



## HB PORTFOLIO LIMITED

### NOTICE

NOTICE is hereby given that the 9th Annual General Meeting of the Company will be held as follows:

Day : Friday  
Date : 5th March, 2004  
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 :

#### AS ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2003 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. V.K. Gupta, who retires by rotation and being eligible offers himself for reappointment.
- To appoint Director in place of Mr. J.M.L. Suri, who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

#### AS SPECIAL BUSINESS :

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

**"RESOLVED THAT** in supersession of all earlier resolution(s) and pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred as 'Delisting Guidelines') and subject to the provisions of all other applicable laws, rules, regulations, and guidelines, if any and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of the Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution) the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company from all or any of the stock exchanges at Ahmedabad; Chennai; Delhi; and Kolkata."

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

Place : New Delhi

AJAY SAINI

Date : 23rd December, 2003

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/CORPORATE OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement pursuant to Section 173(2) in respect of the Special Business hereinabove is annexed hereto and forms part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 28.02.2004 (Saturday) to 05.03.2004 (Friday) (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to :
  - Notify any change in their address including PINCODE to the Company or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017 & 24649720. Fax 24692345. E-mail: rcmc@dimensioni.net.
  - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.

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

#### ITEM NO. 5

Presently the Equity Shares of the company are listed at the Stock Exchanges at Delhi (Regional), Mumbai, Chennai, Ahmedabad and Kolkata.

With extensive networking of the Stock Exchange, Mumbai (BSE) and extension of trading terminals to other cities as well, the investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place at BSE and in the last 2/3 years practically no trading in the Company's equity shares has been reported on all other Stock Exchanges. Besides, the company's equity shares has been notified by SEBI for compulsory settlement in dematerialised mode only by investors and accordingly there is no physical movement of share certificates in respect of reported trading transactions through/in the Stock Exchange.

In view of above, no tangible benefits/advantages is derived by the Company and the shareholders in continuing with listing at multiple Stock Exchanges vis-à-vis the listing fees paid to these Stock Exchanges. Accordingly it would be expedient that the equity shares are delisted from all the Stock Exchanges other than BSE. The proposed delisting of equity shares of the company from the stock exchanges at Ahmedabad; Chennai; Delhi and Kolkata would not adversely affect the shareholders/investors as the equity shares shall continue to remain listed at BSE. The shareholders had vide Special Resolution passed at the 7th Annual General Meeting on 26-03-2002 had granted approval to delist company's equity shares from the Stock Exchanges at Ahmedabad; Chennai and Kolkata. However with the notification of the SEBI (Delisting of Securities) Guidelines, 2003, the Stock Exchanges are insisting for shareholders approval by Special Resolution pursuant to the said Guidelines. Further as per provisions of the new Delisting Guidelines, voluntary delisting from Regional Stock Exchange is also now permitted. Accordingly the Board of Directors are seeking a fresh approval of shareholders for voluntary delisting of equity shares from the Stock Exchanges at Ahmedabad; Chennai; Delhi; and Kolkata. The Board commends the Special Resolution for approval of members.

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

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

Place : New Delhi

AJAY SAINI

Date : 23rd December, 2003

COMPANY SECRETARY

### DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 9th Annual Report together with the Audited Statements of Accounts for the year ended 30th September 2003.

### FINANCIAL RESULTS

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

PARTICULARS	Year Ended	Year Ended
	30.09.2003	30.09.2002
<b>Gross Profit/(Loss)</b>	<b>(77.46)</b>	<b>(299.58)</b>
Less :		
(a) Depreciation	4.22	3.67
(b) Miscellaneous Expenses Written Off	0.93	0.93
(c) Provision for Income Tax	(0.90)	0.25
(d) Provision for Doubtful Loans	564.99	Nil
(e) Provision for Doubtful Debts	69.14	Nil
<b>Net Profit/(Loss)</b>	<b>(715.84)</b>	<b>(304.43)</b>
ADD/LESS		
(a) Prior period adjustment	(7.42)	8.16
(b) Surplus Brought Forward	(54.30)	258.28
Balance Transferred to Balance Sheet	<b>(777.56)</b>	<b>(54.31)</b>

### DIVIDEND

Your Directors are unable to recommend any dividend for the year under review due to loss suffered by the Company.

### PERFORMANCE REVIEW

During the year under review, the depressed phase of the capital market more or less continued, except in the year-end, where the market has shown signs of exceptional improvements. The primary market is yet to take a gallop, although the public issues of some companies like, Maruti, Indraprastha Gas etc. have shown reposed confidence of the investors in the market, which is a healthy sign. In these circumstances, the results of the company have not been encouraging. Nonetheless, in the changing scenario, your management is confident that if this pace of improvement in the capital market is consistent and steady in the long term, the company shall make a turnaround in its performance during the current year.

The Merchant Banking-Category-I license held by your company has not been renewed upon expiry in November 2002 and instead the company has made application to SEBI for transfer of Merchant Banking Licenae to wholly owned subsidiary HB Corporate Services Ltd. so that the area of operations of your company may be widened and the fund based activities may be taken up. Your company has, accordingly, applied to the Reserve Bank of India for its registration as a Non Banking Finance Company under the Reserve Bank of India Act, 1934.

### CORPORATE GOVERNANCE

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

### SUBSIDIARIES OF THE COMPANY

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheets, Profit & Loss Accounts, together with the Report of the Directors and Auditors thereon of HB Securities Ltd. and HB Corporate Services Ltd., the subsidiaries of the company are annexed. HB Portfolio International Ltd., another subsidiary of your company, which was incorporated at Mauritius, was wound up during the year, in view of the changed economic scenario.

### STATUTORY STATEMENTS

Your Company has not accepted any deposits from the public during the year. The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. The total foreign exchange earnings during the year under review and previous year is NIL and total foreign exchange out go during the year under review is of Rs. 7,78,577/- and during the previous year is of Rs. 2,92,800/-, the details of same are mentioned in notes to accounts (No. 17) of the Balance sheet of the company as at 30.9.2003.

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 Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors have prepared the annual accounts on a going concern basis.

### STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's securities are listed at Delhi, Chennai, Calcutta, Ahmedabad and Mumbai Stock Exchanges. With the extensive nation wide networking of The Stock Exchange, Mumbai (BSE), no tangible benefit is derived by the company and/or the shareholders by continuing with listing in multiple stock exchanges vis-à-vis the listing fees paid to them as the shares are infrequently traded at these Stock Exchanges (other than BSE) with practically no trades in the last 2/3 years. Besides, the company's equity shares have been notified for compulsory settlement of all trades in dematerialisation mode in the Stock Exchange(s). In the meanwhile Securities and Exchange Board of India also notified a comprehensive and detailed Guidelines (SEBI Delisting Guidelines, 2003) for delisting. The new Guidelines do not differentiate the delisting from Regional and/or other Exchanges. In view of the above, your directors are of the view that it would be beneficial and in the interest of the company that the shares are delisted from the Stock Exchanges other than BSE. A fresh mandate of the shareholders in this regard is being sought in the ensuing Annual General Meeting. The grounds and justification for the same have been detailed out in the accompanying Explanatory Statement to the Notice.

### AUDITORS REPORT

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

### AUDITORS

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

**DIRECTORS**

There is no change in the Directorship of the Company during the year. Mr. V.K.Gupta 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 deeply acknowledge the co-operation, assistance and support extended by the Company's Bankers, the Shareholders and by the Employees of the Company.  
**FOR AND ON BEHALF OF THE BOARD**

Place : New Delhi  
Date : 23rd December, 2003

H.C.BHASIN  
CHAIRMAN

**ANNEXURE TO DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 30th September 2003.

Sl. No.	Name of Employee/Age (Years)	Date of Employment	Qualifications	Designation/ Nature of Job	Gross Remuneration (Rs.)	Particulars of previous Employment (Designation/Name of the Employer)	Experience (No. of years)	Whether relative of any Director or Manager of the Company
1	Mr. Anil Goyal Aged 44 Yrs.	19.2.1997	B.Com, FCA	Managing Director	12,15,000/-	Managing Director HB Leasing & Finance Co. Ltd.	20	No

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

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Name of the Subsidiary	HB Securities Ltd.	HB Corporate Services Ltd.	HB Portfolio Intl. Ltd.
(a) The Financial Year of the subsidiary ended on	30.09.2003	30.09.2003	dissolved under Mauritian Co. Law
(b) No. of Equity Shares held by the Holding Company as on date	57,07,570 Eq. Sh. of Rs.10/- each	42,51,000 Eq. Sh. of Rs.10/- each	As on 30.09.2003, Nil*
(c) Extent of Holding	100%	100%	Nil*
(d) The Net Aggregate of the profit / (loss) of subsidiary so far as they concern the members of the company for the year ended 30th September, 2003			
(i) For the financial year of the subsidiary	Rs.(8,622,934.19)	Rs (31,735)	Nil*
(ii) For the previous financial periods of the subsidiary	Rs. (10,550,099.00)	Rs.(29,715)	US\$ (2475)
(e) The net aggregate of the profit/ (loss) of subsidiary so far as they concern the members of the company and which are dealt with the accounts of the company for the year ended 30th September, 2003			
(i) for the financial year of the subsidiary	Nil	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil	*dissolved under Mauritian co. Law Nil

**MANAGEMENT DISCUSSION AND ANALYSIS**
**1. Operating Results**

The company earned during the year a total income of Rs. 171.27 lakhs as compared to Rs.59.58 Lakhs in the previous year. This comprised of net profit from sales of long term investments amounting to Rs.131.56 lakhs and income from dividend on Long Term Trade Investments and Long Term Non Trade Investments amounting to Rs.23.06 Lakhs, besides income from services rendered/commission of Rs. 11.50 Lakhs and other income of Rs. 5.15 Lakhs. During the year the administrative and other expenses amounted to Rs 70.51 Lakhs as compared to Rs.113.28 Lakhs during the previous year. Interest and financial charges for the year under review were Rs.178.22 Lakhs as compared to Rs. 245.88 lakhs in the previous year.

**2. Industry Trends and Business Analysis**

There was a general economic slowdown, especially in the capital market as well as the financial services industry during the past over five years. This vital sector of economy witnessed various scams during this period. However, the technological upgradations, corporate restructurings and consolidations were the welcome signs of the period. During this period while secondary market continued to have some or other activities, the primary market showed no significant signs of improvement and rather remained depressed. This made a serious setback not only to the capital market as a whole, but also to the trade and industry. In the wake of falling interest rates, the debt market also slowed down after initial spur. All these factors contributed to the scenario of uncertainty and forced the companies to wait and watch, carry out internal restructuring and look for new avenues of business.

This long period of gloom, is now showing signs of rapid recovery, if the galloping SENSEX is taken as the sign of improvement. The national as well as international market pundits have forecasted a bright future of industry in the times to come. The changing trends are welcome features and the industry is likely to see better days ahead.

**3. Opportunities and Threats**

The company has not renewed its Category-I Merchant Banking License and has taken up for obtaining NBFC registration from Reserve Bank of India for carrying out NBFC activities.

The company is examining various new avenues of business for which studies and plans are underway.

**4. Future Prospects and Outlook**

Management expects that the Indian capital market as well as the financial services industry may witness a consistent and steady growth in the future, as a result of an all round growth of industry and service sector leading to new growth indications in the economy as a whole. Your management is hopeful that in view of the prevailing indications and as forecasted by the international rating agencies, India would attain a higher economic growth rate during the ensuing financial year.

Your company is contemplating new niche areas for expanding its activities as an integrated financial service company. However, the company shall not give up its non-fund base advisory services in the changed regime of its business operations.

**5. Risks and concerns**

As the industrial growth is picking up and the capital market is also improving, which has put some stability and consistency to the economy as a whole, it is expected that the same would continue and would further increase the confidence of general investor and in turn your company will also be able to strengthen its operation and post better results.

**6. Internal control system and their adequacy**

The Company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorised use and all the transactions are authorised, recorded and reported correctly.

The Board of Directors of the company have also constituted "Finance and Borrowings Committee" for better governance of the financial aspect of the operations. The details

regarding the constitution and terms of reference of the said committee are explained in detail in the corporate governance report which also forms part of the Directors Report. Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Auditors.

**7. Financial performance**

- Share Capital : The Company's issued and subscribed share capital consists of Equity Share capital only. The paid-up share capital of the company as at 30th September, 2003 stood at Rs.12,25,83,123/- comprised of 12821630 Equity Shares of Rs.10/- each.
- Reserves and Surplus : During the year under review the reserves and surplus stood at Rs. 5022.26 lakhs as against Rs. 5745.52 lakhs during the previous year.
- Loans : The secured loans increased during the year to Rs.1629.89 lakhs from 1283.76 lakhs during the previous year.
- Current Assets & Current Liabilities : The current assets, loan and advances and current liabilities & provisions for the period under review stood at Rs. 3959.83 lakhs and Rs. 797.90 lakhs respectively against Rs. 3434.83 lakhs and Rs. 130.31 lakhs for the previous year.

**8. Human Resources**

The company has adequate human resources to man its various activities as of now. However, on taking up further new activities, additional resources shall be made up accordingly from time to time.

**REPORT ON CORPORATE GOVERNANCE**
**Company's philosophy on Corporate Governance**

Corporate Governance refers to a set of policies, principles, laws, rules, regulations and procedures that enable the Company to attract best financial & human resources and to perform efficiently to maximise the long term value for the shareholders. Your Company is committed to uphold the good governance values and has been practising the same over the years. Your Directors deeply recognise that it is your Company and that you must know what is happening all around.

**Size and Composition of the Board**

The Board of Directors of your Company comprises of 5 Directors out of whom 4 are Non-Executive and 3 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. H.C.Bhasin is the promoter of the Company and its Chairman. Mr. Anil Goyal is the Managing Director of your Company. He has to his credit 20 years of corporate experience. He is responsible for overall management of the Company. The composition of the Board is in conformity with the amendments in the Listing Agreement. The particulars regarding composition of the Board of Directors and its Meetings held during the year are given hereunder:

The Meetings of the Board of Directors of the Company during the year under review were held on 14th December 2002, 29th January 2003, 30th April 2003 and 29th July 2003.

Name of the Director	Category	# No. of other Directorships	No. of Board Meetings held during the year	Attended	Attended last AGM
Mr. H.C. Bhasin	Non Executive	13	4	4	No
Mr. J.M.L. Suri	Independent	4	4	4	Yes
Mr. R.K.Bhargava	Independent	7	4	4	No
Mr. V.K.Gupta	Independent	Nil	4	4	No
Mr. Anil Goyal	Executive	7	4	4	Yes

# Committees not included, directorships as on 30.09.2003



## HB PORTFOLIO LIMITED

Mr. Anil Goyal is the Managing Director of the Company. 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. V.K.Gupta and Mr. J.M.L.Suri would retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### Board Committees

The Board of Directors of your Company, has in its meeting held on 28th July, 2001 constituted two Committees namely; Shareholders Committee and Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Board has in its meeting held on 19th December, 2001 constituted Remuneration Committee and in its meeting held on 30th April, 2003 constituted Finance and Borrowings Committee. Each of these Committees is having its own charter duly approved by the Board.

