



BOARD OF DIRECTORS

| | |
|--------------------------|--------------------|
| Mr. Lalit Bhasin | Chairman |
| Mr. K. N. Malhotra | Director |
| Mr. Pradeep Kumar Mittal | Director |
| Mr. Gulshan Rai | Director |
| Mr. Harbans Lal | Director |
| Mr. Anil Goyal | Director |
| Mr. Vijay Sood | Managing Director |
| Mr. J.M.L. Suri | Executive Director |

CHIEF FINANCIAL OFFICER

Mahesh Kumar Gupta

AUDITORS

P. Bholusaria & Company

Chartered Accountants

26/11, Shakti Nagar,

Delhi - 110 007

REGISTERED OFFICE

Plot No. 31,

Echelon Institutional Area,

Sector-32, Gurgaon - 122 001

Haryana

WEBSITE

www.hbstockholdings.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.

B-106, Sector - 2,

Noida - 201 301

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Company will be held as per the schedule given below:

Day : Tuesday
 Date : 28th August 2007
 Time : 10:00 A.M.
 Place : GIA House I.D.C. Mehrauli Road
 Opp. Sector 14 Gurgaon-122001 Haryana

to transact the following business:

AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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. Anil Goyal who retires by rotation and being eligible offers himself for reappointment.
- 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 pursuant to the Resolution passed by the Board of Directors in their meeting held on 27th October, 2006 and subject to the provisions of Sections 269, 198 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent, approval and permission of the members be and is hereby accorded to the revision in the terms of remuneration of Mr. Jag Mohan Lal Suri, Executive Director, with effect from 1st April, 2006, as approved by the Board of Directors at their meeting mentioned hereinabove and as set out in the Explanatory Statement accompanying this Notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration payable to Mr. Jag Mohan Lal Suri at any time during his tenure in the office of Executive Director of the Company in accordance with the applicable provisions of the Companies Act, 1956 and also to do any other acts and deeds as may be necessary and incidental in the matter, including seeking of any approval, consent, permission from Central Government or such other authorities, as may be required."

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

"RESOLVED THAT Mr. Vijay Sood, who was appointed as additional director on the Board of the company on 30th April, 2007 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

- Details of the Directors seeking appointment/reappointment in the ensuing Annual General Meeting. (Details pursuant to Clause 49 of the Listing Agreement):

DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

| Name of the Director | Mr. Anil Goyal | Mr. Lalit Bhasin |
|---|---|--|
| Date of Birth | 22-02-1959 | 14-08-1969 |
| Profile/Expertise in specific functional areas | Mr. Goyal is a fellow member of the Institute of Chartered Accountants of India. He brings with him more than 2 decades of expertise in the field of finance, taxation, investment, banking, corporate restructuring, and strategic planning. | An energetic and experienced entrepreneur having more than 18 years of rich experience in the field of Stock Market operations, Strategic investment and management. |
| Qualifications | Chartered Accountant | Bachelor of Commerce |
| List of other public companies in which directorship held as on 31.3.2007 | <ul style="list-style-type: none"> HB Leasing & Finance Co. Ltd. HB Portfolio Ltd. HB Securities Ltd. HB Estate Developers Ltd. HB Prima Capital Ltd. HB Corporate Services Ltd. RRB Securities Ltd. Mount Finance Ltd. Bhasin Investments Ltd. AHL Hotels Ltd. HB Insurance Advisors Ltd. | <ul style="list-style-type: none"> HB Leasing & Finance Co. Ltd. HB Portfolio Ltd. HB Estate Developers Ltd. HB Securities Ltd. Taurus Asset Management Co. Ltd. HB Prima Capital Ltd. Har Sai Investments Ltd. RRB Securities Ltd. RRB Master Securities Delhi Ltd. AHL Hotels Ltd. Raja Ram Bhasin Share & Stock Brokers Ltd. Bhasin Share & Stock Brokers Ltd. CHL (South) Hotels Ltd. Indo Continental Hotels & Resorts Ltd. |
| Chairman/Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2007 | <p><u>Shareholder/Investors Grievance Committee</u></p> <ul style="list-style-type: none"> HB Portfolio Limited HB Estate Developers Ltd. RRB Securities Ltd. HB Leasing & Finance Co. Ltd <p><u>Audit Committee</u></p> <ul style="list-style-type: none"> RRB Securities Ltd. | <p><u>Shareholder/ Investors Grievance Committee</u></p> <ul style="list-style-type: none"> RRB Securities Ltd. HB Leasing & Finance Co. Ltd. <p><u>Audit Committee</u></p> <ul style="list-style-type: none"> HB Leasing & Finance Co. Ltd. |

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

ITEM NO. 5

Mr. J.M.L Suri was re-appointed as Executive Director of the Company w.e.f. 1st July 2003 for

as a Special Resolution:

"RESOLVED THAT pursuant to the Resolution passed by the Board of Directors of the company at their meeting held on 30th April 2007 and to the provisions of Section 269, 198, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval of members to the appointment of Mr. Vijay Sood as the Managing Director of the company for a period of 3 years w.e.f. 30th April 2007 on the terms and conditions including the payment of remuneration, as approved by the Board of Directors at their meeting mentioned hereinabove and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded and that during his tenure in the Office as Managing Director, he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration payable to Mr. Vijay Sood at any time during his tenure in the office of Managing Director of the Company in accordance with the applicable provisions of the Companies Act, 1956 and also to do any other acts and deeds as may be necessary and incidental in the matter, including seeking of any approval, consent, permission from Central Government or such other authorities, as may be required."

BY THE ORDER OF THE BOARD FOR HB STOCKHOLDINGS LTD.

**SANTOSH KUMAR MENON
 COMPANY SECRETARY**

**Place : New Delhi
 Date : 30th April 2007**

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 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 21st August, 2007 to 28th August, 2007 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to:
 - Notify any change in their address including PINCODE to the Company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., B-106, Sector-2, Noida- 201301. Phones: 0120-4015880. Fax: 0120-2444346. E-mail: rcmc@dimensionsi.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.

a further period of 5 years and his current term expires on 30th June 2008. However the current remuneration drawn by him was fixed on 1st July 1998 and since then no revision has been made in his remuneration.

In view of the general increase in remuneration level across industry, the matter for revision of

remuneration payable to Mr. J.M.L. Suri, Executive Director with effect from 1st April 2006 was considered and recommended by the Remuneration Committee and approved by the Board of Directors in the meeting held on October 27, 2006.

The revised terms of remuneration as recommended by the Remuneration Committee and approved by the Board of Directors is as follows:

- a) Basic Salary:** Rs.50,000/- (Rupees Fifty Thousand only) per month
- b) Perquisites:**
- Housing :** Either one of the following:
 - The expenditure by the company on hiring accommodation for the Executive Director will be subject to the ceiling of 60% of the salary of the Executive Director, or
 - In case the accommodation provided to the Executive Director is owned by the Company, the company shall deduct 10% of the salary of the Executive Director, or
 - In case no accommodation is provided by the company to the Executive Director, House Rent Allowance @ 60% shall be paid by the company to the Executive Director.
 - Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one months basic salary (Rs. 50,000/-) in a year.
 - Leave Travel Concession:** Expenses incurred for self and family subject to a ceiling of one months basic salary (Rs. 50,000/-) in a year.
 - Club Fees:** Fees of clubs, subject to a maximum of two clubs, with admission and life membership fees not allowed.
 - Personal Accident Insurance:** Premium subject to a maximum of Rs.4, 000/- per annum.
 - Provident Fund:** Company's contribution towards Provident Fund, subject to a ceiling, as prescribed under the provisions of law applicable in this regard.
 - Superannuation Fund:** Company's contribution towards superannuation fund, which together with the Company's contribution towards provident fund shall be subject to the provisions of law applicable in this regard.
 - Gratuity:** Half month's salary for each completed year of service.
 - Car and Telephone:** The Company shall provide car for use on company's business and telephone at the residence of the Executive Director. However, personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Executive Director.
- c) Leave:** Earned / Privilege leave, not exceeding one month for every eleven months of service, on full salary and allowance. Leave accumulated and not availed of during his tenure as Executive Director will be allowed to be encashed at the time of his ceasing to be the Executive Director of the Company.
- d)** Apart from the aforesaid salary, perquisite, allowances and benefits, the Executive Director will be entitled to reimbursement of expenses incurred in connection with business of the company.
- e)** No sitting fees will be paid to the Executive Director for attending the meetings of the Board of Directors of the company or committees thereof.
- f)** The appointment may be terminated by three months notice on either side or in lieu thereof three months full salary, allowances, perquisites and benefits.
- g)** The above remuneration shall be payable as minimum remuneration to the Executive Director in the event of absence/inadequacy of profits in any financial year
- h)** The terms and conditions of the above appointment may be altered, enhanced or varied from time to time by the Board of Directors as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Director, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments made thereof hereafter. The above may also be deemed to be the Notice under Sec 302 of the Companies Act, 1956 to the Shareholders of the Company.

None of the Directors, except Mr. Jag Mohan Lal Suri, are in any way concerned or interested in this resolution. Your Directors, there fore, recommend the resolution for your approval.

ITEM NO.6

Mr. Vijay Sood was appointed as the President of the Company from 01st March, 2007. He was appointed as Additional Director on the Board of Directors on 30th April 2007 under the provisions of Section 260 of the Companies Act, 1956 and also appointed as Managing Director of the Company. In accordance with the provisions of Section 260 he holds the office of directorship only up to the date of the ensuing Annual General Meeting of the company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing him to be appointed as the Director of the company liable to retire by rotation.

Mr. Vijay Sood is a Management Graduate from Indian Institute of Management, Ahmedabad, the premier Business School of India and has also completed an advanced Management Programme from Wharton Business School, USA. Besides he is also a member of Institute of Cost & Works Accountants of India. Mr. Vijay Sood brings with him more than 28 years of experience in the fields of funds management, investment banking and corporate finance and has held senior and top positions in MNCs and foreign Banks. The Board commends the resolution for his appointment as Director for consideration of the members.

As declared by Mr. Vijay Sood, he does not hold any equity shares in the company. None of the directors except Mr. Vijay Sood is in any way concerned or interested in the above resolution.

ITEM NO.7

Mr. Vijay Sood was appointed as the President of the Company from 01st March, 2007 at remuneration as detailed herein below. The Board of Directors of the Company at their meeting held on 30th April 2007 have appointed Mr. Vijay Sood as the Managing Director of the Company for a period of 3 years with effect from 30-04-2007 upon the consideration and recommendations of the Remuneration Committee of the Board. The appointment and the remuneration payable to Mr. Vijay Sood requires the approval of the Company in General Meeting by Special Resolution pursuant to Schedule XIII of the Companies

Act, 1956 read with Section 269, 198 and 309 of the said Act and also the approval of Central Government. The terms and conditions of the appointment of Mr. Vijay Sood as Managing Director of the company approved by the Board of Directors at their meeting as mentioned hereinabove are as under: -

- a) Basic Salary:** Rs.3,75,000/- (Rupees Three Lakhs Seventy Five Thousand only) per month.
- b) Perquisites:**
- House Rent Allowance:** Rs.2,10,000/- (Rupees Two Lakhs Ten Thousand only) per month
 - Medical Reimbursement:** Rs.1,20,000/- (Rupees One lakh twenty thousand only) per annum
 - Leave Travel Concession:** Expenses incurred for self and family subject to a ceiling of one month basic salary (Rs.3,75,000/-) in a year.
- c) Leave:** As per the rules of the company from time to time
- d)** Apart from the aforesaid salary, perquisite, allowances and benefits, the Managing Director will be entitled to reimbursement of expenses incurred in connection with business of the company.
- e)** The appointment may be terminated by a three months notice on either side or three months full salary, allowances, perquisites and benefits in lieu thereof.
- f)** No sitting fees will be paid to the Managing Director for attending the meetings of the Board of Directors of the company or committees thereof.
- g)** The above remuneration shall be payable as minimum remuneration to the Managing Director in the event of absence/inadequacy of profits in any financial year during his tenure

The Additional disclosures mentioned in Para 1(B)(iv) of Section II of Part I of Schedule XIII to the Companies Act, 1956 is as under:

I. GENERAL INFORMATION:

- Nature of Industry : Financial Services/NBFC
- Date or expected date of Commencement of Production : Existing Company. The company is not engaged in any manufacturing activities and is engaged in making proprietary investments and financing.
- In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus. : Not Applicable
- Financial Performance based on given indicators : As give below

| Particulars | 2006-2007 | 2005-2006 |
|----------------------------------|-----------|-----------|
| Total Sales and other Income | 320.80 | 1262.11 |
| Profit before Depreciation & Tax | 165.31 | 1142.33 |
| Depreciation | 8.22 | 7.91 |
| Provision for Taxation | 3.90 | 56.75 |
| Net Profit | 153.18 | 1077.67 |

- Export performance and net foreign Exchange collaborations. : Not Applicable
- Foreign investments or collaborators, if any : The company has no foreign investments or foreign collaborations. The company has not made any foreign investments or has any collaboration overseas.

II. INFORMATION ABOUT THE APPOINTEE

- Background details : Mr. Vijay Sood is a Management Graduate from Indian Institute of Management, Ahmedabad, the premier Business School of India and has also completed an advanced Management Programme from Wharton Business School, USA. Besides he is also a member of Institute of Cost & Works Accountants of India. Mr. Vijay Sood brings with him more than 28 years of experience in the fields of funds management, investment banking and corporate finance and has held senior and top positions in MNCs and foreign Banks.
- Past remuneration : Same as is being proposed.
- Recognition or awards : None
- Job profile and his suitability : Being top level position, the job profile essentially requires a leader who is innovative, self motivated and result oriented. The appointee has experience in conceptualizing, planning, directing and implementing business and financial strategies and translate them in terms of business growth.
- Remuneration proposed : Mentioned above in the Explanatory Statement.
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin.) : Though the exact latest data of the comparative profile with remuneration of the CEO/MD/Key Personnel of Financial Services Companies is not available, however generally the CEOs/MDs/Key Managerial personnel of financial services/ NBFC companies of comparable status are

- generally receiving remuneration above Rs.100 lakhs per annum.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : He does not have any other pecuniary relationship with the company nor is he related to or has pecuniary relationship with any of the directors of the company.
- III. OTHER INFORMATION**
1. Reasons of loss or inadequate profits : 1. Provisioning requirements under Reserve Bank's Prudential Norms applicable to Non Banking Financial Companies.
2. Loss on account of sudden crash in the stock indices and also on account of loss in the Futures & Options segment due to high Intra-day volatility in the stock market during May'2006.
2. Steps taken or proposed to be taken for improvement : The following steps are proposed to be carried out over the next 6 -12 months
- Professionalise the management of operations
 - Additional recruitment of staff in areas of investment management, research, operations and new business development
 - Review current HR & compensation policies and bring them in line with market practice
 - Separate all operations from those of the other associate companies while keeping cost benefit in mind of shared services
 - Review and modify current accounting and investment management systems,
3. Expected increase in productivity and profits in measurable terms
- processes and controls as well as the IT systems supporting them
 - Reduce concentration risk of the investment portfolio, exit from all non remunerative investments except where there is a strategic intent and also appoint professional outside money managers for a part of the portfolio to inject completion and external benchmarking
 - Assess growth possibilities outside the current scope of activities
 - Bring the Company back on the dividend list
 - Each asset class to be benchmarked against an externally vetted "index" to evaluate performance
 - Evaluate the status for the Company after a period of 18 months or so
- IV. DISCLOSURES**
- Remuneration package payable to Mr. Vijay Sood, Managing Director of the company has been disclosed in the commencing paragraph of this Explanatory Statement. All elements of remuneration package to all directors is disclosed in the Corporate Governance Report.
- The particulars set out hereinabove may be treated as the abstract of the terms and conditions of appointment of Mr. Vijay Sood as Managing Director of the Company, to be sent to the shareholders under section 302 of the Companies Act, 1956.
- None of the Directors except Mr. Vijay Sood is concerned or interested in this resolution. The Directors recommend the resolution for approval by the members.
- BY THE ORDER OF THE BOARD
FOR HB STOCKHOLDINGS LTD.
SANTOSH KUMAR MENON
COMPANY SECRETARY**
- Place : New Delhi
Date : 30th April 2007**

DIRECTORS' REPORT

To the Members,
Your Directors have pleasure in presenting the 20th Annual Report with Audited Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

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

| PARTICULARS | (Amount in Rs.) | |
|---|--------------------------|-----------------------------------|
| | Year Ended 31.03.2007 | Previous Year Ended 31.03.2006 |
| Gross Profit/(Loss) | 1,65,30,784 | 11,42,33,373 |
| Less : | | |
| (a) Depreciation and profit/(loss) on termination of leases | 8,22,305 | 7,91,383 |
| (b) Provision for Income-Tax (including deferred tax) | 2,50,000 | 55,00,000 |
| (c) Fringe Benefit Tax | 1,40,000 | 1,75,000 |
| Net Profit/(Loss) | 1,53,18,479 | 10,77,66,990 |
| Add/(Less): | | |
| (a) Income Tax for earlier year | 6,55,357 | (2,07,154) |
| (b) Transfer to Statutory Reserve Fund | (30,63,696) | (2,15,53,398) |
| Net Amount available for appropriation | 1,29,10,140 | 8,60,06,438 |
| Accumulated Loss Brought forward | (50,28,11,512) | (58,88,17,950) |
| Balance carried to Balance Sheet | (48,99,01,372) | (50,28,11,512) |

DIVIDEND

In view of need to conserve liquid resources of the company and having regard to the accumulated and unabsorbed losses your directors regret their inability to recommend dividend for the year ended 31-03-2007.

