

26th Annual Report 2012 - 13



HB STOCKHOLDINGS LIMITED

BOARD OF DIRECTORS

| | |
|--------------------------|--------------------|
| Mr. Lalit Bhasin | Chairman |
| 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

Mr. Mahesh Kumar Gupta

COMPANY SECRETARY

Mr. Anil Kumar Mittal

AUDITORS

M/s. P. Bholusaria & Co.

Chartered Accountants
26/11, Shakti Nagar,
Delhi - 110 007

REGISTERED OFFICE

Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001, Haryana
Ph : 0124-4675500, Fax : 0124-4370985

WEBSITE

www.hbstockholdings.com

REGISTRAR & SHARE TRANSFER AGENT

M/s. RCMC Share Registry Pvt. Ltd.

B-106, Sector - 2,
Noida - 201 301
Ph : 0120-4015880, Fax : 0120-2444346
E-mail : shares@rcmcdelhi.com

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HB STOCKHOLDINGS LIMITED

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the members of HB Stockholdings Ltd. will be held as per the schedule given below:

Day : Friday
Date : 23rd August 2013
Time : 11.00 A.M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon-122 001 Haryana

to transact the following businesses:-

ORDINARY BUSINESS:

- To consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the reports of Board of Directors and Auditors thereon.
- To declare a dividend on equity shares.
- To appoint a Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Gulshan Rai who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

- To approve the Reappointment of Managing Director and payment of remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and hereby accorded as a Special Resolution, to the re-appointment of Mr. Vijay Sood as the Managing Director of the company for a further period of 3 years w. e. f. 30th April 2013 on the terms and conditions including remuneration as approved by the Board of Directors and set out in the Explanatory Statement accompanying this Notice, with power and liberty to the Board of Directors to alter and vary the terms and conditions of reappointment and / or payment of remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all other acts, deeds and things as may be necessary and incidental in the matter, including seeking the approval, consent, permission(s) from such other authorities, as may be required from time to time."

- To approve the Reappointment of Executive Director and payment of remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and hereby accorded as a Special Resolution, to the re-appointment of Mr. Jag Mohan Lal Suri as the Executive Director of the company for a further period of 3 years w. e. f. 1st July 2013 on the terms and conditions including remuneration as approved by the Board of Directors and set out in the Explanatory Statement accompanying this Notice, with power and liberty to the Board of Directors to alter and vary the terms and conditions of reappointment and / or remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all other acts, deeds and things as may be necessary and incidental in the matter, including seeking the approval, consent, permission(s) from such other authorities, as may be required from time to time."

By the Order of the Board
For HB STOCKHOLDINGS LTD.

Place : Gurgaon
Date : 17th May, 2013

ANIL KUMAR MITTAL
COMPANY SECRETARY

DIRECTORS SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

| Name of the Director | Mr. Lalit Bhasin | Mr. Gulshan Rai |
|---|---|---|
| DIN No: | 00002114 | 00527181 |
| Date of Birth | 14-08-1968 | 01-04-1934 |
| Qualifications | B Com (Hons) | B Com(Hons) FCA |
| Brief Resume & Expertise in specific functional areas | Over 24 years' experience in Stock Market, Investment Banking and Real Estate development and established a Five Star Hotel in Sector 44 of Gurgaon known as "Vivanta By Taj - Gurgaon NCR" | A practicing Chartered Accountant having over 55 years' experience in the field of Financial Management, Tax Planning, Management Control Systems, Corporate Planning & Business Restructuring. |

Has vast experience and expertise in International business operations of Indian Companies abroad and vice-versa in planning restructuring and setting up of branches / 100% owned subsidiaries of foreign entities in India and of Indian companies, overseas.

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/ HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING THE PROXY SHOULD, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- The Register of Members and Share Transfer Books of the Company will remain closed from 16th August 2013 to 23rd August 2013 (both days inclusive) for determining the names of members eligible for dividend on equity Shares, if declared at the meeting.
- Members / Proxies attending the meeting should bring in their Attendance Slips duly filled in for attending the meeting. They are also requested to 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.
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- Members are requested to:

(a) Notify any change in their address including Pin Code 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 - 201 301. Phones: 0120-4015880. Fax: 0120-2444346. E-mail: shares@rcmcdelhi.com. Members whose shareholding in the Company is in electronic mode are requested to direct Change of Address notifications and bank particulars for receiving the dividend, through electronic credit under ECS, to their respective Depository participants.

(b) Shareholders seeking any information with regard to Accounts of the Company are requested to write to the Company Secretary at the Registered Office address at least 7 days before the date of the meeting so as to enable the management to keep the information ready.

- The Equity Shares of the Company are in the list of securities for compulsory trading in dematerialized form and can be dematerialized by the Shareholders under ISIN No: INE550B01014 with National Security Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contract the Depository Participants of either of the above Depositories.

- The Company is implementing the "Green Initiative" as per Circular 17/2011 dated April 21, 2011 and 18/2011 April 29, 2011 issued by Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices / documents and annual report to shareholders. Hence forth, email addresses indicated in your respective Depository Participants (DP) account which will be periodically downloaded from NSDL / CDSL will be deemed to be your registered email address for serving notices/ documents including those covered under Sec 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statement, directors' report, auditors report etc. shall also be displayed on the website www.hbstockholdings.com of the Company and other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants.

Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the company at the address mentioned in 5(a) above quoting their folio number(s).

- Brief resume of the Directors seeking reappointment, nature of their expertise in specific functional areas, names of the Ltd. Companies in which hold directorships and memberships/ chairmanships of Board committees, shareholding and relationship between directors inter se as stipulated in Clause 49 of the Listing agreement are provided in the Notice of the meeting.



HB STOCKHOLDINGS LIMITED

Other Public Ltd Companies in which directorship held as on 31.3.2013

| | |
|---|-----|
| HB Leasing & Finance Co. Limited | Nil |
| HB Portfolio Ltd | |
| HB Estate Developers Limited | |
| RRB Securities Ltd. | |
| Taurus Asset Management Co. Limited | |
| Har Sai Investments Limited | |
| HB Securities Limited | |
| RRB Master Securities Delhi Limited | |
| CHL (South) Hotels Ltd. | |
| Raja Ram Bhasin Share & Stock Brokers Limited | |
| Bhasin Share & Stock Brokers Limited | |
| AHL Hotels Ltd | |
| Mansingh Hotels & Resorts Ltd | |
| CHL Ltd. | |

Chairman / Member of the Committees of the Board of other Companies in which he is a director as on 31.3.2013

| | |
|--|-----|
| Member of Shareholder /Investors Grievances Committee (s) | Nil |
| RRB Securities Limited | |
| HB Leasing & Finance Co. Ltd. | |
| CHL Limited | |
| Audit Committee | |
| HB Leasing & Finance Co. Ltd. | |
| CHL Limited | |
| Mansingh Hotels & Resorts Ltd | |

Relationship between directors

| | |
|-------------|-------------|
| Not related | Not related |
|-------------|-------------|

Shareholding of Director as on 31.03.2013

| | |
|-------------|-----|
| 1,22,62,307 | Nil |
|-------------|-----|

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned at item no: 6 & 7 of the accompanying Notice:

ITEM NO. 6

The Board of Directors in their meeting held on 17th May 2013, on the recommendation of the Remuneration Committee, reappointed Mr. Vijay Sood, Managing Director of the Company for a further period of 3 (Three) years from 30-04-2013, and also approved the payment of remuneration to Mr. Vijay Sood subject to such other approvals as may be necessary.

The re-appointment and payment of remuneration to Mr. Vijay Sood, the Managing Director requires the approval of the members in Annual General Meeting by a Special Resolution pursuant to Schedule XIII of the Companies Act, 1956 read with Section 198, 269, 309, 310 and Sec 311 of the said Act. The terms and conditions of re-appointment of Mr. Vijay Sood, as approved by the Board of Directors at their meeting is as under:

| S. No. | Particulars | Per Annum Amount in Rs. |
|--------|--|-------------------------|
| 1 | Basic Salary Rs. 4,68,500X12 | 56,22,000 |
| 2 | Housing Rent Allowance Rs. 242000X12 | 29,04,000 |
| 3 | Medical Reimbursement | 24,000 |
| 4 | Leave Travel Concession (payable annually) | 75,000 |
| | Cost to the Company | 86,25,000 |

In addition to the remuneration proposed as mentioned herein above, Board of Directors of the Company shall be given an authority to increase the remuneration payable to Mr. Vijay Sood by a maximum of 15 % per annum at the end of first and second year of the tenure.

Mr. Vijay Sood, Managing Director shall also be entitled to the following perquisites which shall not be included in the remuneration payable as mentioned herein above:

- Company maintained Car with driver.
- Reimbursement of Telephone facility at residence/ Mobile phone
- Personal Accident Insurance, annual premium not to exceed Rs. 10,000/-

Other Terms of Appointment

- The appointment may be terminated by either party with 3 months' Notice or payment of 3 months' remuneration in lieu thereof.
- Reimbursement of expenses incurred in the course of business of the company shall be allowed.
- Leave with Full pay and allowances in a year as under- Privilege Leave (30 days with accumulation up to 45 days). Accumulated Privilege Leave to be encashed on the basis of last Basic Salary drawn at the time of his ceasing to hold office of Managing Director. Medical Leave (10 days, with accumulation up to 30 days) and Casual Leave (7 days, no accumulation)
- No sitting fee will be paid to the Managing Director for attending meetings of the Board of Directors or Committees thereof.
- The above remuneration shall be payable as minimum remuneration in the event of absence/ inadequacy of profits in any financial year.

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:

| | |
|---|---|
| 1. Nature of Industry | The Company is a NBFC registered with RBI and engaged in financial services sector since the year 2000. |
| 2. Date or expected date of Commence of Production | The Company is a existing listed Company and it is not engaged in any manufacturing activities and is only engaged in making proprietary investments and financing. |
| 3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus. | An existing company, it obtained Certificate of commencement of Business in the year 1985. |
| 4. Financial Performance based on given indicators | Information given are hereunder:- |

(Rs. In lakhs)

| Particulars | 2012-13 | 2011-12 | 2010-11 |
|---|---------|---------|---------|
| Total Sales and other Income | 1887.52 | 1215.01 | 789.85 |
| Profit for the year before Depreciation & Tax | 1117.73 | 788.97 | 373.18 |
| Depreciation | 7.80 | 12.08 | 11.83 |
| Provision for Taxation | 110.00 | (4.78) | 58.76 |
| Exception item (Add) | - | 141.63 | - |
| Transfer to Statutory Reserve | 199.99 | 184.66 | 60.52 |
| Proposed Dividend | 237.92 | - | - |
| Tax on Proposed Dividend | 40.43 | - | - |
| Surplus - | 521.59 | 738.65 | 242.07 |

| | |
|--|--|
| 5. Export performance and net foreign Exchange collaborations. | The Company is not engaged in export activity. There is no Foreign Collaboration with any company. |
| 6. Foreign investments or collaborators, if any | The company has no foreign investments or foreign collaborations. The company has neither made any foreign investments nor has any collaboration overseas. |

II. INFORMATION ABOUT THE APPOINTEE

| | |
|-----------------------|--|
| 1. Background details | Mr. Vijay Sood has done his B A (Hons) in Economics from Delhi University in the year 1977 and MBA from Indian Institute of Management (IIM) Ahmedabad in the year 1979, the premier Business School of India. Mr. Sood is a member of Institute of Cost & Works Accounts of India (ICWA) since 1986. He has also completed an Advanced Management Programme from Wharton Business School, USA in 2003. Mr. Vijay Sood brings with him 34 years of experience in the fields of funds |
|-----------------------|--|



HB STOCKHOLDINGS LIMITED

| | |
|--|---|
| | management, investment banking and corporate finance and has held senior and top positions in M N Cs and foreign Banks. |
| 2. Past remuneration | Rs. 86,25,000/- per annum. |
| 3. Recognition or awards | Nil |
| 4. Job profile and his suitability | Being top level position, the job profile essentially requires a dynamic leader who is innovative, self-motivated and result oriented. The appointee being a hard core finance professional and has experience in conceptualizing, planning and directing and implementing business and financial strategies and translates them in terms of business growth. |
| 5. Remuneration proposed | As per the Explanatory Statement being part of the Notice of the AGM |
| 6. 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 sector / 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 he is related to or has pecuniary relationship with any of the directors of the company. He is not holding any Equity shares in 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 Services Companies may result Loss in reported figures. 2. Loss on account of sudden crash in the stock indices and also on account of loss in the F & O segment due to high Intra-day volatility in the stock market during the year 2011 & 2012. |
| 2. Steps taken or proposed to be taken for improvement | The company has undertaken a comprehensive review of its investments portfolio to identify and eliminate the low return yielding and illiquid stocks/ scrip's / securities so as to improve the average return/profitability. All these efforts yielded results and performance of the company improved significantly in the year 2011-2012 and company posted profits in its operations. |
| 3. Expected increase in productivity and profits in measurable terms | The aforesaid measures undertaken have boosted performance of the company since the year 2010. The performance of the Company improved all round resulting adequate Cash flow and also surplus generated for creation of Statutory reserve as per the RBI guidelines. |

IV. DISCLOSURES

Remuneration package payable to Mr. Vijay Sood, Managing Director of the company has been disclosed in the explanatory statement forming part of the Notice.

All elements of remuneration package to all other Directors' of the company are disclosed in the Corporate Governance Report annexed to the Director's Report.

The particulars set out hereinabove may be treated as the abstract of the terms and conditions of re-appointment of Mr. Vijay Sood as Managing Director of the Company, to be sent to the shareholders of the Company under section 302 of the Companies Act, 1956.

None of the Directors except Mr. Vijay Sood is concerned or interested in this resolution. The Board of Directors' recommends the Special Resolution set out at item no: 6 of the Notice for the approval of the Members.

ITEM NO. 7

The Board of Directors on the recommendations of the Remuneration Committee in their meeting held on 17th May 2013 re-appointed Mr. J M L Suri Executive Director of the Company for a further period of Three years, from 1st July 2013 up to 30th June 2016 subject to such approvals as may be necessary.

The re-appointment and payment of remuneration to Mr. J M L Suri, Executive Director, requires the approval of the Shareholders in the Annual General Meeting by a Special Resolution pursuant to Schedule XIII of the Companies Act, 1956 read with Section 269, 198, 309 and 310 of the said Act The re-appointment of Mr. J M L Suri as Executive Director of the company has been approved by the Board of Directors on the remuneration and subject to the terms and conditions detailed as under:-

a) **BASIC SALARY:** Rs.75000/- (Rupees Seventy Five Thousand only) per month

b) **PERQUISITES:**

i) **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.

ii) **MEDICAL REIMBURSEMENT**

Expenses incurred for self and family subject to a ceiling of one month's Basic salary (Rs.75,000/-) in a year.

iii) **LEAVE TRAVEL CONCESSION**

Expenses incurred for self and family subject to a ceiling of one month's Basic Salary (Rs. 75,000/-) in a year.

iv) **CLUB FEES**

Fees of clubs, subject to a maximum of two clubs, with admission and life membership fees not allowed.

v) **PERSONAL ACCIDENT INSURANCE**

Premium subject to a maximum of Rs. 4000/- per annum.

vi) **PROVIDENT FUND**

Company's contribution towards Provident Fund, subject to a ceiling, as prescribed under the provisions of law applicable in this regard.

vii) **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.

viii) **GRATUITY**

Half month's salary for each completed year of service.

ix) **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 cashed 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 the 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 the minimum remuneration to the Executive Director in the event of absence / inadequacy of profits in any of the financial years in which his terms of office continues.

h) As per provisions of Schedule XIII, since Mr. J M L Suri has completed 70 years of age hence his reappointment shall be made either with the approval of Central Government or by passing a Special Resolution. Hence, the company proposes to pass Special Resolution while reappointing him as Executive Director.

i) 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 of the Company, except Mr. J M L Suri is concerned or interested in this Resolution. The Board of Directors recommends the Special Resolution set out at item no: 7 of the Notice for the approval of the Members.

**By the Order of the Board
For HB STOCKHOLDINGS LTD.**

**Place : Gurgaon
Date : 17th May, 2013**

**ANIL KUMAR MITTAL
COMPANY SECRETARY**



HB STOCKHOLDINGS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 26th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March 2013.

FINANCIAL RESULTS

The Financial performance of the Company summarised for the year under review is as under:

| PARTICULARS | (Amount Rs. in lacs) | |
|--|------------------------------------|-------------------------------------|
| | Current Year Ended 31.3.2013 | Previous Year Ended 31.3.2012 |
| Total Revenue | 1887.52 | 1215.01 |
| Total Expenses | 777.59 | 438.11 |
| Profit for the Year before Tax and exceptional items | 1109.93 | 776.89 |
| - Tax Expenses | 110.00 | (4.78) |
| - Exceptional items | 00.00 | 141.63 |
| Profit After tax and Exceptional Items | 999.93 | 923.30 |
| Earning per Equity Shares (Before exceptional items) | | |
| - EPS Basic | 4.20 | 3.29 |
| - EPS Diluted | 4.20 | 3.29 |
| (After Exceptional Items) | | |
| - EPS Basic | 4.20 | 3.88 |
| - EPS Diluted | 4.20 | 3.88 |

DIVIDEND

In view of the distributable profits available after providing for depreciation, your directors are pleased to recommend dividend @ Re.1/- per Equity Share of face value of Rs. 10/- each (i.e. 10%) for the year under review.

PERFORMANCE REVIEW & OUTLOOK

The year was marked by high volatility in the stock market, and most asset classes remained subdued. Crude oil prices remained in the range of 80 to 105 US dollar and commodity prices also remained high. Even though the health of the domestic industry remained fragile during the year, an inflow of USD 22 billion into the Indian equities by overseas investors supported the market though domestic investors have been sellers. GDP growth estimates for the year have shown a decline in its trend belying hopes of recovery of the economy. The BSE Index which was 17,430 at the start of the financial year 2012-13 made a recovery to reach at 20,203 in January 2013 and finally declined at the year end to close at 18,835 on 31st March, 2013.

During the year under review, inflation remained high even though the economy has slowed down with expected growth of 5.4% per annum. Volatile prices of index stocks have caused a fear in the domestic investors. High interest rates by the Reserve Bank to curtail inflation have affected Industrial growth resulting in low industrial production figures and these developments has been viewed negatively.

During the year under review, Income from operation was Rs.1870.68 Lakhs (previous year Rs. 1205.48 Lakhs). Income of the Company comprises of Dividend Income Rs. 63.73 Lakhs (previous year Rs. 69.13 Lakhs) Securities Trading Loss was Rs. 22.24 Lakhs (previous year Rs. 25.66 Lakhs). Provisions for diminution in the value of Investments written back were Rs 561.09 Lakhs (previous year Rs. 1770.63 Lakhs). Net profit booked on sale of Investment was Rs. 1234.49 Lakhs (a loss of Rs. 609.81 Lakhs in the previous year). Net Profit before Tax and exceptional items for the year was Rs.1109.93 Lakhs (previous year Rs. 776.89 Lakhs)

Securities and Exchange Board of India vide its Order dated 9th May 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the Securities market, directly or indirectly, for a period of two years from the date of the Order for having conducted few transactions in a listed scrip during the period August 2000 to December 2000. The Company has been advised that aforesaid order of SEBI is not legally sustainable on various grounds. The Company filed an Appeal against the aforesaid Order of SEBI with the Hon'ble Securities Appellate Tribunal (SAT). The Hon'ble SAT vide its order dated 17th May 2012 has stayed the aforesaid order of SEBI till disposal of the Appeal filed by the Company. The Management of the Company expects a favourable disposal of the Appeal.

Industry Trends and its future prospects have been summed up in the Management Discussion and Analysis Report which forms part of this report.

STATUTORY STATEMENTS

PUBLIC DEPOSITS:

Your Company has neither invited nor accepted any deposits from the Public / shareholders during the year under review.

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

The particulars under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption etc. are not applicable to the company. During the year under review there have been no Earnings or outgo of Foreign Exchange.

PERSONNEL:

A list of employee(s) under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in the enclosed statement forming part of this report as Annexure.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA), your directors hereby states that

- in the preparation of the Annual Accounts for the year under review, the applicable Accounting Standards have been followed and no departures have been made there from.
- the directors had 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 of the Company for that period.

- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and further,

- that the directors had prepared the annual accounts for the year under review on a going concern basis.