**(A) Shareholders Committee :** The Shareholders Committee comprises of Mr. R. K. Bhargava, Mr. Anil Goyal and Mr. J. M. L. Suri, Directors, as its Members and the Company Secretary as Secretary to the Committee. The Shareholders Committee meetings held during the year under review were Chaired by Mr.J.M.L.Suri. 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 dematerialisation of Company's shares and matters incidental thereto.
- To review and monitor the approval to the transfers and transmissions made by the Managing Director, under executive authority delegated to him from time to time.
- 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 finalise 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.

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

**(B) Audit Committee :** The Audit Committee comprises of Mr. JML Suri as its Chairman, Mr. V. K. Gupta and Mr. Anil Goyal, 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 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 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 advice 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 period under review four meetings of Audit Committee were held on 14.12.02, 29.1.03, 30.4.03 & 29.7.03 and the same were attended by all the members of the Committee.

**(C) Remuneration Committee :** The Board of Directors in their meeting held on 19th December, 2001 have constituted Remuneration Committee in terms of the provisions of the Listing Agreement. The Committee comprises Mr. JML Suri, Mr. R.K.Bhargava and Mr. Vijay Kumar Gupta. The Committee has been empowered, inter-alia, to carry out the functions relating to consider and approve remuneration paid/payable to Managing Director and other managerial personnel as per the provisions of the Companies Act.

During the period under review no Remuneration Committee Meeting was held.

**(D) Finance and Borrowings Committee :** The Board of Directors in their meeting held on 30th April, 2003 have constituted Finance and Borrowings Committee. The Committee comprises of Mr. 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 period under review two Finance and Borrowings Committee Meetings were held on 7.7.2003 and 28.08.2003 and the same was attended by all the Committee Members.

The Directors' Remuneration paid during the financial year ended 30th September, 2003 is as under:

Director	Relationship with other Director(s)	Sitting Fees Paid (Rs.)	Salary & Perks	Commission, if any
Mr. H. C. Bhasin	N.A.	8000	Nil	Nil
Mr. R.K.Bhargava	N.A.	20000	Nil	Nil
Mr. V.K.Gupta	N.A.	16000	Nil	Nil
Mr. Anil Goyal	N.A.	NIL	12,15,000/-	Nil
Mr. J. M. L. Suri	N.A.	28000	NIL	Nil

### Shareholders' Information

(A) Details of Annual General Meetings:

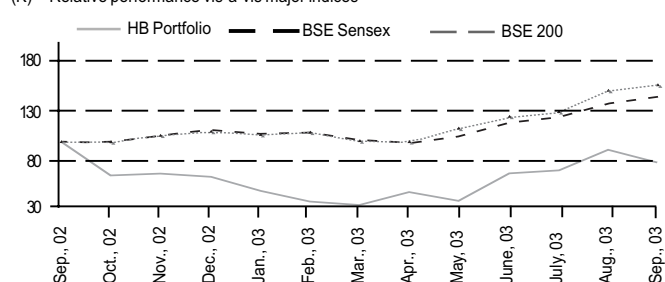
(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2001-02	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001	27.03.2003	10.00A.M.
2000-01	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001	26.03.2002	10.00A.M.
1999-00	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon-122 001.	23.03.2001	10.00 A.M.

- (ii) Whether Special Resolutions were put through postal ballot last year No
- (iii) Are polls proposed to be conducted through postal ballot this year No
- (B) No dividend has been paid by the Company since the Company was trifurcated in the Financial year 1997 and gained its separate identity.
- (C) The Register of Members and Share Transfer Books of the Company shall remain closed from 28.02.2004 (Saturday) to 05.03.2004 (Friday) (both days inclusive). The previous Book Closure remained w.e.f. 25.03.2003 to 27.03.2003 (both days inclusive).
- (D) The transactions with the related parties have been annexed to the notes to the accounts and hence have not been reproduced here. No penalty has been imposed by the Stock Exchanges or SEBI or any other Statutory Authority nor any strictures have been passed by them during the last three years.
- (E) Means of Communication
- Half yearly reports sent to each household of shareholder No
  - Quarterly Results Sent to each shareholder No
  - The results are normally published in Financial Express and Jansatta
  - Any Website, where results are displayed No
  - Whether MD&A are part of Annual Report Yes
  - Whether shareholders information system is part of Annual Report Yes
- (F) Your Company is contemplating to place all shareholders information on its website, for which efforts are being made.
- (G) Registrar and Share Transfer Agent of the Company: RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110 003. Phones: 24692346, 24601017 & 24649720. Fax 24692345. E-mail: rcmc@dimensioni.net.
- (H) The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 26th February, 2001 in terms of the SEBI-Notification No. SMDRP/ POLICY/CIR - 23 / 2000 dated, 29th May, 2000.
- (I) The Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE638B01017.
- (J) The Stock Market Data and Performance Indicators of HB Portfolio Ltd. at BSE is summarised as under:

Date	High	Low	Close	Volume
Oct-02	4.50	2.00	2.05	10414
Nov-02	3.00	1.75	2.10	7304
Dec-02	2.95	1.60	2.00	16859
Jan-03	2.45	1.15	1.50	19259
Feb-03	1.65	1.00	1.10	11489
Mar-03	1.20	0.75	1.00	25909
Apr-03	1.50	0.75	1.45	3517
May-03	1.60	0.85	1.15	13147
Jun-03	2.25	0.87	2.10	37121
Jul-03	3.05	1.70	2.25	65618
Aug-03	4.50	2.15	2.95	93123
Sep-03	3.54	2.00	2.50	40437

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





## HB PORTFOLIO LIMITED

- (L) Stock Performance - Absolute Returns  
1 year  
HB Portfolio (23.08)%  
BSE Sensex 48.87%  
BSE 200 62.08%
- (K) The Company's Scrip Codes at Various Stock Exchanges are as under :  
**HB Portfolio Ltd.** **Scrip Code**  
BSE , Mumbai 532333  
DSE, Delhi 108162  
MSE, Chennai HBP  
CSE, Kolkata 18356  
ASE, Ahmedabad HB PORT FOL
- (N) The Dematerialisation of Shares and Liquidity: 52.78%
- (O) Mr. Ajay Saini, Company Secretary is the Compliance Officer of the Company.
- (P) The distribution of shareholdings of the Company as on 30th September, 2003 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
Upto 5000	146806	99.71	6282834	49.00
5,001 - 10,000	238	0.16	166578	1.30
10,001 – 20,000	102	0.07	141318	1.10
20,001 – 30,000	21	0.01	52226	0.41
30,001 – 40,000	9	0.01	31526	0.25
40,001 – 50,000	9	0.01	40615	0.32
50,001 – 1,00,000	18	0.01	134458	1.05
1,00,000 and above	37	0.03	5972075	46.58
<b>TOTAL</b>	<b>147240</b>	<b>100.00</b>	<b>12821630</b>	<b>100.00</b>

- (Q) The category-wise distribution of Shareholders as on 30th September 2003 is as follows:

Category	No of Shares held	% of Shareholding
<b>A. PROMOTERS HOLDING</b>		
1. Indian Promoter	4887063	38.12
2. Persons acting in concert	314625	2.45
<b>B. OTHERS</b>		
1. Mutual Funds	167931	1.31
2. Banks & Financial Institutions	412725	3.22
3. Foreign Institutional Investors	NIL	NIL
4. Private Corporate Bodies	238425	1.86
5. NRIs/ OCBs	147410	1.15
6. Indian Public	6653451	51.89
<b>GRAND TOTAL</b>	<b>12821630</b>	<b>100</b>

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

Transfer Period	No of Holders	No of Shares	% to Shares
1-15	427	35857	100
16-20	NIL	NIL	NIL
21& above	NIL	NIL	NIL

- (S) The status of Investor's Grievance Redressal during 1-10-2002 to 30-09-2003 is as under:

Nature of Grievance	Received	Cleared
Relating to Transfer, Transmission, Nomination	06	06
Change of address, Bank a/c No., Deletion of name etc.	26	26
DEMAT/REMAT request, ,	38	38
Others	48	48

### AUDITOR'S REPORT

TO THE MEMBERS OF HB PORTFOLIO LIMITED

We have audited the attached Balance Sheet of HB Portfolio Ltd. as at 30th September 2003 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books;

- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Section 211 (3C) of Companies Act, 1956.
- As per the information and explanations given to us, none of the directors of the Company are disqualified as on 30th September, 2003 from being appointed as Director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
  - In the case of Balance Sheet of the State of Affairs of the Company as at 30th September, 2003 and
  - In case of the Profit and Loss account of the Loss for the year ended on that.

For PBHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS

Place : Delhi  
Date : 23rd December, 2003

AMIT GOEL  
PARTNER

### ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB PORTFOLIO LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2003

(Referred to in paragraph 1 thereof)

- The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. We have been informed that the assets have been physically verified by the Management as per verification programme which in our opinion is reasonable and no material discrepancies were noticed on such verification carried out during the year.
- None of the Fixed Assets have been revalued during the year.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of section 370(6) of the Companies Act, provisions of section 370 are not applicable to the Company on or after 31st October, 1998.
- According to the information and explanations given to us, the Company has not granted loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of section 370(6) of the Companies Act, provisions of section 370 are not applicable to the company on or after 31st October, 1998. Advances have, however, been given interest free without any stipulation for recovery.
- Loans and advances to employees are interest free as well as on interest from whom instalments, wherever stipulated are being generally recovered. Other loans given and are doubtful of recovery as stated in Note No. 8 (a) of Schedule "14". Advances have also been given interest free without any stipulation for recovery.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of investments and other assets.
- The Company has entered into transactions for sale and purchase of Securities with firms/ companies and other parties listed in the register maintained under section 301 of the Companies Act, 1956 aggregating to more than Rs. 50,000/- during the year. These transactions have taken place at prevailing market prices.
- As per the information and explanation given to us, the Company has not accepted any deposit from the Public during the year.
- In our opinion the Company has an internal audit system commensurate with the size of the company and the nature of its business.
- According to the records of the Company, it has been regular in depositing the Provident Fund dues with the appropriate authorities during the year. As explained to us, the provision of Employees State Insurance Scheme do not apply to the company.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 30th September, 2003 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice nor have we been informed of any such expenses by the management.
- In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the company in respect of the loans and advances granted on the basis of security by way of pledge of shares and other securities.
- We are informed that provisions of any Special Statute applicable to Chit Funds, Nidhi or Mutual benefit society do not apply to the Company.
- The service activities of the Company are such that the question of allocation of man hours to the relative jobs does not arise. Consequently the authorisation and control on the allocation of labour to jobs is not applicable.
- The Company has maintained proper records of transactions and contracts in respect of Investment in securities and timely entries have been made therein. All the investments have been held by the company in its own name or pledged with banks & other except shares valuing Rs. 31,04,990/- at year end either sent for transfer to the companies or held with corresponding transfer deeds or being in the process of dematerialisation in its name. As per Depository Participants statements there are some shares in the name of Company pertaining to others for which, as explained to us, the Company has obtained/in the process of obtaining confirmations from the respective parties.
- The Company is not a Sick unit within the meaning of Section 3(1)(0) of Sick Industries Companies (Special Provisions) Act, 1985.
- Other clauses of the aforesaid order are not applicable to the company during the year under review.

For PBHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS

Place : Delhi  
Date : 23rd December, 2003

AMIT GOEL  
PARTNER


**BALANCE SHEET AS AT 30TH SEPTEMBER, 2003**

Particulars	Schedules	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	122583123	122583123
Reserves & Surplus	2	502225885	574552002
<b>Loans Fund</b>			
Secured Loans	3	162989444	128376278
Unsecured Loans	4	10000000	20000000
<b>Total</b>		<u>797798452</u>	<u>845511402</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	3428046	4998058
Less : Depreciation		1149539	1223613
<b>Net Block</b>		<u>2278507</u>	<u>3774445</u>
Investments	6	434146460	490352354
<b>SHARE APPLICATION MONEY</b> (Pending Allotment)			
		45250000	21000000
		<u>479396460</u>	<u>511352354</u>
<b>Current Assets, Loans &amp; Advances</b>			
a) Sundry Debtors		25706303	46549164
b) Cash & Bank Balances		51127433	4582911
c) Loans and Advances		319149377	292350846
		<u>395983113</u>	<u>343482921</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
a) Liabilities	8	14895538	11494062
b) Provisions		64894023	1537218
		<u>79789561</u>	<u>13031280</u>
<b>Net Current Assets</b>		<u>316193552</u>	<u>330451641</u>
<b>Deferred Tax Liability</b>			
Miscellaneous Expenditure	9	209174	298880
(to the extent not written off/adjusted)		139107	231842
Debit Balance in Profit & Loss Account less-Adjusted against the balance in		77756814	5430697
<b>General Reserve as per Contra</b>		<u>77756814</u>	<u>5430697</u>
<b>Total</b>		<u>797798452</u>	<u>845511402</u>
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our Report of even date

 For P. Bholusaria & Co.  
Chartered Accountants

Amit Goel	Ajay Saini	Anil Goyal	J M L Suri
Partner	Company Secretary	Managing Director	Director

Place : New Delhi

Date : 23rd December, 2003

For and on behalf of the Board

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

Particulars	Schedules	Year Ended 30th Sep., 2003 (Rs.)	Year Ended 30th Sep., 2002 (Rs.)
<b>INCOME</b>			
Income from Operations and Other Income	10	17126759	5957952
<b>Total</b>		<u>17126759</u>	<u>5957952</u>
<b>EXPENDITURE</b>			
a) Administrative & Other Expenses	11	7050610	11327987
b) Interest & Financial Charges	12	17821970	24588180
c) Miscellaneous Expenditure Written off		92735	92735
d) Depreciation		422478	367095
e) Provision For Doubtful Loans (Refer Note No. 8(a) of Schedule 14)		56498972	0
f) Provision For Doubtful Debts (Refer Note No. 8(b) of Schedule 14)		6913734	0
<b>Total</b>		<u>88800499</u>	<u>36375997</u>
Profit/Loss during the year before Taxation		-71673740	-30418045
<b>Provision For Taxation</b>			
— Current		—	—
— Deferred Tax Charge (Credit)		(89706)	24726
Profit/Loss After Taxation		-71584034	-30442771
Prior Period Adjustment		-742083	816111
Balance brought forward From last Year		-5430697	25828185
Balance carried forward to Balance Sheet		<u>-77756814</u>	<u>-5430697</u>
Basic and Diluted Earning Per Share (In Rs.)		-5.64	-2.44
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our Report of even date

 For P. Bholusaria & Co.  
Chartered Accountants

Amit Goel	Ajay Saini	Anil Goyal	J M L Suri
Partner	Company Secretary	Managing Director	Director

Place : New Delhi

Date : 23rd December, 2003

For and on behalf of the Board

Particulars	As at 30th September, 2003 (Rs.)	As at 30th September, 2002 (Rs.)
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**SCHEDULE '1' : SHARE CAPITAL**
**AUTHORISED**

2,00,00,000 Equity Shares of Rs. 10/- each.

