



BOARD OF DIRECTORS	
Mr. H.C. Bhasin	Chairman
Mr. Anil Goyal	Managing Director
Mr. Lalit Bhasin	Director
Dr. M.P. Jain	Director
Mr. L. N. Malik	Director
Mr. Arvind Kohli	Director

COMPANY SECRETARY

Mr. Gagan Preet Singh

AUDITORS

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

REGISTERED OFFICE

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

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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NOTICE

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

Day : Tuesday
 Date : 30th September, 2003
 Time : 10.00 A.M.
 Place : GIA House, I.D.C., Mehrauli Road,
 Opp. Sector - 14, Gurgaon - 122 001, Haryana

to transact the following business:

AS ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the period ended on that date together with the Report of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Arvind Kohli, who was appointed as Additional Director of the Company with effect from 15th March, 2003 be and is hereby appointed as Director of the Company, liable to retire by rotation."
- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. L. N. Malik, who was appointed as Additional Director of the Company with effect from 15th March, 2003 be and is hereby appointed as Director of the Company, liable to retire by rotation."

**BY ORDER OF THE BOARD
 FOR HB LEASING & FINANCE CO. LTD.**

Place : New Delhi
 Date : 30.07.2003

**GAGAN PREET SINGH
 COMPANY SECRETARY**

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OR THE CORPORATE OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Items 4 and 5 to be transacted at the Meeting is appended hereto.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 26.09.2003 to 30.09.2003 (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 & Share Transfer Agent of the Company.
 - 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.
- All the material documents referred to in the Notice and Explanatory Statement including the Memorandum & Articles of Association of the Company are available for inspection by the members of the Company at its Corporate Office during the normal business hours on any working day.

ITEM NO. 2

Details of the Director seeking re-appointment in the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of the Director	: Mr. Lalit Bhasin
Date of Birth	: 14th August, 1968
Profile/Expertise in specific functional areas	: He is a commerce graduate with more than a decade of experience in Stock Market Operations and Financial Services
List of other companies in which directorship held as on 31st March, 2003	: HB Stockholdings Ltd.; HB Securities Ltd.; (Whole time Director); HB Estate Developers Ltd.; HB Telecommunications Ltd.; Credit Capital Asset Management Co. Ltd.; HB Prima Capital Ltd.; HB Corporate Services Ltd.; Har

Sai Investments Ltd.; RRB Securities Ltd.; RRB Master Securities Delhi Ltd.; RRB Master Holdings Ltd.; Raja Ram Bhasin Share and Stock Brokers Ltd. (Whole time Director); Bhasin Share and Stock Brokers Ltd.; RRB House Finance Pvt. Ltd.; Pal Properties (India) Pvt. Ltd.

Chairman/Member of the Committees of the Board of the Companies in which he is a Director as on 31.03.2003.	: Member - Audit Committee HB Leasing & Finance Co. Ltd.; HB Estate Developers Ltd. and HB Stockholdings Ltd.; Member - Shareholders Committee HB Leasing & Finance Co. Ltd. RRB Securities Ltd.
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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

The Board of Directors of the Company in their Meeting held on 15th March, 2003 had appointed Mr. Arvind Kohli as Additional Director effective from that date. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Arvind Kohli holds the office till the date of this Annual General Meeting of the Company.

The Company has received a notice from a shareholder pursuant to Section 257 of the Companies Act, 1956 proposing his candidature as Director. The requisite fee has been deposited by the shareholder with the Company. The notice received from the shareholder proposing the name of Mr. Arvind Kohli for appointment as Director of the Company is available for inspection at the Registered Office of the Company during normal business hours.

Mr. Arvind Kohli is a Practicing Company Secretary and a Fellow Member of the Institute of Company Secretaries of India. Besides, he is also an Associate Member of All India Management Institute and Fellow Member of Indian Council of Arbitration. He has more than 18 years of experience in the field of corporate law.

None of the Directors except Mr. Arvind Kohli is in anyway interested in or concerned with the aforesaid Resolution.

The Directors recommend the Resolution for Members as Ordinary Resolution.

ITEM NO. 5

The Board of Directors of the Company in their Meeting held on 15th March, 2003 had appointed Mr. L. N. Malik as Additional Director effective from that date. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. L. N. Malik holds office up to the date of this Annual General Meeting of the Company.

The Company has received a notice from a shareholder pursuant to Section 257 of the Companies Act, 1956 proposing his candidature as Director. The requisite fee has been deposited by the shareholder with the Company. The notice received from the shareholder proposing the name of Mr. L. N. Malik for appointment as Director of the Company is available for inspection at the Registered Office of the Company during normal business hours.

