



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Nishu Tomar

AUDITORS

P. Bholusaria & Co.
Chartered Accountants
26/11, Shakti Nagar,
Delhi - 110 007

REGISTERED OFFICE

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

WEBSITE

www.hbportfolio.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.,
B-106, Sector - 2,
Noida - 201 301
Ph : 0120-4015880, Fax : 0120-2444346

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NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Company will be held as follows:

Day : Friday
 Date : 22nd August, 2008
 Time : 10.00 A. M.
 Place : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana)-122 001.
 to transact the following business(es):

AS ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
- To declare dividend on equity shares
- To appoint a Director in place of Mr. R.K Bhargava, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. Jag Mohan Lal Suri, who retires by rotation and being eligible offers himself for re-appointment.
- 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 resolutions as Special Resolution:-
 "RESOLVED THAT pursuant to the Resolution passed by the Board of Directors in their meeting held on 19th October, 2007 and subject to the provisions of Section 198, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby granted to the revision/ increase in the remuneration of Mr. Anil Goyal, Managing Director, who is also the Managing Director of HB Leasing & Finance Co. Ltd., w.e.f. 1st April, 2007, as set out in the Explanatory Statement."
 "RESOLVED FURTHER THAT the above remuneration shall be payable as minimum remuneration to the Managing Director in the event of absence/inadequacy of profits in any financial year and that the aforesaid remuneration shall be effective for a period of 3 years i.e., from 1st April, 2007 to 31st March, 2010 unless otherwise revised by the Board of Directors."
 "RESOLVED FURTHER THAT Mr. Anil Goyal shall not draw any remuneration from HB Leasing & Finance Co. Ltd. so long as he draws remuneration from the company."

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

Place : Gurgaon
 Date : 01.05.2008

**NISHU TOMAR
 COMPANY SECRETARY**

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.

ANNEXURE TO THE NOTICE

Notes on directors seeking appointment/re-appointment as required under Clause -49 of the Listing Agreement entered into with Stock Exchange:

Name of the Director	Mr. R.K. Bhargava	Mr. J.M.L. Suri
Date of Birth	26th October 1935	27th April, 1938
Date of Appointment	25th July, 2001	18th August, 1994
Profile/ Expertise in Specific functional Areas.	Administration	Administration
Qualifications	M.A., B.A. (Hons.)	Engineer
List of directorship in other Public Companies.(As on 31st March 2008)	1. Asian Hotels Ltd. 2. WBW Consultants 3. Duncans Ltd. 4. Innova Hotels & Resorts Ltd. 5. Kajaria Ceramics Ltd 6. JCL International Ltd 7. Noida Toll Co. Ltd. 8. Andhra Cements Ltd 9. Kribhco Shyam Fertilisers Ltd <u>Audit Committee</u> • Asian Hotels Ltd. • Duncans Ltd. • Noida Toll Co. Ltd • Andhra Cements Ltd • Kribhco Shyam Fertilisers Ltd <u>Shareholder/Investors Grievance Committee</u> • Asian Hotels Ltd Remuneration Committee • Asian Hotels Ltd.	1. HB Stockholdings Ltd. 2. HB Estate Developers Ltd. 3. RRB Securities Ltd. 4. Mount Finance Ltd. 5. HB Corporate Services Ltd. 6. RRB Master Holdings Ltd. 7. HB Insurance Advisors Ltd. <u>Audit Committee</u> • HB Estate Developers Ltd. • RRB Securities Ltd. <u>Shareholder/Investors Grievance Committee</u> • HB Estate Developers Ltd. • HB Stockholdings Ltd.
Membership of Committee of the Board in other Public Companies (As on 31st March 2008)		
Shares held by the Director	5025	500 (Jointly with his wife)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
 ITEM NO. 6**

Mr. Anil Goyal was re-appointed as Managing Director of the company on 20.02.2007 for a period of 5 years. The Board of Directors, in its meeting held on 19.10.2007, has revised the remuneration of Mr. Anil Goyal w.e.f. 01st April 2007 to 31st March, 2010, subject, however, to approval of the shareholders of the company, as under:

- Basic Salary:** Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month.
- Perquisites**
- Housing** (either of the following at the option of the Managing Director)
 - The expenditure by the company on hiring accommodation for the Managing Director will be subject to the ceiling of 60% of the salary of the Managing Director; or
 - In case the accommodation provided to the Managing Director is owned by the Company, the company shall deduct 10% of the salary of the Managing Director; or

- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein is annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 19th August, 2008 to 22nd August, 2008. (Both days inclusive).
- Dividend, if declared at the Annual General Meeting will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company after giving effect to all valid requests for transfer of shares lodged with the Company on or before the close of business hours on 18th August, 2008 or to their mandates. The dividend in respect of shares held in dematerialised form would be payable to the beneficial owners of shares recorded with the depositories as at the end of 18th August, 2008 as per the details furnished by the Depositories for the purpose.
- Securities and Exchange Board of India (SEBI) has made mandatory for all Companies to use the bank account details furnished by the shareholders for distributing dividend through Electronic Clearing Service (ECS), wherever ECS and Bank details are available. In the absence of ECS facility being made available for any reason, the Companies are required to print the bank account details on the payment instrument for distribution of dividends to the investors. Accordingly shareholders holding shares in physical form are requested to notify their bank details giving the name of the bank, the branch, the account number to the Company's Registrar and Share Transfer Agent, M/s RCMC Share Registry Pvt. Ltd. In case the holdings are in dematerialised form, the said details should be conveyed to their Depository Participant. Shareholders who wish to avail the ECS facility offered by the Company should in addition to the aforesaid bank details also furnish a photocopy of the cheque leaf to Company's Registrar and Share Transfer Agent in case of holding in physical mode and to the Depository Participant in case of dematerialised holding.
 The bank particulars of the shareholders recorded with the Depository Participant as on the book closure date, the data of which will be received through Depositories will be used by the Company for printing on dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For safety and in the interest of shareholders, it is important that bank account details are correctly provided to the Depository participants. The bank details (mandate) for shares held in physical form will not be applicable/applied for shares held in dematerialised form and vice versa.
- 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., B-106, Sector-2, Noida. Phones: 4015880. Fax 2444346. E-mail: shares@rcmcdelhi.com. Members whose shareholding is in electronic mode are requested to direct change of address notifications and bank particulars for receiving the dividend, if declared, through electronic credit under ECS, to their respective Depository participants.
 - 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 the ensuing Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

- In case no accommodation is provided by the company to the Managing Director, House Rent Allowance @ 60% shall be paid by the company to the Managing Director.
- Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of Rs. 30,000/- in a year or Rs. 90,000 over a period of 3 Years.
- Leave Travel Concession:** Expenses incurred for self and family subject to a ceiling of Rs. 60,000/- in a year.
- Children Education Allowance:** Expenses incurred on children's education upto Rs. 12,000/- per month.
- Club Fees;** Fees of clubs, subject to a maximum of two clubs. However, admission and life membership fees shall not be allowed.
- Personal Accident Insurance:** Premium subject to a maximum of Rs. 10,000/- per annum.
- Provident Fund:** Company's contribution towards Provident Fund, subject to a ceiling, as prescribed under the provisions of law applicable in this regard.



- (i) **Superannuation Fund:** Company's contribution towards superannuation fund, which together with the Company's contribution towards provident fund shall be subject to the provisions of law applicable in this regard.
- (j) **Gratuity:** Half month's salary for each completed year of service.
- (k) **Car and Telephone:** The Company shall provide car for use on company's business and telephone at the residence of the Managing Director. However, personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.
- (l) **Leave:** Earned / Privilege leave, not exceeding one month for every eleven months of service, on full salary and allowance. Leave accumulated and not availed of during his tenure as Managing Director will be allowed to be encashed at the time of his ceasing to be the Managing Director of the Company.
- (m) Apart from the aforesaid salary, perquisite, allowances and benefits, the Managing Director will be entitled to reimbursement of expenses incurred in connection with business of the company.
- (n) No sitting fees will be paid to the Managing Director for attending the meetings of the Board of Directors of the company or committees thereof.
The above remuneration shall be payable as minimum remuneration to the Managing Director in the event of absence/inadequacy of profits in any financial year
The aforesaid revision made by the Board of Directors in the terms and conditions of appointment of Mr. Anil Goyal, Managing Director is placed before the Members for formal approval. None of the Directors, except Mr. Anil Goyal, are in any way concerned or interested in this resolution.
The Additional disclosures mentioned in Para 1(B)(iv) of Section II of Part I of Schedule XIII of the Companies Act, 1956 is as under:

I. GENERAL INFORMATION

1. Nature of Industry : Investment in Securities
2. Date or expected date of Commencement of Production : Existing Company. The company is not engaged in any manufacturing activities.
3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus : Not Applicable
4. Financial Performance based on given indicators – (Rs. in Lacs)

Particulars	2007-2008	2006-2007
Total Sales and other Income	1958.33	1547.46
Profit before Depreciation & tax	1801.24	1447.25
Depreciation	3.73	2.81
Provision for Taxation	201.85	148.93

5. Export performance and net foreign Exchange collaborations : Not Applicable
6. Foreign Investments or collaborators, if any : The company has no foreign investments or foreign collaborations.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details : Mr. Anil Goyal is a Chartered Accountant with nearly 25 years of experience in the field of finance, taxation, investment, banking, corporate restructuring and strategic planning.
2. Past remuneration : Rs. 29,91,871/- for the financial year 2006-07.
3. Recognition or awards : None
4. Job profile and his suitability : Being top level position, the job profile essentially requires a leader who is innovative, self motivated and result oriented. Mr. Goyal being an expert in finance and taxation with his vast experience is most suitable for the job.

5. Remuneration proposed : Mentioned in the Explanatory Statement.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : Though the exact latest data of the comparative profile with remuneration of CEO/MD/Key Personnel of Financial Services Companies is not available, however generally the CEO's/MDs/Key Managerial personnel of financial services/NBFC Companies of comparable status are generally receiving remuneration above Rs. 100 lacs per annum.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : He does not have any other pecuniary relationship with the company nor is related to or has pecuniary relationship with any of the directors of the company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits : The Company has adequate profits for the current Financial year for paying the proposed remuneration to Mr. Goyal.
2. Steps taken or proposed to be taken for improvement : Though the Company has adequate profits, however the process of further improving the profitability is an ongoing process which shall be adhered to by taking the following steps :-
• Professionalise the management of operations.
• Additional recruitment of staff in areas of investment management, research, operations and new business development.
• Review current HR & compensation policies and bring them in line with market practice.
• Review and modify current accounting and investment management systems, processes and controls as well as the IT systems supporting them.
• Reduce concentration risk of the investment portfolio, exit from all non remunerative investments except where there is a strategic intent and also appoint professional outside money managers for a part of the portfolio to inject competition and external benchmarking.

3. Expected increase in productivity and profits in measurable terms : Increased return on the Investment Portfolio leading to enhanced stake holder's value.

IV. DISCLOSURES

Remuneration package payable to Mr. Anil Goyal, Managing Director of the Company has been disclosed in the commencing paragraph of this Explanatory Statement. All elements of remuneration package to all directors are disclosed in the Corporate Governance Report.
The above may also be deemed to be Notice under Section 302 of the Companies Act, 1956 to the Shareholders of the Company.
None of the Directors except Mr. Anil Goyal is concerned or interested in this resolution. The Directors recommend the resolution for approval by the members.

**BY THE ORDER OF THE BOARD
For HB PORTFOLIO LTD.**

Place : Gurgaon
Date : 01.05.2008

**NISHU TOMAR
COMPANY SECRETARY**

DIRECTORS' REPORT

To the Members,
Your Directors are pleased to present the 13th Annual Report together with the Audited Statements of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

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

PARTICULARS	Year Ended 31.03.2008	Year Ended 31.03.2007
Gross Profit/Loss	1801.24	1447.24
Less :		
(a) Depreciation	3.73	2.80
(b) Provision for Income Tax		
– Current	200.00	150.00
– Deferred Tax charge/(credit)	(1.86)	(2.22)
– Fringe Benefit Tax	1.50	1.15
– Tax Adjustment for earlier year	2.21	0.00
Net Profit/(Loss)	1595.65	1295.51
ADD / LESS		
(a) Provision for sub-standard & doubtful assets written back	200.00	0.00
(b) Transfer to Statutory Reserve Fund	359.13	259.10
(c) Transfer to General Reserve	1000.00	130.00
(d) Proposed Dividend	239.84	220.74
(e) Tax on Dividend	40.76	37.51
(f) Residual Dividend of last year & Tax thereon	5.70	0.08
(g) Balance brought forward	800.32	(152.26)
(h) Balance carried forward to Balance Sheet	961.95	800.32

DIVIDEND

In view of the Company having distributable profits after providing for depreciation, your directors are please to recommend an enhanced dividend of 20% on equity shares for the year under review as compared to 18% in the previous financial year.