PERFORMANCE REVIEW & OUTLOOK

The BSE Sensex at close of financial year on 31st March 2007 was 13072.10 compared to 11342.96 on 1st April 2006 showing a rise of 15%. The high of BSE Sensex during the year was 14723.88 and of low was 8799.01. The year was marked by the high volatility in the stock market which adversely affected the profitability of operations. On account of above the profits for the year under review have declined.

The outlook of current economic scenario is positive. Overall economy is expected to grow @ 7-8%. 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. The rising inflation and the consequent pressure on interest rates is a major cause of concern. However, the company hopes that the government would be successful in its efforts to tame inflation without impacting the 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 were no earnings or outgo in foreign exchange.

PERSONNEL:

The particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are furnished in a separate statement annexed to and forming part of this report .

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

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of Directors and Auditors of the subsidiaries namely HB Prima Capital Ltd. and Mount Finance Ltd. have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same.

SHIFTING OF REGISTERED OFFICE

The registered office of the Company has been shifted from 199, Sector-7, Urban Estate, Gurgaon-122001 to Plot No. 31, Echelon Institutional Area, Sector-32, Gurgaon-122001 (Haryana) with effect from 1st April 2007.

CORPORATE GOVERNANCE

Your company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code and is committed to ensuring compliance with any proposals for modifications well ahead of their implementation timeliness. Your Company's compliance with requirements are presented in sections below. 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 equity shares are listed at The Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange Ltd., Mumbai (NSE). The listing fees to BSE and NSE have been paid.

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

The Vijay Sood was appointed as president of the company w.e.f. 1st March, 2007. However, in order to broad base the Board Mr. Vijay Sood, was appointed as the Managing Director of the company for 3 years by the Board of Directors in their meeting held on 30th April 2007 subject to the approval of the members in the General Meeting.

The Board of Directors in the meeting held on 27th October 2006 considered and revised the terms

of the remuneration of Mr. J.M.L. Suri w.e.f 1st April 2006 subject, however, to the approval of shareholders in the General Meeting.

The terms of revision of remuneration of Mr. J.M.L. Suri, Executive Director has been dealt with in detail in the explanatory statement to the notice to the Annual General Meeting.

Mr. Anil Goyal and Mr. Lalit Bhasin being longest in Office retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves 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 : 30th April 2007

Lalit Bhasin
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2007.

| S. No. | Name of Employee/ Age (Years) | Date of Employment | Qualifications | Designation/ Nature of job | Gross Remuneration (Rs.)(For The Month of March, 07) | Particulars of previous Employment (Designation/ Name of the Employer) | Experience (No. of years) | Whether relative of any Director or Manager of the Company |
|--------|-------------------------------|--------------------|--|----------------------------|--|--|---------------------------|--|
| 1 | Mr. Vijay Sood 49 Yrs. | 01.03.2007 | MBA from IIM, Ahmedabad. Advanced Management Programme from Wharton Business School, USA | President | 5,95,000/- | Group CFO, Renaissance Services SAOG, Oman | 28 | No |

Note: Remuneration includes salary, House Rent Allowance, Company's contribution to Provident Fund, wherever applicable and other sums actually received by the employee during the part of financial year and the Perquisites are valued in accordance with the Income Tax Act, 1961 and Rules made thereunder. The appointment is contractual.

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 | 31-03-2007 | 31-03-2007 |
| 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 2007 (in Rs.) | | |
| (i) for the financial year of the subsidiary | 42715.57 | (432499.87) |
| (ii) for the previous financial periods of the subsidiary | (538975.75) | (4761290.28) |
| 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 2007 (in Rs.) | | |
| (i) for the financial year of the subsidiary | Nil | Nil |
| (ii) for the previous financial periods of the subsidiary | Nil | Nil |

a risk management system and policy to fight against any sort of contingency. The future outlook/business prospects are closely linked with the variations in the stock market and also in the government policy.

The Reserve Bank of India has been continually strengthening the supervisory framework for NBFCs in order to ensure sound and healthy functioning and avoid excessive risk taking. In furtherance to these objectives, RBI had issued several guidelines like "Know Your Customer Guidelines"- Anti Money Laundering Standards and "Guidelines on classification, monitoring and reporting of frauds".

5. Risks and concerns

Company, being associated with capital market is mainly exposed to market risk (including liquidity risk), interest risk and credit risk. However conservative policies and prudent business and risk management practices followed by the company helps it 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 and are in the interest of shareholders' wealth.

6. Internal control system and their adequacy

The Company has a proper and adequate system of internal controls for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibility down the line for all managerial positions have been institutionalised. All operating parameters are monitored and controlled. Regular Internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

7. Financial performance

- Share Capital: The Company's issued and subscribed share capital consists of Equity Share capital only. The paid-up share capital of the company as at 31st March 2007 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.4899.01 lakhs (previous year Rs. 5028.11 lakhs)] stood at Rs. 5407.76 lakhs as against Rs. 5248.02 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.1087.44 lakhs and Rs. 2539.62 lakhs respectively against Rs. 1825.02 lakhs and Rs. 1203.99 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. -1452.17 lakhs compared to Rs. 621.03 lakhs.

8. Human Resources

The company is having adequate and experienced industry professionals to carry out its operations and follows good man management practices. These are basically its human resources assets and are integral to the Company's ongoing success. They have played a significant role and enabled the Company to deliver superior performance year after year.

9. Cautionary Statement

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include interest rates and changes in the Government regulations, tax regimes, economic developments and other factors such as litigation etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results

The company earned an operational income of Rs.320.80 lakhs during the year under review compared to Rs.1262.11 lakhs in the previous year. The administrative expenses during the year under review were Rs.138.92 lakhs as compared to Rs.118.93 lakhs during the previous period registering a moderate increase which has been on the expected lines and is in proportion to the increase in the volume of operations. The interest and financial charges for the year under review has been Rs.16.56 lakhs as compared to Rs.0.84 lakhs during the previous year.

2. Industry Trends and Business Analysis

During the year under review 2006-07, Indian Capital Market continued its upward trend. The Bombay Stock Exchange (BSE) Sensex registered a rise of 15.24% as it opened at 11342.96 in April 2006 and closed at 13072.10 in March 2007 recording its highest at 14723.88 in February 2007.

Similar trend has been registered by NSE Nifty, which opened at 3403.15 in April 2006 closed at 3827.55 in March' 2007 registering an overall growth of 12.5% during the year under review.

3. Opportunities and Threats

The Indian Capital Market during the period under review marched from strength to strength buoyed by strong inflows from Foreign Institutional Investors (FIIs), good corporate results besides robust performance by the overall economy and the buoyant investment climate. The bullish trend in the capital market has brought in greater opportunities and is likely to continue in the medium to long term and offers good future growth potential.

The year (2006-07) under review also witnessed many IPOs, however most of the IPOs set investors back in 2006-07. Out of 75 IPOs that hit the market during the 2006-07 and have been listed so far, 29 issues (38.66 percent of those listed) have given positive returns, while 46 of them (61.33 percent) have given negative returns on their issue prices.

The Company with its inherent strength, strong fundamentals, continuous stress on operational excellence and effective financial management shall be in a position to take advantage of the growth in the economy.

4. Future Prospects and Outlook

In the year 2006-2007, the company has taken up with the activity of granting loan against the shares that has yielded rich dividends. In the year 2007-2008 also the company will make optimum use of its resources for profit and wealth maximization of shareholders.

The company being a NBFC and engaged predominantly in the business of investment in securities always searches for better investment options. The company has also developed

REPORT ON CORPORATE GOVERNANCE
1. Company's philosophy on Corporate Governance:

Corporate Governance is the acceptance by the Management of the inalienable rights of shareholders as the real owners of the corporation and of their own role as trustees on behalf of the stakeholders. Corporate Governance deals with conducting the affairs of the company in such a manner as to ensure that there is fairness to all the stakeholders and action benefit the greatest number of stakeholders. The accountability of the personal and corporate funds in a company in a more transparent manner is the essence of Corporate Governance which ensures investor protection.

2. Size and Composition of the Board:

The Board of your Company comprises of 8 directors, out of whom 5 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 other non-executive directors are proficient in

their fields and bring with them vast experience in the areas of finance, tax, legal, securities market operations, corporate affairs and management. Mr. Vijay Sood, who was co-opted as additional director and also appointed as the Managing Director of the Company at the Board Meeting held on 30th April, 2007, has substantial experience in banking, investment management and other parts of the financial sectors. Mr. J.M.L. Suri the Executive Director of your Company, has over 45 years of corporate experience in renowned Indian and multinational companies. The Managing Director and Executive Director of the Company are responsible for 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 1.04.2006 to 31.03.2007) on 19th May 2006; 22nd July 2006; 8th September 2006; 27th October 2006; and 29th January 2007. 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 | Shares held in the company & % to the subscribed capital |
|--|--|-------------|--|-------------|---------------------------------------|----------|-------------------|--|
| | Total | as Chairman | Total | as Chairman | Held | Attended | | |
| Mr. Lalit Bhasin <i>Promoter & Non-Executive</i> | 14 | 3 | 3 | Nil | 5 | 4 | Yes | 4,84,799 (1.90%) |
| Mr. K. N. Malhotra <i>Independent & Non Executive</i> | 1 | Nil | Nil | Nil | 5 | 4 | No | 130 (Not Significant) |
| Mr. P. K. Mittal <i>Independent & Non Executive</i> | 1 | Nil | Nil | Nil | 5 | 3 | No | NIL |
| Mr. Gulshan Rai <i>Independent & Non Executive</i> | Nil | Nil | Nil | Nil | 5 | 5 | Yes | NIL |
| Mr. Anil Goyal* <i>Independent & Non Executive</i> | 11 | Nil | 5 | 1 | 5 | 5 | Yes | NIL |
| Mr. Harbans Lal <i>Independent & Non Executive</i> | 3 | Nil | 4 | Nil | 5 | 5 | No | NIL |
| Mr. J.M.L. Suri <i>Executive</i> | 7 | Nil | 5 | 2 | 5 | 5 | Yes | 1000 (Not Significant) |
| Mr. Vijay Sood# <i>Executive</i> | 1 | Nil | Nil | Nil | N.A | N.A | N.A | Nil |

* Appointed against the casual vacancy casual by death of Dr. K Srinivasan.

Appointed with effect from 30-04-2007

@ As on 31.03.2007.

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. Anil Goyal & Mr. Lalit Bhasin being longest in the office would retire by rotation at the ensuing Annual General Meeting and being eligible they have offered themselves for reappointment.

3. 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/ Investors Grievance 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).

(A) **Audit Committee:** The Audit Committee of the Board stands as follows:

1. Mr. Gulshan Rai, Chairman
2. Mr. Pradeep Mittal, Member
3. Mr. Anil Goyal, Member
4. Mr. Harbans Lal, Member

Mr. J. M. L. Suri, Executive Director, shall be the permanent invitee of the meeting. The Audit Committee shall mandatorily review the following information: Management discussion and analysis of financial condition and results of operations; Statement of significant related party transactions (as defined by the audit committee), submitted by the management; Management letter/ letters of internal control weaknesses issued by the statutory auditors; Internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee. The Audit Committee has been empowered, inter-alia, to carry out the following functions:

- 1) To lay down, review and revise the accounting policies of the company.
- 2) To review the financial operations and performance of the company.
- 3) To review the half-yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors.
- 4) To consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company.
- 5) To 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.
- 6) To 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.
- 7) To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company from time to time.
- 8) To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
- 9) To give report and/or recommendations to the Board on the matters concerning financial operations of the company.
- 10) To 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 19-05-2006; 22-07-2006; 27-10-2006 and 29-01-2007. Mr. Gulshan Rai, Mr. Anil Goyal and Mr. Harbans Lal attended all the meetings of the committee. Mr. P.K. Mittal attended meetings held on 19-05-2006 and 22-07-2006.

(B) **Shareholders/Investors Grievance Committee:** The Shareholders/Investors Grievance 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 Company Secretary acts as Secretary to the Committee. 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.

Mr. J.M.L. Suri, Director has been empowered to approve transfers up to 10,000 Equity Shares under one folio at a time.

During the year under review, 4 meetings of the Shareholders Committee were held on 19-05-2006; 22-07-2006; 27-10-2006; and 30-01-2007. Mr. K.N. Malhotra and Mr. J.M.L. Suri attended all the meetings of the Committee. Mr. P.K.Mittal attended three meetings. Leave of absence was granted to him on the meeting held on 27-10-2006.

(C) **Remuneration Committee:** The present Remuneration committee of the Board comprises of Mr. K.N. Malhotra, 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.

A meeting of Remuneration Committee was held on 27th October 2006 to consider and recommend revision / increase in the remuneration of Mr. J.M.L. Suri, Executive Director w.e.f. 01st April 2006.

Remuneration paid to Directors during the year (01.04.2006 to 31.03.2007) is as under:

| Director | Relationship with other Director(s) | Sitting Fees (Rs.) | Salary & Perks (Rs.) | Commission, if any |
|--------------------|-------------------------------------|--------------------|----------------------|--------------------|
| Mr. K. N. Malhotra | — | 48,000 | Nil | Nil |
| Mr. P. K. Mittal | — | 47,000 | Nil | Nil |
| Mr. Lalit Bhasin | — | 40,000 | Nil | Nil |
| Mr. J. M. L. Suri | — | Nil | 12,22,000 | Nil |
| Mr. Gulshan Rai | — | 62,000 | Nil | Nil |
| Mr. Anil Goyal | — | 62,000 | Nil | Nil |
| Mr. Harbans Lal | — | 62,000 | Nil | Nil |

The non-executive directors are paid sitting fees for attending each meeting of the Board of Directors and the Committees constituted by the Board.

