has been paid.

Management's Discussion and Analysis, in compliance with Clause 49 of the Listing Agreement, is attached, forming part of this report.

As you all aware that your Company was following Financial Year beginning from December to November till the financial year ended on 31/03/2003 (16 months) and the EDIFAR web site use the Financial Year beginning from April 1 to March 31. Due to this your company is not able to upload the required data of shareholding pattern, quarterly/ annual statements and other related documents on the Electronic Data Information Filing and Retrieval (EDIFAR) web site - www.sebidifar.nic.in in compliance with clause 51 of the Listing Agreement. Your Company have been pursuing the matter with the authority and soon we'll find a way out of this problem.

AUDITORS' REPORT : Observations of the Auditors have been explained, wherever necessary, by way of 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. A certificate under section 224(1B) of the Companies Act, 1956 has been received from them.

DIRECTORATE : Mr. Gulshan Rai, a practising Chartered Accountant having rich experience of over 40 years in the field of Financial Management, Management Control Systems, Corporate Planning, Business Restructuring and International Business Operations of Indian Companies, was co-opted as Additional Director on 30-October-2004 to hold the office 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. Lalit Bhasin being longest in Office retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

ACKNOWLEDGEMENT : Since its inception, your Company has grown on the foundations of dedicated and qualitative services. Your Directors gratefully acknowledge the co-operation, assistance and support extended by various stakeholders during these years. Your Directors also thank all the Company's Bankers, Shareholders and its Employees for their continued support to your Company during the year and look forward for their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : April 24, 2005

**LALIT BHASIN
CHAIRMAN**

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	HB Prima Capital Ltd.	Mount Finance Ltd.
Financial Year of the subsidiary ended on	31-03-2005	31-03-2005
No. of Equity Shares held by the Holding Company as on date (Face Value - Rs.10/-)	10,00,000	8,30,006
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 2005 (in Rs.)		
(i) for the financial year of the subsidiary	(19,342.19)	2,86,774.77
(ii) for the pervious financial periods of the subsidiary	(4,78,018.43)	(57,64,792.53)
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 2005 (in 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

- Operating Results :** The company earned an operational income of Rs. 223.07 lakhs during the year under review compared to an operational income of Rs. 328.24 lakhs in the previous period. The administrative expenses during the year under review were Rs.103.44 lakhs as compared to Rs.111.68 lakhs during the previous period. The interest and financial charges for the year under review also came down to Rs.7.28 lakhs as compared to Rs.34.88 lakhs during the previous period.
- Industry Trends and Business Analysis :** During the year under review, the stock market witnessed buoyancy reflecting a resurgent and high economic growth backed by strong fundamentals. The BSE Sensex which opened at 5590.60 in April 2004 and closed at 6492.82 in March 2005 with the highest at 6954.86 in March 2005 and registering a growth of 16.13% during the year under review. Similar trend has been registered by NSE Nifty, which opened up at 1771.90 in April 2004 and closed at 2035.65 in March 2005 after scaling a high of 2168.95 in March 2005 and registering a growth of 14.88% during the year under review. Under the aforesaid backdrop the company has been able to turn out positive results recording a net profit of Rs149.97 lakhs.
- Opportunities and Threats :** The continuous reform measures initiated by the governments have started yielding results with the economy poised for a sustained high growth. The sustained drive for modernisation of the Stock Market and de-materialisation has rid the market of many ills and has brought it on par with other developed markets. The broadening of investor's networks, quantum increase in the market turnover and capitalisation and rebound of IPO(s), has added greater depth to the market. However, due to the continuing hardening of international crude oil prices and consequential slowdown of the world economic growth, may cause rise in the inflation and affect the otherwise steady growth process in the country. The Company hopes to leverage its strength and experience in stock market operations and expect to sustain and scale its performance in current year.
- 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 Government to carry forward and continue the reform process augurs well for the economic growth.
- Risks and concerns :** Company, being associated with capital market, continues to

- maintain a conservative financial profile, and following prudent business and risk management practices to manage the threats imposed by the normal industry risk factors, which inter alia includes economic business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility and credit risk. The policies and procedures established by your Company are in tune with some of the best practices in the Financial Services Sector.
- 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. Improvements in processes and controls are an ongoing effort and the internal audit function is fully geared to meet the challenges that are an inevitable part of a rapidly changing landscape.
 - 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 2005 stood at Rs. 2431.66 lakhs comprised of 2,54,43,257 Equity Shares of Rs.10/- each (excluding allotment money receivable of Rs. 112.66 lakhs).
 - Reserves and Surplus:** During the year under review the reserves and surplus [net of accumulated loss amounting to Rs. 5888.17 lakhs (previous year 6012.20 lakhs)] stood at Rs. 4172.41lakhs as against Rs.4018.40 lakhs during the previous period.
 - Loans:** There are no unsecured loans in the Balance Sheet of the Company since they have been repaid in full during the year prior to previous year itself.
 - Current Assets & Current Liabilities:** The current assets and current liabilities at the end of the year under review stood at Rs.2024.98 lakhs and Rs. 1508.12 lakhs respectively against Rs. 1271.30 lakhs and Rs. 2268.53 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.516.86 lakhs compared to (Rs.897.23) lakhs.
 - Human Resources :** The company is having 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 maximize the long term value for the shareholders. Your company is committed to uphold the good governance values and has been practicing the same over the years. Your directors deeply recognise that it is your company and that you must know what is happening all around.

Size and Composition of the Board : The Board of your Company comprises of 6 directors, out of whom 4 directors are non-executive and independent. Mr. Lalit Bhasin is a non-executive director and holds the position of the 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, tax, legal, Securities market operations, corporate affairs and management. Mr. J.M.L. Suri, the Executive Director of your Company, has to his credit over 44 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.

5 Meetings of the Board of Directors of the Company were held during the year under review (i.e. from 1.04.2004 to 31.03.2005) on 27th April 2004; 30th June 2004; 28th July 2004; 30th October 2004; and 21st January 2005. 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	Directorships in other public companies*		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM
		Director	Chairman	Member	Chairman	Held	Attended	
Mr. H. C. Bhasin (Resigned)	Non-Executive	5	Nil	Nil	Nil	5	2	N. A.
Mr. K. N. Malhotra	Independent & Non Executive	3	Nil	1	1	5	1	No
Mr. Lalit Bhasin	Non-Executive	14	3	4	Nil	5	4	Yes
Mr. P. K. Mittal	Independent & Non Executive	1	Nil	Nil	Nil	5	5	No
Mr. J.M.L. Suri	Executive	7	Nil	5	1	5	5	Yes
Dr. K. Srinivasan#	Independent & Non Executive	Nil	Nil	Nil	Nil	5	4	Yes
Mr. Gulshan Rai	Independent & Non Executive	2	Nil	Nil	Nil	5	2	N. A.
Mr. P. S. Mathur(Resigned)	Independent & Non Executive	N.A.						

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

* As on 31-3-2005.
Appointed as Additional Director with effect from 27th April 2004 and confirmed as Director on 29th September 2004.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third directors of the rotational directors of the Company retire at every Annual General Meeting. Accordingly, Mr. Lalit Bhasin would retire by rotation at the ensuing Annual General Meeting and being eligible he has offered himself for reappointment.

Board Committees : The Board of Directors in its Meeting held on 7th March, 2001, has 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. The Remuneration Committee has been constituted in the meeting of Board of Directors held on October 30, 2004 as required under the Listing Agreement and the Companies Act, 1956 (Schedule XIII).

Audit Committee : The Audit Committee of the Board as reconstituted on 28th October 2004 comprises of Dr. K. Srinivasan (Chairman of the Committee), Mr. P.K. Mittal and Mr. Gulshan Rai. Mr. J. M. L. Suri, Executive Director, shall be the permanent invitee of the meeting. 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, 4 meetings of the Audit Committee were held on 29-06-2004; 27-07-2004; 28-10-2004 and 21-01-2005. Dr. K. Srinivasan, Mr. P.K. Mittal, Mr. Lalit Bhasin, Mr. Gulshan Rai attended all the respective meetings and except Mr. K. N. Malhotra who could not attend any meeting and asked for leave of absence.

Shareholders' Committee: 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 27-04-2004; 28-07-2004; 28-10-2004; and 21-01-2005. The meetings were attended by all the members of the Committee except the three on 28-07-2004, 28-10-2004 & 21-01-2005, which were not attended by Mr. K. N. Malhotra.

Remuneration Committee : The Remuneration committee of the Board comprises of Dr. K. Srinivasan, Chairman, Mr. P. K. Mittal and Mr. Gulshan Rai. The functions of the Committee, inter alia, includes to lay down, review and revise the remuneration of the managerial personnel, to give recommendations to the Board of Directors on the matters concerning the managerial remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from time to time.

During the year under review, no remuneration committee meeting was held. Remuneration paid to Directors during the period (01.04.2004 to 31.03.2005) is as under:



Director	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. H. C. Bhasin	Father of Mr. Lalit Bhasin	4,000	Nil	Nil
Mr. K. N. Malhotra	—	14,000	Nil	Nil
Mr. P. S. Mathur	—	Nil	Nil	Nil
Mr. P. K. Mittal	—	33,000	Nil	Nil
Mr. Lalit Bhasin	Son of Mr. H. C. Bhasin	19,000	Nil	Nil
Mr. J. M. L. Suri	—	Nil	703,204	Nil
Dr. K. Srinivasan	—	27,000	Nil	Nil
Mr. Gulshan Rai	—	12,000	Nil	Nil

Shareholders' Information

(A) Details of Annual General Meetings:

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

Year	Type	Location	Date	Time
2003-04	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	29.09.2004	10.00 A.M.
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.

(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 11.08.2005 to 17.08.2005 (both days inclusive). The previous Book Closure remained w.e.f. 21.09.2004 to 29.09.2004 (both days inclusive).

(D) The transactions with the related parties have been annexed to the Notes to Accounts (Refer to Note No. 14 of Schedule 12 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

1. Half yearly reports sent to each household of shareholder No

2. Quarterly Results Sent to each shareholder No

3. In which newspaper the results are normally published: Financial Express & Jansatta

4. Any Website, where results are displayed Yes, EDIFAR

5. Whether MD&A are part of Annual Report Yes

6. 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. Ph. : 24692346; 24601017. Fax : 24692345. E-mail : rcmc@dimension1.net

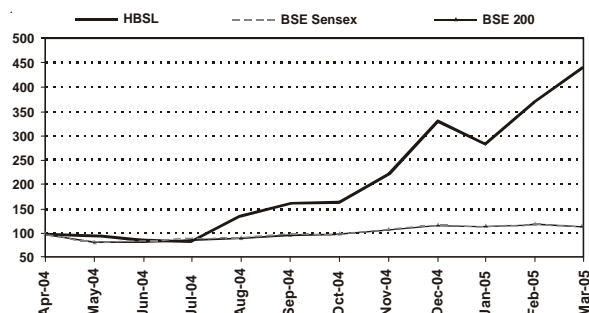
(I) The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/POLICY/CIR-23/2000 dated 29th May 2000.

(J) The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN Number 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-04	3.31	2.17	2.65	32328	3.35	2.35	2.8	31477
May-04	3.35	2.14	2.51	19025	3.5	2.35	2.55	21558
Jun-04	2.80	1.81	2.30	15194	2.9	1.95	2.35	21167
Jul-04	3.23	1.90	2.20	29194	2.8	2.05	2.3	24175
Aug-04	4.11	2.00	3.62	126656	3.9	2.2	3.4	53323
Sep-04	4.60	3.60	4.32	172146	4.75	3.55	4.15	50619
Oct-04	4.77	3.71	4.36	89070	4.3	3.85	4	9341
Nov-04	6.70	4.10	5.86	282197	—	—	—	—
Dec-04	9.29	5.06	8.80	368802	9.15	5.25	8.55	204550
Jan-05	9.75	6.60	7.50	130765	9.95	6.6	7.4	120077
Feb-05	10.67	7.00	9.82	319558	10.4	7	9.5	222291
Mar-05	17.30	9.35	11.76	405380	17.4	9.55	11.9	277900

(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 : 344%, BSE Sensex : 15%, BSE 200 : 15%

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

HB Stockholding Ltd. Scrip Code
 BSE, Mumbai 532216
 NSE, Mumbai HBSTOCK
 CSE, Kolkata 18086

(O) The Dematerialisation of Shares and Liquidity: 60.32 % of the Equity Shares of the company are held in dematerialised form.

(P) Mr. Vinay Shukla, AVP (Legal) & Company Secretary is the compliance officer.