PERFORMANCE REVIEW & OUTLOOK

The BSE Sensitive Index which was 13072.10 at the start of the financial year and went up to 20873.33 in the month of January 2008, however, ended the year at 15644.44 on 31st March 2008. The year was marked by high volatility in the stock market. During the year under review your Company posted a Gross Profit of Rs.1801.24 Lakhs as compared to Rs.1447.24 Lakhs in the previous year. Net Profit after tax for the year under review was Rs.1595.65 Lakhs as compared to Rs.1295.51 Lakhs in the previous year.

The economic scenario at present is not very positive due to rise in inflation as a result of increase in prices of food and other commodities coupled with the unabated rise of Crude oil prices in the international market. With the turmoil in the International financial and credit market and declining growth in profitability of the Indian corporate sector, there is a reduced risk appetite for Indian equities from domestic and International investors. The current year is therefore likely to be a challenging one for primary and secondary markets. Industry Trends and its future prospects have been summed up in the Management Discussion and Analysis Report which forms part of this report.

NBFC REGISTRATION WITH RESERVE BANK

As already reported in the last annual report, a fresh application for registration as NBFC was filed with the Regional Office of RBI, Delhi on 23rd October, 2006 and the same continues to be pending.

FORFEITURE OF SHARES

As already mentioned in the previous report that the provisions of SEBI (Disclosure of Investors Protection) Guidelines, 2000 required the Company to forfeit such shares on which the call/allotment money remains unpaid for more than 12 months, the Company has forfeited 829378 partly paid shares of Rs. 10/- each including the amount paid thereon vide Board Resolution dated 22nd August, 2007 after giving the required notice to the defaulting shareholders as per

the provisions of Articles of Association of the Company.

STATUTORY STATEMENTS

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

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

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 judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The 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 terms of Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, profit and Loss Account, Report of Directors and Auditors of the subsidiaries namely HB Securities Ltd. and HB Corporate Services Ltd. have not been attached with the Balance Sheet of the Company. However the financial data of the subsidiaries have been furnished under "Summary of Financial Information of Subsidiary Companies" and forms part of this Annual Report. The

annual accounts of the subsidiary companies will be made available upon request by any member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member of the company at its registered office.

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

The Company's equity shares are listed at Bombay Stock Exchange Ltd, Mumbai. The listing fee for the year under review has been paid to BSE.

AUDITORS REPORT

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

AUDITORS

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

DIRECTORS

Mr. R.K Bhargava and Mr. J.M.L Suri Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD
LALIT BHASIN
CHAIRMAN

Place : Gurgaon

Date : 01.05.2008

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2008.

S. No.	Name of Employee/ Age (years)	Date of Employment	Qualification	Designation/ Nature of job	Gross Remuneration (Rs.)	Particulars of previous employment (Designation/ Name of the Employee)	Experience (No. of years)	Whether relative of any Director or Manger of the Company
1	Mr. Anil Goyal Aged 49 Yrs	19.2.1997	B.Com, FCA	Managing Director	42,02,487/-	Managing Director HB Leasing & Finance Co. Ltd.	25	No

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

Name of the Subsidiary	HB Securities Ltd.	HB Corporate Services Ltd.
The Financial Year of the subsidiary ended on	31.03.2008	31.03.2008
No. of Equity Share held by the Holding Company as on date	72,07,570 Equity Shares of Rs. 10/- each	42,51,070 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 year ended 31st March 2008		
(i) For the financial year of the subsidiary	Rs. 2810508	Rs. (24873)
(ii) For the previous financial periods of the subsidiary	Rs. (1925941)	Rs. (206183)
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 2008.		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Operating Results

The company's total income for the year under review was Rs. 1958.34 lakhs as compared to Rs. 1547.46 lakhs in the previous year. During the year under review the administrative and other expenses amounted to Rs. 156.43/- Lakhs as compared to Rs 99.67 Lakhs during the previous year. Interest and financial charges for the year under review were Rs. 0.67/- lacs as compared to Rs. 0.54 Lakhs in the previous year.

2. Industry Trends and Business Analysis

During the year under review 2007-08, Indian stock market was volatile and the BSE Sensex after reaching a record high of 21206.77 in January'2008 plunged to a low of 14677.24 in March'2008 triggered by slowdown in US Economy and as fallout of the sub-prime crisis in US Market. The BSE Sensex however, staged a modest recovery to close at 15644.44 at the end of the year under review. Thus for the FY 2007-2008 the BSE Sensex registered an overall rise of 19.67%.

The NBFC sector in India has become mature with reduced dependence on the acceptance of public deposits as part of overall funding. The NBFC sector is now represented by a mix of a few large companies with nationwide presence and a large number of small and medium sized companies with regional focus.

3. Opportunities and Threats

Inflation which has reached the 7% plus level due to surging crude oil price and sharp rise in food grains and other commodities, presents one of major challenges to the domestic economy. With the attention of Government focussed in containing the inflation to a tolerable level, the economic growth for the current year may see a deceleration with corporates turning in moderate growth in their financial results. Added to the above, the recession in US economy will also have its impact on the performance in the rest of world also affecting Indian exports.

It is however believed that the Indian growth story is intact inspite of all these odds over the long term and the current year may still see a growth rate of around 8%.

4. Future Prospects and Outlook

The Indian Economy registered yet another year of high growth during 2007-08 owing largely to sustained growth in the industry and service sectors despite record high crude oil prices. Though the rising inflation fuelled by unabated rise in crude oil prices will present challenging and difficult situation for Government policy makers and the pace of overall economic growth may decelerate, yet it is estimated that the economy may be able to achieve 8% level in the current year.

The reduced risk appetite of domestic as well as foreign institutional investors to the

Indian Stocks may result in subdued sentiments in the Indian Stock Market which may put pressure on the profitability of the operations of the company in the current year. However, the financial service sector is one of the key sectors of the economy. Globally, 5 of the top 20 Fortune companies are financial service companies. Nearly 16% of the total revenues and 28% of total profits of all Fortune 500 companies are generated by the financial service sector, the largest by any single sector.

The Company on being granted the NBFC registration from RBI intends to actively pursue growth opportunities in the fast growing financial sector in the country, by providing financial services with wide activities. (The Company's NBFC registration matter has been dealt with in detail in the Directors Report.)

5. Risks and concerns

The Company like any other Company is exposed to specific risks that are particular to its business and the environment within which it operates. The company is exposed to the market risk (including liquidity risk) and also the 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 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 2008 stood at Rs.11,99,22,520 comprised of 1,19,92,252 Equity Shares of Rs.10/- each.

b) Reserves and Surplus: During the year under review the reserves and surplus increased to Rs. 8867.48 lakhs as against Rs 7344.65 lakhs during the previous year.

c) Loans: During the year under review the secured loans is Rs. 12.60 lakhs as against Rs 4.07 lakhs during the previous year.

d) **Current Assets & Current Liabilities:** The current assets, loan and advances and current liabilities & provisions for the year under review stood at Rs. 1660.53 lakhs and Rs. 595.06 lakhs respectively against Rs. 789.20 lakhs and Rs. 1033.72 lakhs for the previous year.

8. Human Resources

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

9. Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

1. 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.

2. 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 25 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. Five Board meetings were held during the year under review on 24th April 2007, 6th July 2007, 24th August, 2007, 19th October 2007 and 18th January 2008. The particulars regarding composition of the Board of Directors and its Meetings held during the year are given hereunder: -

Name of the Director	Category	Directorships in other public companies#		Committee Membership held in Other public companies#		No. of Board Meetings during the year		Attended Last AGM	Shares held
		Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin	Promoter Non Executive	14	3	2	NIL	5	5	Yes	8,42,398
Mr. J.M.L. Suri	Independent Non Executive	7	NIL	3	1	5	5	Yes	500*
Mr. R.K.Bhargava	Independent Non Executive	9	2	6	2	5	5	Yes	7118
Mr. B.L. Chadha	Independent Non Executive	NIL	NIL	NIL	NIL	5	5	Yes	NIL
Mr. R.C. Sharma	Independent Non Executive	4	NIL	3	NIL	5	5	Yes	NIL
Mr. Anil Goyal	Non-Independent Executive	10	NIL	4	1	5	5	Yes	NIL

As on 31.03.2008.

* Jointly held with wife.

In terms of the provisions of the Articles of Association of the company, one-third directors of the company retire at every annual general meeting. Accordingly, Mr. R.K Bhargava and Mr. J.M.L Suri will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

3. Board Committees

The Board of Directors of your company has in its meeting held on 28th July 2001 constituted two committees namely; Shareholders/Investors Grievance 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.
- 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.
- To receive, discuss and consider the observations and reports of the internal auditors and auditors of the company from time to time.
- To review and investigate on the matter of financial nature, as and when deemed necessary and expedient.
- To give report and/or recommendations to the Board on the matters concerning financial operations of the company.
- 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.
- To obtain legal and professional advise wherever found necessary and expedient.
- 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.
- 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 year under review four Audit Committee Meetings were held on 24th April 2007, 6th July 2007, 19th October 2007 and 18th January 2008 and the same were attended by all the committee members.

(B) Shareholders / Investors Grievance Committee:

The Shareholders / Investors Grievance 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: -

- To consider and approve the transfer, transmission and issue of fresh/duplicate share certificates.
- To review the status of dematerialization of company's shares and matters incidental thereto.
- To review and monitor the approval to the transfers and transmissions made by the Executive Director, under executive authority delegated to him from time to time.
- To monitor the matters of litigation related to shareholders and take decisions relating thereto.
- To consider, review and monitor the matters related to the shareholders grievances.
- To consider and finalize the Report on Corporate Governance to be annexed with the Annual Report of the company.
- 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 year under review twelve Shareholders Committee Meetings were held on 24th April 2007, 19th June 2007, 6th July 2007, 28th July 2007, 16th August 2007, 27th September, 2007, 19th October, 2007, 8th November 2007, 8th December 2007, 18th January 2008, 25th February 2008 and 17th March 2008 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.

A meeting of Remuneration Committee was held on 19th October 2007 to revise/ increase the remuneration of Mr. Anil Goyal, Managing Director w.e.f. 01st April 2007.

The Directors' Remuneration paid during the year under review ended 31st March 2008 is as under:

Director	Relationship with other Director(s)	Sitting Fees Paid (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. Lalit Bhasin	N.A.	50,000/-	Nil	Nil
Mr. J.M.L. Suri	N.A.	1,14,000/-	Nil	Nil
Mr. R.K. Bhargava	N.A.	1,16,000/-	Nil	Nil
Mr. B.L. Chadha	N.A.	92, 000/-	Nil	Nil
Mr. R.C. Sharma	N.A.	52,000/-	Nil	Nil
Mr. Anil Goyal	N.A.	NIL	42,02,487/-	Nil

The non-executive directors are paid sitting fees for attending each meeting of the Board of Directors and the Committees constituted by the Board. The sitting fee for each meeting of Board of Directors and the Committee of Directors is fixed by the Board of Directors within the overall ceiling laid down under the Companies Act.

The aggregate value of salary and perquisites paid for the year ended March 31, 2008 to Mr. Anil Goyal, Managing Director is as follows:-

Salary Rs 18,00,000/- and Perquisites Rs 12,54,000/-

Besides this he is entitled to Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent not taxable and Gratuity and encashment of leave at



the end of tenure.

The notice period for the Managing Director is three months and there is no severance fee.

(D) Finance and Borrowings Committee:

The Board of Directors in their meeting held on 30th April 2003 constituted a Finance and Borrowings Committee. The Committee comprises of Mr. JML 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:

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

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

4. General Body Meetings

(A) Details of Annual General Meetings:

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

Year	Type	Location	Date	Time
2006-2007	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001	24.08.2007	10.00A.M.
2005-2006	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001	26.09.2006	10.00A.M.
2003-2005	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001.	03.06.2005	10.00 A.M.

