

NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held as follows:

Day : Friday
 Date : 3.06.2005
 Time : 10.00 A.M.
 Place : GIA House, I.D.C., Mehrauli Road,
 Opp. Sector 14, Gurgaon - 122 001 (Haryana)

to transact the following business:

AS ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit & Loss Account for the period ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. R.K.Bhargava, who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Lalit Bhasin, who was appointed as Additional Director on the Board of Directors of the Company on 27th July 2004 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. B.L.Chadha, who was appointed as Additional Director on the Board of Directors of the Company on 27th July 2004 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. R.C.Sharma, who was appointed as Additional Director on the Board of Directors of the Company on 27th July 2004 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and subject to such other approvals, permissions and sanctions, as may be required and subject to the applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions as may be prescribed by any of the authorities, while granting such approvals/permissions/sanctions, which the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising powers conferred by the Board) may accept, the consent of the Company be and is hereby accorded to the Board to allow Non Resident Indians (hereinafter referred to as "NRIs") and Overseas Corporate Bodies (hereinafter referred to as "OCBs") predominantly owned by NRIs to acquire shares of the company through Stock Exchanges in India under Portfolio Investment Scheme and in accordance with all permissible modes, subject to the condition that the total purchase by NRIs and/or OCBs both on repatriation and non repatriation basis shall be within the overall ceiling (subject to individual limits as may be applicable/prescribed) of 24% of the paid up Equity Capital of the company or such other higher ceiling as may be allowed by Reserve Bank of India from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept investment by NRIs and/or OCBs in variation of the aforesaid ceilings, as may be permissible from time to time and to do all such acts, deeds and things and to execute such documents or writings, as may be necessary, proper or expedient for the purpose of giving effect to this resolution, connected therewith or incidental thereto."

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

**NAMITA SRIVASTAVA
 COMPANY SECRETARY**

Place : New Delhi
 Date : 14.04.2005

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 25.05.2005 to 03.06.2005 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to

the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.

- Members are requested to:
 - Notify any change in their address to the Company including PINCODE to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110003. Phones: 24692346 & 24601017. Fax 24692345. E-mail: rcmc@dimensioni.net.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- Details of Directors seeking appointment/ reappointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) is given after explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

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

ITEM NO. 4

The Board of Directors of your Company have appointed Mr. Lalit Bhasin as an Additional Director with effect from 27th July 2004. He holds office up to the date of this Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder of his intention to propose the candidature for directorship of Mr. Lalit Bhasin. This may be treated as an individual notice under section 257(1A) of the Companies Act, 1956.

Mr. Lalit Bhasin is a Commerce graduate and has to his credit rich experience in Stock Market and Investments. Your Directors accordingly commend his appointment for approval of the members.

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

None of the Directors except Mr. Lalit Bhasin is in any way concerned or interested in the above resolution.

ITEM NO.5

The Board of Directors of your Company have appointed Mr. B.L. Chadha as an Additional Director with effect from 27th July 2004. He holds office up to the date of this Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder of his intention to propose the candidature for directorship of Mr. B.L. Chadha. This may be treated as an individual notice under section 257(1A) of the Companies Act, 1956.

Mr. B.L. Chadha retired as Chief General Manager of State Bank of India, New Delhi. Besides, he has also held various senior positions with number of Nationalized Banks including Chairman cum Managing Director of Syndicate Bank. He has also been nominee director on the Boards of various companies. Besides, he was also appointed as Banking Ombudsman-I by RBI. He brings with him immense knowledge and experience from the fields of Banking and Finance. Your Directors accordingly commend his appointment for approval of the members.

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

None of the Directors except Mr. B.L. Chadha is in any way concerned or interested in the above resolution.

ITEM NO.6

The Board of Directors of your Company have appointed Mr. R.C. Sharma as an Additional Director with effect from 27th July 2004. He holds office up to the date of this Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder of his intention to propose the candidature for directorship of Mr. R.C. Sharma. This may be treated as an individual notice under section 257(1A) of the Companies Act, 1956.

Mr. R.C. Sharma brings with him in-depth understanding and multi faceted experience in administration in Government, Business and Industry in addition to his expertise in security and investigation methodologies. He has held highly responsible and sensitive positions with Central Bureau of Investigation (CBI), premiere investigating agency in India and Haryana State Police requiring top level administrative ability. Besides, he has also been Joint Secretary, Ministry of Home Affairs. Your Directors accordingly commend his appointment for approval of the members.

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

None of the Directors except Mr. R.C. Sharma is in any way concerned or interested in the above resolution.

ITEM NO. 7

In terms of the provisions of the Foreign Exchange Management Act, 1999 read with Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, Non Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) predominantly owned by NRIs are allowed to make investment on repatriation as well as on non-repatriation basis under the Portfolio Investment Scheme (acquisition/purchase of shares

through the Stock Exchange) in the equity shares of an Indian Company with an individual ceiling limit of 5% of the paid up equity capital of the company for each NRI/OCB and subject to an overall ceiling of 10% of the paid up equity capital of the company. However, the overall ceiling limit of 10% can be enhanced to 24% if such an enhancement is approved by the Shareholders in a General Meeting.

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

accordingly commended for approval of the members.

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

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

**NAMITA SRIVASTAVA
COMPANY SECRETARY**

**Place : New Delhi
Date : 14.04.2005**

PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING (10TH) AGM (Refer Note No. 7 of the Notice for AGM)

Name of the Director	Mr. Lalit Bhasin	Mr. B.L. Chadha	Mr. R.C. Sharma	Mr. R.K. Bhargava
Date of Birth	14th August 1968	3rd February 1935.	24th January 1939	26th October 1935
Profile/ Expertise in specific functional Areas.	Stock Market and Investment.	Banking & Finance	Administration	Administration
Qualifications	B.Com	M.A. (Econ.) & B.A. (Hons.)	M.A. (Econ.) & B.A. (Econ. & Geography)	M.A., B.A. (Hons.)
List of directorship in other Public Companies (As on 31.03.2005)	1. HB Stockholdings Limited 2. HB Estate Developers Limited 3. HB Securities Limited 4. HB Telecommunications Limited 5. HB Prima Capital Limited 6. HB Leasing & Finance Co. Ltd. 7. Har Sai Investments Limited 8. Credit Capital Asset Management Co. Ltd. 9. RRB Securities Limited 10. RRB Master Securities Delhi Limited 11. Raja Ram Bhasin Share & Stock Brokers Limited 12. Bhasin Share & Stock Brokers Limited 13. Bhasin Investments Ltd. 14. Indo Continental Hotels & Resorts Ltd.	–	1. Sir Shadi Lal Enterprises Ltd. 2. CHL Ltd. 3. PCI Ltd.	1. Asian Hotels Ltd. 2. Duncans Ltd. 3. Innova Securities Ltd. 4. Kajaria Ceramics Ltd. 5. JCL International Ltd. 6. NOIDA Toll Co. Ltd.
Membership of the Committees in other Public Companies (As on 31.03.2005)	Audit Committee ‘ HB Leasing & Finance Co. Ltd. Shareholders’ Committee ‘ HB Leasing & Finance Co. Ltd. ‘ RRB Securities Ltd.	–	–	Audit Committee a) Asian Hotels Ltd. b) Duncans Ltd. c) Noida Toll Co. Ltd. Share Transfer/ Investor Grievance Committee a) Asian Hotels Ltd. b) Noida Toll Co. Ltd. Remuneration Committee Asian Hotels Ltd.

DIRECTORS' REPORT

To the Members,
Your Directors are pleased to present the 10th Annual Report together with the Audited Statements of Accounts for the period ended 31st March 2005.

FINANCIAL RESULTS

In order to comply with the provisions of para 9B of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998, the financial year of the Company was extended by 6 months to end at 31st March, 2005 after obtaining necessary approval from Registrar of Companies. The subsequent accounting years of the Company would commence on April 1 of every year and would end on 31st March of the following year. Accordingly, the financial results and the working for the period under review are for 18 months and the same are not comparable with the financial results for the previous year which are for a period of 12 months.

The summarised financial results of the Company during the period under review are as under.

PARTICULARS	(Rs. in Lakhs)	
	Period Ended 31.03.2005 (18 Months)	Year Ended 30.09.2003 (12 Months)
Gross Profit/Loss	416.84	(77.46)
Less :		
(a) Depreciation	4.64	4.22
(b) Miscellaneous Expenses Written Off	1.39	0.93
(c) Provision for Income Tax		
- Current	-	-
- Deferred Tax charge/(credit)	(0.17)	(0.90)
(d) Provision for Doubtful Loans	0.00	564.99
(e) Provision for Doubtful Debts	0.00	69.14
Net Profit/(Loss)	410.98	(715.84)
ADD/LESS		
(a) Transfer to Statutory Reserve Fund	82.20	-
(b) Prior period adjustment	0.00	(7.42)
(c) Surplus Brought Forward	(777.56)	(54.30)
Balance Transferred to Balance Sheet	(448.78)	(77.56)

DIVIDEND

With a view to conserve liquid resources of the Company, your Directors do not recommend payment of dividend for the period under review.

PERFORMANCE REVIEW & OUTLOOK

During the period under review, the company, under the backdrop of buoyant capital market, has been able to post positive results with a net profit of Rs.410.98 lakhs.

During the period under review, the capital market had largely remained buoyant except the crash during May'2004. There are indications of the buoyant trend continuing in the longer term with an investor and capital market friendly policies and continuity of the reform process from the new Government at the Centre as reflected by phenomenal growth in IPO market and continued inflow of funds from FII. With strong performance by industrial sector aided by good growth in Agriculture and allied sector and controlled inflation, the economy is expected to grow at a fair pace.

Under this encouraging scenario, your management is optimistic of posting improved financial results in the year ahead.

NBFC REGISTRATION WITH RESERVE BANK

The Company's application for issue of Certificate of Registration with Reserve bank of India (RBI) as NBFC under Section 45IA of the Reserve Bank of India Act, 1934 was returned by RBI vide its letter dated 24th December 2004 with an advice to resubmit the application on 'the completion of SEBI's inquiry against the group company/ies'.

Accordingly, the company is pursuing the matter with Reserve Bank and is maintaining a regular follow up. Besides, the Company has also filed an Appeal before the Appellate Authority (in Ministry of Finance) against the decision of RBI.

STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the period under review. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. The total foreign exchange earnings during the period under review and previous year is NIL and total foreign exchange out go during the period under review is NIL and during the previous year was Rs. 7,78,577/-.

The particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there were no employees who were drawing/in receipt of remuneration of prescribed amount during the period under review.

Pursuant to Section 217(2AA) it is hereby stated that in the preparation of the Annual Accounts, the applicable accounting standards have been followed. The Director's have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. The Director's have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Director's have prepared the annual accounts on a going concern basis.

SUBSIDIARIES OF THE COMPANY

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with the provisions of Section 212 of the Companies Act, 1956, Audited Consolidated Financial Statements of the Company and its subsidiaries namely HB Securities Ltd. and HB Corporate Services Ltd. are annexed and they form part of the Annual Report and Accounts.

CORPORATE GOVERNANCE

The report of Corporate Governance for the year under review is annexed hereto and forms a part of the Director's Report.

STATEMENT PURSUANT TO LISTING AGREEMENT (S)

The Company's Equity Shares are presently listed at the Stock Exchanges at Mumbai and Kolkata. Pursuant to the approval of shareholders obtained at the 9th Annual General Meeting of the Company, the Company had applied for delisting to the Stock Exchanges at Ahmedabad, Chennai, Delhi and Kolkata. While the delisting has been completed at Delhi Stock Exchange with effect from 12th July 2004, Ahmedabad Stock Exchange with effect from 24th January 2005 and Madras Stock Exchange with effect from 16th February 2005, the delisting is awaited from the Calcutta Stock Exchange and the company's application is under process.

There are no outstanding listing fees except to Calcutta Stock Exchange which is under reconciliation and settlement.

AUDITORS REPORT

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

AUDITORS

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

DIRECTORS

Mr. H.C. Bhasin resigned from the Board with effect from 27th July 2004. The Board wishes to place on record its deep appreciation of the valuable guidance received from Mr. H.C. Bhasin in directing the affairs of the Company. The Board of Directors of the Company, in order to have continued benefits of his guidance and experience, conferred upon him the title of 'Chairman Emeritus'.

Mr. V.K. Gupta resigned from the directorship of the Company with effect from 27th July 2004. Your directors place on record the appreciation of the valuable contribution made by Mr. V.K. Gupta during his tenure.

Mr. Lalit Bhasin, who has to his credit more than 15 years of experience in Stock Market and Investment was co-opted as Additional Director with effect from 27th July 2004. Further, in view of resignation by Mr. H.C. Bhasin, the Board, in the same meeting appointed him as the Chairman of the Board of Directors of the Company. Mr. B.L. Chadha, co opted as Additional Director with effect from 27th July 2004, is a retired banker who has held senior positions in banking industry including the Chairman cum Managing Director of Syndicate Bank. Besides, he also held the position of Banking Ombudsman. Mr. R.C. Sharma, a retired IPS Officer having held very senior positions in the Government of India and Government of Haryana, joined the Board as Additional Director with effect from 27th July 2004. The resolutions seeking their appointment as Directors of the company are coming up for your approval and the Board commends the same in order to have the continued benefits of their rich experience and skills in directing the affairs of the company.