The sitting fee for each meeting of Board of Directors and the Committee of Directors is fixed by the Board of Directors within the overall ceiling laid down under the Companies Act.



The aggregate value of salary and perquisites paid for the year ended March 31, 2007 to Mr. J.M.L. Suri, Executive Director is as follows:-
Salary Rs.6,00,000/- and Perquisites Rs.6,22,000/- Lakhs respectively.
Besides, he is also entitled to Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent not taxable and Gratuity and encashment of leave at the end of tenure, as per rules of the Company and to the extent not taxable.

(D) Finance and Borrowings Committee: The Board of Directors have constituted a Finance and Borrowings Committee. The Committee has been empowered, inter-alia, to carry out the following functions:

- To sanction and approve borrowal of funds from any financial institution, banks or any body (ies) corporate, otherwise than on debentures not exceeding a sum of Rs.50 crores etc.
- To approve creation of security for borrowings whether by way of a promissory note/post dated cheques or by way of a mortgage, charge, hypothecation of assets of the company, which shall include both movable and immovable assets of the company or by any combination thereof;
- To approve deeds and documents to be executed with the lenders (which term shall include financial institution, banks or any body(ies) corporate) in connection with the borrowings approved by the committee including loan agreement, deed of hypothecation etc.;
- To delegate power/ authority to any director/officer or any authorised person/ signatory of the company to execute the documentation on behalf of the company and to affixation of Common Seal of the company to any of the documents;
- To approve opening of new bank account and / or closing of the existing bank account, as the case may be:

The presence of any two directors shall constitute a valid quorum for transaction of the business of the committee. During the year under review two meetings of Finance and Borrowings Committee were held as follows: 01-06-2006 & 23-03-2007.

4. General Body Meetings:

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

| Year | Type | Location | Date | Time |
|---------|------|--|----------|------------|
| 2005-06 | AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001. | 08.09.06 | 10.00 A.M. |
| 2004-05 | AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001. | 17.08.05 | 10.00 A.M. |
| 2003-04 | AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001. | 29.09.04 | 10.00 A.M. |

- (ii) List of Special Resolutions passed in the previous 3 AGMs

| S. No. | Subject Matter | AGM Reference and Date of passing |
|--------|---|------------------------------------|
| 1. | <ul style="list-style-type: none"> Approval for investment by Fil's in the shares of the Company by purchase or acquisition from market under Portfolio Investment Scheme. Approval to remunerate non-executive directors by way of commission commencing from the financial year 2007-08 onwards | 19 th AGM 08-09-2006 |
| 2. | <ul style="list-style-type: none"> Approval for enhancing the limit for acquisition of shares by NRIs under Portfolio Investment Scheme up to 24 % of paid up share capital. | 17 th AGM 29-09-2004 |

- (iii) No Special Resolutions were put through postal ballot last year
(iv) No Special Resolution is proposed to be conducted through postal ballot.

5. Disclosures:

- There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2007 (Refer Note No. 11 of Notes to Accounts – Schedule 11 forming part of the Balance Sheet & Profit & Loss Account). Accordingly the same have not been reproduced here.
- No penalty has been imposed or any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets during the last three years.
- The company has adopted a Code of Conduct applicable to all Directors and Senior Management personnel of the company and the same has been posted in the website of the company www.hbstockholdings.com. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code. A declaration to this effect from Executive Director of the Company is also given to this effect at the end of this report.
- Risk Assessment and Minimisation procedures are in existence and are reviewed periodically.
- None of the company's subsidiaries viz., HB Prima Capital Limited and Mount Finance Limited is "Material Non Listed Subsidiary" in terms of revised Clause 49 of the Listing Agreement. However, the financial results and the investments (as and when made) are placed before the Audit Committee of the company regularly for review.
- The Executive Director (discharging the function of CEO during the year under review) and the CFO have, as required under clause 49 of the Listing Agreement, given their certification on the review of financial statements, including cash flow, for the year ended 31.03.2007 to the Board of Directors.
- Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.

VIII. All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with. The Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

6. Means of Communication:

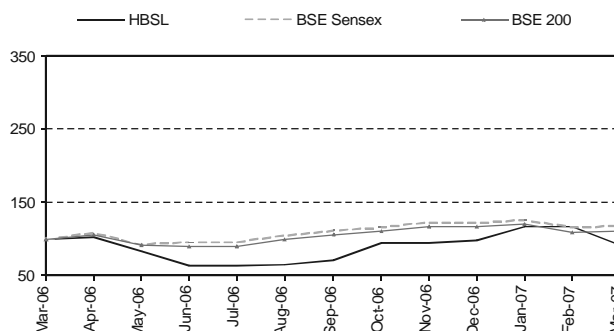
- Quarterly Results: Dissemination through stock exchange and company's website and through publication in newspapers as required under Listing Agreement.
- Newspapers wherein results normally published – Financial Express and Jansatta
- Website where displayed – www.hbstockholdings.com
- The Website also displays official news releases and important communications made to Stock Exchanges. As and when any presentations are made to institutional investors the same would be simultaneously uploaded in the company's website.

7. General Shareholder Information:

- Ensuing Annual General Meeting Date, time and venue:
Date : 28th August, 2007
Time : 10:00 A.M.
Venue : GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon - 122 001
- Financial Year : 31st March 2007
- Date of Book Closure : 21st August, 2007 to 28th August, 2007 (both days inclusive)
- Dividend Payment Date:
No dividend has been recommended for the year under review.
- Listing on Stock Exchanges
The Company's Equity Shares are listed at Bombay Stock Exchange Ltd., Mumbai & National Stock Exchange Ltd., Mumbai.
- Stock Code
The Company's Scrip Code is as follows:
BSE, Mumbai 532216
NSE, Mumbai HBSTOCK
- Dematerialisation of Share and Liquidity
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.
The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to Equity Shares of the Company is INE550B01014.
As at 31-03-2007; 1,75,00,886 Equity Shares of the company are held in dematerialised form constituting 68.78% of the Company's subscribed share capital.
- Market Price Data: The monthly High, Low during each month in the last financial year at BSE & NSE are as under:

| Month | BSE | | | | NSE | | | |
|--------|-------|-------|-------|--------|-------|-------|-------|--------|
| | High | Low | Close | Volume | High | Low | Close | Volume |
| Apr-06 | 28.45 | 20.55 | 26.60 | 600685 | 28.25 | 21.20 | 26.75 | 272642 |
| May-06 | 33.80 | 20.00 | 21.55 | 384842 | 33.45 | 20.60 | 21.15 | 304841 |
| Jun-06 | 21.20 | 13.75 | 16.00 | 145925 | 21.15 | 14.05 | 16.05 | 58009 |
| Jul-06 | 16.90 | 12.65 | 16.50 | 88572 | 16.85 | 12.70 | 16.55 | 60001 |
| Aug-06 | 19.20 | 15.10 | 16.80 | 139691 | 19.00 | 15.05 | 17.00 | 60017 |
| Sep-06 | 19.95 | 16.00 | 18.15 | 191983 | 20.00 | 16.20 | 18.05 | 85260 |
| Oct-06 | 24.90 | 17.40 | 24.65 | 166729 | 24.80 | 17.50 | 24.45 | 88005 |
| Nov-06 | 28.35 | 22.35 | 24.50 | 266901 | 28.30 | 22.90 | 24.40 | 123550 |
| Dec-06 | 28.70 | 22.65 | 25.15 | 186169 | 27.15 | 22.90 | 25.05 | 62899 |
| Jan-07 | 38.15 | 27.65 | 30.20 | 444458 | 37.75 | 27.00 | 30.15 | 189055 |
| Feb-07 | 34.90 | 25.50 | 30.40 | 304588 | 33.80 | 26.10 | 30.05 | 175193 |
| Mar-07 | 31.50 | 22.05 | 23.60 | 351400 | 30.00 | 22.15 | 23.10 | 68702 |

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



(X) Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review
 HB Stock -9%
 BSE Sensex 16%
 BSE 200 10%

(XI) The distribution of shareholdings of the company as on 31st March 2007 is as under:

| No of Shares | Shareholders | | Shareholding | |
|-----------------|---------------|---------------|-----------------|---------------|
| | Nos. | % to total | Shares | % to total |
| 1-500 | 104161 | 98.84 | 8581664 | 33.73 |
| 501-1000 | 774 | 0.73 | 577374 | 2.27 |
| 1001-2000 | 247 | 0.23 | 361497 | 1.42 |
| 2001-3000 | 74 | 0.07 | 185946 | 0.73 |
| 3001-4000 | 18 | 0.02 | 63615 | 0.25 |
| 4001-5000 | 15 | 0.01 | 68363 | 0.27 |
| 5001-10000 | 40 | 0.04 | 283287 | 1.11 |
| 10001 and above | 52 | 0.05 | 15321511 | 60.22 |
| TOTAL | 105381 | 100.00 | 25443257 | 100.00 |

The category-wise distribution of Shareholders as on 31st March, 2007 is as follows:

| Category | No. of Shares held | % of Shareholding |
|-------------------------------|--------------------|-------------------|
| A. Promoters Holding | | |
| — Indian Promoter | 12063499 | 47.41 |
| — Foreign Promoters | 0 | 0.00 |
| B. Public Shareholding | | |
| — Institutional | 580728 | 2.28 |
| — Non- Institutional | 12799030 | 50.31 |
| GRAND TOTAL | 25443257 | 100.00 |

(XII) The Company has no outstanding GDRs/ADRs/Warrants or any other instruments convertible into Equity.

(XIII) Share Transfer System
 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 the Managing Executive for transfer of shares up to a fixed number beyond which the matters are placed before the shareholders Committee, which meets as and when required. As reported by Company's RTA all valid requests for transfer during the year under review were transferred within stipulated time limit

(XIV) Based on the report received from the Company's Registrar's, the status of Investors Complaints as on 31st March 2007 and reported under clause 41 of Listing Agreement are as under:-

Complaints as on April 1, 2006 : Nil
 Received during the year : 215
 Resolved during the year : 215
 Pending as on March 31, 2007 : Nil

(XV) The Company Secretary is the compliance officer of the company.

(XVI) Registrar and Share Transfer Agent of the company:
 RCMC Share Registry Pvt. Ltd., B-106, Sector-2, Noida-201301
 Phones: - 4015880. Fax : - 2444346E-mail:- rcmc@dimensioni.net.

(XVII) Address for Correspondence:
 HB Stockholdings Limited
 Plot No. 31, Echelon Institutional Area
 Sector-32, Gurgaon- 122001 (Haryana)

EXECUTIVE DIRECTOR'S DECLARATION ON CODE OF CONDUCT

To
 The Members of
 HB Stockholdings Limited

I, Jag Mohan Lal Suri, Executive Director of the Company declare that all the members of the Board of Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct.

For HB Stockholdings Limited
Jag Mohan Lal Suri
Executive Director

Date: April 30, 2007

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

To the Members of
 HB Stockholdings Limited
 New Delhi

We have examined the compliance of conditions of Corporate Governance by HB STOCKHOLDINGS LIMITED for the year ended on 31st March 2007, 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.

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 : 30th April, 2007

AMIT GOEL
PARTNER
(Membership No. 92648)

AUDITOR'S REPORT

**THE MEMBERS OF
HB STOCKHOLDINGS LIMITED**

We have audited the attached Balance Sheet of M/s. HB STOCKHOLDINGS LIMITED as at 31st March, 2007 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(as amended) 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) 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.
 - f) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - g) 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.15) 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, 2007 and
 - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For P. BHOLUSARIA & CO.
Chartered Accountants
(AMIT GOEL)
PARTNER
(Membership No. 92648)

Place : New Delhi
Dated : 30th April, 2007

ANNEXURE TO AUDITORS' REPORT

Re: HB Stockholdings Ltd.

Referred to in Paragraph 1 of our report of even date for the year ended 31st March,2007

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 the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the accounts.
3. a. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However advances in the nature of Loans amounting to Rs.5,35,20,144/- (Previous year Rs. 8,90,21,806/-) 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.1,03,75,144/- (Previous year Rs.1,50,00,000/-) and maximum amount outstanding during the year was Rs.9,90,21,806/- (Previous year Rs.10,57,96,806/-).
- 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 systems commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and sale of goods. During the year there was no sale of 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.
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 to the extent and as applicable to the company 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, 2007 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs.2,69,35,750/- 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/- |
| 5. | Income Tax Act, 1961 | 1994-95 | Penalty u/s 271(1)(c) | Commissioner of Income Tax (Appeal) | 33,02,953/- |
| | TOTAL | | | | 2,69,35,750/- |

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. 2(a) 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 Loan & 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/debentures that are pledged or given as margin or which are under process of 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 on long term basis and the funds raised on short term basis have not been used for long term investments.
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
Dated : 30th April, 2007

(AMIT GOEL)
PARTNER
(Membership No. 92648)

BALANCE SHEET AS AT 31ST MARCH, 2007

| | Schedules | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|-----------|------------------------------------|------------------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS FUNDS | | | |
| Share Capital | 1 | 243166634.00 | 243166634.00 |
| Reserves & Surplus | 2 | 1030677932.67 | 1027614236.67 |
| Loan Funds | | | |
| Secured Loan | 3 | 60000000.00 | — |
| TOTAL | | 1333844566.67 | 1270780870.67 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 4 | 16526220.13 | 14482375.13 |
| Less : Depreciation | | 8101686.14 | 7279381.47 |
| Net Block | | 8424533.99 | 7202993.66 |
| INVESTMENTS | 5 | 980736176.50 | 698663316.86 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Sundry Debtors | 6 | — | 2367892.16 |
| Cash & Bank Balances | | 27685689.62 | 13603520.40 |
| Loans and Advances | | 81059248.09 | 166530756.94 |
| | | 108744937.71 | 182502169.50 |
| LESS : CURRENT LIABILITIES & PROVISIONS | | | |
| Liabilities | 7 | 11779593.89 | 6004845.01 |
| Provisions | | 242182859.94 | 114394276.73 |
| | | 253962453.83 | 120399121.74 |
| | | (145217516.12) | 62103047.76 |
| NET CURRENT ASSETS PROFIT & LOSS ACCOUNT (As per annexed Account) | | 489901372.30 | 502811512.39 |
| TOTAL | | 1333844566.67 | 1270780870.67 |
| 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 | Santosh Kumar Menon Company Secretary | J.M.L. Suri Executive Director | Vijay Sood Managing Director |
|----------------------|--|-----------------------------------|---------------------------------|

| | |
|-------------------------|---|
| Place : New Delhi | Mahesh Kumar Gupta Chief Financial Officer |
| Date : 30th April, 2007 | |

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

| | Schedules | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|---|-----------|---|---|
| INCOME | | | |
| Income from Operations & Other Income | 8 | 32080269.83 | 126210779.13 |
| TOTAL | | 32080269.83 | 126210779.13 |
| EXPENDITURE | | | |
| Administrative & Other Expenses | 9 | 13892750.38 | 11893081.34 |
| Interest & Financial Charges | 10 | 1656735.69 | 84324.40 |
| Depreciation | | 822304.67 | 791383.30 |
| TOTAL | | 16371790.74 | 12768789.04 |
| Profit for the year before Taxation | | 15708479.09 | 113441990.09 |
| Provision for Taxation | | | |
| – Current | | (250000.00) | (550000.00) |
| – Deferred | | — | — |
| – Fringe Benefit | | (140000.00) | (175000.00) |
| Profit for the year after Taxation | | 15318479.09 | 107766990.09 |
| Income tax adjustment for earlier years | | 655357.00 | (207154.46) |
| (-) Transferred to Statutory Reserve Fund | | (3063696.00) | (21553398.00) |
| Loss brought forward from last year | | (502811512.39) | (588817950.02) |
| Balance carried to Balance Sheet | | (489901372.30) | (502811512.39) |
| Basic and Diluted Earning per Share (in Rs.) | | 0.63 | 4.23 |
| 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 | Santosh Kumar Menon Company Secretary | J.M.L. Suri Executive Director | Vijay Sood Managing Director |
|----------------------|--|-----------------------------------|---------------------------------|

| | |
|-------------------------|---|
| Place : New Delhi | Mahesh Kumar Gupta Chief Financial Officer |
| Date : 30th April, 2007 | |