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

S. No.	Subject Matter	AGM Reference and Date of passing
1.	No Special Resolution was passed.	12th AGM 24th August, 2007
2.	Approval for investment by FII's in the shares of the Company by purchase or acquisition from market under Portfolio Investment Scheme. Approval to remunerate non-executive directors by way of commission commencing from the financial year 2007-08 onwards subject to the overall limit of 1% of the Net Profit of the Company.	11th AGM 26th September 2006
3	Approval of enhancing the limit for acquisition of shares by NRIs under Portfolio Investment Scheme up to 24% of paid up share capital.	10th AGM 3rd June 2005

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

5. DISCLOSURES

- There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31st March 2008 (Refer Note No 10 of Schedule 12 forming part of Balance Sheet and Profit & Loss Account). Accordingly, the same have not been reproduced here.
- No penalty has been imposed nor any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to Capital Markets during the last three years.
- The Company has adopted a code of conduct applicable to all Directors and senior management personnel of the Company and the same has been posted on the website of the Company www.hbportfolio.com. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said code.
- None of the Company's subsidiaries viz., HB Securities Ltd. and HB Corporate Services Ltd. is "Material Non-Listed Subsidiary" in terms of Clause 49 of the Listing

Agreement. However, the financial results and the investments (as and when made) are placed before the Audit Committee of the Company regularly for review.

- The Managing Director (CEO & CFO) of the Company has, as required under clause 49 of the Listing Agreement, given the certificate on the review of financial statements, including Cash Flow, for the year ended 31st March, 2008 to the Board of Directors.
- Risk Assessment and Minimization procedures are in existence and are reviewed periodically.
- Whistle Blower policy a Non – Mandatory requirement has not been reviewed by the Company.
- All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to / complied with. The Non Mandatory requirement relating to Remuneration Committee has been adopted by the Company.

6. MEANS OF COMMUNICATION

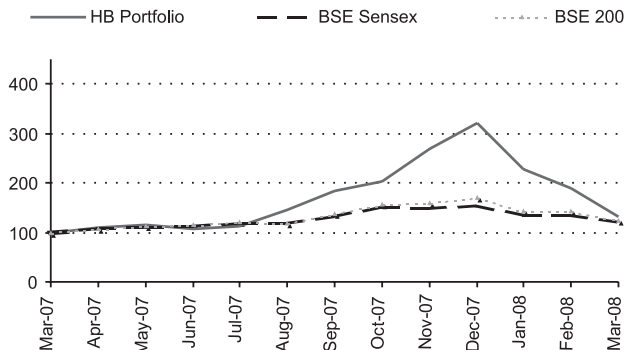
- Quarterly Results: Dissemination through Stock Exchange, Company's Website and through publication in newspaper as required under Listing Agreement.
- Newspaper wherein results normally published: Financial Express and Jansatta.
- Website where displayed: www.hbportfolio.com
- The website also displays official news releases and important communications made to Stock Exchange. As and when any presentation is made to institutional investors the same would be simultaneously uploaded in the Company's Website.

7. GENERAL SHAREHOLDER INFORMATION

- Ensuing Annual General Meeting Date, time and venue:
 Date : 22nd August, 2008
 Time : 10.00 A.M.
 Location : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana) – 122 001
- Financial Year : 31st March, 2008
- Date of Book Closure : 19th August, 2008 to 22nd August, 2008 (Both days inclusive)
- Dividend Payment Date
 Subject to the approval of dividend by the shareholders, dividend warrants will be mailed to eligible members/beneficial owner (in respect of shares held in dematerialised form) on or before 21st September, 2008.
- Listing on Stock Exchanges
 The Company's equity shares are listed at Bombay Stock Exchange Limited, Mumbai
- Stock Code:
 The Company's scrip code at BSE is 532333.
- Market Price Data: The monthly High, Low during each month in the last financial year at BSE is as under:

Date	High	Low	Close	Volume
Apr-07	39.50	27.20	36.20	51395
May-07	38.20	32.15	37.50	94418
Jun-07	38.05	28.00	35.25	272390
Jul-07	40.75	33.40	37.20	124650
Aug-07	48.15	35.80	48.10	248027
Sep-07	64.85	48.15	60.70	552726
Oct-07	74.00	58.00	67.30	341698
Nov-07	102.90	58.25	88.15	245761
Dec-07	119.55	88.00	106.20	228595
Jan-08	148.65	63.10	74.70	835782
Feb-08	80.50	54.10	62.05	138071
Mar-08	61.00	37.20	43.70	133119

VIII. Performance in Broad based indices:



IX. Stock Performance-Absolute returns

	1 YEAR
HB Portfolio	33%
BSE Sensex	20%
BSE 200	24%



HB PORTFOLIO LIMITED

- X. Registrar & Share Transfer Agents:
RCMC Share Registry Pvt. Ltd.
B-106, Sector-2, Noida - 201301
Phones: - 4015880. Fax: - 2444346.
E-mail:- shares@rcmdelhi.com.
- XI. Share Transfer System
Share Transfers are registered and returned within a year 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 matters are placed before the shareholders Committee, which meets as and when required. As reported by Company's RTA all valid requests for transfer during the year under review were transferred within stipulated time limit.
- XII. The status of Investor's Grievance Redressal from 1.04.2007 to 31.03.2008 is as under:

Nature of Grievance	Received	Cleared
Relating to Dividend	40	40
Relating to transfer, transmission, exchange etc.	10	10
Non Receipt of Annual Report	4	4
Demat/Remat request	3	3
TOTAL	59	59

- XIII. The distribution of shareholdings of the company as on 31st March 2008 is as under:

No. of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
Upto 5000	83102	99.63	3506931	29.24
5,001-10,000	172	0.21	123010	1.03
10,001-20,000	58	0.07	80593	0.67
20,001-30,000	20	0.02	46679	0.39
30,001-40,000	11	0.01	37570	0.31
40,001-50,000	8	0.01	36687	0.31
50,001-1,00,000	13	0.02	93775	0.78
1,00,001 and above	26	0.03	8067007	67.27
TOTAL	83410	100.00	11992252	100.00

The category-wise distribution of Shareholders is as follows:

Category	No. of Shares held	% of Shareholding
A. Promoters Holdings		
• Indian Promoter	67,45,856	56.25
• Foreign Promoters	0	0.00
B. Public Shareholding (Institutions)		
• Mutual Funds and UTI	1,17,206	0.98
• Banks/Financial Institutions	75,500	0.63
• Foreign Institutional Investors	0	0.00
C. Public Shareholding (Non Institutions)		
• Bodies Corporate	8,58,907	7.16
• NRIs	99,059	0.83
• Indian Public	40,70,453	33.94
• Clearing Member/ Intermediary	25271	0.21
Total	1,19,92,252	100.00

- XIV. Dematerialization of Share and Liquidity
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 has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE638B01017. As at 31st March 2008, 95,08,619 Equity Shares of the Company are held in dematerialized form constituting 79.29 % of the Company's subscribed share capital.
- XV. The Company has no outstanding GDRs/ ADRs/ Warrants or any other instruments convertible into equity.
- XVI. Address for Correspondence
HB Portfolio Limited
Plot No-31, Echelon Institutional Area,
Sector-32, Gurgaon - 122 001

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

To
The Members of
HB Portfolio Limited

I, Anil Goyal, Managing Director (As Chief Executive Officer and as Chief Financial Officer) of the Company declare that all the members of the Board of Directors; and Senior Management of the Company have affirmed compliance with the Code of Conduct.

FOR HB PORTFOLIO LIMITED

Place : Gurgaon
Date : 1st May, 2008

ANIL GOYAL
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

To the Members of
HB Portfolio Limited
Gurgaon.

We have examined the compliance of conditions of Corporate Governance by HB PORTFOLIO LIMITED for the year ended on 31st March 2008, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. 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 based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For P. BHOLUSARIA & CO.
Chartered Accountants

Place : Gurgaon
Dated : 1st May, 2008

(AMIT GOEL)
PARTNER
(Membership No. 92648)

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, 2008 and also the Profit and Loss Account and Cash flow Statement for year ended on audit date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that: -
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2008 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. 6 of Schedule 12, 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, 2008 and
 - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

Place : Gurgaon
Dated : 1st May, 2008

Annexure to Auditors' Report
Re. HB Portfolio Ltd.

Referred to in Paragraph 1 of our report of even date for the year ended 31st March, 2008

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2.
 - a. As explained to us, 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 year.
 - 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 and activities.
 - 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.
 - a) The Company has granted an unsecured loan of Rs.9,00,00,000/- to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The year end balance of such loan including interest recoverable and the maximum amount outstanding during the year was Rs.9,20,76,769/-
 - b) In our opinion and according to the information and explanations give to us, the rate of interest and other terms and conditions of such loan are prima facie, not prejudicial to the interest of the company.
 - c) The party is regular in payment of interest and principal.

- d) There is no overdue amount receivable.
- e) As informed to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(iii)(e, f and g) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 year, there was no Sale of Services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control system.
5.
 - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that section.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9.
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, cess and other statutory dues as applicable have been generally regularly deposited by the company during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 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 except income tax demand of Rs.20,77,254/- for Assessment Year 2005-06, for which the company has filed appeal before Commissioner of Income Tax (Appeal) and has also filed rectification application before the Assessing Officer.
10. The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading (investments) in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name except for shares given as margin/pledged or bad deliveries pending for rectification.
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 other terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the year either on long term or on short term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Place : Gurgaon
Dated : 1st May, 2008



HB PORTFOLIO LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	122659589	122633577
Reserves & Surplus	2	886748217	734464995
		1009407806	857098572
Loan Funds			
Secured Loans	3	1260818	407591
Total		1010668624	857506163
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	5530274	3832324
Less: Depreciation		2147833	1775113
Net Block		3382441	2057211
Investments			
Share Application Money	5	890507322	869812739
		10000000	10000000
		900507322	879812739
Deferred Tax Assets/(Net) (Refer Note No 8)		232663	88335
Current Assets,			
Loans & Advances			
a) Sundry Debtors	6	0	3173092
b) Cash & Bank Balances		5863958	5886759
c) Loans and Advances		160188569	69860029
		166052527	78919880
Less : Current Liabilities & Provisions			
a) Liabilities	7	6899556	2300930
b) Provisions		52606773	101071072
		59506329	103372002
Net Current Assets		106546198	-24452122
Total		1010668624	857506163
Significant Accounting Policies			
	11		
Notes on Accounts			
	12		

As per our Report of even date

For P. Bholusaria & Co. Chartered Accountants	For and on behalf of the Board		
Amit Goel Partner	Nishu Tomar Company Secretary	Anil Goyal Managing Director	J M L Suri Director
Place : Gurgaon			
Date : 1st May, 2008			

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	Current Year 31.03.2008 (In Rs.)	Previous Year 31.03.2007 (In Rs.)
INCOME			
Income from Operations and Other Income	8	195833660	154745707
Total		195833660	154745707
EXPENDITURE			
a) Administrative & Other Expenses	9	15643091	9966717
b) Interest & Financial Charges	10	66651	54132
c) Depreciation		372720	280526
Total		16082462	10301375
Profit for the year before Taxation		179751198	144444332
Provision for Taxation			
Current		20000000	15000000
Deferred Tax Charge / (Credit)		(186192)	(222022)
Fringe benefit Tax		150000	115000
Tax Adjustment for earlier year		221393	0
Profit for the year after Taxation and before exceptional items		159565997	129551354
Exceptional Items :-			
Provision for Sub -standard and doubtful Assets written back (Refer Note No.-7)		20000000	0
Profit for the year after exceptional items		179565997	129551354
Appropriations			
Transferred to Statutory Reserve Fund		35913199	25910271
Transferred to General Reserve		100000000	13000000
Proposed Dividend		23984504	22074044
Tax on Dividend		4076166	3751484
Residual Dividend of Last year and Tax thereon		570924	8709
Balance brought forward From last Year		80032453	15225607
Balance carried forward to Balance Sheet		96195505	80032453
Basic Earning Per Share			
- Excluding Exceptional Items		13.30	10.10
- Including Exceptional Items		14.97	10.10
Diluted Earning Per Share			
- Excluding Exceptional Items		12.95	10.10
- Including Exceptional Items		14.57	10.10
Significant Accounting Policies			
	11		
Notes on Accounts			
	12		