(Q) The distribution of shareholdings of the company as on 31st March 2005 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	133200	98.99	10898809	42.84
501-1000	884	0.66	640463	2.52
1001-2000	262	0.19	362411	1.42
2001-3000	81	0.06	198111	0.78
3001-4000	30	0.02	106611	0.42
4001-5000	18	0.01	82063	0.32
5001-10000	31	0.02	219917	0.86
10001 and above	51	0.04	12934872	50.84
TOTAL	134557	100.00	25443257	100.00

(R) The category-wise distribution of Shareholders as on 31st March, 2005 is as follows:

Category	No of Shares held	% of Shareholding
A. Promoters Holding		
- Promoters	10621837	41.75
- Persons acting in concert	508530	2.00
B. Others		
- Mutual Funds and UTI	254374	1.00
- Banks/Financial Institutions	831640	3.27
- Foreign Institutional Investors	—	—
- Private Corporate Bodies	549831	2.16
- NRIs/OCB	248052	0.97
- Indian Public	12428993	48.85
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	877	123050	100
16-30	—	—	—
31 & Above	—	—	—

(T) The status of Investor's Grievance Redressal during the year 1-04-2004 to 31-03-2005 :

Nature of Grievance	Received	Cleared
Investors	62	62
Stock Exchanges	5	5
SEBI	2	2
NSDL	2	2

*Complaints/requests/queries relate to transfer, transmission, change of address, dividend, Share Certificates, balance sheet, demat/ remat of securities & others.

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**

We have examined the compliance of conditions of Corporate Governance by HB STOCKHOLDINGS LIMITED for the year ended on 31st March 2005, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2005 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 : April 25, 2005

**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, 2005 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, 2005 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 (particularly Note No.19) 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, 2005 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

Place : New Delhi
Date : 25th April, 2005

Amit Goel
Partner
(Membership No. 92648)

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date for the year ended 31st March, 2005

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 (Investments) 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 (Investments) 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 not granted 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 in the nature of Loan amounting to Rs.9,09,96,806 were outstanding recoverable as at the year end from two parties, both wholly owned subsidiaries of the company. The amount granted during the year was Rs.1,00,000/- and maximum amount outstanding during the year was Rs.9,34,46,806.
- 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.
- e. The company has not taken any loans, Secured or Unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system 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 and services. 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 particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements 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, Service 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. 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, 2005 for a period of more than six months from the date of becoming payable.
- 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	Income Tax Appellate Tribunal	27,08,164/-
2.	Income Tax Act, 1961	2001-02	Interest	Income Tax Appellate Tribunal	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 some of them, legal issues involved and pending applications for rectification/ adjustments of refunds (Refer Note No. 3(b) of Schedule 12).

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 or 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 (Investments) 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 given as margin 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 : 25th April, 2005

Amit Goel
Partner
(Membership No. 92648)

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedules	As at 31st Mar., 2005 (Rs.)	As at 31st Mar., 2004 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	243166259.00	243166259.00
Reserves & Surplus	2	1006058963.67	1003059609.67
TOTAL		1249225222.67	1246225868.67
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	14157083.12	13262029.41
Less : Depreciation		6929785.17	6327424.43
Net Block		7227297.95	6934604.98
INVESTMENTS	4	601493441.01	737675249.50
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors	5	25120465.90	4951640.00
Cash & Bank Balances		10066854.36	13159153.22
Loans and Advances		167311660.04	109019087.84
		202498980.30	127129881.06
LESS : CURRENT LIABILITIES & PROVISIONS			
Liabilities	6	2272735.54	80603451.25
Provisions		148539711.07	146249920.95
		150812446.61	226853372.20
NET CURRENT ASSETS		51686533.69	(99723491.14)
MISCELLANEOUS EXPENDITURE 7 (to the extent not written off or adjusted)		—	119897.09
PROFIT & LOSS ACCOUNT (As per annexed Account)		588817950.02	601219608.24
TOTAL		1249225222.67	1246225868.67

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
AVP (Legal) &
Company Secretary

 J.M.L.Suri
Executive Director

 Lalit Bhasin
Chairman

 Place : New Delhi
Date : 25th April, 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedules	Year Ended 31st Mar., 2005 (Rs.)	Year Ended 31st Mar., 2004 (Rs.)
INCOME			
Income from Operations	8	22307751.29	32823539.92
Other Income		—	100078.52
Provision for Sub standard & doubtful Debts written back		4951640.00	3054695.00
TOTAL		27259391.29	35978313.44
EXPENDITURE			
Administrative & Other Expenses	9	10344628.37	11168327.10
Interest & Financial Charges	10	728217.16	3488018.32
Depreciation		769877.31	730786.78
Miscellaneous Expenditure Written off		119897.09	2013949.00
TOTAL		11962619.93	17401081.20
Profit for the year before Taxation		15296771.36	18577232.24
Provision for Taxation		—	—
— Current		(300000.00)	—
— Deferred		—	—
Profit for the year after Taxation		14996771.36	18577232.24
Prior period adjustments		404240.86	567614.61
(-) Transferred to Statutory Reserve Fund		(2999354.00)	(3715446.45)
Loss brought forward from last year		(601219608.24)	(616649008.64)
Balance carried to Balance Sheet		(588817950.02)	(601219608.24)
Basic and Diluted Earning per Share (in Rs.)		0.61	0.75

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
AVP (Legal) &
Company Secretary

 J.M.L.Suri
Executive Director

 Lalit Bhasin
Chairman

 Place : New Delhi
Date : 25th April, 2005

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (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, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	(55581523.78)	(55581523.78)
TOTAL - (A)	998867163.22	998867163.22
(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
TOTAL - (B)	477000.00	477000.00
(C) STATUTORY RESERVE FUND (*)		
As per last Account	3715446.45	—
Add : Transferred from Profit & Loss Account	2999354.00	3715446.45
TOTAL - (C)	6714800.45	3715446.45
TOTAL (A + B + C)	1006058963.67	1003059609.67

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



SCHEDULE '3' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2004 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2005 Rs.	Upto 31.03.2004 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2005 Rs.	As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
Office Equipment	1718201.83	146299.00	—	1864500.83	680940.46	82914.46	—	763854.92	1100645.91	1037261.37
Vehicles	1736048.50	1207973.71	487219.00	2456803.21	879039.53	236663.70	167516.57	948186.66	1508616.55	857008.97
Furniture & Fixture	6590883.08	—	—	6590883.08	1963027.90	417202.90	—	2380230.80	4210652.28	4627855.18
Data Processing	—	—	—	—	—	—	—	—	—	—
Machinery	2587675.00	28000.00	—	2615675.00	2587675.00	3208.25	—	2590883.25	24791.75	—
Air Conditioners	564261.00	—	—	564261.00	183603.21	26802.40	—	210405.61	353855.39	380657.79
Generator Set	64960.00	—	—	64960.00	33138.33	3085.60	—	36223.93	28736.07	31821.67
TOTAL	13262029.41	1382272.71	487219.00	14157083.12	6327424.43	769877.31	167516.57	6929785.17	7227297.95	6934604.98
Previous Year	41561872.80	24000.00	28323843.39	13262029.41	33764858.78	730786.78	28168221.24	6327424.32	6934604.98	7797013.91

SCHEDULE '4' : INVESTMENTS

Name of the Company	Face Value	Closing Balance as on 31st March, 2005		Closing Balance as on 31st March, 2004	
	(Rs.)	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(A) CURRENT INVESTMENTS - TRADE					
QUOTED FULLY PAID UP EQUITY SHARES					
ACC LIMITED	10.00	—	—	40000	8629226.79
AHLUWALIA CONTRACTS (INDIA) LTD	10.00	1000	50857.20	1000	50857.20
AMRIT BANASPATI LTD	10.00	1600	22400.00	—	—
ANANT RAJ INDUSTRIES LIMITED	10.00	10500	228375.00	10500	228375.00
ANG EXPORTS LIMITED	10.00	10000	100000.00	10000	100000.00
ARVIND LIQUID GASES LIMITED	10.00	10000	182500.00	10000	182500.00
ARVIND MILLS LIMITED	10.00	450	15582.27	450	15582.27
ASHOK LEYLAND LIMITED	1.00	260200	5415958.09	25000	6439269.06
ASHIMA LTD	10.00	100	3742.02	—	—
ATUL LIMITED	10.00	50	1571.66	50	1571.66
B S REFRIGERATRS LTD	10.00	200	2679.80	200	2679.80
BAJAJ AUTO LTD	10.00	20	11248.78	—	—
BALRAMPUR CHINI MILLS LIMITED	10.00	19	3827.87	65	8867.95
BALARPUR INDUSTRIES LTD	10.00	194	8259.73	—	—
BANNARI AMMAN SUGARS LTD	10.00	100	8192.00	100	8192.00
BARODA RAYON CORPORATION LIMITED	10.00	1750	112875.00	1150	74175.00
BEE ELECTRONIC MACHINES LIMITED	10.00	300	9368.38	300	9368.38
BHAGWATI INDUSTRIES LTD	10.00	32	160.32	32	160.32
BHARAT HOTELS LIMITED	10.00	300	6751.76	150	6751.76
BIHAR SPONGE IRON LIMITED	10.00	—	—	9700	126100.00
CANARA BANK	10.00	—	—	15000	1600560.00
CEAT LTD	10.00	15443	611081.10	165443	6546596.54
COTTON GREAVES LIMITED	10.00	1570	146950.23	1570	146950.23
CENTRAL INDIA POLYESTERS LTD	10.00	438	18423.76	438	18423.76
CENTURION BANK LTD	1.00	3000	30889.20	3000	30889.20
CERA SANITARYWARE LTD	5.00	3900	110790.45	8225	233654.21
CIBA SPECIALITY LTD	10.00	50	500.00	—	—
COMPACT DISC INDIA LIMITED	10.00	47700	1102543.00	47400	1095608.77
CORPORATION BANK	10.00	—	—	100	11643.90
CROMPTON GREAVES LIMITED	10.00	5215	372496.92	5215	372496.92
DATAPRO INFORMATION TECHNOLOGY LTD	2.00	40500	108945.00	40500	108945.00
DALMIA CEMENT BHARAT LTD	10.00	23	9404.14	—	—
DCM LIMITED	10.00	8938	875836.19	26930	2638875.43
DCM SHRIRAM CONSOLIDATED LIMITED	10.00	12	739.36	12	739.36
DCM SHRIRAM INDUSTRIES LIMITED	10.00	—	—	10739	399576.72
DESIGN AUTO SYSTEMS LTD	10.00	671400	3953866.50	671400	3953866.50
DIGITAL WORLD INDIA LIMITED	10.00	162400	3136228.37	162400	3136228.37
DSQ SOFTWARE LTD	10.00	100	64054.10	—	—
EIH LTD.	10.00	21	8171.07	—	—
EUROTEX INDUSTRIES LTD	10.00	800	16720.00	—	—
EXCEL INDUSTRIES LTD	5.00	1125	72506.25	1125	72506.25
ESSAR SHIPPING LIMITED	10.00	400	3387.43	400	3387.43
ESSAR STEEL LIMITED	10.00	800	26305.43	800	26305.43
FLEX INDUSTRIES LTD	10.00	100	1545.35	100	1545.35
GREAT EASTERN SHIPPING COMPANY LTD	10.00	90	6637.50	90	6637.50
GERMAN REMEDIES LTD	10.00	250	91357.50	250	91357.50
GINNI FILAMENTS LTD	10.00	—	—	3450	15525.00
GLOBAL TRUST BANK LTD.	10.00	—	—	25000	680459.90
GODREJ SOAPS LIMITED	10.00	378	13178.68	378	13178.68
GSAL(INDIA) LTD.	10.00	8120	4060.00	8120	4060.00
GTN TEXTILES LIMITED	10.00	800	114887.64	800	114887.64
GUJARAT TELEPHONE CABLES LIMITED	10.00	22600	994400.00	22600	994400.00
HARYANA LEATHER CHEMICALS LIMITED	10.00	2500	75470.42	7200	217354.81
HARYANA PETROCHEMICALS LIMITED	10.00	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED	10.00	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10.00	43200	1186049.57	43200	1186049.57
HB PORTFOLIO LIMITED	10.00	100000	1000000.00	100000	1000000.00
HCL INFOSYSTEMS LTD	10.00	100	50701.25	100	50701.25
HERO HONDA MOTORS LTD	2.00	150	26954.31	—	—
HINDUSTAN ENGINEERING & INDUSTRIES LTD	10.00	3303	44967.00	3303	44967.00
HINDUSTAN LEVER LTD	1.00	3	703.45	—	—
HINDUSTAN MOTORS LIMITED	10.00	100	1802.47	100	1247.67
HINDUSTAN OIL EXPLORATION COMPANY LTD	10.00	200	3788.00	200	3788.00
HINDUSTAN PETROLEUM CORPORATION LIMITED	10.00	200	66829.87	200	45835.06
HINDUSTHAN SAMAC LTD	10.00	20	20.00	20	20.00
HITACHI HOMELIEF SOLUTION LTD	10.00	100	2538.00	100	2538.00
HOTLINE GLASS LIMITED	10.00	166382	552770.07	203882	677356.13
HOTLINE TELEtube & COMPONENTS LIMITED	10.00	336572	9588979.61	338572	9645959.87
ICP SECURITIES LIMITED	10.00	1800	18000.00	1800	18000.00
IEC SOFTWARE LIMITED	10.00	19916	223459.35	20916	234679.44
INDRAPRASTHA MEDICAL LTD	10.00	—	—	200	5740.00
INDIAN PETROCHEMICALS CORPORATION LIMITED	10.00	100	17028.81	100	5729.74



Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2005		Closing Balance as on 31st March, 2004	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
INDIAN RAYON LTD	10.00	29	5689.02	—	—
INDO COUNT INDUSTRIES LIMITED	10.00	—	—	2130	95070.82
INDO GULF INDUSTRIES LIMITED	10.00	641439	40377503.50	641439	40377503.50
INDO RAMA SYNTHETICS (INDIA) LIMITED	10.00	600	36891.89	600	36891.89
IST LIMITED	10.00	5000	89924.50	5000	89924.50
INDO SWISS EXPORTS LTD	10.00	13600	34790.00	13600	34790.00
INDOGULF CORPORATION LTD	10.00	500	31404.56	500	31404.56
INDUSTRIAL DEVELOPMENT BANK OF INDIA	10.00	600	49959.82	600	49959.82
INDUSTRIAL FINANCE CORPORATION OF INDIA LIMITED	10.00	211000	3829030.01	11000	220932.91
ICICI BANK LTD	10.00	100	13209.65	—	—
INFORMATION TECHNOLOGIES LTD	5.00	10000	4296256.50	10000	4296256.50
INFOTECH ENTERPRISES LTD	10.00	10000	2032656.91	34831	7079947.29
ISPAT PROFILES INDIA LIMITED	5.00	10000	235020.00	10000	235020.00
ITC HOTELS LIMITED	10.00	148	19007.95	100	12843.21
ITC LIMITED	10.00	179	77810.45	179	77810.45
JCT ELECTRONICS LTD	10.00	33500	293286.68	39700	347566.60
JCT LIMITED	2.50	474702	6632191.76	7652	129933.31
JK INDUSTRIES LIMITED	10.00	100	2755.00	100	2755.00
JULLUNDUR ELECTRONICS LTD	10.00	124	124.00	124	124.00
JYOTI STRUCTURES LIMITED	10.00	150	7108.39	150	7108.39
KEC INTERNATIONAL LIMITED	10.00	300	12065.09	300	12065.09
KERALA CHEMICALS & PROTEINS LIMITED	10.00	69800	2112376.97	70700	2139613.92
KESORAM TEXTILE LIMITED	10.00	200	4838.93	200	4838.93
KESORAM INDUSTRIES LTD	10.00	100	3079.64	—	—
KIRAN OVERSEAS EXPORTS LIMITED	10.00	10000	335000.00	10000	335000.00
KIRLOSKAR FERROUS INDUSTRIES LIMITED	10.00	10000	404200.00	10000	404200.00
LCC INFOTECH LTD	2.00	56300	387984.18	11260	387984.18
LUNAR DIAMONDS LIMITED	10.00	21000	439065.00	21000	439065.00
MAHINDRA GESCO DEVELOPERS LTD	10.00	10	737.50	10	737.50
MAHINDRA & MAHINDRA LTD	10.00	152	12249.18	—	—
MAHAVIR SPINNING MILLS LTD	10.00	94	7473.07	—	—
MACHINO PLASTICS LIMITED	10.00	7934	79248.50	7934	79248.50
MADHUSUDAN INDUSTRIES LIMITED	5.00	3900	110790.45	9600	272714.95
MADURA COATS LTD	10.00	50	2567.72	50	2567.72
MALANPUR STEEL LTD	10.00	11577	157607.79	11577	157607.79
MALWA COTTON SPINNING MILLS LIMITED	10.00	27900	3301970.74	54425	6441209.94
MANALI PETROCHEMICAL LTD	10.00	—	—	33800	234910.00
MARAL OVERSEAS LTD	10.00	—	—	4000	113619.79
MILKFOOD LIMITED	10.00	3800	34200.00	3800	34200.00
MOSER BAER INDIA LTD	10.00	—	—	5000	850850.00
MODIPON LIMITED	10.00	1545	169254.06	5000	547747.77
MYSORE CEMENTS LIMITED	10.00	133	678.30	133	678.30
N D A SECURITIES LIMITED	10.00	36000	360000.00	44600	446000.00
NAGARJUNA CEMENT LTD	10.00	200	1230.00	200	1230.00
NAGARJUNA FERTILIZERS & CHEMICALS LIMITED	10.00	7100	230521.68	7100	230521.68
NAHAR EXPORTS LTD	10.00	868	14368.40	868	14368.40
NAHAR INDUSTRIAL ENTERPRISES LIMITED	10.00	36030	1007196.22	30030	501387.85
NAHAR INTERNATIONAL LIMITED	10.00	182734	2436236.08	170967	2227978.52
NAHAR SPINNING MILLS LIMITED	10.00	11145	892567.32	11145	892567.32
NESTLE INDIA LTD	10.00	20	3200.00	—	—
NOVA IRON & STEEL LIMITED	10.00	500	5000.00	500	5000.00
NUCHEM LTD	10.00	110000	286000.00	210000	546000.00
ORISSA EXTRUSIONS LIMITED	10.00	10728	21456.00	10728	21456.00
ORKAY INDUSTRIES LIMITED	10.00	135650	3152052.50	135650	3152052.50
OSWAL AGRO MILLS LIMITED	10.00	756339	14322765.14	755269	14302502.59
OIL COUNTRY TUBERS LTD	10.00	100	3893.28	—	—
PADMINI TECHNOLOGIES LIMITED	10.00	40184	316726.14	40184	316726.14
PAPER PRODUCTS LTD	10.00	—	—	80786	5494437.76
PASUPATI ACRYLON LIMITED	10.00	16480	30893.30	16480	30893.30
PASUPATI SPINNING & WEAVING MILLS LIMITED	10.00	52000	3278387.50	52000	3278387.50
PATHREJA FORGINGS LTD	10.00	1000	19325.51	1000	19325.51
PHOENIX INTERNATIONAL LIMITED	10.00	14400	900000.00	17200	1075000.00
PHILIPS INDIA LTD	10.00	21	1901.55	—	—
PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED	10.00	250	251006.25	250	251006.25
POLYCHEM LIMITED	10.00	12500	501825.00	12500	501825.00
PRAKASH INDUSTRIES LIMITED	10.00	881	9419.97	550	1255.98
PREMIER VINYL LTD	10.00	10150	120370.18	10150	120370.18
PRISM MILLS LIMITED	10.00	10000	187500.00	10000	187500.00
PUNJAB WIRELESS LIMITED	10.00	100	6100.00	100	6100.00
PUNJAB TRACTOR LTD	10.00	20	2996.29	—	—
RAMA VISION LIMITED	10.00	18450	557594.76	18300	553061.47
RATHI UDYOG LIMITED	10.00	—	—	20000	745000.00
RATTAN VANASPATI LIMITED	10.00	72100	721000.00	72100	721000.00
RAYMOND LIMITED	10.00	985	101451.34	985	101451.34
RAYBAN SUN OPTICS INDIA LTD	10.00	46	4308.08	—	—
RANBAXY LTD	10.00	60	12643.69	—	—
RECRON SYNTHETICS LIMITED	5.00	1000	12640.00	1000	12640.00
RELIANCE CAPITAL LIMITED	10.00	58	4977.62	70000	9589246.47
RELIANCE INDUSTRIES LIMITED	10.00	85	36686.01	653	153609.72
ROTO PUMPS LIMITED	10.00	2500	137500.00	2500	137500.00
SAHARANPUR ELECTRICALS LTD	10.00	134	134.00	134	134.00
SAJJAN UDYOG EXPORTS LIMITED	10.00	23600	590000.00	23600	590000.00
SAMTEL INDIA LIMITED	10.00	2700	38475.00	2700	38475.00
SAVANI FINANCIALS LIMITED	10.00	7000	140000.00	7000	140000.00
SHARP INDUSTRIES LTD	10.00	6400	28024.11	6400	28024.11
SHREYANS INDUSTRIES LIMITED	10.00	8850	153093.26	8850	153093.26
SIEL LIMITED	10.00	13	325.10	971	24301.39
SIEL SUGAR LTD	10.00	—	—	2915	72904.16
SRF POLYMERS LTD	10.00	75	1721.25	75	1721.25
SRI VASAVI INDUSTRIES LIMITED	10.00	10990	590000.00	10890	584631.48
STANFORD ENGINEERING LIMITED	10.00	46800	163800.00	46800	163800.00
STI GRANITE INDIA LIMITED	10.00	2000	34000.00	2000	34000.00
SURYA ROSHNI LTD	10.00	14298	208356.22	120724	1759238.79
TATA IRON & STEEL COMPANY LIMITED	10.00	810	273561.13	24400	10001912.87
THERMAX LTD	10.00	500	77214.58	500	77214.58



Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2005		Closing Balance as on 31st March, 2004	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
TOP LINE SHOES LIMITED	10.00	10000	245000.00	10000	245000.00
TTK PRESTIGE LTD	10.00	300	11689.18	300	11689.18
UNIMERS INDIA LTD	2.50	5775	444464.00	5775	444464.00
UNITED PHOSPHEROUS LTD	10.00	100	12880.63	—	—
UNITED PRESS OF INDIA LTD	10.00	5	5.00	5	5.00
UNIVERSAL CABELS LTD	10.00	5	100.00	5	100.00
UNIVERSAL PRIME ALUMINIUM LTD	10.00	24120	879000.00	24120	879000.00
U P HOTELS LIMITED	10.00	1900	136630.42	1900	136630.42
USHA INTERNATIONAL LIMITED	10.00	14400	1618492.22	12600	1393296.50
VARDHMAN POLYTEX LIMITED	10.00	65100	5322171.67	75100	6139709.56
VARDHMAN SPINNING & GENERAL MILLS LIMITED	10.00	2950	523445.24	2950	523445.24
VARUN SPINNING MILLS LTD	10.00	700	6335.00	—	—
V I P INDUSTRIES LTD	10.00	644	19120.60	600	17814.22
VIJAYA BANK	10.00	—	—	54148	2810519.80
WATERBASE LIMITED	10.00	15100	707154.71	29800	1395576.86
WOCKHARD LIMITED	5.00	100	27143.05	100	27143.05
ZUARI INDUSTRIES LTD	10.00	50	3954.13	—	—
PARTLY PAID UP EQUITY SHARES					
RATHI ALLOYS & STEELS LIMITED	10.00	46293	694395.00	46293	694395.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	10.00	3050	114375.00	3050	114375.00
QUOTED FULLY PAID UP DEBENTURES					
ESSAR SHIPPING LIMITED 13.5% NCD	75.00	20	1500.00	20	1500.00
HDC LIMITED 14% PCD IX-SERIES	50.00	440	17600.00	440	17600.00
SHREYANS INDUSTRIES LIMITED 14% NCD	100.00	1120	112000.00	1120	112000.00
QUOTED PARTLY PAID UP DEBENTURES/WARRANTS					
CEAT LIMITED 15% SECURED REDEMABLE PCD	75.00	900	84600.00	900	84600.00
TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED	75.00	3050	228750.00	3050	228750.00
TOTAL - (A)		5624226	141753766.84	5579649	193225179.24
(B) LONG TERM INVESTMENTS					
QUOTED (TRADE) FULLY PAID UP EQUITY SHARE					
BONGAION REFINERY LTD	10.00	30000	2801439.64	—	—
CENTURION BANK LTD	1.00	456500	7139966.50	—	—
CROMPTON GREAVES LTD	10.00	28530	7724984.19	—	—
CEAT LTD	10.00	100000	3957000.00	—	—
CUMINS INDIA LTD	2.00	50000	6458904.63	—	—
FLEX INDUSTRIES LTD	10.00	152100	7562473.83	—	—
FOUR SOFTWARE LTD	10.00	25000	1066634.90	—	—
GIC HOSUING FINANCE LTD	10.00	38976	1581036.60	—	—
GLOBAL TELESYSTEM LTD	10.00	50000	6068046.57	—	—
INDIA GLYCOLS LTD	10.00	100000	13207752.90	—	—
INDUSTRIAL DEVELOPMENT BANK OF INDIA	10.00	55000	5218091.99	—	—
ITI LTD	10.00	75000	2202476.42	—	—
J K PAPER LTD	10.00	66485	3268728.77	—	—
JAIPRAKASH ASSOCIATES LTD	10.00	3061595	109012340.61	3052893	107669815.06
NATIONAL THERMAL POWER CORPORATION LTD	10.00	50000	4321250.00	—	—
PAPER PRODUCTS LTD	10.00	50000	3400500.00	—	—
PETRONET LNG LTD	10.00	20000	890575.41	—	—
OSWAL CHEMICALS & FERTILIZER LTD	10.00	300000	4417028.75	—	—
RANA SUGAR LTD	10.00	47500	767181.25	—	—
RRB SECURITIES LIMITED	10.00	100000	10000000.00	100000	10000000.00
SWIL LTD	10.00	11500	177035.98	—	—
TOURISM FINANCE CORPORATION OF INDIA LTD	10.00	123875	2357620.03	—	—
		4992061	203601068.97	3152893	117669815.06
QUOTED (TRADE) PARTLY PAID UP EQUITY SHARE					
BARODA RAYON CORPORATION LTD	10.00	20	150.00	20	150.00
INDO GULF INDUSTRIES LIMITED	10.00	340510	7780000.00	340510	7780000.00
JYOTI STRUCTURE LIMITED	10.00	150	3000.00	150	3000.00
PRAKASH INDUSTRIES LIMITED	10.00	5850	128700.00	5850	128700.00
IN WHOLLY OWNED SUBSIDIARY COMPANIES					
(Unquoted (Non-Trade) Fully Paid Up Equity Shares)					
HB PRIMA CAPITAL LIMITED	10.00	1000000	25075000.00	1000000	25075000.00
MOUNT FINANCE LIMITED	10.00	830006	8300060.00	830006	8300060.00
UNQUOTED(NON-TRADE) FULLY PAID-UP EQUITY SHARE					
ASSOCIATED INFOTECH LIMITED	10.00	600000	45000000.00	600000	45000000.00
CREDIT CAPITAL INVESTMENT TRUST CO LTD	10.00	15430	155458.00	15430	155458.00
CREDIT CAPITAL ASSET MANAGEMENT CO LTD.	10.00	2525000	18634750.00	1020000	10276500.00
HB TELECOMMUNICATION LIMITED	10.00	100	1000.00	100	1000.00
HB INSURANCE ADVISER LTD	10.00	15000	150000.00	15000	150000.00
HARSAI INVESTMENTS LIMITED	10.00	200000	2000000.00	200000	2000000.00
Q R PROPERTIES PVT LTD	10.00	10	100.00	—	—
PISCES PORTFOLIOS PVT. LTD.	10.00	2290000	24900000.00	2290000	24900000.00
SOVIKA INFOTECK LTD	10.00	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
UNQUOTED(NON-TRADE)-EQUITY SHARE APPLICATION					
CORE TELECOM PRIVATE LIMITED	10.00	850000	8500000.00	850000	8500000.00
FALCON PORTFOLIO PRIVATE LIMITED.	10.00	150000	1500000.00	150000	1500000.00
IN MUTUAL FUNDS(UNITS)					
SBI MAGNUM	10.00	100	1375.00	100	1375.00
UTI MASTER PLUS 1991	10.00	5500	106812.20	5500	106812.20
DEBENTURES					
UNQUOTED(NON-TRADE) FULLY PAID UP					
HARSAI INVESTMENTS LTD (OFCD'S)	1000.00	101000	101000000.00	280000	280000000.00
PARTLY PAID UP DEBENTURES					
JINDAL VIJAYNAGAR STEEL LIMITED	40.00	100	2200.00	100	2200.00
TOTAL - (B)		14410837	459739674.17	11245659	544450070.26
TOTAL - (A + B)		20035063	601493441.01	16825308	737675249.50

* Aggregate Cost of Quoted Investments Rs.35,32,66,686/- (Previous Year Rs.31,88,06,844/-)
 * Market Value of Quoted Investments Rs. 77,43,38,167/- (Previous Year Rs.46,41,32,927/-)
 * Aggregate Cost of Unquoted Investments Rs.24,82,26,755/- (Previous Year Rs.41,88,68,405/-)
 * Shares costing Rs.1,78,96,548/-(Previous year Rs.5,59,04,841/-) were lying pledged/given as margin as at the year end

SCHEDULE '5' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
A. CURRENT ASSETS		
a) Sundry Debtors (Unsecured considered good unless otherwise stated) Considered Good :-		
— Outstanding exceeding six months	25120465.90	—
— Others	—	—
Considered Doubtful		
— Outstanding exceeding six months	—	4951640.00
b) Cash & Bank Balance		
— Cash in hand (As certified by the Management)	499065.48	541816.68
— Cheques in Hand	—	4790194.50
Balance with Scheduled Banks		
— In Current A/cs	2040211.06	516964.37
— In Fixed Deposit A/cs	7437508.45	7232322.19
Interest accrued but not due on above	90069.37	77855.48
TOTAL 'A'	35187320.26	18110793.22
B. LOANS AND ADVANCES (Unsecured, Considered good, unless otherwise stated)		
(a) Inter Corporate Deposit	10000000.00	—
(b) Interest Accrued but not due on above	57212.00	—
(c) Advances Recoverable in cash or in kind or for value to be received	128795684.30	95671970.11
(d) Advance Tax & Tax Deducted at Source	11494341.09	11354723.08
(e) Security Deposits with Govt. Department and others (including margin Deposit * paid Rs.1,50,00,000/- (previous year Nil))	16964422.65	1992394.65
TOTAL 'B'	167311660.04	109019087.84
TOTAL 'A'+ 'B'	202498980.30	127129881.06

(* Margin Deposit Paid includes Rs.95,50,000/- for Equity Derivative Instruments (Previous Year Nil)

SCHEDULE '6' : CURRENT LIABILITIES AND PROVISIONS

(A) CURRENT LIABILITIES		
i) Sundry Creditors (Including due to SSI Unit Nil, previous year Nil)	1466404.21	79923296.06
ii) Other Liabilities	806331.33	30095.00
iii) Cheques over issued in Current Accounts	—	650060.19
TOTAL - A	2272735.54	80603451.25
(B) PROVISIONS		
i) For Income Tax	300000.00	—
ii) For Gratuity	—	223220.68
iii) For Leave Encashment	147107.00	128912.00
iv) For Sub Standard & Doubtful Assets	—	4951640.00
v) For Diminution in value of Investments	147186669.07	140946148.27
vi) For Loss on Equity Derivative Instruments	905935.00	—
TOTAL - B	148539711.07	146249920.95
TOTAL - (A + B)	150812446.61	226853372.20

SCHEDULE '7' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferred Revenue Expenses		
As per Last Account	119897.09	2133846.09
Less : Amount Written Off	(119897.09)	(2013949.00)
TOTAL	—	119897.09

SCHEDULE '8' : INCOME FROM OPERATIONS

	Year Ended 31st March, 2005 (Rs.)	Year Ended 31st March, 2004 (Rs.)
Speculative Profit in Securities dealing (Net)	247671.20	7530698.77
Interest Income :-		
— On Fixed Deposits with banks (Tax deducted at source Rs.62,660.01 Previous Year Rs.81,051.29)	364635.21	395372.06
— On Inter corporate Deposit (Tax Deducted at Source Rs.76,958/- Previous Year Rs.1,42,797.97)	368219.00	696575.35
Net Gain on sale of Investments	19361380.68	10028990.90
Diminution in value of Investments written back/ (Provision for diminution in value of Investments)	(6240520.80)	7833755.94
Dividend Income	8206366.00	6338146.90
TOTAL	22307751.29	32823539.92

SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES

	Year Ended 31st March, 2005 (Rs.)	Year Ended 31st March, 2004 (Rs.)
Salaries & Benefits	1445907.00	1259490.00
Executive Director's Remuneration	703204.00	733200.00
Contribution to Provident Fund & Other Funds	122454.00	142350.00
Bank Charges	36825.73	8881.57
Directors Meeting Fees	95000.00	60000.00
Listing Fees	454966.00	118414.00
Travelling & Conveyance Expenses	1026798.20	990188.01
Communication Expenses	917590.08	1486788.29
Printing & Stationery	688002.92	760495.75
Office Repairs and Maintenance	474001.00	651962.00
Vehicle running Expenses	337701.60	296131.50
Electricity Expenses	153752.00	216055.00
Rent, Rates & Taxes	1176160.00	1480380.00
Insurance Charges	24438.01	31407.14
Depository Charges	95672.50	11947.00
Subscription & Membership	294753.26	287783.75
Legal & Professional Charges	857684.00	1568416.00
Advertisement Expenses	34951.00	80943.00
Business Promotion Expenses	344648.12	312572.38
Miscellaneous Expenses	181497.75	237392.56
Loss on Sale of Fixed Asset	144702.43	130622.15
Staff welfare Expenses	212609.00	155187.00
Securities Transaction Tax	361859.77	—
Auditor's Remuneration		
— Audit Fees	99180.00	97200.00
— Tax Audit Fees	27550.00	27000.00
— Certification & Others	32720.00	23520.00
TOTAL	10344628.37	11168327.10

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

On Inter Corporate Loan	—	1087397.00
On Vehicle Financed	63489.33	10977.00
On Others	664727.83	2389644.32
TOTAL	728217.16	3488018.32

SCHEDULE '11: SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2005.

- 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, Service Tax, education cess, Transfer stamps, Depository Charges, security transaction tax 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 is accounted for on the basis of bills thereof.
 - Provision for loss in respect of Open Equity Derivative Instrument as at the Balance Sheet date is made Index-wise/Scrip-wise. As a matter of prudence, any anticipated profit is ignored.
- 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 on scripwise basis using Fifo method.
 - Investments (Current) are valued at lower of Cost or Fair Market value on Category-wise basis using Weighted Average Method.
- F. DEFERRED REVENUE EXPENDITURE :-** Deferred Revenue Expenditure is written off proportionately over a period of ten years.
- G. 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.
- H. 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 arising 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.
- I. IMPAIRMENT OF FIXED ASSETS :-** Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

SCHEDULE 12 - NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2005.

- 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).
- Advances recoverable includes due from subsidiary companies Rs. 3,02,00,000/- (Previous year Rs. 3,01,00,000/-) from HB Prima Capital Ltd., maximum balance outstanding during the year Rs.3,02,00,000/- (Previous year 3,48,75,000/-) and Rs.6,07,96,806.12 (Previous year Rs. 6,33,46,806.12) due from Mount Finance Ltd. Maximum balance during the year Rs. 6,33,46,806.12 (Previous year Rs. 6,33,46,806.12).
- 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. 2.37 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.8 Crores (Previous year Rs.28 Crores)
- 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.
- Gain on Sale of Investments (Net) as shown in Profit & Loss Account is on Trade Investments and , includes: Rs 1,47,33,449/-on Current Investments (Previous Year Rs.1,00,28,991/-); Rs 46,27,931/- (Previous Year Nil) on Long Term Investment. Provision for diminution in value of Investments as shown in Balance Sheet includes Rs. 6,66,60,683 /-(Previous Year Rs. 4,90,92,110/-) on Long term Investments and Rs.8,05,25,986/- (Previous Year Rs.9,18,54,038/-) on Current Investments. Provision for diminution in value of Investment/Provision writtenback as shown in Profit & Loss Account include Rs.1,75,68,573/- provision made in respect of Long Term Investment (Previous Year Rs.4,90,92,110/-) and Rs.1,13,28,052/-being provision written back in respect of Current Investment(Previous Year Rs.5,69,25,866/-)
- Listing Fee Expenses includes Rs.2,94,750/- (Previous year Rs. Nil) being listing fees for earlier years.
- Dividend Income includes Rs. 49,53,868/- (Previous Year Rs45,78,954/-) on Long Term Investments-Trade, Rs.32,52,498/- (Previous year Rs.17,59,193/-) on Current Investments-Trade.
- 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. In the opinion of Management the same has been done in view of the fact that they are intended to be held for long term purposes.
- 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 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.
- Other Liabilities includes Rs.7,84,007.96(Previous Year Rs. Nil) payable in respect of vehicles financed.
- Disclosure pursuant to Accounting Standard AS-19 for Leases

(A) Operating Lease

- Particulars of the minimum lease payments under Operating Lease:-
 - Not Later than One year Rs.11,65,200/- (Previous Year Rs.8,41,200/-)
 - Later than one year but not later than five years Rs. 40,96,740/- (Previous Year Rs.32,27,520/-)
 - Later than five years Rs. 1,58,200/- (Previous Year 4,56,660/-)
- Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2005 is Rs.11,46,160/- (Previous Year Rs.14,50,380/-)
- 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.

(B) Financial Lease (Vehicle Financed)

Amount (Rs.)