SCHEDULE '1' : SHARE CAPITAL

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (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) | (11265936.00) | (11265936.00) |
| TOTAL | 243166634.00 | 243166634.00 |

SCHEDULE '2': RESERVES AND SURPLUS

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|------------------------------------|------------------------------------|
| (A) SHARE PREMIUM ACCOUNT | | |
| As per Last Account | 1054448687.00 | 1054448687.00 |
| Less : Allotment Money Receivable | (55579648.78) | (55579648.78) |
| TOTAL - (A) | 998869038.22 | 998869038.22 |
| (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 | 28268198.45 | 6714800.45 |
| Add: Transferred from Profit & Loss Account | 3063696.00 | 21553398.00 |
| TOTAL-(C) | 31331894.45 | 28268198.45 |
| TOTAL (A+B+C) | 1030677932.67 | 1027614236.67 |

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

SCHEDULE '3' : LOAN FUNDS

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|------------------------------------|------------------------------------|
| SECURED LOAN | | |
| From Body Corporate (against pledge of securities) | 60000000.00 | — |
| Total | 60000000.00 | — |



SCHEDULE '4' : FIXED ASSETS

| Description of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------|------------------------------|------------------------------|-------------------------------|----------------------------|---------------------|------------------|-----------------|---------------------------|----------------------|----------------------|
| | Opening As at 01.04.2006 Rs. | Addition during the year Rs. | Sales/Adj during the year Rs. | Total As at 31.03.2007 Rs. | Upto 31.03.2006 Rs. | For the year Rs. | Adjustments Rs. | Total upto 31.03.2007 Rs. | As at 31.03.2007 Rs. | As at 31.03.2006 Rs. |
| Office Equipment | 1872500.83 | 5650.00 | — | 1878150.83 | 852443.70 | 89173.20 | — | 941616.90 | 936533.93 | 1020057.13 |
| Vehicles | 2709864.22 | 1797118.00 | — | 4506982.22 | 754749.41 | 261179.05 | — | 1015928.46 | 3491053.76 | 1955114.81 |
| Furniture & Fixture | 6590883.08 | — | — | 6590883.08 | 2797433.70 | 417202.90 | — | 3214636.60 | 3376246.48 | 3793449.38 |
| Data Processing Machinery | 2646550.00 | 157827.00 | — | 2804377.00 | 2597316.86 | 21001.99 | — | 2618318.85 | 186058.15 | 49233.14 |
| Air Conditioners | 597617.00 | 83250.00 | — | 680867.00 | 238128.27 | 30661.93 | — | 268790.20 | 412076.80 | 359488.73 |
| Generator Set | 64960.00 | — | — | 64960.00 | 39309.53 | 3085.60 | — | 42395.13 | 22564.87 | 25650.47 |
| Total | 14482375.13 | 2043845.00 | 0.00 | 16526220.13 | 7279381.47 | 822304.67 | — | 8101686.14 | 8424533.99 | 7202993.66 |
| Previous Year | 14157083.12 | 767079.01 | 441787.00 | 14482375.13 | 6929785.17 | 791383.30 | 441787.00 | 7279381.47 | 7202993.66 | 7227297.95 |

SCHEDULE '5' : INVESTMENTS

| Name of the Company | Face Value (Rs.) | Balance as at 31st March, 2007 | | Balance as at 31st March, 2006 | |
|---|------------------|--------------------------------|-------------|--------------------------------|-------------|
| | | Qty.(Nos.) | Amount(Rs.) | Qty.(Nos.) | Amount(Rs.) |
| (A) CURRENT INVESTMENTS - TRADE QUOTED FULLY PAID UP EQUITY SHARES | | | | | |
| AHLUWALIA CONTRACTS (INDIA) LIMITED | 10 | 4000 | 50857.20 | 1000 | 50857.20 |
| AMRIT BANASPATI COMPANY LIMITED | 10 | 1600 | 22400.00 | 1600 | 22400.00 |
| ANSAL BUILDWELL LIMITED | 10 | 20000 | 2556620.15 | — | — |
| ARVIND LIQUID GASES LIMITED | 10 | 10000 | 182500.00 | 10000 | 182500.00 |
| ARVIND MILLS LIMITED | 10 | — | — | 100 | 3462.73 |
| ASHOK LEYLAND LIMITED | 1 | 120200 | 5012773.67 | 200 | 4162.92 |
| B S REFRIGERATORS LIMITED | 10 | 100 | 1339.90 | 200 | 2679.80 |
| BALMER & LAWRIE LIMITED | 10 | 39674 | 20230054.13 | 10000 | 5547437.31 |
| BAJAJ AUTO LIMITED | 10 | — | — | 20 | 11248.78 |
| BANNARI AMMAN SUGARS LIMITED | 10 | — | — | 100 | 8192.00 |
| BARODA RAYON CORPORATION LIMITED | 10 | 115 | 74175.00 | 1750 | 112875.00 |
| BEE ELECTRONIC MACHINES LIMITED | 10 | 300 | 9368.38 | 300 | 9368.38 |
| BHAGWATI INDUSTRIES LIMITED | 10 | 32 | 160.32 | 32 | 160.32 |
| BHARAT ELECTRICALS LIMITED | 10 | 5000 | 7068113.05 | — | — |
| BHARAT HOTELS LIMITED | 10 | 300 | 6751.76 | 300 | 6751.76 |
| CEAT LIMITED | 10 | 150 | 5975.55 | 15443 | 611081.10 |
| CERA SANITARYWARE LIMITED | 5 | — | — | 2100 | 59656.40 |
| CIBA SPECIALITY LIMITED | 10 | 50 | 500.00 | 50 | 500.00 |
| COMPACT DISC INDIA LIMITED | 10 | 47400 | 1095608.77 | 47700 | 1102543.00 |
| DATAPRO INFORMATION TECHNOLOGY LIMITED | 2 | 40500 | 108945.00 | 40500 | 108945.00 |
| DALMIA CEMENT BHARAT LIMITED | 10 | — | — | 23 | 9404.14 |
| DCM SHRIRAM CONSOLIDATED LIMITED | 10 | 75115 | 7427118.34 | 120 | 739.36 |
| DESIGN AUTO SYSTEMS LIMITED | 10 | 671400 | 3953866.50 | 671400 | 3953866.50 |
| DIGITAL WORLD INDIA LIMITED | 10 | 162400 | 3136228.37 | 162400 | 3136228.37 |
| DSQ SOFTWARE LIMITED | 10 | — | — | 100 | 64054.10 |
| EIH LIMITED | 10 | — | — | 21 | 7500.68 |
| EXCEL INDUSTRIES LIMITED | 5 | — | — | 1125 | 72506.25 |
| ESSAR SHIPPING LIMITED | 10 | — | — | 400 | 3387.43 |
| ESSAR STEEL LIMITED | 10 | — | — | 800 | 26305.43 |
| GERMAN REMEDIES LIMITED | 10 | 250 | 91357.50 | 250 | 91357.50 |
| GODREJ SOAPS LIMITED | 10 | — | — | 378 | 13178.68 |
| GODFREY PHILIP LIMITED | 10 | 5404 | 7149483.57 | — | — |
| GSAL(INDIA) LIMITED | 10 | 8120 | 4060.00 | 8120 | 4060.00 |
| GREAVES COTTON LIMITED | 10 | 550 | 51479.38 | 1570 | 146950.23 |
| GTN TEXTILES LIMITED | 10 | — | — | 800 | 114887.64 |
| GUJARAT TELEPHONE CABLES LIMITED | 10 | 22600 | 994400.00 | 22600 | 994400.00 |
| HARYANA PETROCHEMICALS LIMITED | 10 | 9050 | 212191.59 | 9050 | 212191.59 |
| HB ESTATE DEVELOPERS LIMITED (*) | 10 | 150000 | 1500000.00 | 150000 | 1500000.00 |
| HB LEASING & FINANCE CO LIMITED | 10 | 43200 | 1186049.57 | 43200 | 1186049.57 |
| HB PORTFOLIO LIMITED (*) | 10 | 100000 | 1000000.00 | 100000 | 1000000.00 |
| HCL INFOSYSTEMS LIMITED | 10 | — | — | 100 | 50701.25 |
| HERO HONDA MOTORS LIMITED | 2 | — | — | 150 | 26954.31 |
| HINDALCO INDUSTRIES LIMITED | 1 | 37500 | 6491892.25 | — | — |
| HINDUSTAN ENGINEERING & INDUSTRIES LIMITED | 10 | 3085 | 41999.15 | 3303 | 44967.00 |
| HINDUSTAN LEVER LIMITED | 1 | — | — | 3 | 703.45 |
| HINDUSTAN MOTORS LIMITED | 10 | — | — | 100 | 1802.47 |
| HINDUSTAN OIL EXPLORATION COMPANY LIMITED | 10 | 208 | 7269.53 | 200 | 3788.00 |
| HINDUSTAN PETROLEUM CORPORATION LIMITED | 10 | — | — | 200 | 66829.87 |
| HINDUSTHAN SAMAC LIMITED | 10 | 20 | 20.00 | 20 | 20.00 |
| HOUSE OF PEARL FASHION LIMITED | 10 | 17500 | 7174266.37 | — | — |
| HOTLINE GLASS LIMITED | 10 | 166382 | 552770.07 | 166382 | 552770.07 |
| HOTLINE TELETYPE & COMPONENTS LIMITED | 10 | 350072 | 9911863.89 | 350072 | 9911863.89 |
| ICP SECURITIES LIMITED | 10 | 1800 | 18000.00 | 1800 | 18000.00 |
| IEC SOFTWARE LIMITED | 10 | 26266 | 290996.60 | 26266 | 290996.60 |
| INDIAN PETROCHEMICALS CORPORATION LIMITED | 10 | 5000 | 1366161.09 | 100 | 18410.02 |
| INDIAN HOTELS LIMITED | 1 | 77500 | 9244333.31 | — | — |
| INDIAN RAYON LIMITED | 10 | — | — | 29 | 5689.02 |
| INDO RAMA SYNTHETICS (INDIA) LIMITED | 10 | — | — | 600 | 36891.89 |
| IST LIMITED | 10 | 5496 | 124824.63 | 5000 | 89924.50 |
| INDO SWISS EXPORTS LIMITED | 10 | — | — | 13600 | 34790.00 |
| INDOGULF CORPORATION LIMITED | 10 | — | — | 500 | 31404.56 |
| INDUSTRIAL DEVELOPMENT BANK OF INDIA | 10 | — | — | 600 | 49959.82 |
| IFCI LIMITED | 10 | — | — | 8900 | 161508.85 |
| INDIA CEMENT LIMITED | 10 | 50000 | 8141627.21 | — | — |
| INDIABULLS FINANCIAL SERVICES LIMITED | 2 | 40000 | 12837419.24 | — | — |
| INDIABULLS REAL ESTATE LIMITED | 10 | 37500 | 12035080.54 | — | — |
| ICICI BANK LIMITED | 10 | — | — | 100 | 13209.65 |
| INFORMATION TECHNOLOGIES LIMITED | 5 | 10000 | 4296256.50 | 10000 | 4296256.50 |
| ISPAT PROFILES INDIA LIMITED | 5 | 10000 | 235020.00 | 10000 | 235020.00 |
| ITC LIMITED | 1 | 50000 | 7246899.67 | 184 | 24690.15 |
| JK INDUSTRIES LIMITED | 10 | — | — | 100 | 2755.00 |
| JULLUNDUR ELECTRONICS LIMITED | 10 | 124 | 124.00 | 124 | 124.00 |
| J P HYDRO LIMITED | 10 | 11000 | 349137.71 | — | — |