As per our Report of even date

For P. Bholusaria & Co. Chartered Accountants	For and on behalf of the Board		
Amit Goel Partner	Nishu Tomar Company Secretary	Anil Goyal Managing Director	J M L Suri Director
Place : Gurgaon			
Date : 1st May, 2008			

Particulars	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
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SCHEDULE '1' : SHARE CAPITAL

Particulars	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In 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
ISSUED		
1,28,21,630 Equity Shares of Rs.10/- each	128216300	128216300
SUBSCRIBED AND PAID UP		
1,19,92,252 (Previous Year 1,28,21,630) Equity Shares of Rs 10/- each	119922520	128216300
Less- Allotment Money Receivable (Other Than Directors)	0	5582723
	119922520	122633577
Add- Forfeited Shares (Amount originally paid up)	2737069	0
Total	122659589	122633577

SCHEDULE '2': RESERVE AND SURPLUS

A. SHARE PREMIUM ACCOUNT			
As per last Account	499610933	499434490	
Add-Recovery of Allotment money during the year	125668	176443	499610933
B. GENERAL RESERVES ACCOUNT			
As per Last Account	99049146	86049146	
Add- : Transitional effect on account of Accounting Standard-15 (Refer note no. 19(a))	81303	0	
Add : Transferred from Profit & Loss account	100000000	13000000	
	199130449		99049146
C. PROFIT & LOSS ACCOUNT (As per annexed account)	96195505		80032453
D. STATUTORY RESERVE FUND *			
Opening Balance	55772463	29862192	
Add : Transferred from Profit & Loss Account	35913199	25910271	55772463
Total	886748217		734464995

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

Particulars	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
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SCHEDULE '3': SECURED LOAN

Loan from Banks (Secured by hypothecation of vehicles financed) (Repayable within a year Rs. 5,66,827/- Previous year Rs. 3,22162/-)	1260818	407591
Total	1260818	407591

SCHEDULE '4': FIXED ASSETS (AS ON 31.03.2008)

(Amount in Rs.)

Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2007	Additions	Deletion	As at 31.03.2008	Upto 31.03.2007	For the Year	Adjustments	Total Upto 31.03.2008	As at 31.03.2008	As at 30.03.2007
Data Processing Machinery	802802	97400	—	900202	709516	19470	—	728986	171216	93286
Office Equipments	278276	—	—	278276	122840	13218	—	136058	142218	155436
Furniture & Fixture	21643	—	—	21643	10794	1370	—	12164	9479	10849
Vehicles	2729603	1600550	—	4330153	931963	338662	—	1270625	3059528	1797640
TOTAL	3832324	1697950	0	5530274	1775113	372720	0	2147833	3382441	2057211
PREVIOUS YEAR	3732412	99912	0	3832324	1494587	280526	0	1775113	2057211	2237825

SCHEDULE '5': INVESTMENTS - LONG TERM

Name of the Company	Face Value (In Rs.)	As at 31.03.2008		As at 31.03.2007	
		Qty.(Nos.)	Amount (In Rs.)	Qty.(Nos.)	Amount (In Rs.)
(A) QUOTED (TRADE) FULLY PAID-UP EQUITY SHARE					
Bharat Electronics Ltd.	10	0	0	10688	13581680
Bharat Earth Movers Ltd.	10	0	0	4980	6410337
Ballarpur Industries Ltd.	2	0	0	3500	150462
Ceat Ltd.	10	51081	2067916	126416	5117634
Crompton Greaves Limited	2	471320	3459292	725283	5323275
DCM Shriram Industries Ltd.	10	0	0	325	54362
Federal Mugul(Gotze India) Ltd	10	76372	13336457	0	0
Greaves Cotton LTD	10	0	0	5089	1813651
Hindustan Lever Ltd	1	0	0	66000	13619667
Hindustan Sanitary Ware Ltd.	2	62741	1166983	87740	1631964
Indian Hotels Ltd.	1	75000	9921995	170000	22489856
Indian Petrochemicals Corpn. Ltd.	10	0	0	15000	4452255
Jai corp Ltd	10	3000	3052216	0	0
Jaiprakash Associates Ltd.	2(10)	7480100	238349090	1578520	251493165
Jai Prakash Hydro Ltd	10	323762	23628475	0	0
Jay Pee Hotels Ltd	10	666656	141484567	0	0
Matrix Laboratories Ltd.	2	0	0	21757	5956771
Mawana Sugar Limited	10	7957	1594311	0	0
NIIT LTD	2	25000	4009583	0	0
Parsvnath Developers Ltd.	10	0	0	245155	80096545
PBA Infrastructure Ltd.	10	35000	5565174	114571	18217359
*RRB Securities Ltd.	10	100000	10000000	100000	10000000
SIEL Ltd.	10	0	0	23873	1594311
Southern Iron & Steel Ltd.	10	1450000	35635455	1556570	34004639
Tata Tea Ltd.	10	100	67814	100	67814
Uflex Ltd	10	16939	2777793	0	0
Unitech Ltd.	2	367600	73751660	183800	73751660
Ultramarine & Pigments Ltd.	2	100000	1920047	101880	1956144
Total - A		11312628	571788829	5141247	551783550
(B) IN MUTUAL FUNDS (NON-TRADE), UNQUOTED					
Taurus Mutual Fund-Libra Tax Shield-96	10	400000	3836000	400000	3836000
SBI Multipliers	10	500	5220	500	5220
Taurus Mutual Fund - Bonanza Exclusive Growth Scheme	10	2832055	42805598	2832055	42805598
INVESTMENTS AS SPONSOR IN TAURUS MUTUAL FUND CORPUS		—	200000	—	200000
Total - B		3232555	46846818	3232555	46846818
(C) UNQUOTED (NON-TRADE) FULLY PAID-UP EQUITY SHARES					
Taurus Investment Trust Co. Ltd.	10	49040	498999	49040	498999
HB Insurance Advisors Ltd.	10	20010	200100	20010	200100
Taurus Asset Management Co. Ltd.	10	6275000	58140000	6275000	58140000
Har Sai Investments Ltd.	10	200000	2000000	200000	2000000
Pisces Portfolio Pvt Ltd.	10	3189980	69899800	3189980	69899800
Kesoram Textiles Ltd.	10	49699	357071	49699	357071
CHI Investments Ltd	10	17027	689305	0	0
IN WHOLLY OWNED SUBSIDIARY COMPANIES					
HB Securities Ltd.	10	7207570	89075700	7207570	89075700
HB Corporate Services Ltd.	10	4251070	51010700	4251070	51010700
Total - C		21259396	271871675	21242369	271182370
Total- A+B+C		35804579	890507322	29616171	869812739

Notes :

- Market Value of Quoted Investments (Other than Mutual Fund Units) Rs 2,14,58,72,995/- (Previous Year Rs.1,28,83,29,118/-) and cost of Quoted investments Rs 57,17,88,829/- (Previous Year Rs. 55,17,83,550/-)
- Net asset value of Investments in units of Mutual Fund Rs 12,58,26,179/- (Previous year Rs 9,79,15,624/-) and cost of units of Mutual fund Rs 4,68,46,818/- (Previous Year Rs. 4,68,46,818/-)
- Market Price of Investments Listed but not Quoted have been taken at Cost.
- Aggregate cost of unquoted investments (other than units of Mutual Funds) Rs 27,18,71,675/- (Previous year Rs. 27,11,82,370/-)
- Investments costing to Rs.2,20,54,528/- (Previous year Rs. 2,46,99,445/-) have been given as Margin or pledged.

* Company Under the Same Management.

Particulars	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
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SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS		
a) Sundry Debtors		
(Unsecured, considered good unless otherwise stated)		
– Outstanding exceeding Six months		
– Considered Doubtful	0	1715441
– Others	0	1457651
b) Cash & Bank Balances		
– Cash in hand	179927	181178
(As certified by the Management)		
Balance with Scheduled Banks		
– In Current Account	2296333	4106218
– In Dividend Account	3387698	1599363
Total (A)	5863958	9059851
B. LOANS AND ADVANCES		
(Unsecured, considered good unless Otherwise stated)		
a) Loans		
– * Considered Good-Standard	102076769	0
(Including interest receivable Rs 2076769 /- Previous Year Rs.Nil)		
– Considered Doubtful	0	56498972
(Including interest receivable Rs Nil/- Previous Year Rs.1498972/-)		
b) Advances Recoverable in cash or in kind or for value to be received.		
– Considered good -Standard	505203	3676731
– Considered Doubtful	2435896	0
c) Advance Tax & Tax Deducted at Source	20243821	9253166
d) Security Deposits With Govt Department and others**	34926880	431160
Total (B)	160188569	69860029
Total (A + B)	166052527	78919880

* Include Rs 9,20,76,769/- (Previous Year Nil) Due from HB Estate Developers Ltd, a Company under the same management.Maximum amount outstanding during the year Rs 9,20,76,769/-(Previous year Nil)

** Include Rs 3,45,00,000/- (Previous Year Nil) Due from HB Estate Developers Ltd, a Company under the same management.Maximum amount outstanding during the year Rs 3,45,00,000/-(Previous Year Nil)

SCHEDULE '7' : CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES		
a) Sundry Creditors		
– Due to Micro Enterprises and Small Enterprises	0	0
– Others	923468	647028
b) Unclaimed Dividend*	3387698	1599363
c) Other liabilities	2588390	54539
Total (A)	6899556	2300930
B. PROVISIONS		
a) For Income tax	20000000	15600000
b) For Leave encashment	1911893	1208454
c) For Doubtful Loans and Advances	2435896	56498972
d) For Doubtful Debts	0	1715441
e) For Proposed Dividend	23984504	22074044
f) For Tax on dividend	4076166	3751484
g) For Fringe Benefit Tax	150000	101000
h) For Provident and Superannuation Fund	48314	121677
Total (B)	52606773	101071072
Total (A + B)	59506329	103372002

Particulars	Current Year 31.03.2008 (In Rs.)	Previous Year 31.03.2007 (In Rs.)
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SCHEDULE '8' : INCOME FROM OPERATIONS AND OTHER INCOME

Gain on sale of Long Term Investments (Net)	177793655	135835127
Dividend Income (Gross)		
– On Long Term (Trade) Investments	8947991	8305259
– On Long Term (Non Trade) Investments	0	8066712
– On Short Term (Trade) Investments in Mutual Fund	4359562	1529834
(Tax Deducted at source Nil (Previous Year Nil))	13307553	17901805
Interest Income On Allotment Money	278283	415744
Interest Income On Loan	4371821	0
(Tax Deducted at Source Rs.990655/- Previous Year Rs. Nil/-)		
Other Income	82348	593031
Total	195833660	154745707

Particulars	Current Year 31.03.2008 (In Rs.)	Previous Year 31.03.2007 (In Rs.)
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SCHEDULE '9' : ADMINISTRATIVE & OTHER EXPENSES

Salaries & Benefits	1066953	557207
Contribution to Provident & Gratuity funds	500876	591023
Managing Director's remuneration	4202487	2991871
Travelling & Conveyance	226895	241174
Communication	1832927	1423546
Repair & Maintenance - Others	103305	110484
Printing & Stationery	374423	450115
Legal & Professional	736224	791647
Electricity	93624	117327
Listing Fee	30000	30000
Staff Welfare	13246	12600
Advertisement	87049	54012
Vehicle Running and Maintenance	201489	464398
Director Sitting fees	424000	422000
Insurance	75335	54297
Donation	0	500000
Rent	1406141	456192
Provision for doubtful Assets	2435896	0
Bad & Doubtfull Assets written off	1335495	0
Depository and Custodial	169122	90575
Miscellaneous	209236	486763
Auditors Remuneration		
– Audit fees	67416	67416
– Tax Audit fees	16854	16854
– Others	34098	37216
Total	15643091	9966717

SCHEDULE '10' : INTEREST & FINANCIAL CHARGES

Interest to Banks on Vehicle Loans	66651	54132
Total	66651	54132

SCHEDULE '11' : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 31st March, 2008

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :-

- The Financial Statements have been prepared under the Historical Cost Convention method in accordance with the generally accepted Accounting Principles and the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- Use of Estimates:- The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

B. REVENUE RECOGNITION :-

- All Income & Expenditure are accounted for on accrual basis except in case of uncertainties where accrual is postponed upto resolution of uncertainty.
- Investments are capitalized at cost inclusive of brokerage, Service Tax, education cess, Transfer stamps and Security Transaction Tax. Depository Charges and other miscellaneous transaction charges which due to practical difficulty cannot be identified/ allocated to a particular transaction are charged directly to the Profit and Loss Account.