Particulars	As on 31.03.2005	As on 31.03.2004
Total Lease payment due	8,56,699	Nil
Principal	7,80,647	Nil
Interest	76,052	Nil
Within one year	3,43,548	Nil
Principal	52,632	Nil
Interest	3,96,180	Nil
Later than one year but not more than five years	4,37,099	Nil
Principal	23,420	Nil
Interest	4,60,519	Nil
Later than five years	Nil	Nil
Principal	Nil	Nil
Interest	Nil	Nil
Total	Nil	Nil

Present Value of future payments.

Particulars	As on 31.03.2005	As on 31.03.2004
- Within one year	3,43,548	Nil
- Later than one year but not later than five years	4,37,099	Nil
- Later than five years	Nil	Nil

- In the opinion of Management, the Company is mainly engaged in the activities of Sale/ Purchase of Securities in current year and all other activities are incidental to/revolve around the main business/activity 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. Year (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account after Tax	1,49,96,771	1,85,77,232
Add Prior Period Adjustments	4,04,241	5,67,615
Net Profit available for Equity Share holders	1,54,01,012	1,91,44,847
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.)	0.61	0.75

- Quantitative information in respect of :-

Stock of Shares/Debtures/Securities

Particulars	As at 31st March, 2005		As at 31st March, 2004	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Stock	Nil	Nil	2,18,967	24,60,553
Purchases	Nil	Nil	Nil	Nil
Sales/Transfer	Nil	Nil	2,18,967	24,60,553
Closing Stock	Nil	Nil	Nil	Nil

Investments

Particulars	As at 31st March, 2005		As at 31st March, 2004	
	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
Opening Balance	1,68,25,308	73,76,75,250	1,46,68,163	71,06,63,142
Purchases	53,57,841	21,80,75,793	35,61,810	14,30,83,329
Sales	21,48,086	37,36,18,983	14,04,665	12,61,00,212
Closing Balance	2,00,35,063	60,14,93,441	1,68,25,308	73,76,75,250

- Disclosure pursuant to Guidance Note issued by The Institute of Chartered Accountants of India on 'Accounting for Equity Index & Equity Stock Futures & Options':-

- Margin amounting to Rs.95,50,000/- (Nil) on Equity Derivative instruments contracts has been paid in Cash and outstanding as at the year end . Besides Shares having book value of Rs.1,78,96,548/- (Market Value Rs. 6,37,40,010/-) were also given as margin as at the year end.
- Detail of Open Interest in Equity Stock Futures Contracts as at the year end 31st March, 2005

Name of Equity Stock Future	No. of Contracts	Units (in Nos.) Long	Units (in Nos.) Short
Cipla Ltd.	72 (Nil)	72000 (Nil)	Nil (Nil)
Hindustan Lever Ltd.	38 (Nil)	76000 (Nil)	Nil (Nil)
MTNL	38 (Nil)	60800 (Nil)	Nil (Nil)
Punjab National Bank	10 (Nil)	12000 (Nil)	Nil (Nil)
State Bank of India	60 (Nil)	30000 (Nil)	Nil (Nil)
National Aluminum Co.Ltd.	10 (Nil)	11500 (Nil)	Nil (Nil)
NTPC Ltd.	15 (Nil)	48750 (Nil)	Nil (Nil)
Reliance Industries Ltd.	16 (Nil)	9600 (Nil)	Nil (Nil)
Tisco Ltd.	26 (Nil)	35100 (Nil)	Nil (Nil)

- Balances /Liabilities no longer required relating to earlier years or written off in earlier years have been adjusted under the head prior period adjustments in the Profit & Loss Account.
- The company has made Investments of Rs.3,33,75,060/- (Previous Year Rs.3,33,75,060/-) in two wholly owned Subsidiary (Un-quoted) namely HB Prima Capital Ltd.and Mount Finance Ltd. These Subsidiaries has incurred losses. In the opinion of Management, No provision is required for the diminution in there value as the same is temporary and also in view of long term/ strategic involvement of the company with these subsidiaries.

20. 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 31.03.2005	Max. Balance Outstanding during the year	Outstanding as on 31.03.2004	Max. Balance outstanding during the previous year
i.	Loans & Advances in the nature of Loans to subsidiaries :- (a) Mount Finance Ltd. (b) HB Prima Capital Ltd.	6,07,96,806.12 3,02,00,000.00	6,33,46,806.12 3,02,00,000.00	6,33,46,806.12 3,01,00,000.00	6,33,46,806.12 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

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

Particulars	Current year (Amount Rs.)	Previous year (Amount Rs.)
Salary	3,60,000	3,60,000
House Rent	2,16,000	2,16,000
Contribution to Provident and Superannuation Fund	97,200	97,200
LTA	Nil	30,000
Medical Reimbursement	30004	30,000
TOTAL	7,03,204	7,33,200

22. Foreign Currency outgo :-

Investments acquired during the year Rs. 33,00,000/- (Previous Year Rs. NIL).

23. Previous Year figures have been regrouped/rearranged wherever considered necessary.

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

annexed.

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

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

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
AVP (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Chairman

Place : New Delhi

Date : 25th April, 2005

ANNEXED REFERRED TO IN NOTE NO. 14 OF SCHEDULE 12 TO THE ACCOUNTS RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

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

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

- a) Subsidiaries.
 - i) HB Prima Capital Limited
 - ii) Mount Finance Ltd.

b) Key Managerial Personnel

- i) Shri J.M.L.Suri, Executive Director
- ii) Shri Vinay Shukla, AVP (Legal) & Company Secretary

c) Person having control/significant influence

- i) Shri H C Bhasin
- ii) Shri Lalit Bhasin

d) Enterprise over where significant influence exist:-

- i) Credit Capital Asset Management Co. Ltd.
- ii) Pisces Portfolios Private Limited

2. 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	Related Party Referred in 1(d) above
1.	Amount recovered against Sundry Debtors & advances	25,50,000 (3,48,76,000)	Nil (Nil)	Nil (Nil)	3,01,00,000 (Nil)
2.	Sitting Fee Paid	Nil (Nil)	Nil (Nil)	21,000 (20,000)	Nil (Nil)
3.	Advances given	1,00,000 (3,01,46,000)	Nil (Nil)	Nil (Nil)	3,00,00,000 (Nil)
4.	Reimbursement of Income/expenses	-75000 (-75,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5.	Remuneration & Other Services	Nil (Nil)	10,74,036 (7,33,200)	Nil (Nil)	Nil (Nil)
6.	Investment made during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	83,58,250 (2,49,00,000)
7.	Outstanding as on 31.03.2005- Receivables in respect of Current Assets.	9,09,96,806 (9,34,46,806)	Nil (Nil)	Nil (Nil)	Nil (Nil)

ANNEXED REFERRED TO IN NOTE NO. 24 OF SCHEDULE 12 TO THE NOTES TO THE ACCOUNT 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	05
Balance Sheet Date	31-Mar-05
	(Rs. '000)

II. Capital Raised during the year

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

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	1249225
Total Assets	1249225

Sources of funds

Paid-up Share capital	243166
Reserves & Surplus	1006059

Secured Loans

NIL

Unsecured Loans

NIL

Application of Funds

Net Fixed Assets	7227
Investments	601493
Net Current Assets	51687
Miscellaneous Expenditure	0
Accumulated losses	588818

IV. Performance of the Company

Total Turnover	27259
Total Expenditure	11963
Profit/Loss Before Tax	15297
Profit/Loss After Tax	14997
Earnings per share (Rs.)	0.61
Dividend rate (%)	NIL

V. Generic names of principal Products/Services of Company(as per monetary terms)

Item Code	N.A.
Product Description	Investments

ANNEXURE TO NOTE NO. 25 OF SCHEDULE 12 TO THE BALANCE SHEET OF HB STOCKHOLDINGS LTD. (AS REQUIRED INTERMS OF PARAGRAPH 9BB OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998)

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

Particulars	(Rs. in lakhs)	
	Amount outstanding	
ASSETS SIDE :		
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		Nil
(b) Unsecured		1558.17
(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	1413.10	
(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	2115.13	
(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	1462.16	
(b) Preference		9
(ii) Debentures and Bonds	1010.02	
(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	909.36	909.36
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	648.21	648.21
TOTAL	Nil	1558.17	1558.17

(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	273.80	333.75
(b) Companies in the same group	Nil	Nil
(c) Other related parties	861.68	435.35
2. Other than related parties	8927.87	3773.97
TOTAL	10063.35	4543.07

(*) 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	Nil
(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, 2005

	(Amount in Rs.'000)	
	Year Ended 31st March, 2005	Year Ended 31st March, 2004
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	15297	18577
Adjustment for :		
Depreciation	770	731
Net Gain on Sale of Investments	(13121)	(17863)
Loss on sale of Fixed Assets	145	131
Provision for sub standard & doubtful assets writtenback	(4952)	(3055)
Interest/Dividend	(8274)	(3256)
Preliminary Expenses W/off	120	204
Operating Profit before Working Capital Changes	(10016)	(2721)
Adjustment for :		
Trade & other Receivables	(78322)	7257
Inventories	—	2461
Trade Payables	(77630)	43517
Cash Generated from operation	(165967)	50513
Interest Paid	(665)	(3477)
Direct Tax Paid	(140)	—
Cash Flow before extraordinary Items	(166772)	47036
Extra Ordinary Items	404	568
Net Cash from Operation Activities	(166367)	47604
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	(1382)	(24)
Sale of Fixed Assets	175	25
Purchase of Investments	(218076)	(143083)
Sale of Investments	373619	126100
Interest Received	733	395
Dividend Received	8206	6338
Net Cash used in Investing Activities	163275	(10249)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Long Term Borrowings	—	(40000)
Repayment of Finance Lease Liabilities	—	—
Dividend Paid	—	—
Income tax paid	—	—
Payment for Preliminary expenses	—	—
Net Cash used in Financing Activities	—	(40000)
Net Increase in Cash & Cash Equivalents A+B+C	(3092)	(2645)
Cash and Cash Equivalents as at 1st April, 2004 (Opening Balance)	13159	15804
Cash and Cash Equivalents as at 31st March, 2005 (Closing Balance)	10067	13159

Place : New Delhi Vinay Shukla J.M.L.Suri Lalit Bhasin
Date : 25th April, 2005 AVP (Legal) & Executive Director Chairman
Company Secretary

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
Amit Goel
Partner

Place : New Delhi
Date : 25th April, 2005



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 include2d 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 subject to Note No. 8 of Schedule 11 regarding Non-provision of diminution in value of Investments which in the opinion of management is temporary with consequential impact on the consolidated profit for the year and value of Investments give a true & fair view in conformity with the Accounting principles generally accepted in India :-

- a) In the case of Consolidated Balance Sheet of the consolidated state of affairs as at 31st March, 2005 and
- b) In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- c) 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

Place : New Delhi
Date : 25th April, 2005

Amit Goel
Partner
(Membership No. 92648)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

Schedules	As at 31st Mar., 2005 (Rs.)	As at 31st Mar., 2004 (Rs.)
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital	243166259.00	243166259.00
Reserves & Surplus	1006058963.67	1003059609.67
TOTAL	1249225222.67	1246225868.67
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	20894954.12	19999900.41
Less : Depreciation	9081533.34	8242406.28
Net Block	11813420.78	11757494.13
INVESTMENTS		
- In Associates	86168150.00	35176500.00
- In Others	602255131.01	746795189.50
	688423281.01	781971689.50
CURRENT ASSETS, LOANS & ADVANCES		
Stock in Trade	74562.50	74562.50
Sundry Debtors	25201720.90	4996640.00
Cash & Bank Balances	10280610.77	13309628.77
Loans and Advances	112493566.92	89915180.72
	148050461.09	108296011.99
LESS : CURRENT LIABILITIES & PROVISIONS		
Liabilities	2702575.54	117131722.29
Provisions	148539711.07	146249920.95
	151242286.61	263381643.24
NET CURRENT ASSETS	(3191825.52)	(155085631.25)
MISCELLANEOUS EXPENDITURE		
(to the extent not written off/adjusted)	—	119897.09
PROFIT & LOSS ACCOUNT		
(As per annexed Account)	552180346.40	607462419.20
TOTAL	1249225222.67	1246225868.67
SIGNIFICANT ACCOUNTING POLICIES		
10		
NOTES ON ACCOUNTS		
11		

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 AVP (Legal) & Company Secretary	J.M.L.Suri Executive Director	Lalit Bhasin Chairman
-----------------------------	---	---	---------------------------------