1,00,00,000 Redeemable Preference Shares of Rs. 10/-each.

200000000	200000000
100000000	100000000
<u>300000000</u>	<u>300000000</u>

**ISSUED, SUBSCRIBED, AND PAID-UP**

1,28,21,630 Equity Shares of Rs. 10/-each

Less : Allotment Money Receivable (Other than Directors)

128216300	128216300
5633177	5633177
<u>122583123</u>	<u>122583123</u>
<b>Total</b>	<b>Total</b>
<u>122583123</u>	<u>122583123</u>

**SCHEDULE '2' : RESERVE AND SURPLUS**
**SHARE PREMIUM ACCOUNT**

As per last Account

Less : Allotment Money Receivable

527224343	527224343
27790790	27790790
<u>499433553</u>	<u>499433553</u>

**GENERAL RESERVES ACCOUNT**

As per Last Account

Less : Deferred Tax Liability as on 01.10.2001

80549146	80823300
—	274154
<u>80549146</u>	<u>80549146</u>

Less : Debit Balance in Profit &amp; Loss Account as per Contra

77756814	5430697
<u>2792332</u>	<u>75118449</u>
<b>Total</b>	<b>Total</b>
<u>502225885</u>	<u>574552002</u>


**SCHEDULE '3' : SECURED LOANS**

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>OVERDRAFT FACILITY</b>		
FROM BANKS	132989444	98376277
(SECURED AGAINST PLEDGE OF SHARES)		
INTER-CORPORATE LOANS (SECURED AGAINST PLEDGE OF SHARES)	30000000	30000000
<b>Total</b>	<b>162989444</b>	<b>128376278</b>

**SCHEDULE '4' : UNSECURED LOANS**

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
INTER CORPORATE LOANS	10000000	20000000
<b>Total</b>	<b>10000000</b>	<b>20000000</b>

**SCHEDULE '5' : FIXED ASSETS (AS ON 30.09.2003)**

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.2002 (1)	Additions (2)	Deletion (3)	As at 30.09.2003 (4)	As at 1.10.2002 (5)	For the year (6)	Adjustments (7)	Upto 30.09.2003 (8)	As at 30.09.2003 (9)	As at 30.09.2002 (10)
Data Processing										
Machinery	682790	—	—	682790	479567	110680	—	590247	92543	203223
Office Equipments	271476	6800	—	278276	63464	13113	—	76577	201699	208012
Furniture & Fixture	21643	—	—	21643	4629	1370	—	5999	15644	17014
Vehicles	4022149	—	1576812	2445337	675953	297315	(496552)	476716	1968621	3346196
<b>TOTAL</b>	<b>4998058</b>	<b>6800</b>	<b>1576812</b>	<b>3428046</b>	<b>1223613</b>	<b>422478</b>	<b>(496552)</b>	<b>1149539</b>	<b>2278507</b>	<b>3774445</b>
Previous Year	3342007	1656051	0	4998058	856518	367095	0	1223613	3774445	2485489

**SCHEDULE '6' : INVESTMENTS - LONG TERM**

Name of the Company	Face Value (Rs.)	As at 30th September, 2003		As at 30th September, 2002		
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)	
<b>(A) QUOTED (TRADE) FULLY PAID-UP EQUITY SHARE</b>						
AMRIT BANASPATI LTD	10	509	19342	509	19342	
AVON ORGANICS LTD.	10	74471	2885751	125000	4843750	
ANDHRA BANK LTD.	10	0	0	171000	2994300	
ALPS INDUSTRIES LTD.	10	50000	6055228	50000	6055228	
BALLARPUR INDUSTRIES LTD.	10	183585	7892161	325085	13368861	
CEAT LTD.	10	308290	11427023	374379	14928422	
COCHIN REFINERY LTD.	10	0	0	150	9150	
CROMPTON GREAVES LIMITED	10	275432	13542354	102162	3703438	
EICHER LTD.	10	0	0	2950	144550	
ESSAR STEELS LTD.	10	0	0	750	5698	
HILTON RUBBER LTD.	10	168	6784	168	6784	
HINDUSTAN SANITORY WARE LTD.	10	15405	2387775	15405	2387775	
INDOGULF CORPORATION LTD.	10	0	0	25000	1215000	
ISI BARS LTD.	10	131010	1473863	408595	4596694	
JINDAL IRON & STEEL CO. LTD.	10	20000	710228	23000	639400	
JINDAL PHOTO LTD.	10	43700	2062804	50200	2369628	
JAI PRAKASH INDUSTRIES LTD.	10	798431	25654936	1105001	35569732	
KEC INTERNATIONAL LTD.	10	25300	507328	25300	507328	
KERALA CHEMICALS LTD.	10	1150	29555	2350	60395	
KESORAM INDUSTRIES LTD.	10	0	0	10000	93468	
KESORAM TEXTILES LTD.	10	49699	357071	49699	357071	
NAHAR SPINNING MILLS LTD.	10	6150	541815	7150	629915	
RAYMONDS LTD.	10	140	13175	140	13175	
RRB SECURITIES LTD.	10	100000	10000000	100000	10000000	
RELIANCE PETRO LTD.	10	0	0	42600	2031502	
RELIANCE INDUSTRIES LTD.	10	4000	2061672	0	0	
RELIANCE CAPITAL LTD.	10	299	37824	299	37824	
SILVERLINE TECHNOLOGY LTD.	10	1500	37220	0	0	
SPIC LTD.	10	0	0	8951	196922	
SHIPPING CORPORATION OF INDIA LTD.	10	18000	1264793	23000	1616124	
SURYA ROSHNI LTD.	10	0	0	585	7343	
TISCO LTD.	10	2500	337796	28000	3612176	
TATA TEA LTD.	10	100	58345	100	58345	
THOMAS COOK INDIA LTD.	10	4493	1466550	3563	1410778	
ULTRA MARINE LTD.	10	15000	2304057	15000	2376300	
VIP INDUSTRIES LTD.	10	0	0	600	12215	
VISUAL SOFTWARE LTD.	10	10500	9037882	8500	8657882	
<b>Total - A</b>			<b>2139832</b>	<b>102173331</b>	<b>3105191</b>	<b>124536513</b>
<b>(B) IN MUTUAL FUNDS (NON-TRADE), UNQUOTED</b>						
TAURUS MUTUAL FUND - LIBRA LEAP 96	10			3538600	35378384	
TAURUS MUTUAL FUND - LIBRA TAX SHEILD-96	10	1000000	9590000	1000000	9590000	
SBI MULTIPLIER'S	10	500	5220	500	5220	
TAURUS MUTUAL FUND- BONANZA EXCLUSIVE GROWTH SCHEME	10	88537	853174	0	0	
<b>INVESTMENTS AS SPONSOR'S IN TAURUS MUTUAL FUND</b>						
CORPUS			200000	—	100000	
LIBRA LEAP 96	10	0	0	5500000	55000000	
BONANZA EXCLUSIVE GROWTH SCHEME	10	5705797	55449236	0	0	
<b>Total - B</b>			<b>6794834</b>	<b>66097630</b>	<b>10039100</b>	<b>100073604</b>
<b>(C) UNQUOTED (NON-TRADE) FULLY PAID-UP EQUITY SHARES</b>						
CREDIT CAPITAL INVESTMENT TRUST CO. LTD.	10	49040	498999	14390	149900	
HB INSURANCE ADVISORS PVT LTD.	10	20010	200100	20010	200100	
CREDIT CAPITAL ASSET MANAGEMENT CO. LTD.	10	5020000	45590000	5020000	45590000	
HAR SAI INVESTMENTS LTD.	10	200000	2000000	200000	2000000	



Name of the Company	Face Value (Rs.)	As at 30th September, 2003		As at 30th September, 2002	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
<b>IN SUBSIDIARY COMPANIES</b>					
HB SECURITIES LTD	10	5707570	74075700	5707570	74075700
HB PORTFOLIO INTERNATIONAL LTD. (Face Value of US \$ 1 Per Share)		0	0	5050	215837
HB CORPORATE SERVICES LTD.	10	4251070	51010700	4251070	51010700
<b>Total - C</b>		15247690	173375499	15218090	173242237
<b>(D) INVESTMENTS IN OFCD-UNQUOTED (NON TRADE)</b>					
HAR SAI INVESTMENTS LTD.	1000	92500	92500000	92500	92500000
<b>Total - D</b>		92500	92500000	92500	92500000
<b>Total- A + B + C + D</b>		24274856	434146460	28454881	490352354

- a) Market Price of Quoted Investments (Other than Mutual Fund Units)Rs.145294275/-(Previous Year Rs.92051704/-) and cost of Quoted investments Rs.102173331/- (Previous Year Rs. 124536513/-)
- b) Net asset value of Investments in units of Mutual Fund Rs.105088751/-(Previous year Rs 94355008/-) and cost of units of Mutual fund Rs.66097630/-( Previous Year Rs. 100073604/-)
- c) Market Price of Investments Listed but not Quoted have been taken at Cost.
- d) Investments amounting to Rs.74297726/- are given as Margin or pledged with bank and others.

#### SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>A. CURRENT ASSETS</b>		
<b>a) *Sundry Debtors</b>		
(Unsecured, considered good unless otherwise stated)		
— Outstanding exceeding Six months		
— Considered Good	0	38426245
— Considered Doubtful	6913734	0
— Others	18792569	8122919
<b>b) Cash &amp; Bank Balance</b>		
— Cash in hand (As certified by the Management)	124928	116415
— Balance with Scheduled Banks in current accounts	51002505	4466496
<b>Total 'A'</b>	<b>76833736</b>	<b>51132075</b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, considered good Unless Otherwise stated)		
<b>a) Loans (Also Refer note no. 8 (a) of schedule-14)</b>		
(Including interest receivable Rs.1448972/-)		
— Considered Good	0	56498972
— Considered Doubtful	56498972	0
<b>b) Advances Recoverable in cash or in kind or for value to be received.</b>		
(Includes Rs.189815/-(Previous Year 173265/-)	253155033	225754247
Due from Subsidiary Company HB Corporate Services Ltd.		
c) Advance Tax & Tax Deducted at Source	9053712	9909127
d) Security Deposits With Govt Dept.and others	441660	188500
<b>Total 'B'</b>	<b>319149377</b>	<b>292350846</b>
<b>Total 'A' + 'B'</b>	<b>395983113</b>	<b>343482921</b>

\* Includes Due From Subsidiary Company HB Securities Ltd. Rs.8725310/-(Previous year Rs. 7195065/-)

#### SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

<b>CURRENT LIABILITIES</b>		
a) Sundry Creditors (Due to Small Scale Industrial- Undertakings NIL.(Previous Year NIL))	2873605	3247493
b) Cheques over issued in Current Account	37704	36567
c) Advance from Customers	9965000	6195000
d) Other liabilities	1130573	1440358
e) Interest Accrued But Not Due	888656	574644
<b>Total</b>	<b>14895538</b>	<b>11494062</b>
<b>PROVISIONS</b>		
a) For income tax	600000	600000
b) For Gratuity	425997	429969
c) For Leave encashment	455320	507249
d) For Doubtful Loans	56498972	0
e) For Doubtful Debts	6913734	0
	64894023	1537218
<b>Total</b>	<b>79789561</b>	<b>13031280</b>

#### SCHEDULE '9' : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

<b>PRELIMINARY EXPENSES</b>			
As per last Account	231842	324577	
Less : Proportionate amount Written off	92735	92735	231842
<b>Total</b>	<b>139107</b>	<b>231842</b>	

#### SCHEDULE '10' : INCOME FROM OPERATIONS AND OTHER INCOME

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
Profit(-Loss) On sale of Long Term Investments (Net)	13156358	1243751
Dividend Income (Gross)		
— On Long Term Trade Investments	1206069	2064680
— On Long Term (Non Trade) Investments (Tax deducted at source Rs. 221404/- (Previous Year 65072))	1100000	0
Income from Services rendered/Commission (Net) (Tax deducted at source Rs. 44847/- (Previous Year 193242/-)	1149768	2502020
Other Income	514564	147501
<b>Total</b>	<b>17126759</b>	<b>5957952</b>

#### SCHEDULE '11' : ADMINISTRATIVE & OTHER EXPENSES

Salaries & Benefits	1035450	3923874
Contribution to Provident & other funds	80280	283299
Managing Director's remunerations	1215000	1215000
Travelling & Conveyance	447902	1240093
Postage, Telegram and Telephone	972444	1269673
Repair & Maintenance	148599	176196
Printing & Stationery	356301	398840
Legal & Professional	596648	1067925
Loss on Sale of Fixed Assets	220260	0
Electricity	121517	31409
Advertisement	28208	22873
Winding Up Of Subsidiary	536327	0
Vehicle Running And Maintenance	192623	211196
Director Sitting fees	72000	62000
Insurance	22931	61837
Safetynet Facility	0	70947
Rent	394160	294720
Depository Participant Charges	27084	156045
Miscellaneous	500688	787197
Auditors Remuneration		
— Audit fees	37800	36750
— Tax Audit Fees	15750	15750
— Others	28638	2363
<b>Total</b>	<b>7050610</b>	<b>11327987</b>

#### SCHEDULE '12' : INTEREST & FINANCIAL CHARGES

On Loan From Bank	10893416	13848705
On Loan From Others	6784996	10659313
Vehicle Finance Charges	143558	80162
<b>Total</b>	<b>17821970</b>	<b>24588180</b>

#### SCHEDULE '13' : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the Statement of Accounts for the year ended 30th September 2003.

##### A. System of Accounting: -

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

##### B. Revenue Recognition :

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

4. Shares/Debentures/units are capitalised at cost inclusive of brokerage. Transfer stamps and depositary charges are charged directly to the profit and loss account. Purchase & Sales of Shares/Debentures are accounted for on the basis of bills thereof.
5. All Expenses are accounted for on accrual basis.
- C. Fixed Assets :-**  
Fixed Assets are stated at cost less depreciation.
- D. Depreciation :-**  
Depreciation is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- E. Investments :-**  
Long term Investments are valued at cost less permanent diminution, if any.
- F. Preliminary Expenses**  
Preliminary expenses are amortized proportionately to be written off over a period of ten years.
- G. Retirement Benefits :-**  
Provident fund and Superannuation Fund dues, Leave Encashments, Gratuity benefits are accounted for on accrual basis. In respect of Gratuity the Company has taken policy from LIC of India and pays contribution to it.
- H. Taxation**  
Tax expenses for the year comprise of current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised, only if there is a virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each balance sheet date based on developments during the year, further future expectations and available case laws to reassess realisation/liabilities.