SUBSIDIARIES OF THE COMPANY

In terms of the General Circular No. 51/12/2007-CL-III dated 8th February, 2011 of Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Statement of Profit & Loss, 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. However the financial data of the subsidiaries have been furnished under "Summary of Financial Information of Subsidiary Companies" and forms part of this Annual Report. Annual accounts of the subsidiary companies will be available upon request by any member of the Company interested in obtaining the same. Annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary Companies.

CORPORATE GOVERNANCE REPORT

Your Company is fully compliant with the requirements of the applicable Corporate Governance Code and is committed to ensure due compliance of any modifications that may be stipulated by the stock exchange(s) from time to time and well ahead of their timely implementation. Compliances of your Company with the requirements are presented in the enclosed pages. A Corporate Governance Report in detail together with Certificate from the Statutory Auditor's in respect of compliance(s) of Clause 49 of the Listing Agreement is enclosed herewith forming part of this report.

STATEMENT PURSUANT TO THE LISTING AGREEMENT

The Equity Shares of the Company are listed at Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd. (NSE) Mumbai.

The Listing fees for the current financial year to both the Stock Exchange(s) have been paid in time.

AUDITORS

M/s. P. Bholusaria & Co., Chartered Accountants, Delhi having FRN 0000468N, the Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting and eligible offers them selves for reappointment. As per the requirements of the Listing Agreement, Statutory Auditor's firm are holding a valid certificate issued by the 'Peer Review Board' of the ICAI.

AUDITOR'S REPORT

Auditor's observations in their report have been suitably explained, by way of appropriate notes to accounts wherever necessary.

DIRECTORS

Mr. Vijay Sood, Managing Director was reappointed by the Board in their meeting held on 17th May 2013 for a further period of 3 years, on completion of his term on 30th April, 2013. The term of Mr. J M L Suri, Executive Director will end on 30th June 2013, the Board reappointed Mr. J M L Suri, Executive Director for a further period of 3 Years w.e.f 1st July 2013. Special Resolutions in respect of reappointment and payment of remuneration to these whole time directors have been included in the Notice of 26th Annual General Meeting for member's approval.

Mr. Lalit Bhasin and Mr. Gulshan Rai Directors shall retire by rotation at the conclusion of the 26th Annual General Meeting and they being eligible have offered themselves for re-appointment. Information as per clause 49 of the Listing Agreement is annexed with the Notice of the 26th Annual General Meeting.

ACKNOWLEDGEMENTS

Your Directors acknowledge the services rendered by the employees of the Company at all levels of the organisation and express their gratitude for the assistance, co-operation and support extended by various other stakeholders during all these years.

For and on Behalf of The Board

Place : Gurgaon
Dated : 17th May, 2013

Lalit Bhasin
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Amount in Rs.

| Name of the Subsidiaries | HB Prima Capital Ltd. 31-03-2013 | Mount Finance Ltd. 31-03-2013 |
|---|--|-------------------------------------|
| Financial Year of the subsidiaries ended on | | |
| 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 the Subsidiary so far as they concern the members Of the Company for the year ended 31-03-13 | | |
| (i) for the financial year of the Subsidiary | (1,11,47,333) | (2,08,526) |
| (ii) for the previous financial period of the Sub. | 17,311 | (1,98,397) |
| The Net aggregate of the Profit / (Loss) of the Subsidiary as they concern the members of the company and which are not dealt with the accounts of the Company for the year 31 st March 2013 | | |
| (i) for the financial year of the subsidiary | Nil | Nil |
| (ii) for the previous financial periods of the sub. | Nil | Nil |

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 2013.

| Name of Employee/ Age (Years) | Date of Employment | Qualifications | Designation/ Nature of job | Gross Remuneration (Rs.) during the year ended 31st March 2013 | Particulars of previous Employment (Designation & Name of the Employer) | Experience (No. of years) | Whether relative of any Director or Manager of the Company |
|----------------------------------|-----------------------|---|-------------------------------|--|---|------------------------------|--|
| Mr. Vijay Sood 55 Yrs. | 30-04-2007 | AICWA, MBA from IIM Ahmedabad. Advance Management Programme from Wharton Business School, USA | Managing Director | Rs. 86,19,079/- | Group CFO, Renaissance Services SAOG, Oman | 34 | No |

Note: Remuneration includes salary, Cost of leased accommodation, Company's contribution to Provident Fund, wherever applicable and other sums & allowances actually received by the employee during the financial year and the Perquisites are valued in accordance with the Income Tax Act, 1961 and Rules made there under. The appointment is contractual.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results

The Total Revenue earned by the Company during the year was Rs. 1887.52 Lakhs as compared to Rs. 1215.01 Lakhs in the previous year. Administrative expenses, Depreciation and amortization including provisions for sub-standard & doubtful assets, provision against standard assets and Loans & Advances written off were Rs. 777.59 Lakhs as compared to Rs. 394.04 Lakhs during the previous year. Interest and financial charges for the year under review was Rs. Nil as compared to Rs.44.07 Lakhs during the previous year.

2. Business Analysis during 2012-2013

During the year, the stock market moved up through the year the BSE Sensex moved in the range of 15,749 to 20,203. While the year started on a poor note, there were frequent bouts of recovery & volatility and an upward trend from June 2012 till mid-January 2013. During the year Global economy has not seen major revival across North America and Europe and growth continues to remain moderate in Asian economies. India has seen inflation moderate at the close of the financial year and stable oil prices give a hope to the growth outlook in the medium to long term. To combat inflation, the Reserve Bank has kept interest rates high during the year which have dampened the overall spirit in industry during the year.

An equity market is influenced by underlying corporate performance, inflows from domestic investors and its attractiveness to foreign investors. In 2012-2013 in India, inflow of USD 22 billion by FIIs supported the market although domestic investors have by and large been sellers on every rally.

During the year under review, Income was at Rs. 1887.52 Lakhs (Rs. 1215.01 Lakhs in previous year) and Net Profit after exceptional items was Rs. 999.93 Lakhs (Rs.923.29 Lakhs in the previous year). Securities Trading including Equity derivative trading resulted in a Loss of Rs. 22.24 Lakhs (previous year Loss of Rs. 25.66 Lakhs) Profit booked on Sale of Investments during the year was Rs. 1234.49 Lakhs (previous year's Loss of Rs. 609.81 Lakhs.) Provision for diminution in the value of investment written back was Rs. 561.09 Lakhs during the year (previous year Rs. 1770.63 Lakhs)

3. Future Prospects and Outlook

Recent years have seen a lot of change and turmoil in Indian Industry. The problems of the global economy after its meltdown in previous 2-3 years have also not gone away. China's economy which was a strong growth engine has been slowing down especially in the housing and infrastructure sectors. The problems of Eurozone are making the nascent global recovery look weak. Asia ex Japan continues to see growth though its composition varies across the region depending upon exposure to the export sector in different countries. Indian economy will see a reasonable growth of 5-6% in the near term though inflation, oil prices, budget deficits, interest rates, commodity prices and infrastructural bottlenecks remain areas of concern.

4. Risks and concerns

The Company is mainly exposed to market risk (including liquidity risk), interest risk and credit risk. However prudent business and risk management practices followed by the company over the years help it to manage 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 Company has been managing these risks by observing a conservative financial profile in investment and trading of securities business.

5. Internal control systems and their adequacy

The Company has an adequate and effective system of internal controls for its various business processes, with regard to operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibility for all managerial positions gives strength to the internal control system of the organisation. Internal audits are done at regular intervals to ensure that responsibilities are executed effectively. Audit Committee of the Board of Directors on Quarterly basis reviews the adequacy and effectiveness of internal control systems and suggests measures for improvement of the existing control system and procedures to strengthen the control in view of changing business needs and safe guarding the assets of the Company against misuse or significant Loss from time to time.

6. 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 2013 stood at Rs. 2433.54 lakhs (including Rs. 54.32 Lakhs towards the original amount paid up on equity shares forfeited.) comprising of 2,37,92,218 Equity Shares of Rs.10/- each.

Reserves and Surplus: During the year under review, Reserve & Surplus were Rs. 9584.58 Lakhs (previous year Rs. 8863.01 Lakhs) including the Loss carried forward is Rs. 1682.68 Lakhs (previous year Rs. 2204.27 lakhs)

Fixed Assets stood at Rs. 62.91 Lakhs (Rs. 62.28 Lakhs in the previous year.)

Non Current Investments stood at Rs. 8518.93 Lakhs (previous year Rs. 8069.89 Lakhs)

Current Assets stood at Rs. 5148.48 Lakhs (previous year Rs. 4550.46 Lakhs)

7. Human Resources

Success of every business depends on proper human resource planning. The Company has adequate and experienced professionals having varied experience related to the Industry to carry out its business operations. The Company regularly makes efforts to develop leadership capability in the team members to enhance their skill and vision which reflects in the decision making process.

8. 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, direct tax regimes, credit appraisal and monitoring system, Notifications and guidelines issued by Reserve Bank of India, economic developments and other factors such as litigation etc.



HB STOCKHOLDINGS LIMITED

REPORT ON CORPORATE GOVERNANCE

Corporate Governance philosophy

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. 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 benefits to the greatest number of stakeholders. The accountability of the personal and corporate funds in a company in a more transparent and equitable manner and the essence of Corporate Governance which ensures investor protection and maximization of shareholders wealth. The Corporate Governance is a continuing exercise and the company would constantly endeavor to improve on these aspects.

Composition of the Board

The Board of Directors of your Company presently comprises of 7 directors, out of whom 5 directors are Non-executive and 4 directors are Independent. Mr. Lalit Bhasin a Promoter and is Non-Executive Chairman of the Board since 30th June 2004. The number of independent directors is more than half of the total strength of the Board composition. The other Non-Executive Directors are proficient in their respective fields and bring with them tremendous experience in the areas

of Corporate finance, Taxation, Legal expertise, Securities market operations, Corporate affairs and management. Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director, both the working Director(s) have to their credit over three and four decades of corporate experience(s) respectively in Foreign Banks, Indian and Foreign Companies including Multinational Companies. These two working Directors among themselves share the overall responsibility of all the day to day business affairs of the company and implement Board's plan and policies. The Composition of the present Board is totally in conformity of the Clause 49 of the Listing Agreement as amended from time to time.

Number of Board Meetings

During the year under review (1-04-2012 to 31-03-2013), the Board of Directors of your Company meet Six (6) times on 25th May 2012; 08th August 2012; 29th August, 2012, 3rd November 2012; 6th February, 2013 and on 22nd March 2013. The gap between two Board Meetings did not exceed 120 days, as stipulated in the Listing Agreement.

Directors Attendance & their Directorships

Composition of the Board of Directors and Attendance of the Board members with their shareholding in the Company and status of presence in the last AGM 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 |
|---|---|----------|---|----------|---------------------------------------|----------|-------------------|--|
| | Director | Chairman | Member | Chairman | Held | Attended | | |
| Mr. Lalit Bhasin Promoter & Non-Executive | 14 | 4 | 6 | Nil | 6 | 6 | Yes | 1,22,62,307 (51.54%) |
| Mr. P. K. Mittal Independent & Non Executive | 1 | Nil | Nil | Nil | 6 | 5 | No | NIL |
| Mr. Gulshan Rai independent & Non Executive | Nil | Nil | Nil | Nil | 6 | 6 | Yes | NIL |
| Mr. Anil Goyal Independent & Non Executive | 11 | Nil | 5 | 1 | 6 | 6 | Yes | NIL |
| Mr. Harbans Lal Independent & Non Executive | Nil | Nil | Nil | Nil | 6 | 6 | Yes | NIL |
| Mr. J.M.L. Suri Executive Director | 13 | Nil | 5 | 2 | 6 | 6 | Yes | 1000(Not Significant) |
| Mr. Vijay Sood Managing Director | 2 | Nil | 2 | Nil | 6 | 5 | No | Nil |

One-third of the rotational directors of the Company shall retire at every Annual General Meeting in terms of the Companies act, 1956, and Articles of Association of the Company. Accordingly, Mr. Lalit Bhasin and Mr. Gulshan Rai Directors being longest in their respective offices shall retire by rotation at the ensuing Annual General Meeting to be held in Aug/ September 2013 and they being eligible offer them selves for reappointment. In terms of clause 49(IV)(G) of the Listing agreement, a brief resume of directors proposed to be reappointed, nature of their expertise in specific functional areas, their other directorships and committee memberships. Their shareholdings and their relationships with other directors are provided in the Notice convening the ensuing Annual General Meeting of the Company.

Board Committee(s)

As per Clause 49 of the Listing Agreement, all mandatory Board committee's are in place and their Constitution meets the requirements as stipulated in the Listing Agreement and as per provisions amended from time to time. The Board of Director's in its meeting held on 7th March, 2001, constituted two Committee(s) namely; the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 read with clause 49 of the Listing Agreement and Shareholders / Investors Grievance Committee. Further to that, a Remuneration Committee was constituted in the Board Meeting held on October 30, 2004 to meet the requirements of the Listing Agreement and Schedule XIII of the Companies Act, 1956.

(A) Audit Committee:

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Audit Committee of the Board presently comprises of the following members:

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

Mr. Vijay Sood, Managing Director and Mr. J. M. L. Suri, Executive Director, are the two permanent invitees at the Audit Committee Meetings in addition to the Internal and Statutory Auditor's of the Company. The Audit Committee in their meetings shall review the following information: Management discussion and Analysis of financial condition, 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 pointed out by the Statutory Auditors in the existing system of operations; Internal Audit Reports relating to Internal Control and the appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee. The Audit Committee of the Board has been empowered, inter-alia, to carry out the following functions:

- 1) To lays 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 Quarterly, 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 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 (Four) Audit Committee meeting(s) were held on 25-05-2012, 08-08-2012, 03-11-2012 and on 06-02-2013. Audit Committee Meeting(s) were attended by all the members of the Committee(s) as well as Internal and Statutory Auditors of the Company.

(B) Shareholders / Investors Grievance Committee:

The Shareholders / Investors Grievance Committee of the Board was reconstituted and presently comprises of three members viz. Mr. P K Mittal (Chairman of the Committee), Mr. Harbans Lal and Mr. J.M.L. Suri as Committee Members. The Company Secretary acts as Secretary to the Committee. The functions of the Committee, inter alia, include approval / rejection of Transfers and transmission of shares, Issue of fresh / duplicate certificates upon split / consolidation / renewal / mutilation / remat / loss or otherwise of equity share Certificate(s), 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 Complaints related to the Investors in respect of various grievances.

During the year under review, Shareholders / Investors Grievances Committee meet 4 (Four) times on 25-05-2012, 08-08-2012, 03-11-2012 and on 06-02-2013. Mr. Harbans Lal, Mr. P K Mittal and Mr. J.M.L. Suri attended all the Committee Meetings.

In order to quickly process the requests for Share Transfers within 14 days of receipt and also dispatch the same to the small shareholders, Mr. J.M.L. Suri, Executive Director has been empowered by the Board of Directors to approve the Share Transfers up to 10,000 Equity Shares under one folio at a time when such requests accumulates for processing between the two Investors Grievances Committee meeting(s).

(C) Remuneration Committee:

The Remuneration Committee of the Board comprises of all independent directors on the Board, viz. Mr. Harbans Lal, Chairman, Mr. P. K. Mittal and Mr. Gulshan Rai the two members. The functions of the Committee, inter alia, includes to lay down, review and revise the remuneration payable to the managerial personnel, to give recommendations to the Board of Directors on the matters concerning the remuneration structure and composition, to deal with any other matter related or incidental to the above or as may be delegated by the Board of Directors from time to time.

During the year under review, no Remuneration Committee meeting was held.

Remuneration to Non Executive Directors

All the non-executive directors of the Company are remunerated by payment of sitting fees for each meeting of the Board and Committees thereof attended by the members, during the year 01-04-2012 to 31-03-2013, Directors' of the Company were paid remuneration as detailed hereunder:

| Director (s) | Relationship with other Director(s) | Sitting Fees (Rs.) | Salary & Perks (Rs.) | Commission, if any |
|------------------|-------------------------------------|--------------------|----------------------|--------------------|
| Mr. Lalit Bhasin | — | 60,000 | Nil | Nil |
| Mr. Gulshan Rai | — | 1,10,000 | Nil | Nil |
| Mr. P K Mittal | — | 1,08,000 | Nil | Nil |
| Mr. Harbans Lal | — | 1,08,000 | Nil | Nil |
| Mr. Anil Goyal | — | 1,10,000 | Nil | Nil |

Sitting fee for each meeting of the Board and the Committee thereof payable to the Directors has been fixed and revised by the Board of Directors from time to time within the overall ceiling laid down under the Companies Act, 1956.

Remuneration to Whole Time Directors

Salary and perquisites paid for the year ended March 31, 2013, in aggregate value to Mr. Vijay Sood Managing Director and Mr. J.M.L. Suri, Executive Director are as under:

Mr. Vijay Sood Managing Director

Rs. 86,19,079/-

Mr. J M L Suri Executive Director

Rs.18,33,000/-

Besides, the remuneration mentioned herein above, Mr. J M L Suri, the Executive Director is also entitled to Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, and Mr. Vijay Sood Managing Director is entitled to encashment of Leave at the end of tenure, as per rules of the Company.

SHARE HOLDERS INFORMATION:**General Body Meetings:**

Location and time where the Annual General Meeting(s) were held during the last three years:

| Year | Type | Location | Date | Time |
|---------|----------|---|----------|------------|
| 2011-12 | 25th AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001 | 29-08-12 | 11.00 A.M. |
| 2010-11 | 24th AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001 | 30-08-11 | 11.00 A.M. |
| 2009-10 | 23rd AGM | GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001 | 07-09-10 | 11.00 A.M. |

Special Resolution(s) passed if any, in the previous 3 AGMs of the Company

| S. No. | Subject Matter(s) | Reference and Date of passing at the AGM |
|--------|---|--|
| 1. | • No Special Resolution passed | 25th AGM 29-08-2012 |
| 2. | • No Special Resolution passed | 24th AGM 30-08-2011 |
| 3. | • Reappointment of Mr. Vijay Sood as the Managing Director of the Company | 23rd AGM 07-09-2010 |

No resolution is proposed to be passed through Postal Ballot during the year and no Special Resolutions were put through Postal Ballot process in the previous year.

Disclosures:

- There were no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31-03-2013 (Refer Notes to Accounts - No.21.1 & 2 forming part of the Balance Sheet & Statement of 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 any other Statutory Authority on any matter related to capital market during the last year. However, in a matter relating to the alleged violations in the trading in a listed security carried out by the Company at stock exchanges in the year 2000, Securities Exchange Board of India (SEBI) restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market, directly or indirectly, for a period of two years from the date of the Order 9th May 2012. The Hon'ble Securities Appellate Tribunal (SAT) vide its Order dated 17th May, 2012, in an Appeal filed by the Company has stayed the aforesaid order of SEBI till the disposal of Appeal filed by the Company. The Appeal filed by the Company is pending disposal.

- The company has adopted a Code of Conduct applicable to all the Directors and Senior Management personnel of the company and the same has been posted on the company's website www.hbstockholdings.com. During 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 on behalf of all the directors of the Company has been furnished by the Managing Director of the Company and the same is given at the end of the Corporate Governance 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 /or Mount Finance Limited falls under 'Material Non Listed Subsidiary' in terms of Clause 49 of the Listing Agreement. However, the financial results and the investments (as and when made) are regularly placed before the members of Audit Committee for their review.
- The Managing Director, the CEO and the CFO have given their Certification on the review of financial statements, including cash flow, for the year ended 31.03.2013 to the Board of Directors for review.
- Whistle Blower Policy being a Non Mandatory Requirement has not been adopted by the company.
- All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to/complied with. Non mandatory requirement relating to Remuneration Committee has been adopted by the company.

6. Means of Communication:

- Quarterly & Annual Results (audited and/or un-audited: Dissemination through Stock Exchanges announcements and also through Company's website soon after the conclusion of Board Meeting for Adoption of Audited / Unaudited Financial Results, and through publication of Financial Results in Newspapers as per Clause 41 of the Listing Agreement.
- Newspapers wherein results are normally published - Business Standard, English and Hindi Edition.
- Results (Unaudited & Audited) are promptly uploaded on Company's website at www.hbstockholdings.com for display and for the information of members of the company.
- Company's website displays official News releases and also important communications sent to Stock Exchanges. As per the Listing Agreement, any presentations made to institutional investor's etc. shall be communicated to the stock exchange(s) in advance and also to be uploaded on the Company's website.
- Company being a NBFC, registered with Reserve Bank of India has displayed the Certificate of Registration, and other communication mandatorily required to be hosted through the web site of the Company for its Customers and other stake holders.