Mr. R.K. Bhargava, Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : 14.04.2005

LALIT BHASIN
CHAIRMAN

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	HB Securities Ltd.	HB Corporate Services Ltd.
The Financial Year of the subsidiary ended on	31.03.2005	31.03.2005
No. of Equity Shares held by the Holding Company as on date	72,07,570 Equity Shares of Rs. 10/- each	42,51,000 Equity Shares of Rs. 10/- each
Extent of Holding	100%	100%
The Net Aggregate of the profit / (loss) of subsidiary so far as they concern the members of the company for the period ended 31st March 2005		
(i) For the financial year of the subsidiary	Rs. (3,370,242.67)	Rs. (47,910)
(ii) For the previous financial periods of the subsidiary	Rs. (8,622,934.19)	Rs. (31,735)
The net aggregate of the profit/(loss) of subsidiary so far as they concern the members of the company and which are dealt with in the accounts of the company for the year ended 31st March 2005		
(i) For the financial year of the subsidiary	Nil	Nil
(ii) For the previous financial periods of the subsidiary	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Results

The working/results for the period under review are for 18 months and hence are not strictly comparable to the results for the previous year, which are for a period of 12 months. The company's total income for the period under review was Rs.717.98 lakhs as compared to Rs171.27 lakhs in the previous year. During the period under review, the administrative and other expenses amounted to Rs 75.03 lakhs (Rs.50.02 lakhs on annualised basis) as compared to Rs.70.50 lakhs during the previous year. Interest and financial charges for the period under review were Rs. 226.11 lakhs (Rs. 150.74 lakhs on annualised basis) as compared to Rs. 178.22 lakhs in the previous year.

2. Industry Trends and Business Analysis

The capital market which remained dormant characterized by sluggish and depressed sentiments during the past five-six years has recorded a steady buoyant phase driven more by economic fundamentals. The rising trend is reflected in the 45% growth in Share Indices over the last one and half year (BSE Sensex has risen from 4500 mark in September 2003 to 6500 mark in March 2005). Other broad based indices have recorded the similar trend. The IPO segment too witnessed a phenomenal growth of 5 times, during 2004.

3. Opportunities and Threats

The sustained reform measures have ushered in greater transparency in the Indian Stock Market and has brought them on par with the leading and developed markets in the world. The sustained and steady rise in the stock indices largely driven by economic fundamentals in the past two years and the steady inflow of funds from FII's reflects the maturity and the depth attained by the Indian Stock Market. Further, with the Government adopting an investor friendly approach by exempting the long term capital gain from equities and the dividend income, also augurs well for the future growth potential of the market by giving it a big retail push.

The above scenario augurs well for the company and it has drawn up ambitious plans for taking up investment in securities once the regulatory approval of NBFC registration is in place.

As in any other Industry, the company will face stiff and intense competition from other players mainly Mutual Funds. However, the company is confident of warding off competitive threats by leveraging the strength of the group in stock market operations and investments.

4. Future Prospects and Outlook

The Indian Economy is on a roll with robust and sustained industrial growth aided by good agricultural and allied output despite deficient rainfall. The Government has been able to keep the inflation largely under check though it witnessed little rise. With a comfortable and record Forex Reserves and booming exports, the economy is expected to record a high growth of over 6% in 2005-2006. Under the above background, the Outlook and prospects continues to be positive.

The company's application for NBFC registration had been returned by the Reserve Bank vide it's letter dated 24.12.2004 (grounds of which are elaborated in the Directors Report). However, in the opinion of the management the same are neither justified nor legally sustainable. The company besides following up the matter with the Reserve Bank has also filed an Appeal against the same before the Appellate Authority in the Ministry of Finance and the Company is confident of securing the registration as NBFC.

5. Risks and concerns

The company is exposed to the normal industry risk factors that are associated with capital market, which inter alia includes economic/business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility and credit risk.

The Company is confident of managing these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

6. Internal control system and their adequacy

The Company has proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are authorised, recorded and reported.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Internal Auditors.

7. Financial performance

a) Share Capital : The Company's issued and subscribed share capital consists of Equity Share Capital only. The paid-up share capital of the company as at 31st March 2005 stood at Rs.12,25,83,123 comprising of 1,28,21,630 Equity Shares of Rs.10/- each.

b) Reserves and Surplus : During the period under review the reserves and surplus increased to 5433.24 lakhs as against Rs. 5022.26 lakhs during the previous year.

c) Loans : The secured loans during the period under review stood at Rs.750 lakhs compared to Rs.1629.89 lakhs during the previous year.

d) Current Assets & Current Liabilities : The current assets, loan and advances and current liabilities & provisions for the period under review stood at Rs.2831.35 lakhs and Rs.610.44 lakhs respectively against Rs. 3947.22 lakhs and Rs. 785.28 lakhs for the previous year.

8. Human Resources

The company has adequate human resources which is commensurate with the current volume of activity and the same is reviewed by the management periodically and the company would induct competent personnel on increase/expansion of the activity.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages adopting the high standards of transparency, accountability and ethics in all transactions and interactions with all stakeholders including but not limited to the shareholders, the Government, Suppliers, Contractors and other business associates.

Size and Composition of the Board

The Board of Directors of your company comprises of 6 directors out of whom 5 are non-

executive and 4 directors are Non- Executive Independent directors. The non-executive directors are proficient in their own fields and bring with them decades of rich experience. Mr. Lalit Bhasin is the Chairman and Non - Executive Director of the Company. Mr. Anil Goyal is the Managing Director of your company. He has to his credit 22 years of corporate experience. He is responsible for overall management of the company. The composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

Eight Board meetings were held during the period under review on 23rd December 2003, 29th January 2004, 5th March 2004, 27th April 2004, 27th July 2004, 14th September 2004, 30th October 2004 and 21st January 2005.

The particulars regarding the composition of the Board of Directors and its Meetings held during the period 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 period		Attended last AGM
	Director	Chairman	Member	Chairman	Held	Attended	
*Mr. H.C. Bhasin, Promoter Non Executive	*	*	*	*	8	5	Yes
@Mr. Lalit Bhasin, Promoter Non Executive	14	3	4	NIL	8	4	N.A.
Mr. J.M.L. Suri, Independent Non Executive	7	NIL	4	1	8	8	Yes
Mr. R.K.Bhargava, Independent Non Executive	6	1	6	2	8	7	N.A.
@Mr. B.L. Chadha, Independent Non Executive	NIL	NIL	NIL	NIL	8	3	N.A.
@Mr. R.C.Sharma, Independent Non Executive	3	NIL	NIL	NIL	8	4	N.A.
*Mr. V.K. Gupta, Independent Non Executive	*	*	*	*	8	3	No
Mr. Anil Goyal, Independent Executive	8	NIL	5	1	8	8	Yes

* Resigned from directorship of the Company w.e.f. 27th July 2004.

As on 31.03.2005.

@ Appointed as Additional Director at the Meeting of the Board of Directors of the Company held on 27th July 2004.

In terms of the provisions of the Articles of Association of the company, one-third of such of the directors for the time being as are liable to retire by rotation shall retire from office at every Annual General Meeting. Accordingly, Mr. R. K. Bhargava retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Board Committees

The Board of Directors of your company has in its meeting held on 28th July 2001 constituted two committees namely; Shareholders Committee and Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Board has also constituted a Remuneration Committee on 19th December 2001. Each of these committees is having its own charter duly approved by the Board.

(A) **Audit Committee** : The Audit Committee as reconstituted on 27th July 2004 comprises of Mr. R.K. Bhargava as its Chairman, Mr. J.M.L. Suri and Mr. B.L. Chadha, as its Members and the Company Secretary of the Company as Secretary to the Committee. The Audit Committee has been empowered, inter-alia, to carry out the following functions:

- To lay down, review and revise the accounting policies of the company.
- To review the financial operations and performance of the company.
- To review the Quarterly, Half-Yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors.
- To consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company.
- To appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/or review the appointment and removal of auditors of the company.

6. To consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of the company and ensure compliance of the same.
7. To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company from time to time.
8. To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
9. To give report and/or recommendations to the Board on the matters concerning financial operations of the company.
10. To invite and summon any executive of the company and/or appoint experts, wherever necessary, and discuss with them the matters relating to the finance, audit and internal control system etc.
11. To obtain legal and professional advice wherever found necessary and expedient.
12. To consider and act on any matters as or included under Clause 49 of the Listing Agreement and/or as may be so included from time to time, whether provided here in above or not.
13. To deal with any other matters related and or incidental to the above or as may be assigned, in addition to the aforesaid, by the Board from time to time.

During the period under review six Audit Committee Meetings were held on 23rd December 2003, 29th January 2004, 27th April 2004, 27th July 2004, 30th October 2004 and 21st January 2005 and the same were attended by all the committee members except on 27th July 2004, which was not attended by Mr. V.K. Gupta.

(B) Shareholders Committee : The Shareholders Committee comprises of Mr. J. M. L. Suri as its Chairman, Mr. R. K. Bhargava and Mr. Anil Goyal as its members and the Company Secretary as Secretary to the Committee. The Shareholders Committee has been empowered, inter-alia, to carry out the following functions:

1. To consider and approve the transfer, transmission and issue of fresh/duplicate share certificates.
2. To review the status of dematerialisation of company's shares and matters incidental thereto.
3. To review and monitor the approval to the transfers and transmissions made by the Managing Director, under executive authority delegated to him from time to time.
4. To monitor the matters of litigation related to shareholders and take decisions relating thereto.
5. To consider, review and monitor the matters related to the shareholders grievances.
6. To consider and finalize the Report on Corporate Governance to be annexed with the Annual Report of the company.
7. To deal with any other matters related and/or incidental to the shareholders.

Mr. Anil Goyal, Managing Director has, however, been empowered to approve transfers up to 10,000 Equity Shares under one folio at a time.

During the period under review six Shareholders Committee Meetings were held on 23rd December 2003, 29th January 2004, 27th April 2004, 27th July 2004, 30th October 2004 and 21st January 2005 and the same were attended by all the committee members.

(C) Remuneration Committee : The Board of Directors in their meeting held on 19th December 2001 had constituted Remuneration Committee in terms of the provisions of the Listing Agreement. The Committee as reconstituted on 30th October 2004, comprises - Mr. R.K. Bhargava as its Chairman, Mr. B.L. Chadha and Mr. R.C. Sharma as its members. The committee has been empowered, inter-alia, to consider and approve remuneration paid/payable to Managing Director and other managerial personnel as per the provisions of the Companies Act, 1956.

The Directors' Remuneration paid during the period under review ended 31st March 2005 (18 months) is as under:

Director	Relationship with other Director(s)	Sitting Fees Paid (Rs.)	Salary & Perks	Commission, if any
Mr H.C. Bhasin#	F/o Mr. Lalit Bhasin	13,000	Nil	Nil
Mr. Lalit Bhasin	S/o Mr. H.C. Bhasin	20,000	Nil	Nil
Mr. J.M.L. Suri	N.A.	52,000	Nil	Nil
Mr. R.K. Bhargava	N.A.	46,000	Nil	Nil
Mr. B.L. Chadha	N.A.	19,000	Nil	Nil
Mr. R.C. Sharma	N.A.	20,000	Nil	Nil
Mr. V.K. Gupta #	N.A.	12,000	Nil	Nil
Mr. Anil Goyal	N.A.	NIL	17,60,000/-	Nil

Resigned from the Directorship of the Company w.e.f. 27th July 2004
No meeting of Remuneration Committee was held during the period under review.

(D) Finance and Borrowings Committee : The Board of Directors in their meeting held on 30th April, 2003 have constituted Finance and Borrowings Committee. The Committee comprises of Mr. J.M. L. Suri, Mr. R.K. Bhargava and Mr. Anil Goyal as its members. The Committee has been empowered, inter-alia, to carry out the following functions:

- a. To sanction and approve borrowal of funds from any financial institution, banks or any body (ies) corporate, otherwise than on debentures not exceeding a sum of Rs.50 crores etc.

- b. To approve creation of security for borrowings whether by way of a promissory note/post dated cheques or by way of a mortgage, charge, hypothecation of assets of the company, which shall include both movable and immovable assets of the company or by any combination thereof;
- c. To approve deeds and documents to be executed with the lenders (which term shall include financial institution, banks or any body(ies) corporate) in connection with the borrowings approved by the committee including loan agreement, deed of hypothecation etc.;
- d. To delegate power/ authority to any director/officer or any authorised person/ signatory of the company to execute the documentation on behalf of the company and affixation of Common Seal of the company on any of the documents;
- e. To approve opening of new bank account and / or closing of the existing bank account, as the case may be:

The presence of any two directors shall constitute a valid quorum for transaction of the business of the committee. During the period under review no meeting of Finance and Borrowings Committee was held.

Shareholders' Information

(A) Details of Annual General Meetings:

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

Year	Type	Location	Date	Time
2002-03	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001	05.03.2004	10.00A.M.
2001-02	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001	27.03.2003	10.00 A.M.
2000-01	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001	26.03.2002	10.00 A.M.

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

(B) No dividend has been paid by the company since the vesting of Financial Services and Merchant Banking Division of HB Stockholdings Ltd. to it pursuant to a trifurcation under Scheme of Arrangement sanctioned by Hon'ble Delhi High Court in 1997.

(C) The Register of Members and Share Transfer Books of the Company shall remain closed from 25.05.2005 to 03.06.2005 (both days inclusive). The previous Book Closure remained w.e.f. 28.02. 2004 to 05.03.2004 (both days inclusive).

(D) The transactions with the related parties have been annexed to the notes to the accounts and hence have not been reproduced here. No penalty has been imposed by the Stock Exchanges or SEBI or any other Statutory Authority nor any strictures have been passed by them during the last three years.

(E) Means of Communication

1. Half yearly reports sent to each household of shareholder No
2. Quarterly Results Sent to each shareholder No
3. The results are normally published in : Financial Express & Jansatta
4. Any Website, where results are displayed SEBI EDIFAR
5. Whether MD&A is part of Annual Report Yes
6. Whether shareholders information system is part of AR Yes

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

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

(H) The trading in the Equity Shares of the Company has come under compulsory dematerialization w.e.f. 26th February 2001 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR - 23 / 2000 dated 29th May 2000.