**SCHEDULE '14' : NOTES ON ACCOUNTS**

Annexed to and forming part of Statement of Accounts for the Year ended 30th September, 2003.

**1. Particulars of Managerial Remuneration are as under :-**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Salary	6,00,000	6,00,000
b) Contribution to Provident And Superannuation Fund	1,62,000	1,62,000
c) House Rent	3,60,000	3,60,000
d) Gratuity	25,000	25,000
e) Earned Leave	50,000	50,000
f) Children Education Allowance	18,000	18,000
<b>TOTAL</b>	<b>12,15,000</b>	<b>12,15,000</b>

2. Debtors and Advances Includes :
- a) Due from Subsidiary Company HB Corporate Services Ltd. Rs. 1,89,815/- (Previous year Rs. 1,73,265/-) Maximum Balance outstanding at any time during the year Rs. 1,89,815/- (Previous year Rs. 1,73,265/-).
- b) Due from Subsidiary Company HB Securities Ltd. Rs. 87,25,310/- (Previous year Rs. 71,95,065/-) Maximum Balance outstanding at any time during the year Rs. 5,87,27,750/- (Previous year Rs. 2,43,42,226/-)
3. Contingent liability in respect of Guarantee issued on behalf of subsidiary company HB Securities Ltd. Rs.8 Crores (previous year Rs. 8 Crores)
4. In the opinion of management, current assets, loans and advances are approximately of the value stated, if realised, in the ordinary course of business. Balance of Debtors, Creditors, Loans & Advances are subject to confirmations.
5. Income Tax provision (including MAT) if any for the period 01.04.2003 to 30.09.2003 shall be made in next year after considering the income of whole of the year 01.04.2003 to 31.03.2004 as per the provision of Income Tax Act, 1961
6. In the opinion of management, no provision is required to be made for diminution in the value of long-term investment, as the same is temporary.
7. The Company was registered with Securities and Exchange Board of India (SEBI) as Category-I, Merchant banker and the said registration expired on 15th November 2002. On the expiration of the merchant banking registration the company has not sought its renewal and instead had made an application to SEBI for the transfer of the merchant banking registration to its wholly owned subsidiary viz, HB Corporate Services Ltd. consequent to that and in order to commence and carryout fund-based activities, the company has applied to Reserve Bank of India for being registered as Non Banking Financial Company under the provisions of Reserve Bank of India Act, 1934 The Company is following up the matter with Reserve Bank of India in this regard.
8. (a) HB Stockholdings Limited (HBSL) had extended Loan amounting to Rs.4.00 crores to M/s. Nova Electromagnetics Ltd. and Rs.1.50 crores to M/s. Nova Iron Steel Ltd. After trifurcation of HBSL, the aforesaid loans together with interest due thereon amounting to Rs.14,48,972/- were allocated to the company along with other assets and liabilities in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi. The aforesaid loans are secured by Promissory Note, Receipt, Post Dated Cheques and Personal Guarantee of Mr. R.K. Gambir, Promoter Director of the borrowing companies besides collateral security of 25 lakhs Equity Shares of M/s. Nova Steels (India) Ltd. of Rs.10/- each. On dishonour of cheques for repayment of loans, legal proceedings under Section 138 of the Negotiable Instruments Act were initiated by HBSL in the Court of Metropolitan Magistrate, Patiala House, New Delhi. The matter is still sub judice and is being pursued by the company. Although the management, in view of the above, is confident of the recovery of the aforesaid loan, as a matter of business prudence, a provision for Rs.5,64,98,972 has been made in the accounts.

- (b) Provision amounting to Rs.69,13,734/- has been made in respect of Sundry Debtors, which in the opinion of the management is doubtful of recovery. The above includes sundry debtors amounting to Rs. 51,98,294/- which were allocated, along with other Assets and Liabilities, to the company upon trifurcation of HB Stockholdings Limited in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi.
- (c) Although the provisions of Prudential Norms Directions of Reserve Bank to NBFCs, are strictly not applicable, in view of the company proposing to commence the NBFC activities after obtaining the registration with Reserve Bank, the provisioning stated in (a) and (b) above have been shown separately in the Balance Sheet under the head "Current Liabilities & Provisions" instead of setting off the same against the respective Assets.

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

Deferred tax assets	As on 30.09.2003	As on 30.09.2002
a) Expenses allowable u/s 43B of Income Tax Act.	20,135/-	—

**Deferred tax liability**

a) Fixed Assets	2,29,309/-	2,98,880/-
-----------------	------------	------------

10. In the opinion of the management, there are no separate reportable segments as per accounting standards on segment reporting (AS-17) issued by The Institute of Chartered Accountants of India.
11. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India. – As per Annexure —
12. Disclosure pursuant to Accounting Standards AS-19 for Leases :-

**A) Operating Lease**

- a) Particulars of the minimum lease payments under Operating Lease :-
- |  |                |
|--|----------------|
| I. Not Later than One year.                          | Rs. 3,80,160/- |
| II. Later than one year and not later than five year | Rs. 2,53,440/- |
| III. Later than five years                           | —              |
- b) Minimum lease payments recognised in the statement of profit & loss account during the period ended 30th September 2003 is Rs.3,80,160/-
- c) General description of the lease arrangement.
- I. Renewal Option - At the end of the lease period Lessee has the option to renew the lease for another period of three years.
- II. Escalation Clause - If the renewal option is exercised by the lessee the Rent will be increased by 20%.
- III. Restrictions imposed by lease arrangement:-
- The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
  - The lessee shall use the premises for commercial purposes only.
  - The lease can be terminated by the lessee by serving three months notice to the lessor.

**B) Financial lease (vehicle financed)**

Particulars	As on 30.09.2003	As on 30.09.2002
<b>Total Lease payments due</b>	<b>9,56,472/-</b>	<b>14,82,914/-</b>
Principle	8,55,495/-	12,47,432/-
Interest	1,00,977/-	2,35,482/-
<b>Within one year</b>		
Principle	4,45,393/-	3,91,937/-
Interest	80,476/-	1,34,505/-
<b>TOTAL</b>	<b>5,25,869/-</b>	<b>5,26,442/-</b>
<b>Later than one year but not more than five years</b>		
Principle	4,10,102/-	8,55,495/-
Interest	20,501/-	1,00,977/-
<b>TOTAL</b>	<b>4,30,603/-</b>	<b>9,56,472/-</b>
<b>Later than five years</b>		
Principle	—	—
Interest	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>

Present value of future payments.

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

**13. Earning Per Share :-**

Particulars	Current Year (in Rs.)	Previous Year (in Rs.)
— Net Profit (Loss) for the year as per Profit & Loss account.	(-) 7,15,84,036	(-) 3,04,42,771
— Less : Prior Period Adjustment	7,42,083	8,16,111
— Net Profit (Loss) available for equity Shareholders	(-) 7,23,26,119	(-) 3,12,58,882
— Weighted average no. of equity Shares outstanding.	1,28,21,630	1,28,21,630
— Basic and Diluted Earning per share (Face value of Rs.10/- each)	(-) 5.64	(-) 2.44



# HB PORTFOLIO LIMITED

## 14. Quantitative information in respect of investments :-

Particulars	Current Year		Previous Year	
	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Opening	2,84,54,881	49,03,52,354	2,72,10,247	44,34,95,379
Purchase	1,10,53,734	13,57,91,756	22,23,667	8,07,78,382
Sales	1,52,33,759	20,51,54,010	9,79,033	3,51,65,156
Closing	2,42,74,856	43,41,46,460	2,84,54,881	49,03,52,354

15. In view of facts explained in Note No.7 above, the provisions of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 are yet to be applicable on the company. However, as the company is already in the process of obtaining registration from Reserve Bank for carrying out NBFC activities, as a matter of prudent and proper practice, disclosure of details as required by Para 9BB of aforesaid directions is annexed.
16. Profit/(Loss) on sale of Long Term Investments (Net) includes Rs.32,08,623/- (Previous year Rs. Nil.) on Non Trade Investments and Rs.99,47,735/- (Previous year Rs.12,43,751/-) on Trade Investments. Profit on sale of Non-Trade Investments includes loss of Rs.2,15,837/- due to writing off of investment in Subsidiary Company HB Portfolio International Ltd. which has been wound up.
17. Expenditure in Foreign Currency.

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
a) Winding up of Subsidiary	5,36,327/-	—
b) Travelling	2,42,250/-	2,92,800/-

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

Particulars	Amount in Rs.	
	Outstanding balance as on 30.09.2003	Max balance outstanding during the year
i. Loans & Advances in the nature of loans to Subsidiaries.	Nil	Nil
ii. Loans & Advances in the nature of loans to Associates	Nil	Nil
iii. Loans & Advances in the nature of loans where there is no repayment schedule, no interest or interest below Section 372(A)* of Companies Act, 1956. 1) Nova Electromagnetics Ltd. 2) Nova Iron & Steel Ltd. * Overdue for recovery. Due to uncertainty, no interest is provided. The outstanding balance shown here is Gross. The amount outstanding (Net of provision) is Nil.	4,00,00,000/- 1,50,00,000/-	4,00,00,000/- 1,50,00,000/-
iv. Loans & Advances in the nature of Loans to firms/companies in which directors are interested.	Nil	Nil
v. Investments by loanee in the shares of parent company and subsidiary company when the company has made loan or advance in the nature of loan. 1) Nova Electromagnetics Ltd. 2) Nova Iron & Steel Ltd.	No. of Shares Nil Nil	Amount (In Rs.) Nil Nil

19. Information pursuant to Part IV of Schedule VI of Companies Act, 1956 is annexed.
20. Previous year figures have been regrouped/rearranged wherever necessary.
21. Schedule 1 to 14 from an integral part of the accounts.

For P. Bholusaria & Co. Chartered Accountants

Amit Goel Partner      Ajay Saini Company Secretary      Anil Goyal Managing Director      J M L Suri Director

Place : New Delhi  
Date : 23rd December, 2003

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

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

1. List of related parties with whom transactions have taken place and relationship :-
- a) Subsidiaries :-
- HB Securities Ltd.
  - HB Corporate Services Ltd.
- b) Key Managerial Personnel
- Sh. Anil Goyal, Managing Director
- c) Enterprise over which significant influence exists :-
- Credit Capital Asset Management Company Ltd.
  - HB Insurance Advisors Pvt. Ltd.

## 2. Transactions during the year with Related Parties.

Nature of Transaction	Related Party (Amt. in Rs.)		
	Referred in 1 (a) above	Referred in 1 (b) above	Referred in 1 (c) above
1. Purchase of Investments	91,80,618 (3,14,35,301)	— (—)	— (—)
2. Sale of Investments	3,37,76,668 (2,64,34,135)	— (—)	— (—)
3. Share Dealing	6,427 (49,376)	— (—)	— (—)
4. Depository Charges paid	26,643 (99,687)	— (—)	— (—)
5. Advances given	— (—)	— (—)	— (60,000)
6. Reimbursement of expenses	16,550 (12,850)	— (—)	— (2,40,614)
7. Remuneration & Other Services	— (—)	12,15,000 (12,15,000)	— (—)
8. Guarantee issued by the Company	8,00,00,000 (8,00,00,000)	— (—)	— (—)
9. Outstanding as on 30.09.2003			
– Receivables in respect of Current Assets.	89,15,125 (73,38,330)	— (—)	4,60,000 (4,60,000)
– Payable in respect of Current Liabilities	— (—)	— (—)	3,80,160 (—)

Note : Figures in bracket relates to previous year.

For P. Bholusaria & Co. Chartered Accountants

Amit Goel Partner      Ajay Saini Company Secretary      Anil Goyal Managing Director      J M L Suri Director

Place : New Delhi  
Date : 23rd December, 2003

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

<b>I. Registration Details</b>	
Registration No.	34148
State Code	05
Balance Sheet Date	30th September, 2003
<b>II. Capital Raised during the year</b>	(Rs.in thousand)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>III. Position of Mobilisation and Development of Funds</b>	
Total Liabilities	797798
Total Assets	797798
<b>Sources of Funds</b>	
Paid-up Share Capital	122583
Reserves & Surplus	502226
Secured Loans	162989
Unsecured Loans	10000
<b>Application of Funds</b>	
Net Fixed Assets	2279
Investments	479396
Net Current Assets	315984
Miscellaneous Expenditure	139
<b>IV. Performance of the Company</b>	
Total Turnover	17127
Total Expenditure	88800
Profit/Loss Before Tax	(-) 71674
Profit/Loss After Tax	(-) 71584
Prior Period Adjustment	(-) 742
Earnings per share (Rs.)	(-) 5.64
Dividend rate (%)	Nil
<b>V. Generic names of principal Products/Services of Company (as per monetary terms)</b>	
Item Code	N.A
Product Description	Merchant Banking & Financial Advisory Services
Item Code	N.A
Product Description	Investments

For P. Bholusaria & Co. Chartered Accountants

Amit Goel Partner      Ajay Saini Company Secretary      Anil Goyal Managing Director      J M L Suri Director

Place : New Delhi  
Date : 23rd December, 2003





# HB PORTFOLIO LIMITED (Consolidated Accounts)

## AUDITOR'S REPORT

### TO 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 30th September, 2003 and the Consolidated Profit & Loss Account for the year ended annexed thereto.

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 Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of HB Portfolio Ltd. and its two subsidiaries as at 30th September, 2003 and
- The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of HB Portfolio Ltd. and its two subsidiaries for the year then ended.