7. General Shareholder Information:

- Ensuing Annual General Meeting Day, Date, time and venue:
Date : Friday, 23rd August 2013
Time : 11.00 A. M.
Venue : GIA House, I.D.C., Mehrauli Road,
Opp. Sector 14, Gurgaon - 122 001 (Haryana)
- Financial Year : 1st April 2012- 31st March 2013
- Date of Book Closure: 16th August, 2013 to 23rd August, 2013 (both days inclusive)
- Dividend Payment Date:
Subject to the approval of dividend by the shareholders, dividend warrants will be mailed to eligible members/ beneficial owner's (in respect of shares held in dematerialized form) on or before 23rd September, 2013.
- Listing on Stock Exchange(s)
• Bombay Stock Exchange Ltd., Mumbai
• National Stock Exchange of India 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 on 31-03-2013; 1,97,59,054 Equity Shares constituting 83.05% of the Company's Subscribed and Paid up Share Capital are held in dematerialised form.

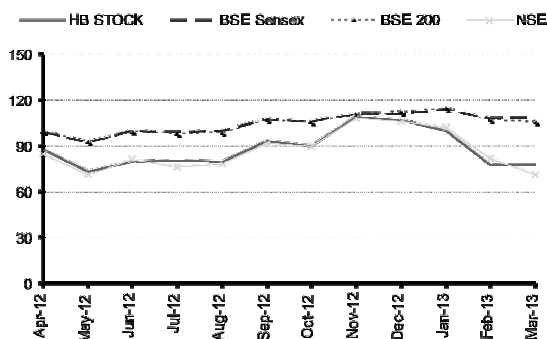
- Market Price Data: The monthly High, Low and Close price of Company's shares with volume of shares traded during each month in the financial year ended 31st March, 2013 at BSE & NSE are as under:

| Months | BSE | | | | NSE | | | |
|--------|-------|-------|-------|----------|-------|-------|-------|----------|
| | High | Low | Close | Volume | High | Low | Close | Volume |
| Apr-12 | 13.18 | 10.27 | 10.75 | 28,772 | 12.70 | 10.20 | 10.40 | 15,443 |
| May-12 | 11.93 | 7.25 | 9.00 | 57,728 | 11.35 | 8.05 | 8.70 | 21,500 |
| Jun-12 | 10.70 | 8.45 | 9.80 | 22,019 | 10.75 | 8.00 | 9.95 | 60,854 |
| Jul-12 | 11.77 | 9.34 | 9.89 | 1,14,707 | 11.45 | 9.00 | 9.35 | 60,131 |
| Aug-12 | 11.60 | 9.26 | 9.76 | 1,09,852 | 11.60 | 9.10 | 9.60 | 51,461 |
| Sep-12 | 12.00 | 9.41 | 11.44 | 48,663 | 13.00 | 9.10 | 11.20 | 86,317 |
| Oct-12 | 13.65 | 11.00 | 11.00 | 2,85,026 | 13.25 | 9.55 | 10.95 | 70,597 |
| Nov-12 | 15.85 | 11.27 | 13.29 | 3,30,070 | 15.35 | 10.80 | 13.25 | 1,86,208 |
| Dec-12 | 15.00 | 12.00 | 13.10 | 1,11,269 | 14.95 | 10.50 | 13.00 | 86,924 |
| Jan-13 | 15.57 | 11.18 | 12.23 | 2,33,341 | 14.90 | 11.30 | 12.50 | 41,028 |
| Feb-13 | 13.98 | 9.41 | 9.52 | 48,386 | 12.50 | 9.10 | 10.00 | 32,418 |
| Mar-13 | 11.80 | 8.00 | 9.54 | 62,402 | 12.85 | 7.80 | 8.75 | 43,449 |



HB STOCKHOLDINGS LIMITED

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 | : -11.26 |
| NSE | : -15.87 |
| BSE Sensex | : 8.76 |
| BSE 200 | : 7.07 |

XI. The distribution of shareholdings of the company as on 31st March 2013 is as under:

| No of Shares | Shareholders | | Shareholding | |
|-----------------|--------------|---------------|-----------------|---------------|
| | Nos. | % to total | Shares | % to total |
| 1-500 | 72074 | 98.28 | 5863503 | 24.64 |
| 501-1000 | 714 | 0.97 | 548509 | 2.31 |
| 1001-2000 | 272 | 0.37 | 397477 | 1.67 |
| 2001-3000 | 83 | 0.11 | 213037 | 0.90 |
| 3001-4000 | 36 | 0.05 | 128957 | 0.54 |
| 4001-5000 | 29 | 0.04 | 131640 | 0.55 |
| 5001-10000 | 60 | 0.08 | 414105 | 1.74 |
| 10001 and above | 71 | 0.10 | 16094990 | 67.65 |
| TOTAL | 73339 | 100.00 | 23792218 | 100.00 |

The category-wise distribution of Shareholding as on 31st March, 2013 is as follows:

| Category | No. of Shares held | % of Shareholding |
|------------------------------|--------------------|-------------------|
| A. PROMOTERS HOLDING | | |
| 1. Indian Promoters | 12661121 | 53.22 |
| 2. Foreign Promoters | 0 | 0.00 |
| B PUBLIC SHAREHOLDING | | |
| 1. Institutional | 28790 | 0.12 |
| 2. Non-Institutional | 11102307 | 46.66 |
| GRAND TOTAL | 23792218 | 100.00 |

XII The Company has no GDR's / ADR's / Warrants or any other instruments outstanding for Conversion into Equity Shares.

XIII Share Transfer System

Share Transfers are recorded in the Registers and duly transferred shares are returned to the investors within a period of 15 days from the date of lodgement if the documents are found to be complete in all respects and are in order. The authority for transfer of shares has been delegated to the Shareholders / Investors Grievance Committee, which meets at least once every Quarter and as and when business requires. However, when no meetings are to be held then Executive Director exercises his power for transfer of shares up to a fixed number beyond which the matters are placed before the Committee. The statistics of share transfers during the period under review as well as request for Demat of shares confirmed are as under:

| Transfer Period | No of cases | No of Shares | % to Shares |
|-----------------|-------------|--------------|-------------|
| 1-15 | 200 | 21,727 | 100 |
| 16 & Above | - | - | - |

| Demat Period | No of cases | No of Shares | % to Shares |
|--------------|-------------|--------------|-------------|
| 1-15 | 724 | 75,190 | 100 |
| 16 & Above | - | - | - |

XIV The status of Investor's Grievance Redressal during the year 1-04-2012 to 31-03-2013 is as under:

| Grievance / Query received from | Received | Disposed off |
|---------------------------------|-----------|--------------|
| Investors | 26 | 26 |
| Stock Exchange(s) | 01 | 01 |
| SEBI | 04 | 04 |
| NSDL | 00 | 00 |
| Total | 31 | 31 |

XV Sh. Anil K. Mittal- 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: -0120- 4015880, 0120-4015886
Fax : - 0120- 2444346
E-mail:- shares@ rcmcdelhi.com

XVII Address for Correspondence:

The Company Secretary
HB Stockholdings Ltd.
"HB House" 31, Echelon Institutional Area
Sector-32, Gurgaon- 122 001
(Haryana)

Managing Director's Declaration on Code of Business Conduct

To
The Members of
HB Stockholdings Limited
Gurgaon

I, Vijay Sood, Managing Director of the Company declare that all the members of the Board of Directors; and Senior Management of the Company has affirmed compliance with the Code of Conduct.

Place: Gurgaon
Date: 17th May, 2013

For HB Stockholdings Ltd.
Vijay Sood
Managing Director

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
Gurgaon

We have examined the compliance of conditions of Corporate Governance by **HB STOCKHOLDINGS LIMITED** for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2013 there were no Investors' Grievances remaining unattended/pending for a period exceeding one month.

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

FOR P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

Place : Gurgaon
Date : 17th May 2013

AMIT GOEL
Partner
(Membership No. 92648)



HB STOCKHOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HB STOCKHOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HB STOCKHOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - on the basis of written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

(AMIT GOEL)
PARTNER

(Membership No. 92648)

Place : Gurgaon
Dated : 17th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Re: HB Stockholdings Ltd.

Referred to in Paragraph 1 under the heading of "Report on other legal and Regulatory Requirements" of our report of even date for the year ended 31st March, 2013

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, the management during the year has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year that would affect going concern status of the Company.
- As explained to us, inventories (Investments) have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
 - 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.
 - 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.
- 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 has been given by company to two wholly owned subsidiary companies. The outstanding recoverable as at the beginning of the year was

₹ 518,19,436/- from them. The amount paid during the year is ₹ 1,00,000/- to one subsidiary, the maximum amount outstanding at any time during the year is ₹ 5,19,19,436/- and year end balance is ₹ 11,69,436/- in respect of one subsidiary.

- 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. However, amount of ₹ 4,80,00,000/- in respect of one subsidiary has been written off during the year.
 - There are no stipulations in writing as to the repayment of aforesaid advance.
 - In respect of aforesaid advance given by the Company, as explained to us, there are no overdue amounts.
 - The company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.
- 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.
 - 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.
 - 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.
 - The Company has not accepted any deposits from the public.
 - In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
 - The 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.
 - 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 except for non-deposit of installments of advance tax. 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, 2013 for a period of more than six months from the date of becoming payable except for non deposit of advance tax installments of ₹ 4950000/- for June & September, 2012 quarters.
 - The disputed statutory dues aggregating to ₹ 72,92,391/- 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 (₹) |
|---------|----------------------|---------|----------------------|-------------------------------------|--------------------|
| 1. | Income Tax Act, 1961 | 2001-02 | Income Tax | Commissioner of Income Tax (Appeal) | 38,55,091/- |
| 2. | Income Tax Act, 1961 | 2002-03 | Income Tax (Penalty) | Commissioner of Income Tax (Appeal) | 24,10,470/- |
| 3. | Income Tax Act, 1961 | 2010-11 | Income Tax | Commissioner of Income Tax (Appeal) | 10,26,830/- |
| | | | | TOTAL | 72,92,391/- |

- 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.
- 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.
- 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.
- In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- The Company has maintained proper records of transactions and contracts in respect of trading (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 certain shares/debentures that are pledged or given as margin or which are under process of transfer or are pending for rectification of bad deliveries.
- The company has given guarantees in respect of loans taken from bank by two companies. In the opinion of management, as explained in note no. 19 (b), the terms and conditions of guarantees given are not prejudicial to the interest of the company. However, we are unable to comment about the same.
- The Company has not raised any term loans during the year.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and considering the activities of the company, we report that there are no funds raised on short- term basis that have been used for long term investments.
- 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.
- No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
- The Company has not raised any money by way of public issue during the year.
- In our opinion and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year.

FOR P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

(AMIT GOEL)
PARTNER

(Membership No. 92648)

Place : Gurgaon
Dated : 17th May, 2013



HB STOCKHOLDINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note(s) | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--------------------------------|---------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 243353823 | 243353823 |
| Reserves and Surplus | 3 | 958458095 | 886300799 |
| | | 1201811918 | 1129654622 |
| Non-Current Liabilities | | | |
| Long Term Provisions | 4 | 104866483 | 137140788 |
| | | 104866483 | 137140788 |
| Current Liabilities | | | |
| Other Current Liabilities | 5 | 2275491 | 2139286 |
| Short Term Provisions | 6 | 99954721 | 85853749 |
| | | 102230212 | 87993035 |
| | | 1408908613 | 1354788445 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible assets | 7 | 6291023 | 6227593 |
| Non-current investments | 8 | 851893082 | 806989127 |
| Long term loans and advances | 9 | 35876220 | 86526220 |
| | | 894060325 | 899742940 |
| Current Assets | | | |
| Current investments | 8 | 267498451 | 198555750 |
| Trade Receivables | 10 | 4290976 | 0 |
| Cash and Cash equivalents | 11 | 25289105 | 2108070 |
| Short-Term Loans and Advances | 12 | 217461908 | 254364904 |
| Other Current Assets | 13 | 307848 | 16781 |
| | | 514848288 | 455045505 |
| | | 1408908613 | 1354788445 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 33

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 17th May, 2013

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

For and on behalf of the Board

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note(s) | Year Ended 31st March, 2013 (In ₹) | Year Ended 31st March, 2012 (In ₹) |
|---|---------|--|--|
| Revenue from operations | 14 | 187068224 | 120548167 |
| Other Income | 15 | 1683398 | 952548 |
| Total Revenue | | 188751622 | 121500715 |
| Expenses: | | | |
| Employee Benefit Expense | 16 | 14107797 | 15233910 |
| Finance Costs | 17 | 0 | 4406675 |
| Depreciation | 7 | 779913 | 1208056 |
| Other Expenses | 18 | 15090608 | 13619711 |
| Provision for Sub-Standard and Doubtful Assets | | 0 | 9000000 |
| Loans & Advances written off | | 48000000 | - |
| Contingent Provision against Standard Assets | | (219697) | 343047 |
| Total Expenses | | 77758621 | 43811399 |
| Profit for the year before Tax and exceptional items | | 110993001 | 77689316 |
| Tax expense: | | | |
| Current tax | | 11000000 | 0 |
| Tax adjustments for earlier years | | 0 | (477551) |
| Profit for the year after Taxation before exceptional items | | 99993001 | 78166867 |
| Exceptional Items | 30 | 0 | 14162523 |
| Profit after Tax and Exceptional Items | | 99993001 | 92329390 |
| Earning per equity share: | | | |
| Equity share of Par value ₹ 10/-each | 28 | | |
| Before Exceptional Items | | | |
| Basic and Diluted | | 4.20 | 3.29 |
| After Exceptional Items | | | |
| Basic and Diluted | | 4.20 | 3.88 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 33

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 17th May, 2013

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

For and on behalf of the Board

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | (Amount in ₹) Year Ended 31st March, 2013 | (Amount in ₹) Year Ended 31st March, 2012 |
|--|---|---|
| A) CASH FLOW FROM OPERATION ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 110993001 | 77689316 |
| Adjustment for : | | |
| Depreciation | 779913 | 1208056 |
| Provisions for Sub Standard and doubtful Assets | 0 | 9000000 |
| Contingent Provision against Standard Assets | (219697) | 343047 |
| Loss/(Profit) on sale of fixed assets | (29283) | 367632 |
| Operating Profit before Working Capital Changes | 111523934 | 88608051 |
| Adjustments for : | | |
| Trade and other receivables | 82970953 | 4917145 |
| Investments | (169955865) | (10014246) |
| Current and Non Current Liabilities | (543927) | (2525448) |
| Cash generated from exceptional items | 0 | 14162523 |
| Cash Generated from operation | 23995095 | 95148025 |
| Income tax paid | 0 | (3722449) |
| Cash Flow after exceptional Items | 23995095 | 91425576 |
| Net Cash from Operation Activities | 23995095 | 91425576 |

| Particulars | (Amount in ₹) Year Ended 31st March, 2013 | (Amount in ₹) Year Ended 31st March, 2012 |
|--|---|---|
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1014060) | (2491725) |
| Sale of Fixed Assets | 200000 | 610000 |
| Net Cash used in Investing Activities | (814060) | (1881725) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds/(-) repayment of Borrowings | 0 | (90000000) |
| Net Cash used in Financing Activities | 0 | (90000000) |
| Net Increase in Cash & Cash Equivalents A+B+C | 23181035 | (456149) |
| CASH AND CASH EQUIVALENTS (OPENING BALANCE) | 2108070 | 2564219 |
| Cash and Cash Equivalents (CLOSING BALANCE) | 25289105 | 2108070 |

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 17th May, 2013

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

For and on behalf of the Board

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013
1. SIGNIFICANT ACCOUNTING POLICIES
1.1 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.

1.2 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.

1.3 REVENUE RECOGNITION

- 1.3.1 All Income & Expenditure are accounted for on accrual basis.
- 1.3.2 Shares/Securities are capitalised at cost inclusive of brokerage, Service Tax, Education Cess.
- 1.3.3 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.

1.4 FIXED ASSETS

Fixed Assets are stated at cost less depreciation.

1.5 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.

1.6 INVESTMENTS

- 1.6.1 Investments are classified into Current Investments and Non current/ Long Term Investments.
- 1.6.2 Current Investments are valued at lower of cost or fair market value on category wise basis. Non current/Long Term Investments are valued at cost less other than temporary 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, and in compliance with the Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007:
 - (a) on the assets side, investments are shown at cost;
 - (b) the diminution/depreciation is shown correspondingly under the head "Provisions"(Short term/Long term) in the liabilities side in the Balance Sheet without showing it as deduction from the value of Investments.
- 1.6.3 Cost of investments is computed using the Weighted Average Method.

1.7 EMPLOYEE BENEFITS

- 1.7.1 Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-
- 1.7.2 Short Term Employee benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which they are incurred.
- 1.7.3 Employee benefits under defined contribution plans comprise of contribution to Provident Fund and Superannuation. Contributions to Provident Fund are deposited with appropriate authorities and charged to Statement of Profit & Loss. Contribution to Superannuation are funded with Life Insurance Corporation of India.
- 1.7.4 Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with Life Insurance Corporation of India.
- 1.7.5 Termination benefits are recognized as an Expense as and when incurred.
- 1.7.6 The actuarial gains and losses arising during the year are recognized in the Statement of Profit & Loss of the year without resorting to any amortization.

1.8 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.

1.9 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.

1.10 CONTINGENCIES:

The company creates a provision when there is present obligation as 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, requires 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

The Previous year figures have been regrouped/reclassified, wherever necessary to conform to the Current Year's presentation

2. SHARE CAPITAL

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| AUTHORIZED | | |
| 7,00,00,000 (7,00,00,000) Equity Shares of ₹ 10/- each. | 700000000 | 700000000 |
| 3,00,00,000 (3,00,00,000) Redeemable Preference Shares of ₹ 10/- each | 300000000 | 300000000 |
| | 1000000000 | 1000000000 |
| ISSUED | | |
| 2,54,43,257(2,54,43,257) Equity Shares of ₹ 10/- each. | 254432570 | 254432570 |
| | 254432570 | 254432570 |
| SUBSCRIBED & PAID UP | | |
| 2,37,92,218 (2,37,92,218) Equity Shares of ₹ 10/- each fully paid up. | 237922180 | 237922180 |
| | 237922180 | 237922180 |
| Add: Forfeited shares- 16,51,039(16,51,039) Equity Shares | 5431643 | 5431643 |
| (Amount originally paid up) | 243353823 | 243353823 |

- Issued Share capital of the Company has only one class of shares referred to as equity shares having Par value of ₹10/. Each holder of Equity Shares is entitled to One vote per share.
- Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March, 2013 & 31st March, 2012 is as under:

| Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|-----------------------------------|------------------------|------------|------------------------|------------|
| | No. of Shares | Amount (₹) | No. of Shares | Amount (₹) |
| Number of shares at the beginning | 23792218 | 237922180 | 23792218 | 237922180 |
| Number of shares at the end | 23792218 | 237922180 | 23792218 | 237922180 |

- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

| Name of Shareholder | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares Held | % of holding | No. of Shares Held | % of holding |
| Lalit Bhasin | 12262307 | 51.54 | 11822317 | 49.69 |

- The dividend Proposed, if any, by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.
- In the event of the Liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all Preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



HB STOCKHOLDINGS LIMITED

3. RESERVE AND SURPLUS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| Securities Premium Reserve-opening balance | 999689069 | 999689069 |
| Add: Addition during the year | 0 | 0 |
| | 999689069 | 999689069 |
| Statutory Reserve -Opening balance* | 107038420 | 88572542 |
| Add: Transferred from Surplus | 19998600 | 18465878 |
| | 127037020 | 107038420 |
| Investment Allowance Reserve (Utilised Account)-opening balance | 0 | 477000 |
| Less: Transferred to Surplus | 0 | 477000 |
| | 0 | 0 |
| Surplus -opening balance | (220426690) | (294767202) |
| Add: Transferred from Investment Allowance Reserve | 0 | 477000 |
| Add: Net Profit after tax transferred from Statement of Profit & Loss | 99993001 | 92329390 |
| | (120433689) | (201960812) |
| Less:Transferred to Statutory Reserve | 19998600 | 18465878 |
| Less: Proposed Dividend on Equity Shares(Dividend per Equity Share ₹ 1/-, Previous Year ₹ Nil/-) | 23792218 | 0 |
| Less:Tax on Proposed Dividend | 4043487 | 0 |
| | (168267994) | (220426690) |
| Surplus-Closing balance | 958458095 | 886300799 |

(*) Created by way of transfer of specified percentage of profits as per section 45IC of Reserve Bank of India (Amendment) Act,1997. Appropriation from Reserves shall be for the purposes as may be specified by Reserve Bank of India.