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 specified in Schedule XIV to the Companies Act, 1956.

E. INVESTMENTS :- Long term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary.

F. EMPLOYEE BENEFITS :- Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-

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

G. 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.

H. IMPAIRMENT OF FIXED ASSETS :- Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the

Company's Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

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

SCHEDULE - 12 : NOTES ON ACCOUNTS

Annexed to and forming part of Statement of Accounts for the year ended 31st March, 2008

1. Particulars of Managerial Remuneration are as under:-

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Salary	18,00,000	12,00,000
b) Contribution to Provident and Superannuation Fund	4,86,000	3,24,000
c) House Rent	10,80,000	7,20,000
d) Medical	30,000	30,000
e) LTA	Nil	Nil
f) Earned Leave Provision	6,62,487	6,51,871
g) Children Education Allowance	1,44,000	66,000
TOTAL	42,02,487	29,91,871

Note : The figures 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.Nil (Previous year Rs.Nil) Maximum Balance outstanding at any time during the year Rs.6,638/- (Previous year Rs.8,806/-).
- b) Due from Subsidiary Company HB Securities Ltd. Rs.Nil (Previous year Rs.Nil) Maximum Balance outstanding at any time during the year Rs.1,49,99,999/- (Previous year Rs.12,04,42,704/-)
3. a) Contingent liability in respect of Guarantee issued on behalf of subsidiary company HB Securities Ltd. Rs.8 Crores (previous year Rs. 8 Crores)
- b) Contingent liability in respect of Income Tax demand Rs.20,77,254/- (Previous year Nil) against which the company has preferred appeal before the appropriate authorities and has also filed rectification application before the Assessing Officer. There are apparent calculation mistakes in the working of Assessing Officer and once the same is rectified, there will be no demand outstanding.
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.
5. In the opinion of management, no provision is required to be made for diminution amounting to Rs.6,54,20,939/- (Previous year Rs. 3,35,16,720/-) in the value of some of the long-term investments, as the same is considered to be temporary.
6. The company made an application for issue of Certificate of Registration with Reserve Bank of India (RBI) under Section 451A of the Reserve Bank of India Act, 1934 so as to commence and carry on the business of Non-Banking Financial Institution. The application of the company was, however, returned by RBI vide its letter dated December 24, 2004 with an advice to resubmit the application on the completion of SEBI's enquiry against the group companies.
In an Appeal filed by the company before the Appellate Authority (in the Ministry of Finance) against the aforesaid decision of RBI, the Appellate Authority vide its Order dated September 25, 2006, directed the company to resubmit the application along with the latest balance sheets and other relevant details within 30 days to RBI and RBI to thereafter decide the case by obtaining necessary response from SEBI within 3 months from the date of receipt of the Order. The company has resubmitted its application to RBI's Regional Office at New Delhi on 23rd October 2006 as per the aforesaid directions of the Appellate Authority. Additional details / documents / clarifications as required by RBI from time to time have been submitted. The decision of RBI is awaited. The management is confident of receiving the Certificate of Registration.
7. 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

13. Quantitative information in respect of investments: -

Particulars	OPENING		PURCHASES		SALES		CLOSING	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Shares	26383616	822965921	8482577	265589999	2294169	422689071	32572024	843660504
	(25603841)	(740387564)	(2579058)	(347060066)	(1799283)	(374261771)	(26383616)	(822965921)
Units of Mutual Funds	3232555	46846818	81308034	849115497	81308034	849115497	3232555	46846818
	(3627185)	(27559076)	(31940839)	(357029834)	(32335469)	(363797158)	(3232555)	(46846818)
Total	29616171	869812739	89790611	1114705496	83602203	1271804568	35804579	890507322
	(29231026)	(767946640)	(34519897)	(704089900)	(34134752)	(738058929)	(29616171)	(869812739)

terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi. 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 was being pursued by the company. Although the management was taking various steps for the recovery of the aforesaid loans, as a matter of business prudence, full provision for Rs.5,64,98,972/- was made in the accounts in the financial year 2002-03. During the year as per the agreement and settlement, a sum of Rs.2,00,00,000/- was agreed to be paid to the company by the loanee in full and final settlement of claims. Out of the amount of Rs.2,00,00,000/- a sum of Rs.1,00,00,000/- was received prior to the year end and balance Rs.1,00,00,000/- has been received subsequent to year end. Accordingly a sum of Rs.2,00,00,000/- has been shown in the Profit & Loss account as exceptional item on account of Provisions for sub-standard and doubtful assets written back. The amount of Rs.1,00,00,000/- which has been received subsequent to year end has been shown in the balance sheet under the head 'Loans - considered good'.

8. Breakup of Deferred Tax Asset/Liability is as follows: -

Particulars	As on 31.03.2008	As on 31.03.2007
a) Deferred Tax Assets		
Expenses allowable u/s 43B of Income Tax Act.	4,70,491/-	2,73,256/-
b) Deferred tax Liability		
Fixed Assets	2,37,828/-	1,84,921/-
Net Deferred Tax Assets (a - b)	2,32,663/-	88,335/-

9. In the opinion of the management, there are no separate reportable segments as per accounting standards on segment reporting (AS-17).

10. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' - As per Annexure -

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

A) Operating Lease

- a) Particulars of the minimum lease payments under Operating Lease :-
- Not Later than One year Rs.10,43,724/- (Rs. 4,56,192/-)
 - Later than one year and not later than five year Rs.9,67,692/- (Rs.76,032/-)
 - Later than five years — (—)
- b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2008 is Rs.14,06,141/- (Rs. 4,56,192/-)
- c) General description of the lease arrangement.
- In respect of one agreement, the original lease was to be for a period of three years w.e.f. 1.06.02 to 31.05.05, upon expiry thereof, at the option of lessee, the lease could be extended for another term of three years at the same terms and conditions except that rent will be increased by 20%. After six years the lease will be finally terminated and premises will be vacated and handed back to the lessor.
 - In respect of another agreement, the Lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.
 - Restrictions imposed by lease arrangements :-
 - The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
 - The lessee shall use the premises for commercial purposes only.
 - The lease can be terminated by the lessee by serving three months notice to the lessor in respect of one of the agreement and one month notice in respect of another agreement.

12. Earning Per Share :-

Particulars	Current Year (in Rs.)	Previous Year (in Rs.)
- Net Profit for the year as per Profit & Loss account before exceptional items	15,95,65,997	12,95,51,354
- Exceptional items	2,00,00,000	—
- Profit for the year after exceptional items	17,95,65,997	12,95,51,354
Basic earning per Share		
- Weighted average no. of equity Shares outstanding.	1,19,92,252	1,28,21,630
Basic earning per share (Face value of Rs.10/- each)		
- Excluding Exceptional items	13.30	10.10
- Including Exceptional items	14.97	10.10
Diluted earning per Share		
- Weighted average no. of equity Shares outstanding.	1,23,18,565	1,28,21,630
Diluted earning per share (Face value of Rs.10/- each)		
- Excluding Exceptional items	12.95	10.10
- Including Exceptional items	14.57	10.10

14. In view of facts explained in Note No.6 above, the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directors, 2007) are yet to be applicable to the company. However, as the company has applied to Reserve Bank of India for registration as NBFC, as a matter of prudent and proper practice, disclosure of details as required by Para 13 of aforesaid directions is annexed. Similarly the transfer of profit to Reserve Fund as required by Reserve Bank of India (Amendment) Act,1997 is also being made.
15. Gain on sale of Long Term Investments (Net) includes Rs.Nil (Previous year Rs.2,60,55,066/-) on Non Trade Investments and Rs.17,77,93,655/- (Previous year Rs.10,97,80,061/-) on Trade Investments.
16. Disclosure of Loans/Advances and Investments in its own shares by the listed companies, their subsidiaries, associates etc. (as certified by the management)

Amount in Rs.

Particulars	Outstanding balance as on 31.03.2008	Max balance outstanding during the year
i. Loans & Advances in the nature of loans to Subsidiaries.	Nil (Nil)	Nil (Nil)
ii. Loans & Advances in the nature of loans to Associates	Nil (Nil)	Nil (Nil)
iii. Loans & Advances in the nature of loans where there is no repayment schedule, no interest or interest below Section 372(A)* of Companies Act, 1956. 1) Nova Electromagnetics Ltd. 2) Nova Iron & Steel Ltd. The outstanding balance shown here is Gross. The amount outstanding (Net of provision) is Rs.1,00,00,000/- (Prev. year Nil). Refer Note no. 7 above.	1,00,00,000/- (4,00,00,000/-) — (1,50,00,000/-)	4,00,00,000/- (4,00,00,000/-) 1,50,00,000/- (1,50,00,000/-)
iv. Loans & Advances in the nature of Loans to firms/companies in which directors are interested HB Estate Developers Ltd.* * Loan given at market rate of interest	9,20,76,769/- Nil	9,20,76,769/- 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. 3) HB Estate Developers Ltd.	No. of Shares Nil (Nil) Nil (Nil) Nil (Nil)	Amount (In Rs.) Nil (Nil) Nil (Nil) Nil (Nil)

17. During the year the company has forfeited 8,29,378 number of partly paid up equity shares (of the face value of Rs.10/- each) on which allotment money/calls were overdue.
18. As at the previous year ended on 31.03.2007, the company was having loans (including interest receivable) of Rs.5,64,98,972/- and Sundry Debtors of Rs.17,15,441/- which were classified as doubtful and in respect of which full provision had already been made in the accounts. As explained in Note No. 7 above, during the year, a sum of Rs.2,00,00,000/- was agreed to be paid to the Company in full & final settlement of its claims in respect of aforesaid loans of Rs.5,64,98,972/-. Balance amount of Rs.3,64,98,972/- on account of loans (including interest recoverable) and Rs.17,15,441/- on account of Sundry Debtors has been written off during the year and adjusted against the corresponding provision written back.
19. Disclosure pursuant to Accounting Standard - 15
- a) Consequent upon the adoption of Accounting Standard – 15 (Revised) – Employee Benefits, in accordance with the stipulations contained therein, the company has adjusted Rs.81,303/- (net of deferred tax of Rs.41,864/-) towards the transitional effect of defined benefit obligation in respect of employee benefits upto 31st March, 2007 to the balance of General Reserve as at 1st April, 2007.
- b) Defined Contribution Plan

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

Particulars	Amount (in Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	2,91,584/-	- Managing Directors Remuneration – Rs.2,16,000/- - Contribution to Provident Fund and Gratuity Fund for – Rs.75,584/-
Contribution to Superannuation	2,70,000/-	- Managing Directors Remuneration

- c) Defined Benefit Plan
Movement in net liability

Particulars	Gratuity (Funded)	Leave Encashment (unfunded)
Present value of obligations as on 01.04.07 (A)	1116307	1208454
Adjustment for increase (Decrease) in opening obligation (B)	(166468)	43301
Interest Cost (C)	75987	100140
Current service cost (D)	91844	115250
Benefits paid (E)	—	9573
Actuarial loss on obligation (F)	363716	454321
Present value of obligations as on 31.03.2008 (G=A+B+C+D-E+F)	1481386	1911893

- d) The amounts recognized in the balance sheet and Profit & loss account are as follows:

Particulars	Gratuity (Funded)	Leave (unfunded)
Present value of obligation (A)	1481386	1911893
Estimated fair value of plan assets (B)	1723350	Nil
Net Liability / (Asset) (C=A-B)	(241964)	1911893
Amounts in the Balance Sheet		
Liabilities (Asset)	(241964)	1911893
Amount charged to Profit & Loss Account		
Current Service Cost	91844	115250
Interest Cost	75987	100140
Expected Return on Plan Asset	(97119)	
Actuarial(Gain)/Loss	354580	454321
	425292	669711
Head under which shown in the Profit & Loss account	Contribution to Provident and Gratuity Fund	- Managing Directors Remuneration Rs.6,62,487/- - Salary & Other benefits Rs.7,224/-

- e) The Actual Return on Plan Assets is as follows :

Sl. No.	Particulars	Gratuity
i)	Actual return on plan assets	106255

- f) Following are the Principal Actuarial Assumptions used as at the balance sheet date :

Sl. No.	Particulars	Gratuity
i)	Discount Rate	8%
ii)	Expected Rate of Return on Plan Assets	9%
iii)	Salary Escalation Rate	5%

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

Sl. No.	Particulars	Gratuity
	Opening Fair Value of Plan Assets	1116307
i)	Expected Return on Plan Assets	97119
ii)	Actuarial Gains / (Losses)	9136
iii)	Contribution by the Employer	500788
iv)	Benefits Paid	—
	Closing Fair Value of Plan Assets	1723350

- h) This being the first year of implementation of AS-15 (Revised, 2005) previous year figures have not been given.
20. a) To the extent information available with the company, Sundry Creditors include Nil, (Previous year Nil) due to Small Scale Industrial Undertaking.
b) The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.
21. Information pursuant to Part IV of Schedule VI of Companies Act, 1956 is annexed.
22. Previous year figures have been regrouped/rearranged wherever considered necessary.
23. Schedule 1 to 12 from an integral part of the accounts.