For PBHOLUSARIA & CO.  
Chartered Accountants

Place : Delhi  
Date : 23rd December, 2003

AMIT GOEL  
PARTNER

## CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2003

Particulars	Schedules	As at	As at
		30th Sep., 2003 (In Rs.)	30th Sep., 2002 (In Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	122583123	122583123
Reserves & Surplus	2	499433553	560499497
<b>Loans Fund</b>			
Secured Loans	3	241880505	188320611
Unsecured Loans	4	10000000	20000000
<b>TOTAL</b>		<b>873897181</b>	<b>891403231</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	11199248	12692760
Less : Depreciation		6407393	5560183
<b>Net Block</b>		<b>4791855</b>	<b>7132577</b>
<b>Investment</b>			
- In Associates		50867378	57790100
- In Others		276766107	336037704
<b>Share Application Money (Pending Allotment)</b>			
		45250000	21000000
		372883485	414827804
<b>Current Assets, Loans &amp; Advances</b>			
a) Stock In Trade	6	29963	159401
b) Sundry Debtors		105554765	129678998
c) Cash & Bank Balances		70490381	16992724
d) Loans and Advances		406509619	366868159
		582584728	513699282
<b>Less : Current Liabilities &amp; Provisions</b>			
a) Liabilities		45639300	39479699
b) Provisions		67621003	4212198
		113260303	43691897
Net Current Assets		469324425	470007385
Deferred Tax Liability		791913	1059332
<b>Miscellaneous Expenditure</b>			
(to the extent not written off/adjusted)	8	352766	494797
Debit Balance in Profit & Loss Account (As per Annexed Account)	107073090		18670583
Less - Adjusted against the balance in General Reserve as per Contra	79736527	27336563	18670583
<b>TOTAL</b>		<b>873897181</b>	<b>891403231</b>
Significant Accounting Policies	12		
Notes on Accounts	13		

As per our Report of even date annexed thereto

For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

Amit Goel Partner	Ajay Saini Company Secretary	Anil Goyal Managing Director	J M L Suri Director
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Place : New Delhi  
Date : 23rd December, 2003

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003

Particulars	Schedules	Year Ended	Year Ended
		30th Sep. 2003 (Rupees)	30th Sep. 2002 (Rupees)
<b>INCOME</b>			
Income from Operations and Other Income	9	21492169	10990030
<b>Total</b>		<b>21492169</b>	<b>10990030</b>
<b>EXPENDITURE</b>			
a) Administrative & Other Expenses	10	11327315	17095817
b) Interest & Financial Charges	11	25772476	33521771
c) Miscellaneous Expenditure Written off		142031	142031
d) Depreciation		1343762	1280433
e) Provision For Doubtful Loans		56498972	—
f) Provision For Doubtful Debts		6913734	—
<b>Total</b>		<b>101998290</b>	<b>52040052</b>
Profit/(Loss) for the year before Taxation		-80506121	-41050022
<b>Provision For Taxation</b>			
— Current		—	—
— Deferred		267419	27441
<b>Profit/Loss After Taxation</b>		<b>-80238702</b>	<b>-41022581</b>
Share of Profit/(Loss) in Associates		-7421721	0
Prior Period Adjustment		-742083	-925011
Balance brought forward From last Year		-18670583	23277009
<b>Balance carried forward to Balance Sheet</b>		<b>-107073090</b>	<b>-18670583</b>
Basic and Diluted Earning Per Share (In Rs.)		(6.89)	(3.27)
Significant Accounting Policies	12		
Notes on Accounts	13		

As per our Report of even date annexed thereto

For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

Amit Goel Partner	Ajay Saini Company Secretary	Anil Goyal Managing Director	J M L Suri Director
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Place : New Delhi  
Date : 23rd December, 2003

## SCHEDULE '1' : SHARE CAPITAL

Particulars	As at	As at
	30th Sep., 2003 (Rs.)	30th Sep., 2002 (Rs.)
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of Rs. 10/- each.	200000000	200000000
1,00,00,000 Redeemable Preference Shares of Rs.10/-each.	100000000	100000000
	300000000	300000000

Particulars	As at	As at
	30th Sep., 2003 (Rs.)	30th Sep., 2002 (Rs.)
<b>ISSUED, SUBSCRIBED, AND PAID-UP</b>		
1,28,21,630 Equity Shares of Rs.10/-each	128216300	128216300
Less : Allotment Money Receivable	5633177	5633177
(Other than Directors)		
<b>TOTAL</b>	<b>122583123</b>	<b>122583123</b>

# HB PORTFOLIO LIMITED (Consolidated Accounts)



## SCHEDULE '2' : RESERVES AND SURPLUS

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Account	527224343	527224343
Less: Allotment Money Receivable	27790790	27790790
	499433553	499433553
<b>GENERAL RESERVES ACCOUNT</b>		
As per Last Account	79736527	80823300
Less: Deferred Tax Liability as on 1.10.01	—	1086773
	79736527	79736527
Less: Debit Balance in Profit & Loss Account as per Contra	79736527	—
	—	18670583
	—	61065944
<b>TOTAL</b>	<b>499433553</b>	<b>56049497</b>

## SCHEDULE '3' : SECURED LOANS

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>OVERDRAFT FACILITY FROM BANKS</b> (SECURED AGAINST PLEDGE OF SHARES)	211880505	158320611
<b>INTER-CORPORATE LOANS</b> (SECURED AGAINST PLEDGE OF SHARES)	30000000	30000000
<b>TOTAL</b>	<b>241880505</b>	<b>188320611</b>

## SCHEDULE '4' : UNSECURED LOANS

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>INTER CORPORATE LOANS</b>	10000000	20000000
<b>TOTAL</b>	<b>10000000</b>	<b>20000000</b>

## SCHEDULE '5' : FIXED ASSETS (AS ON 30.09.2003)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.2002 (1)	Additions (2)	Deletion (3)	As at 30.09.2003 (4)	As at 1.10.2002 (5)	For the year (6)	Adjustment (7)	Upto 30.09.2003 (8)	As at 30.09.2003 (9)	As at 30.09.2002 (10)
Data Processing Machinery	4298305	76500	—	4374805	3109170	698603	—	3807773	567032	1189135
Office Equipment	414521	6800	—	421321	76639	19908	—	96547	324774	337882
Furniture & Fixture	21643	—	—	21643	4629	1370	—	5999	15644	17014
Vehicles	6961081	—	1576812	5384269	2258030	576514	(496552)	2337992	3046277	4703051
Generator	997210	—	—	997210	111715	47367	—	159082	838128	885495
<b>TOTAL</b>	<b>12692760</b>	<b>83300</b>	<b>1576812</b>	<b>11199248</b>	<b>5560183</b>	<b>1343762</b>	<b>(496552)</b>	<b>6407393</b>	<b>4791855</b>	<b>7132577</b>
PREVIOUS YEAR	10927441	1765319	—	12692760	4279750	1280433	—	5560183	7132577	—

## SCHEDULE '6' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>A. CURRENT ASSETS</b>		
a) Stock In Trade	29963	159401
b) Sundry Debtors (Unsecured considered good unless otherwise stated)		
- Outstanding exceeding Six months	—	—
- Considered Good	130870	31539374
- Considered Doubtful	6913734	0
Others	98510161	98139624
c) Cash & Bank Balance		
- Cash in hand	233262	769406
(As certified by the Management)		
- Balance with Scheduled Banks in current accounts	62240272	5398549
cheques in hand	130114	3124117
fixed Deposit (Including interest accrued)	7886733	7700652
<b>Total 'A'</b>	<b>176075109</b>	<b>146831123</b>
<b>B. LOANS AND ADVANCES</b> (Unsecured considered good Unless Otherwise stated)		
a) Loans (Also Refer note no. 5 (a) of Schedule-13) (Including interest receivable Rs.1448972/-)		
- Considered Good	0	56498972
- Considered Doubtful	56498972	0
b) Advances Recoverable in cash or in kind or for value to be received.	307082882	273984985
c) Advance Tax & Tax Deducted at Sources	11912605	12822202
d) Security Deposits With Govt Dept. and others	31015160	23562000
<b>Total 'B'</b>	<b>406509619</b>	<b>366868159</b>
<b>TOTAL 'A' + 'B'</b>	<b>582584728</b>	<b>513699281</b>

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

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>PRELIMINARY EXPENSES</b>		
As per last year	494797	636828
Less : Proportionate amount Written off	142031	352766
<b>TOTAL</b>	<b>352766</b>	<b>494797</b>

## SCHEDULE '9' : INCOME FROM OPERATIONS AND OTHER INCOME

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Profit/(Loss) On sale of Investments (Net)	11931272	1262875
Dividend Income (Gross)		
- On Long Term Trade Investments	1206069	2123105
- On Long Term (Non Trade) Investments	1108000	0
- On stock in trade	1793	2558
(Tax deducted at sources Rs. 221404/- (Previous Year Rs. 66232/-)		
Income from Services rendered/Commission (Net)	6135842	6771570
(Tax deducted at sources Rs.45533/- (Previous Year Rs.202016/-)		
Interest on fixed deposit (Tax deducted at sources Rs.141474/- (Previous Year Rs. 176377/-)	583860	682421
Misc. Income	525333	147501
<b>TOTAL</b>	<b>21492169</b>	<b>10990030</b>

## SCHEDULE '10' : ADMINISTRATIVE & OTHER EXPENSES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Salaries & Benefits	2527482	5605298
Contribution to Provident & other funds	203031	411695
Managing Director's remunerations	1215000	1215000
Travelling & Conveyance	687246	1474111
Postage, Telegram and Telephone	1153083	1502622
Repair & Maintenance	684251	799454
Printing & Stationery	368526	421979
Legal & Professional Charges	806659	1289854
Loss on Sale of Fixed Assets	220260	0
Electricity expenses	347577	336197
Advertisement Expenses	28208	22873
Vehicle Running And Maintenance	192623	211196
Winding Up Of Subsidiary	536327	0
Director Sitting fees	72000	62000
Insurance Expenses	93109	127233
Transaction charges	71273	395048
VSAT CHARGES	244754	487809
Safelynet Facility expenses	0	70947
Rent	394160	294720
Depository Participant Charges	441	56358
Miscellaneous Expenses	1347573	2204358
Auditors Remuneration		
- Audit fees	68800	66900
- Tax Audit Fees	36294	37804
- Others	28638	2363
<b>TOTAL</b>	<b>11327315</b>	<b>17095817</b>

## SCHEDULE '7' : CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>CURRENT LIABILITIES</b>		
a) Sundry Creditors (Due to Small Scale Industrial- Undertakings NIL)	17293701	8387957
b) Cheques over issued in Current Account	116374	18021564
c) Advance from Customers	9963996	7195000
d) Other liabilities	1190573	1440534
e) Interest Accrued But Not Due	888656	574644
f) Margin money received	16246000	3860000
<b>TOTAL</b>	<b>45639300</b>	<b>39479699</b>
<b>PROVISIONS</b>		
a) For Income Tax	3132000	3132000
b) For Gratuity	516997	478969
c) For Leave encashment	559300	601229
d) For Doubtful Loans	56498972	0
e) For Doubtful Debts	6913734	0
<b>TOTAL</b>	<b>67621003</b>	<b>4212198</b>
<b>GRAND TOTAL</b>	<b>113260303</b>	<b>43691897</b>

## HB PORTFOLIO LIMITED (Consolidated Accounts)



### SCHEDULE '11' : INTEREST & FINANCIAL CHARGES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
On Loan From Bank	18843922	22782296
On Loan From Others	6784996	10659313
Vehicle Finance Charges	143558	80162
<b>TOTAL</b>	<b>25772476</b>	<b>33521771</b>

### SCHEDULE '12' : SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the statement of Accounts for the year ended 30th September, 2003

#### A. PRINCIPLES OF CONSOLIDATION

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

- The Financial statements of the Company and the subsidiary company have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses.
- As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances and are presented to, in the same manner as the company's separate financial statements.
- In case of associates, where the company directly or indirectly through subsidiaries holds more than 20% of the equity, Investments in Associates are accounted for using equity method in accordance with The Accounting Standard (AS 23) – "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
- The company accounts for its shares in the change in net assets of the associates, post acquisition after eliminating unrealised profit & loss resulting from transaction between the company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balances, based on available information.

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

#### C. OTHER SIGNIFICANT ACCOUNTING POLICY

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

### SCHEDULE '13' : NOTES ON ACCOUNTS

Annexed to and forming part of Statement of Accounts for the Year ended 30th September, 2003.

- 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 end
HB Securities Ltd.	India	100% subsidiary of HB Portfolio Ltd.	30.09.2003
HB Corporate Services Ltd.	India	100% subsidiary of HB Portfolio Ltd.	30.09.2003

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

Sl. No.	Name of Associate	Country of Company	Proportion of ownership Incorporation Interest
(i)	Credit Capital Asset Management Co. Ltd.	India	50%
(ii)	Credit Capital Investment Trust Co. Ltd.	India	50%
(iii)	HB Insurance Advisors Pvt. Ltd.	India	39.96%
(iv)	Menwanjee Securities Ltd.	India	48%

- Particulars of Managerial Remuneration are as under :-

Particulars	Current year (Rs.)	Previous year (Rs.)
a) Salary	6,00,000	6,00,000
b) Contribution to Provident & Superannuation Fund	1,62,000	1,62,000
c) House Rent	3,60,000	3,60,000
d) Gratuity	25,000	25,000
e) Earned Leave	50,000	50,000
f) Children Education Allowance	18,000	18,000
<b>TOTAL</b>	<b>12,15,000</b>	<b>12,15,000</b>

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

- (a) HB Stockholdings Limited (HBSL) had extended Loan amounting to Rs.4.00 crores to M/s. Nova Electromagnetics Ltd. and Rs.1.50 crores to M/s. Nova Iron Steel Ltd. After trituration of HBSL, the aforesaid loans together with interest due thereon amounting to Rs.14,48,972/- were allocated to the company along with other assets and liabilities in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi. The aforesaid loans are secured by Promissory Note, Receipt, Post Dated Cheques and Personal Guarantee of Mr. R.K. Gambir, Promoter Director of the borrowing companies besides collateral security of 25 lakhs Equity Shares of M/s. Nova Steels (India) Ltd. of Rs.10/- each. On dishonour of cheques for repayment of loans, legal proceedings under Section 138 of the Negotiable Instruments Act were initiated by

HBSL in the Court of Metropolitan Magistrate, Patiala House, New Delhi. The matter is still sub judice and is being pursued by the company.

Although the management, in view of the above, is confident of the recovery of the aforesaid loan, as a matter of business prudence, a provision for Rs.5,64,98,972 has been made in the accounts.

- Provision amounting to Rs.69,13,734/- has been made in respect of Sundry Debtors, which in the opinion of the management is doubtful of recovery. The above includes sundry debtors amounting to Rs. 51,98,294/- which were allocated, along with other Assets and Liabilities, to the company upon trituration of HB Stockholdings Limited in terms of the Scheme of Arrangement approved by the shareholders and sanctioned by the High Court of Delhi.