4. LONG TERM PROVISIONS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| Provisions For Employee Benefits | | |
| Leave encashment | 964692 | 689174 |
| Gratuity | 117132 | 1028102 |
| Others | | |
| Diminution in value of Long term/Non current Investments | 103694968 | 135207196 |
| Contingent provision against standard Assets | 89691 | 216316 |
| | 104866483 | 137140788 |

5. OTHER CURRENT LIABILITIES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|------------------|-------------------------------------|-------------------------------------|
| Expenses Payable | 1763624 | 1791924 |
| TDS Payable | 511867 | 347362 |
| | 2275491 | 2139286 |

6. SHORT TERM PROVISIONS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| Provisions For Employee Benefits | | |
| Leave encashment | 249936 | 294616 |
| Others | | |
| Income Tax | 11000000 | 0 |
| Sub Standard & Doubtful Assets | 10000000 | 10000000 |
| Diminution in value of Current Investments | 50352535 | 74949516 |
| Contingent Provision against Standard Assets | 516545 | 609617 |
| Proposed Dividend | 23792218 | 0 |
| Dividend Tax | 4043487 | 0 |
| | 99954721 | 85853749 |

7. FIXED ASSETS

| S. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------|-------------------------|---------------------|--------------------------------|---------------------------------|---------------------|---------------------|-----------------|--|---------------------|---------------------|---------------------|
| | | As at 01.04.2012 | Addition during the year | Deduction during the year | As at 31.03.2013 | As at 01.04.2012 | For the year | Deduction/ Adjustments during the year | As at 31.03.2013 | As on 31.03.2013 | As at 31.03.2012 |
| | Tangible Assets | | | | | | | | | | |
| 1 | Furnitures & Fixtures | 6590883 | 0 | 0 | 6590883 | 5300651 | 184997 | 0 | 5485648 | 1105235 | 1290232 |
| 2 | Vehicles | 6613789 | 1014060 | 703691 | 6924158 | 2727025 | 414469 | 532974 | 2608520 | 4315638 | 3886764 |
| 3 | Office Equipment | 2018260 | 0 | 0 | 2018260 | 1404672 | 95867 | 0 | 1500539 | 517721 | 613588 |
| 4 | Data Processing Machine | 468809 | 0 | 0 | 468809 | 321365 | 47363 | 0 | 368728 | 100081 | 147444 |
| 5 | Air conditioners | 718555 | 0 | 0 | 718555 | 436126 | 34131 | 0 | 470257 | 248298 | 282429 |
| 6 | Generator Set | 64960 | 0 | 0 | 64960 | 57824 | 3086 | 0 | 60910 | 4050 | 7136 |
| | Total | 16475256 | 1014060 | 703691 | 16785625 | 10247663 | 779913 | 532974 | 10494602 | 6291023 | 6227593 |
| | (Previous Year) | 15780649 | 2491725 | 1797118 | 16475256 | 9859093 | 1208056 | 819486 | 10247663 | 6227593 | 5921556 |

8. INVESTMENTS

| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|--|----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount (In ₹) |
| NON CURRENT INVESTMENTS (LONG TERM INVESTMENTS) | | | | | |
| A TRADE INVESTMENTS (QUOTED) INVESTMENT IN EQUITY INSTRUMENTS | | | | | |
| -FULLY PAID UP EQUITY SHARES | | | | | |
| BELL CERAMICS LIMITED | 10 | - | - | 275921 | 16672649 |
| CROMPTON GREAVES LIMITED | 2 | 4137 | 86266 | 4137 | 86266 |
| DCM SHRIRAM INDUSTRIES LIMITED | 10 | 4346615 | 488067462 | 4346615 | 488067462 |
| GREAVES COTTON LIMITED | 2 | 106145 | 7219387 | 156145 | 10620106 |
| JAIPRAKASH ASSOCIATES LIMITED | 2 | 8748367 | 69453256 | 11763367 | 93389331 |
| MAWANA SUGAR LIMITED | 10 | - | - | 60491 | 15994478 |
| PVP VENTURES LIMITED | 10 | - | - | 35694 | 5182124 |
| RRB SECURITIES LIMITED | 10 | 100000 | 10000000 | 100000 | 10000000 |
| VENKAT PHARMA LIMITED | 10 | 41790 | 2124443 | 41790 | 2124443 |
| TOTAL (A) (TRADE INVESTMENTS) | | 13347054 | 576950814 | 16784160 | 642136859 |



| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|---|----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount |
| B. NON TRADE INVESTMENTS (UNQUOTED) | | | | | |
| B.1 INVESTMENT IN EQUITY INSTRUMENTS | | | | | |
| -FULLY PAID UP EQUITY SHARES | | | | | |
| -IN WHOLLY OWNED SUBSIDIARY COMPANIES | | | | | |
| HB PRIMA CAPITAL LIMITED | 10 | 1000000 | 25075000 | 1000000 | 25075000 |
| MOUNT FINANCE LIMITED | 10 | 830006 | 8300060 | 830006 | 8300060 |
| -IN ASSOCIATE COMPANIES | | | | | |
| TAURUS ASSET MANAGEMENT CO LIMITED. | 10 | 2525000 | 18634750 | 2525000 | 18634750 |
| PISCES PORTFOLIOS PVT. LIMITED. | 10 | 2290000 | 24900000 | 2290000 | 24900000 |
| -IN OTHER COMPANIES | | | | | |
| ASSOCIATED INFOTECH LIMITED | 10 | 600000 | 45000000 | 600000 | 45000000 |
| JAIPUR STOCK EXCHANGE LIMITED | 10 | 324500 | 5841000 | 324500 | 5841000 |
| TAURUS INVESTMENT TRUST CO LIMITED | 10 | 15430 | 155458 | 15430 | 155458 |
| HB TELECOMMUNICATION LIMITED | 10 | 100 | 1000 | 100 | 1000 |
| HB INSURANCE ADVISORS LIMITED | 10 | 15000 | 150000 | 15000 | 150000 |
| HARSAI INVESTMENTS LIMITED | 10 | 200000 | 2000000 | 200000 | 2000000 |
| Q R PROPERTIES PVT LIMITED | 10 | 4500 | 45000 | 4500 | 45000 |
| SOVIKA AIRLINE SERVICES LIMITED | 10 | 400000 | 12000000 | 400000 | 12000000 |
| -EQUITY SHARE APPLICATION | | | | | |
| CORE TELECOM PRIVATE LIMITED | 10 | 850000 | 8500000 | 850000 | 8500000 |
| HB INSURANCE ADVISORS LTD | 10 | 260000 | 2600000 | 260000 | 2600000 |
| FALCON PORTFOLIO PRIVATE LIMITED. | 10 | 75000 | 750000 | 75000 | 750000 |
| PARTLY PAID UP EQUITY SHARES | | | | | |
| -IN ASSOCIATE COMPANY | | | | | |
| TAURUS ASSET MANAGEMENT CO LIMITED. | 10 | 503000 | 15090000 | - | - |
| TOTAL (B.1) | | 9892536 | 169042268 | 9389536 | 153952268 |
| B.2 INVESTMENT IN PREFERENCE SHARES | | | | | |
| FULLY PAID-UP REDEEMABLE PREFERENCE SHARE (UN-QUOTED) | | | | | |
| HB ESTATE DEVELOPERS LTD.(9% NON CUMULATIVE) | 100 | 750000 | 75000000 | --- | --- |
| HB GROWTH FUND LIMITED (3%) (2%) (NON CUMULATIVE) | 10 | 50000 | 500000 | 50000 | 500000 |
| HB SECURITIES LIMITED (6% REDEEMABLE CUMULATIVE) | 1000 | 10000 | 10000000 | 10000 | 10000000 |
| HB TELECOMMUNICATION LIMITED (3% NON CUMULATIVE) | 10 | 40000 | 400000 | 40000 | 400000 |
| PREFERENCE SHARES APPLICATION (UN-QUOTED OPTIONAL CONVERTABLE) | | | | | |
| HB GROWTH FUND LTD (9% NON CUMULATIVE) | 100 | 200000 | 20000000 | - | - |
| TOTAL (B.2) | | 1050000 | 105900000 | 100000 | 10900000 |
| TOTAL (B) (NON TRADE INVESTMENTS) (B.1+B.2) | | 10942536 | 274942268 | 9489536 | 164852268 |
| TOTAL (A+B)-NON CURRENT/LONG TERM INVESTMENTS | | 24289590 | 851893082 | 26273696 | 806989127 |
| CURRENT INVESTMENTS | | | | | |
| (A) INVESTMENTS IN EQUITY INSTRUMENTS | | | | | |
| a) QUOTED, FULLY PAID UP EQUITY SHARES | | | | | |
| KAUNTAM PAPERS | 10 | 800 | 11200 | 800 | 11200 |
| ABAN OFFSHORE LIMITED | 2 | 200 | 522480 | 200 | 522480 |
| AHLUWALIA CONTRACTS (INDIA) LIMITED | 2 | 539 | 112288 | 24950 | 5197740 |
| AMRIT BANASPATI COMPANY LIMITED | 10 | --- | --- | 400 | 5600 |
| AMRIT CORP. LIMITED | 10 | 400 | 5600 | 400 | 5600 |
| ARVIN LIQUID GASES LIMITED | 10 | 10000 | 182500 | 10000 | 182500 |
| ASHOK LEYLAND LIMITED | 1 | 200 | 7603 | 200 | 7603 |
| BHARAT HOTELS LIMITED | 10 | 300 | 6752 | 300 | 6752 |
| CIBA INDIA LIMITED | 10 | 50 | 500 | 50 | 500 |
| DCM SHRIRAM CONSOLIDATED LIMITED | 2 | 72845 | 7202668 | 72845 | 7202668 |
| DESIGN AUTO SYSTEMS LIMITED | 10 | 671400 | 3953867 | 671400 | 3953867 |
| DIGITAL WORLD INDIA LIMITED | 10 | 162400 | 3136228 | 162400 | 3136228 |
| GULSHAN POLYOLS LTD. | 10 | 1000 | 113288 | 1000 | 113288 |
| GVK POWER & INFRA LTD. | 1 | 125000 | 1971942 | 125000 | 1971942 |
| GSAL(INDIA) LIMITED. | 10 | 8120 | 4060 | 8120 | 4060 |
| HINDUSTAN ENGINEERING & INDS. LTD. | 10 | 108 | 147220 | --- | --- |
| HARYANA PETROCHEMICALS LIMITED | 10 | 9050 | 212192 | 9050 | 212192 |
| HB ESTATE DEVELOPERS LIMITED | 10 | 150000 | 1500000 | 150000 | 1500000 |
| HB LEASING & FINANCE CO LIMITED | 10 | 43200 | 1186050 | 43200 | 1186050 |
| HB PORTFOLIO LIMITED | 10 | 100000 | 1000000 | 100000 | 1000000 |
| HINDUSTAN OIL EXPLORATION COMPANY LIMITED | 10 | 216 | 25684 | 216 | 25684 |
| HOTLINE GLASS LIMITED | 10 | 166382 | 552770 | 166382 | 552770 |
| HOTLINE TELETUBE & COMPONENTS LIMITED | 10 | 344400 | 9751268 | 344400 | 9751268 |
| IDBI BANK | 10 | 25000 | 2355525 | 25000 | 2355525 |
| INDIAN HOTEL LTD. | 1 | 50000 | 3097717 | 50000 | 3097717 |
| INDIA BULLS REAL ESTATE LTD. | 2 | 35000 | 2009428 | 35000 | 2009428 |
| IFCI | 10 | 78040 | 2101243 | 78040 | 2101243 |
| ICP SECURITIES LIMITED | 10 | 18000 | 18000 | 18000 | 18000 |
| ICICI BANK LIMITED | 10 | 1000 | 585963 | 1000 | 585963 |
| ISPAT PROFILES INDIA LIMITED | 10 | 10000 | 235020 | 10000 | 235020 |
| JAYPEE INFRA TECH LTD. | 10 | 700000 | 30170072 | 700000 | 30170072 |
| JAIPRAKASH POWER VENTURES LTD. | 10 | 200000 | 6153470 | --- | --- |
| JAI CORP. LIMITED | 1 | --- | --- | 10074 | 10366167 |
| JUBILANT LIFESCIENCE LTD | 1 | --- | --- | 10000 | 3330897 |
| JUBILANT INDUSTRIES LTD | 10 | 500 | 175310 | 500 | 175310 |
| KIRAN OVERSEAS EXPORTS LIMITED | 10 | 10000 | 335000 | 10000 | 335000 |



HB STOCKHOLDINGS LIMITED

| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|---|----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount |
| LCC INFOTECH LIMITED | 2 | 56,300 | 387984 | 56,300 | 387984 |
| LUNAR DIAMONDS LIMITED | 10 | 21000 | 439065 | 21000 | 439065 |
| MALANPUR STEEL LIMITED | 10 | --- | --- | 10814 | 147220 |
| MALWA COTTON SPINNING MILLS LIMITED | 10 | 19300 | 2284159 | 19300 | 2284159 |
| MAWANA SUGAR LIMITED | 10 | --- | --- | 39509 | 6817465 |
| MEGA SOFT LIMITED | 10 | --- | --- | 32500 | 3774848 |
| MILKFOOD LIMITED | 10 | 3800 | 34200 | 3800 | 34200 |
| NITTA GELATIN INDIA LIMITED | 10 | --- | --- | 33000 | 1331444 |
| NAHAR POLYFILMS LIMITED | 5 | 444 | 17643 | 444 | 17643 |
| NIIT LIMITED | 2 | --- | --- | 60988 | 8865034 |
| NUCHEM LIMITED | 10 | 64755 | 168363 | 64755 | 168363 |
| ORISSA EXTRUSIONS LIMITED | 10 | 10728 | 21456 | 10728 | 21456 |
| ORINTAL BANK OF COMMERCE | 10 | 100 | 12745 | 100 | 12745 |
| ORKAY INDUSTRIES LIMITED | 10 | 135650 | 3152053 | 135650 | 3152053 |
| PATHREJA FORGINGS LIMITED | 10 | 1000 | 19326 | 1000 | 19326 |
| PHOENIX INTERNATIONAL LIMITED | 10 | 14400 | 900000 | 14400 | 900000 |
| PILANI INVESTMENT& INDUSTRIES CORPORATION LTD | 10 | 250 | 251006 | 250 | 251006 |
| POLYCHEM LIMITED | 10 | 125 | 501825 | 125 | 501825 |
| PRAJ INDUSTRIES LTD. | 2 | 45000 | 3877920 | 45000 | 3877920 |
| PRISM MILLS LIMITED | 10 | 10000 | 187500 | 10000 | 187500 |
| PUNJ LLYOD LTD. | 2 | 64000 | 3250991 | 64000 | 3250991 |
| PUNJAB WIRELESS LIMITED | 10 | 100 | 6100 | 100 | 6100 |
| RAMA VISION LIMITED | 10 | 18300 | 553061 | 18300 | 553061 |
| RASHTRIYA CHEMICAL & FERTILIZERS LTD. | 10 | 15000 | 1844075 | 15000 | 1844075 |
| RELIANCE CAPITAL LIMITED | 10 | 4 | 1910 | 4 | 1910 |
| RELIANCE COMMUNICATIONS LIMITED | 5 | 5085 | 2772215 | 5085 | 2772215 |
| RELIANCE INDUSTRIES LIMITED | 10 | 21105 | 16456243 | 21105 | 16456243 |
| RELIANCE POWER LTD. | 10 | 4000 | 364902 | 4000 | 364902 |
| SAJJAN UDYOG EXPORTS LIMITED | 10 | 23600 | 590000 | 23600 | 590000 |
| SAVANI FINANCIALS LIMITED | 10 | 7000 | 140000 | 7000 | 140000 |
| SESA GOA LTD. | 1 | 16000 | 3110808 | 16000 | 3110808 |
| SHREYANS INDUSTRIES LIMITED | 10 | 5600 | 96873 | 5600 | 96873 |
| SRI VASAVI INDUSTRIES LIMITED | 10 | 10890 | 584631 | 10890 | 584631 |
| STI GRANITE INDIA LIMITED | 10 | 2000 | 34000 | 2000 | 34000 |
| SUMMIT SECURITIES LTD. | 10 | 6 | 1494 | 6 | 1494 |
| SUBEX LIMITED | 10 | --- | --- | 25161 | 14414392 |
| UFLEX LIMITED | 10 | 5522 | 1100502 | 5522 | 1100502 |
| UNIMERS INDIA LIMITED | 10 | 1732 | 444464 | 1732 | 444464 |
| UNITECH LIMITED | 2 | 217072 | 10844776 | 17072 | 6564246 |
| UNIVERSAL PRIME ALUMINIUM LIMITED | 10 | 23820 | 868067 | 23820 | 868067 |
| U P HOTELS LIMITED | 10 | 1900 | 136630 | 1900 | 136630 |
| TOTAL (a) | | 3803538 | 134299895 | 3650287 | 177857194 |
| b) UNQUOTED, FULLY PAID UP EQUITY SHARES | | | | | |
| KESORAM TEXTILE LIMITED | 10 | 172 | 4161 | 172 | 4161 |
| TOTAL (b) | | 172 | 4161 | 172 | 4161 |
| c) UNQUOTED PARTLY PAID UP EQUITY SHARES | | | | | |
| RATHI ALLOYS & STEELS LIMITED | 10 | 46293 | 694395 | 46293 | 694395 |
| TOTAL (c) | | 46293 | 694395 | 46293 | 694395 |
| TOTAL- A (a+b+c) | | 3850003 | 134998451 | 3696752 | 178555750 |
| (B) PREFERENCE SHARES APPLICATION | | | | | |
| (UNQUOTED OPTIONAL CONVERTIBLE) | | | | | |
| FALCON PORTFOLIO MANAGEMENT PVT LTD. (9% NON CUMULATIVE) | 100 | 1125000 | 112500000 | 0 | 0 |
| TOTAL (B) | | 1125000 | 112500000 | 0 | 0 |
| (C) INVESTMENT IN MUTUAL FUNDS | | | | | |
| UNQUOTED FULLY PAID UP UNITS | | | | | |
| TAURUS BONANZA FUND | 10 | 496416 | 20000000 | 496416 | 20000000 |
| TOTAL (C) | | 496416 | 20000000 | 496416 | 20000000 |
| TOTAL- CURRENT INVESTMENTS (A+B+C) | | 5471419 | 267498451 | 4193168 | 198555750 |

| Notes | Non Current/Long Term Investments | | Current Investments | |
|---|-----------------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| 8.1 Aggregate Amount of Quoted Investments | 576950814 | 642136859 | 134299895 | 177857194 |
| 8.2 Market Value of Quoted Investments | 748524303 | 1148893475 | 84804170 | 104419759 |
| 8.3 Aggregate Amount of Unquoted Investments | 274942268 | 164852268 | 133198556 | 20698556 |
| 8.4 Aggregate Provision for Diminution in Value of Investments | 103694968 | 135207196 | 50352535 | 74949516 |
| -8.5 Provision for diminution in the value of investments is charged in the statement of Profit & Loss 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. The Net carrying value of investments are as under- | | | | |

| | Non Current/Long Term Investments | | Current Investments | |
|--|-----------------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| Gross Amount of Investments | 851893082 | 806989127 | 267498451 | 198555750 |
| Less: Provision for Diminution in the Value of Investments | 103694968 | 135207196 | 50352535 | 74949516 |
| Net Carrying Value | 748198114 | 671781931 | 217145916 | 123606234 |



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- 8.6 The Detail of Diminution in the value of Non-Current/Long Term Investments where the net Carrying Amount is other than at Cost (i.e at cost Less Provision for diminution other than temporary diminution) are as under:

| Name of Investment | Amount in ₹ As at March 31, 2013 | Amount in ₹ As at March 31, 2012 |
|--|--|--|
| Equity Shares | | |
| Bell Ceramics Limited | 0 | 13311930 |
| RRB Securities Limited | 8000000 | 6000000 |
| Venkat Pharma Limited | 2019968 | 2024147 |
| Mawana Sugar Limited | 0 | 15183899 |
| PVP Ventures Limited | 0 | 5012220 |
| HB Prima Capital Limited | 25075000 | 25075000 |
| Associated Infotech Limited | 45000000 | 45000000 |
| HB Insurance Advisor Limited | 150000 | 150000 |
| Sovika Airline Services Limited | 11600000 | 11600000 |
| Equity Share Application | | |
| Core Telecom Private Limited | 8500000 | 8500000 |
| HB Insurance Advisor Pvt Ltd | 2600000 | 2600000 |
| Falcon Portfolio Management Private Limited. | 750000 | 750000 |
| Total | 103694968 | 135207196 |

- 8.7 Shares Costing ₹ 16,88,30,543/- (Previous Year ₹ 14,81,57,552/-) Were Lying Pledged/Given as Margin as at the Year end.
- 8.8 As at the year end, based on the last traded price on the stock exchange, there is diminution amounting to ₹ 32,18,09,439/- (Previous Year ₹ 32,15,92,108/-) in the Value of Long term/Non current Investment in DCM Shriram Industries Ltd. However, in the opinion of management the traded price on the exchange does not reflect its fair value in view of very thin trading volume on the exchange. Further in view of various factors such as significant stake, strategic long term investments, breakup/fair value evidenced by the investee company's balance sheet and various other factors, in the opinion of management, no provision is required to be made of the aforesaid amount of diminution calculated solely on the basis of last traded price. In the opinion of management, the valuation of investment at cost is in accordance with the accounting standard (AS-13).
- 8.9 The Company's Investments in DCM Shriram Industries exceeds the exposure norms as Specified in "Non-Banking (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007". The Reserve Bank of India has granted extension of time till March 31, 2014 for compliance with the exposure norms.