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director

Place : Gurgaon

Date : 1st May, 2008

ANNEXURE REFERRED TO IN NOTE NO. 10 OF SCHEDULE 12 TO THE ACCOUNTS. RELATED PARTY DISCLOSURES

(AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)

As per Accounting Standard (AS-18) on "Related Party Disclosures", 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) Mr. Anil Goyal, Managing Director
- c) Person having control/significant influence/major shareholders :-
i) Sh.H.C.Bhasin
ii) Sh.Lalit Bhasin
- d) Enterprises over which significant influence/control exist of the relatives of the persons mentioned in (c) above :-
i) RRB Master Securities Delhi Ltd.
- e) Companies under common control/significant influence :-
i) HB Stockholdings Ltd.
ii) HB Estate Developers Ltd.
- f) Enterprises over which direct/indirect significant influence exists.
i) Merwanjee Securities Ltd.



(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	—	Nil	Nil
(b) Companies in the same group	—	920.77	920.77
(c) Other related parties	—	Nil	Nil
2. Other than related parties	—	105.05	105.05
Total	—	1025.82	1025.82
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):*			
Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	1608.28	1400.86	
(b) Companies in the same group	100.00	100.00	
(c) Other related parties	4068.99	1287.39	
2. Other than related parties	22647.45	6116.82	
Total	28424.72	8905.07	
*Break up Value in the case of unquoted companies has been taken on the basis of last available Audited Balance Sheet. Where the balance sheet is not available, the break up value/fair value/NAV has been taken at cost.			
(8) Other information			
Particulars	Amount		
(i) Gross Non-Performing Assets	—		
(a) Related parties	—		
(b) Other than related parties	—		
(ii) Net Non-Performing Assets	—		
(a) Related parties	—		
(b) Other than related parties	—		
(iii) Assets acquired in satisfaction of debt	—		

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	31.03.2008		
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 Deployment of Funds (Rs.in thousand)			
Total Liabilities	1010668	Total Assets	1010668
Sources of Funds			
Paid-up Share Capital	122660	Reserves & Surplus	886748
Secured Loans	1260	Unsecured Loans	—
Application of Funds			
Net Fixed Assets	3382	Investments	900507
Net Current Assets	106546	Deferred Tax Assets	233
IV Performance of the Company (Rs.in thousand)			
Total Turnover	195834	Total Expenditure	16083
Profit Before Tax	179751	(+/-) Profit after Tax and before exceptional items	159566
(+/-) Profit after exceptional items	179566	(+/-) Exceptional items	200000
Earning Per Share in Rs.(Annualised)		Dividend Rate	20%
Basic earning per share			
Excluding exceptional items	13.30		
Including exceptional items	14.97		
V Generic names of principal Products/Services of Company (as per monetary terms)			
Item Code	N.A		
Product Description	Investments		

As per our Report of even date

For P. Bholusaria & Co. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner
Nishu Tomar Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : Gurgaon
Date : 1st May, 2008

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2008

(Rs. in Thousands)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
(A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit Before Tax and Extraordinary Item	179751	144444
Adjustment for :		
Depreciation	373	281
Provision for Leave encashment	675	664
Profit on Sale of Investments	-177794	-135835
Provision for Doubtful Assets	1406	0
Bad and doubtful Assets written off	2436	
Interest/Dividend	-17891	-18263
Operating Profit before Working Capital Changes	-11044	-8709
Adjustment for :		
Trade and other Receivables	939	2478
Share Application money pending allotment	0	0
Trade and Other payables	4525	-20116
Cash Generated from Operation	-5580	-26347
Interest Paid	-67	-54
Direct Taxes Paid	-26913	-14
Cash Flow Before Extraordinary Items	-32560	-26415
Extra Ordinary Items	20000	0
Net Cash Flow from Operation Activities (A)	-12560	-26415

(Rs. in Thousands)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
(B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	-1698	-100
Sale of Fixed Assets	0	0
Purchase of Investments	-1114706	-704090
Sale of Investments	1271805	738059
Loans & advances	-136572	0
Interest Received	4650	416
Dividend Received	13308	17902
Net Cash from (-used) in Investment Activities (B)	36787	52187
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Share Allotment Money received	152	226
Increase/(Decrease) in Short Term(Secured Loans)	853	-293
Dividend Paid	-21586	-18396
Tax on dividend	-3669	-2579
Net Cash Flow From Financing Activities (C)	-24250	-21042
Net Increase in Cash & Cash Equivalents (A+B+C)	-23	4730
Cash & Cash Equivalents (Opening Balance)	5887	1157
Cash & Cash Equivalents (Closing Balance)	5864	5887

As per our Report of even date

For P. Bholusaria & Co. Chartered Accountants

For and on behalf of the Board

Amit Goel Partner
Nishu Tomar Company Secretary
Anil Goyal Managing Director
J M L Suri Director

Place : Gurgaon
Date : 1st May, 2008

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES (PURSUANT TO SECTION 212 (B) OF COMPANIES ACT, 1956.

(Amount in Rs.)

Name of the Subsidiary Company	Issues Subscribed and paid-up Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
HB Corporate Services Ltd	42,510,700 (42,510,700)	8,500,000 (8,500,000)	51,010,700 (51,010,700)	51,010,700 (51,010,700)	Nil (Nil)	Nil (Nil)	-24873 (-27884)	Nil (Nil)	-24873 (-27884)	Nil (Nil)
HB Securities Ltd	92,075,700 (72,075,700)	18,006,397 (17,000,000)	112,002,036 (89,075,700)	112,002,036 (89,075,700)	15,478,757 (16,127,836)	12,160,202 (17,833,518)	3,215,175 (10,265,004)	404,667 (1,216,154)	2,810,508 (9,048,850)	Nil (Nil)

* The figures in bracket relates to the previous year.



HB PORTFOLIO LIMITED (Consolidated Accounts)

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, 2008 and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date.

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 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, 2008 and
- In the case of Consolidated Profit & Loss Account of the consolidated results of operations for the year ended on that date and
- In the case of Consolidated Cash Flow Statement of the Consolidated Cash Flow for the year ended on that date.

For P.BHOLUSARIA & CO.
Chartered Accountants

AMIT GOEL
PARTNER
(M.No. 92648)

Place : Gurgaon
Date : 1st May, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	As at	
		31.03.2008 (In Rs.)	31.03.2007 (In Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	142659589	122633577
Reserves & Surplus	2	1165149102	894231154
Loan Funds			
Secured Loans		3059913	2171544
(From banks secured against hypothecation of vehicles financed)			
Repayable within a year Rs 1394335/- (Previous Year Rs.1007014/-)			
Total		1310868604	1019036275
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	17977995	15205897
Less : Depreciation		9950360	8620669
Net Block		8027635	6585228
Investments			
- In Associates		418364442	302637184
- In Others		625160780	605115276
Share Application Money (Pending Allotment)			
		10000000	10000000
		1053525222	917752460
Deferred Tax Assets/Liability (Net) (Refer Note- no. -7)			
		111819	-42211
Current Assets, Loans & Advances			
a) Stock In Trade		7786	7786
b) Sundry Debtors		473231	3260052
c) Cash & Bank Balances		138029181	58241280
d) Loans and Advances		264435026	153072231
		402945224	214581349
Less : Current Liabilities & Provision			
a) Liabilities	5	100266039	17121436
b) Provisions		53508829	102770922
		153774868	119892358
Net Current Assets		249170356	94688991
Miscellaneous Expenditure (to the extent not written off/adjusted)			
	6	33572	51807
Total		1310868604	1019036275
Significant Accounting Policies	10		
Notes on Accounts	11		

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

Amit Goel
Partner

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director

Place : Gurgaon
Date : 1st May, 2008

For and on behalf of the Board

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	Current Year		Previous Year	
		31.03.2008 (In Rs.)	31.03.2007 (In Rs.)	31.03.2008 (In Rs.)	31.03.2007 (In Rs.)
INCOME					
Income from Operations and Other Income	7	207847212	172511097	207847212	172511097
Total		207847212	172511097		
EXPENDITURE					
a) Administrative & Other Expenses	8	22349566	15343157	1208216	1686401
b) Interest & Financial Charges	9	18235	39113	1329691	760983
c) Miscellaneous Expenditure Written off					
d) Depreciation					
Total		24905708	17829654		
Profit for the year before Taxation		182941504	154681443		
Provision For Taxation					
— Current		20350000	16180000	-250373	-241868
— Deferred				250000	171000
— Fringe Benefit Tax				240241	282
— Tax adjustment for Earlier Year					
Profit After Taxation		162351636	138572030	115727258	8356847
Share of Profit/(Loss) in Associates					
Profit before Exceptional Items		278078894	146928877		
Exceptional Items					
Provision for sub-standard and doubtful Assets written back (Refer note no.-5)		20000000	0		
Profit After Exceptional Items		298078894	146928877		
Residual Dividend of Last year and Tax thereon		570924	8709		
Transferred to Statutory Reserve Fund		35913199	25910271		
Transferred to General Reserve		100000000	13000000		
Proposed Dividend		23984504	22074044		
Tax on Dividend		4076166	3751484		
Balance brought forward From last Year		240611231	158426862		
Balance carried forward to Balance Sheet		375287180	240611231		
Basic Earning Per Share					
— Excluding Exceptional Items		23.15	11.46		
— Including Exceptional Items		24.82	11.46		
Diluted Earning Per Share					
— Excluding Exceptional Items		22.54	11.46		
— Including Exceptional Items		24.16	11.46		
Significant Accounting Policies	10				
Notes on Accounts	11				

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

Amit Goel
Partner

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director

Place : Gurgaon
Date : 1st May, 2008

For and on behalf of the Board



HB PORTFOLIO LIMITED (Consolidated Accounts)

SCHEDULE '1' : SHARE CAPITAL

Particulars	As at	
	31.03.2008 (In Rs.)	31.03.2007 (In Rs.)
AUTHORISED CAPITAL		
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
40,000 (Previous Year Nil) Redeemable Cumulative Preference Share of Rs 1000/- each	4000000	0
	340000000	300000000
ISSUED		
1,28,21,630 Equity Shares of Rs.10/- each	128216300	128216300
20,000/- (Previous year - Nil) 6% Redeemable cumulative preference Shares of Rs 1000/- each fully paid up	2000000	0
	148216300	128216300
SUBSCRIBED AND PAID-UP		
1,19,92,252 (Previous Year 1,28,21,630) Equity Shares of Rs.10/-each	119922520	128216300
Less : Allotment Money Receivable (Other than Directors)	0	5582723
Add- Forfeited Shares (Amount originally paid up)	2737069	0
	122659589	122633577
20000 (Previous year Nil) 6% Redeemable cumulative preference Shares of Rs 1000/- each fully paid up	2000000	0
Total	142659589	379066177

SCHEDULE '3' : FIXED ASSETS (AS ON 31.03.2008)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deletion	As at 31.03.2008	As at 01.04.2007	For the year	Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Data Processing										
Machinery	5268417	163300	—	5431717	4819919	381717	—	5201636	230081	448498
Office Equipment	693821	24263	—	718084	186878	33538	—	220416	497668	506943
Furniture & Fixture	21643	—	—	21643	10794	1370	—	12164	9479	10849
Vehicles	7504966	2584535	—	10089501	3264554	831506	—	4096060	5993441	4240412
Generator	1717050	—	—	1717050	338524	81560	—	420084	1296966	1378526
TOTAL	15205897	2772098	0	17977995	8620669	1329691	0	9950360	8027635	6585228
PREVIOUS YEAR	12050393	3155504	0	15205897	7859686	760983	0	8620669	6585228	4190706

Particulars	As at	
	31.03.2008 (In Rs.)	31.03.2007 (In Rs.)