- In the opinion of management, no provision is required to be made for diminution in the value of long term investment as the same is temporary.
- Deferred Tax Liability (Net) consists of the following :-

Deferred Tax Liability	As on 30.09.2003	As on 30.09.2002
- Fixed Assets	8,26,398	10,63,007
<b>Deferred Tax Assets</b>		
- Expenses allowable on payment basis u/s 43B of Income Tax Act	(34,485)	(3,675)
	<b>7,91,913</b>	<b>10,59,332</b>

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

Particulars	Current Year	Previous Year
— Net Profit/(Loss) for the year as per Profit & Loss account.	(-) 8,02,38,702	(-) 4,10,22,581
— Less : Share of Profit/(Loss) in Associates	(-) 74,21,721	—
— Less : Prior Period Adjustment	(-) 7,42,083	(-) 9,25,011
— Net Profit/(Loss) available for equity Shareholders	(-) 8,84,02,506	(-) 4,19,47,592
— Weighted average no. of equity Shares outstanding.	1,28,21,630	1,28,21,630
— Basic and Diluted Earning per share (Face value of Rs.10/- each)	(-) 6.89	(-) 3.27

- Profit/(Loss) on sale of Long Term Investments (Net) includes Rs.19,83,537/- (Previous year Rs. (-)1,12,936/- ) on Non Trade Investments and Rs.99,47,735/- (Previous year Rs.12,43,751/-) on Trade Investments.
- Disclosure pursuant to Accounting Standards AS-19 for Leases :-

#### A) Operating Lease

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

- Not Later than One year. Rs. 3,80,160/-
- Later than one year and not later than five year Rs. 2,53,440/-
- Later than five years —

- Minimum lease payments recognised in the statement of profit & loss account during the period ended 30th September 2003 is Rs.3,80,160/-

- General description of the lease arrangement.

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

#### B) Financial lease (vehicle financed)

Particulars	As on 30.09.2003	As on 30.09.2002
<b>Total Lease payments due</b>	<b>9,56,472/-</b>	<b>14,82,914/-</b>
Principle	8,55,495/-	12,47,432/-
Interest	<b>1,00,977/-</b>	<b>2,35,482/-</b>
<b>Within one year</b>		
Principle	4,45,393/-	3,91,937/-
Interest	80,476/-	1,34,505/-
<b>TOTAL</b>	<b>5,25,869/-</b>	<b>5,26,442/-</b>
<b>Later than one year but not more than five years</b>		
Principle	4,10,102/-	8,55,495/-
Interest	20,501/-	1,00,977/-
<b>TOTAL</b>	<b>4,30,603/-</b>	<b>9,56,472/-</b>
<b>Later than five years</b>		
Principle	—	—
Interest	—	—
<b>TOTAL</b>	—	—
<b>Present value of future payments.</b>		

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

**13. DETAIL OF CLOSING STOCK OF SHARES**

Name of the Company	F.V. (Rs.)	Current Year		Previous Year	
		Qty. (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Alps Industries Ltd.	10	—	—	100	2,245
Bhartiya International Ltd.	10	400	10,660	400	10,320
Essar Steel Ltd.	10	1000	7,550	1,000	6,550
GE Shipping Ltd.	1	180	3,060	180	3,060
Hindustan Lever Ltd.	10	—	—	500	79,250
IFCI Ltd.	10	—	—	100	440
JCT Ltd.	2.50	50	307	50	170
MTNL Ltd.	10	5	600	5	550
State Bank of Bikaner & Jaipur Ltd.	10	5	1,711	5	1,711
Titan Industries Ltd.	10	100	6,075	100	5,705
VXL Instruments Ltd.	10	—	—	2,000	49,400
<b>TOTAL</b>		<b>1,740</b>	<b>29,963</b>	<b>4,440</b>	<b>159,401</b>

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

As per our Report of even date annexed thereto

For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

**Amit Goel** Partner  
**Ajay Saini** Company Secretary  
**Anil Goyal** Managing Director  
**J M L Suri** Director

Place : New Delhi

Date : 23rd December, 2003

**ANNEXURE REFERRED TO IN NOTE NO. 9 OF SCHEDULE 13 TO THE ACCOUNTS.  
RELATED PARTY DISCLOSURES (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS )**

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

- List of related parties with whom transactions have taken place and relationship :-
  - Key Managerial Personnel
    - Sh. Anil Goyal, Managing Director
  - Enterprise over which significant influence exists :-
    - Credit Capital Asset Management Company Ltd.
    - HB Insurance Advisors Pvt. Ltd.
- Transactions during the year with Related Parties.

Nature of Transaction	Related Party (Amt. in Rs.)	
	Referred in 1 (a) above	Referred in 1 (b) above
1. Advances given	—	—
	(—)	(60,000)
2. Reimbursement of expenses	—	—
	(—)	(2,40,614)
3. Remuneration & Other Services	12,15,000	—
	(12,15,000)	(—)
4. Outstanding as on 30.09.2003		
— Receivables in respect of Current Assets.	—	4,60,000
	(—)	(4,60,000)
— Payable in respect of Current Liabilities	—	3,80,160
	(—)	(—)

Note : Figures in bracket relates to previous year.

For P. Bholusaria & Co.  
Chartered Accountants

For and on behalf of the Board

**Amit Goel** Partner  
**Ajay Saini** Company Secretary  
**Anil Goyal** Managing Director  
**J M L Suri** Director

Place : New Delhi

Date : 23rd December, 2003

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

(Rs. in Thousands)

	Year Ended 30th Sep. 2003	Year Ended 30th Sep. 2002
<b>A) CASH FLOW FROM OPERATION ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Item	-80506	-41050
<b>Adjustment for :</b>		
Depreciation	1344	1280
Provision for Gratuity	38	309
Provision for Leave encashment	-42	387
Provision for Doubtful Loans	56499	—
Provision for Doubtful Debts	6914	—
Profit/Loss on Sale of Investments	-11931	-1131
Loss on Sale of Fixed Assets	220	—
Interest/Dividend	22780	30723
Preliminary Expenses W/off	142	143
Operating Profit before Working Capital Changes	-4542	-9339
<b>Adjustment for :</b>		
Trade and other Receivables	-16427	-56389
Share Application money pending allotment	-24250	-5000
Inventories	128	-13
Trade payable	6159	-21310
Cash Generated from Operation	-38932	-92051
Interest Paid	-25772	-33521
Income Tax paid/Refund	910	-195
Cash Flow Before Extraordinary Items	-63794	-125767
Extra Ordinary Items	-742	-925
<b>Net Cash Flow from Operation Activities (A)</b>	<b>-64536</b>	<b>-126692</b>
<b>B) CASH FLOW FROM INVESTMENTS ACTIVITIES</b>		
Purchase of Fixed Assets	-83	-1765
Sale of Fixed Assets	860	—
Purchase of Investments	-135792	-80778
Sale of Investments	206496	35272
Interest Received	676	682
Dividend Received	2316	2116
<b>Net Cash used in Investment Activities (B)</b>	<b>74473</b>	<b>-44473</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital & Share Premium	—	—
Proceeds from Short Term (Secured Loans)	53560	19980
Proceeds from Long Term Borrowing	—	13057
Repayment of Loan	-10000	-25000
Surplus transferred pursuant to Scheme of Arrangement	—	—
General Reserve transferred pursuant to Scheme of Arrangement	—	—
Dividend paid	—	—
Income Tax paid	—	—
Payment for Preliminary expenses	—	—
<b>Net Cash Flow From Financing Activities (C)</b>	<b>43560</b>	<b>8037</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>53497</b>	<b>-163128</b>
<b>Cash &amp; Cash Equivalents as at 1st October 2002</b> (Opening Balance)	<b>16993</b>	<b>180121</b>
<b>Cash &amp; Cash Equivalents as at 30th September 2003</b> (Closing Balance)	<b>70490</b>	<b>16993</b>

For and on behalf of the Board

**Ajay Saini** Company Secretary  
**Anil Goyal** Managing Director  
**J M L Suri** Director

Place : New Delhi

Date : 23rd December, 2003

**AUDITOR'S CERTIFICATE**

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

For P. BHOLUSARIA & COMPANY  
CHARTERED ACCOUNTANTS

Place : New Delhi  
Date : 23rd December, 2003

(AMIT GOEL)  
PARTNER



## HB SECURITIES LIMITED

### DIRECTORS' REPORT

To the Members,

Your Directors present the 12th Annual Report together with the Audited Statement of Accounts for the financial year ended 30th September 2003.

### FINANCIAL RESULTS

The financial results of the company for the year under review is summarised hereunder:

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 30.09.2003	Year Ended 30.09.2002
Profit /(Loss) after tax	(86.23)	(105.50)
Less : Prior period adjustments	Nil	1.09
Less : Deferred tax liability as on 1.10.2001	Nil	8.13
Total Profit/(Loss)	(86.23)	(114.72)
Brought Forward Profit/(Loss)	(139.86)	(25.14)
Profit/(Loss) carried to Balance Sheet	(226.09)	(139.86)

### DIVIDEND

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

### PERFORMANCE REVIEW AND OUTLOOK

During the major part of the year under review, the capital market largely remained stagnant. However the primary market, started looking up with successful response of the retail investors to the Initial Public Offering made by Maruti Udyog Ltd.

With the economy picking up momentum the market sentiments have perked up with BSE Sensex likely to scale 6000 mark which augurs well for the company. Your directors are hopeful of turning out a positive performance in the current year.

### STAUTORY STATEMENTS

During the year under review your Company has not accepted any deposits from the public. Pursuant to Section 217(2A) of the Companies Act, 1956 the Directors have to inform that there was no such employee as covered under the above mentioned section.

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, on conservation of energy, technology absorption and foreign exchange earning and outgo were not applicable to your company during the year under review.

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

### AUDITOR'S REPORT

TO THE MEMBER'S OF HB SECURITIES LIMITED

We have audited the attached Balance Sheet of M/s HB SECURITIES LIMITED, as at 30th September 2003 and the Profit & Loss Account for the year ended 30th September, 2003 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 misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order:-
- Further to our comments in the Annexure referred to in paragraph 1 above :-
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the said books.
  - The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the Books of Accounts.
  - In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - As per the information and explanation given to us, none of the directors of the company are disqualified as on 30.09.2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanation given to us, the accounts, read together with the Notes on Accounts and Significant Accounting Policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - In the case of the Balance Sheet of the state of affairs of the Company as at 30th September 2003.
    - In the case of the Profit & Loss Account of the Loss of the Company for the year ended on that date.

FOR P. BHOLUSARIA & CO.,  
CHARTERED ACCOUNTANTS

Place : Delhi

Date : 18th December, 2003

(AMIT GOEL)  
PARTNER

### ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of the Auditor's Report to the Members of M/S HB SECURITIES LIMITED on the accounts for the year ended 30th September 2003.

- The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The fixed assets have been physically verified by the management and no discrepancies were noticed on such verification carried out during the year.
- None of the fixed assets have been revalued during the year.
- As explained to us, the Stock in Trade has been physically verified by the management at

- that in the preparation of the accounts for the financial period under review, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit of the Company, for the period under review.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the accounts for the financial year under review on a going concern basis.

### AUDITORS REPORT

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

### AUDITORS

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

### DIRECTORS

Mr. H.C. Bhasin resigned from the directorship of the company effective from 1st November 2003 and Mr. Lalit Bhasin relinquished the position of whole time directorship from 1st November 2003. Mr. Lalit Bhasin, however continues to remain on the Board of Directors of the company. Mr. Praveen Gupta, who is a member of Institute of Chartered Accountants of India and has expert knowledge of stock market operations, has been appointed as Additional Director and also as Whole Time Director with effect from 1st November 2003. The directors commend the resolutions for his appointment as director of the company and also the ratification of his appointment as Whole time Director for the consideration of members. Mr. Anil Goyal is liable to retire by rotation at the ensuing AGM and being eligible offers himself for reappointment.

### ACKNOWLEDGMENTS

Your Directors wish to thank and place on record the assistance and support extended by the bankers and the holding company.

FOR AND ON BEHALF OF THE BOARD  
For HB SECURITIES LIMITED

Place : New Delhi  
Date : 18th December, 2003

PRAVEEN GUPTA  
WHOLE TIME DIRECTOR

ANIL GOYAL  
DIRECTOR

- reasonable intervals.
- In our opinion and according to the information and explanations given to us the procedure for physical verification of Stock followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.
- As explained to us, no discrepancies have been noticed on the physical verification of stocks as compared to book records.
- On the basis of our examination of stock records we are of the opinion that the valuation of Stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- According to the information and explanations given to us, the Company has not taken any loans from Companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of section 370 of Companies Act, provisions of section 370 are not applicable to the Company on or after 31st October 1998.
- According to the information and explanation given to us, the Company has not granted loans to Companies, Firms, and other Parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of section 370 of Companies Act, provisions of section 370 are not applicable to the Company on or after 31st October 1998.
- Loan and advances to employees are interest free from whom installments wherever stipulated are being generally recovered. Advances have also been granted to various parties, interest free, without any stipulation as to recovery.
- In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the acquisition of assets and for the sale and purchase of Shares.
- The Company has entered into transaction of Sale & Purchase of Securities with Companies, Firms and other Parties listed in the Register maintained under section 301 of the Companies Act, 1956 aggregating to more than Rs.50,000/- during the year. These transactions have taken place at prevailing market prices.
- The Company has not accepted any deposits from the public during the year as defined under Section 58-A of the Companies Act, 1956 and rules framed thereunder.
- In our opinion, during the Current Year, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- According to the records of the Company, provident fund dues have been deposited regularly with appropriate authorities during the year. We are informed that provisions of employee state insurance scheme do not apply to the Company
- According to information and explanation give to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, and Custom Duty were outstanding, as at 30th September 2003 for the period of more than six months from the date they become payable.
- According to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The Company has not granted loans and advances on the basis of security by way of pledge of Shares/Debentures and other Securities during the year.
- In respect of its investment in Shares, the Company has maintained proper record of the transactions and timely entries have been made. All the Shares are held by the Company either in the name of holding Company or in its own name except for certain Shares, which are in the process of dematerialisation or held with corresponding transfer deeds.
- The Company is not a sick unit within the meaning of section 3(1)(v) of sick Industries Companies (special provisions) Act, 1985.
- Other clauses of the aforesaid order are not applicable to the Company