9. LONG TERM LOANS AND ADVANCES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| (Unsecured, Considered Good)-Standard Security Deposits* | 34706784 | 34706784 |
| Loans and Advances to Subsidiaries:- | | |
| HB Prima Capital Ltd. | 0 | 50750000 |
| Mount Finance Ltd. | 1169436 | 1069436 |
| | 35876220 | 86526220 |

*Includes Rental Deposits given to related Party namely HB Estate Developers Ltd. ₹ 3,45,00,000/- (Previous Year ₹ 3,45,00,000/-)

10. TRADE RECEIVABLES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Unsecured, Considered good | | |
| Outstanding exceeding six months | 0 | 0 |
| Others | 4290976 | 0 |
| | 4290976 | 0 |

11. CASH & CASH EQUIVALENTS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|----------------------------------|-------------------------------------|-------------------------------------|
| Balances with Banks | | |
| -In Current and Deposit Accounts | 25202900 | 2039590 |
| Cash-on-Hand | 86205 | 68480 |
| | 25289105 | 2108070 |

12. SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| Unsecured, Considered Good, Unless otherwise stated: | | |
| Advance to related Parties* | 0 | 6878843 |
| Others | | |
| Inter Corporate Deposit -Doubtful | 10000000 | 10000000 |
| Advance against share application | | |
| Money/Securities-Standard (refer to note no.32) | 206618000 | 236968000 |
| Prepaid Expenses | 236967 | 206291 |
| Income Tax/Tax deducted at source | 606941 | 311770 |
| | 217461908 | 254364904 |

* To RRB Master Securities (Delhi) Ltd.

13. OTHER CURRENT ASSETS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| Interest accrued but not due on Bank deposits | 12063 | 15126 |
| Commission Receivable | 295785 | 0 |
| Dividend and Redemption Receivable | 0 | 1655 |
| | 307848 | 16781 |

14. REVENUE FROM OPERATIONS

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---|---|---|
| Profit/(Loss) in Securities dealing/Equity derivative trading | (2223677) | (2566352) |
| Profit/(Loss) on sale of investments (1) | 123449381 | (60981346) |
| Provision for diminution in value of investments written back/(made) (2) | 56109209 | 177063089 |
| Interest on Inter Corporate Deposit (Tax deducted at Source ₹ 120000/ (Previous Year ₹ Nil) | 3360000 | 120000 |
| Dividend Income (Gross) (Tax deduction at source ₹ NIL, Previous Year ₹ NIL) (3) | 6373311 | 6912776 |
| | 187068224 | 120548167 |

The Company, being an Investment and Finance company, the Income from Investment and Finance activities are Operational Income.

- (1) Profit/(Loss) on Sale of Investments includes Loss of ₹ 4,39,76,180/- (Previous Year Loss ₹ 17,86,06,139/-) on Current Investments and Gain of ₹ 16,74,25,561/- (Previous Year ₹ 11,76,24,793/-) on Non current/Long Term Investments.
- (2) Provision for diminution in value of Investments written back include ₹ 3,15,12,228/- (previous year ₹ 18,73,790/-provision made) in respect of Non Current/Long Term Investments and ₹ 2,45,96,981/- provision written back in respect of Current Investments (Previous Year ₹ 17,89,36,879/- written back).
- (3) Dividend Income includes ₹ 49,60,485/- (Previous Year ₹ 60,33,596/-) on Long Term/Non current Investments and ₹ 14,12,826/- (Previous year ₹ 8,79,179/-) on Current Investments.

15. OTHER INCOME

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---|---|---|
| Interest On Fixed Deposits (Tax Deduction at Source ₹ 15902/- (Previous year ₹ 28451/-) | 154115 | 284516 |
| Profit on sale of Fixed Asset | 29283 | 0 |
| Commission (Tax Deduction at source ₹ 159270/- Previous Year ₹ 66802/-) | 1500000 | 668032 |
| | 1683398 | 952548 |

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16. EMPLOYEE BENEFIT EXPENSES (Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|--|-------------------------------------|-------------------------------------|
| Salaries and Benefits | 14387288 | 14200101 |
| Contribution to Provident fund and superannuation fund | 438848 | 501770 |
| Gratuity | (903027) | 431930 |
| Staff welfare | 184688 | 100109 |
| | 14107797 | 15233910 |

17. FINANCE COSTS (Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|------------------|-------------------------------------|-------------------------------------|
| Interest expense | 0 | 4406675 |
| | 0 | 4406675 |

18. OTHER EXPENSES (Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Rent/Facility Charges | 1340292 | 1290144 |
| Vehicle Running and Maintenance | 848645 | 730421 |
| Insurance | 22340 | 70906 |
| Communication | 590963 | 577659 |
| Travelling and Conveyance | 2660047 | 2365910 |
| Printing and Stationery | 643527 | 611316 |
| Office Repairs and Maintenance | 144676 | 131824 |
| Depository and custodial | 90382 | 172675 |
| Subscription and Membership | 608580 | 1502143 |
| Legal and Professional | 6179302 | 4125648 |
| Advertisement & Publicity | 209981 | 175927 |
| Listing Fees | 168540 | 165450 |
| Business Promotion | 509436 | 396577 |
| Miscellaneous | 177445 | 148394 |
| Auditors Remuneration | | |
| - Audit Fees | 168540 | 168540 |
| - Tax Audit Fees | 28090 | 28090 |
| - Income Tax Matters | 140900 | 64200 |
| - Certification and others | 62922 | 400452 |
| Loss on sale of Fixed Assets | 0 | 367632 |
| Directors Sitting Fees | 496000 | 472000 |
| | 15090608 | 13619711 |

19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) CONTINGENT LIABILITIES:

- (a) Income Tax demand disputed ₹ 72,92,391/- (Previous year ₹ 82,53,941/-) 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.
- (b) Guarantees given on behalf of Related Parties:- ₹ 22,00,00,000/- (Previous Year ₹ 22,00,00,000/-)
- In the Opinion of the Management, the aforesaid guarantees had been given in view of overall long term business involvement/relation of the company with the aforesaid companies and the giving of aforesaid guarantees will not have any prejudicial impact on the company.

COMMITMENTS:

- (a) ₹50,30,000/- (Previous Year ₹ Nil) on account of uncalled call money in respect of Partly paid up Shares.

20. QUANTITATIVE DETAILS

Quantitative information in respect of Investments in securities:

A. Non Current/Long Term Investments Equity Instruments

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 26173696 | 796089127 | 28303486 | 818968864 |
| Purchases/conversions | 571980 | 15090000 | 0 | 0 |
| Sales/conversions | 3506086 | 232611605 | 2129790 | 140504530 |
| Closing Balance | 23239590 | 745993082 | 26173696 | 796089127 |

Preference Shares

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 100000 | 10900000 | 100000 | 10900000 |
| Purchases/conversions | 950000 | 95000000 | 0 | 0 |
| Sales/conversions | 0 | 0 | 0 | 0 |
| Closing Balance | 1050000 | 105900000 | 100000 | 10900000 |

B. CURRENT INVESTMENTS

EQUITY INSTRUMENTS

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 3696752 | 178555750 | 3304149 | 322595257 |
| Purchases/conversions | 417458 | 17659450 | 1335000 | 127703721 |
| Sales/conversions | 264207 | 17240570 | 942397 | 93266690 |
| Closing Balance | 3850003 | 134998451 | 3696752 | 178555750 |

PREFERENCE

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 0 | 0 | 0 | 0 |
| Purchases/conversions | 1125000 | 112500000 | 0 | 0 |
| Sales/conversions | 0 | 0 | 0 | 0 |
| Closing Balance | 1125000 | 112500000 | 0 | 0 |

DEBENTURES

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 0 | 0 | 1560 | 129600 |
| Purchases/conversions | 0 | 0 | 0 | 0 |
| Sales/conversions | 0 | 0 | 1560 | 0 |
| Closing Balance | 0 | 0 | 0 | 0 |

MUTUAL FUNDS

| Particulars | Current Year | | Previous Year | |
|-----------------------|--------------|------------|---------------|------------|
| | Qty. (Nos.) | Amount (₹) | Qty. (Nos.) | Amount (₹) |
| Opening Balance | 496416 | 20000000 | 496416 | 20000000 |
| Purchases/conversions | 0 | 0 | 0 | 0 |
| Sales/conversions | 0 | 0 | 0 | 0 |
| Closing Balance | 496416 | 20000000 | 496416 | 20000000 |

21. RELATED PARTY TRANSACTIONS

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

- Subsidiaries.
 - HB Prima Capital Limited
 - Mount Finance Limited
- Key Managerial Personnel
 - Shri Vijay Sood, Managing Director
 - Shri J.M.L.Suri, Executive Director
 - Shri Anil Kumar Mittal, Company Secretary
- Person having control/significant influence /major shareholders
 - Shri Lalit Bhasin
- Associate
 - Pisces Portfolios Private Limited
 - Taurus Asset Management Co.Ltd.
- 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.)
 - RRB Securities Ltd.



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21.2 Transactions during the financial year ended 31.03.2013 with related Parties as under:-

| Sr. No. | Nature of Transaction | Related Party Referred in (a) above | Related Party Referred in (b) above | Related Party Referred in (c) above | Related Party referred in (d) above | Related Party referred in (e) above | Related Party referred in (f) above |
|---------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 1 | Amount recovered against Loan & Advances | 2750000 (47511) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 6878843 (Nil) | Nil (Nil) |
| 2 | Amount written off against loan & advances | 48000000 (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 3 | Interest paid | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (4405753) |
| 4 | Loans & Advances given | 100000 (15135211) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 5 | Rent/Facility Charges Paid | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 967692 (949944) |
| 6 | Margin /Advances paid & received back | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 16000000 (7000000) | Nil (45500000) |
| 7 | Dividend Received | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 300000 (300000) |
| 8 | Sitting Fee Paid | Nil (Nil) | Nil (Nil) | 60000 (50000) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 9 | Depository Charges | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 34202 (37808) |
| 10 | Remuneration & Other Services | Nil (Nil) | 11477947 (11320158) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 11 | Guarantee Given | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (150000000) | Nil (Nil) | Nil (Nil) |
| 12 | Purchase of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 17560047 (127703721) | Nil (Nil) |
| 13 | Sale of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 240371946 (228913038) | Nil (Nil) |
| 14 | Net Turnover of Derivative Trading | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 2215670 (78816) | Nil (1541701) |
| 15 | Commission received | Nil (Nil) | Nil (Nil) | Nil (Nil) | 1500000 (668032) | Nil (Nil) | Nil (Nil) |
| 16 | Repayment of Loan and Interest | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (92596439) |
| 17 | Investment made during the year | Nil (Nil) | Nil (Nil) | Nil (Nil) | 15090000 (Nil) | Nil (Nil) | 75000000 (Nil) |
| 18 | Outstanding as on 31.03.2013 | | | | | | |
| | - Guarantee Given | Nil (Nil) | Nil (Nil) | Nil (Nil) | 150000000 (150000000) | 70000000 (70000000) | Nil (Nil) |
| | - Commission Receivable | Nil (Nil) | Nil (Nil) | Nil (Nil) | 295785 (Nil) | Nil (Nil) | Nil (Nil) |
| | - Receivables in respect of Loans & Advances. | 1169436 (51819436) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (6878843) | 34500000 (34500000) |
| | - Book value of shares given as margin | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 1488750 (1488750) | 29775000 (32653250) |

22 SEGMENT REPORTING

In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).

23 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15

Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under:-

| Particulars | Current Year Amount Rs. | Previous Year Amount Rs. | Head under which shown in the Profit & Loss account |
|-------------------------------------|-------------------------|--------------------------|---|
| Contribution to Provident Fund | 3,03,848 | 3,66,770/- | Contribution to Provident fund and super annuation fund |
| Contribution to superannuation fund | 1,35,000 | 1,35,000/- | Contribution to Provident fund and super annuation fund |

Defined Benefit Plan

Movement in net liability

| Particulars | Gratuity (Funded) | | Leave Encashment (Unfunded) | |
|--|-------------------|---------------|-----------------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present value of obligations as at beginning of the year (A) | 26,61,478/- | 20,94,877/- | 9,83,790/- | 7,89,037/- |
| Interest Cost (B) | 2,12,918/- | 1,67,590/- | 78488/- | 69,041/- |
| Current service cost (C) | 3,19,563/- | 2,99,275/- | 1,51,011/- | 1,34,822/- |
| Benefits paid (D) | Nil | Nil | (79,100/-) | (1,02,917/-) |
| Actuarial loss/ (gain) on obligation(E) | (12,87,976/-) | 99,736/- | 80439/- | 93,807/- |
| Present value of obligations as at the end of the year (F=A+B+C-D+E) | 19,05,983/- | 26,61,478/- | 12,14,628/- | 9,83,790/- |

The amounts recognized in the Balance Sheet and Statement of Profit & Loss are as follows :

| Particulars | Gratuity (Funded) | | Leave (Unfunded) | |
|---|-------------------|---------------|------------------|-------------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present value of obligation (A) | 19,05,983/- | 26,61,478/- | 12,14,628/- | 9,83,790/- |
| Estimated fair value of plan assets (B) | 17,88,851/- | 16,33,376/- | Nil | Nil |
| Net Liability (C=A-B) | 1,17,132/- | 10,28,102/- | 12,14,628/- | 9,83,790/- |
| Amounts in the Balance Sheet | | | | |
| Liabilities | 1,17,132/- | 10,28,102/- | 12,14,628/- | 9,83,790/- |
| Amount charged to Statement of Profit & Loss | | | | |
| Current Service Cost | 3,19,563/- | 2,99,275/- | 1,51,011/- | 1,34,822/- |
| Interest Cost | 2,12,918/- | 1,67,590/- | 78488/- | 69,041/- |
| Expected Return on Plan Asset | (1,47,532/-) | (1,34,671/-) | Nil | Nil |
| Actuarial(Gain)/Loss | (12,87,976/-) | 99,736/- | 80439/- | 93,807/- |
| | (9,03,027/-) | 4,31,930/- | 3,09,938/- | 2,97,670/- |
| Head under which shown in the Profit & Loss account | | | Gratuity | Salary & benefits |



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The Actual Return on Plan Assets is as follows

| Particulars | Gratuity | |
|------------------------------|--------------|---------------|
| | Current Year | Previous Year |
| Actual return on plan assets | 1,47,532/- | 1,34,671/- |

Following are the Principal Actuarial Assumptions used as at the balance sheet date

| Particulars | Gratuity | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| Discount Rate | 8% | 8% |
| Expected Rate of Return on Plan Assets | 9% | 9% |
| Salary Escalation Rate | 6% | 6% |

A reconciliation of the opening and closing balances of the fair value of plan assets :

| SI. No. | Particulars | Gratuity | |
|---------|-----------------------------------|--------------|---------------|
| | | Current Year | Previous Year |
| i) | Opening Fair Value of Plan Assets | 16,33,376/- | 14,96,139/- |
| ii) | Expected Return on Plan Assets | 1,47,532/- | 1,34,671/- |
| iii) | Actuarial Gains / (Losses) | Nil | Nil |
| iv) | Contribution by the Employer | Nil | Nil |
| v) | Benefits Paid | Nil | Nil |
| | Contribution | 7,943/- | 2,566/- |
| | Closing Fair Value of Plan Assets | 17,88,851/- | 16,33,376/- |

24 Disclosure pursuant to Accounting Standard AS-19 for Leases:-

Operating Lease

- Particulars of the minimum lease payments under Operating Lease:-
 Not Later than One year ₹ 13,40,292/- (Previous Year ₹13,22,544/-)
 Later than one year but not later than five years ₹12,16,092/- (Previous Year ₹9,49,944/-)
 Later than five years ₹ Nil (Previous Year ₹ Nil)
- Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2013 is ₹13,40,292/- (Previous Year ₹ 12,90,144/-).
- General description of the lease arrangement.
 The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.
 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.

25 Due to Micro, Small and Medium Enterprises

To the extent information available with the company, it has no dues to the Micro, Small and medium enterprises as at 31st March, 2013 and 31st March, 2012.

26 Disclosure pursuant to Accounting Standard AS-22 for accounting for taxes on Income:-

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.

27 Disclosure of Loans/Advances in the nature of loans in terms of provision of clause 32 of Listing Agreement with Stock Exchanges- (Amount in ₹)

| S. No. | Particulars | Outstanding Balance as on 31.03.2013 | Max. Balance outstanding during the year | Outstanding Balance as on 31.03.2012 | 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. | 11,69,436 Nil | 11,69,436 5,07,50,000 | 10,69,436 5,07,50,000 | 10,69,436 5,07,50,000 |
| ii. | Loans & Advances in the nature of loans to Associates. | Nil | Nil | Nil | Nil |
| iii. | Loans & Advances in the nature of loans where there is no repayment schedule, no interest or interest below Section 372A of the Companies Act, 1956 | Nil | Nil | Nil | Nil |
| iv. | Loans & Advances in the nature of loans to firms/companies in which directors are interested. | Nil | Nil | Nil | Nil |
| v. | Investments by Loanee in the Shares of parent company and subsidiary company when the company has made loan or advance in the nature of Loan. | No. of Shares Nil | Amount Nil | No. of Shares Nil | Amount. Nil |

28 Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share"

| Particulars | Current Year (in ₹) | Previous Year (in ₹) |
|--|---------------------|----------------------|
| Net Profit before exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders. | 99993001 | 78166867 |
| Net Profit after exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders. | 99993001 | 92329390 |
| Earning Per Share (face value of ₹10 each) Weighted Average Nos. of Equity Share Outstanding | 23792218 | 23792218 |
| Basic and diluted Earning per share (₹) before exceptional item | 4.20 | 3.29 |
| Basic and diluted Earning per share (₹) after exceptional item | 4.20 | 3.88 |

29 Disclosure relating to outstanding derivative exposures in securities :-

- Cash Margin amounting to Rs.Nil (Rs.Nil) on Equity Derivative instruments contracts has been paid and outstanding as at the end of previous year. However, shares having book value of ₹ 39,70,000/- (Previous year ₹1,24,06,250/-) Market Value ₹ 3,27,50,000/- (Previous Year ₹ 12,75,00,000/-) were given as margin at the year end.
- Detail of Open Interest in Equity Stock Futures Contracts as at the year-end 31.03.2013

| Name of Equity Stock Future | No. of Contracts | Units (In Nos.) Long | Units (In Nos.) (Short) |
|------------------------------|------------------|----------------------|-------------------------|
| Coal India Ltd. | Nil (25) | Nil (25000) | Nil (Nil) |
| Tata Steel Ltd. | Nil (40) | Nil (20000) | Nil (Nil) |
| J P Power Ltd. | Nil (16) | Nil (128000) | Nil (Nil) |
| Reliance Infrastructure Ltd. | Nil (3) | Nil (1500) | Nil (Nil) |

30 Exceptional Item

Exceptional item consists of ₹ Nil/- (Previous Year ₹ 1,21,62,532) being interest Income on refund of income tax & ₹ Nil/- (Previous Year ₹ 20,00,000) on account of Claim received in settlement of Legal cases under Section 138 of the Negotiable Instrument Act.