Place : New Delhi
Date : 25th April, 2005

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

Schedules	Year Ended 31st Mar., 2005 (Rs.)	Year Ended 31st Mar., 2004 (Rs.)
INCOME		
Income from Operations	22893453.29	32898539.92
Other Income	0.00	100078.52
Provision for Sub standard & doubtful Debts written back	4951640.00	3054695.00
TOTAL	27845093.29	36053313.44
EXPENDITURE		
Administrative & Other Expenses	10426131.47	11320187.56
Interest & Financial Charges	728217.16	3488018.32
Depreciation	1006643.63	967553.10
Miscellaneous Expenditure Written off	119897.09	2018739.00
TOTAL	12280889.35	17794497.98
Profit/Loss(-) for the year before taxation	15564203.94	18258815.46
Provision for Taxation		
- Current	(300000.00)	—
- Deferred	—	—
Profit/Loss(-) for the year after Taxation	15264203.94	18258815.46
Share of Profit/Loss(-) in Associates	42633400.00	—
Prior period adjustments	383822.86	535235.61
(-) Transferred to Statutory Reserve Fund	(2999354.00)	(3715446.45)
Loss brought forward from last year	(607462419.20)	(622541023.82)
Balance carried to Balance Sheet	(552180346.40)	(607462419.20)
Basic and Diluted Earning per Share	2.29	0.74
SIGNIFICANT ACCOUNTING POLICIES		
10		
NOTES ON ACCOUNTS		
11		

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 AVP (Legal) & Company Secretary	J.M.L.Suri Executive Director	Lalit Bhasin Chairman
-----------------------------	---	---	---------------------------------

Place : New Delhi
Date : 25th April, 2005

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (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

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	(55581523.78)	(55581523.78)
TOTAL - A	<u>998867163.22</u>	<u>998867163.22</u>
(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
TOTAL - B	<u>477000.00</u>	<u>477000.00</u>
(C) STATUTORY RESERVE FUND (*)		
— As per last Account	3715446.45	—
Add : Transferred from Profit & Loss Account	2999354.00	3715446.45
TOTAL - C	<u>6714800.45</u>	<u>3715446.45</u>
TOTAL (A + B + C)	<u>1006058963.67</u>	<u>1003059609.67</u>

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

SCHEDULE '3' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2004 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2005 Rs.	Upto 31.03.2004 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2005 Rs.	As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
Office Premises	4823385.00	—	—	4823385.00	868685.98	78621.18	—	947307.16	3876077.84	3954699.02
Office Equipment	1936051.83	146299.00	—	2082350.83	776174.37	93262.34	167516.57	701920.14	1380430.69	1159877.46
Vehicles	1736048.50	1207973.71	487219.00	2456803.21	879039.53	236663.70	—	1115703.23	1341099.98	857008.97
Furniture & Fixtures	7675738.08	—	—	7675738.08	2624028.98	485874.22	—	3109903.20	4565834.88	5051709.10
Data Processing Machinery	3024554.00	28000.00	—	3052554.00	2801486.23	74026.34	—	2875512.57	177041.43	223067.77
Air Conditioners	739163.00	—	—	739163.00	259852.86	35110.25	—	294963.11	444199.89	479310.14
Generator Set	64960.00	—	—	64960.00	33138.33	3085.60	—	36223.93	28736.07	31821.67
TOTAL	<u>19999900.41</u>	<u>1382272.71</u>	<u>487219.00</u>	<u>20894954.12</u>	<u>8242406.28</u>	<u>1006643.63</u>	<u>167516.57</u>	<u>9081533.34</u>	<u>11813420.78</u>	<u>11757494.13</u>
Previous Year	48299743.80	24000.00	28323843.39	19999900.41	35443074.42	967553.10	28168221.24	8242406.28	11757494.13	12856669.38

SCHEDULE '4' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
A. CURRENT ASSETS		
a) Closing Stock of Shares/Debentures taken at Scrip wise lower of Cost or Market Price	74562.50	74562.50
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
Considered Good :-		
— Outstanding exceeding six months	25165465.90	45000.00
— Others	36255.00	—
Considered Doubtful		
— Outstanding exceeding six months	—	4951640.00
c) Cash & Bank Balance		
— Cash in hand (As certified by the Management)	542639.38	585390.58
— Cheques in hand	—	4790194.50
Balance with Scheduled Banks		
— In Current A/cs	2210393.57	623866.02
— In Fixed Deposit A/cs	7437508.45	7232322.19
Interest accrued but not due on above	90069.37	77855.48
TOTAL 'A'	<u>35556894.17</u>	<u>18380831.27</u>
B. LOANS AND ADVANCES (Unsecured, Considered good, unless otherwise stated)		
a) Inter Corporate Deposit	10000000.00	—
b) Interest Accrued but not due on above	57212.00	—
c) Advances Recoverable in cash or in kind or for value to be received.	73469165.18	76081908.99
d) Advance Tax & Tax Deducted at Source	11582427.09	11415537.08
e) Security Deposits with Govt. Department and others (including margin Deposit * paid Rs1,50,50,000/- (previous year Nil))	17384762.65	2417734.65
TOTAL 'B'	<u>112493566.92</u>	<u>89915180.72</u>
TOTAL 'A'+ 'B'	<u>148050461.09</u>	<u>108296011.99</u>

(*) Margin Deposit Paid includes Rs. 95,50,000/- for Equity Derivative Instruments (Previous Year Nil)

SCHEDULE '5' : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
(A) CURRENT LIABILITIES		
i) Sundry Creditors	1497124.21	116434136.06
ii) Other Liabilities	806331.33	30095.00
iii) Cheques over issued in Current Accounts	—	667491.23
iv) Security Received	399120.00	—
TOTAL-A	<u>2702575.54</u>	<u>117131722.29</u>
(B) PROVISIONS		
i) For Income Tax	300000.00	—
ii) For Gratuity	—	223220.68
iii) For Leave Encashment	147107.00	128912.00
iv) For Sub Standard & Doubtful Assets	—	4951640.00
v) For Diminution in value of Investments	147186669.07	140946148.27
vi) For Loss on Equity Derivative Instruments	905935.00	—
TOTAL - B	<u>148539711.07</u>	<u>146249920.95</u>
TOTAL - (A + B)	<u>151242286.61</u>	<u>263381643.24</u>

SCHEDULE '6' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
Deferred Revenue Expenses		
As per Last Account	119897.09	2133846.09
Less : Amount Written Off	(119897.09)	(2013949.00)
	<u>0.00</u>	<u>119897.09</u>
Preliminary Expenses		
As per Last Account	—	4790.00
Less : Amount Written Off	—	(4790.00)
	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>0.00</u>	<u>119897.09</u>

SCHEDULE '7' : INCOME FROM OPERATIONS

	Year Ended 31st March, 2005 (Rs.)	Year Ended 31st March, 2004 (Rs.)
Speculative Profit in Securities dealing(Net)	247671.20	7530698.77
Interest Income :-		
— On Fixed Deposits with banks (Tax deducted at source Rs.62,660/- Previous year Rs.81,051.29)	364635.21	395372.06
— On Inter Corporate Deposit (Tax Deducted at Source Rs.76,958 Previous Year Rs.1,42,797.97)	368219.00	696575.35
Net Gain on sale Investments	19361380.68	10028990.90
Diminution in value of Investments Written back/ (Provision for Diminution in value of Investments)	(6240520.80)	7833755.94
Dividend Income	8281366.00	6413146.90
Fees Received (Tds deducted at source of Rs.27,272/- previous year Rs. Nil)	510702.00	—
TOTAL	22893453.29	32898539.92

SCHEDULE "8" : ADMINISTRATIVE & OTHER EXPENSES

Salaries & Benefits	1445907.00	1259490.00
Executive Director's Remuneration	703204.00	733200.00
Contribution to Provident Fund & Other Funds	122454.00	142350.00
Bank Charges	36828.83	11471.03
Directors Meeting Fees	95000.00	60000.00
Listing Fees	454966.00	118414.00
Travelling & Conveyance Expenses	1026798.20	990188.01
Communication Expenses	917590.08	1486788.29
Printing & Stationery	688002.92	760733.75
Office Repairs and Maintenance	519303.00	712574.00
Vehicle running Expenses	337701.60	296131.50
Securities Transaction Tax	361859.77	—
Electricity Expenses	153752.00	216055.00
Rent, Rates & Taxes	1176160.00	1480380.00
Insurance Charges	24438.01	31407.14
Depository Charges	104213.50	18871.00
Subscription & Membership	299753.26	287783.75
Legal & Professional Charges	879504.00	1614116.00
Advertisement Expenses	34951.00	80943.00
Business Promotion Expenses	344648.12	312572.38
Miscellaneous Expenses	170504.75	261129.56
Staff welfare Expenses	212609.00	155187.00
Loss on Sale of Fixed Asset	144702.43	130622.15
Auditor's Remuneration		
— Audit Fees	110200.00	105840.00
— Tax Audit Fees	27550.00	27000.00
— Certification & Others(Including Service Tax)	33530.00	26940.00
TOTAL	10426131.47	11320187.56

SCHEDULE '9' : INTEREST & FINANCIAL CAHRGES

On Vehicle Financed	63489.33	10977.00
On Others	664727.83	2389644.32
On Inter-Corporate Loan	—	1087397.00
TOTAL	728217.16	3488018.32

SCHEDULE '10' : SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of the statement of Accounts for the Year ended 31st March, 2005

(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.
- In the case of associates, where the company directly or indirectly through subsidiaries holds more than 20% of the equity, Investments in Associates are accounted for using equity method in accordance with the Accounting Standard (AS)-23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The company accounts for its shares in the change in net assets of the associates, post acquisition after eliminating unrealized profit & loss resulting from transaction between the company and its associates to the extent of its share, through its profit & loss account to the extent such change in attributable to the associate's profit and

loss account and through its reserves for the balance, based on available information.

(B) Investments other than in associates have been accounted as per Accounting Standard (AS)-13 " Accounting for Investments".

(C) OTHER SIGNIFICANT ACCOUNTING POLICY

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

SCHEDULE '11' : NOTES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of Statement of Accounts for the Year ended 31st March, 2005

1. 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 and relationship	Financial year end
HB Prima Capital Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2005
Mount Finance Ltd.	India	100% subsidiary of HB Stockholdings Ltd.	31.03.2005

2. The accompanying Consolidated Financial Statements consider the following Associates Companies.

S. No.	Name of Associates Company	Country of Incorporation	Proportion of ownership interest
(i)	Credit Capital Asset Management Co. Ltd. (*)	India	20.11%
(ii)	Pisces Portfolios Private Limited(**)	India	27.26%

(*) valuation done on the basis of available last drawn balance sheet (Unaudited) as on 31.03.2005.

(**) valuation has been considered on the basis of last available Balance Sheet as on 31.03.2004

3. Contingent Liability in respect of :

(a) Liability in respect of partly paid-up shares/debentures Rs. 67,14,470/-(Previous Period Rs.67,14,470/-)

(b) Income Tax demand disputed Rs.2.43 Crores (Previous Period 2.43 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.

(c) Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.8 Crores (Previous Period Rs.28 Crores) in the due course of business.

4. 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.

5. Disclosure pursuant to Accounting Standard AS-19 for Leases

(A) Operating Lease

a) Particulars of the minimum lease payments under Operating Lease:-

I. Not Later than One year	Rs. 11,65,200 /-
	(Previous year Rs. 8, 41, 200/-)
II. Later than one year but not Later than five years	Rs. 40,96,740/-
	(Previous year Rs. 32,27,520/-)
III. Later than five years	Rs. 1,58,200/-
	(Previous year Rs. 4,56,660/-)

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2005 is Rs. 11,46,160/- (Previous year Rs. 14,50,380/-)

c) 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.

(B) Financial Lease (Vehicle Financed)

Particulars	As on 31.03.2005	As on 31.03.2004
Total Lease payment due	8,56,699	Nil
Principal	7,80,647	Nil
Interest	76,052	Nil
Within one year		
Principal	3,43,548	Nil
Interest	52,632	Nil
Total	3,96,180	Nil



Particulars	As on 31.03.2005	As on 31.03.2004
Later than one year but not more than five years		
Principal	437099	Nil
Interest	23420	Nil
Total	460519	Nil
Later than five years		
Principal	Nil	Nil
Interest	Nil	Nil
Total	Nil	Nil

Present Value of future payments.

Particulars	As on 31.03.2005	As on 31.03.2004
- Within one year	343548	Nil
- Later than one year but not later than five years	437099	Nil
- Later than five years	Nil	Nil

- In the opinion of Management, the Company is mainly engaged in the business activity of Sale/Purchase of Securities in current period and all other activities are incidental to/revolve around the main business activity 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.
- In the opinion of Management diminution amounting to Rs. 6,26,84,000/- in the value of Long Term Investments held by the Subsidiary company HB Prima Capital is temporary and hence no provision is required.
- 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.)	Previous Year (Amount Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account	1,52,64,204	1,82,58,815
Less: Share of Profit of Associates	4,26,33,400	Nil
Less: Prior Period Adjustments	3,83,823	5,35,236
Net Profit/(Loss) available for Equity Share holders	5,82,81,427	1,87,94,051
Weighted Average No. of Equity Share Outstanding	2,54,43,257	2,54,43,257
Basic & Diluted Earning per share (Face Value of Rs.10/- each.)	2.29	0.74

- Schedules 1 to 11 form an integral part of the accounts.