Mr. L. N. Malik is a Practicing Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India. He has an expert knowledge of Taxation and Audit possess vast experience of 38 years in his field. Besides, he has conducted Audit of several Public Sector Companies, Banks which include Punjab National Bank, State Bank of India, BHEL and Punjab Financial Corporation Ltd.

None of the Directors except Mr. L. N. Malik is in anyway interested in or concerned with the aforesaid Resolution.

The Directors recommend the Resolution for Members as Ordinary Resolution.

**BY ORDER OF THE BOARD
 FOR HB LEASING & FINANCE CO. LTD.**

Place : New Delhi
 Date : 30.07.2003

**GAGAN PREET SINGH
 COMPANY SECRETARY**



HB LEASING AND FINANCE COMPANY LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the 20th Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 2003.

FINANCIAL RESULTS

In order to comply with the requirement of Prudential Norms issued by Reserve Bank of India applicable to Non-Banking Financial Companies the company has changed its accounting year to April-March. Accordingly, the accounting period of the Company under review was curtailed to a period of 7 months to close on 31st March 2003. The next and subsequent Financial Years of the Company would commence on 1st April of every year and close at 31st March of the following year.

The financial results for the period are summarised for your consideration. However, in view of the change in the accounting year stated above, the results for the period under review are not strictly comparable with that of previous year.

PARTICULARS	(Rs. in Lakhs)	
	Period Ended 31.03.2003 (7 months)	Year Ended 31.08.2002 (12 months)
Gross Profit/(Loss)	(36.93)	(221.22)
Less :		
(a) Depreciation	2.00	3.92
(b) Preliminary and Share Issue Expenses Written Off	Nil	Nil
(c) Provision for Doubtful Debts	Nil	Nil
(d) Provision for Income Tax	Nil	Nil
Net Profit/(Loss)	(38.93)	(225.14)
ADD/(LESS)		
Profit/(Loss) brought forward	(2136.64)	(1911.50)
Provision for doubtful debts written back	2.79	Nil
Profit/(Loss) carried forward	(2172.78)	(2136.64)

DIVIDEND

In view of loss suffered, your Directors regret their inability to recommend dividend for the period under review.

PERFORMANCE REVIEW & FUTURE OUTLOOK

In retrospect, the accounting period under review witnessed largely a subdued and stagnant sentiments in the stock market and as a result the company's operations did not yield positive results. Seen under the above background the company has been able to contain and reduce operational losses. Besides, the company has also initiated efforts to reduce and prune expenses. However, the situation is likely to improve in the current year as the primary market is showing signs of revival and it is hoped that the market may see the return of retail investors in the future. The industry trends and prospects are elaborately given in the Management Discussion and Analysis.

STATUTORY STATEMENTS

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

The provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable, as there is no such employee.

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby stated that in the preparation of the accounts for the financial period under review, the applicable accounting standards have been followed alongwith proper explanation relating to material departures. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit/loss of the Company, for the period under review. 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. Further, the Directors have prepared the annual accounts (for the period under review) on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of Clause 49 of the Listing Agreement, a Report on Corporate Governance and Management Discussion and Analysis, together with a certificate from the Auditors conforming compliance with Clause 49 are annexed hereto and forms part of this Report.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's securities are listed at Delhi and Mumbai Stock Exchanges and the Company has paid Listing Fee to the Stock Exchanges.

AUDITORS' REPORT

Observations of the Auditors are explained, wherever necessary, by appropriate Notes to Accounts. However, as regards the Unclaimed Dividend/Debt Interest and other balances which are to be transferred to the Investor Education and Protection Fund maintained under Section 205C of the Companies Act, 1956, the Company has already initiated necessary steps for the transfer of above amounts and the same will be completed on priority upon the completion of reconciliation process initiated by the concerned banks.

AUDITORS

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

DIRECTORATE

During the period under review, Mr. Arvind Kohli, a Practising Company Secretary and Mr. L. N. Malik, a Practising Chartered Accountant were co-opted as Additional Directors. Accordingly, as per the provisions of Section 260 they hold office up to the date of ensuing Annual General Meeting. The company has, however, received necessary notice under Section 257 for electing them as director liable to retire by rotation in the ensuing Annual General Meeting. The Board commends the resolutions for adoption by the members.

In terms of provisions of Article 99 of the Articles of Association of the Company, Mr. Lalit Bhasin is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

ACKNOWLEDGMENTS

Your Directors wish to thank and acknowledge the co-operation and support extended by the Company's Bankers and the contribution made by employee at all levels and above all the trust and confidence reposed by the Shareholders.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : 30.07.2003

H. C. BHASIN
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Results

The operating results of the Company for the period under review are not strictly comparable with that of the previous year as the results for the period under review are only for 7 months as against 12 months in the previous year.