- Securities Exchange Board of India (SEBI), vide its Order dated May 09, 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market directly or indirectly for a period of 2 years from the date of the order. The order has been passed in relation to certain trades carried out more than 10 years ago in the scrip of a company. Aggrieved with the said order, the company filed an appeal and also a miscellaneous application before the Securities Appellate Tribunal (SAT). Vide its order dated May 17, 2012, the Hon'ble SAT has stayed the operation of the aforesaid order of SEBI till the disposal of appeal. The Management is of the firm belief that, and as also legally advised, the order of SEBI is not tenable and that appeal will be decided in its favour. In the opinion of the management, the going concern status of the company will not be impacted.

- During the year under consideration, an inspection was carried out between 18th February 2013 and 1st March 2013 by the Reserve Bank of India with reference to financial position of the Company as on March 31, 2012. The RBI vide its letter dated 23rd April 2013 has communicated to the company its observations.

One of the observation was regarding advances against share application money outstanding as on 31.03.2012 to be considered as a loss asset. However, in the opinion of the management the amount is not a loss asset and moreover the same has been fully recovered subsequent to the year ended 31.03.2013 upto the date of finalisation of balance sheet. Therefore no provision is required to be made in this regard.

33. Schedule as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (₹ 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) | Nil (Nil) |
| : Unsecured (other than falling within the meaning of public deposits) | Nil (Nil) | Nil (Nil) |
| (b) Deferred Credits | Nil (Nil) | Nil (Nil) |
| (c) Term Loans | Nil (Nil) | Nil (Nil) |
| (d) Inter-corporate loans and borrowing | Nil (Nil) | Nil (Nil) |
| (e) Commercial Paper | Nil (Nil) | Nil (Nil) |
| (f) Public Deposits | Nil (Nil) | Nil (Nil) |
| (g) Other Loans (Vehicle Loan) | Nil (Nil) | Nil (Nil) |



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| | | |
|---|---------------------|----------------------|
| (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) | 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) | Nil (Nil) |
| c) Other public deposits | Nil (Nil) | Nil (Nil) |
| (₹ 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 (Nil) |
| (b) Unsecured | | 2473.30 (3305.79) |
| * Net of Provisions and includes security deposits etc | | |
| (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 (Nil) |
| (b) Operating lease | | Nil (Nil) |
| (ii) Stock on hire including hire charges under sundry debtors: | | |
| (a) Assets on hire | | Nil (Nil) |
| (b) Repossessed Assets | | Nil (Nil) |
| (iii) Hypothecation loans counting towards EL/HP activities | | |
| (a) Loans where assets have been repossessed | | Nil (Nil) |
| (b) Loans other than (a) above | | Nil (Nil) |
| (₹ in lakhs) | | |
| Particulars | Amount outstanding* | |
| (5) Break-up of Investments : | | |
| Current Investments | | |
| 1. Quoted : | | |
| (i) Shares : (a) Equity | | 1342.99 (1778.57) |
| (b) Preference | | Nil (Nil) |
| (ii) Debentures and Bonds | | Nil (Nil) |
| (iii) Units of mutual funds | | Nil (Nil) |
| (iv) Government Securities | | Nil (Nil) |
| (v) Others (please specify) | | Nil (Nil) |
| Unquoted : | | |
| (i) Shares : | | |
| (a) Equity | | 6.99 (6.99) |
| (b) Preference (SAM) | | 1125.00 (Nil) |
| (ii) Debentures and Bonds | | Nil (Nil) |
| (iii) Units of mutual funds | | 200.00 (200.00) |
| (iv) Government Securities | | Nil (Nil) |
| (v) Others (please specify) | | Nil (Nil) |
| Long Term investments | | |
| 1. Quoted : | | |
| (i) Shares : | | |
| (a) Equity | | 5769.51 (6421.37) |
| (b) Preference | | Nil (Nil) |
| (ii) Debentures and Bonds | | Nil (Nil) |
| (iii) Units of mutual funds | | Nil (Nil) |
| (iv) Government Securities | | Nil (Nil) |
| (v) Others (please specify) | | Nil (Nil) |

| | | |
|-----------------------------|---------|-----------|
| 2. Unquoted : | | |
| (i) Shares : | | |
| (a) Equity | 1690.42 | (1539.52) |
| (b) Preference | 1059.00 | (109.00) |
| (ii) Debentures and Bonds | Nil | (Nil) |
| (iii) Units of mutual funds | Nil | (Nil) |
| (iv) Government Securities | Nil | (Nil) |
| (v) Others | Nil | (Nil) |

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

| Category | Amount net of provisions | | |
|--------------------------------------|--------------------------|-----------|-----------|
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| (a) Subsidiaries | Nil | 11.69 | (11.69) |
| | (Nil) | (518.19) | (518.19) |
| (b) Companies in the same group | Nil | 345.00 | 345.00 |
| | (Nil) | (413.79) | (413.79) |
| (c) Other related parties | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| 2. Other than related parties | | | |
| | Nil | 2116.61 | 2116.61 |
| | (Nil) | (2373.81) | (2373.81) |
| Total | Nil | 2473.30 | 2473.30 |
| | (Nil) | (3305.79) | (3305.79) |

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):*

| Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|--------------------------------------|--|--------------------------------|
| 1. Related Parties | | |
| (a) Subsidiaries | 24.57 | 83.00 |
| | (26.66) | (83.00) |
| (b) Companies in the same group | 909.00 | 895.00 |
| | (208.05) | (165.00) |
| (c) Other related parties | 1631.56 | 586.24 |
| | (1857.40) | (435.35) |
| 2. Other than related parties | | |
| | 9891.13 | 8089.19 |
| | (12710.37) | (7270.53) |
| Total | 12456.26 | 9653.43 |
| | (14802.48) | (7953.88) |

(8) Other information

| Particulars | Amount ₹ in Lacs |
|---|------------------|
| (i) Gross Non-Performing Assets | 100.00 |
| | (100.00) |
| (a) Related parties | Nil |
| | (Nil) |
| (b) Other than related parties | 100.00 |
| | (100.00) |
| (ii) Net Non-Performing Assets | Nil |
| | (Nil) |
| (a) Related parties | Nil |
| | (Nil) |
| (b) Other than related parties | Nil |
| | (Nil) |
| (iii) Assets acquired in satisfaction of debt | Nil |
| | (Nil) |

Additional Disclosure as per Para 10 of aforesaid Directions

| 1. CRAR | |
|---|------------------|
| Items | Current Year % |
| i) CRAR (%) | 89.60 |
| | (89.93) |
| ii) CRAR - Tier I capital (%) | 89.55 |
| | (89.86) |
| iii) CRAR - Tier II Capital (%) | 0.05 |
| | (0.07) |
| 2. Exposures | |
| Exposure to Real Estate Sector | |
| Category | Amount ₹ in Lacs |
| a) Direct exposure | Nil |
| (i) Residential Mortgages - | (Nil) |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | Nil |
| (Individual housing loans up to Rs.15 lakh may be shown separately) | (Nil) |



HB STOCKHOLDINGS LIMITED

(ii) Commercial Real Estate -

Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).

Exposure would also include non- fund based (NFB) limits;

(iii) Investments in Mortgage Backed Securities

(MBS) and other securitised exposures -*

a. Residential,

Nil
(Nil)

b. Commercial Real Estate.

Nil

b) Indirect Exposure

(Nil)

Nil

(Nil)

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).

Nil

(Nil)

* The company has made certain investments in shares of the companies which are in the real estate sector. The same are reflected in the Balance Sheet. However, since these investments are not Mortgage backed securities / other securitized exposures, the same are not mentioned here.

3. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ In lacs)

| | 1 day to 30/31 days (one month) | Over 1 month to 2 months | Over 2 months upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
|--|---------------------------------------|--------------------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|-------------------|-------------------|
| Liabilities | | | | | | | | | |
| Borrowings from banks | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| Market Borrowings-Inter Corporate Loan | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| Assets | | | | | | | | | |
| Advances-Inter Corporate Loan | Nil (Nil) | Nil (Nil) | Nil (100) | Nil (Nil) | 100 (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 100 (100.00) |
| Investments(net of provision) | Nil (Nil) | Nil (Nil) | 543 (1236.06) | 543 (Nil) | 1086 (Nil) | Nil (66.00) | Nil (34.00) | 7481.43 (6617.82) | 9653.43 (7953.88) |

Note: Figure in Bracket relates to Previous Year.

As per our Report attached on even date

For P. BHOLUSARIA & CO.

Chartered Accountants

FRN : 000468N

For and on behalf of the Board

AMIT GOEL

Partner

Membership No. : 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon

Date : 17th May, 2013

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

(Amount in Rupees)

| Name of the Subsidiary | Share Capital | Reserve & Surplus | Equity & Liabilities | Assets | Non Current Assets | Turnover | Profit before Taxation | Profit after Taxation | Proposed Dividend |
|------------------------|---------------|-------------------|----------------------|-------------|--------------------|--------------|------------------------|-----------------------|-------------------|
| HB Prima Capital Ltd | 1,00,00,000 | 40,39,594 | 1,40,45,212 | 1,40,45,212 | 1,38,97,500 | (11,123,360) | (111,43,333) | (111,43,333) | Nil |
| (Previous Year) | 1,00,00,000 | 1,51,86,927 | 7,59,42,545 | 7,59,42,545 | 7,57,78,500 | 52,500 | 18,822 | 17,311 | Nil |
| Mount Finance Limited | 83,00,060 | (58,42,573) | 36,45,423 | 36,45,423 | 34,17,157 | 0 | (2,08,526) | (2,08,526) | Nil |
| (Previous Year) | 83,00,060 | (56,34,047) | 37,59,949 | 37,59,949 | 35,20,829 | 0 | (1,98,397) | (1,98,397) | Nil |



HB STOCKHOLDINGS LIMITED – CONSOLIDATED ACCOUNTS

INDEPENDENT AUDITOR'S REPORT

To,
The Board of Directors,
Of HB STOCKHOLDINGS LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HB STOCKHOLDINGS LIMITED** ("the Company") and its subsidiaries (Collectively referred to as 'the group'), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and 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 of the Group as at 31st March, 2013 and
- In the case of Consolidated Statement of Profit & Loss, of the consolidated Profit of the Group for the year ended on that date and
- In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flow of the Group for the year ended on that date.

5. Other matters

We did not audit the financial statements of subsidiaries which reflect total assets (Net) of Rs. 1,64,97,081 as at March 2013, total revenue of Rs.(1,11,23,360) and net cash flows amounting to Rs. (27187) for the year then ended which have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.

The financial statements of two associates companies are unaudited and our opinion in so far as it relates to the amounts included in respect of these two associates companies is based solely on the management certified financial statements(also refer note no.20).

For P. BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS
FRN : 000468N

AMIT GOEL
Partner
(M. No. 92648)

Place : Gurgaon
Date : 17th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note(s) | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--------------------------------|---------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 243353823 | 243353823 |
| Reserves and Surplus | 3 | 1058578648 | 977818721 |
| | | 1301932471 | 1221172544 |
| Non-Current Liabilities | | | |
| Long Term Provisions | 4 | 92399483 | 182305614 |
| | | 92399483 | 182305614 |
| Current Liabilities | | | |
| Other Current Liabilities | 5 | 2299610 | 2169404 |
| Short Term Provisions | 6 | 99954721 | 85853749 |
| | | 102254331 | 88023153 |
| | | 1496586285 | 1491501311 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible assets | 7 | 9687840 | 9728082 |
| Non-current investments | 8 | 936947054 | 991197434 |
| Long term loans and advances | 9 | 34727124 | 35127124 |
| | | 981362018 | 1036052640 |
| Current Assets | | | |
| Current investments | 8 | 267498451 | 198555750 |
| Trade Receivables | 10 | 4290976 | 0 |
| Cash and Cash equivalents | 11 | 25463834 | 2309986 |
| Short-Term Loans and Advances | 12 | 217663158 | 254566154 |
| Other Current Assets | 13 | 307848 | 16781 |
| | | 515224267 | 455448671 |
| | | 1496586285 | 1491501311 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 31

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

Place : Gurgaon
Date : 17th May, 2013

For and on behalf of the Board

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note(s) | Year Ended 31st March, 2013 (In ₹) | Year Ended 31st March, 2012 (In ₹) |
|--|---------|--|--|
| Revenue from operations | 14 | 185571690 | 118454931 |
| Other Income | 15 | 1151698 | 713526 |
| Total Revenue | | 186723388 | 119168457 |
| Expenses: | | | |
| Employee Benefit Expense | 16 | 14107797 | 15233910 |
| Finance Costs | 17 | 0 | 4406675 |
| Depreciation | 7 | 883585 | 1254881 |
| Other Expenses | 18 | 15219436 | 13748114 |
| Provision for Sub-Standard and Doubtful Assets | | 0 | 9000000 |
| Contingent Provision against Standard Assets | | (219697) | 343047 |
| Total Expenses | | 29991121 | 43986627 |
| Profit for the year before Tax and exceptional items | | 156732267 | 75181830 |
| Tax expense: | | | |
| Current tax | | 11000000 | 0 |
| Tax adjustments for earlier years | | 0 | (476040) |
| Profit for the year after Taxation before Share of Profit/(Loss) in Associates & exceptional items | | 145732267 | 75657870 |
| Share of Profit/(Loss) in Associates | | (37136635) | (78111195) |
| Profit/(Loss) for the year after Taxation before exceptional items | | 108595632 | (2453325) |
| Exceptional Items | 27 | 0 | 14162523 |
| Profit/(Loss) after Tax and Exceptional Items | | 108595632 | 11709198 |
| Earning per equity share: | | | |
| Equity share of Par value ₹ 10/-each | 26 | | |
| Before Exceptional Items | | | |
| Basic and Diluted | | 4.56 | (0.10) |
| After Exceptional Items | | | |
| Basic and Diluted | | 4.56 | 0.49 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 31

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

Place : Gurgaon
Date : 17th May, 2013

For and on behalf of the Board

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer



HB STOCKHOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | (Amount in ₹) Year Ended 31st March, 2013 | (Amount in ₹) Year Ended 31st March, 2012 |
|--|---|---|
| A) CASH FLOW FROM OPERATION ACTIVITIES | | |
| Net Profit before tax and Extraordinary Items | 119595632 | (2929365) |
| Adjustment for : | | |
| Depreciation | 883585 | 1254881 |
| Provisions for Sub Standard and doubtful Assets | 0 | 9000000 |
| Contingent Provision against Standard Assets | (219697) | 343047 |
| Loss/(Profit) on sale of fixed assets | (29283) | 367632 |
| Operating Profit before Working Capital Changes | 120230237 | 8036195 |
| Adjustment for : | | |
| Trade & other Receivables | 32720954 | 5002145 |
| Investments | (128433356) | 70481708 |
| Current and Non-current Liabilities | (549926) | (2525345) |
| Cash generated from exceptional items | 0 | 14162523 |
| Cash Generated from operation | 23967908 | 95157226 |
| Income tax paid | 0 | (3769960) |
| Cash Flow after exceptional Items | 23967908 | 91387266 |
| Net Cash from Operation Activities | 23967908 | 91387266 |
| B) CASH FLOW FROM INVESTMENTS ACTIVITIES | | |
| Purchase of Fixed Assets | (1014060) | (2491725) |
| Sale of Fixed Assets | 200000 | 610000 |
| Net Cash used in Investing Activities | (814060) | (1881725) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds/(-) repayment of Borrowings | 0 | (90000000) |
| Net Cash used in Financing Activities | 0 | (90000000) |
| Net Increase in Cash & Cash Equivalents A+B+C | 23153848 | (494459) |
| Cash and Cash Equivalents (Opening Balance) | 2309986 | 2804445 |
| Cash and Cash Equivalents (Closing Balance) | 25463834 | 2309986 |

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

For and on behalf of the Board

AMIT GOEL
Partner
Membership No.: 092648

J.M.L. SURI
Executive Director

VIJAY SOOD
Managing Director

Place : Gurgaon
Date : 17th May, 2013

ANIL KUMAR MITTAL
Company Secretary

MAHESH KUMAR GUPTA
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

1.1 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" 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 (except where significant influence does not exist), 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".
- 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.

1.2 INVESTMENTS

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

1.3 OTHER SIGNIFICANT ACCOUNTING POLICIES

These are set 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.

NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2013

The Previous year figures have been regrouped/reclassified, wherever necessary to conform to the Year's presentation

2. SHARE CAPITAL

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| AUTHORIZED | | |
| 7,00,00,000 (7,00,00,000) Equity Shares of ₹ 10/- each. | 700000000 | 700000000 |
| 3,00,00,000 (3,00,00,000) Redeemable Preference Shares of ₹10/- each | 300000000 | 300000000 |
| | 1000000000 | 1000000000 |
| ISSUED | | |
| 2, 54, 43, 257 (2, 54, 43, 257) Equity Shares of ₹ 10/- each. | 254432570 | 254432570 |
| SUBSCRIBED & PAID UP | | |
| 2, 37, 92, 218(2, 37, 92, 218) Equity Shares of ₹ 10/- each fully paid up. | 237922180 | 237922180 |
| Add: Forfeited shares-16,51,039(16,51,039) Equity Shares (Amount originally paid up) | 5431643 | 5431643 |
| | 243353823 | 243353823 |

- Issued Share capital of the Company has only one class of shares referred to as equity shares having Par value of ₹ 10/. Each holder of Equity Shares is entitled to One vote per share.
- Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March,2013 & 31st March, 2012 is as under:

| Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|-----------------------------------|------------------------|------------|------------------------|------------|
| | No. of Shares | Amount (₹) | No. of Shares | Amount (₹) |
| Number of shares at the beginning | 23792218 | 237922180 | 23792218 | 237922180 |
| Number of shares at the end | 23792218 | 237922180 | 23792218 | 237922180 |

- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

| Name of shareholder | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares Held | % of holding | No. of Shares Held | % of holding |
| Lalit Bhasin | 12262307 | 51.54 | 11822317 | 49.69 |

- The dividend Proposed, if any, by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.
- In the event of the Liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all Preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

3. RESERVES AND SURPLUS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| Securities Premium Reserve-opening balance | 999689069 | 999689069 |
| Add: Addition during the year | 0 | 0 |
| | 999689069 | 999689069 |
| Statutory Reserve -Opening balance * | 107038420 | 88572542 |
| Add: Transferred from Surplus | 19998600 | 18465878 |
| | 127037020 | 107038420 |
| Investment Allowance Reserve (Utilised Account)-opening balance | 0 | 477000 |
| Less: Transferred to Surplus | 0 | 477000 |
| | 0 | 0 |
| Surplus-opening balance | (128908768) | (122629088) |
| Add: Transferred from Investment Allowance Reserve | 0 | 477000 |
| Add: Net Profit after tax transferred from Statement of Profit & Loss | 108595632 | 11709198 |
| | (20313136) | (110442890) |

| | | |
|---|------------|-------------|
| Less: Transferred to Statutory Reserve | 19998600 | 18465878 |
| Less: Proposed Dividend on Equity Shares (Dividend per Equity Share ₹ 1/-, Previous Year ₹ Nil/-) | 23792218 | 0 |
| Less: Tax on Proposed Dividend | 4043487 | 0 |
| Surplus-Closing balance | (68147441) | (128908768) |
| | 1058578648 | 977818721 |

(*) Created by way of transfer of specified percentage of profits as per section 45IC of Reserve Bank of India (Amendment) Act, 1997. Appropriation from Reserves shall be for the purposes as may be specified by Reserve Bank of India.