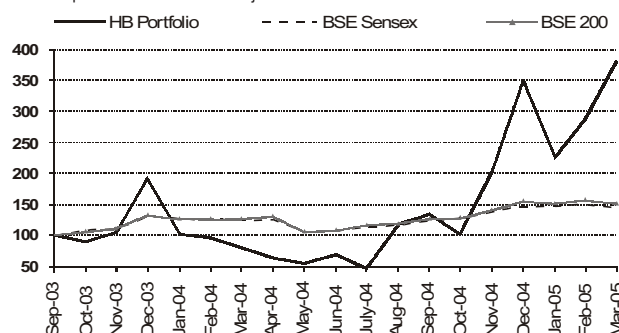
The Company's shares are currently listed at Bombay Stock Exchange and Calcutta Stock Exchange. Pursuant to the approval from the members at the 9th Annual General Meeting, the Equity Shares of the company have been delisted from the Stock Exchanges at Delhi, Ahmedabad, Chennai. Delisting from the Stock Exchange at Kolkata is awaited where the application of the Company for the same is under process.

(I) The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE638B01017.

(J) The Stock Market Data and Performance Indicators of HB Portfolio Ltd. at BSE is summarised as under:

Date	High	Low	Close	Volume
Oct-03	3.25	1.95	2.25	46069
Nov-03	3.80	2.01	2.63	39354
Dec-03	4.85	1.90	4.84	85611
Jan-04	5.75	2.55	2.55	89287
Feb-04	3.06	1.85	2.40	20112
Mar-04	3.12	1.62	1.99	315685
Apr-04	2.25	1.31	1.59	16912
May-04	1.93	1.31	1.40	6242
Jun-04	2.40	1.45	1.75	4377
Jul-04	2.10	1.17	1.21	13633
Aug-04	5.20	1.25	3.00	55443
Sep-04	4.68	2.66	3.40	97733
Oct-04	4.05	2.00	2.50	21568
Nov-04	5.62	2.45	5.01	70102
Dec-04	9.50	3.25	8.82	148155
Jan-05	9.16	4.70	5.59	55974
Feb-05	8.24	4.95	7.21	153727
Mar-05	15.12	6.80	9.61	238160

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



(L) Stock Performance-Absolute returns

	18 months
HB Portfolio	284%
BSE Sensex	46%
BSE 200	51%

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

HB Portfolio Ltd.	Scrip Code
BSE, Mumbai	32333
CSE, Kolkata	18356

(N) The Dematerialisation of Shares and Liquidity: 58.83%

(O) Ms. Namita Srivastava, Company Secretary is the compliance officer of the company.

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

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
Upto 5000	137254	99.71	5849168	45.62
5,001-10,000	231	0.17	161323	1.26
10,001-20,000	78	0.06	109838	0.86
20,001-30,000	18	0.01	43150	0.34
30,001-40,000	12	0.01	42404	0.33
40,001-50,000	8	0.01	36469	0.28
50,001-1,00,000	13	0.01	88503	0.69
1,00,001 and above	33	0.02	6490775	50.62
TOTAL	137647	100.00	12821630	100.00

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

Category	No of Shares held	% of Shareholding
A. PROMOTERS HOLDING		
1. Indian Promoter	54,89,395	42.81
2. Persons acting in concert	3,14,625	2.45
B OTHERS		
1. Mutual Funds and UTI	1,17,931	0.92
2. Banks & Financial Institutions	4,15,225	3.24
3. Foreign Institutional Investors	NIL	NIL
4. Private Corporate Bodies	1,58,466	1.24
5. NRI's/ OCBs	1,26,664	0.99
6. Indian Public	61,99,324	48.35
GRAND TOTAL	1,28,21,630	100.00

(R) Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to the Managing Director for transfer of shares up to a fixed number beyond which the transfers are placed before the Shareholders Committee, which meets as and when required. The statistics of share transfers during the period including demat shares are as under:

Transfer Period	No of Holders	No of Shares	% to Shares
1-15	1396	72159	100
16-20	NIL	NIL	NIL
21 & Above	NIL	NIL	NIL

(S) The status of Investor's Grievance Redressal 01.10.2003 to 31.03.2005 is as under:

Nature of Grievance	Received	Cleared
Relating to Transfer, Transmission, Consolidation, Nomination	7	7
Loss of securities, issue of new Cert., Bank a/c No. etc.	4	4
DEMAT / REMAT request, Deletion of name,	3	3
Others	5	5

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

CERTIFICATE

To the Members of HB Portfolio Limited

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

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

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

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2005 there were no Investors' Grievances remaining unattended / pending for a period exceeding one month.

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

**For P.BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS**

Place : New Delhi
Date : 14th April, 2005

**AMIT GOEL
PARTNER**

AUDITORS' REPORT

THE MEMBERS OF HB PORTFOLIO LIMITED

We have audited the attached Balance Sheet of M/s. HB PORTFOLIO LIMITED as at 31st March, 2005 and also the Profit and Loss Account and Cash flow Statement for the period from 1.10.2003 TO 31.03.2005 annexed thereto. These financial statements are the responsibility of the company's Management .Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2005 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon, particularly note no. 7 of Schedule 14 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2005 and
 - b) In the case of the Profit & Loss account of the Profit for the period ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the period ended on that date.

**For P.BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS**
**AMIT GOEL
PARTNER
(Membership No. - 92648)**

**Place : New Delhi
Date : 14th April, 2005**

ANNEXURE TO AUDITORS' REPORT RE. HB PORTFOLIO LTD. REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the period in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the period that would affect going concern status of the Company.
2. a. As explained to us, the company does not have any inventories. The Shares/securities held as investments have been physically verified by the management at reasonable intervals during the period.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of Shares/securities followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of investments. As explained to us, no material discrepancies have been noticed on physical verification of investments as compared to the book records.
3. The Company has neither granted nor taken any loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and

the nature of its business for the purchases of Investments and fixed assets and sale of goods (Investments). During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control procedure.

5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party during the period have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Cess and other statutory dues as applicable have been generally regularly deposited by the company during the period with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
- b. According to the records of the Company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
10. The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit. However, it had incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. Except as stated in note no. 8(a) of Schedule 14, in our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities. As per the information and explanations given to us, adequate documents and records have been maintained by the company in respect thereto.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading (investments) in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except for shares that are pledged with bank and others or which are lodged for transfer or are pending for rectification of bad deliveries.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. The Company has not raised any term loans during the period.
17. 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 no funds raised on short term basis has been used for long term investment and vice versa.
18. During the period, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the period.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the period.

**For P.BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS**

**Place : New Delhi
Date : 14th April, 2005**

**AMIT GOEL
PARTNER
(Membership No. - 92648)**



BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	122583123	122583123
Reserves & Surplus	2	543324171	502225885
Loans Fund			
Secured Loans	3	75000000	162989444
Unsecured Loans	4	0	10000000
Total		740907294	797798452
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	3448146	3428046
Less : Depreciation		1613337	1149539
Net Block		1834809	2278507
Investments	6	491822979	434146460
SHARE APPLICATION MONEY (Pending Allotment)			
		25350200	45250000
		517173179	479396460
Current Assets, Loans & Advances 7			
a) Sundry Debtors		2376249	17167731
b) Cash & Bank Balances		92910938	51127433
c) Loans and Advances		187847319	326426518
		283134506	394721682
Less : Current Liabilities & Provisions 8			
a) Liabilities		1716917	13634107
b) Provisions		59326581	64894023
		61043498	78528130
Net Current Assets		222091008	316193552
Deferred Tax Liability			
Miscellaneous Expenditure	9	(191702)	(209174)
(to the extent not written off/adjusted)		0	139107
Debit Balance in Profit & Loss Account		44878186	77756814
Less-Adjusted against the balance in			
General Reserve as per Contra		44878186	77756814
Total		740907294	797798452
Significant Accounting Policies	13		
Notes on Accounts	14		
As per our Report of even date			
For P. Bholusaria & Co. Chartered Accountants		For and on behalf of the Board	
Amit Goel Partner	Namita Srivastava Company Secretary	Anil Goyal Managing Director	J M L Suri Director
Place : New Delhi			
Date : 14th April, 2005			

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST OCTOBER, 2003 TO 31ST MARCH, 2005

Particulars	Schedule	Period Ended 31st Mar., 2005 (Rs.)	Year Ended 30th Sep., 2003 (Rs.)
INCOME			
INCOME FROM OPERATIONS AND OTHER INCOME			
	10	71798203	17126759
Total		71798203	17126759
EXPENDITURE			
a) Administrative & Other Expenses	11	7503115	70506110
b) Interest & Financial Charges	12	22611369	17821970
c) Miscellaneous Expenditure Written off		139107	92735
d) Depreciation		463798	422478
e) Provision For Doubtful Loans		0	56498972
f) Provision For Doubtful Debts		0	6913734
Total		30717389	88800499
Profit/Loss for the period before Taxation		41080814	-71673740
Provision For Taxation			
- Current		-	-
- Deferred Tax (Charge) / Credit		17472	89706
Profit/Loss After Taxation		41098286	-71584034
Prior Period Adjustment		-	-742083
Transferred to Statutory Reserve Fund		8219658	-
Balance brought forward From last Year		-77756814	-5430697
Balance carried forward to Balance Sheet		-44878186	-77756814
Basic and Diluted Earning Per Share (In Rs.)		3.21	-5.64
Significant Accounting Policies 13			
Notes on Accounts 14			
As per our Report of even date			
For P. Bholusaria & Co. Chartered Accountants		For and on behalf of the Board	
Amit Goel Partner	Namita Srivastava Company Secretary	Anil Goyal Managing Director	J M L Suri Director
Place : New Delhi			
Date : 14th April, 2005			

Particulars	As at 31st March, 2005 (Rs.)	As at 30th September, 2003 (Rs.)
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SCHEDULE '1' : SHARE CAPITAL

AUTHORISED		
2,00,00,000 Equity Shares of Rs. 10/- each.	200000000	200000000
1,00,00,000 Redeemable Preference Shares of Rs.10/-each.	100000000	100000000
	300000000	300000000

ISSUED, SUBSCRIBED, AND PAID-UP		
1,28,21,630 Equity Shares of Rs.10/- each	128216300	128216300
Less : Allotment Money Receivable (Other than Directors)	5633177	5633177
Total	122583123	122583123

SCHEDULE '2' : RESERVE AND SURPLUS

A. SHARE PREMIUM ACCOUNT			
As per last Account	527224343	527224343	
Less : Allotment Money Receivable	27790790	27790790	499433553
B. GENERAL RESERVES ACCOUNT			
As per Last Account	80549146	80549146	
Less : Debit Balance in Profit & Loss account as per Contra	44878186	77756814	2792332
C. STATUTORY RESERVE FUND*			
Transferred from Profit & Loss Account	8219658		-
Total	543324171	502225885	

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



SCHEDULE '3' : SECURED LOANS

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
FROM BANK - OVERDRAFT FACILITIES (SECURED AGAINST PLEDGE OF SHARES)	0	132989444
INTER-CORPORATE LOANS (SECURED AGAINST PLEDGE OF SHARES)	75000000	30000000
Total	75000000	162989444

SCHEDULE '4' : UNSECURED LOANS

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
INTER CORPORATE LOANS	0	10000000
Total	0	10000000

SCHEDULE '5' : FIXED ASSETS (AS ON 31.03.2005)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.2003	Additions	Deletion	As at 31.03.2005	Upto 30.09.2003	For the Period	Adjustments	Total Upto 31.03.2005	As at 31.03.2005	As at 30.09.2003
Data Processing Machinery	682790	20100	-	702890	590247	93456	-	683703	19187	92543
Office Equipments	278276	-	-	278276	76577	19827	-	96404	181872	201699
Furniture & Fixture	21643	-	-	21643	5999	2055	-	8054	13589	15644
Vehicles	2445337	-	-	2445337	476716	348460	-	825176	1620161	1968621
TOTAL	3428046	20100	0	3448146	1149539	463798	0	1613337	1834809	2278507
PREVIOUS YEAR	4998058	6800	1576812	3428046	1223613	422478	(496552)	1149539	2278507	377445