| Name of the Company | Face Value | Balance as at 31st March, 2007 | | Balance as at 31st March, 2006 | |
|---|------------|--------------------------------|---------------------|--------------------------------|--------------------|
| | (Rs.) | Qty.(Nos.) | Amount(Rs.) | Qty.(Nos.) | Amount(Rs.) |
| JYOTI STRUCTURES LIMITED | 10 | — | — | 150 | 7108.39 |
| KEC INTERNATIONAL LIMITED | 10 | — | — | 200 | 8043.39 |
| KERALA CHEMICALS & PROTEINS LIMITED | 10 | 83400 | 3364921.72 | 98103 | 3958140.47 |
| KESORAM TEXTILE LIMITED | 10 | 172 | 4161.48 | 200 | 4838.93 |
| KESORAM INDUSTRIES LIMITED | 10 | — | — | 100 | 3079.64 |
| KIRAN OVERSEAS EXPORTS LIMITED | 10 | 10000 | 335000.00 | 10000 | 335000.00 |
| LANXESS ABS LIMITED | 10 | 30134 | 5327276.54 | — | — |
| LCC INFOTECH LIMITED | 2 | 56300 | 387984.18 | 56300 | 387984.18 |
| LUNAR DIAMONDS LIMITED | 10 | 21000 | 439065.00 | 21000 | 439065.00 |
| MAHINDRA & MAHINDRA LIMITED | 10 | — | — | 152 | 12249.18 |
| MAHAVIR SPINNING MILLS LIMITED | 10 | — | — | 94 | 13749.33 |
| MACHINO PLASTICS LIMITED | 10 | 7934 | 79248.50 | 7934 | 79248.50 |
| MADURA COATS LIMITED | 10 | — | — | 50 | 2567.72 |
| MALANPUR STEEL LIMITED | 10 | 10814 | 147220.41 | 11577 | 157607.79 |
| MALWA COTTON SPINNING MILLS LIMITED | 10 | 21299 | 2520741.03 | 27300 | 3230960.62 |
| MAWANA SUGAR LIMITED | 10 | 109915 | 9483479.33 | 109778 | 10207270.33 |
| MILKFOOD LIMITED | 10 | 3800 | 34200.00 | 3800 | 34200.00 |
| NAGARJUNA FERTILIZERS & CHEMICALS LIMITED | 10 | — | — | 7000 | 227274.90 |
| NAHAR INDUSTRIAL ENTERPRISES LIMITED | 10 | — | — | 28880 | 1802709.32 |
| NAHAR EXPORTS LIMITED | 5 | 88081 | 3499936.73 | — | — |
| NAHAR SPINNING MILLS LIMITED | 5(10) | 70824 | 6682485.13 | 3741 | 299604.70 |
| NESTLE INDIA LIMITED | 10 | — | — | 20 | 3200.00 |
| NOVA IRON & STEEL LIMITED | 10 | 500 | 5000.00 | 500 | 5000.00 |
| NUCHEM LIMITED | 10 | 64755 | 168363.00 | 73355 | 190723.00 |
| ORISSA EXTRUSIONS LIMITED | 10 | 10728 | 21456.00 | 10728 | 21456.00 |
| ORKAY INDUSTRIES LIMITED | 10 | 135650 | 3152052.50 | 135650 | 3152052.50 |
| OSWAL AGRO MILLS LIMITED | 10 | 756339 | 14322765.14 | 756339 | 14322765.14 |
| OIL COUNTRY TUBLERS LIMITED | 10 | — | — | 100 | 3893.28 |
| PADMINI TECHNOLOGIES LIMITED | 10 | 40184 | 316726.14 | 40184 | 316726.14 |
| PARSVNATH DEVELOPERS LIMITED | 10 | 77154 | 26789534.92 | — | — |
| PASUPATI SPINNING & WEAVING MILLS LIMITED | 10 | 52000 | 3278387.50 | 52000 | 3278387.50 |
| PATHREJA FORGINGS LIMITED | 10 | 1000 | 19325.51 | 1000 | 19325.51 |
| PBA INFRASTRUCTURE LIMITED | 10 | 15854 | 1646480.28 | — | — |
| PHOENIX INTERNATIONAL LIMITED | 10 | 14400 | 900000.00 | 14400 | 900000.00 |
| PHILIPS INDIA LIMITED | 10 | — | — | 21 | 1901.55 |
| PILANI INVESTMENT&INDUSTRIES CORPORATION LTD | 10 | 250 | 251006.25 | 250 | 251006.25 |
| POLYCHEM LIMITED | 10 | 125 | 501825.00 | 12500 | 501825.00 |
| PRAKASH INDUSTRIES LIMITED | 10 | — | — | 881 | 9419.97 |
| PREMIER VINYL LIMITED | 10 | 10150 | 120370.18 | 10150 | 120370.18 |
| PRISM MILLS LIMITED | 10 | 10000 | 187500.00 | 10000 | 187500.00 |
| PUNJAB WIRELESS LIMITED | 10 | 100 | 6100.00 | 100 | 6100.00 |
| PUNJAB TRACTOR LIMITED | 10 | — | — | 20 | 4148.68 |
| RAMA VISION LIMITED | 10 | 18300 | 553061.47 | 18450 | 557594.76 |
| RATTAN VANASPATI LIMITED | 10 | 72100 | 721000.00 | 72100 | 721000.00 |
| RAYMOND LIMITED | 10 | — | — | 675 | 69522.49 |
| RAYBAN SUN OPTICS INDIA LIMITED | 10 | — | — | 46 | 4308.08 |
| RANBAXY LABORATORIES LIMITED | 5 | — | — | 60 | 27208.68 |
| RELIANCE CAPITAL LIMITED | 10 | 4 | 1909.99 | 58 | 22823.65 |
| RELIANCE CAPITAL VENTURES LIMITED | 10 | — | — | 85 | 476.92 |
| RELIANCE COMMUNICATION VENTURES LIMITED | 5 | — | — | 85 | 14197.49 |
| RELIANCE COMMUNICATIONS LIMITED | 5 | 85 | 23855.39 | — | — |
| RELIANCE ENERGY VENTURES LIMITED | 10 | — | — | 85 | 2678.08 |
| RELIANCE ENERGY LIMITED | 10 | 6 | 2678.08 | — | — |
| RELIANCE NATURAL RESOURCES LIMITED | 10 | — | — | 85 | 256.80 |
| RELIANCE INDUSTRIES LIMITED | 10 | 85 | 95004.54 | 85 | 19076.72 |
| RELIANCE PETROLEUM LIMITED | 10 | 25000 | 1801427.42 | — | — |
| RPG LIFE SCIENCE LIMITED | 10 | 25000 | 2341926.21 | — | — |
| R SYSTEMS INTERNATIONAL LIMITED | 10 | 28000 | 5848367.42 | — | — |
| SAHARANPUR ELECTRICALS LIMITED | 10 | 134 | 134.00 | 134 | 134.00 |
| SAJJAN UDYOG EXPORTS LIMITED | 10 | 23600 | 590000.00 | 23600 | 590000.00 |
| SAVANI FINANCIALS LIMITED | 10 | 7000 | 140000.00 | 7000 | 140000.00 |
| SHARP INDUSTRIES LIMITED | 10 | 6400 | 103084.06 | 6400 | 28024.11 |
| SHREE PRECOATED STEELS LIMITED | 10 | 12500 | 6324758.31 | — | — |
| SHREYANS INDUSTRIES LIMITED | 10 | 5600 | 96872.57 | 5600 | 96872.57 |
| SIEL LIMITED | 10 | 13 | 325.10 | 13 | 325.10 |
| SRI VASAVI INDUSTRIES LIMITED | 10 | 10890 | 584631.48 | 10890 | 590000.00 |
| STANFORD ENGINEERING LIMITED | 10 | — | — | 46800 | 163800.00 |
| STI GRANITE INDIA LIMITED | 10 | 2000 | 34000.00 | 2000 | 34000.00 |
| SUBEX AZURE SYSTEM LIMITED | 10 | 17000 | 12027347.19 | — | — |
| TATA STEEL LIMITED | 10 | 12500 | 5791320.19 | 105 | 35461.63 |
| THERMAX LIMITED | 10 | 2000 | 77214.58 | 500 | 77214.58 |
| TOP LINE SHOES LIMITED | 10 | 10000 | 245000.00 | 10000 | 245000.00 |
| UFLEX LIMITED | 10 | 484808 | 99069165.37 | 100 | 1545.35 |
| UNIMERS INDIA LIMITED | 2.50 | 5775 | 444464.00 | 5775 | 444464.00 |
| UNITED PHOSPHEROUS LIMITED | 10 | — | — | 100 | 12880.63 |
| UNITED PRESS OF INDIA LIMITED | 10 | 5 | 5.00 | 5 | 5.00 |
| UNITECH LIMITED | 2 | 90172 | 35253108.45 | — | — |
| UNIVERSAL PRIME ALUMINIUM LIMITED | 10 | 23820 | 868067.16 | 24120 | 879000.00 |
| U P HOTELS LIMITED | 10 | 1900 | 136630.42 | 1900 | 136630.42 |
| USHA INTERNATIONAL LIMITED | 10 | 13000 | 1779139.64 | 16426 | 2248011.36 |
| VARDHMAN POLYTEX LIMITED | 10 | — | — | 100 | 8175.38 |
| VARUN SPINNING MILLS LIMITED | 10 | — | — | 700 | 6335.00 |
| VOLTAS LIMITED | 1 | 93500 | 8737102.46 | — | — |
| WATERBASE LIMITED | 10 | — | — | 100 | 4683.14 |
| | | 5131022 | 411182552.43 | 3661024 | 88040129.07 |
| UNQUOTED FULLY PAID UP EQUITY SHARES | | | | | |
| NAHAR CAPITAL & FINANCIAL SERVICES LIMITED | 10 | 1618 | 182603.13 | — | — |
| | | 1618 | 182603.13 | — | — |
| QUOTED PARTLY PAID UP EQUITY SHARES | | | | | |
| RATHI ALLOYS & STEELS LIMITED | 10 | 46293 | 694395.00 | 46293 | 694395.00 |
| TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED | 10 | — | — | 3050 | 114375.00 |
| | | 46293 | 694395.00 | 49343 | 808770.00 |

HB STOCKHOLDINGS LIMITED



| Name of the Company | Face Value (Rs.) | Balance as at 31st March, 2007 | | Balance as at 31st March, 2006 | |
|--|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|
| | | Qty.(Nos.) | Amount(Rs.) | Qty.(Nos.) | Amount(Rs.) |
| UNQUOTED FULLY PAID PREFERENCE SHARES | | | | | |
| ESSAR STEEL LIMITED | 10 | 360 | 3600.00 | — | — |
| | | 360 | 3600.00 | 0 | 0.00 |
| QUOTED FULLY PAID UP DEBENTURES | | | | | |
| ESSAR SHIPPING LIMITED 13.5% NCD | 75 | — | — | 20 | 1500.00 |
| HDC LIMITED 14% PCD IX-SERIES | 50 | 440 | 17600.00 | 440 | 17600.00 |
| SHREYANS INDUSTRIES LIMITED 14% NCD | 100 | 1120 | 112000.00 | 1120 | 112000.00 |
| | | 1560 | 129600.00 | 1580 | 131100.00 |
| QUOTED PARTLY PAID UP DEBENTURES/WARRANTS | | | | | |
| CEAT LIMITED 15% SECURED REDEMABLE PCD | 75 | — | — | 900 | 84600.00 |
| TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED | 75 | — | — | 3050 | 228750.00 |
| | | 0 | 0.00 | 3950 | 313350.00 |
| UNQUOTED MUTUAL FUND | | | | | |
| HDFC CASH MANAGEMENT - SAVINGS PLAN (DDR) | 10 | 3762545 | 40019933.97 | 3301202.70 | 35112912.38 |
| | | 3762545 | 40019933.97 | 3301203 | 35112912.38 |
| TOTAL- (A) | | 8943398 | 452212684.53 | 7017100 | 124406261.45 |
| (*) Companies under the same management | | | | | |
| (B) LONG TERM INVESTMENTS | | | | | |
| QUOTED (TRADE) FULLY PAID UP EQUITY SHARE | | | | | |
| BELL CERAMICS LIMITED | 10 | 508987 | 16258725.84 | 413832 | 14982625.17 |
| CHEMICALS & PLASTIC LIMITED | 1 | 2515349 | 20710874.40 | 2880500 | 23716104.09 |
| CROMPTON GREAVES LIMITED | 2(10) | 35000 | 1353835.30 | 15015 | 4065567.39 |
| CEAT LIMITED | 10 | — | — | 61516 | 3545483.10 |
| DAICHI LIMITED. | 10 | — | — | 18375 | 1330797.72 |
| DENA BANK | 10 | — | — | 100000 | 3549297.42 |
| DCM SHRIRAM INDUSTRIES LIMITED | 10 | 1309576 | 172253682.90 | 858057 | 134554194.45 |
| GREAVES COTTON LIMITED | 10 | 82512 | 28227556.11 | 45813 | 14281318.73 |
| J K PAPER LIMITED | 10 | — | — | 63669 | 3130280.39 |
| JAIPRAKASH ASSOCIATES LIMITED | 10 | 2754526 | 108749863.47 | 3037120 | 119906795.35 |
| KALE CONSULTANT LIMITED. | 10 | — | — | 87499 | 8575115.86 |
| PAPER PRODUCTS LIMITED | 10 | — | — | 4705 | 319987.05 |
| PITTI LAMINATION LIMITED | 10 | — | — | 30000 | 2943307.93 |
| RELIANCE COMMUNICATION VENTURE LIMITED | 5 | — | — | 16000 | 4913954.30 |
| RUCHI INFRA LIMITED | 1 | 179958 | 5341013.43 | 294065 | 8727620.41 |
| RRB SECURITIES LIMITED | 10 | 100000 | 10000000.00 | 100000 | 10000000.00 |
| SIEL LIMITED | 10 | 181473 | 15994478.04 | 181473 | 15994478.04 |
| SOUTHERN IRON LIMITED | 10 | 8052 | 218901.85 | 393430 | 11708592.98 |
| SWIL LIMITED | 10 | — | — | 200000 | 3508492.85 |
| VENKAT PHARMA LIMITED | 10 | 41790 | 2124442.63 | 40290 | 2099536.98 |
| | | 7717223 | 381233373.97 | 8841359 | 391853550.21 |
| QUOTED (TRADE) PARTLY PAID UP EQUITY SHARE | | | | | |
| BARODA RAYON CORPORATION LIMITED | 10 | 20 | 150.00 | 20 | 150.00 |
| JYOTI STRUCTURE LIMITED | 10 | — | — | 150 | 3000.00 |
| PRAKASH INDUSTRIES LIMITED | 10 | 5850 | 128700.00 | 5850 | 128700.00 |
| IN WHOLLY OWNED SUBSIDIARY COMPANIES | | | | | |
| (Unquoted (Non-Trade) Fully Paid Up Equity Shares) | | | | | |
| HB PRIMA CAPITAL LIMITED | 10 | 1000000 | 25075000.00 | 1000000 | 25075000.00 |
| MOUNT FINANCE LIMITED | 10 | 830006 | 8300060.00 | 830006 | 8300060.00 |
| UNQUOTED(NON -TRADE) FULLY PAID-UP EQUITY SHARE | | | | | |
| ASSOCIATED INFOTECH LIMITED | 10 | 600000 | 45000000.00 | 600000 | 45000000.00 |
| TAURUS INVESTMENT TRUST CO LIMITED | 10 | 15430 | 155458.00 | 15430 | 155458.00 |
| TAURUS ASSET MANAGEMENT CO LIMITED. | 10 | 2525000 | 18634750.00 | 2525000 | 18634750.00 |
| HB TELECOMMUNICATION LIMITED | 10 | 100 | 1000.00 | 100 | 1000.00 |
| HB INSURANCE ADVISER PVT.LIMITED | 10 | 15000 | 150000.00 | 15000 | 150000.00 |
| HARSAI INVESTMENTS LIMITED | 10 | 200000 | 2000000.00 | 200000 | 2000000.00 |
| Q R PROPERTIES PVT LIMITED | 10 | 4500 | 45000.00 | 4500 | 45000.00 |
| PISCES PORTFOLIOS PVT. LIMITED. | 10 | 2290000 | 24900000.00 | 2290000 | 24900000.00 |
| SOVIKA INFOTEK LIMITED | 10 | 400000 | 12000000.00 | 400000 | 12000000.00 |
| UNQUOTED(NON -TRADE) FULLY PAID-UP PREFERENCE SHARE | | | | | |
| HB GROWTH FUND LIMITED | 10 | 50000 | 500000.00 | 50000 | 500000.00 |
| HB TELECOMMUNICATION LIMITED | 10 | 40000 | 400000.00 | 40000 | 400000.00 |
| UNQUOTED(NON -TRADE) - EQUITY SHARE APPLICATION | | | | | |
| CORE TELECOM PRIVATE LIMITED | 10 | 850000 | 8500000.00 | 850000 | 8500000.00 |
| FALCON PORTFOLIO PRIVATE LIMITED. | 10 | 150000 | 1500000.00 | 150000 | 1500000.00 |
| UNQUOTED MUTUAL FUNDS (UNITS) -NON TRADE | | | | | |
| SBI MAGNUM | 10 | — | — | 100 | 1375.00 |
| UTI MASTER PLUS 1991 | 10 | — | — | 5500 | 106812.20 |
| DEBENTURES | | | | | |
| UNQUOTED(NON-TRADE) FULLY PAID UP | | | | | |
| HARSAI INVESTMENTS LIMITED (OFCD'S) | 1000 | — | — | 35000 | 35000000.00 |
| UNQUOTED PARTLY PAID UP DEBENTURES | | | | | |
| JINDAL VIJAYNAGAR STEEL LIMITED | 40 | — | — | 100 | 2200.00 |
| TOTAL- (B) | | 16693129 | 528523491.97 | 17858115 | 574257055.41 |
| TOTAL- (A+B) | | 25636527 | 980736176.50 | 24875215 | 698663316.86 |

Notes:

- (1) Aggregate Cost of Quoted Investments Rs.79,33,68,772/- (Previous Year Rs.48,12,78,749/-)
- (2) Market Value of Quoted Investments Rs.1,99,15,49,174/- (Previous Year Rs.1,77,45,68,273/-)
- (3) Aggregate Cost of Unquoted Investments Rs.18,73,67,405/- (Previous Year Rs.21,73,84,568/-)
- (4) Shares costing Rs.9,37,77,596/- (Previous year Rs.72,49,046/-) were lying pledged/given as margin as at the year end.

SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|------------------------------------|------------------------------------|
| A. CURRENT ASSETS | | |
| a) Sundry Debtors | | |
| (Unsecured considered good unless otherwise stated) | | |
| Considered Good:- | | |
| – Outstanding exceeding six months | — | — |
| – Others | — | 2367892.16 |
| b) Cash & Bank Balance | | |
| Cash in hand | 686368.00 | 671934.10 |
| (As certified by the Management) | | |
| Balance with Scheduled Banks | | |
| – In Current Accounts | 18995639.01 | 5203608.39 |
| – In Fixed Deposit | 7909505.88 | 7647090.60 |
| Interest accrued but not due on above | 94176.73 | 80887.31 |
| Total 'A' | 27685689.62 | 15971412.56 |
| B. LOANS AND ADVANCES | | |
| (Unsecured, Considered good, unless otherwise stated) | | |
| (a) Inter Corporate Deposit | 10756882.00 | 11000859.00 |
| (including interest receivable Rs.756882/- (previous year Rs 1000859/-))-Standard | | |
| (b) Dividend Receivable | 204450.00 | 858057.00 |
| (c) Advances Recoverable in cash or in kind or for value to be received | 56216527.18 | 125190192.30 |
| (d) Advance Tax & Tax Deducted at Source | 11906966.26 | 11707225.99 |
| (e) Security Deposits with Govt. Department and others (including margin Deposit * paid Rs Nil-(previous year Rs.1.58,00,000/-)) | 1974422.65 | 17774422.65 |
| Total 'B' | 81059248.09 | 166530756.94 |
| Total 'A'+ 'B' | 108744937.71 | 182502169.50 |

(*) Margin Deposit Paid includes Rs. Nil-(previous year Rs. 58,00,000/-) for Equity Derivative Instruments.

SCHEDULE 7': CURRENT LIABILITIES AND PROVISIONS

| | | |
|---|---------------------|---------------------|
| (A) CURRENT LIABILITIES | | |
| i) Sundry Creditors (Including due to SSI Units Nil, previous year Nil) | 8975840.81 | 5075243.62 |
| ii) Other Liabilities | 2143962.08 | 929601.39 |
| iii) Interest accrued but not due on loan | 659791.00 | — |
| Total-A | 11779593.89 | 6004845.01 |
| (B) PROVISIONS | | |
| i) For Income Tax | 250000.00 | 550000.00 |
| ii) For Fringe Benefit Tax (net) | 120000.00 | — |
| iii) For Leave Encashment | 121271.00 | 100941.00 |
| iv) For Diminution in value of Investments | 239295695.12 | 108371744.15 |
| v) For Loss on Equity Derivative Instruments | 2395893.82 | 421591.58 |
| Total-B | 242182859.94 | 114394276.73 |
| Total-(A+B) | 253962453.83 | 120399121.74 |

SCHEDULE '8' : INCOME FROM OPERATIONS & OTHER INCOME

| | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|--|---|---|
| Profit/(Loss) (Net) in Securities dealing/Equity derivative trading | (18733352.85) | 26355448.00 |
| Interest Income :- | | |
| — On Fixed Deposits with banks (Tax deducted at source Rs.108405/- (Previous Year Rs.85,932/-) | 483024.46 | 382940.50 |
| — On Inter corporate Deposit (Tax Deducted At Source Rs. 443838/- (Previous Year Rs.2,66,571/-) | 1998631.00 | 1245616.00 |
| — On Margin Funding (Gross, TDS Rs. Nil) | 410639.51 | — |
| — On Allotment Money received | — | 3620.00 |
| Net Gain on sale of Investments | 165570596.03 | 42206635.61 |
| Diminution in value of Investments written back / (Provision for diminution in value of Investments) | (130923950.97) | 38814924.92 |
| Dividend Income | 13274682.65 | 16788728.11 |
| Profit on sale of Fixed Asset | — | 30000.00 |
| Excess Provision written back | — | 382865.99 |
| Total | 32080269.83 | 126210779.13 |

SCHEDULE "9" : ADMINISTRATIVE & OTHER EXPENSES

| | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|-----------------------------------|---|---|
| Salaries & Benefits | 2224456.00 | 1424191.00 |
| Executive Director's Remuneration | 1222000.00 | 763211.00 |
| Contribution to Provident Fund | 111368.00 | 112472.00 |
| Directors Sitting Fees | 327000.00 | 181000.00 |
| Listing Fees | 76500.00 | 76500.00 |
| Travelling & Conveyance | 1138303.20 | 1435996.00 |
| Communication | 372461.18 | 287116.55 |
| Postage | 679894.80 | 803874.15 |
| Printing & Stationery | 560377.00 | 567806.38 |
| Office Repairs and Maintenance | 442179.00 | 482846.00 |
| Vehicle running & maintenance | 317781.80 | 308647.20 |
| Electricity | 144036.00 | 136109.00 |
| Rent | 1445760.00 | 1402535.00 |
| Insurance | 60677.00 | 50937.00 |
| Depository & Custodial | 219430.00 | 232374.00 |
| Subscription & Membership | 240346.88 | 308154.60 |
| Legal & Professional | 1332733.00 | 1327225.15 |
| Advertisement | 54751.16 | 34065.00 |
| Filing Fees | 28524.00 | 5171.00 |
| Business Promotion | 335624.66 | 315570.64 |
| Miscellaneous | 135455.20 | 174805.12 |
| Staff welfare | 189253.00 | 137406.00 |
| Securities Transaction Tax | 2068258.50 | 1171339.55 |
| Auditor's Remuneration | | |
| — Audit Fees | 101016.00 | 99180.00 |
| — Tax Audit Fees | 28060.00 | 27550.00 |
| — Certification & Others | 36504.00 | 26999.00 |
| Total | 13892750.38 | 11893081.34 |

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

| | | |
|-------------------------------|-------------------|-----------------|
| On Vehicle Financed from bank | 53447.69 | 84324.40 |
| On Loan from Body Corporate | 1603288.00 | — |
| Total | 1656735.69 | 84324.40 |

SCHEDULE '11: SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2007.

- A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -**
- The Financial Statements are 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.
 - Use Of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.
- B. REVENUE RECOGNITION: -**
- All Income & Expenditure are accounted for on accrual basis.
 - Shares/Securities are capitalised at cost inclusive of brokerage, Service Tax, Education Cess. Depository Charges, securities 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.
 - 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 are classified into Current Investments and Long Term Investments.
 - Current Investments are valued at lower of cost or fair market value on category wise basis. Long Term Investments are valued at cost less permanent diminution, if any, on scrip wise basis. Provision for reduction/diminution in the value of Investments and reversal of such reduction/ diminution are included in the Profit & Loss Account. For the purpose of disclosure and presentation in the financial statements (refer note no. 6), and in compliance with the Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007:
 - on the assets side, investments are shown at cost;
 - the diminution / depreciation is shown correspondingly under the head "Provisions" in the liabilities side in the Balance Sheet without showing it as deduction from the value of Investments.
 - Cost of investments is computed using the Weighted Average Method.
- F. RETIREMENT & OTHER STAFF BENEFITS:** Leave Encashment, Gratuity, Provident fund, Superannuation Fund dues and other benefits to employees are 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.
- G. 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.

H. 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 recognized 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 recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

I Contingencies : The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

SCHEDULE 12 - NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2007.

1. Advances recoverable includes due from subsidiary companies Rs. 5,32,00,000/- (Previous year Rs. 4,32,00,000/-) from HB Prima Capital Ltd., maximum balance outstanding during the year Rs 5,32,00,000/- (Previous year 4,52,00,000/-) and Rs 3,20,144/- (Previous year Rs. 4,58,21,806.12) due from Mount Finance Ltd. Maximum balance outstanding during the year Rs. 4,58,21,806.12 (Previous year Rs. 6,07,96,806.12).

2. Contingent Liability in respect of:

- (a) Income Tax demand disputed Rs.2,69,35,750/- (Previous year Rs.2,36,32,797/-) 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 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.
- (b) Corporate Guarantee issued to Banks on behalf of other companies amounting to Rs.8 Crores (Previous year Rs.8 Crores).

3. 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.

4. Gain on Sale of Investments (Net) as shown in Profit & Loss Account is on Trade Investments and, includes Gain of Rs 2,72,70,650/- on Current Investments (Previous Year loss of Rs. Rs.37,74,209/-); Gain of Rs.13,82,99,946/- (Previous Year Rs.4,59,80,844/-) on Long Term Investments. Provision for diminution in value of Investments/Provision written back as shown in Profit & Loss Account include Rs.10,65,37,205/- provision made in respect of Long Term Investments (Previous Year Rs.1,60,46,223/-) and Rs. 2,43,86,746/- in respect of Current Investments (Previous Year Rs.5,48,61,147/- provision written back).

5. Dividend Income includes Rs. 95,68,003/- (Previous Year Rs 1,46,87,375/-) on Long Term Investments-Trade, Rs. 37,06,680/- (Previous year Rs. 21,01,353/-) on Current Investments-Trade.

6. 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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007. It has no impact on the profit for the year and also on the net carried amount of the investments. Provision for diminution in value of Investments as shown in Balance Sheet includes Rs 18,92,44,111/- (Previous Year Rs. 8,27,06,906/-) on Long term Investments and Rs 5,00,51,584/- (Previous Year Rs. 2,56,64,838/-) on Current Investments

7. The company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realization and on the consideration of prudence, 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.

8. Other Liabilities includes Rs. 17,77,224/- (Previous Year Rs. 8,91,042/-) payable in respect of vehicles financed. Fixed Assets (vehicles) includes Gross Block of Rs.36,99,940/- (Previous year Rs.19,02,822/-) and Net Block of Rs.32,62,005/- (previous year Rs.16,49,397/-) acquired under Hire Purchase. Depreciation for the year includes Rs. 1,84,510/- (previous year Rs.1,63,045/-) thereon.

9. Disclosure pursuant to Accounting Standard AS-19 for Leases :-

Operating Lease

- a) Particulars of the minimum lease payments under Operating Lease:-
 - I. Not Later than One year Rs. 3,30,400/- (Previous Year Rs.12,84,660/-)
 - II. Later than one year but not later than five years Rs. 32,668/- (Previous Year Rs.8,06,588/-)
 - III. Later than five years Rs. Nil (Previous Year NIL)
- b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2007 is Rs. 14,45,760/- (Previous Year Rs.14,02,535/-)
- c) General description of the lease arrangement.
 - I. Renewal Option – In respect of some of the agreements, at the end of the lease period lessee has the option to renew the lease for another period of three years.
 - II. Escalation Clause— In respect of some of the Lease Agreements rent will be

decided in mutually agreed terms in case of exercise of renewal option.

III. 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 serving three months notice.

10. 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.

11. 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.

12. 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 for the year as per Profit & Loss Account after Tax | 15318479 | 107766990 |
| Income Tax Adjustment for earlier year | 655357 | (207154) |
| Net Profit available for Equity Share holders | 15973836 | 107559836 |
| Weighted Average No. of Equity Share Outstanding Basic & Diluted Earning per share (Face Value of Rs.10/- each.) | 2,54,43,254 | 2,54,43,257 |
| | 0.63 | 4.23 |

13. Quantitative information in respect of:-
Investment in securities

| Particulars | As at 31st March, 2007 | | As at 31st March, 2006 | |
|-----------------------|------------------------|-------------|------------------------|-------------|
| | Qty.(Nos.) | Amount(Rs.) | Qty.(Nos.) | Amount(Rs.) |
| Opening Balance | 24875215 | 698663317 | 20035063 | 601493441 |
| Purchases/conversions | 15210129 | 943536214 | 18610411 | 597598029 |
| Sales/conversions | 14448817 | 827033950 | 13770259 | 542634788 |
| Closing Balance | 25636527 | 980736177 | 24875215 | 698663317 |

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

- (a) Margin amounting to Rs. Nil (Rs.58,00,000/-) on Equity Derivative instruments contracts has been paid in Cash and outstanding as at the year end . Besides, Shares having book value of Rs.9,87,000/- (Previous year Rs.72,49,046/-) Market Value Rs. 1,34,67,500/- (Previous Year Rs. 5,31,26,113/-) were also given as margin at the year end.
- (b) Detail of Open Interest in Equity Stock Futures Contracts as at the year end 31st March, 2007

| Name of Equity Stock Future | No. of Contracts | Units | |
|-----------------------------|------------------|--------------------|-----------------|
| | | (in Nos.) Long | (in Nos.) Short |
| IDBI Ltd | 82 (137) | 196800 (304800) | Nil (Nil) |
| Ashok Leyland Ltd. | 14 (Nil) | 66850 (Nil) | Nil (Nil) |
| Ballarpur Industries Ltd. | Nil (27) | Nil (51300) | Nil (Nil) |
| Cipla Ltd. | Nil (36) | Nil (36000) | Nil (Nil) |
| Escorts Ltd | Nil (50) | Nil (120000) | Nil (Nil) |
| IDFC Ltd. | 106 (43) | 312700 (253700) | Nil (Nil) |
| IPCL | Nil (2) | Nil (4400) | Nil (Nil) |
| ITC Ltd. | Nil (4) | Nil (9000) | Nil (Nil) |
| J P Hydro Ltd. | 16 (16) | 100000 (100000) | Nil (Nil) |
| Nifty | 80 (Nil) | 4000 (Nil) | Nil (Nil) |
| Parsvnath Developer Ltd. | 84 (Nil) | 58800 (Nil) | Nil (Nil) |
| Reliance Energy Ltd. | 18 (Nil) | 9900 (Nil) | Nil (Nil) |
| Ranbaxy Laboratories Ltd. | 20 (104) | 16000 (41600) | Nil (Nil) |
| Tata Tea Ltd | 54 (Nil) | 14850 (Nil) | Nil (Nil) |
| Reliance Capital Ltd. | Nil (6) | Nil (6600) | Nil (Nil) |
| Tata Chemicals Ltd. | Nil (30) | Nil (40500) | Nil (Nil) |
| MTNL | 28 (Nil) | 44800 (Nil) | Nil (Nil) |
| NTPC Ltd. | 15 (Nil) | 24375 (Nil) | Nil (Nil) |

15. The company had 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 have 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 (also refer to note no.1 above).

16. 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 31.03.2007 | Max. Balance Outstanding during the year | Outstanding as on 31.03.2006 | 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. | 3,20,144 5,32,00,000 | 4,58,21,806 5,32,00,000 | 4,58,21,806 4,32,00,000 | 6,07,96,806 4,52,00,000 |
| ii. | Loans & Advances in the nature of loans to Associates. | Nil | 5,00,00,000 | 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 |

17. Particulars of Executive Director's Remuneration is as under:-

| Particulars | Current year | Previous year |
|---|------------------|-----------------|
| | (Amount Rs.) | (Amount Rs.) |
| Salary | 6,00,000 | 3,60,000 |
| House Rent | 3,60,000 | 2,16,000 |
| Contribution to Provident and Superannuation Fund | 1,62,000 | 97,200 |
| LTA | 50,000 | 60,000 |
| Medical Reimbursement | 50,000 | 30011 |
| Total | 12,22,000 | 7,63,211 |

The above figures do not include gratuity as valuation for the same is available for the company as a whole. The above remuneration for current year is subject to approval of members in general meeting.