4. LONG TERM PROVISIONS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| Provisions For Employee Benefits | | |
| Leave encashment | 964692 | 689174 |
| Gratuity | 117132 | 1028102 |
| Others | | |
| - For Diminution in value of Long term/Non current Investments | 91227968 | 180372022 |
| - Contingent provision against Standard Assets | 89691 | 216316 |
| | 92399483 | 182305614 |

5. OTHER CURRENT LIABILITIES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|------------------|-------------------------------------|-------------------------------------|
| Expenses Payable | 1787743 | 1822042 |
| TDS Payable | 511867 | 347362 |
| | 2299610 | 2169404 |

6. SHORT TERM PROVISIONS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|--|-------------------------------------|-------------------------------------|
| Provisions For Employees Benefit | | |
| Leave encashment | 249936 | 294616 |
| Others | | |
| Income Tax | 11000000 | 0 |
| Sub-standard and Doubtful Assets | 10000000 | 10000000 |
| Diminution in value of Current Investments | 50352535 | 74949516 |
| Contingent Provision against Standard Assets | 516545 | 609617 |
| Proposed Dividend | 23792218 | 0 |
| Dividend Tax | 4043487 | 0 |
| | 99954721 | 85853749 |

7. FIXED ASSETS

(Amount In ₹)

| S. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------|-------------------------|---------------------|--------------------------------|---------------------------------|---------------------|---------------------|-----------------|--|---------------------|---------------------|---------------------|
| | | As at 01.04.2012 | Addition during the year | Deduction during the year | As at 31.03.2013 | As at 01.04.2012 | For the year | Deduction/ Adjustments during the year | As at 31.03.2013 | As on 31.03.2013 | As at 31.03.2012 |
| | Tangible Assets | | | | | | | | | | |
| 1 | Flat | 4823385 | 0 | 0 | 4823385 | 1497655 | 78621 | 0 | 1576276 | 3247109 | 3325730 |
| 2 | Furnitures & Fixtures | 7675738 | 0 | 0 | 7675738 | 6385506 | 184997 | 0 | 6570503 | 1105235 | 1290232 |
| 3 | Vehicles | 6613789 | 1014060 | 703691 | 6924158 | 2727025 | 414469 | 532974 | 2608520 | 4315638 | 3886764 |
| 4 | Office Equipment | 2267635 | 0 | 0 | 2267635 | 1590069 | 107712 | 0 | 1697781 | 569854 | 677566 |
| 5 | Data Processing Machine | 468809 | 0 | 0 | 468809 | 321365 | 47363 | 0 | 368728 | 100081 | 147444 |
| 6 | Air conditioners | 996578 | 0 | 0 | 996578 | 603368 | 47337 | 0 | 650705 | 345873 | 393210 |
| 7 | Generator Set | 64960 | 0 | 0 | 64960 | 57824 | 3086 | 0 | 60910 | 4050 | 7136 |
| | Total | 22910894 | 1014060 | 703691 | 23221263 | 13182812 | 883585 | 532974 | 13533423 | 9687840 | 9728082 |
| | (Previous Year) | 22216287 | 2491725 | 1797118 | 22910894 | 12747417 | 1254881 | 819486 | 13182812 | 9728082 | 9468870 |

8. INVESTMENTS

| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|--|----------------------|--------------------------------|---------------|--------------------------------|---------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount (In ₹) |
| NON CURRENT INVESTMENTS | | | | | |
| (LONG TERM INVESTMENTS) | | | | | |
| (1) IN ASSOCIATES | | | | | |
| - UNQUOTED (NON-TRADE) FULLY PAID UP EQUITY SHARES | | | | | |
| TAURUS ASSET MANAGEMENT CO LIMITED. | | | | | |
| Cost of acquisition | | | | | |
| Fully Paid up shares | 10 | 2525000 | 18634750 | 2525000 | 18634750 |
| Partly Paid up shares | 10 | 503000 | 15090000 | - | - |
| Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2013 | | | (8388465) | | 4439466 |
| | | 3028000 | 25336285 | 2525000 | 23074216 |
| PISCES PORTFOLIOS PVT. LIMITED. | | | | | |
| Cost of acquisition | | | | | |
| Add / (Less) : Group Share of Profits/(Losses) upto 31.03.2013 | 10 | 2290000 | 24900000 | 2290000 | 24900000 |
| | | | 112919997 | | 137765401 |
| | | 2290000 | 137819997 | 2290000 | 162665401 |
| TOTAL-(1) Investments in Associates Companies | | | | | |
| | | 5318000 | 163156282 | 4815000 | 185739617 |
| (2) IN OTHERS | | | | | |
| A. TRADE INVESTMENTS (QUOTED) | | | | | |
| INVESTMENT IN EQUITY INSTRUMENTS | | | | | |
| -FULLY PAID UP EQUITY SHARES | | | | | |
| BELL CERAMICS LIMITED | 10 | - | - | 275921 | 16672649 |
| CROMPTON GREAVES LIMITED | 2 | 4137 | 86266 | 4137 | 86266 |
| DCM SHRIRAM INDUSTRIES LIMITED | 10 | 4346615 | 488067462 | 4346615 | 488067462 |
| GREAVES COTTON LIMITED | 2 | 106145 | 7219387 | 156145 | 10620106 |
| JAIPRAKASH ASSOCIATES LIMITED | 2 | 8748367 | 69453256 | 11763367 | 93389331 |
| MAWANA SUGAR LIMITED | 10 | - | - | 60491 | 15994478 |
| PVP VENTURES LIMITED | 10 | - | - | 35694 | 5182124 |
| RRB SECURITIES LIMITED | 10 | 100000 | 10000000 | 100000 | 10000000 |
| VENKAT PHARMA LIMITED | 10 | 41790 | 2124443 | 41790 | 2124443 |
| TOTAL (A) (TRADE INVESTMENTS) | | | | | |
| | | 13347054 | 576950814 | 16784160 | 642136859 |



| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|---|----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount (In ₹) |
| B. NON TRADE INVESTMENTS | | | | | |
| B.1 INVESTMENT IN EQUITY INSTRUMENTS | | | | | |
| -FULLY PAID UP EQUITY SHARES (QUOTED) | | | | | |
| ELCOT POWR CONTROL LIMITED | 10 | 500 | 37500 | 500 | 37500 |
| MALWA COTTON SPINNING MILLS LIMITED | 10 | 0 | 0 | 50000 | 32500000 |
| NAHAR SPINNING MILLS LIMITED | 5 | 0 | 0 | 15000 | 11437500 |
| NAHAR CAPITAL & FINANCIAL SERVICES LTD | 10 | 0 | 0 | 15000 | 11437500 |
| PHOENIX INTERNATION LIMITED | 10 | 0 | 0 | 17200 | 6106000 |
| RATTAN VANASPATI LIMITED | 10 | 400000 | 7600000 | 400000 | 7600000 |
| RRB SECUTITIES LIMITED | 10 | 62600 | 6260000 | 62600 | 6260000 |
| -FULLY PAID UP EQUITY SHARES (UNQUOTED) | | | | | |
| ASSOCIATED INFOTECH LIMITED | 10 | 600000 | 45000000 | 600000 | 45000000 |
| JAIPUR STOCK EXCHANGE LIMITED | 10 | 324500 | 5841000 | 324500 | 5841000 |
| TAURUS INVESTMENT TRUST CO LIMITED | 10 | 15430 | 155458 | 15430 | 155458 |
| HB TELECOMMUNICATION LIMITED | 10 | 100 | 1000 | 100 | 1000 |
| HB INSURANCE ADVISORS LIMITED | 10 | 150000 | 150000 | 150000 | 150000 |
| HARSAI INVESTMENTS LIMITED | 10 | 200000 | 2000000 | 200000 | 2000000 |
| Q R PROPERTIES PVT LIMITED | 10 | 4500 | 45000 | 4500 | 45000 |
| SOVIKA AIRLINE SERVICES LIMITED | 10 | 400000 | 12000000 | 400000 | 12000000 |
| -EQUITY SHARE APPLICATION | | | | | |
| CORE TELECOM PRIVATE LIMITED | 10 | 850000 | 8500000 | 850000 | 8500000 |
| HB INSURANCE ADVISORS PVT LTD | 10 | 2600000 | 26000000 | 2600000 | 26000000 |
| FALCON PORTFOLIO PRIVATE LIMITED. | 10 | 75000 | 750000 | 75000 | 750000 |
| TOTAL B.1 | | 3207630 | 90939958 | 3304830 | 152420958 |
| B.2 Investments in Preference Shares | | | | | |
| FULLY PAID-UP REDEEMABLE PREFERENCE SHARE UNQUOTED | | | | | |
| HB ESTATE DEVELOPERS LTD.(9% NON CUMULATIVE) | 100 | 750000 | 75000000 | - | - |
| HB GROWTH FUND LIMITED (3%) (2%) (NON CUMULATIVE) | 10 | 50000 | 500000 | 50000 | 500000 |
| HB SECURITIES LIMITED (6% REDEEMABLE CUMULATIVE) | 1000 | 10000 | 10000000 | 10000 | 10000000 |
| HB TELECOMMUNICATION LIMITED (3% NON CUMULATIVE) | 10 | 40000 | 400000 | 40000 | 400000 |
| PREFERENCE SHARES APPLICATION (UN-QUOTED OPTIONAL CONVERTABLE) | | | | | |
| HB GROWTH FUND LTD (9% NON CUMULATIVE) | 100 | 200000 | 20000000 | - | - |
| TOTAL B.2 | | 1050000 | 105900000 | 100000 | 10900000 |
| TOTAL B.1+B.2 (NON TRADE INVESTMENTS) | | 4257630 | 196839958 | 3404830 | 163320958 |
| TOTAL-2 (A+B) INVESTMENTS IN OTHERS | | 17604684 | 773790772 | 20188990 | 805457817 |
| TOTAL- (1+2) NON CURRENT/LONG TERM INVESTMENTS | | 22922684 | 936947054 | 25003990 | 991197434 |
| CURRENT INVESTMENTS | | | | | |
| (A) INVESTMENTS IN EQUITY INSTRUMENTS | | | | | |
| a) QUOTED, FULLY PAID UP EQUITY SHARES | | | | | |
| KAUNTAM PAPERS | 10 | 800 | 11200 | 800 | 11200 |
| ABAN OFFSHORE LIMITED | 2 | 200 | 522480 | 200 | 522480 |
| AHLUWALIA CONTRACTS (INDIA) LIMITED | 2 | 539 | 112288 | 24950 | 5197740 |
| AMRIT BANASPATI COMPANY LIMITED | 10 | --- | --- | 400 | 5600 |
| AMRIT CORP. LIMITED | 10 | 400 | 5600 | 400 | 5600 |
| ARVIN LIQUID GASES LIMITED | 10 | 10000 | 182500 | 10000 | 182500 |
| ASHOK LEYLAND LIMITED | 1 | 200 | 7603 | 200 | 7603 |
| BHARAT HOTELS LIMITED | 10 | 300 | 6752 | 300 | 6752 |
| CIBA INDIA LIMITED | 10 | 50 | 500 | 50 | 500 |
| DCM SHRIRAM CONSOLIDATED LIMITED | 2 | 72845 | 7202668 | 72845 | 7202668 |
| DESIGN AUTO SYSTEMS LIMITED | 10 | 671400 | 3953867 | 671400 | 3953867 |
| DIGITAL WORLD INDIA LIMITED | 10 | 162400 | 3136228 | 162400 | 3136228 |
| GULSHAN POLYOLS LTD. | 10 | 1000 | 113288 | 1000 | 113288 |
| GVK POWER & INFRA LTD. | 1 | 125000 | 1971942 | 125000 | 1971942 |
| GSAL(INDIA) LIMITED. | 10 | 8120 | 4060 | 8120 | 4060 |
| HINDUSTAN ENGINEERING & INDS. LTD. | 10 | 108 | 147220 | --- | --- |
| HARYANA PETROCHEMICALS LIMITED | 10 | 9050 | 212192 | 9050 | 212192 |
| HB ESTATE DEVELOPERS LIMITED | 10 | 150000 | 1500000 | 150000 | 1500000 |
| HB LEASING & FINANCE CO LIMITED | 10 | 43200 | 1186050 | 43200 | 1186050 |
| HB PORTFOLIO LIMITED | 10 | 100000 | 1000000 | 100000 | 1000000 |
| HINDUSTAN OIL EXPLOATION COMPANY LIMITED | 10 | 216 | 25684 | 216 | 25684 |
| HOTLINE GLASS LIMITED | 10 | 166382 | 552770 | 166382 | 552770 |
| HOTLINE TELETUBE & COMPONENTS LIMITED | 10 | 344400 | 9751268 | 344400 | 9751268 |
| IDBI BANK | 10 | 25000 | 2355525 | 25000 | 2355525 |
| INDIAN HOTEL LTD. | 1 | 50000 | 3097717 | 50000 | 3097717 |
| INDIA BULLS REAL ESTATE LTD. | 2 | 35000 | 2009428 | 35000 | 2009428 |
| IFCI | 10 | 78040 | 2101243 | 78040 | 2101243 |
| ICP SECURITIES LIMITED | 10 | 1800 | 18000 | 1800 | 18000 |
| ICICI BANK LIMITED | 10 | 1000 | 585963 | 1000 | 585963 |
| ISPAT PROFILES INDIA LIMITED | 10 | 10000 | 235020 | 10000 | 235020 |
| JAYPEE INFRA TECH LTD. | 10 | 700000 | 30170072 | 700000 | 30170072 |
| JAIPRAKASH POWER VENTURES LTD. | 10 | 200000 | 6153470 | --- | --- |
| JAI CORP. LIMITED | 1 | --- | --- | 10074 | 10366167 |
| JUBILANT LIFESCIENCE LTD | 1 | --- | --- | 10000 | 3330897 |
| JUBILANT INDUSTRIES LTD | 10 | 500 | 175310 | 500 | 175310 |
| KIRAN OVERSEAS EXPORTS LIMITED | 10 | 10000 | 335000 | 10000 | 335000 |
| LCC INFOTECH LIMITED | 2 | 56300 | 387984 | 56300 | 387984 |
| LUNAR DIAMONDS LIMITED | 10 | 21000 | 439065 | 21000 | 439065 |
| MALANPUR STEEL LIMITED | 10 | --- | --- | 10814 | 147220 |
| MALWA COTTON SPINNING MILLS LIMITED | 10 | 19300 | 2284159 | 19300 | 2284159 |
| MAWANA SUGAR LIMITED | 10 | --- | --- | 39509 | 6817465 |
| MEGA SOFT LIMITED | 10 | --- | --- | 32500 | 3774848 |

| Name of the Company | Face Value (In ₹) | Balance as at 31st March, 2013 | | Balance as at 31st March, 2012 | |
|--|----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | Qty.(Nos.) | Amount (In ₹) | Qty.(Nos.) | Amount (In ₹) |
| MILKFOOD LIMITED | 10 | 3800 | 34200 | 3800 | 34200 |
| NITTA GELATIN INDIA LIMITED | 10 | --- | --- | 33000 | 1331444 |
| NAHAR POLYFILMS LIMITED | 5 | 444 | 17643 | 444 | 17643 |
| NIIT LIMITED | 2 | --- | --- | 60988 | 8865034 |
| NUCHEM LIMITED | 10 | 64755 | 168363 | 64755 | 168363 |
| ORISSA EXTRUSIONS LIMITED | 10 | 10728 | 21456 | 10728 | 21456 |
| ORINTAL BANK OF COMMERCE | 10 | 100 | 12745 | 100 | 12745 |
| ORKAY INDUSTRIES LIMITED | 10 | 135650 | 3152053 | 135650 | 3152053 |
| PATHREJA FORGINGS LIMITED | 10 | 1000 | 19326 | 1000 | 19326 |
| PHOENIX INTERNATIONAL LIMITED | 10 | 14400 | 900000 | 14400 | 900000 |
| PILANI INVESTMENT& INDUSTRIES CORPORATION LTD | 10 | 250 | 251006 | 250 | 251006 |
| POLYCHEM LIMITED | 10 | 125 | 501825 | 125 | 501825 |
| PRAJ INDUSTRIES LTD. | 10 | 45000 | 3877920 | 45000 | 3877920 |
| PRISM MILLS LIMITED | 2 | 10000 | 187500 | 10000 | 187500 |
| PUNJ LLYOD LTD. | 10 | 64000 | 3250991 | 64000 | 3250991 |
| PUNJAB WIRELESS LIMITED | 2 | 100 | 6100 | 100 | 6100 |
| RAMA VISION LIMITED | 10 | 18300 | 553061 | 18300 | 553061 |
| RASHTRIYA CHEMICAL & FERTILIZERS LTD. | 10 | 15000 | 1844075 | 15000 | 1844075 |
| RELIANCE CAPITAL LIMITED | 10 | 4 | 1910 | 4 | 1910 |
| RELIANCE COMMUNICATIONS LIMITED | 10 | 5085 | 2772215 | 5085 | 2772215 |
| RELIANCE INDUSTRIES LIMITED | 5 | 21105 | 16456243 | 21105 | 16456243 |
| RELIANCE POWER LTD. | 10 | 4000 | 364902 | 4000 | 364902 |
| SAJJAN UDYOG EXPORTS LIMITED | 10 | 23600 | 590000 | 23600 | 590000 |
| SAVANI FINANCIALS LIMITED | 10 | 7000 | 140000 | 7000 | 140000 |
| SESA GOA LTD. | 10 | 16000 | 3110808 | 16000 | 3110808 |
| SHREYANS INDUSTRIES LIMITED | 1 | 5600 | 96873 | 5600 | 96873 |
| SRI VASAVI INDUSTRIES LIMITED | 10 | 10890 | 584631 | 10890 | 584631 |
| STI GRANITE INDIA LIMITED | 10 | 2000 | 34000 | 2000 | 34000 |
| SUMMIT SECURITIES LTD. | 10 | 6 | 1494 | 6 | 1494 |
| SUBEX LIMITED | 10 | --- | --- | 25161 | 14414392 |
| UFLEX LIMITED | 10 | 5522 | 1100502 | 5522 | 1100502 |
| UNIMERS INDIA LIMITED | 10 | 1732 | 444464 | 1732 | 444464 |
| UNITECH LIMITED | 10 | 217072 | 10844776 | 17072 | 6564246 |
| UNIVERSAL PRIME ALUMINIUM LIMITED | 2 | 23820 | 868067 | 23820 | 868067 |
| U P HOTELS LIMITED | 10 | 1900 | 136630 | 1900 | 136630 |
| TOTAL (a) | | 3803538 | 134299895 | 3650287 | 177857194 |
| b) UNQUOTED, FULLY PAID UP EQUITY SHARES KESORAM TEXTILE LIMITED | 10 | 172 | 4161 | 172 | 4161 |
| TOTAL (b) | | 172 | 4161 | 172 | 4161 |
| c) UNQUOTED PARTLY PAID UP EQUITY SHARES RATHI ALLOYS & STEELS LIMITED | 10 | 46293 | 694395 | 46293 | 694395 |
| TOTAL (c) | | 46293 | 694395 | 46293 | 694395 |
| TOTAL-A (a+b+c) | | 3850003 | 134998451 | 3696752 | 178555750 |
| (B) PREFERENCE SHARES APPLICATION (UNQUOTED OPTIONAL CONVERTIBLE) | | | | | |
| FALCON PORTFOLIO MANAGEMENT PVT LTD. (9% NON CUMULATIVE) | 100 | 1125000 | 112500000 | 0 | 0 |
| TOTAL (B) | | 1125000 | 112500000 | 0 | 0 |
| (C) INVESTMENT IN MUTUAL FUNDS | | | | | |
| UNQUOTED FULLY PAID UP UNITS TAURUS BONANZA FUND | 10 | 496416 | 20000000 | 496416 | 20000000 |
| TOTAL (C) | | 496416 | 20000000 | 496416 | 20000000 |
| TOTAL- CURRENT INVESTMENTS (A+B+C) | | 5471419 | 267498451 | 4193168 | 198555750 |

| Notes | Non Current/Long Term Investments | | Current Investments | |
|---|-----------------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| 8.1 Aggregate Amount of Quoted Investments | 590848314 | 717515359 | 134299895 | 177857194 |
| 8.2 Market Value of Quoted Investments | 749813803 | 1154032149 | 84804170 | 104419759 |
| 8.3 Aggregate Amount of Unquoted Investments | 346098740 | 273682075 | 133198556 | 20698556 |
| 8.4 Aggregate Provision for Diminution in Value of Investments | 91227968 | 180372022 | 50352535 | 74949516 |
| 8.5 Shares Costing ₹ 16,88,30,543/- (Previous Year ₹ 14,81,57,552/-) Were Lying Pledged/Given as Margin as at the Year end. | | | | |
| 8.6 As at the year end, based on the last traded price on the stock exchange, there is diminution amounting to ₹ 32,18,09,439/- (Previous Year ₹ 32,15,92,108/-) in the Value of Long term/Non current Investment in DCM Shriram Industries Ltd. However, in the opinion of management the traded price on the exchange does not reflect its fair value in view of very thin trading volume on the exchange. Further in view of various factors such as significant stake, strategic long term investments, breakup/fair value evidenced by the investee company's balance sheet and various other factors, in the opinion of management, no provision is required to be made of the aforesaid amount of diminution calculated solely on the basis of last traded price. In the opinion of management, the valuation of investment at cost is in accordance with the accounting standard (AS-13). | | | | |
| 8.7 The Company's Investments in DCM Shriram Industries Exceeds the Exposure Norms As specified in "Non-Banking (Non Deposit Acceptance or holding) Companies Prudential Norms (Reserve Bank) Directions 2007". The Reserve Bank of India has Granted Extension of time till March 31, 2014 for Compliance with the Exposure Norms. | | | | |

9. LONG TERM LOANS AND ADVANCES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| (Unsecured, Considered Good)-Standard Security Deposits * | 34727124 | 35127124 |
| | 34727124 | 35127124 |

*Includes Rental Deposits given to related Party namely HB Estate Developers Ltd. ₹ 3,45,00,000/- (Previous Year ₹. 3,45,00,000/-)

10. TRADE RECEIVABLES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|----------------------------------|-------------------------------------|-------------------------------------|
| Unsecured, Considered good | | |
| Outstanding exceeding six months | - | - |
| Others | 4290976 | - |
| | 4290976 | - |



HB STOCKHOLDINGS LIMITED

11. CASH & CASH EQUIVALENTS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Balances with Banks | | |
| – In Current and Deposit Accounts | 25334055 | 2197932 |
| Cash-on-Hand | 129779 | 112054 |
| | 25463834 | 2309986 |

12. SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| Unsecured, Considered Good, Unless otherwise stated: | | |
| Advance to related Parties* | 0 | 6878843 |
| Others | | |
| Inter Corporate Deposit–Doubtful | 10000000 | 10000000 |
| Advance against share application | 206618000 | 236968000 |
| Money/Securities-Standard | | |
| Prepaid Expenses | 236967 | 206291 |
| Income Tax/Tax detected at source | 808191 | 513020 |
| | 217663158 | 254566154 |

* To RRB Master Securities (Delhi) Ltd.