SCHEDULE '6' : INVESTMENTS - LONG TERM

Name of the Company	Face Value (Rs.)	As at 31st March, 2005		As at 30th September, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(A) QUOTED (TRADE) FULLY PAID-UP EQUITY SHARE					
AMRIT BANASPATI LTD	10.00	509	19342	509	19342
AVON ORGANICS LTD.	10.00	0	0	74471	2885751
ALPS INDUSTRIES LTD.	10.00	50000	6055228	50000	6055228
BALLARPUR INDUSTRIES LTD.	10.00	168500	7243670	183585	7892161
CEAT LTD.	10.00	175650	6510612	308290	11427023
CROMPTON GREAVES LIMITED	10.00	202582	10408072	275432	13542354
HILTON RUBBER LTD.	10.00	168	6784	168	6784
HINDUSTAN SANITARY WARE LTD.	5.00	51350	2387775	15405	2387775
ISI BARS LTD.	10.00	0	0	131010	1473863
IFCI LTD.	10.00	400000	9165712	0	0
JINDAL IRON & STEEL CO. LTD.	10.00	0	0	20000	710228
JINDAL PHOTO LTD.	10.00	0	0	43700	2062804
JAI PRAKASH ASSOCIATES LTD.	10.00	898431	39492971	798431	25654936
KEC INTERNATIONAL LTD.	10.00	0	0	25300	507328
KERALA CHEMICALS LTD.	10.00	0	0	1150	29555
KESORAM TEXTILES LTD.	10.00	49699	357071	49699	357071
NAHAR SPINNING MILLS LTD.	10.00	6150	541815	6150	541815
RAYMONDS LTD.	10.00	140	13175	140	13175
RRB SECURITIES LTD.	10.00	100000	10000000	100000	10000000
RELIANCE INDUSTRIES LTD.	10.00	118	60819	4000	2061672
RELIANCE CAPITAL LTD.	10.00	299	37824	299	37824
SILVERLINE TECHNOLOGY LTD.	10.00	1500	37220	1500	37220
SHIPPING CORP. OF INDIA LTD.	10.00	0	0	18000	1264793
TISCO LTD.	10.00	0	0	2500	337796
TATA TEA LTD.	10.00	100	58345	100	58345
THOMAS COOK INDIA LTD.	10.00	1793	585249	4493	1466550
ULTRA MARINE LTD.	10.00	12735	1956144	15000	2304057
VISUAL SOFTWARE LTD.	10.00	0	0	10500	9037882
Total - A		2119724	94937828	2139832	102173331
(B) IN MUTUAL FUNDS (NON-TRADE), UNQUOTED					
Taurus Mutual Fund - Libra Tax Shield-96	10.00	400000	3836000	1000000	9590000
SBI Multipliers	10.00	500	5220	500	5220
Taurus Mutual Fund - Bonanza Exclusive Growth Scheme	10.00	4050000	29518631	5794334	56302410
INVESTMENTS AS SPONSOR'S IN TAURAS MUTUAL FUND CORPUS					
		—	200000	—	200000
Total - B		4450500	33559851	6794834	66097630
(C) UNQUOTED (NON-TRADE) FULLY PAID-UP EQUITY SHARES					
Credit Capital Investment Trust Co. Ltd.	10.00	49040	498999	49040	498999
HB Insurance Advisors Ltd.	10.00	20010	200100	20010	200100
Credit Capital Asset Management Co. Ltd.	10.00	6275000	58140000	5020000	45590000
Har Sai Investments Ltd.	10.00	200000	2000000	200000	2000000
Pisces Portfolio Pvt Ltd.	10.00	3189980	69899800	0	0
IN WHOLLY OWNED SUBSIDIARY COMPANIES					
HB Securities Ltd.	10.00	7207570	89075700	5707570	74075700
HB Corporate Services Ltd.	10.00	4251070	51010700	4251070	51010700
Total - C		21192670	270825299	15247690	173375499



SCHEDULE '6' : INVESTMENTS - LONG TERM (CONTD....)

Name of the Company	Face Value (Rs.)	As at 31st March, 2005		As at 30th September, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(D) INVESTMENTS IN OFCD-UNQUOTED (NON TRADE)					
Har Sai Investments Ltd.	1000	92500	92500000	92500	92500000
Total - D		92500	92500000	92500	92500000
Total - A + B + C + D		27855394	491822979	24274856	434146460

- a) Market Price of Quoted Investments (Other than Mutual Fund Units) Rs.33,28,35,377/- (Previous Year Rs.14,52,94,275/-) and cost of Quoted investments Rs.9,49,37,828/- (Previous Year Rs. 10,21,73,331/-)
- b) Net asset value of Investments in units of Mutual Fund Rs.8,02,14,220/- (Previous year Rs 10,50,88,751/-) and cost of units of Mutual fund Rs.3,35,59,851/- (Previous Year Rs. 6,60,97,630/-)
- c) Market Price of Investments Listed but not Quoted have been taken at Cost.
- d) Aggregate cost of unquoted investments (other than units of Mutual Funds) Rs.36,33,25,299/- (Previous year Rs. 26,58,75,499/-)
- e) Investments costing to Rs. 4,67,26,458/- (Previous year Rs. 7,42,97,726/-) have been given as Margin or pledged with bank and others.

SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
A. CURRENT ASSETS		
a) *Sundry Debtors		
(Unsecured, considered good unless otherwise stated)		
- Outstanding exceeding Six months		
- Considered Good	0	0
- Considered Doubtful	1715441	6913734
- Others	660808	10253997
b) Cash & Bank Balance		
- Cash in hand	177428	124928
(As certified by the Management)		
- Balance with Scheduled Banks in current accounts	57722724	51002505
- Fixed Deposit with bank	35000000	0
Interest accrued on above	10786	0
Total (A)	95287187	68295164

*Includes due from Subsidiary Company HB Securities Ltd. Rs.Nil (Previous year Rs.87,25,310/-)

B. LOANS AND ADVANCES

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
(Unsecured, considered good unless Otherwise stated)		
a) Loans (Also Refer note no. 8 (a) of schedule-14)		
(Including interest receivable Rs.14,98,972/-)		
- Considered Good	0	0
- Considered Doubtful	56498972	56498972
b) Advances Recoverable in cash or in kind or for value to be received. [Includes Rs.11,356/- (Previous Year 1,89,815/-)]	121705483	260432174
Due from HB Corporate Services Ltd. and Rs.2,20,00,000/- (Nil) from HB Securities Ltd., the subsidiary companies]		
c) Advance Tax & Tax Deducted at Source	9211704	9053712
d) Security Deposits With Govt Department and others	431160	441660
Total (B)	187847319	326426518
TOTAL (A + B)	283134506	394721682

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
(A) CURRENT LIABILITIES		
*a) Sundry Creditors (Due to Small Scale Industrial-Undertakings NIL. (Previous Year NIL)	891461	1612174
b) Cheques over issued in Current Account	50500	37704
c) Advance from Customers	0	9965000
d) Other liabilities	181206	1130573
e) Interest Accrued but Not Due	593750	888656
Total (A)	1716917	13634107
(B) PROVISIONS		
a) For income tax	600000	600000
b) For Gratuity	—	425997
c) For Leave encashment	512169	455320
d) For Doubtful Loans	56498972	56498972
e) For Doubtful Debts	1715440	6913734
Total (B)	59326581	64894023
Total (A + B)	61043498	78528130

SCHEDULE '9' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As per last Account	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
PRELIMINARY EXPENSES			
As per last Account	139107	231842	
Less : Proportionate amount Written off	139107	0	92735
Total	0	139107	139107

SCHEDULE '10' : INCOME FROM OPERATIONS AND OTHER INCOME

	Period Ended 31st Mar., 2005 (Rs.)	Year Ended 30th Sep., 2003 (Rs.)
Gain/(Loss) On sale of Long Term Investments (Net)	47847971	13156358
Dividend Income (Gross)		
- On Long Term (Trade) Investments	7860493	1206069
- On Long Term (Non Trade) Investments (Tax deducted at source Rs.Nil (Previous Year Rs. 2,21,404/-)	1600000	1100000
Income from Services rendered/Commission (Net) (Tax deducted at source Rs.Nil (Previous Year Rs. 44,847/-)	0	1149768
Interest Income on Fixed Deposit with Bank (Gross) (Tax Deducted at Source Rs.1,31,398/-)	639183	—
Other Income	—	264564
Balances/Provisions no longer required Written Back	13850557	250000
Total	71798203	17126759

SCHEDULE '11' : ADMINISTRATIVE & OTHER EXPENSES

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
Salaries & Benefits	610960	1035450
Contribution to Provident & other funds	49995	80280
Managing Director's remuneration	1760000	1215000
Travelling & Conveyance	204412	447902
Postage, Telegram and Telephone	1040143	972444
Repair & Maintenance - Others	212269	148599
Printing & Stationery	419273	356301
Legal & Professional	1108663	596648
Loss on Sale of Fixed Assets	0	220260
Electricity	162380	121517
Winding up of Subsidiary		536327
Listing Fee	289000	50000
Staff Welfare	26657	8428
Advertisement	68183	28208
Vehicle Running And Maintenance	282242	192623
Director Sitting fees	182000	72000
Insurance	81527	22931
Rent	570240	394160
Depository Participant Charges	76545	27084
Miscellaneous	218391	442260
Auditors Remuneration		
- Audit fees	57855	37800
- Tax Audit Fees	33060	15750
- Others	49319	28638
Total	7503115	7050610

SCHEDULE '12' : INTEREST & FINANCIAL CHARGES

	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
On Loan From Bank	17297880	10893416
On Loan From Others	5207229	6784996
Vehicle Finance Charges	106260	143558
Total	22611369	17821970

SCHEDULE '13' : SIGNIFICANT ACCOUNTING POLICIES

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

A. SYSTEM OF ACCOUNTING :-

The Company follows the accrual system of accounting except in case of interest on allotment/call money in arrears on shares and debentures, which are accounted as and when received due to uncertainty.

B. REVENUE RECOGNITION :-

- Interest on loans, fixed deposits are accounted for on accrual basis except in case of uncertainty of recovery where accrual is postponed upto actual recovery.
- Dividend income is accounted on accrual basis.
- Income from services is accounted for on the basis of the bills raised on customers based on stage of completion of assignments, net of expenses incurred.
- Shares/Debentures/units are capitalised at cost inclusive of brokerage. Transfer

stamps and depositary charges are charged directly to the profit and loss account. Purchase & Sales of Shares/Debentures are accounted for on the basis of bills thereof.

5. All Expenses are accounted for on accrual basis.

C. FIXED ASSETS :-

Fixed Assets are stated at cost less depreciation.

D. DEPRECIATION :-

Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

E. INVESTMENTS :-

Long term Investments are valued at cost less permanent diminution, if any.

F. PRELIMINARY EXPENSES :-

Preliminary expenses are amortized proportionately to be written off over a period of ten years.

G. RETIREMENT BENEFITS :-

Provident fund and Superannuation Fund dues, Leave Encashments, Gratuity benefits are accounted for on accrual basis. In respect of Gratuity, the Company has taken policy from LIC of India and pays contribution to it.

H. TAXATION :-

Tax expenses for the year comprise 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 laws are recognised, only if there is a 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 developments during the year, further future expectations and available case laws to reassess realisation/liabilities.

SCHEDULE 14 : NOTES ON ACCOUNTS

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

1. Particulars of Managerial Remuneration are as under :-

Particulars	Current Period (Rs.)	Previous Year (Rs.)
a) Salary	9,00,000	6,00,000
b) Contribution to Provident And Superannuation Fund	2,43,000	1,62,000
c) House Rent	5,40,000	3,60,000
d) Gratuity	—	25,000
e) Earned Leave	50,000	50,000
f) Children Education Allowance	27,000	18,000
TOTAL	17,60,000	12,15,000

Note : The figures for Current period does not include gratuity as valuation for same is available for company as a whole.

2. Debtors and Advances Includes :

- a) Due from Subsidiary Company HB Corporate Services Ltd. Rs.11,356/- (Previous year Rs. 1,89,815/-) Maximum Balance outstanding at any time during the period Rs.2,01,320/- (Previous year Rs. 1,89,815/-).
- b) Due from Subsidiary Company HB Securities Ltd. Rs.2,20,00,000/- (Previous year Rs. 87,25,310/-) Maximum Balance outstanding at any time during the period Rs.5,87,99,576/- (Previous year Rs. 5,87,27,750/-)

3. Contingent liability in respect of Guarantee issued on behalf of subsidiary company HB Securities Ltd. Rs.8 Crores (previous year Rs. 8 Crores)

4. In the opinion of management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of business. Balance of Debtors, Creditors, Loans & Advances are subject to confirmations.

5. The Current Accounting year of the company was extended by 6 months to close at 31st March 2005 instead of 30th September, 2004 to meet with the requirements under the Prudential Norms of Reserve Bank of India applicable to Non Banking Financial Companies and necessary approval for the extended financial year under the provisions of Companies Act, 1956 was obtained from the Registrar of Companies NCT of Delhi & Haryana. Accordingly, the previous year figures are not comparable with the current period. Previous year figures have been regrouped/rearranged wherever considered necessary.

6. In the opinion of management, no provision is required to be made for diminution in the value of long-term investment, as the same is temporary.

7. The company made an application for issue of Certificate of Registration as NBFC, with Reserve Bank of India (RBI) under Section 45IA of the Reserve Bank of India Act, 1934. The application of the company was, however, returned by RBI vide its letter dated 24.12.2004 with an advice to resubmit the application on the completion of SEBI's enquiry against the group company/ies and not to carry on the business as Non-Banking Financial Institution without obtaining certificate of registration from it. The company has since filed an Appeal before the Appellate Authority (in the Ministry of Finance) against the aforesaid decision of RBI. The Company is also following up the matter with Reserve Bank of India.

8. (a) HB Stockholdings Limited (HBSL) had extended Loan amounting to Rs.4.00 crores to M/s. Nova Electromagnetics Ltd. and Rs.1.50 crores to M/s. Nova Iron Steel Ltd. After trifurcation of HBSL, the aforesaid loans together with interest due thereon amounting to Rs.14,98,972/- were allocated to the company along with other assets and liabilities in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi. The aforesaid loans are secured by Promissory Note, Receipt, Post Dated Cheques and Personal Guarantee of Mr. R.K. Gambir, Promoter Director of the borrowing companies besides collateral security of 25 lakhs Equity Shares of M/s. Nova Steels

(India) Ltd. of Rs.10/- each. On dishonour of cheques for repayment of loans, legal proceedings under Section 138 of the Negotiable Instruments Act were initiated by HBSL in the Court of Metropolitan Magistrate, Patiala House, New Delhi. The matter is still sub judice and is being pursued by the company.

Although the management is taking various steps for the recovery of the aforesaid loans, as a matter of business prudence, a provision for Rs.5,64,98,972 was made in the accounts in the previous year.

- (b) Although the provisions of Prudential Norms Directions of Reserve Bank to NBFCs, are strictly not applicable as the Company is yet to be registered as NBFC. However, in view of the company proposing to get it registered with Reserve Bank, the provisioning against doubtful loans and debts have been shown separately in the Balance Sheet under the head "Current Liabilities & Provisions" instead of setting off the same against the respective Assets.

9. Breakup of Deferred Tax Assets/Liability is as follows :-

Particulars	As on 31.03.2005	As on 30.09.2003
Deferred tax assets		
Expenses allowable u/s 43B of Income Tax Act.	36,233/-	20,135/-
Deferred tax liability		
Fixed Assets	2,27,935/-	2,29,309/-

10. In the opinion of the management, there are no separate reportable segments as per accounting standards on segment reporting (AS-17) issued by The Institute of Chartered Accountants of India.

11. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India. – As per Annexure —

12. Disclosure pursuant to Accounting Standards AS-19 for Leases :-

A) Operating Lease

- a) Particulars of the minimum lease payments under Operating Lease :-
 - I. Not Later than One year. Rs. 63,360/- (Rs.3,80,160/-)
 - II. Later than one year and not later than five year — (Rs.2,53,440/-)
 - III. Later than five years — (—)

b) Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March, 2005 is Rs. 5,70,240/- (Rs.3,80,160/-)

c) General description of the lease arrangement.

- I. Renewal Option - At the end of the lease period Lessee has the option to renew the lease for another period of three years.
- II. Escalation Clause - If the renewal option is exercised by the lessee the Rent will be increased by 20%.
- III. Restrictions imposed by lease arrangement:-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.
 - The lease can be terminated by the lessee by serving three months notice to the lessor.

B) Financial lease (vehicle financed)

Particulars	As on 31.03.2005	As on 30.09.2003
Total Lease payments due	1,75,035/-	9,56,472/-
Principle	1,72,247/-	8,55,495/-
Interest	2,788/-	1,00,977/-
Within one year		
Principle	1,72,247/-	4,45,393/-
Interest	2,788/-	80,476/-
TOTAL	1,75,247/-	5,25,869/-
Later than one year but not more than five years		
Principle	—	4,10,102/-
Interest	—	20,501/-
TOTAL	—	4,30,603/-
Later than five years		
Principle	—	—
Interest	—	—
TOTAL	—	—

Present value of future payments.

Particulars	Amount (In Rs.)	
— within one year	1,72,247/-	4,45,393/-
— later than one year but not later than five years	—	4,10,102/-
— later than five years	—	—

13. Earning Per Share :-

Particulars	Current Period (in Rs.)	Previous Year (in Rs.)
— Net Profit (Loss) for the year as per Profit & Loss account.	4,10,98,286	(-) 7,15,84,036
— Less : Prior Period Adjustment	—	7,42,083
— Net Profit (Loss) available for equity Shareholders	4,10,98,286	(-) 7,23,26,119
— Weighted average no. of equity Shares outstanding	1,28,21,630	1,28,21,630
— Basic and Diluted Earning per share (Face value of Rs.10/- each)	3.21	(-) 5.64



14. Quantitative information in respect of investments :-

Particulars	Current Period		Previous Year	
	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Opening	24274856	434146460	2,84,54,881	49,03,52,354
Purchase	8432466	123754241	1,10,53,734	13,57,91,756
Sales	4851928	113925693	1,52,33,759	20,51,54,010
Closing	27855394	491822979	2,42,74,856	43,41,46,460

15. In view of facts explained in Note No.7 above, the provisions of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 are yet to be applicable on the company. However, as the company intends to obtain registration from Reserve Bank for carrying out NBFC activities, as a matter of prudent and proper practice, disclosure of details as required by Para 9BB of aforesaid directions is annexed. Similarly the requirement of transfer of profit to Reserve Fund as required by Reserve Bank of India (Amendment) Act,1997 is complied by the company.

16. Gain/(Loss) on sale of Long Term Investments (Net) includes Rs.2,97,60,578/- (Previous year Rs.32,08,623) on Non Trade Investments and Rs.1,80,87,392/- (Previous year Rs.99,47,735/-) on Trade Investments. Profit on sale of Non-Trade Investments includes loss of Rs.Nil (Previous year Rs. 2,15,837/-) due to writing off of investment in Subsidiary Company HB Portfolio International Ltd. which had been wound up.

17. Expenditure in Foreign Currency.

Particulars	Current Period Amount (Rs.)	Previous Year Amount (Rs.)
a) Winding up of Subsidiary	—	5,36,327/-
b) Travelling	—	2,42,250/-

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

Particulars	Outstanding balance as on 31.03.2005	Max balance outstanding during the year
i. Loans & Advances in the nature of loans to Subsidiaries.	Nil	Nil
ii. Loans & Advances in the nature of loans to Associates	Nil	Nil
iii. Loans & Advances in the nature of loans where there is no repayment schedule, no interest or interest below Section 372(A)* of Companies Act, 1956. 1) Nova Electromagnetics Ltd. 2) Nova Iron & Steel Ltd. * Overdue for recovery. Due to uncertainty, no interest is provided. The outstanding balance shown here is Gross. The amount outstanding (Net of provision) is Nil.	4,00,00,000/- 1,50,00,000/-	4,00,00,000/- 1,50,00,000/-
iv. Loans & Advances in the nature of Loans to firms/companies in which directors are interested.	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. 1) Nova Electromagnetics Ltd. 2) Nova Iron & Steel Ltd.	No. of Shares Nil Nil	Amount(In Rs.) Nil Nil

19. Information pursuant to Part IV of Schedule VI of Companies Act, 1956 is annexed.

20. Previous year figures have been regrouped/rearranged wherever necessary.

21. Schedule 1 to 14 from an integral part of the accounts.

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

Amit Goel **Namita Srivastava** **Anil Goyal** **J M L Suri**
Partner **Company Secretary** **Managing Director** **Director**

Place : New Delhi
Date : 14th April, 2005

ANNEXURE REFERRED TO IN NOTE NO. 11 OF SCHEDULE 14 TO THE ACCOUNTS. RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

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

1. List of related parties with whom transactions have taken place and relationship :-
 - a) Subsidiaries :-
 - i) HB Securities Ltd.
 - ii) HB Corporate Services Ltd.
 - b) Key Managerial Personnel
 - i) Sh.Anil Goyal, Managing Director
 - c) Enterprise over which significant influence exists :-
 - i) Credit Capital Asset Management Company Ltd.
 - ii) HB Insurance Advisors Ltd.
 - iii) Pisces Portfolio Pvt. Ltd.
 - d) Person having control/significant influence :-
 - i) Sh.H.C.Bhasin
 - ii) Sh.Lalit Bhasin

2. Transactions during the year with Related Parties.

Nature of Transaction	Related Party (Amt. in Rs.)			
	Referred in 1 (a) above	Referred in 1 (b) above	Referred in 1 (c) above	Referred in 1 (d) above
1. Purchase of Investments	1,38,12,889 (91,80,618)	— (—)	— (—)	— (—)
2. Sale of Investments	3,06,05,944 (3,37,76,668)	— (—)	— (—)	— (—)
3. Share Dealing	1279 (6,427)	— (—)	— (—)	— (—)
4. Depository Charges paid	82,761 (26,643)	— (—)	— (—)	— (—)
5. Advances given (Net)	2,20,00,000 (—)	— (—)	— (—)	— (—)
6. Advances received/recovered	2,01,320 (—)	— (—)	4,60,000 (—)	— (—)
7. Reimbursement of expenses	22,861 (16,550)	— (—)	— (—)	— (—)
8. Remuneration & Other Services	— (—)	17,60,000 (12,15,000)	— (—)	— (—)
9. Sitting Fee	—	—	—	33,000 (10,000)
10. Investment made during the year	1,50,00,000 (—)	—	8,24,49,800 (—)	— (—)
11. Payment in respect of Current Liabilities	—	—	3,80,160 (—)	— (—)
12. Guarantee issued by the Company	8,00,00,000 (8,00,00,000)	— (—)	— (—)	— (—)
13. Outstanding as on 31.03.05				
- Receivables in respect of Current Assets.	2,20,11,356 (89,15,125)	— (—)	— (4,60,000)	— (—)
- Payable in respect of Current Liabilities	— (—)	— (—)	— (3,80,160)	— (—)
- Receivable in respect of Share Application	—	—	53,50,200 (—)	— (—)

Note : Figures in bracket relates to previous year.

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

Amit Goel **Namita Srivastava** **Anil Goyal** **J M L Suri**
Partner **Company Secretary** **Managing Director** **Director**

Place : New Delhi
Date : 14th April, 2005

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

I. Registration Details				
Registration No.	34148	State Code		05
Balance Sheet Date	31st March, 2005			
II. Capital Raised during the year(Rs.in thousand)				
Public Issue	Nil	Right Issue		Nil
Bonus Issue	Nil	Private Placement		Nil
III. Position of Mobilisation and Development of Funds				
Total Liabilities	740907	Total Assets		740907
Sources of Funds				
Paid-up Share Capital	122583	Reserves & Surplus		543324
Secured Loans	75000	Unsecured Loans		—
Application of Funds				
Net Fixed Assets	1835	Investments		517173
Net Current Assets	222091	Miscellaneous Expenditure		(—)
IV. Performance of the Company				
Total Turnover	71798	Total Expenditure		30717
Profit/Loss Before Tax	41081	Profit/Loss After Tax		41098
Prior Period Adjustment	—	Earnings per share (Rs.)		3.22
Dividend rate (%)	Nil			
V. Generic names of principal Products/Services of Company (as per monetary terms)				
Item Code	N.A	Item Code		N.A
Product Description	Merchant Banking & Financial Advisory Services	Product Description		Investments

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

Amit Goel **Namita Srivastava** **Anil Goyal** **J M L Suri**
Partner **Company Secretary** **Managing Director** **Director**

Place : New Delhi
Date : 14th April, 2005

AUDITOR'S REPORT

The Board of Directors of HB PORTFOLIO LIMITED Report on the Consolidated Financial Statements of HB Portfolio Ltd. and its Subsidiaries. We have examined the attached Consolidated Balance Sheet of HB Portfolio Ltd. and its two subsidiaries as at 31st March, 2005 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the period from 1.10.2003 to 31.03.2005. These Consolidated financial statements are the responsibility of the HB Portfolio Ltd.'s Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard(AS)21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statement of HB Portfolio Ltd. and its two subsidiaries included in

the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of HB Portfolio Ltd. and its aforesaid two subsidiaries, we are of the opinion that the said Consolidated Financial Statement *subject to note no. 3(b) of Schedule 13 regarding managerial remuneration being subject to approval of Central Government* gives 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 as at 31st March, 2005 and
- In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the period ended on that date and
- In the case of Consolidated Cash Flow Statement of the Consolidated Cash Flow for the period ended on that date.

For P.BHOLUSARIA & CO.
Chartered Accountants

AMIT GOEL
PARTNER
M.No. 92648

Place : New Delhi
Date : 14th April, 2005

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedules	As at 31st Mar., 2005 (In Rs.)	As at 30th Sep., 2003 (In Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	122583123	122583123
Reserves & Surplus	2	534057524	499433553
Loans Fund			
Secured Loans	3	84820063	241880505
Unsecured Loans	4	0	10000000
Total		741460710	873897181
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		11621549	11199248
Less : Depreciation		7889441	6407393
Net Block		3732108	4791855
Investments			
- In Associates		157615571	50867378
- In Others		236992826	276766107
Share Application Money (Pending Allotment)		25350200	45250000
		419958597	372883485
Current Assets, Loans & Advances			
a) Stock In Trade		28586	29963
b) Sundry Debtors		6769290	105554765
c) Cash & Bank Balances		111207429	70490381
d) Loans and Advances		272630714	390263619
		390636019	566338728
Less : Current Liabilities & Provisions			
a) Liabilities		12875573	29393300
b) Provisions		59716414	67621003
		72591987	97014303
Net Current Assets		318044032	469324425
Deferred Tax Liability		414242	791913
Miscellaneous Expenditure (to the extent not written off/adjusted)		140215	352766
Debit Balance in Profit & Loss Account (As per Annexed Account)	53332214		107073090
Less : Adjusted against the balance in General Reserve as per Contra	53332214	0	79736527
		741460710	873897181
Significant Accounting Policies	12		
Notes on Accounts	13		

As per our Report of even date annexed thereto

For P. Bholusaria & Co. Chartered Accountants

Amit Goel Partner
Namita Srivastava Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : New Delhi
Date : 14th April, 2005

For and on behalf of the Board

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST OCTOBER, 2003 TO 31ST MARCH, 2005

Particulars	Schedules	Period Ended 31st Mar., 2005 (Rs.)	Year Ended 30th Sep. 2003 (Rs.)
INCOME			
Income from Operations and Other Income	9	86937402	21492169
Total		86937402	21492169
EXPENDITURE			
a) Administrative & Other Expenses	10	15435936	11327315
b) Interest & Financial Charges	11	32504407	25772476
c) Miscellaneous Expenditure Written off		212551	142031
d) Depreciation		1482048	1343762
e) Provision For Doubtful Loans		0	56498972
f) Provision For Doubtful Debts		0	6913734
Total		49634942	101998290
Profit/Loss for the year before Taxation		37302461	-80506121
Provision For Taxation			
- Current		-	-
- Deferred		377671	267419
Profit/Loss After Taxation		37680132	-80238702
Share of Profit/(Loss) in Associates		24298393	-7421721
Prior Period Adjustment		-17993	-742083
Transferred to Statutory Reserve Fund		-8219658	
Balance brought forward from last Year		-107073090	-18670583
Balance carried forward to Balance Sheet		-53332214	-107073090
Basic and Diluted Earning Per Share (In Rs.)		4.83	(6.89)
Significant Accounting Policies	12		
Notes on Accounts	13		

As per our Report of even date annexed thereto

For P. Bholusaria & Co. Chartered Accountants

Amit Goel Partner
Namita Srivastava Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : New Delhi
Date : 14th April, 2005

For and on behalf of the Board

SCHEDULE '1' : SHARE CAPITAL

Particulars	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
AUTHORISED		
2,00,00,000 Equity Shares of Rs. 10/- each.	200000000	200000000
1,00,00,000 Redeemable Preference Shares of Rs.10/-each.	100000000	100000000
	300000000	300000000