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

Amit Goel
Partner

Vinay Shukla
AVP (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Chairman

Place : New Delhi

Date : 25th April, 2005

For and on behalf of the Board

For and on behalf of the Board

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2005

	Year Ended 31st March, 2005 (Amount in Rs. '000)	Period Ended 31st March, 2004 (Amount in Rs. '000)
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax and Extraordinary Items	15564	18259
Adjustment for :		
Depreciation	1007	968
Net Gain on Sale of Investments	(13121)	4158
Share of Profit of Associates	(42633)	
Loss on sale of Fixed Assets	145	131
Provision for standard & doubtful debts writtenback	(4952)	(3055)
Interest/Dividend	(8349)	(4028)
Misc.Expenses W/off	120	2019
Operating Profit before Working Capital Changes	(52220)	18452
Adjustment for :		
Trade & other Receivables	(42616)	(4568)
Inventories	0	2461
Trade Payables	(113728)	56712
Cash Generated from operation	(208565)	73057
Interest Paid	(665)	(3477)
Direct Tax paid	(167)	
Cash Flow before extraordinary Items	(209396)	69580
Extra Ordinary Items	384	535
Net Cash from Operation Activities	(209012)	70115
B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	(1382)	(24)
Sale of Fixed Assets	175	25
Purchase of Investments	(218076)	(144333)
Sale of Investments	373619	126100
Interest Received	733	1092
Dividend Received	8281	6413
Share of Profit of Associates	42633	
Net Cash used in Investing Activities	205983	(10727)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Long Term Borrowings	—	(40000)
Dividend Paid	—	—
Income tax paid	—	—
Payment for Preliminary expenses	—	—
Net Cash used in Financing Activities	0	(40000)
Net Increase in Cash & Cash Equivalents A+B+C	(3029)	(2635)
Cash and Cash Equivalents as at 1st April, 2004	13310	15944
(Opening Balance)		
Cash and Cash Equivalents as at 31st March, 2005	10281	13310
(Closing Balance)		

Place : New Delhi
Date : 25th April, 2005

Vinay Shukla
AVP (Legal) &
Company Secretary

J.M.L.Suri
Executive Director

Lalit Bhasin
Chairman

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 : 25th April, 2005

Amit Goel
Partner

ANNEXED REFERRED TO IN NOTE NO. 7 OF SCHEDULE 11 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 :
 - Key Managerial Personnel**
Shri J.M.L.Suri, Executive Director
Shri Vinay Shukla, Asst. Vice President (Legal) & Company Secretary
 - Person having control/significant influence**
Shri H C Bhasin
Shri Lalit Bhasin
 - Enterprise over where significant influence exist:-**
Credit Capital Asset Management Co. Ltd.
Pisces Portfolios Private Limited
- Transactions during the Year with Related Parties.**

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	Nil (Nil)	Nil (Nil)	3,01,00,000 (Nil)
2. Sitting Fee Paid	Nil (Nil)	21,000 (20,000)	Nil (Nil)
3. Advances given	Nil (Nil)	Nil (Nil)	3,00,00,000 (Nil)
4. Remuneration & Other Services	10,74,036 (7,33,200)	Nil (Nil)	Nil (Nil)
5. Investment made during the year	Nil (Nil)	Nil (Nil)	83,58,250 (2,49,00,000)

MOUNT FINANCE LIMITED

DIRECTORS' REPORT

To the members,

Your Directors present the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

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

Particulars	(Amount in Rs.)	
	Year Ended 31.03.2005	Year Ended 31.03.2004
Net Profit / (Loss) for the year	2,86,774.77	(2,89,735.23)
Provision for Taxation	Nil	Nil
Balance brought forward	(57,64,792.53)	(54,75,057.30)
Balance carried forward	(54,98,435.76)	(57,64,792.53)

DIVIDEND

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

OPERATIONS

The company has succeeded to perform relatively well during the financial year under review. However, due to adverse business conditions the company is unable to deliver sufficient profits to cover up the previous negative profits.

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 April 21, 2005, 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. A Certificate u/s 224 (1B) of the Companies Act, 1956 has been received from them.

DIRECTORATE

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

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : April 21, 2005

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, 2005. 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 4 times on June 23, 2004; September 28, 2004; December 27, 2004 and March 24, 2005; in respect of which 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, 2004 was held on September 28, 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary meeting(s) was/were held during the financial year.
- The company has not advanced any loans to its directors and/or persons or firms of companies referred to in section 295 of the Act that require complying with the said provisions of the Act.

- The company has not entered into any contract falling within the purview of section 297 of the Act during the financial year.
- The company has not entered into any contract requiring making of entries in the register under section 301 of the Act during the financial year under review.
- As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- The company has not issued any duplicate share certificates during the financial year.
- The Company:
 - was not required to deliver any certificates on allotment of securities as the Company has not issued any security during the financial year;
 - has not received any request for transfer/transmission or any other purpose during the financial year;
 - has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - was not required to post warrants for dividend to any member of the company as no dividend was declared during the financial year;
 - was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as there are no such sum which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the company is duly constituted and the appointment of directors have been duly made; no alternate directors, additional directors and directors to fill casual vacancies were appointed during the financial year.
- The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
- The company has not appointed any sole-selling agent during the financial year.
- The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The company has not issued any shares, debentures or other securities during the financial year.
- The company has not bought back any shares during the financial year.
- The company does not have any preference share capital.
- There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
- Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 are not applicable on the Company.
- 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.
- The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate that require compliance with the provisions of the Act and thus necessitate making of entries in the register kept for the purpose.
- The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- The company has not altered its articles of association during the year under scrutiny.
- There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
- The company has not received any money as security from its employees during the financial year.
- The company has no employees who are entitled to provident fund benefits.

Place : New Delhi
Date : April 21, 2005

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	193
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, 2005.

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	-	220	Balance Sheet etc 31/03/2004	27/10/2004	21/10/2004
2.	-	383A(1)	Secretarial Compliance Certificate	27/10/2004	21/10/2004
3.	Sch. V	159	Annual Return 28/09/2004	27/11/2004	21/10/2004

Place : New Delhi
Date : April 21, 2005

Arvind Kohli
Company Secretary
(CP No 2818)

MOUNT FINANCE LIMITED

AUDITORS' REPORT

THE MEMBERS OF MOUNT FINANCE LIMITED

We have audited the attached Balance Sheet of MOUNT FINANCE LIMITED, as at 31st March, 2005 and the Profit and Loss Account for the Year ended 31st March, 2005 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, 2005 and
 - b) In the case of the Profit & Loss account of the Profit for the Year ended on that date.

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 21st April, 2005

(Ashwani Salwan)
Proprietor

ANEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF MOUNT FINANCE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005.

(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.6,07,96,806.12 (Maximum Balance during the year Rs.6,33,46,806.12) 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, 2005 for a period of more than six months from the date of becoming payable.
 - b. The disputed statutory dues aggregating to Rs.6,30,346, that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Assesment year	Nature of the Dues pending	Forum where Dispute is	Amount (Rs.)
1.	Income Tax Act, 1961	1995-96	Income Tax	CIT(Appeal)	2,30,897.00
2.	Income Tax Act, 1961	1995-96	Interest U/s 234B	CIT(Appeal)	3,99,449.00

10. The Company has accumulated losses more than fifty percent of its Net Worth and has not incurred cash losses during the financial year covered by our audit, However the company has incurred cash losses in the immediately preceding financial year.
11. The Company has no borrowings / 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.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans during the year.
17. The Company has not raised any funds from short term sources.
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. The Company has not issued any debentures so the question of creating securities in respect of debentures 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, that causes the financial statements to be materially misstated.

For A. SALWAN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 21st April, 2005

(Ashwani Salwan)
Proprietor

MOUNT FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule	As At 31st March, 2005 (Rs.)	As At 31st March, 2004 (Rs.)
SOURCES OF FUNDS			
Share Capital	A	8300060.00	8300060.00
TOTAL		8300060.00	8300060.00
APPLICATION OF FUNDS			
Fixed Assets :	B	4433873.15	4599821.38
Current Assets, Loans & Advances	C	335345.21	249852.21
Less : Current Liabilities & Provisions	E	-1967594.12	-2314406.12
Net Current Assets		-1632248.91	-2064553.91
Profit & Loss Account (As per annexed)		5498435.76	5764792.53
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

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 21st April, 2005

PROFIT & LOSS ACCOUNT FOR PERIOD FROM 1ST APRIL, 2004 TO 31ST MARCH, 2005

Particulars	Schedule	Year Ended 31st March, 2005 (Rs.)	Year Ended 31st March, 2004 (Rs.)
INCOME			
Closing Stock of Shares (Valued at Cost or Market Price whichever is lower)	D	74562.50	74562.50
Fees Received (TDS deducted at source Rs. 27272/- Previous Year Rs. NIL)		510702.00	—
Miscellaneous Income		15020.00	—
TOTAL		600284.50	74562.50
EXPENDITURE			
Opening Stock of Shares		74562.50	74562.50
Office Repair & Maintenance		45302.00	60612.00
Filling Fess		2527.00	15737.00
Bank Charges		—	1500.00
Printing & Stationery		—	238.00
Professional fees		19660.00	40300.00
Auditor's Remuneration		5510.00	5400.00
Depreciation		165948.23	165948.23
TOTAL		313509.73	364297.73
Profit/Loss(-) for the Year before Taxation		286774.77	-289735.23
Provision for Taxation		—	—
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		286774.77	-289735.23
Prior Period Adjustment		-20418.00	—
Depreciation for earlier year written back		—	—
Balance b/f from previous year		-5764792.53	-5475057.30
Balance carried to Balance Sheet		-5498435.76	-5764792.53
Basic & diluted Earning per Share		0.32	-0.35

As per our report of even date attached.

FOR A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 21st April, 2005

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

	As At 31st March, 2005 (Rs.)	As At 31st March, 2004 (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 01.04.2004	Addition during the year	As at 31.03.2005	Up to 30.03.2004	Provided during the year	Adjustments	Up to 31.03.2005	As at 31.03.2005	As at 31.03.2004
Office Premises	4823385.00	—	4823385.00	868685.98	78621.18	—	947307.16	3876077.84	3954699.02
Office Equipment	217850.00	—	217850.00	95233.91	10347.88	—	105581.79	112268.21	122616.09
Plant & Machinery	174902.00	—	174902.00	76249.65	8307.85	—	84557.50	90344.50	98652.35
Furniture & Fixture	1084855.00	—	1084855.00	661001.08	68671.32	—	729672.40	355182.60	423853.92
TOTAL	6300992.00	—	6300992.00	1701170.62	165948.23	—	1867118.85	4433873.15	4599821.38
Previous Year	6300992.00	—	6300992.00	1535222.39	165948.23	—	1701170.62	4599821.38	4765769.61

SCHEDULE 'C' CURRENT ASSETS, LOANS & ADVANCES

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (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	40864.81	13898.81
iv) Sundry Debtors (Unsecured considered good otherwise stated)		
— Outstanding exceeding six months	45000.00	45000.00
— Others	36255.00	—
TOTAL(A)	210256.21	147035.21

SCHEDULE 'C' CURRENT ASSETS, LOANS & ADVANCES (Contd...)

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
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	20340.00	25340.00
c) Income Tax & Tax deducted at Source	88004.00	60732.00
TOTAL(B)	125089.00	102817.00
TOTAL(A + B)	335345.21	249852.21

MOUNT FINANCE LIMITED

SCHEDULE - D : CLOSING STOCK OF SHARES

Name of the Company	Face Value	As At 31st Mar., 2005		As At 31st Mar., 2004	
		Qty. (Nos.)	Amount Rs.	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, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
CURRENT LIABILITIES		
a) Sundry Creditors	25210.00	7600.00
b) Security Deposits	399120.00	—
c) Advances received (Nett)	1543264.12	2306806.12
TOTAL	1967594.12	2314406.12

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, 2005)

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 31.03.2005		As at 31.03.2004	
	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. year (Amount Rs.)
Net Profit/Loss(-) for the year as per Profit & Loss Account	2,86,774.77	(289735.23)
Less: Depreciation for Earlier Year Written Back	Nil	Nil
Less: Prior Period Adjustment	(20418.00)	Nil
Net Profit/Loss(-) available for Equity Share holders	2,66,356.77	(289735.23)
Weighted Average No. of Equity Share Outstanding	8,30,006	8,30,006
Basic & Diluted Earning per share (Face Value of Rs.10/- each.)	0.32	-0.35

- Previous Year figures have been regrouped /rearranged wherever necessary.
- Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
- Schedule A to F forms an integral part of the accounts

As per our report of even date attached.