SCHEDULE '4' : CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS		
a) Stock In Trade	7786	7786
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
— Outstanding exceeding Six months		
— Considered Good	53231	70236
— Considered Doubtful	0	1715441
Others	420000	1474375
c) Cash & Bank Balance		
— Cash in hand (As certified by the Management)	287493	392893
— Balance with Scheduled Banks in current accounts	10927811	10454628
fixed Deposit (Including interest accrued)	123426179	45794396
in Dividend Account	3387698	1599363
Total 'A'	138510198	61509118
B. LOANS AND ADVANCES (Unsecured considered good Unless Otherwise stated)		
a) Loans		
— Considered good (Including Interest Receivable Rs.2076769/- Previous Year Nil)	102076769	0
— Considered doubtful (Including Interest Receivable Rs.Nil Previous Year Rs. 1498972/-)	0	56498972
b) Advances Recoverable in cash or in kind for value to be received		
— Considered good	24421063	55052431
— Considered doubtful	2435896	0

Particulars	As at	
	31.03.2008 (In Rs.)	31.03.2007 (In Rs.)

SCHEDULE '2': RESERVES AND SURPLUS

A. SHARE PREMIUM ACCOUNT			
As per last Account	499610933	499434490	
Add- Recovery of Allotment money during the Year	125668	499736601	176443
			499610933
B. GENERAL RESERVES ACCOUNT			
As per Last Account	98236527	85236527	
Add-Transitional effect on of Account of AS-15 Refer Note no-16	203132		0
Add : Transferred from Profit & Loss Account	100000000	198439659	13000000
			98236527
C. PROFIT & LOSS ACCOUNT (As per annexed account)			
	375287180		240611231
D. STATUTORY RESERVE FUND*			
Opening balance	55772463	29862192	
Add : Transferred from Profit & Loss Account	35913199	91685662	25910271
			55772463
Total	1165149102		894231154

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

Particulars	As at	
	31.03.2008 (In Rs.)	31.03.2007 (In Rs.)

c) Advance Tax & Tax Deducted at Sources	22176918	10487168
d) Security Deposits with Govt Department and others	113324380	31033660
Total 'B'	264435026	153072231
Total 'A'+ 'B'	402945224	214581349

SCHEDULE '5': CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES		
a) Sundry Creditors		
- Due to Micro Enterprises and Small Enterprises	0	0
- Others	29684832	1824662
b) Margin Money received	66750000	13590000
c) Other liabilities	443509	107411
d) Unclaimed Dividend	3387698	1599363
Total	100266039	17121436
PROVISIONS		
a) For Income Tax	20365600	16795600
b) For Gratuity	0	28727
c) For Leave encashment	2348349	1642977
d) For Doubtful Loans and Advances	2435896	56498972
e) For Doubtful Debts	0	1715441
f) For Fringe Benefit Tax	250000	142000
g) For Proposed Dividend	23984504	22074044
h) For Tax on Dividend	4076166	3751484
i) For Provident Fund & Superannuation	48314	121677
Total	53508829	102770992
Grand Total	153774868	119892358



HB PORTFOLIO LIMITED (Consolidated Accounts)

Particulars	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
-------------	---------------------------------	---------------------------------

SCHEDULE '6' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

PRELIMINARY EXPENSES

As per last year	51807	90920	
Less: Proportionate amount Written off	18235	39113	51807
Total	33572	51807	

SCHEDULE '7' : INCOME FROM OPERATIONS AND OTHER INCOME

Gain on sale of Investments (Net)	179206600	144387347	
Dividend Income (Gross)			
— On Long Term Trade Investments	8947991	8305259	
— On Long Term (Non Trade) Investments	23000	8101572	
— On stock in trade	512	330	
— On Short Term(trade) investments in Mutual Fund	4359562	1529834	
Income from Services rendered/Commission (Net)	5101276	6234780	
(Tax Deducted at Source Rs.47583/- Previous Year 19468/-)			
Interest on fixed deposit (Tax Deducted at Source Rs.1330399/- Previous Year 659420/-)	6458835	2942898	
Interest Income on Loan (Tax Deducted at Source Rs.990655/- Previous Year Nil)	4371821	0	
Interest Income On Allotment money	278283	415744	
Other Income	82348	593031	
Profit (Loss) in Sale/Purchase of Share/ Derivative Trading	- 983016	302	
Total	207847212	172511097	

SCHEDULE '8' : ADMINISTRATIVE & OTHER EXPENSES

Salaries & Benefits	2448867	2470044	
Contribution to Provident & Gratuity funds	747256	144092	
Managerial Remuneration	6049296	4217771	
Travelling & Conveyance	358267	541591	
Communication	2025598	1489448	
Repair & Maintenance	706489	368889	
Printing & Stationery	462907	479884	
Legal & Professional Charges	1095893	1110208	
Electricity expenses	656569	687660	
Advertisement Expenses	89803	54012	
Vehicle Running and Maintenance	643737	679577	
Director Sitting fees	424000	422000	
Listing Fee	30000	30000	
Staff Welfare	13246	12600	
Provision for Doubtful Assets	2435896	0	
Bad and Doubtful Assets Written Off	1335495	0	
Insurance Expenses	152019	144860	
Transaction Charges	0	130644	
Donation	0	500000	
Vsat Charges	150413	172099	
Rent	1406141	456192	
Depository and Custodial	22472	22448	
Miscellaneous Expenses	908724	1026796	
Auditors Remuneration			
— Audit fees	101124	101094	
— Tax Audit Fees	33708	33690	
— Others	51646	47558	182342
Total	22349566	15343157	

SCHEDULE '9' : INTEREST & FINANCIAL CHARGES

On Loan From Bank	993518	1598058	
Vehicle Finance Charges	214698	88343	
Total	1208216	1686401	

SCHEDULE - 10 : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the statement of Accounts for the year ended 31st March, 2008

A. PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements relates 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 unrealized profit or losses.

ii) 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.

iii) 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.

iv) The company accounts for its shares in the change in net assets of the associates, post acquisition after eliminating unrealized profit & loss resulting from transaction between the company and its associates to the extent of its share, through its profit 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 POLICIES

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 - 11 : NOTES ON ACCOUNTS

Annexed to and forming part of Statement of Accounts for the year ended on 31st March, 2008.

- 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 Year Ended
HB Securities Ltd.	India	100% subsidiary of HB Portfolio Ltd.	31.03.2008
HB Corporate Services Ltd.	India	100% subsidiary of HB Portfolio Ltd.	31.03.2008

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

Sl. No.	Name of Associate Company	Country of Incorporation	Proportion of ownership Interest
(i)	Taurus Asset Management Co. Ltd.**	India	50.00 %
(ii)	Taurus 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 31.03.2007.

** Valuation done on the basis of available last drawn Balance Sheet (unaudited) as on 31.03.2008

- Particulars of Managerial Remuneration are as under :-

Particulars	Current Year (In Rs.)	Previous Year (In Rs.)
a) Salary	27,00,000	18,00,000
b) Contribution to Provident and Superannuation Fund	5,94,000	3,96,000
c) House Rent	16,65,000	10,80,000
d) L.T.A.	75,000	Nil
e) Medical	30,000	30,000
f) Earned Leave Provision	7,71,696	7,89,371
g) Children Education Allowance	1,44,000	66,000
h) Entertainment Allowance	69,600	56,400
TOTAL	60,49,296	42,17,771

Note : The figures do not include gratuity as valuation for the same is available for company as a whole

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

5. 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 bifurcation 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. 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 was being pursued by the company. Although the management was taking various steps for the recovery of the aforesaid loans, as a matter of business prudence, full provision for Rs.5,64,98,972/- was made in the accounts in the earlier year. During the year as per the agreement and settlement, a sum of Rs.2,00,00,000/- was agreed to be paid to the company by the loanee in full and final settlement of claims. Out of the amount of Rs. 2,00,00,000/- a sum of Rs.1,00,00,000/- was received prior to the year end and balance Rs.1,00,00,000/- has been received subsequent to year end. Accordingly a sum of Rs.2,00,00,000/- has been shown in the Profit & Loss account as exceptional item on account of Provisions for sub-standard and doubtful assets written back. The amount of Rs.1,00,00,000/- which has been received subsequent to year end has been shown in the balance sheet under the head "Loans - considered good".

6. The company made an application for issue of Certificate of Registration with Reserve Bank of India (RBI) under Section 451A of the Reserve Bank of India Act, 1934 so as to commence and carry on the business of Non-Banking Financial Institution. The application of the company was, however, returned by RBI vide its letter dated December 24, 2004 with an advice to resubmit the application on the completion of SEBI's enquiry against the group companies.

In an Appeal filed by the company before the Appellate Authority (in the Ministry of Finance) against the aforesaid decision of RBI, the Appellate Authority vide its Order dated September 25, 2006, directed the company to resubmit the application along with the latest balance sheets and other relevant details within 30 days to RBI and RBI to thereafter decide the case by obtaining necessary response from SEBI within 3 months from the date of receipt of the Order. The company has resubmitted its application to RBI's Regional Office at New Delhi on 23rd October 2006 as per the aforesaid directions of the Appellate Authority. Additional details / documents / clarifications as required by RBI from time to time have been submitted. The decision of RBI is awaited. The management is confident of receiving the Certificate of Registration.

7. Deferred Tax Asset/Liability (Net) consists of the following :-

Particulars	As on 31.03.2008	As on 31.03.2007
Deferred Tax Liability		
- Fixed Assets	4,39,058	4,63,161
Deferred Tax Assets		
- Expenses allowable on payment basis u/s 43B of Income Tax Act	(5,50,877)	(4,20,950)
TOTAL	1,11,819	(42,211)

8. In the opinion of management, there are no separate reportable segments as per accounting standard segment reporting (AS-17).

9. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' - As per Annexure :-

10. Earning Per Share :- (Amount in Rs.)

Particulars	Current Year	Previous Year
- Net Profit for the year as per Profit & Loss account before exceptional items	16,23,51,631	13,85,72,029
Add : Share of Profit in Associates	11,57,27,258	83,56,847
Less : Prior Period adjustment	—	8709
Less : Preference Share Dividend	4,18,113	—
Net Profit available for Equity Shareholders before exceptional item	27,76,60,776	14,69,20,167
Add : Exceptional items	20,00,000	—
- Net Profit available for Equity Shareholders after exceptional items	29,76,60,776	14,69,20,167
Basic earning per Share -		
- Weighted average no. of equity Shares outstanding.	1,19,92,252	1,28,21,630
- Basic earning per share (Face value of Rs.10/- each)	23.15	11.46
- Excluding Exceptional items	24.82	11.46
Diluted earning per Share -		
- Weighted average no. of equity Shares outstanding.	1,23,18,565	1,28,21,630
- Diluted earning per share (Face value of Rs.10/- each)	22.54	11.46
- Excluding Exceptional items	24.16	11.46

11. Gain on sale of Long Term Investments (Net) includes Rs.14,12,945/- (Previous year Rs.3,46,07,286/-) on Non Trade Investments and Rs.17,77,93,655/- (Previous year Rs.10,97,80,061/-) on Trade Investments.

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.10,43,724/- (Rs. 4,56,192/-)
II. Later than one year and not later than five year	Rs.9,67,692/- (Rs.76,032/-)
III. Later than five years	—

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March, 2008 is Rs.14,06,141/- (Rs. 4,56,192/-)

c) General description of the lease arrangement.