FOR P. BHOLUSARIA & CO.,  
CHARTERED ACCOUNTANTS

Place : Delhi  
Date : 18th December, 2003

(AMIT GOEL)  
PARTNER

**BALANCE SHEET AS AT 30TH SEPTEMBER, 2003**

Particulars	Schedules	As at 30th Sep., 2003 Amount (Rs.)	As at 30th Sep., 2002 Amount (Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>A. Shareholders' Funds</b>			
a) Share Capital	A	57,075,700.00	57,075,700.00
b) Reserve & Surplus	B	17,000,000.00	17,000,000.00
<b>B. Loan Funds</b>			
Secured Loan	C	78,891,060.68	59,944,334.22
<b>TOTAL :</b>		<u>152,966,760.68</u>	<u>134,020,034.22</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>			
Gross Block	D	7,771,201.70	7,694,701.70
Less : Depreciation		5,257,854.22	4,336,570.30
Net Block		2,513,347.48	3,358,131.40
<b>B. Investments</b>			
	E	25,995,144.50	28,561,846.80
<b>C. Current Assets,</b>			
<b>Loans &amp; Advances</b>			
(i) Stock in Trade	G	29,963.00	159,400.50
(ii) Sundry Debtors		88,584,663.35	90,373,442.35
(iii) Cash & Bank Balances		19,352,487.94	12,399,352.38
(iv) Loans & Advances		36,550,056.45	29,644,877.37
		144,517,170.74	132,577,072.60
<b>Less : Current Liabilities &amp; Provisions</b>			
	H		
Current Liabilities		39,456,239.35	41,156,767.70
Provision		2,726,980.00	2,674,980.00
		42,183,219.35	43,831,747.70
<b>Net Current Assets</b>		102,333,951.39	88,745,324.90
<b>D. Deferred Tax Liability (Net)</b>		582,739.00	760,452.00
<b>E. Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	I	98,030.50	129,091.50
<b>F. Profit &amp; Loss Account</b> (As Per Annexed Account)		22,609,025.81	13,986,091.62
<b>TOTAL :</b>		<u>152,966,760.68</u>	<u>134,020,034.22</u>

**NOTES ON ACCOUNTS & L  
SIGNIFICANT ACCOUNTING POLICIES**

As per our Report of even date attached

 For P. BHOLUSARIA & CO.  
Chartered Accountants

For and on behalf of the Board

 Amit Goel  
Partner

 Praveen Gupta  
Whole Time Director  
Anil Goyal  
Director

Place : New Delhi

Date : 18th December, 2003

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

Particulars	Schedules	Year Ended 30th Sep., 2003 Amount (Rs.)	Year Ended 30th Sep., 2002 Amount (Rs.)
<b>INCOME FROM OPERATIONS &amp; OTHER INCOME</b>			
	J	5,617,138.57	5,244,701.23
<b>TOTAL :</b>		<u>5,617,138.57</u>	<u>5,244,701.23</u>
<b>EXPENDITURE</b>			
— Administrative & Other Expenses	K	12,240,354.41	14,789,632.34
— Loss on Sale of Long Term Investments		1,225,086.43	112,935.70
— Depreciation		921,283.92	913,338.19
— Preliminary Expenses Written Off		31,061.00	31,061.00
<b>TOTAL :</b>		<u>14,417,785.76</u>	<u>15,846,967.23</u>
Profit/(loss) for the year before Tax		(8,800,647.19)	(10,602,266.00)
Less : Provision for Income Tax			
— Current Tax		0.00	0.00
— Deferred Tax Credit/(Charge)		177,713.00	52,167.00
		177,713.00	52,167.00
Net Profit/(Loss) for the Year after tax		(8,622,934.19)	(10,550,099.00)
Prior Period Adjustments		0.00	108,900.00
		(8,622,934.19)	(10,658,999.00)
— Balance Brought Forward from Last Year		(13,986,091.62)	(2,514,473.62)
— Deferred Tax Liability as on 01.10.2001		0.00	(812,619.00)
<b>Balance carried to Balance Sheet</b>		<u>(22,609,025.81)</u>	<u>(13,986,091.62)</u>
Basic & Diluted Earning per Share (In Rupees)		-1.51	-1.87

**NOTES ON ACCOUNTS & L**
**SIGNIFICANT ACCOUNTING POLICIES**

As per our Report of even date attached

 For P. BHOLUSARIA & CO.  
Chartered Accountants

For and on behalf of the Board

 Amit Goel  
Partner

 Praveen Gupta  
Whole Time Director  
Anil Goyal  
Director

Place : New Delhi

Date : 18th December, 2003

**SCHEDULE 'A' : SHARE CAPITAL**

Particulars	As at 30th Sep., 2003 Amount (Rs.)	As at 30th Sep., 2002 Amount (Rs.)
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
57,07,570 Equity Shares of Rs. 10/- each fully paid-up	57,075,700.00	57,075,700.00
	<u>57,075,700.00</u>	<u>57,075,700.00</u>

NOTE : All the above Shares are held by HB Portfolio Limited, the holding company and its nominees.

**SCHEDULE 'B' : RESERVE & SURPLUS**

Particulars	As at 30th Sep., 2003 Amount (Rs.)	As at 30th Sep., 2002 Amount (Rs.)
<b>SHARE PREMIUM ACCOUNT</b>		
(As Per Last Year)	17,000,000.00	17,000,000.00
<b>TOTAL :</b>	<u>17,000,000.00</u>	<u>17,000,000.00</u>

**SCHEDULE 'C' : SECURED LOAN**
**OVERDRAFT FACILITY FROM BANKS**

(Secured against pledge of shares of company & others and Guarantee given by other Company and holding Company - HB Portfolio Limited)	78,891,060.68	59,944,334.22
<b>TOTAL :</b>	<u>78,891,060.68</u>	<u>59,944,334.22</u>

**SCHEDULE 'D' : FIXED ASSETS**

Nature of Asset	GROSS BLOCK (In Rs.)			DEPRECIATION (In Rs.)			NET BLOCK (In Rs.)	
	As at 01.10.2002	Additions during the year	Total	Up to 30.09.2002	For the year	Upto 30.09.2003	As at 30.09.2003	As at 30.09.2002
Data Processing Machinery	3,615,515.00	76,500.00	3,692,015.00	2,629,602.98	587,923.29	3,217,526.27	474,488.73	985,912.02
Vehicles	2,938,931.70	0.00	2,938,931.70	1,582,076.68	279,198.51	1,861,275.19	1,077,656.51	1,356,855.02
Generator	997,210.00	0.00	997,210.00	111,715.33	47,367.48	159,082.81	838,127.19	885,494.67
Office Equipment	143,045.00	0.00	143,045.00	13,175.31	6,794.64	19,969.95	123,075.05	129,869.69
<b>TOTAL :</b>	<u>7,694,701.70</u>	<u>76,500.00</u>	<u>7,771,201.70</u>	<u>4,336,570.30</u>	<u>921,283.92</u>	<u>5,257,854.22</u>	<u>2,513,347.48</u>	<u>3,358,131.40</u>
PREVIOUS YEAR	7,585,433.70	109,268.00	7,694,701.70	3,423,232.11	913,338.19	4,336,570.30	3,358,131.40	4,162,201.59





**SCHEDULE 'H' : CURRENT LIABILITIES & PROVISIONS**

Particulars	As at 30th Sep., 2003 Amount (Rs.)	As at 30th Sep., 2002 Amount (Rs.)
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors (Included due to SSI unit NIL (Previous year NIL))	23,131,569.33	18,311,594.91
Other Liabilities	0.00	176.00
Advance from Customer	0.00	1,000,000.00
Cheque over Issued in	78,670.02	17,984,996.79
Current Account with Banks		
Margin Money Received	16,246,000.00	3,860,000.00
<b>TOTAL - A :</b>	<b>39,456,239.35</b>	<b>41,156,767.70</b>
<b>B. PROVISIONS</b>		
— for Income Tax	2,532,000.00	2,532,000.00
— for Leave Encashment	103,980.00	93,980.00
— for Gratuity	91,000.00	49,000.00
<b>TOTAL - B :</b>	<b>2,726,980.00</b>	<b>2,674,980.00</b>
<b>TOTAL - (A + B) :</b>	<b>42,183,219.35</b>	<b>43,831,747.70</b>

**SCHEDULE 'I' : MISCELLANEOUS EXPENDITURE**

(To the extent not Written off or adjusted)

Particulars	Amount (Rs.)	Amount (Rs.)
<b>PRELIMINARY EXPENSES</b>		
— Opening Balance	129,091.50	160,152.50
— Less : 1/10TH WRITTEN OFF	31,061.00	31,061.00
<b>TOTAL :</b>	<b>98,030.50</b>	<b>129,091.50</b>

**SCHEDULE 'L' : NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES**  
(Annexed to and forming part of the statement of Accounts for the year ended 30th September 2003)

**A. ACCOUNTING POLICIES**

- Income and Expenses are accounted for on accrual basis.
- Depreciation has been charged on all assets at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 on straight-line method.
- Investments (Long Term) are valued at cost less permanent diminution, if any.
- Stock is valued at cost or market price which ever is lower.
- Preliminary Expenses are written off over a period of ten years.
- Provident Fund dues and other benefits to employees are accounted for on accrual basis.
- Liability for Gratuity and leave encashment is accounted for on accrual basis. In respect of gratuity, the Company has taken an Employees Group Gratuity Scheme with Life Insurance Corporation of India and pay contribution to it.
- Tax expenses for the year comprises of current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are 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.

**B. NOTES ON ACCOUNTS**

- CONTINGENT LIABILITIES NOT PROVIDED FOR : Counter Guarantee in respect of Bank Guarantee given by the Companies Bankers outstanding as on 30th September 2003 Rs.1.83 Crores (Previous year Rs.1.83 Crores).
- Current Assets, loans and advances are in the opinion of management are approximately of the value stated if realised in the ordinary course of business.
- Debtors and Advances recoverable include sum of Rs.NIL (Previous year Rs. NIL) from Directors, Firms, Companies in which directors are interested. Maximum balance outstanding at any time during the year Rs 7,19,784.51 (Previous year Rs. 38,05,412.92).
- Income Tax provision (including MAT & Deferred tax) has been made considering Income for the period 01.04.2002 to 31.03.2003 as the Company is filing its Income tax return according to the provision of the Income Tax Act, 1961. Tax provision for the period 01.04.2003 to 30.09.2003, if any, shall be made in next year after considering Income for the whole of the year from 01.04.2003 to 31.03.2003.
- During the year there was no employee in receipt of remuneration aggregating to Rs.24,00,000/- (Previous year Rs.24,00,000/-) or more per annum or Rs.2,00,000/- (Previous Year Rs.2,00,000/-) or more per month where employed for a part of year (Previous Year NIL).
- In the opinion of management, the company is mainly engaged in the business of Share & Stock Broking and all activities of the Company revolve around the main business and therefore there are no separate reportable segments as per Accounting Standard – Segment reporting (AS –17) issued by the Institute of Chartered Accountants of India.
- Disclosure of related party transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India is annexed.
- Earning (Loss) per Share pursuant to Accounting Standard (As-20) 'Earning per Share' issued by the Institute of Chartered Accountants of India.

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Net Profit/(Loss) for the year as per Profit & Loss Account	(86,22,934.19)	(1,05,50,999.00)
Less : prior period adjustments	0.00	1,08,900.00
Net Profit/(Loss) available for Equity Shareholders	(86,22,934.19)	(1,06,58,999.00)
Weighted average no of equity shares outstanding	57,07,570.00	57,07,570.00
Basic & diluted earning per Share (Face value of Rs.10/- Each)	-1.51	-1.87

**SCHEDULE 'J' : INCOME FROM OPERATIONS & OTHER INCOME**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>DIVIDEND INCOME</b>		
- On Long Term Investment (Non Trade)	8,000.00	58,425.00
- On Stock In Trade	1,792.50	2,557.50
Income From Brokerage & Services (Net)	5,012,716.58	4,501,297.33
Interest On Fixed Deposit	583,860.49	682,421.40
Other Income	10,769.00	0.00
<b>TOTAL :</b>	<b>5,617,138.57</b>	<b>5,244,701.23</b>

**Note :** Tax Deducted At Source Rs 686.00 (Previous Year Rs 8774.44) on Brokerage & Services And Rs.1,41,473.90 (Previous Year Rs.1,76,377.27) on Interest on Fixed Deposits

**SCHEDULE 'K' : ADMINISTRATIVE & OTHER EXPENSES**

Particulars	Amount (Rs.)	Amount (Rs.)
Salary & Benefits	1,521,032.00	1,681,424.00
Contribution To Provident Fund	122,751.00	128,396.00
Legal & Professional Expenses	210,011.00	221,929.00
Conveyance & Travelling Expenses	239,344.00	242,517.50
Printing & Stationery Expenses	12,224.50	23,139.00
Repair & Maintenance (Others)	535,651.75	623,258.00
Insurance Charges	70,178.00	65,396.00
Membership & Subscription	359,367.00	784,807.90
Postage Telegram & Telephone Expenses	180,639.03	232,948.83
Miscellaneous Expenses	172,378.10	406,256.29
Transaction Charges	71,272.54	395,047.88
Bank Charges	276,640.23	210,019.49
Vsat Charges	244,754.36	487,809.28
Electricity Expenses	226,060.00	304,788.00
Auditors Remuneration		
— Audit Fees	27,000.00	26,250.00
— Tax Audit Fee & Others	20,544.00	22,054.00
Interest Paid To Bank	7,950,506.90	8,933,591.17
<b>TOTAL :</b>	<b>12,240,354.41</b>	<b>14,789,632.34</b>

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

Particulars	As on 30th Sep., 2003	As on 30th Sep., 2002
<b>Deferred Tax Liability</b>		
- Fixed Assets	5,97,089	7,64,127
<b>Deferred Tax Assets</b>		
- Expenses allowable on payment basis u/s 43 B of Income Tax Act	(14,350)	(3,675)
<b>Net Deferred Tax Liability :</b>	<b>5,82,739</b>	<b>7,60,452</b>

- Sundry Creditors includes Rs.87,25,309.34 due to Holding Company M/s HB Portfolio Limited (Previous year Rs.71,95,064.88).
- In the opinion of management, no provision is required for diminution in the value of Long Term Investment as the same is temporary and not permanent.
- Quantitative Information in respect of trading in Shares:-

OPENING BALANCE		ACQUIRED DURING THE YEAR	
Quantity(Nos.)	Amount(Rs.)	Quantity(Nos.)	Amount(Rs.)
4,440 (4,440)	1,59,400.50 (1,46,019.50)	NIL (929)	NIL (1,45,639.13)
SALE DURING THE YEAR		CLOSING BALANCE	
Quantity(Nos.)	Amount(Rs.)	Quantity(Nos.)	Amount(Rs.)
2,700 (929)	1,30,065.00 (1,46,153.94)	1,740 (4,440)	29,963.00 (1,59,400.50)

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

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

For and on behalf of the Board

Amit Goel  
Partner

Praveen Gupta  
Whole Time Director

Anil Goyal  
Director

Place : New Delhi  
Date : 18th December, 2003

**ANNEXURE REFERRED TO IN NOTES NO.7 OF SCHEDULE 'L' TO THE ACCOUNTS**

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

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

- Holding Company**
  - HB Portfolio Limited
- Key Managerial Personnel**
  - Sh. Lalit Bhasin
- Relative of Key Managerial personnel**
  - Sh. H.C. Bhasin
  - Mrs. Anju Bhasin
- Others**
  - HB Corporate Services Ltd. – Fellow subsidiary