For A.SALWAN & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(ASHWANI SALWAN)
Proprietor

J.M.L.SURI
Director

C.M.MATHUR
Director

Place : New Delhi
Date : 21st April, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code	Mumbai
Registration No.	38136
Balance Sheet Date	31.03.2005

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	4433.87
Reserve & Surplus	NIL	Investments	Nil
Secured Loans	NIL	Net Current Assets	-1632.25
Unsecured Loans	NIL	Misc. Expenditure	Nil
		Accumulated Losses	5498.44

IV. Performance of Company

Total Turnover	600.28	Total Expenditure	313.28
Profit/(Loss) before Tax	286.77	Profit/(Loss) after Tax	286.77
Earning Per Share in Rs.	0.35	Dividend Rate	NIL

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

1. 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 11th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

The financial results of the Company during the year under review are summarized as under:
(Amount in Rs.)

Particulars	Year Ended 31.03.2005	Year Ended 31.03.2004
Net Profit/(Loss) for the year	(19,342.19)	(28,681.55)
Provision for Income tax	Nil	Nil
Balance brought forward	(47,8018.43)	(4,16,957.88)
Prior Period Adjustments	Nil	(32,379.00)
Balance carried to Balance Sheet	(4,97,360.62)	(4,78,018.43)

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 April 21, 2005 obtained from Mr. Arvind Kohli, Practicing Company Secretary, is annexed with this Report, forming part thereof.

AUDITORS' REPORT

Observations of the Auditors are explained, wherever necessary, by way of notes to accounts. With regard to Auditors' observation at para no. 2f of the Auditors' Report, your director wish to refer note no. B(1) of Schedule G and also explain that considering future plans of the major investee companies, management of the Company is of the opinion that value of long term investment will appreciate in long run.

AUDITORS

The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. A Certificate u/s 224 (1B) of the Companies Act, 1956 has been received from them.

DIRECTORS

Mr. Anil Goyal 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

Place : New Delhi
Date : April 21, 2005

ANIL GOYAL
DIRECTOR

C. M. MATHUR
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, 2005. 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 June 23, 2004; September 30, 2004; November 25, 2004 and February 24, 2005; in respect of which 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, 2004 was held on September 30, 2004 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 have been duly made; no additional directors, 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) Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 are not applicable on the Company.
- 24) The Company has not borrowed any money from directors, members, public financial institutions, banks and others during the financial year ending March 31, 2005 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 : April 21, 2005

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	193
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, 2005

Sr. No	Form No	U/Section	Particulars	Due on	Filed on
1.	-	220	Balance Sheet etc 31/03/2004	30/10/2004	21/10/2004
2.	-	383A(1)	Secretarial Compliance Certificate	30/10/2004	21/10/2004
3.	Sch. V	159	Annual Return 30/09/2004	29/11/2004	17/11/2004

Place : New Delhi
Date : April 21, 2005

Arvind Kohli
Company Secretary
(CP No 2818)

AUDITORS' REPORT THE MEMBERS OF HB PRIMA CAPITAL LIMITED

We have audited the attached Balance Sheet of HB PRIMA CAPITAL LIMITED, as at 31st March, 2005 and the Profit and Loss Account for the year ended 31st March, 2005 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 *except as stated in para (f) below.*
 - As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2005 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 *subject to Note No. B(1) of Schedule "G" regarding Non - Provision of diminution in value of Investments, which in the opinion of management is temporary with consequential impact on loss of year and of value of Investments* and read together with significant accounting policies and other 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.:-
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2005 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 : 21.04.2005

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, 2005.

(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 in the nature of loan amounting to Rs.1,00,000/- (Maximum Balance during the year and year end balance was Rs.3,02,00,000/-) has been received during the year 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 system 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 and services. 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 system.
 - In our opinion and according to the information and explanations given to us, there were neither any contracts or arrangements during the period referred to in Section 301 of the Companies Act, 1956 nor any transactions made in pursuance of such contracts or arrangements, that needed to be entered into in the register required to be maintained under that section.
 - 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, there were no undisputed statutory dues payable by the company during the year. 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, 2005 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.
 - Subject to our remarks in Para 2(f) of main Audit Report, 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 and in the immediately preceding financial year covered by our audit.
 - 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 : 21.04.2005

Amit Goel
Partner
(Membership No. 92648)

HB PRIMA CAPITAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedules	As At 31st March, 2005 (Rs.)	As At 31st March, 2004 (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		-284629.32	-213811.23
Net Block		152249.68	223067.77
INVESTMENTS			
Share Application Money (Pending Allotment)	D	76671500.00	76671500.00
		1000000.00	1000000.00
CURRENT ASSETS, LOANS & ADVANCES			
(i) Cash & Bank Balances	E	159317.70	123002.84
(ii) Loans & Advances		2900082.00	10700082.00
		3059399.70	10823084.84
Less : Current Liabilities & Provisions	F		
(i) Liabilities		56305510.00	64120671.04
NET CURRENT ASSETS		-53246110.30	-53297586.20
PROFIT & LOSS ACCOUNT (As annexed Account)			
		497360.62	478018.43
TOTAL		25075000.00	25075000.00

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

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

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M. MATHUR
Director

Place : New Delhi
Date : 21.04.2005

FOR AND ON BEHALF OF THE BOARD

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

Particulars	Schedules	Year Ended 31st March, 2005 (Rs.)	Year Ended 31st March, 2004 (Rs.)
INCOME			
Dividend Income (On Long Term(Non-Trade) Investments)		75000.00	75000.00
TOTAL		75000.00	75000.00
EXPENDITURE			
Filing Fees		1500.00	8000.00
Misc. Expenses		3.10	1089.46
Subscription & Membership		5000.00	—
Professional Charges		2160.00	5400.00
Depository Charges		8541.00	6924.00
Auditor's Remuneration		6320.00	6660.00
Preliminary Expenses W/off		—	4790.00
Depreciation		70818.09	70818.09
TOTAL		94342.19	103681.55
Profit/Loss(-) during the year before Taxation		-19342.19	-28681.55
Provision for Income Tax		—	—
— Current		—	—
— Deferred		—	—
Profit/Loss(-) after Taxation		-19342.19	-28681.55
Prior Period Adjustments		—	-32379.00
Balance Brought forward from Last Year		-478018.43	-416957.88
Balance carried to Balance Sheet		-497360.62	-478018.43
Basic and Diluted Earning per Share(In Rs.)		-0.02	-0.06

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

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

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M. MATHUR
Director

Place : New Delhi
Date : 21.04.2005

FOR AND ON BEHALF OF THE BOARD

SCHEDULE 'A' - SHARE CAPITAL

	As At 31st March, 2005 (Rs.)	As At 31st March, 2004 (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, 2005 (Rs.)	As At 31st March, 2004 (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 01.04.2004 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2005 Rs.	Upto 01.04.2004 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2005 Rs.	As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
Data Processing Machinery	436879.00	—	—	436879.00	213811.23	70818.09	—	284629.32	152249.68	223067.77
TOTAL	436879.00	—	—	436879.00	213811.23	70818.09	—	284629.32	152249.68	223067.77
Previous Year	436879.00	—	—	436879.00	142993.14	70818.09	—	213811.23	223067.77	293885.86

HB PRIMA CAPITAL LIMITED

SCHEDULE 'D' - INVESTMENTS

Name of the Company	Face Value	As At 31st Mar., 2005 Qty. (Nos.)	Amount Rs.	As At 31st Mar., 2004 Qty. (Nos.)	Amount Rs.
LONG TERM INVESTMENTS (NON TRADE)					
(A) QUOTED FULLY PAID-UP EQUITY SHARES					
Elcot Power Control Limited	10	500	37500.00	500	37500.00
Malwa Cotton Spinning Mills Limited	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
(B) QUOTED PARTLY PAID-UP EQUITY SHARES					
Malvika Steel Ltd	10	4300	43000.00	4300	43000.00
TOTAL (B)		4300	43000.00	4300	43000.00
(C) UNQUOTED FULLY PAID UP EQUITY SHARES					
Fincap Financial Corporation Ltd.	10	125000	1250000.00	125000	1250000.00
TOTAL (C)		125000	1250000.00	125000	1250000.00
TOTAL (A+B+C)		674600	76671500.00	674600	76671500.00

Notes :

- Share Costing Rs.12,50,000(Previous Year Rs.2,41,25,000/-)are pending transfer in Company's name.
- Market Value of Quoted Investment Rs.1,27,37,500/- (Previous year Rs.1,07,11,700/-)
- Liability towards partly paid-up Shares Rs.64,500/- (Previous year Rs.64,500/-)

SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES

	As At 31st Mar., 2005 (Rs.)	As At 31st Mar., 2004 (Rs.)
A. CURRENT ASSETS		
Cash in Hand	30000.00	30000.00
(As Certified by the Management)		
Balance with Scheduled Bank in Current Account	129317.70	93002.84
TOTAL - A	159317.70	123002.84
B. LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received.	2500000.00	10300000.00
Security Deposit with OTCEI	400000.00	400000.00
Advance Tax paid /tax Deducted at Source	82.00	82.00
TOTAL - B	2900082.00	10700082.00
TOTAL (A+B)	3059399.70	10823084.84

SCHEDULE 'F' - CURRENT LIABILITIES

	As At 31st Mar., 2005 (Rs.)	As At 31st Mar., 2004 (Rs.)
A. CURRENT LIABILITIES		
Sundry Creditors	5510.00	3240.00
Advances Received	56300000.00	64100000.00
Cheques Overissued in C/a	-	17431.04
TOTAL	56305510.00	64120671.04

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

(Annexed to and forming part of the Statement of Accounts for the year ended 31st March,2005)

A. ACCOUNTING POLICIES.

- All income and expenses are accounted for on accrual basis.
- Long Term Investments are valued at cost less permanent diminution..
- 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. 6,26,84,000/-(Previous Year Rs..6,46,66,800/-)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. Year (Amount Rs.)
Net Profit/Loss(-) for the year as per P & L Account	-19342.19	-28681.55
Add: Prior Period Adjustment	Nil	-32379.00
Net Profit/Loss(-) available for Equity Share holders	-19342.19	-61060.55
Weighted Average No. of Equity Share Outstanding	10,00,000	10,00,000
Basic & Diluted Earning per share (Face Value of Rs.10/- each.)	-0.02	-0.06

- Advances Received Includes a sum of Rs.3,02,00,000/-(Previous Year Rs.3,01,00,000/-) 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.
- Additional information pursuant to part IV of Schedule VI of the Company Act, 1956 is annexed.
- Schedule 'A' to 'G' forms an integral part of the accounts.

As per our report of even date attached.

For P. BHOLUSARIA & COMPANY
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

AMIT GOEL
Partner

ANIL GOYAL
Director

C.M.MATHUR
Director

Place : New Delhi

Date : 21.04.2005

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-05

II. CAPITAL RAISED DURING THE PERIOD

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	25075
Total Assets	25075

SOURCES OF FUNDS

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

APPLICATION OF FUNDS

Net Fixed Assets	152
Investments	77672
Net Current Assets	-53246
Miscellaneous Expenditure	NIL
Profit & Loss Account	497

IV. PERFORMANCE OF THE COMPANY

Total Turnover	75
Total Expenditure	94
Profit/Loss Before Tax	-19
Profit/Loss After Tax	-19
Earnings per share (Rs.)	-0.02
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



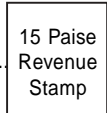
HB STOCKHOLDINGS LIMITED

PROXY FORM

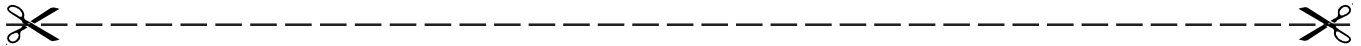
I/We
of.....
being a member(s) of **HB STOCKHOLDINGS LTD.** hereby appoint.....
.....
of or failing
him/her of
as my/our proxy to attend and vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Wednesday, 17th day of August, 2005 and at any adjournment thereof. As witness my hand/our hands this day of 2005.

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

18TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., Wednesday, 17th day of August, 2005
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 18th Annual General Meeting held on 17th August, 2005 at 10.00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. :
Client ID :
DP ID :

No. of Shares :

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.

BOOK POST

If Undelivered please return to :-
HB STOCKHOLDINGS LIMITED
199, Sector - 7, Urban Estate,
Gurgaon - 122 001, Haryana