18. Foreign Currency outgo: Foreign Travelling Expenses Rs. Nil (Previous Year Rs.2,41,786/-)

19. Travelling Expenses includes Rs.5,45,974/- (Previous Year Rs.8,62,547/-)on account of Director's Travelling.

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

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

22. Additional Information pursuant to Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 is annexed.

23. 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 | Santosh Kumar Menon Company Secretary | J.M.L. Suri Executive Director | Vijay Sood Managing Director |
|-----------------------------|---|--|--|

| | |
|--------------------------------|--|
| Place : New Delhi | Mahesh Kumar Gupta Chief Financial Officer |
| Date : 30th April, 2007 | |

ANNEXED REFERRED TO IN NOTE NO. 11 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 :

- Subsidiaries.
 - HB Prima Capital Limited
 - Mount Finance Ltd.
- Key Managerial Personnel
 - Shri J.M.L. Suri, Executive Director
 - Shri Vinay Shukla, Asst. Vice President (Legal) & Company Secretary (upto 31/12/2005)

- Shri Santosh Menon, Company Secretary
Person having control/significant influence /major shareholders
 - Shri H C Bhasin (no transaction during the year)
 - Shri Lalit Bhasin
- Enterprise over where significant influence exist:-
 - Pisces Portfolios Private Limited
- Enterprises over which control/significant influence exist of the relatives of persons mentioned in (c) above :-
 - RRB Master Securities Delhi Ltd.
 - Enterprises under direct or indirect common control/significant influence :-
 - HB Portfolio Ltd.
 - HB Estate Developers Ltd.
 - HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)

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 | Related Party Referred in 1(e) above | Related Party Referred in 1(f) above |
|---------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 1. | Amount recovered against Loan & Advances | 45876806 (16975000) | Nil (Nil) | Nil (Nil) | 50000000 (10000000) | Nil (Nil) | Nil (Nil) |
| 2. | Loans & Advances given | 10375144 (15000000) | Nil (Nil) | Nil (Nil) | 50000000 (10000000) | Nil (Nil) | Nil (Nil) |
| 3. | Margin Securities/Advances paid & received back | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (10000000) | Nil (Nil) | 245500000 (92350000) |
| 4. | Dividend Received | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 300000 (Nil) |
| 5. | Sitting Fee Paid | Nil (Nil) | Nil (Nil) | 40000 (35000) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 6. | Depository Charges | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 184436 (73849) |
| 7. | Interest Received | Nil (Nil) | Nil (Nil) | Nil (Nil) | 286493 (45616) | Nil (Nil) | Nil (Nil) |
| 8. | Remuneration & Other Services | Nil (Nil) | 1517013 (1189701) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 9. | Purchase of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 352471516 563024 | 361449928 (301965024) |
| 10. | Sale of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 343094041 | 327144090 (409210403) |
| 11. | Net Turnover of Derivative Trading | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 19325779 (26564630) |
| 12. | Outstanding as on 31.03.2007 | | | | | | |
| | - Payable in respect of Current Liabilities | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 6434975 (Nil) | Nil (3652387) |
| | - Receivables in respect of Current Assets, Loans & Advances. | 53520144 (89021806) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (5800000) |
| 13. | Corporate Guarantee given | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 80000000 (80000000) |



HB STOCKHOLDINGS LIMITED

ANNEXED REFERRED TO IN NOTE NO. 21 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 | 5 |
| Balance Sheet Date | 31-Mar-07 | | |
| II. Capital Raised during the year (Rs. '000) | | | |
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |
| III. Position of Mobilisation and Deployment of Funds | | | |
| Total Liabilities | 1333845 | Total Assets | 1333845 |
| Sources of funds | | | |
| Paid-up Share capital | 243167 | Reserves & Surplus | 1030678 |
| Secured Loans | 60000 | Unsecured Loans | NIL |
| Application of Funds (Rs. '000) | | | |
| Net Fixed Assets | 8425 | Investments | 980736 |
| Net Current Assets | (145218) | Miscellaneous Expenditure | NIL |
| Accumulated losses | 489902 | | |
| IV. Performance of the Company (Rs. '000) | | | |
| Total Turnover | 32080 | Total Expenditure | 16372 |
| Profit/Loss Before Tax | 15708 | Profit/Loss After Tax | 15318 |
| Earnings per share (Rs.) | 0.63 | 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.22 OF SCHEDULE 12 TO THE BALANCE SHEET OF HB STOCKHOLDINGS LTD (AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007

| (Rs. in lakhs) | | |
|---|--------------------|----------------|
| Particulars | Amount outstanding | Amount overdue |
| LIABILITIES SIDE : | | |
| (1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | | |
| (a) Debentures : Secured | Nil | Nil |
| : Unsecured (other than falling within the meaning of public deposits*) | Nil | Nil |
| (b) Deferred Credits | Nil | Nil |
| (c) Term Loans | Nil | Nil |
| (d) Inter-corporate loans and borrowing | 600 | 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 |

| (Rs. in lakhs) | |
|--|--------------------|
| Particulars | Amount outstanding |
| ASSETS SIDE : | |
| (3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : | |
| (a) Secured | Nil |
| (b) Unsecured | 691.52 |
| (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 | 4118.76 |
| (b) Preference | Nil |
| (ii) Debentures and Bonds | 1.30 |
| (iii) Units of mutual funds | Nil |
| (iv) Government Securities | Nil |
| (v) Others (please specify) | Nil |
| 2. Unquoted : | |
| (i) Shares : (a) Equity | 1.83 |
| (b) Preference | 0.04 |
| (ii) Debentures and Bonds | Nil |
| (iii) Units of mutual funds | 400.20 |
| (iv) Government Securities | Nil |
| (v) Others (Please specify) | Nil |
| Long Term investments : | |
| 1. Quoted : | |
| (i) Share : (a) Equity | 3813.62 |
| (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 | | 1462.61 |
| (b) Preference | | 9.00 |
| (ii) Debentures and Bonds | | Nil |
| (iii) Units of mutual funds | | Nil |
| (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 | 535.20 | 535.20 |
| (b) Companies in the same group | Nil | Nil | Nil |
| (c) Other related parties | Nil | Nil | Nil |
| 2. Other than related parties | Nil | 156.32 | 156.32 |
| TOTAL | Nil | 691.52 | 691.52 |

(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 | 285.37 | 333.75 |
| (b) Companies in the same group | 102.85 | 25.00 |
| (c) Other related parties | 1833.38 | 435.35 |
| 2. Other than related parties | 20304.22 | 6620.31 |
| TOTAL | 22525.82 | 7414.41 |

(*) 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, 2007

| | (Amount in Rs. '000) | |
|--|--------------------------------|--------------------------------|
| | Year Ended 31st March, 2007 | Year Ended 31st March, 2006 |
| A) CASH FLOW FROM OPERATION ACTIVITIES | | |
| Net Profit before tax and Extraordinary Items | 15708 | 113442 |
| Adjustment for : | | |
| Depreciation | 822 | 791 |
| Net Gain on Sale of Investments/Provision w/back | (34647) | (81022) |
| Profit/Loss on sale of Fixed Assets | 0 | (30) |
| Excess Provision written back | 0 | (383) |
| Interest/Dividend | (14510) | (18337) |
| Operating Profit before Working Capital Changes | (32626) | 14462 |
| Adjustment for : | | |
| Trade & other Receivables | 87839 | 23533 |
| Inventories | Nil | Nil |
| Trade Payables | 2269 | 2902 |
| Cash Generated from operation | 57483 | 40897 |
| Interest Paid | (1657) | (84) |
| Income tax paid | 655 | (207) |
| Fringe Benefit Tax | (20) | (175) |
| Cash Flow before extraordinary Items | 56461 | 40431 |
| Extra Ordinary Items | 0 | 383 |
| Net Cash from Operation Activities | 56461 | 40814 |
| B) CASH FLOW FROM INVESTMENTS ACTIVITIES | | |
| Purchase of Fixed Assets | (2044) | (767) |
| Sale of Fixed Assets | 0 | 30 |
| Purchase of Investments | (943536) | (597598) |
| Sale of Investments | 827034 | 542635 |
| Interest Received | 2892 | 1632 |
| Dividend Received | 13275 | 16789 |
| Net Cash used in Investing Activities | (102379) | (37279) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital & Share Premium | — | — |
| Proceeds from Share Application Money & Share Premium | — | 2 |
| Proceeds from Borrowings | 60000 | — |
| Dividend Paid | — | — |
| Net Cash used in Financing Activities | 60000 | 2 |
| Net Increase in Cash & Cash Equivalents A+B+C | 14082 | 3537 |
| Cash and Cash Equivalents as at 1st April, 2006 | 13604 | 10067 |
| Cash and Cash Equivalents as at 31st March 2007 | 27686 | 13604 |
| (Closing Balance) | | |

As per our Report of even date

| | | | |
|------------------------------------|----------------------------|---------------------------------------|-------------------|
| For P. Bholusaria & Co. | | For and on behalf of the Board | |
| Chartered Accountants | | | |
| Amit Goel | Santosh Kumar Menon | J.M.L. Suri | Vijay Sood |
| Partner | Company Secretary | Executive Director | Managing Director |
| Place : New Delhi | Mahesh Kumar Gupta | | |
| Date : 30th April, 2007 | Chief Financial Officer | | |



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, 2007 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year than ended annexed thereto.

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

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

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard-(AS21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statement of HB Stockholdings Ltd. and its two subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of HB Stockholdings Ltd. and its aforesaid two subsidiaries, we are of the opinion that the said consolidated financial statements give a true & fair view in conformity with the Accounting principles generally accepted in India :-

- In the case of Consolidated Balance Sheet of the consolidated state of affairs as at 31st March, 2007 and
- In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flow for the year ended on that date.

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

**Amit Goel
Partner
(Membership No. 92648)**

Place : New Delhi
Date : 30th April, 2007

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

| Schedules | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|---|------------------------------------|------------------------------------|
| SOURCES OF FUNDS | | |
| SHAREHOLDERS FUNDS | | |
| Share Capital | 1 243166634.00 | 243166634.00 |
| Reserves & Surplus | 2 1030677932.67 | 1027614236.67 |
| Loan Funds | | |
| Secured Loan | 3 60000000.00 | — |
| Total | 1333844566.67 | 1270780870.67 |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS | | |
| Gross Block | 4 23294091.13 | 21220246.13 |
| Less : Depreciation | 10727251.95 | 9667895.96 |
| Net Block | 12566839.18 | 11552350.17 |
| INVESTMENTS | | |
| – In Associates | 183337900.00 | 178844750.00 |
| – In Others | 980497866.50 | 698425006.86 |
| | 1163835766.50 | 877269756.86 |
| CURRENT ASSETS, LOANS & ADVANCES | | |
| Sundry Debtors | 5 0.00 | 2374336.16 |
| Cash & Bank Balances | 28410318.63 | 13821561.77 |
| Loans and Advances | 28145249.09 | 113886823.82 |
| | 56555567.72 | 130082721.75 |
| LESS : CURRENT LIABILITIES & PROVISIONS | | |
| Liabilities | 6 11803387.89 | 6461460.01 |
| Provisions | 294736599.94 | 171658076.73 |
| | 306539987.83 | 178119536.74 |
| NET CURRENT ASSETS PROFIT & LOSS ACCOUNT (As per annexed Account) | (249984420.11) | (48036814.99) |
| Total | 1333844566.67 | 1270780870.67 |
| SIGNIFICANT ACCOUNTING POLICIES | | |
| 10 | | |
| NOTES ON ACCOUNTS | | |
| 11 | | |

As per our Report of even date

For P. Bholusaria & Co. **For and on behalf of the Board**
Chartered Accountants

Amit Goel **Santosh Kumar Menon** **J.M.L. Suri** **Vijay Sood**
Partner Company Secretary Executive Director Managing Director

Place : New Delhi
Date : 30th April, 2007 **Mahesh Kumar Gupta**
Chief Financial Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

| Schedules | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|--|---|---|
| INCOME | | |
| Income from Operations & Other Income | 7 37590158.93 | 70142767.63 |
| Total | 37590158.93 | 70142767.63 |
| EXPENDITURE | | |
| Administrative & Other Expenses | 8 13940312.72 | 11994040.38 |
| Interest & Financial Charges | 9 1656735.69 | 84324.40 |
| Depreciation | 1059355.99 | 1028149.62 |
| Total | 16656404.40 | 13106514.40 |
| Profit for the year before taxation | 20933754.53 | 57036253.23 |
| Provision for Taxation | | |
| – Current | (305000.00) | (557000.00) |
| – Deferred | — | — |
| – Fringe Benefits | (140000.00) | (175000.00) |
| Profit for the year after Taxation | 20488754.53 | 51291253.23 |
| Share of Profit/Loss(-) in Associates | 4493150.00 | 92676600.00 |
| Prior period adjustments | — | (22533.00) |
| Income Tax adjustment for earlier year | 650989.00 | (207154.46) |
| (-) Transferred to Statutory Reserve Fund | (3063696.00) | (21553398.00) |
| Loss brought forward from last year | (429995578.63) | (552180346.40) |
| Balance carried to Balance Sheet | (407426381.10) | (429995578.63) |
| Basic and Diluted Earning per Share | 1.01 | 5.65 |
| SIGNIFICANT ACCOUNTING POLICIES | | |
| 10 | | |
| NOTES ON ACCOUNTS | | |
| 11 | | |

As per our Report of even date

For P. Bholusaria & Co. **For and on behalf of the Board**
Chartered Accountants

Amit Goel **Santosh Kumar Menon** **J.M.L. Suri** **Vijay Sood**
Partner Company Secretary Executive Director Managing Director

Place : New Delhi
Date : 30th April, 2007 **Mahesh Kumar Gupta**
Chief Financial Officer



SCHEDULE '1' : SHARE CAPITAL

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (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) | (11265936.00) | (11265936.00) |
| Total | 243166634.00 | 243166634.00 |

SCHEDULE '4' : FIXED ASSETS

| Discription of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------|---------------------------------|---------------------------------|----------------------------------|-------------------------------|------------------------|---------------------|--------------------|------------------------------|-------------------------|-------------------------|
| | Opening As at 01.04.2006 Rs. | Addition during the year Rs. | Sales/Adj during the year Rs. | Total As at 31.03.2007 Rs. | Upto 31.03.2006 Rs. | For the year Rs. | Adjustments Rs. | Total upto 31.03.2007 Rs. | As at 31.03.2007 Rs. | As at 31.03.2006 Rs. |
| Office Premises | 4823385.00 | — | — | 4823385.00 | 1025928.34 | 78621.18 | — | 1104549.52 | 3718835.48 | 3797456.66 |
| Office Equipment | 2090350.83 | 5650.00 | — | 2096000.83 | 800856.80 | 99521.08 | — | 900377.88 | 1195622.95 | 1289494.03 |
| Vehicles | 2709864.22 | 1797118.00 | — | 4506982.22 | 922265.98 | 261179.05 | — | 1183445.03 | 3323537.19 | 1787598.24 |
| Furniture & Fixtures | 7675738.08 | — | — | 7675738.08 | 3595777.42 | 485874.22 | — | 4081651.64 | 3594086.44 | 4079960.66 |
| Data Processing Machinery | 3083429.00 | 157827.00 | — | 3241256.00 | 2952764.27 | 91820.08 | — | 3044584.35 | 196671.65 | 130664.73 |
| Air Conditioners | 772519.00 | 113250.00 | — | 885769.00 | 330993.62 | 39254.78 | — | 370248.40 | 515520.60 | 441525.38 |
| Generator Set | 64960.00 | — | — | 64960.00 | 39309.53 | 3085.60 | — | 42395.13 | 22564.87 | 25650.47 |
| TOTAL | 21220246.13 | 2073845.00 | 0.00 | 23294091.13 | 9667895.96 | 1059355.99 | 0.00 | 10727251.95 | 12566839.18 | 11552350.17 |
| Previous Year | 20894954.12 | 767079.01 | 441787.00 | 21220246.13 | 9081533.34 | 1028149.62 | 441787.00 | 9667895.96 | 11552350.17 | 11813420.78 |