Particulars	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
ISSUED, SUBSCRIBED, AND PAID-UP		
1,28,21,630 Equity Shares of Rs.10/-each	128216300	128216300
Less : Allotment Money Receivable (Other than Directors)	5633177	5633177
Total	122583123	122583123



HB PORTFOLIO LIMITED (Consolidated Accounts)

SCHEDULE '2' : RESERVES AND SURPLUS

Particulars	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
SHARE PREMIUM ACCOUNT		
As per last Account	527224343	527224343
Less : Allotment Money Receivable	27790790	27790790
	499433553	499433553
GENERAL RESERVES ACCOUNT		
As per Last Account	79736527	79736527
Less : Debit Balance in Profit & Loss Account as per Contra	53332214	79736527
	26404313	0
STATUTORY RESERVE FUND*	8219658	0
Transferred from Profit & Loss Account		
TOTAL	534057524	499433553

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

SCHEDULE '3' : SECURED LOANS

Particulars	As at 31st March, 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
OVERDRAFT FACILITY FROM BANKS	9820063	211880505
(SECURED AGAINST PLEDGE OF SHARES)		
INTER-CORPORATE LOANS	75000000	30000000
(SECURED AGAINST PLEDGE OF SHARES)		
Total	84820063	241880505

SCHEDULE '4' : UNSECURED LOANS

Particulars	As at 31st March, 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
INTER CORPORATE LOANS	0	10000000
Total	0	10000000

SCHEDULE '5' : FIXED ASSETS (AS ON 31.03.2005)

Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.10.2003	Additions	Deletion	As at 31.03.2005	As at 1.10.2003	For the period	Adjustment	Upto 31.03.2005	As at 31.03.2005	As at 30.09.2003
Data Processing Machinery	4374805	305100	-	4679905	3807773	607159	-	4414932	264973	567032
Office Equipment	421321	117201	-	538522	96547	35118	-	131665	406857	324774
Furniture & Fixture	21643	-	-	21643	5999	2055	-	8054	13589	15644
Vehicles	5384269	-	-	5384269	2337992	766875	-	3104867	2279402	3046277
Generator	997210	-	-	997210	159082	70841	-	229924	767286	838128
TOTAL	11199248	422301	0	11621549	6407393	1482048	0	7889441	3732108	4791855
PREVIOUS YEAR	12692760	83300	1576812	11199248	5560183	1343762	(496552)	6407393	4791855	7132577

SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
A. CURRENT ASSETS		
a) Stock In Trade	28586	29963
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
- Outstanding exceeding Six months		130870
- Considered Good	324662	6913734
- Considered Doubtful	1715441	98510161
Others	4729187	
c) Cash & Bank Balance		
- Cash in hand (As certified by the Management)	178318	233262
- Balance with Scheduled Banks in current accounts	60073859	62240272
cheques in hand	0	130114
fixed Deposit (Including interest accrued)	50955252	7886733
Total 'A'	118005305	176075109
B. LOANS AND ADVANCES (Unsecured considered good Unless Otherwise stated)		
a) Loans (Also Refer note no. 6 of Schedule-13) (Including interest receivable Rs.14,98,972/-)		
- Considered Good	0	0
- Considered Doubtful	56498972	56498972
b) Advances Recoverable in cash or in kind or for value to be received.	165291802	290836882
c) Advance Tax & Tax Deducted at Sources	9806280	11912605
d) Security Deposits with Govt Department and others	41033660	31015160
Total 'B'	272630714	390263619
Total 'A' + 'B'	390636019	566338728

SCHEDULE '7' : CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES		
a) Sundry Creditors (Due to Small Scale Industrial - Undertakings NIL.	2557037	17293701
b) Cheques over issued in Current Account	9543580	116374
c) Advance from Customers	0	9963996
d) Other liabilities	181206	1130573
e) Interest Accrued But Not Due	593750	888656
TOTAL	12875573	29393300
PROVISIONS		
a) For Income Tax	642000	3132000
b) For Gratuity	108727	516997
c) For Leave encashment	751275	559300
d) For Doubtful Loans	56498972	56498972
e) For Doubtful Debts	1715440	6913734
TOTAL	59716414	67621003
GRAND TOTAL	72591987	97014303

SCHEDULE '8' : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

Particulars	As at 31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
PRELIMINARY EXPENSES		
As per last year	352766	494797
Less : Proportionate amount Written off	212551	142031
Total	140215	352766

SCHEDULE '9' : INCOME FROM OPERATIONS AND OTHER INCOME

Particulars	Current Period (Rs.)	Previous Year (Rs.)
Gain(-Loss) On sale of Investments (Net)	47847971	11931272
Dividend Income (Gross)		
- On Long Term Trade Investments	7860493	1206069
- On Long Term (Non Trade) Investments	1829500	1108000
- On stock in trade	1332	1793
(Tax deducted at sources Rs.221404/-)		
Income from Services rendered/Commission (Net)	13707182	6135842
(Tax deducted at sources Rs.Nil (Previous Year Rs.45,533/-)		
Interest on fixed deposit (Tax deducted at sources Rs.3,03,780/- (Previous Year Rs.141474/-)	1803566	583860
Balances/Provisions no longer required Written Back	13850557	250000
Other Income	36801	275333
Total	86937402	21492169

SCHEDULE '10' : ADMINISTRATIVE & OTHER EXPENSES

Particulars	Current Period (Rs.)	Previous Year (Rs.)
Salaries & Benefits	2319995	2527482
Contribution to Provident & other funds	156099	203031
Managerial Remuneration	2512154	1215000
Travelling & Conveyance	613772	687246
Postage, Telegram and Telephone	1167475	1153083
Repair & Maintenance	570857	684251
Printing & Stationery	465290	368526
Legal & Professional Charges	1539612	806659
Loss on Sale of Fixed Assets	0	220260
Electricity expenses	707158	347577
Advertisement Expenses	68183	28208
Vehicle Running And Maintenance	1026579	192623
Winding Up Of Subsidiary		536327
Director Sitting fees	182000	72000
Insurance Expenses	219380	93109
Transaction charges	419298	71273
VSAT CHARGES	354378	244754
Rent	570240	394160
Depository Participant Charges	7962	441
Miscellaneous Expenses	2285869	1347573
Auditors Remuneration		
- Audit fees	110688	68800
- Tax Audit Fees	82920	52494
- Others	56026	12438
Total	15435936	11327315

SCHEDULE '11' : INTEREST & FINANCIAL CHARGES

Particulars	Current Period (Rs.)	Previous Year (Rs.)
On Loan From Bank	27190918	18843922
On Loan From Others	5207229	6784996
Vehicle Finance Charges	106260	143558
Total	32504407	25772476

SCHEDULE - 12 : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the statement of Accounts for the period from 1st October, 2003 to 31st March, 2005

A. PRINCIPLES OF CONSOLIDATION

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

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

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

C. OTHER SIGNIFICANT ACCOUNTING POLICY

These are said out under "Significant Accounting Policies" as given in the Financial Statements of HB Portfolio Ltd. and its subsidiaries HB Securities Ltd. and HB Corporate Services Ltd.

SCHEDULE 13 : NOTES ON ACCOUNTS

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

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

Name of Company	Country of Incorporation	Proportion of ownership interest and relationship	Financial Period end
HB Securities Ltd.	India	100% subsidiary of HB Portfolio Ltd.	31.03.2005
HB Corporate Services Ltd.	India	100% subsidiary of HB Portfolio Ltd.	31.03.2005

2. The accompanying Consolidated Financial Statements consider the following associate companies :-

Sl. No.	Name of Associate Company	County of Incorporation	Proportion of ownership interest
(i)	Credit Capital Asset Management Co. Ltd.**	India	50.00 %
(ii)	Credit Capital Investment Trust Co. Ltd.*	India	50.00 %
(iii)	HB Insurance Advisors Ltd.*	India	39.96 %
(iv)	Merwanjee Securities Ltd.*	India	48.00 %
(v)	Pisces Portfolio Pvt. Ltd.*	India	38.00 %

* Valuation has been considered on the basis of last available Balance Sheet as on 31.03.2004.

** Valuation done on the basis of available last drawn Balance Sheet (unaudited) as on 31.03.2005

3. Particulars of Managerial Remuneration are as under :-

Particulars	Current Period (Rs.)	Previous year (Rs.)
a) Salary	13,25,000	6,00,000
b) Contribution to Provident And Superannuation Fund	2,94,000	1,62,000
c) House Rent	7,95,000	3,60,000
d) Gratuity	—	25,000
e) Earned Leave	71,154	50,000
f) Children Education Allowance	27,000	18,000
TOTAL	25,12,154	12,15,000

Note a) The figures for Current period does not include gratuity as valuation for the same is available for company as a whole

b) The above includes remuneration of Rs. 7,52,154/- which is subject to approval of Central Government. Mr. Praveen Gupta was appointed as Whole Time Director of the company i.e. HB Securities Ltd. with effect from 1st November, 2003 vide an unanimous resolution dated 1st November, 2003 at a remuneration fixed in accordance with Schedule XIII of the Companies Act, 1956. The same was also approved at the meeting of Shareholders held on 31st March, 2004. However, in the absence of remuneration committee, the remuneration has not been approved by remuneration committee as required by Schedule XIII of the Companies Act, 1956. The Company has made an application to Central Government for their approval alongwith condonation of delay in filing the said application. The approval of Central Government is awaited.

4. In the opinion of management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of business. Balance of Debtors,

Creditors, Loans & Advances are subject to confirmations.

- The Current Accounting year of the company was extended by 6 months to close at 31st March 2005 instead of 30th September, 2004 to meet with the requirements under the Prudential Norms of Reserve Bank of India applicable to Non Banking Financial Companies and necessary approval for the extended financial year under the provisions of Companies Act, 1956 was obtained from the Registrar of Companies NCT of Delhi & Haryana. Accordingly, the previous year figures are not comparable with the current period. Previous year figures have been regrouped/rearranged wherever considered necessary. HB Stockholdings Limited (HBSL) had extended Loan amounting to Rs.4.00 crores to M/s. Nova Electromagnetics Ltd. and Rs.1.50 crores to M/s. Nova Iron Steel Ltd. After trifurcation of HBSL, the aforesaid loans together with interest due thereon amounting to Rs.14,98,972/- were allocated to the company along with other assets and liabilities in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi.
- The aforesaid loans are secured by Promissory Note, Receipt, Post Dated Cheques and Personal Guarantee of Mr. R.K. Gambir, Promoter Director of the borrowing companies besides collateral security of 25 lakhs Equity Shares of M/s. Nova Steels (India) Ltd. of Rs.10/- each. On dishonour of cheques for repayment of loans, legal proceedings under Section 138 of the Negotiable Instruments Act were initiated by HBSL in the Court of Metropolitan Magistrate, Patiala House, New Delhi. The matter is still sub judice and is being pursued by the company. Although the management, is taking various steps for the recovery of the aforesaid loan, as a matter of business prudence, a provision for Rs.5,64,98,972 was made in the accounts in the previous year.
- The company made an application for issue of Certificate of Registration as NBFC, with Reserve Bank of India (RBI) under Section 45IA of the Reserve Bank of India Act, 1934. The application of the company was, however, returned by RBI vide its letter dated 24.12.2004 with an advice to resubmit the application on the completion of SEBI's enquiry against the group company/ies and not to carry on the business as Non-Banking Financial Institution without obtaining certificate of registration from it. The company has since filed an Appeal before the Appellate Authority (in the Ministry of Finance) against the aforesaid decision of RBI. The Company is also following up the matter with Reserve Bank of India.
- Deferred Tax Liability (Net) consists of the following :-

Particulars	As on 31.03.2005	As on 30.09.2003
Deferred Tax Liability		
– Fixed Assets	5,50,382	8,26,398
Deferred Tax Assets		
– Expenses allowable on payment basis u/s 43B of Income Tax Act	(1,36,140)	(34,485)
TOTAL	4,14,242	7,91,913

- In the opinion of management, there are no separate reportable segments as per accounting standard segment reporting (AS-17) issued by The Institute of Chartered Accountants of India.
- Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India. – As per Annexure —
- Earning Per Share :-

Particulars	Current Period	Previous Year
– Net Profit (Loss) for the year as per Profit & Loss account.	3,76,80,132	(-) 8,02,38,702
– Less : Share of Profit/(Loss) in Associates	2,42,98,393	(-) 74,21,721
– Less : Prior Period Adjustment	(-) 17,992	(-) 7,42,083
– Net Profit (Loss) available for equity Shareholders	6,19,60,532	(-) 8,84,02,506
– Weighted average no. of equity Shares outstanding.	1,28,21,630	1,28,21,630
– Basic and Diluted Earning per share (Face value of Rs.10/- each)	4.83	(-) 6.89

12. Gain/(Loss) on sale of Long Term Investments (Net) includes Rs.2,97,60,578/- (Previous year Rs. 19,83,537/-) on Non Trade Investments and Rs.1,80,87,392/- (Previous year Rs. 99,47,735/-) on Trade Investments.

13. Disclosure pursuant to Accounting Standards AS-19 for Leases :-

A) Operating Lease

- Particulars of the minimum lease payments under Operating Lease :-
 - Not Later than One year. Rs. 63,360/- (Rs.3,80,160/-)
 - Later than one year and not later than five year — (Rs.2,53,440/-)
 - Later than five years — (—)
- Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March, 2005 is Rs. 5,70,240/- (Rs.3,80,160/-)
- General description of the lease arrangement.
 - Renewal Option - At the end of the lease period Lessee has the option to renew the lease for another period of three years.
 - Escalation Clause - If the renewal option is exercised by the lessee the Rent will be increased by 20%.
 - Restrictions imposed by lease arrangement:-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.
 - The lease can be terminated by the lessee by serving three months notice to the lessor.