# HB SECURITIES LIMITED

## 2. Transactions during the year with related parties

Sr. No.	Particulars	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
1.	Sales on their behalf	33776668 (31435301)	3905342 (NIL)	4163671 (509617)	NIL (NIL)
2.	Purchases on their behalf	9180618 (26434135)	756189 (2737614)	1511122 (4792247)	NIL (NIL)
3.	Share Dealing	6427 (49376)	NIL (NIL)	NIL (NIL)	NIL (NIL)
4.	Depository Charges received	26643 (99687)	10590 (25275)	9052 (13705)	NIL (NIL)
5.	Guarantee issued on behalf of the Company	80000000 (80000000)	NIL (NIL)	NIL (NIL)	NIL (NIL)
6.	Outstanding as on 30.09.2003	8725310 (7195065)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	- payable in respect of Current liabilities				

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. Registration Details</b>		
Registration No.		44025
State Code		55
Balance Sheet Date		30th September, 2003
<b>II. Capital Raised during the year (Rs. In Thousands)</b>		
Public Issue	Nil	Right Issue Nil
Bonus Issue	Nil	Private Placement Nil
<b>III. Position of Mobilisation and deployment of funds (Rs. In Thousands)</b>		
<b>TOTAL LIABILITIES</b>	<b>1,52,967</b>	<b>TOTAL ASSETS 1,52,967</b>
<b>Sources of Funds</b>		
Paid-up Capital	57,076	Net Fixed Assets 2,513
Share Application Money	Nil	Investments 25,995
Reserve & Surplus	17,000	Deferred Tax Liability (582)
Secured Loan	78,891	Net Current Assets 1,02,334
Un Secured Loan	Nil	Misc. Expenditure 98
		Accumulated Loss 22,609
<b>IV. Performance of Company (Rs. In Thousands)</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount(In Thousands)</b>
1.	Turnover	5,617/-
2.	Total Expenditure	14,418/-
3.	Profit / (Loss) before tax	(8,801/-)
4.	Profit / (Loss) after tax	(8,623/-)
5.	Earning per Share	(1.51)
6.	Dividend Rate (%)	Nil
<b>V. Generic Name of Principal product of Company.</b>		
Item Code		N.A.
Product Description		Share Broking
Item Code		N.A.
Product Description		Investment in Shares

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2003

(Rs. in Thousands)

Particulars	Year Ended 30th Sep. 2003	Year Ended 30th Sep. 2002
<b>A) CASH FLOW FROM OPERATION ACTIVITIES</b>		
Net Profit after Tax and Extraordinary Item	(8,623.00)	(11,472.00)
<b>Adjustment for :</b>		
Depreciation	921.00	913.00
Profit/Loss on Sale of Investments	1225.00	113.00
Interest/Dividend	7346.00	8200.00
Preliminary Expenses W/off	31.00	31.00
Operating Profit before Working Capital Changes	900.00	(2215.00)
<b>Adjustment for :</b>		
Trade & other Receivable	(5170.00)	(73746.00)
Inventories	130.00	(13.00)
Trade Payable	(1649.00)	3911.00
Cash Generated from operation	(5789.00)	(72,063.00)
Interest Paid	(7950.00)	(8933.00)
Income Tax Paid/Refund	54.00	(206.00)
Cash Flow before extraordinary items	0.00	0.00
Extra Ordinary Items	(178.00)	760.00
<b>Net Cash from Operation Activities (A)</b>	<b>(13863.00)</b>	<b>(80442.00)</b>
<b>B. CASH FLOW FROM INVESTMENTS ACTIVITIES</b>		
Purchase of Fixed Assets	(77.00)	(109.00)
Purchase of Investments	0.00	0.00
Sales of Investments	1342.00	107.00
Interest Received	594.00	682.00
Dividend Received	10.00	51.00
Net Cash used in Investment Activities (B)	1869.00	731.00
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital & Share Premium	0.00	0.00
Proceeds from Long Term Borrowings	18947.00	13057.00
Dividend Paid	0.00	0.00
Net Cash used in Financing Activities (C)	18947.00	13057.00
Net Increase in Cash & Cash Equivalents (A+B+C)	6953.00	(66654.00)
Cash and Cash Equivalents as at 1st October, 2002	12399.00	79053.00
(Opening Balance)		
Cash and Cash Equivalents as at 30th September, 2003	19352.00	12399.00
(Closing Balance)		

For and on behalf of the Board

Place : New Delhi  
Date : 23rd December, 2003

Praveen Gupta  
Whole Time Director

Anil Goyal  
Director

### AUDITOR'S CERTIFICATE

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

For P. BHOLUSARIA & COMPANY  
CHARTERED ACCOUNTANTS

Place : New Delhi  
Date : 18th December, 2003

(AMIT GOEL)  
PARTNER

## DIRECTORS' REPORT

(HB CORPORATE SERVICES LTD.)

To the Members,

Your Directors present the 4th Annual Report together with the Audited Statement of Accounts for the financial year ended 30th September 2003.

### FINANCIAL RESULTS

The Company is in the process of obtaining Merchant Banking registration with Securities and Exchange Board of India. During the year under review, the company incurred a loss of Rs. 31735/-.

### DIVIDEND

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

### STATUTORY STATEMENTS

During the year, your Company has not accepted any deposits from the public.

Pursuant to Section 217(2A) of the Companies Act, 1956 the Directors have to inform that there was no such employee as covered under the above mentioned section.

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, on conservation of energy, technology absorption are not applicable to your company. During the period under review there was no earnings or outgo in foreign exchange.

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

- that in the preparation of the accounts for the financial period under review, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit of the Company, for the period under review.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the accounts for the financial year under review on a going concern basis.

### AUDITORS REPORT

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

### AUDITORS

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

### DIRECTORS

Mr. H. C. Bhasin, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

### ACKNOWLEDGMENTS

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

For and on behalf of the Board  
For HB Corporate Services Ltd.  
Anil Goyal  
Director

Place : Delhi  
Date : 17th December, 2003

Lalit Bhasin  
Director

## AUDITOR'S REPORT

TO THE MEMBERS OF HB CORPORATE SERVICES LTD.

We have audited the attached Balance Sheet of HB Corporate Services Ltd. as at 30th September, 2003 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- Further to our comments in the annexure referred to in paragraph 1 above, we report that :
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the said books ;
  - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - In our opinion, the Profit & Loss Account and Balance Sheet comply with the accounting standards referred to in Sub-section (3C) of Section 211.
  - As informed and explained to us, none of the directors of the company are disqualified as on 30.09.2003 from being appointed as director under clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes on accounts and annexures thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. :-
    - In the case of Balance Sheet of the State of Affairs of the Company as at 30th September 2003 and
    - In case of the Profit and Loss account of the State of the Loss for the year ended on that date.

For P.BHOLUSARIA & CO.  
Chartered Accountants

Place : Delhi  
Date : 17th December 2003

(Amit Goel)  
Partner



## HB CORPORATE SERVICES LTD.

### ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB CORPORATE SERVICES LTD. ON THE ACCOUNTS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2003. (Referred to in paragraph 1 thereof)

- According to the information and explanations given to us the Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of Section 370(6) of the Companies Act, provisions of section 370 are not applicable to the Company on or after 31st October, 1998.
- According to the information and explanations given to us, the Company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of Section 370(6) of the Companies Act, provisions of section 370 of the Companies Act are not applicable to the Company on or after 31st October, 1998.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Assets.
- As per the information and explanation given to us, the Company has not accepted any deposits from the Public during the year.
- In our opinion the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, and Excise Duty were outstanding as at 30th, September 2003 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice nor have we been informed of any such expenses by the management.
- The service activities of the Company are such that the question of allocation of man hours to the relative jobs does not arise. Consequently the authorisation and control on the allocation of labour to jobs is not applicable.
- Other clauses of the aforesaid order are not applicable to the company during the year under review.

For P.BHOLUSARIA & CO.  
Chartered Accountants  
(Amit Goel)  
Partner

Place : Delhi  
Date : 17th December 2003

### BALANCE SHEET AS AT 30TH SEPTEMBER, 2003

Particulars	Schedule	As at 30th Sep., 2003 (Rs.)	As at 30th Sep., 2002 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Share Capital</b>			
<b>Authorised</b>			
(50,00,000 Equity Shares of Rs.10/- each)		50000000.00	50000000.00
<b>Issued, Subscribed &amp; Paid-up</b>			
(4251070 Equity Shares of Rs.10/- each fully paid up)		42510700.00	42510700.00
(All The above Shares are held by Holding Co. HB PORTFOLIO LTD. And its Nominees)			
<b>Share Premium Account</b>			
As per last Account		8500000.00	8500000.00
<b>TOTAL</b>		<b>51010700.00</b>	<b>51010700.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>Current Assets, Loans &amp; Advances</b>			
A) Cash in hand (As certified by Management)	460.00		460.00
B) Balance with Scheduled Bank in Current Account	10000.00		10000.00
C) Advance Recoverable In cash or In kind or for value to be received	51000000.00	51004600.00	51004600.00
<b>TOTAL</b>		<b>51010460.00</b>	<b>51010460.00</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities For Expenses [(Includes Rs.189815/- (Previous Year Rs.173265/-) due to Holding Co. HB Portfolio Ltd.)]		213540.00	200040.00
<b>TOTAL</b>		<b>213540.00</b>	<b>200040.00</b>
<b>Net Current Assets</b>		<b>50796920.00</b>	<b>50810420.00</b>
<b>Miscellaneous Expenditure (Preliminary Expenses)</b>			
(To the extent not written off or adjusted)		115628.00	133863.00
<b>Profit &amp; Loss Account</b>		<b>98152.00</b>	<b>66417.00</b>
(As per Annexed A/c)			
<b>TOTAL</b>		<b>51010700.00</b>	<b>51010700.00</b>

Notes on Accounts & Significant Accounting Policies

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

For and on behalf of the Board

Amit Goel  
Partner

Anil Goyal  
Director

Lalit Bhasin  
Director

Place : Delhi  
Date : 17th December, 2003

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003

Particulars	Schedule	Year Ended 30th Sep., 2003 (Rs.)	Year Ended 30th Sep., 2002 (Rs.)
<b>INCOME</b>			
<b>TOTAL</b>		<b>—</b>	<b>—</b>
<b>EXPENDITURE</b>			
— Filing Fees		9500.00	7500.00
— Audit Fees		4000.00	3900.00
— Misc. Expenses		0.00	50.00
— Bank Charges		0.00	30.00
— Miscellaneous Expenditure w/off		18235.00	18235.00
		31735.00	29715.00
— Loss for the year before Tax		-31735.00	-29715.00
<b>Provision For Taxation</b>			
— Current		—	—
— Deferred		—	—
<b>Profit/ Loss after Taxation</b>		<b>-31735.00</b>	<b>-29715.00</b>
— Loss Brought forward from last year		66417.00	36702.00
— Loss carried to Balance Sheet		98152.00	66417.00
Basic & Diluted Earning Per Share		-0.01	-0.07

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

For and on behalf of the Board

Amit Goel  
Partner

Anil Goyal  
Director

Lalit Bhasin  
Director

Place : Delhi  
Date : 17th December, 2003

SCHEDULE - 1

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Annexed to and forming part of the Statement of Accounts for the year ended 30th Sep., 2003)

#### SIGNIFICANT ACCOUNTING POLICIES

- Accounts are prepared on accrual basis.
- Tax expenses for the year comprises of current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are 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.

#### NOTES ON ACCOUNTS

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

Particulars	Current Year	Previous Year
- Net Profit (Loss) for the year as per Profit & Loss account.	(31735)	(29,715)
- Net Profit (Loss) available for equity Shareholders	(31735)	(29,715)
- Weighted average no. of equity Shares outstanding.	42,51,070	42,51,070
- Basic and Diluted Earning per share (Face value of Rs.10/- each)	(-)0.01	(-)0.007
- Advances Recoverable includes Rs.Nil (Previous year : Rs. 50,00,000/-) due from Company in which directors are interested. Maximum Balance outstanding at any time during the year Rs.50,00,000/- (Previous year : Rs. 50,00,000/-)
- Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed hereto.

For and on behalf of the Board

Anil Goyal  
Director

Lalit Bhasin  
Director

Additional information pursuant to part IV of the Schedule VI of the Companies Act.1956

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

##### I. Registration Details

State Code	55
Registration No.	101950
Balance Sheet Date	30.09.2003

##### II. Capital raised during the year (Amount in Rs.)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

##### III. Position of mobilisation and deployment of Funds (Amount in Rs.)

Total liabilities	51010700	Total Assets	51010700
Source of Funds		Application of Funds	
Paid up capital	42510700	Net Fixed Asset	NIL
Reserve & Surplus	8500000	Investment	—
Secured Loans	—	Net Current Assets	50796920
Unsecured Loans	—	Misc.Exp.	115628
		Profit & Loss Account	-98152

##### IV. Performance of Company (Amount in Rs.)

Total Turnover	—	Total Expenditure	31735
Profit /Loss before Tax	-31735	Profit /Loss before Tax	-31735
Earning per shares in Rs.	-0.01	Dividend Rate	—

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

1	Item code No.	: N.A
	Product Description	: Financial & management consultant
2	Item Code No.	: N.A
	Product Description	:

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

For and on behalf of the Board

Amit Goel  
Partner

Anil Goyal  
Director

Lalit Bhasin  
Director

Place : Delhi  
Date : 17th December, 2003



### BOARD OF DIRECTORS

Mr. H.C. Bhasin	Chairman
Mr. Anil Goyal	Managing Director
Mr. J.M.L. Suri	Director
Mr. R. K. Bhargava	Director
Mr. V. K. Gupta	Director

### COMPANY SECRETARY

Mr. Ajay Saini

### REGISTERED OFFICE

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

### SHARE SHOPPE

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

### CORPORATE OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENT

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

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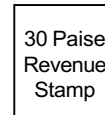
Folio No. ....  
(To be filled in by the Shareholder)



## HB PORTFOLIO LIMITED PROXY FORM

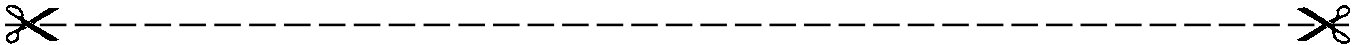
I/We .....  
of .....  
being a member(s) of **HB PORTFOLIO LIMITED**, hereby appoint.....  
.....  
of ..... or failing him/her  
of .....  
as my/our proxy to attend and vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held on Friday, 5th day of March, 2004 and at any adjournment thereof. As witness my hand/our hands this day ..... of 2004.

DP-Id : .....  
Client-Id : .....



Signed by the Said : .....

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



## HB PORTFOLIO LIMITED ATTENDANCE SLIP

### 9TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., 5th day of March, 2004  
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 9th Annual General Meeting held on Friday, 5th day of March, 2004 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.