13. OTHER CURRENT ASSETS

| Particulars | As at 31st March, 2013 (In ₹) | As at 31st March, 2012 (In ₹) |
|---|-------------------------------------|-------------------------------------|
| Interest accrued but not due on Bank deposits | 12063 | 15126 |
| Commission Receivables | 295785 | 0 |
| Dividend and Redemption Receivable | 0 | 1655 |
| | 307848 | 16781 |

14. REVENUE FROM OPERATIONS

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---|---|---|
| Profit/(Loss) in Securities dealing/Equity derivative trading | (2223677) | (2566352) |
| Profit/(Loss) on sale of investments (1) | 64298521 | (60981346) |
| Provision for diminution in value of investments written back (2) | 113741035 | 174917353 |
| Interest Income:- | | |
| - on Inter Corporate Deposit (Tax deducted at Source ₹ Nil (Previous Year Nil)) | 3360000 | 120000 |
| Dividend Income (Gross) (Tax deduction at source ₹ NIL, Previous Year ₹ NIL)(3) | 6395811 | 6965276 |
| | 185571690 | 118454931 |

The Company, being an Investment and Finance company, the Income from Investment and Finance activities are shown Operational Income.

- (1) Profit/(Loss) on Sale of Investments includes Loss of ₹ 4,39,76,180/- (Previous Year Loss ₹ 17,86,06,139/-) on Current Investments and Gain of ₹ 10,82,74,701/- (Previous Year ₹ 11,76,24,793/-) on Non current/Long Term Investments.
- (2) Provision for diminution in value of Investments written back include ₹ 8,91,44,054/- (previous year ₹ 40,19,526/- made) in respect of Non Current/Long Term Investments and ₹ 2,45,96,981/- provision written back in respect of Current Investments (Previous Year ₹ 17,89,36,879/- written back).
- (3) Dividend Income includes ₹ 49,82,985/- (Previous Year ₹ 60,86,096/-) on Long Term/Non current Investments and ₹ 14,12,826/- (Previous year ₹ 8,79,179/-) on Current Investments.

15. OTHER INCOME

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---|---|---|
| Interest On Fixed Deposits (Tax Deduction at Source ₹ 15902/- (Previous year ₹ 28451.00)) | 154115 | 284516 |
| Profit on sale of fixed assets | 29283 | 0 |
| Commission (Tax Deduction at source ₹ 159270/- Previous Year ₹ 66802/-) | 963300 | 429010 |
| Miscellaneous | 5000 | 0 |
| | 1151698 | 713526 |

16. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---|---|---|
| Salaries and Benefits | 14387288 | 14200101 |
| Contribution to Provident fund and super annuation fund | 438848 | 933700 |
| Gratuity | (903027) | 0 |
| Staff welfare | 184688 | 100109 |
| | 14107797 | 15233910 |

17. FINANCE COSTS

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|------------------|---|---|
| Interest expense | 0 | 4406675 |
| | 0 | 4406675 |

18. OTHER EXPENSES

(Amount in ₹)

| Particulars | For the Year ended 31st March, 2013 | For the Year ended 31st March, 2012 |
|---------------------------------|---|---|
| Rent/Facility Charges | 1340292 | 1290144 |
| Vehicle Running and Maintenance | 848645 | 730421 |
| Insurance | 22340 | 70906 |
| Communication | 590963 | 577659 |
| Travelling and Conveyance | 2660047 | 2365910 |
| Printing and Stationery | 643527 | 611316 |
| Office Repairs and Maintenance | 144676 | 214409 |
| Depository and custodial | 98237 | 180396 |
| Subscription and Membership | 608580 | 1502143 |
| Legal and Professional | 6191302 | 4133848 |
| Advertisement & Publicity | 209981 | 175927 |
| Listing Fees | 168540 | 165450 |
| Business Promotion | 509436 | 396577 |
| Miscellaneous | 274800 | 165018 |
| Auditors Remuneration | | |
| – Audit Fees | 180158 | 180158 |
| – Tax Audit Fees | 28090 | 28090 |
| – Income Tax Matters | 140900 | 64200 |
| – Certification and others | 62922 | 412070 |
| Loss On sale of Fixed Assets | 0 | 328358 |
| Directors Sitting Fees | 496000 | 367632 |
| | 15219436 | 472000 |
| | | 13748114 |

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

| Name of Company | Country of Incorporation | Proportion of ownership interest and relationship | Financial Year end |
|----------------------|--------------------------|---|--------------------|
| HB Prima capital Ltd | India | 100% Subsidiary of HB stockholdings Ltd | 31.03.2013 |
| Mount Finance Ltd. | India | 100% Subsidiary of HB stockholdings Ltd | 31.03.2013 |

The parent company HB Stockholdings Ltd. is making provision towards diminution in the value of Investments by charging the said amount to the Statement of profit & loss and correspondingly crediting provisions under the head 'Short Term Provisions/Long Term 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.

20. 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% (20.11%) |
| (ii) | Pisces Portfolios Private Limited (*) | India | 35.78% (35.78%) |

* Valuation done on the basis of available unaudited, management certified financial statements for year ended 31.03.2013.

21. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) CONTINGENT LIABILITIES:

- Income Tax demand disputed ₹ 72,92,391/- (Previous year ₹ 82,53,941/-) 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.



HB STOCKHOLDINGS LIMITED

(b) Guarantees given on behalf of Related Parties:- ₹ 22,00,00,000/- (Previous Year ₹ 22,00,00,000/-)

In the Opinion of the Management, the aforesaid guarantees had been given in view of overall long term business involvement/ relation of the company with the aforesaid companies and the giving of aforesaid guarantees will not have any prejudicial impact on the company.

COMMITMENTS:

(a) ₹ 50,30,000/- (Previous Year ₹ Nil) on account of uncalled call money in respect of Partly paid up Shares.

22 RELATED PARTY TRANSACTIONS

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

- a) Key Managerial Personnel
1. Shri Vijay Sood, Managing Director

2. Shri J.M.L.Suri, Executive Director
3. Shri Anil Kumar Mittal, Company Secretary
b) Person having control/significant influence /major shareholders
1. Shri Lalit Bhasin
c) Associate
1. Pisces Portfolios Private Limited
2. Taurus Assets Management Co.Ltd.
d) Enterprises over which control/significant influence exist of the relatives of persons mentioned in(b) above :-
1. RRB Master Securities Delhi Ltd.
e) Enterprises under direct or indirect common control/significant influence:
1. HB Portfolio Ltd.
2. HB Estate Developers Ltd.
3. HB Securities Ltd.(Subsidiary of HB Portfolio Ltd.)
4. RRB Securities Ltd.

22.2 Transactions during the financial year ended 31.03.2013 with related Parties as under:-

| 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) | Nil (Nil) | 6878843 (Nil) | Nil (Nil) |
| 2 | Interest paid | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (4405753) |
| 3 | Rent/Facility Charges Paid | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 967692 (949944) |
| 4 | Margin /Advances paid & received back | Nil (Nil) | Nil (Nil) | Nil (Nil) | 16000000 (7000000) | Nil (45500000) |
| 5 | Dividend Received | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 300000 (300000) |
| 6 | Sitting Fee Paid | Nil (Nil) | 60000 (50000) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 7 | Depository Charges | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | 34202 (37808) |
| 8 | Remuneration & Other Services | 11477947 (11320158) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 9 | Guarantee Given | Nil (Nil) | Nil (Nil) | Nil (150000000) | Nil (Nil) | Nil (Nil) |
| 10 | Purchase of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | 17560047 (127703721) | Nil (Nil) |
| 11 | Sale of Investment through them | Nil (Nil) | Nil (Nil) | Nil (Nil) | 240371946 (228913038) | Nil (Nil) |
| 12 | Net Turnover of Derivative Trading | Nil (Nil) | Nil (Nil) | Nil (Nil) | 2215670 (78816) | Nil (1541701) |
| 13 | Commission received | Nil (Nil) | Nil (Nil) | 963300 (668032) | Nil (Nil) | Nil (Nil) |
| 14 | Repayment of Loan and Interest | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (92596439) |
| 15 | Investment made during the year | Nil (Nil) | Nil (Nil) | 15090000 (Nil) | Nil (Nil) | 75000000 (Nil) |
| 16 | Outstanding as on 31.03.2013 | | | | | |
| | - Commission Receivable | Nil (Nil) | Nil (Nil) | 295785 (Nil) | Nil (Nil) | Nil (Nil) |
| | - Guarantee Given | Nil (Nil) | Nil (Nil) | 15000000 (150000000) | 70000000 (70000000) | Nil (Nil) |
| | - Receivables in respect of Loans & Advances. | Nil (Nil) | Nil (Nil) | Nil (Nil) | Nil (6878843) | 34500000 (34500000) |
| | - Book value of shares given as margin | Nil (Nil) | Nil (Nil) | Nil (Nil) | 1488750 (1488750) | 29775000 (32653250) |

23 SEGMENT REPORTING

In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).

24 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15

Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under:-

| Particulars | Current Year (Amount ₹) | Previous Year (Amount ₹) | Head under which shown in the Statement of Profit & Loss |
|-------------------------------------|----------------------------|-----------------------------|---|
| Contribution to Provident Fund | 3,03,848/- | 3,66,770/- | Contribution to Provident fund and super annuation Fund |
| Contribution to superannuation fund | 1,35,000/- | 1,35,000/- | Contribution to Provident fund and super annuation Fund |

Defined Benefit Plan

Movement in net liability

| Particulars | Gratuity (Funded) | | Leave Encashment (Unfunded) | |
|--|-------------------|---------------|-----------------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present value of obligations as at beginning of the year(A) | 26,61,478/- | 20,94,877/- | 9,83,790/- | 7,89,037/- |
| Interest Cost (B) | 2,12,918/- | 1,67,590/- | 78488/- | 69,041/- |
| Current service cost (C) | 3,19,563/- | 2,99,275/- | 1,51,011/- | 1,34,822/- |
| Benefits paid (D) | Nil | Nil | (79,100/-) | (1,02,917/-) |
| Actuarial loss/ (gain) on obligation (E) | (12,87,976/-) | 99,736/- | 80439/- | 93,807/- |
| Present value of obligations as at the end of the year (F=A+B+C-D+E) | 19,05,983/- | 26,61,478/- | 12,14,628/- | 9,83,790/- |

The amounts recognized in the Balance Sheet and Profit & Loss Account are as follows :

| Particulars | Gratuity (Funded) | | Leave (Unfunded) | |
|---|-------------------|---------------|-------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present value of obligation(A) | 19,05,983/- | 26,61,478/- | 12,14,628/- | 9,83,790/- |
| Estimated fair value of plan assets (B) | 17,88,851/- | 16,33,376/- | Nil | Nil |
| Net Liability (C=A-B) | 1,17,132/- | 10,28,102/- | 12,14,628/- | 9,83,790/- |
| Amounts in the Balance Sheet | | | | |
| Liabilities | 1,17,132/- | 10,28,102/- | 12,14,628/- | 9,83,790/- |
| Amount charged to Statement of Profit & Loss | | | | |
| Current Service Cost | 3,19,563/- | 2,99,275/- | 1,51,011/- | 1,34,822/- |
| Interest Cost | 2,12,918/- | 1,67,590/- | 78488/- | 69,041/- |
| Expected Return on Plan Asset | (1,47,532/-) | (1,34,671/-) | Nil | Nil |
| Actuarial(Gain)/Loss | (12,87,976/-) | 99,736/- | 80439/- | 93,807/- |
| | (9,03,027/-) | 4,31,930/- | 3,09,938/- | 2,97,670/- |
| Head under which shown in the Profit & Loss account | Gratuity | | Salary & benefits | |

The Actual Return on Plan Assets is as follows

| Particulars | Gratuity | |
|------------------------------|--------------|---------------|
| | Current Year | Previous Year |
| Actual return on plan assets | 1,47,532/- | 1,34,671/- |

Following are the Principal Actuarial Assumptions used as at the balance sheet date

| Particulars | Gratuity | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| Discount Rate | 8% | 8% |
| Expected Rate of Return on Plan Assets | 9% | 9% |
| Salary Escalation Rate | 6% | 6% |

A reconciliation of the opening and closing balances of the fair value of plan assets :

| Sl. No. | Particulars | Gratuity | |
|---------|-----------------------------------|--------------|---------------|
| | | Current Year | Previous Year |
| | Opening Fair Value of Plan Assets | 16,33,376/- | 14,96,139/- |
| i) | Expected Return on Plan Assets | 1,47,532/- | 1,34,671/- |
| ii) | Actuarial Gains / (Losses) | Nil | Nil |
| iii) | Contribution by the Employer | Nil | Nil |
| iv) | Benefits Paid | Nil | Nil |
| v) | Contribution | 7,943/- | 2,566/- |
| | Closing Fair Value of Plan Assets | 17,88,851/- | 16,33,376/- |

25 Disclosure pursuant to Accounting Standard AS-19 for Leases: -

Operating Lease

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

| | |
|-----------------------------|--|
| Not Later than One year | ₹ 13,40,292/- (Previous Year ₹13,22,544/-) |
| Later than one year but not | ₹ 12,16,092/- (Previous Year ₹9,49,944/-) |
| Later than five years | |
| Later than five years | ₹ Nil (Previous Year ₹ Nil) |
- Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2013 is ₹13,40,292/- (Previous Year ₹ 12,90,144/-).
- General description of the lease arrangement.

The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.

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.

26. Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share"

| Particulars | Current Year (in ₹) | Previous Year (in ₹) |
|--|---------------------|----------------------|
| Net Profit before exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders. | 108595632 | (2453325) |
| Net Profit after exceptional items as Per Statement of Profit and Loss attributable to Equity Shareholders. | 108595632 | 11709198 |
| Earning Per Share (face value of ₹ 10 each) | | |
| Weighted Average Nos. of Equity Share Outstanding | 2,37,92,218 | 2,37,92,218 |
| Basic and diluted Earning per share (₹) before exceptional item | 4.56 | -0.10 |
| Basic and diluted Earning per share (₹) after exceptional item | 4.56 | 0.49 |

27. Exceptional Item

Exceptional item consists of ₹ Nil/-(Previous Year ₹ 1,21,62,532) being interest Income on refund of income tax & ₹ Nil/-(Previous Year ₹ 20,00,000) on account of Claim received in settlement of Legal cases under Section 138 of the Negotiable Instrument Act.

28. Due to Micro, Small and Medium Enterprises

To the extent information available with the company, it has no dues to the Micro, Small and medium enterprises as at 31st March, 2013 and 31st March, 2012.

29. Disclosure pursuant to Accounting Standard AS-22 for accounting for taxes on Income:

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.

30. Securities Exchange Board of India (SEBI), vide its Order dated May 09, 2012 restrained the Company from buying, selling or dealing in the securities market whatsoever or accessing the securities market directly or indirectly for a period of 2 years from the date of the order. The order has been passed in relation to certain trades carried out more than 10 years ago in the scrip of a company. Aggrieved with the said order, the company filed an appeal and also a miscellaneous application before the Securities Appellate Tribunal (SAT). Vide its order dated May 17, 2012, the Hon'ble SAT has stayed the operation of the aforesaid order of SEBI till the disposal of appeal. The Management is of the firm belief that, and as also legally advised, the order of SEBI is not tenable and that appeal will be decided in its favour. In the opinion of the management, the going concern status of the company will not be impacted.

31. During the year under consideration, an inspection was carried out between 18th February 2013 and 1st March 2013 by the Reserve Bank of India with reference to financial position of the Company as on March 31, 2012. The RBI vide its letter dated 23rd April 2013 has communicated to the company its observations.

One of the observations was regarding advances against share application money outstanding as on 31.03.2012 to be considered as a loss asset. However, in the opinion of the management the amount is not a loss asset and moreover the same has been fully recovered subsequent to the year ended 31.03.2013 upto the date of finalisation of balance sheet. Therefore no provision is required to be made in this regard.

As per our Report of even date

For P. BHOLUSARIA & CO.
Chartered Accountants
FRN : 000468N

AMIT GOEL
Partner
Membership No.: 092648

Place : Gurgaon
Date : 17th May, 2013

For and on behalf of the Board

J.M.L. SURI
Executive Director

ANIL KUMAR MITTAL
Company Secretary

VIJAY SOOD
Managing Director

MAHESH 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 26th Annual General Meeting of the Company to be held on 23rd August, 2013 and

at any adjournment thereof. As witness my hand/our hands this day of 2013.

Client Id :

Signed by the Said :

15 Paise
Revenue
Stamp

DP ID :

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

26TH ANNUAL GENERAL MEETING

Time : 11:00 A.M., Friday, 23rd August, 2013

Place : GlA 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 26th Annual General Meeting held on 23rd August, 2013 at 11:00 A.M. at GlA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. :

No. of Shares :

Client ID :

DP ID :

Signature

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

BOOK POST

If Undelivered please return to :-



HB STOCKHOLDINGS LIMITED

Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001, Haryana

Printed by : First Impression: 9811224048



HB STOCKHOLDINGS LTD.

Regd. Office : Plot No .31, Echelon Institutional Area, Sector - 32, Gurgaon -122001 (Haryana)
Ph. : 0124-4675500, Fax : 0124-4370985, E-mail : corporate@hbstockholdings.com

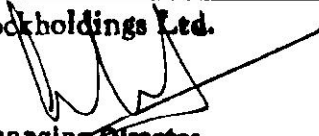
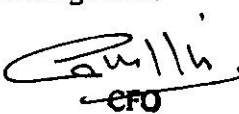
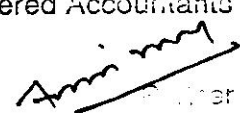
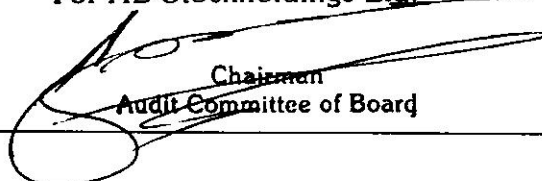
HBSL/ 2013-14

23rd July, 2013

| | |
|--|---|
| The General Manager (Listing) Bombay Stock Exchange Limited, 25 th Floor, P J Towers, Dalal Street, Fort, <u>Mumbai - 400 021</u> | The Vice President, National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (East) <u>MUMBAI – 400 051</u> |
|--|---|

FORM A

Format of covering Letter of the Annual Audit Report to be filed with the Stock Exchanges

| | | |
|----|---|--|
| 1. | Name of the Company | HB Stockholdings Limited |
| 2. | Annual Financial statement for the year ended | 31 st March 2013 |
| 3. | Type of Audit observation | Un-qualified (NIL) |
| 4. | Frequency of observation | Whether appearing first time- Not Applicable |
| 5. | To be signed by : <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the Company• Audit Committee Chairman | <p>For HB Stockholdings Ltd.</p> <p> Managing Director</p> <p>For HB Stockholdings Ltd.</p> <p> Chartered Accountants CFO</p> <p> Auditor</p> <p>For HB Stockholdings Ltd.</p> <p> Chairman Audit Committee of Board</p> |