B) Financial lease (vehicle financed)

Particulars	As on 31.03.2005	As on 30.09.2003
Total Lease payments due	1,75,035/-	9,56,472/-
Principle	1,72,247/-	8,55,495/-
Interest	2,788/-	1,00,977/-
Within one year		
Principle	1,72,247/-	4,45,393/-
Interest	2,788/-	80,476/-
TOTAL	1,75,247/-	5,25,869/-

Particulars	As on 31.03.2005	As on 30.09.2003
Later than one year but not more than five years		
Principle	—	4,10,102/-
Interest	—	20,501/-
TOTAL	—	4,30,603/-
Later than five years		
Principle	—	—
Interest	—	—
TOTAL	—	—
Present value of future payments.		
Particulars		
Amount (In Rs.)		
— within one year	1,72,247/-	4,45,393/-
— later than one year but not later than five years	—	4,10,102/-
— later than five years	—	—

14. DETAIL OF CLOSING STOCK OF SHARES

Name of the Company	Face Value (Rs.)	Current Period		Previous Year	
		Qty. (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Bhartiya International Ltd.	10	400	12,368	400	10,660
Essar Steel Ltd.	10	1000	7,550	1000	7,550
GE Shipping Ltd.	1	—	—	180	3,060
JCT Ltd.	2.50	50	308	50	307
MTNL Ltd.	10	5	574	5	600
S B of Bikaner & Jaipur Ltd.	100	5	1,711	5	1,711
Titan Industries Ltd.	10	100	6,075	100	6,075
TOTAL		1560	28,586	1,740	29,963

15. Schedule 1 to 13 from an integral part of the accounts.

As per our Report of even date annexed thereto
For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel Partner
Namita Srivastava Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : New Delhi
Date : 14th April, 2005

ANNEXURE REFERRED TO IN NOTE NO. 10 OF SCHEDULE 13 TO THE ACCOUNTS.

RELATED PARTY DISCLOSURES, (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

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

- List of related parties with whom transactions have taken place and relationship :-
 - Key Managerial Personnel
 - Sh. Anil Goyal—Managing Director
 - Sh. Praveen Gupta—Whole Time Director
 - Enterprise over which significant influence exists :-
 - Credit Capital Asset Management Company Ltd.
 - HB Insurance Advisors Ltd.
 - Pisces Portfolio Pvt. Ltd.
 - Person having control/significant influence :-
 - Sh. H.C. Bhasin
 - Sh. Lalit Bhasin
- Transactions during the period with Related Parties.

Nature of Transaction	Related Party (Amt. in Rs.)		
	Referred in 1 (a) above	Referred in 1 (b) above	Referred in 1 (c) above
1. Advances received/recovered		4,60,000	
2. Remuneration & Other Services	25,12,154 (12,15,000)	(—)	
3. Sitting Fee			33,000 (10,000)
4. Investment made during the year		8,24,49,800	(—)
5. Payment in respect of Current Liabilities		3,80,160	(—)
6. Outstanding as on 31.03.05			
— Receivables in respect of Current Assets.		(4,60,000)	
— Payable in respect of Current Liabilities			(3,80,160)
— Receivable in respect of Share Application		53,50,200	(—)

Note : Figures in bracket relates to previous year.

For P. Bholusaria & Co. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner
Namita Srivastava Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : New Delhi
Date : 14th April, 2005

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

(Rs. in Thousands)

Particulars	Period Ended 31st Mar., 2005	Year Ended 30th Sep., 2003
A) CASH FLOW OPERATION ACTIVITIES		
Net Profit Before Tax and Extraordinary Item	37302	- 80506
Adjustment for :		
Depreciation	1482	1344
Share of Profit/(Loss) in Associates	- 24298	- 7121
Provision for Gratuity	- 408	38
Provision for Leave encashment	192	- 42
Provision for Doubtful Loans	0	56499
Provision for Doubtful Debts	- 5198	6914
Provision for Income Tax	- 2490	0
Profit/Loss on Sale of Investments	- 47848	- 11931
Loss on Sale of Fixed Assets	0	220
Interest/Dividend	21009	22780
Preliminary Expenses W/off	212	142
Operating Profit before Working Capital Changes	- 20045	- 11663
Adjustment for :		
Trade and other Receivables	214312	- 16427
Share Application money pending allotment	19900	- 24250
Inventories	1	128
Trade payable	- 16518	6159
Cash Generated from Operation	197650	- 46053
Interest Paid	- 32504	- 25772
Income Tax paid/Refund	2106	910
Cash Flow Before Extraordinary Items	167252	- 70915
Extra Ordinary Items	- 18	- 742
Net Cash Flow from Operation Activities (A)	167234	- 71657
(B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	- 422	- 83
Sale of Fixed Assets	0	860
Purchase of Investments	- 108754	- 135792
Sale of Investments	113926	206496
Interest Received	1804	676
Dividend Received	9691	2316
Share of Profit/(Loss) in Associates	24298	7121
Net Cash used in Investment Activities (B)	40543	81594
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital & Share Premium	-	-
Repayment of Short Term (Secured Loans)	- 157060	-
Proceeds from Short Term (Secured Loans)	0	53560
Proceeds from Long Term Borrowing	-	-
Repayment of Loan	- 10000	- 10000
Surplus transferred pursuant to Scheme of Arrangement	-	-
General Reserve transferred pursuant to Scheme of Arrangement	-	-
Dividend paid	-	-
Income Tax paid	-	-
Payment for Preliminary expenses	-	-
Net Cash Flow From Financing Activities (C)	- 167060	43560
Net Increase in Cash & Cash Equivalents (A+B+C)	40717	53497
Cash & Cash Equivalents as at 1st October, 2003 (Opening Balance)	70490	16993
Cash & Cash Equivalents as at 31st March, 2005 (Closing Balance)	111207	70490

For and on behalf of the Board

Namita Srivastava Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : New Delhi
Date : 14th April, 2005

AUDITOR'S CERTIFICATE

We have verified the above consolidated Cash Flow Statement of HB Portfolio Ltd. and its two subsidiary with their relevant records and certify that in our opinion and according to the information and explanations given to us the above statement is in accordance therewith.

For P. BHOLUSARIA & COMPANY
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 14th April, 2005

AMIT GOEL
PARTNER



- 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party during the period have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
 6. The Company has not accepted any deposits from the public.
 7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
 8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
 9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Income Tax, Cess and other statutory dues as applicable have been generally regularly deposited by the company during the period with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
 - b. The disputed statutory dues aggregating to Rs.6,17,014/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	A.Y.	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	1998-99	Income Tax	Income Tax Appellate Tribunal New Delhi	6,17,014/-
TOTAL					6,17,014/-

10. The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has incurred cash losses during the financial period covered by our audit as well as in the immediately preceding financial year.

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

FOR P. BHOLUSARIA & CO.,
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 12th April, 2005

AMIT GOEL
PARTNER
(Membership No. 92648)

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule	As at 31st Mar., 2005 Amount (Rs.)	As at 30th Sep., 2003 Amount (Rs.)
I. SOURCES OF FUNDS			
A. Shareholders' Funds			
a) Share Capital	A	72,075,700.00	57,075,700.00
b) Reserve & Surplus	B	17,000,000.00	17,000,000.00
B. Loan Funds			
Secured Loan	C	9,820,063.24	78,891,060.68
TOTAL :		98,895,763.24	152,966,760.68
II APPLICATION OF FUNDS			
A) Fixed Assets			
Gross Block	D	8,173,402.70	7,771,201.70
Less : Depreciation		6,276,104.32	5,257,854.22
Net Block		1,897,298.38	2,513,347.48
B. Investments [At Cost]	E	25,995,144.50	25,995,144.50
C. Current Assets, Loans & Advances			
(i) Stock in Trade	F	28,585.50	29,963.00
(ii) Sundry Debtors		4,393,040.76	88,584,663.35
(iii) Cash & Bank Balances		18,287,351.49	19,352,487.94
(iv) Loans & Advances		41,830,751.38	64,539,729.13
		64,539,729.13	36,550,056.45
Less : Current Liabilities & Provisions	H		
Current Liabilities		18,965,850.09	39,456,239.35
Provision		389,833.00	2,726,980.00
		19,355,683.09	42,183,219.35
Net Current Assets		45,184,046.04	102,333,951.39
D. Deferred Tax Liability		(222,540.00)	(582,739.00)
E. Miscellaneous Expenditure			
(To the extent not written off or adjusted)	I	51,939.00	98,030.50
F. Profit & Loss Account (As per Annexed Account)		25,989,875.32	22,609,025.81
TOTAL :		98,895,763.24	152,966,760.68

Notes to the Accounts & Significant Accounting Policies

As per our Report of even date attached

For P. BHOLUSARIA & CO.
Chartered Accountants

Amit Goel
Partner

Place : New Delhi
Date : 12th April, 2005

For and on behalf of the Board

Praveen Gupta
Whole Time Director

Anil Goyal
Director

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

Particulars	Schedule	Period Ended 31st Mar., 2005 Amount (Rs.)	Year Ended 30th Sep., 2003 Amount (Rs.)
INCOME FROM OPERATIONS & OTHER INCOME			
	J	15,207,780.89	5,617,138.57
TOTAL :		15,207,780.89	5,617,138.57
EXPENDITURE			
Administrative & Other Expenses	K	17,873,880.96	12240354.41
Loss on Sale of Investments		-	1225086.43
Depreciation		1,018,250.10	921283.92
Preliminary Expenses Written Off		46,091.50	31061.00
TOTAL :		18,938,222.56	14417785.76
Profit/(loss) for the year before Tax		(3,730,441.67)	(8,800,647.19)
Less : Provision For Income Tax			
— Current Tax		-	-
— Deferred Tax		360,199	177,713.00
Net Profit/(Loss) for the Year after tax		(3,370,242.67)	(8,622,934.19)
— Income Tax for Earlier Years		(10,606.84)	-
— Balance Brought Forward from Last Year		(22,609,025.81)	(13,986,091.62)
Balance carried to Balance Sheet		(25,989,875.32)	(22,609,025.81)
Basic & Diluted Earning Per Share (In Rupees)		-0.47	-1.51

NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

As per our Report of even date attached

For P. BHOLUSARIA & CO.
Chartered Accountants

Amit Goel
Partner

Place : New Delhi
Date : 12th April, 2005

For and on behalf of the Board

Praveen Gupta
Whole Time Director

Anil Goyal
Director

therefore there are no separate reportable segments as per Accounting Standard – Segment reporting (AS –17) issued by the Institute of Chartered Accountants of India.

- Disclosure of related party transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India is annexed.
- Earning (Loss) per Share pursuant to Accounting Standard (AS-20) 'Earning per Share' issued by the Institute of Chartered Accountants of India.

Particulars	Current Period Amount (Rs.)	Previous Year Amount (Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account after prior period adjustment	(33,59,636)	(86,22,934.19)
Net Profit/(Loss) available for Equity Shareholders	(33,70,243)	(86,22,934.19)
Weighted average no of equity shares outstanding	72,07,570	57,07,570
Basic & diluted earning per Share (Face value of Rs.10/- Each)	-0.47	-1.51

- Deferred Tax liability (Net) consist of following:-

Particulars	As on 31st Mar., 2005	As on 30th Sep.,2003
Deferred Tax Liability		
– Fixed Assets	3,22,447	5,97,089
Deferred Tax Assets		
– Expenses allowable on payment basis u/s 43 B of Income Tax Act	(99,907)	(14,350)
Net Deferred Tax Liability :	2,22,540	5,82,739

- In the opinion of management, no provision is required for diminution in the value of Long Term Investment as the same is temporary and not permanent.
- Quantitative Information in respect of trading in Shares :-

OPENING BALANCE		ACQUIRED DURING THE PERIOD	
Quantity(Nos.)	Amount(Rs.)	Quantity(Nos.)	Amount(Rs.)
1,740	29,963.00	NIL	NIL
(4,440)	(159,400.50)	(NIL)	(NIL)

SALE/TRANSF. DURING THE PERIOD		CLOSING BALANCE	
Quantity(Nos.)	Amount(Rs.)	Quantity(Nos.)	Amount(Rs.)
180	3,060.00	1,560	28,585.50
(2,700)	(1,30,065.00)	(1,740)	(29,963.00)

- Additional information pursuant to Part IV of SCHEDULE VI to the Companies Act, 1956 is annexed.
- Previous year figures have been regrouped or rearranged where ever considered necessary.
- Schedule 'A' to 'L' forms an integral part of the accounts.

As per our Report attached of even date

For P. BHOLUSARIA & CO.

Chartered Accountants

For and on behalf of the Board

Amit Goel

Partner

Place : New Delhi

Date : 12th April, 2005

Praveen Gupta

Whole Time Director

Anil Goyal

Director

ANNEXURE REFERRED TO IN NOTES NO.9 OF SCHEDULE 'L' TO THE ACCOUNTS

Related party disclosures (As identified by management and relied upon by Auditors)

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

- List of related Parties with whom transactions have taken place and relationship:-

a) **Holding Company**

- HB Portfolio Limited

b) **Key Managerial Personnel**

- Sh. Lalit Bhasin (Whole Time Director upto 31st October, 2003)
- Sh. Praveen Gupta (Whole Time Director from 1st November, 2003)

c) **Relative of Key Managerial personnel**

- Sh. H.C. Bhasin
- Mrs. Anju Bhasin

- Transactions during the year with related parties

Sr. No.	Particulars	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
1.	Sales on their behalf	30605944 (33776668)	5628621 (3905342)	853331 (4163671)
2.	Purchases on their behalf	13812889 (9180618)	144549 (756189)	NIL (1511122)
3.	Share Dealing	1279 (6427)	NIL (NIL)	NIL (NIL)
4.	Depository Charges received	82761 (26643)	30356 (10590)	28923 (9052)
5.	Remuneration & other services	NIL (NIL)	752154 (NIL)	NIL (NIL)
6.	Guarantee issued on behalf of the Company	8000000 (8000000)	NIL (NIL)	NIL (NIL)
7.	Outstanding as on 31st March, 05 - payable in respect of Current liab.	2200000 (8725310)	NIL (NIL)	NIL (NIL)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

- Registration Details**
Registration No. 44025
State Code 55
Balance Sheet Date 31st March, 2005

- Capital Raised during the year (Rs. In Thousands)**
Public Issue Nil Right Issue Nil
Bonus Issue Nil Private Placement 15,000

- Position of Mobilisation and deployment of funds (Rs. In Thousands)**
Total Liabilities 98,896 Total Assets 98,896
Sources of Funds
Paid-up Capital 72,076
Share Application Money Nil
Reserve & Surplus 17,000
Secured Loan 9,820
Unsecured Loan Nil
Application of Funds
Net Fixed Assets 1,897
Investments 25,995
Deferred Tax Liability (222)
Net Current Assets 45,184
Misc. Expenditure 52
Accumulated Loss 25,990

- Performance of Company during the period**
Sr. No. Particulars Amount (In Thousands)
1. Turnover 15208
2. Total Expenditure 18938
3. Profit / (Loss) before tax (3730)
4. Profit / (Loss) after tax (3360)
5. Earning per Share (0.47)
6. Dividend Rate (%) Nil

- Generic Name of Principal product of Company.**
Item Code N.A. Product Description Share Broking
Item Code N.A.