I. In respect of one agreement, the original lease was to be for a period of three years w.e.f. 1.06.02 to 31.05.05, upon expiry thereof, at the option of lessee, the lease could be extended for another term of three years at the same terms and conditions except that rent will be increased by 20%. After six years the lease will be finally terminated and premises will be vacated and handed back to the lessor.

II. In respect of another agreement, the Lease is for an initial period of 3 years, which may be renewed for further period as may be mutually agreed upon.

III. Restrictions imposed by lease arrangements :-

— The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.

— The lessee shall use the premises for commercial purposes only.

— The lease can be terminated by the lessee by serving three months notice to the lessor in respect of one of the agreement and one month notice in respect of another agreement.

13. Detail of Closing Stock of Shares

Name of the Company	Face Value (Rs.)	As on 31.03.2008		As on 31.03.2007	
		Qty. (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Essar Steel Ltd. (Pref. Share)	10	0	0	400	0
State Bank of Bikaner & Jaipur Ltd.	100	5	1,711	5	1,711
Titan Industries Ltd.	10	100	6,075	100	6,075
TOTAL		105	7,786	505	7,786

14. During the year the company has forfeited 8,29,378 number of partly paid up equity shares (of the face value of Rs.10/- each) on which allotment money/calls were overdue.

15. As at the previous year ended on 31.03.2007, the company was having loans (including interest receivable) of Rs.5,64,98,972/- and Sundry Debtors of Rs.17,15,441/- which were classified as doubtful and in respect of which full provision had already been made in the accounts. As explained in Note No. 5 above, during the year, a sum of Rs.2,00,00,000/- was agreed to be paid to the Company in full & final settlement of its claims in respect of aforesaid loans of Rs.5,64,98,972/-. Balance amount of Rs.3,64,98,972/- on account of loans (including interest recoverable) and Rs.17,15,441/- on account of Sundry Debtors has been written off during the year and adjusted against the corresponding provision written back.

16. Disclosure pursuant to Accounting Standard - 15

a) Consequent upon the adoption of Accounting Standard - 15 (Revised) - Employee Benefits, in accordance with the stipulations contained therein, the company has adjusted Rs.2,03,132/- (net off deferred tax of Rs.96,343/-) towards the additional liability of defined benefit obligation in respect of leave encashment upto 31st March, 2007 against the balance of General Reserve as at 1st April, 2007.

b) Defined Contribution Plan

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

Particulars	Amount (in Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	4,89,705/-	- Managerial Remuneration - Rs.3,24,000/- - Contribution to Provident Fund and Gratuity Fund for - Rs.1,65,705/-
Contribution to Superannuation	2,70,000/-	- Managerial Remuneration

c) Defined Benefit Plan
Movement in net liability

Particulars	Gratuity (Funded)	Leave Encashment (unfunded)
Present value of obligations as on 01.04.07 (A)	14,43,633	16,42,977
Adjustment for increase in opening provision (B)	(1,71,421)	(1,28,054)
Interest Cost (C)	1,01,777	1,21,193
Current service cost (D)	1,27,060	1,63,590
Benefits paid (E)	1,44,230	9573
Actuarial loss on obligation (F)	3,75,914	5,58,216
Present value of obligations as on 31.03.2008 (G=A+B+C+D-E+F)	18,42,443	23,48,349

d) The amounts recognized in the balance sheet and Profit & loss account are as follows:

Particulars	Gratuity (Funded)	Leave (unfunded)
Present value of unfunded obligation (A)	18,42,443	2348349
Estimated fair value of plan assets (B)	20,02,173	Nil
Net Liability (C=A-B)	(1,59,730)	2348349
Amounts in the Balance Sheet		
Liabilities	(1,59,730)	2348349
Amount charged to Profit & Loss Account		
Current Service Cost	127060	163590
Interest Cost	101777	121193
Expected Return on Plan Asset	(123097)	—
Actuarial(Gain)/Loss	475811	558216
	581551	842999
Head under which shown in the Profit & Loss account	Contribution to Provident and Gratuity Fund	- Managerial Remuneration Rs.771,696/- - Salary & Other benefits Rs.71,303/-

e) The Actual Return on Plan Assets is as follows :

Sl. No.	Particulars	Gratuity
i)	Actual return on plan assets	132910

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

Sl. No.	Particulars	Gratuity
i)	Discount Rate	8 %
ii)	Expected rate of return on Plan Assets	9 %
iii)	Salary Escalation Rate	5 %

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

Sl. No.	Particulars	Gratuity
	Opening Fair Value of Plan Assets	1414906
i)	Expected Return on Plan Assets	123097
ii)	Actuarial Gains / (Losses)	9813
iii)	Contribution by the Employer	598587
iv)	Benefits Paid	144230
	Closing Fair Value of Plan Assets	2002173

h) This being the first year of implementation of AS-15 (Revised, 2005) previous year figures have not been given.

17. Disclosure pursuant to Guidance Note issued by The Institute of Chartered Accountants of India on 'Accounting for Equity Index & Equity Stock Futures & Options:- Detail of Open Interest in equity Stock Futures Contracts as at the year end 31st March, 2008

Name of Equity Stock Future	No. of Contracts	Units (In Nos.) Long	Units (In Nos.) Short
JPASSOCIATES	13 (NIL)	9750 (NIL)	NIL (NIL)

18. 20000 (Previous Year NIL) 6% redeemable cumulative Preference Shares of the Face value of Rs.1000/- each allotted on 13/12/2007 are for a term of 7 years which are redeemable at par in 3 annual installment of Rs.330/-, Rs.330/- and Rs.340/- per share at the expiry of 5th, 6th and 7th year respectively from the date of allotment.

19. Previous year figures have been regrouped/rearranged wherever considered necessary.

20. Schedule 1 to 11 form an integral part of the accounts.

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director

Place : Gurgaon

Date : 1st May, 2008

ANNEXURE REFERRED TO IN NOTE NO. 9 OF SCHEDULE 11 TO THE ACCOUNTS. RELATED PARTY DISCLOSURES, (As identified by Management and relied upon by Auditors)

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

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

- Key Managerial Personnel
 - Sh. Anil Goyal, Managing Director
 - Sh. Praveen Gupta – Whole Time Director
- Enterprise over which significant influence exists :-
 - Pisces Portfolios Pvt. Ltd.

2. Transactions during the year with Related Parties.

- Merwanjee Securities Limited
- c) Person having control/significant influence and their relatives :-
- Sh. H.C. Bhasin
 - Sh. Lalit Bhasin
 - Mrs. Anju Bhasin
- d) Enterprises over which significant influence/control exist of the relatives of the persons mentioned in (c) above :-
- RRB Master Securities Delhi Ltd.
- e) Companies under common control/significant influence.
- HB Stockholdings Ltd.
 - RRB Securities Ltd.
 - HB Estate Developers Ltd.

Sl. No.	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	Referred in 1 (e) above
1.	Purchase of Investments	—	60903126	—	19,87,95,178	—
		(—)	(56274362)	(—)	(14,55,12,160)	(—)
2.	Sale of Investments	—	23817075	—	38,43,70,054	—
		(—)	(35547210)	(—)	(14,18,86,147)	(—)
3.	Margin paid/received (Net)	—	2,72,00,000	—	1,97,00,000	50000
		(—)	(—)	(—)	(82,00,000)	(—)
4.	Remuneration & Other Services	61,06,433	—	—	—	—
		(42,17,771)	(—)	(—)	(—)	(—)
5.	Sitting Fee	—	—	50,000	—	—
		(—)	(—)	(40,000)	(—)	(—)
6.	Dividend Paid	—	—	1,13,60,963	—	1,80,000
		(—)	(—)	(89,36,905)	(—)	(1,49,910)
7.	Brokerage charges received in respect of Sale/purchase of securities.	—	8,89,746	—	985474	855454
		(—)	(7,97,379)	(24,479)	(138543)	(1641146)
8.	Depository charges received	3,359	1,96,334	14,573	930360	719607
		(6,648)	(26,785)	(8,903)	(5,09,598)	(233082)
9.	Loan given	—	—	—	—	9,00,00,000
		—	—	—	—	(—)
10.	Preference Share Issued	—	—	—	—	15000000
		—	—	—	—	(—)
11.	Interest Income on loan	—	—	—	—	4371821
		—	—	—	—	(—)
12.	Security Deposit paid for premises on rent	—	—	—	—	34500000
		—	—	—	—	(—)
13.	Rent paid	—	—	—	—	949949
		—	—	—	—	(—)
14.	Outstanding as on 31.03.2008	—	—	—	—	—
	– Payable in respect of Current Liabilities	—	2,72,00,000	—	40482806	—
	– In respect of margin money	(—)	(—)	(—)	(1,25,87,656)	(—)
	– In respect of Security Deposit paid for premises on rent	—	—	—	—	4550000
	– Receivable in respect of loan and Interest thereon	—	—	—	—	34500000
	– Receivable in Respect of Current Assets	—	—	—	—	(—)
		—	(702054)	—	—	(—)

Note : Figures in bracket relates to previous year.

As per our Report of even date annexed thereto

For P. Bholusaria & Co.
Chartered Accountants

Amit Goel
Partner

Place : Gurgaon
Date : 1st May, 2008

For and on behalf of the Board

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs in Thousands)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
A) CASH FLOW OPERATION ACTIVITIES		
Net Profit Before Tax and Extraordinary Item	182942	154681
Adjustment for :		
Depreciation	1330	761
Share of Profit/(Loss) in Associates	-1157273	-8357
Provision for Gratuity and Leave encashment	677	793
Profit on Sale of Investments	-179207	-144387
Provision for Doubtful Assets	2436	0
Bad & Doubtful Assets Written Off	1335	
Interest/Dividend	-23232	-19610
Preliminary Expenses W/off	18	39
Operating Profit before Working Capital Changes	-1170974	-16080
Adjustment for :		
Trade and other Receivables	27660	-1169
Inventories	0	1
Trade and other payables	83071	-44065
Cash Generated from Operation	-1060243	-61313
Interest Paid	-1208	-1686
Direct Taxes paid	-28281	-728
Cash Flow Before Extraordinary Items	-1089732	-63727
Exceptional Items	20000	0
Net Cash Flow from Operation Activities (A)	-1069732	-63727
(B) CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase of Fixed Assets	-2772	-3156
Loan & advances	-184367	2700
Purchase of Investments	-1120797	-720231
Sale of Investments	1279958	766589
Interest Received	11109	3359
Dividend Received	13331	17937
Share of Profit/(Loss) in Associates	1157273	8357
Net Cash from (-used) in Investment Activities (B)	1153735	75555
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	20000	0
Share Allotment Money received	152	226
Repayment of Short Term (Secured Loans)	888	-1018
Dividend paid	-21586	-18396
Tax on Dividend	-3669	-2579
Net Cash Flow From Financing Activities (C)	-4215	-21767
Net Increase in Cash & Cash Equivalents (A+B+C)	79788	-9939
Cash & Cash Equivalents (Opening Balance)	58241	68180
Cash & Cash Equivalents (Closing Balance)	138029	58241

As per our Report of even date

For P. Bholusaria & Co.
Chartered Accountants

For and on behalf of the Board

Amit Goel
Partner

Nishu Tomar
Company Secretary

Anil Goyal
Managing Director

J M L Suri
Director

Place : Gurgaon

Date : 1st May, 2008

Folio No.

(To be filled in by the Shareholder)

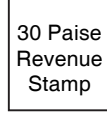


HB PORTFOLIO LIMITED
PROXY FORM

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 13th Annual General Meeting of the Company to be held on, 22nd day of August, 2008 and at any adjournment thereof. As witness my hand/our hands this day.....of 2008.

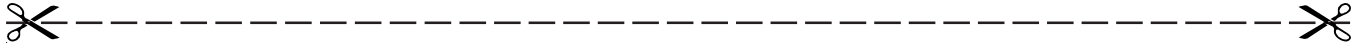
DP-Id :

Client-Id :



Signed by the Said :

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



HB PORTFOLIO LIMITED
ATTENDANCE SLIP

13TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., 22nd day of August, 2008

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 13th Annual General Meeting held on Friday, 22nd day of August, 2008 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.

BOOK POST

If Undelivered please return to :-



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Sector-32, Gurgaon - 122 001, Haryana