SCHEDULE '5' : CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|--|---|
| A. CURRENT ASSETS | | |
| a) Sundry Debtors (Unsecured considered good unless otherwise stated) Considered Good:- - Outstanding exceeding six months - Others | — — — | — — 2374336.16 |
| b) Cash & Bank Balance - Cash in hand (As certified by the Management) Balance with Scheduled Banks - In Current A/cs - In Fixed Deposit A/cs Interest accrued but not due on above | 729941.90 19676694.12 7909505.88 94176.73 | 715508.00 5378075.86 7647090.60 80887.31 |
| Total 'A' | 28410318.63 | 16195897.93 |
| B. LOANS AND ADVANCES (Unsecured, Considered good, unless otherwise stated) | | |
| (a) Inter Corporate Deposit (including interest receivable Rs.7,56,882/- (previous year Rs 10,00,859/-))-Standard | 10756882.00 | 11000859.00 |
| (b) Dividend Receivable | 204450.00 | 858057.00 |
| (c) Advances Recoverable in cash or in kind or for value to be received | 2697383.18 | 71995386.18 |
| (d) Advance Tax & Tax Deducted at Source | 12091771.26 | 11837758.99 |
| (e) Security Deposits with Govt. Department and others (including margin Deposit* paid Rs Nil (previous year 1,58,00,000/-)) | 2394762.65 | 18194762.65 |
| Total 'B' | 28145249.09 | 113886823.82 |
| Total 'A'+ 'B' | 56555567.72 | 130082721.75 |

(* Margin Deposit Paid includes Rs.Nil for Equity Derivative Instruments(Previous Year Rs.58,00,000/-)

SCHEDULE '2' : RESERVES AND SURPLUS

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|------------------------------------|------------------------------------|
| (A) SHARE PREMIUM ACCOUNT | | |
| As per Last Account | 1054448687.00 | 1054448687.00 |
| Less : Allotment Money Receivable | (55579648.78) | (55579648.78) |
| Total-A | 998869038.22 | 998869038.22 |
| (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 | 28268198.45 | 6714800.45 |
| Add : Transferred from Profit & Loss Account | 3063696.00 | 21553398.00 |
| Total-C | 31331894.45 | 28268198.45 |
| Total (A+B+C) | 1030677932.67 | 1027614236.67 |

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

SCHEDULE '3' : LOAN FUNDS

| | | |
|---|--------------------|----------|
| SECURED LOAN From Body Corporate (against pledge of securities) | 60000000.00 | — |
| Total | 60000000.00 | — |

SCHEDULE '6' : CURRENT LIABILITIES AND PROVISIONS

| | As at 31st March, 2007 (Rs.) | As at 31st March, 2006 (Rs.) |
|--|------------------------------------|------------------------------------|
| (A) CURRENT LIABILITIES | | |
| i) Sundry Creditors | 8999634.81 | 5132738.62 |
| ii) Other Liabilities | 2143962.08 | 929601.39 |
| iii) Security Received | 0.00 | 399120.00 |
| iv) Interest accrued but not due | 659791.00 | — |
| Total-A | 11803387.89 | 6461460.01 |
| (B) PROVISIONS | | |
| i) For Income Tax | 305000.00 | 5570000.00 |
| ii) For Fringe Benefits Tax (net) | 12000.00 | — |
| iii) For Leave Encashment | 121271.00 | 100941.00 |
| iv) For Diminution in value of Investments | 291794435.12 | 165565544.15 |
| v) For Loss on Equity Derivative Instruments | 2395893.82 | 421591.58 |
| Total-B | 294736599.94 | 171658076.73 |
| Total - (A+B) | 306539987.83 | 178119536.74 |

SCHEDULE '7' : INCOME FROM OPERATIONS & OTHER INCOME

| | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|--|---|---|
| Profit/loss(net) in Securities dealing/ Equity Derivative Trading | (18733352.85) | 26579135.50 |
| Interest Income :- | | |
| - On Fixed Deposits with banks (Tax deducted at source Rs.1,08,405/- (Previous year Rs.85,932/-)) | 483024.46 | 382940.50 |
| - On Inter Corporate Deposit (Tax Deducted at Source Rs.4,43,838/- (Previous Year Rs.2,66,571/-)) | 1998631.00 | 1245616.00 |
| - On Allotment Money | — | 3620.00 |
| - On Income Tax Refund | 1638.00 | — |
| - On Margin Funding (Gross-TDS Rs. Nil) | 410639.51 | — |
| Net Gain on sale Investments | 165570596.03 | 42206635.61 |
| Diminution in value of Investments Written back/ (Provision for Diminution in value of Investments) | (126228890.97) | (18378875.08) |
| Dividend Income | 13412282.65 | 16863728.11 |
| Profit on sale of Fixed Asset | — | 30000.00 |
| Excess Provision written back | — | 382865.99 |
| Fees Received (Tax deducted at source of Rs.33,473/- previous year Rs. 42,447/-) | 675591.10 | 827101.00 |
| Total | 37590158.93 | 70142767.63 |



SCHEDULE '8' : ADMINISTRATIVE & OTHER EXPENSES

| | Year Ended 31st March, 2007 (Rs.) | Year Ended 31st March, 2006 (Rs.) |
|--|---|---|
| Salaries & Benefits | 2224456.00 | 1424191.00 |
| Executive Director's Remuneration | 1222000.00 | 763211.00 |
| Contribution to Provident Fund & Other Funds | 111368.00 | 112472.00 |
| Directors Meeting Fees | 327000.00 | 181000.00 |
| Listing Fees | 76500.00 | 76500.00 |
| Travelling & Conveyance | 1138303.20 | 1435996.00 |
| Communication | 372461.18 | 287116.55 |
| Postage | 679894.80 | 803874.15 |
| Printing & Stationery | 560377.00 | 568014.38 |
| Office Repairs and Maintenance | 454569.00 | 482846.00 |
| Vehicle running | 317781.80 | 308647.20 |
| Securities Transaction Tax | 2068258.50 | 1171339.55 |
| Electricity | 144250.00 | 136109.00 |
| Rent | 1445760.00 | 1402535.00 |
| Insurance | 60677.00 | 50937.00 |
| Depository & Custodial | 226603.20 | 239591.00 |
| Filing Fees | 31524.00 | 18171.00 |
| Subscription & Membership | 246346.88 | 314154.60 |
| Legal & Professional | 1340029.00 | 1331633.15 |
| Advertisement | 54751.16 | 34065.00 |
| Business Promotion | 335624.66 | 315570.64 |
| Miscellaneous | 135516.34 | 174366.16 |
| Staff welfare | 189253.00 | 137406.00 |
| Miscellaneous Balances written off | — | 59545.00 |
| Auditor's Remuneration | | |
| — Audit Fees | 112444.00 | 110200.00 |
| — Tax Audit Fees | 28060.00 | 27550.00 |
| — Certification & Others (Including Service Tax) | 36504.00 | 26999.00 |
| Total | 13940312.72 | 11994040.38 |

SCHEDULE '9' : INTEREST & FINANCIAL CHARGES

| | | |
|-------------------------------|-------------------|-----------------|
| On Vehicle Financed from Bank | 53447.69 | 84324.40 |
| On Loan from Body Corporate | 1603288.00 | — |
| Total | 1656735.69 | 84324.40 |

SCHEDULE '10' : SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

Annexed to and forming part of the statement of Accounts for the Year ended 31st March, 2007

(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 Investment"

(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

1. Annexed to and forming part of Statement of Accounts for the Year ended 31st March, 2007

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. | 31.3.2007 |
| Mount Finance Ltd. | India | 100% subsidiary of HB Stockholdings Ltd. | 31.3.2007 |

The parent company HB Stockholdings Ltd. is making provision towards diminution in the value of Investments by charging the said amount to the profit & loss account and correspondingly crediting provisions under the head 'Current Liabilities & Provisions'. The Subsidiary HB Prima Capital Ltd. on other hand is not making such provisions, however in preparing these consolidated financial statements uniform policy is followed and provision for diminution is being made for all investments including those held by subsidiary company.

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) | Taurus 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 31.03.2007.

3. Contingent Liability in respect of:

- Income Tax demand disputed Rs.2.76 Crores (Previous year Rs.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 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. 8 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.

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

Operating Lease

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

- Not Later than One year Rs. 3,30,400/- (Previous Year Rs.12,84,660/-)
- Later than one year but not later than five years Rs. 32,668/- (Previous Year Rs.8,06,588/-)
- Later than five years Rs. Nil (Previous Year Nil)

Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2007 is Rs.14,45,760/- (Previous Year Rs.14,02,535/-)

General description of the lease arrangement.

- Renewal Option - In respect of some of the agreements, 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 some of the Lease Agreements 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 serving three months notice.
6. In the opinion of Management, the Company is mainly engaged in the business/activity 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.
7. 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.
8. 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 for the year as per Profit & Loss Account after Tax | 2,04,88,754 | 5,12,91,253 |
| Less: Share of Profit of Associates | 44,93,150 | 9,26,76,600 |
| Less: Prior Period Adjustments | Nil | (22,533) |
| Less: Income Tax for earlier year | 6,50,989 | (2,07,154) |
| Net Profit available for Equity Share holders | 2,56,32,893 | 14,37,38,166 |
| Weighted Average No. of Equity Share Outstanding | 2,54,43,1257 | 2,54,43,257 |
| Basic & Diluted Earning per share (Face Value of Rs.10/- each.) | 1.01 | 5.65 |

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

As per our Report of even date

For P. Bhulusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Santosh Kumar Menon
Company Secretary

J.M.L. Suri
Executive Director

Vijay Sood
Managing Director

Place : New Delhi
Date : 30th April, 2007

Mahesh Kumar Gupta
Chief Financial Officer



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:

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

- a) Key Managerial Personnel
 - i) Shri J.M.L.Suri, Executive Director
 - ii) Shri Vinay Shukla, Asst. Vice President(Legal) & Company Secretary(upto 31/12/2005)
 - iii) Shri Santosh Menon, Company Secretary

- b) Person having control/significant influence /major shareholders
 - i) Shri H C Bhasin (no transaction during the year)
 - ii) Shri Lalit Bhasin
- c) Enterprise over where significant influence exist:-
 - i) Pisces Portfolios Private Limited
- d) Enterprises over which control/significant influence exist of the relatives of persons mentioned in(c) above :-
 - i) RRB Master Securities Delhi Ltd.
- e) Enterprises under direct or indirect common control/significant influence :-
 - i) HB Portfolio Ltd.
 - ii) HB Estate Developers Ltd.
 - iii) HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)

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 | Related Party Referred in 1(e) above |
|---------|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 1. | Amount recovered against Loan & Advances | Nil (Nil) | Nil (Nil) | 50000000 (10000000) | Nil (Nil) | Nil (Nil) |
| 2. | Loans & Advances given | Nil (Nil) | Nil (Nil) | 50000000 (10000000) | Nil (Nil) | Nil (Nil) |
| 3. | Margin Securities/Advances paid & received back | Nil (Nil) | Nil (Nil) | Nil (10000000) | Nil (Nil) | 245500000 (92350000) |
| 4. | Dividend Received | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 300000 (Nil) |
| 5. | Sitting Fee Paid | Nil (Nil) | 40000 (35000) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 6. | Depository Charges | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 184436 (73849) |
| 7. | Interest Received | Nil (Nil) | Nil (Nil) | 286493 (45616) | Nil (Nil) | Nil (Nil) |
| 8. | Remuneration & Other Services | 1517013 (1189701) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 9. | Purchase of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | 352471516 (301965024) | 361449928 (301965024) |
| 10. | Sale of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | 343094041 (Nil) | 327144090 (409210403) |
| 11. | Net Turnover of Derivative Trading | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 19325779 (26564630) |
| 12. | Outstanding as on 31.03.2007 – Payable in respect of Current Liabilities – Receivables in respect of Current Assets, Loans & Advances. | Nil (Nil) Nil (Nil) | Nil (Nil) Nil (Nil) | Nil (Nil) Nil (Nil) | 6434975 (Nil) Nil (Nil) | Nil (3652387) Nil (5800000) |
| 13. | Corporate Guarantee given | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 80000000 (80000000) |

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2007

| | Year Ended 31st March, 2007 (Amount in Rs. '000) | Year Ended 31st March, 2006 (Amount in Rs. '000) |
|--|--|--|
| A) CASH FLOW FROM OPERATION ACTIVITIES | | |
| Net Profit before tax and Extraordinary Items | 20934 | 57036 |
| Adjustment for : | | |
| Depreciation | 1059 | 1028 |
| Net Gain on Sale of Investments | (39342) | (23828) |
| Share of Profit of Associates | (4493) | (92677) |
| Loss on sale of Fixed Assets | — | (30) |
| Provision for substandard & doubtful debts writtenback | — | — |
| Excess Provison written back | — | (383) |
| Interest/Dividend | (14649) | (18412) |
| Misc.Expenses W/off | Nil | Nil |
| Operating Profit before Working Capital Changes | (36491) | (77264) |
| Adjustment for : | | |
| Trade & other Receivables | 88116 | 21434 |
| Inventories | — | 75 |
| Trade Payables | 1767 | 2928 |
| Cash Generated from operation | 53391 | (52827) |
| Interest Paid | (1657) | (84) |
| Fringe Benefit Tax | (20) | (175) |
| Direct Tax paid | 651 | (207) |
| Cash Flow before extraordinary Items | 52365 | (53294) |
| Extra Ordinary Items | — | 360 |
| Net Cash from Operation Activities | 52365 | (52933) |

| | Year Ended 31st March, 2007 (Amount in Rs. '000) | Year Ended 31st March, 2006 (Amount in Rs. '000) |
|--|--|--|
| B) CASH FLOW FROM INVESTMENTS ACTIVITIES | | |
| Purchase of Fixed Assets | (2074) | (767) |
| Sale of Fixed Assets | — | 30 |
| Purchase of Investments | (943536) | (597598) |
| Sale of Investments | 827034 | 543635 |
| Interest Received | 2894 | 1632 |
| Dividend Received | 13412 | 16864 |
| Share of Profit of Associates | 4493 | 92677 |
| Net Cash used in Investing Activities | (97777) | 56472 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital & Share Premium | — | — |
| Proceeds from Share Application Money & Share Premium | — | 2 |
| Proceeds from Long Term Borrowings | 60000 | Nil |
| Dividend Paid | — | — |
| Income tax paid | — | — |
| Payment for Preliminary expenses | — | — |
| Net Cash used in Financing Activities | 60000 | 2 |
| Net Increase in Cash & Cash Equivalents A+B+C | 14588 | 3541 |
| Cash and Cash Equivalents as at 1st April, 2006 (Opening Balance) | 13822 | 10281 |
| Cash and Cash Equivalents as at 31st March,2007 (Closing Balance) | 28410 | 13822 |

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

| | | | |
|-----------------------------|---|--|--|
| Amit Goel Partner | Santosh Kumar Menon Company Secretary | J.M.L. Suri Executive Director | Vijay Sood Managing Director |
|-----------------------------|---|--|--|

Place : New Delhi
Date : 30th April, 2007

Maresh Kumar Gupta
Chief Financial Officer

Folio No.
(To be filled in by the Shareholder)
No. of Shares

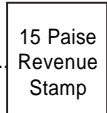


HB STOCKHOLDINGS LIMITED PROXY FORM

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 20th Annual General Meeting of the Company to be held on Tuesday, 28th day of August, 2007 and at any adjournment thereof. As witness my hand/our hands this day of 2007.

Client Id :
DP ID :

Signed by the Said :



NOTE : The Proxy must be deposited at the Registered Office of the Company at Plot No. 31, Echelon Institutional Area, Sector-32, Gurgaon - 122 001, Haryana not less than 48 hours before the time for holding the meeting.



HB STOCKHOLDINGS LIMITED ATTENDANCE SLIP

20TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., Tuesday, 28th day of August, 2007
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 20th Annual General Meeting held on 28th August, 2007 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.