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

(Rs. in Thousands)

Particulars	Period Ended 31st Mar., 2005	Year Ended 30th Sep. 2003
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit after Tax and Extraordinary Item	(3,370)	(8,623)
Adjustment for :		
Depreciation	1,018	921
Profit/(Loss) on Investments	0	1,225
Interest/Dividend	8,498	(604)
Preliminary Expenses Written Off	46	31
Operating Profit before working capital charges	6,192	(7,050)
Adjustment for :		
Trade and other receivable	76,647	(5,170)
Inventories	1	130
Trade Payable	(22,828)	(1,649)
Cash Generated from Operation	60,012	(13,739)
Interest Paid	(9,893)	0
Income Tax paid/refund	2,264	54
	52,383	(13,685)
Cash Flow before Extraordinary Items		
Extraordinary Item	(370)	(178)
Net Cash from operation activities (A)	52,013	(13,863)
B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(402)	(77)
Purchase of Investments	0	0
Sale of Investments	0	1,342
Interest Received	1,164	594
Dividend Received	231	10
Net Cash used in Investment Activities (B)	993	1,869
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital & Share Premium	15,000	0
Proceeds from long term Borrowing	(69,071)	18,947
Dividend Paid	0	0
Net Cash used in Financing Activities (C)	(54,071)	18,947
Net Increase in Cash & Cash Equivalents (A+B+C)	(1,065)	6,953
Cash & Cash Equivalents as at 30th September, 2003 (Opening Balance)	19,352	12,399
Cash & Cash Equivalents as at 31st March, 2005 (Closing Balance)	18,287	19,352

For and on behalf of the Board

Place : New Delhi

Date : 12th April, 2005

Praveen Gupta

Whole Time Director

Anil Goyal

Director

AUDITOR'S CERTIFICATE

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

For P. BHOLUSARIA & COMPANY
CHARTERED ACCOUNTANTS

Place : New Delhi

Date : 12th April, 2005

AMIT GOEL

PARTNER



HB CORPORATE SERVICES LTD.

DIRECTORS' REPORT

To the members,
Your Directors present the 5th Annual Report together with the Audited Statement of Accounts for the financial period ended 31st March 2005.

FINANCIAL RESULTS

The Accounting year of the HB Portfolio Ltd, Company's Holding Company was extended by 6 months to end at 31st March 2005. The Company in order to have a uniform financial year as that of holding company, so as to facilitate easy consolidation of Accounts by holding Company, extended the current financial year by a period of six months to end at 31st March 2005.

Accordingly, the financial results of the company for the period under review are for 18 months and hence are not comparable with the financial results for the previous year which are for a period of 12 months.

During the period under review, the company incurred a loss of Rs. 47,910/-.

DIVIDEND

In view of loss, the directors regret their inability to recommend dividend for the financial period under review.

STAUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the period under review. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. During the period under review, there was no foreign exchange earning or outgo. The particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable as there were no employees who were drawing/in receipt of remuneration of prescribed amount during the period under review.

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the financial period under review, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit/loss of the Company, for the period under review.
- that the Directors have 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 fraud and other irregularities.
- that the Directors have prepared the accounts for the financial period under review on a going concern basis.

AUDITORS REPORT

The observations of Auditors are explained, wherever necessary, by appropriate notes to accounts.

AUDITORS

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

DIRECTORS

Mr. Lalit Bhasin resigned from the office of Director of the Company with effect from 8th September 2004. Mr. J.M.L. Suri was appointed as Director as on 8th September, 2004 against the casual vacancy caused by the resignation of Mr. Lalit Bhasin.

Mr. Anil Goyal is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

ACKNOWLEDGMENTS

Your Directors wish to thank and place on record the assistance and support received from the holding company.

**FOR AND ON BEHALF OF THE BOARD
FOR HB CORPORATE SERVICES LTD.**

Place : New Delhi
Date : 12th April, 2005

ANIL GOYAL **J M L SURI**
DIRECTOR **DIRECTOR**

AUDITOR'S REPORT

THE MEMBERS OF HB CORPORATE SERVICES LIMITED

We have audited the attached Balance Sheet of M/s. HB CORPORATE SERVICES LIMITED as at 31st March, 2005 and also the Profit and Loss Account for the period from 1.10.2003 to 31.03.2005 annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that :-
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;

- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Profit & Loss Account comply with the Accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956. As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2005 from being appointed as director in terms of clause (g) of Sub-Section(1) of Section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2005 and
 - In the case of the Profit & Loss account of the Loss for the period ended on that date.

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

**Amit Goel
Partner**

(Membership No. : 92648)

Place : New Delhi
Date : 12th April, 2005

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- The Company does not have any fixed assets.
- The Company does not have any inventories.
- The Company has neither granted nor taken any loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and sale of goods. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control procedure.
- In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
- 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 there were no statutory dues including Provident Fund, Income Tax, Wealth Tax, Cess and other statutory dues payable by the company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
 - According to the records of the Company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit, as well as 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 loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- The Company has neither made any investment not done any trading in securities, debentures and other investments.
- The Company has not given guarantees for loans taken by others from banks or financial institutions.
- The Company has not raised any term loans during the period.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the period.
- During the period, 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 period.
- In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the period.

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

**Amit Goel
Partner**

(Membership No. : 92648)

Place : New Delhi
Date : 12th April, 2005

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule	31st Mar., 2005 (Rs.)	As at 30th Sep., 2003 (Rs.)
SOURCES OF FUNDS			
Share Capital			
Authorised (50,00,000 Equity Shares of Rs.10/- each)		50000000.00	50000000.00
Issued, Subscribed & Paid-up (4251070 Equity Shares of Rs.10/- each fully paid up) (All the above Shares are held by Holding Co. HB Portfolio Ltd. and its Nominees)		42510700.00	42510700.00
Share Premium Account As per last Account		8500000.00	8500000.00
TOTAL		51010700.00	51010700.00

APPLICATION OF FUNDS

Current Assets, Loans & Advances			
A) Cash in hand (As certified by Management)	460.00		460.00
B) Balance with Scheduled Bank in Current Account	8680.00		10000.00
C) Advance Recoverable In cash or in kind or for value to be received	50800000.00	50809140.00	51000000.00
TOTAL		50809140.00	51010460.00
Less : Current Liabilities & Provisions			
Liabilities For Expenses [(Includes Rs.11356/- (Previous Year Rs.189815/-) due to holding Co. HB Portfolio Ltd.)]		40163.00	213540.00
TOTAL		40163.00	213540.00
Net Current Assets		50768977.00	50796920.00
Miscellaneous Expenditure (Preliminary Expenses) (To the extent not written off or adjusted)		88276.00	115628.00
Profit & Loss Account (As per Annexed A/C)		153447.00	98152.00
TOTAL		51010700.00	51010700.00

Notes on Accounts & Significant Accounting Policies

As per our Report of even date attached For P. BHOLUSARIA & CO. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner Anil Goyal Director J M L Suri Director

Place : New Delhi
Date : 12th April, 2005

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

Particulars	Schedule	Period Ended 31st Mar., 2005 (Rs.)	Year Ended 30th Sep., 2003 (Rs.)
INCOME			
TOTAL		—	—
EXPENDITURE			
— Bank Charges		50.00	—
— Filing Fees		3000.00	9500.00
— Audit Fees		11508.00	4000.00
— Professional Fees		6000.00	0.00
— Miscellaneous Expenditure w/off		27352.00	18235.00
		47910.00	31735.00
— Loss for the year before Tax		-47910.00	-31735.00
Provision For Taxation			
— Current		—	—
— Deferred		—	—
Profit/ Loss after Taxation		-47910.00	-31735.00
— Prior Period adjustments		7385.00	0
— Loss Brought forward from last year		98152.00	66417.00
— Loss carried to Balance Sheet		153447.00	98152.00
Basic & Diluted Earning Per Share		- 0.01	- 0.01

Notes on Accounts & Significant Accounting Policies

As per our Report of even date attached For P. BHOLUSARIA & CO. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner Anil Goyal Director J M L Suri Director

Place : New Delhi
Date : 12th April, 2005

SCHEDULE - 1 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

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

SIGNIFICANT ACCOUNTING POLICIES

- Accounts are prepared on accrual basis.
- 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 laws are recognise, only if there is a 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 developments during the year, further future expectations and available case laws to reassess realisation/liabilities.

NOTES ON ACCOUNTS

- In the opinion of the management, current assets, loans & advances are approximately of the valued stated, if realised, in the ordinary course of business.
- In the absence of any material tax effect of timing difference there is no provision for deferred tax charge or credit in terms of Accounting Standard (AS-22) on accounting for taxes on income issued by Institute of Chartered Accountants of India.
- Earning Per Share :-

Particulars	Current Period	Previous Year
— Net Profit (Loss) for the period as per Profit & Loss account.	(55,295)	(42,806)
— Net Profit (Loss) available for equity Shareholders	(55,295)	(42,806)
— Weighted average no. of equity Shares outstanding.	42,51,070	42,51,070
— Basic and Diluted Earning per share (Face value of Rs.10/- each)	(-) 0.01	(-) 0.01

- Advances Recoverable includes Rs.Nil (Previous year Rs.Nil) due from Company in which directors are interested. Maximum Balance outstanding at any time during the year Rs.Nil (Previous year : 50,00,000/-)
- The Current accounting period was extended by 6 months to close on 31.03.2005 instead of 30th September, 2004 in view of similar change by holding company HB Portfolio Ltd. The necessary approval for the extended financial year was obtained from the Registrar of Companies, NCT of Delhi & Haryana. Accordingly, the previous year figures are not comparative with the current period.
- Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed hereto.

For and on behalf of the Board

Anil Goyal Director JML Suri Director

Additional information pursuant to part IV of the Schedule VI of the Companies Act.1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
State Code			55
Registration No.			101950
Balance Sheet Date			31.03.2005
II. Capital raised during the year (Amount in Rs.)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of mobilisation and deployment of Funds (Amount in Rs.)			
Total liabilities	51010700	Total Assets	51010700
Source of Funds			
Paid up capital	42510700	Net Fixed Asset	NIL
Reserve & Surplus	8500000	Investment	—
Secured Loans	—	Net Current Assets	50768977
Unsecured Loans	—	Misc.Exp.	88276
		Profit & Loss Account	(-) 153447
IV. Performance of Company (Amount in Rs.)			
Total Turnover	—	Total Expenditure	55295
Profit /Loss before Tax	(-) 55295	Profit /Loss before Tax	(-) 55295
Earning per shares in Rs.	-0.01	Dividend Rate	
V. Generic names of principal products/service of company (as per mometary terms)			
1	Item code No.	: N.A	
	Product Description	: Financial & management consultant	
2	Item Code No.	: N.A	
	Product Description	:	

For P. BHOLUSARIA & CO. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner Anil Goyal Director JML Suri Director

Place : New Delhi
Date : 12th April, 2005

Folio No.

(To be filled in by the Shareholder)

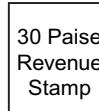


HB PORTFOLIO LIMITED
PROXY FORM

I/We
of.....
being a member(s) of **HB PORTFOLIO LIMITED**, 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 10th Annual General Meeting of the Company to be held on Friday, 3rd day of June, 2005 and at any adjournment thereof. As witness my hand/our hands this day.....of 2005.

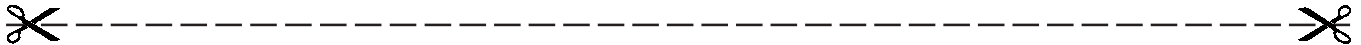
DP-Id :

Client-Id :



Signed by the Said :

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



HB PORTFOLIO LIMITED
ATTENDANCE SLIP

10TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., 3rd day of June, 2005

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

FULL NAME OF THE FIRST SHAREHOLDER.....

Joint Shareholders, if any.....

Father's/Husband's Name

Address in full.....

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

I/We hereby record my/our presence at the 10th Annual General Meeting held on Friday, 3rd day of June, 2005 at 10.00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. / DP-Id:

Client-Id :

No. of Shares :

Signature(s).....

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.



BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. Anil Goyal	Managing Director
Mr. J.M.L. Suri	Director
Mr. R. K. Bhargava	Director
Mr. B. L. Chadha	Director
Mr. R. C. Sharma	Director

COMPANY SECRETARY

Ms. Namita Srivastava

REGISTERED OFFICE

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

SHARE SHOPPE

H-72, Connaught Circus,
New Delhi - 110 001

CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

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