The total income/(loss) earned/suffered by the Company during the period under review was Rs. (12.04) lakhs as compared to Rs. (44.84) lakhs previous year. The Administrative & other expenses amounted to Rs.24.89 lakhs (which if annualised comes to Rs.42.67 lakhs) as compared to Rs. 48.56 lakhs previous year.

2. Industry Trends and Business Analysis

During the period under review the sentiments in Capital Market continued to remain subdued resulting in a stagnant market. The BSE Sensex which opened at 3181.23 in September, 2002 closed at 3048.72 in March, 2003 and recorded a high of 3416.92 in January, 2003. Similar trend was witnessed in other broad-based indices of BSE and NSE. In the aforesaid backdrop of a stagnant market, the Company has been able to contain losses, which is a satisfactory performance.

3. Opportunity, Threats & Outlook

More than a decade long of sustained reform measures by SEBI has transformed the Indian Capital Market on par with those in the developed economies. The introduction of trading in derivatives and options would add greater depth and breadth to the Indian Market besides offering better opportunities of earning to the informed investors. Besides, the primary market has also shown signs of revival as seen from the investor response to the Automobile PSU-Maruti Udyog's IPO. This augurs well for the Capital Market and if the Government sustains this tide with further fiscal incentives, the Capital Market may finally pick up the momentum and be the engine for future capital formation for a sustained industrial and economic growth.

Your Company being conscious of the potential the Capital Market holds in the new buoyant era is ready to capitalise the same and increase its earnings without losing its emphasis and focus in containing expenses.

As in any industry your Company is exposed to competitive pressures from existing and new players, however the Company hopes to ward off competitive threat with its experience gathered during more than a decade long in the stock market operations.

4. Risk and concerns

The Company is exposed to normal industry risk factors that are associated with capital market, which inter-alia includes economic/business cycle, fluctuations in the stock prices in the market due to host of factors, besides interest rate volatility and credit risk. Company manages these risks by maintaining a conservative financial profile and by taking prudent business and management decisions.

5. Internal control system and their adequacy

The Company has adequate internal control systems commensurate with the size of the business duly supplemented with an internal audit to ensure against any unauthorised use or disposition of assets.

The internal controls are periodically reviewed by the Audit Committee to ensure their adequacy and effectiveness.

6. Financial performance

a) **Share Capital** : The Company's issued and subscribed Share Capital consists of Equity Shares only. The paid-up capital of the Company as at 31st March, 2003 stood at Rs. 1095.79 lakhs comprising of 11062731 Equity Shares of Rs. 10/- each. Though the Board of Directors has obtained the necessary approval from the shareholders under Section 81(1A) of the Companies Act, 1956, for issuing Redeemable Preference Shares, the Company has still not proceeded with the issue of Preference Shares because of low morale of the Capital Market.

b) **Reserves & Surplus** : During the period under review, the Reserves & Surplus of the Company remain unchanged at Rs. 1815.88 lakhs.

c) **Current Assets & Current Liabilities** : Current Assets & Liabilities of the Company during the period under review stood at Rs. 1356.00 lakhs and Rs. 645.59 lakhs respectively as compared to Rs. 1401.15 lakhs and Rs. 656.20 lakhs previous year.

7. Human Resources

As of now, the Company has adequate manpower to manage its activities keeping in view its emphasis on cost reduction. The Company recognises that human resources are the front runners in an organisation in order to achieve success in its commercial pursuits and follows a good man management policy.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance envisages pursuing high standards of accountability, transparency in its working and to strive to maximise the earnings for the stakeholders. The Company is committed to establish and follow the highest standards of Corporate Governance in conformity with the stipulations of the Regulator.

SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of your Company comprises of 6 Directors at present. Out of them, 5 Directors are Non-Executive Directors with 3 Directors as Independent Directors. Mr. Anil Goyal is the Managing Director of the Company. Mr. Arvind Kohli and Mr. L. N. Malik were inducted as Additional Directors on the Board w.e.f. 15th March, 2003. All Directors are proficient in their respective fields and bring with them decades of vast experience. The composition of the Board is in conformity with the provisions of Listing Agreement.

During the period under review, 6 Meetings of the Board of Directors were held on 30th September, 2002; 28th November, 2002; 30th December, 2002; 18th February, 2003; 15th March, 2003 and 29th March, 2003.

Name of the Director	Category	No. of other Director-ship@	No. of Board Meetings held during the period	No. of Board Meetings attended	Attendance at the last AGM
Mr. H. C. Bhasin	Non Executive	14	6	6	Yes
Mr. Anil Goyal	Executive	8	6	6	Yes
Mr. Lalit Bhasin	Non-Executive	13	6	6	Yes
Dr. M. P. Jain	Non-Executive & Independent	1	6	Nil	No
Mr. Arvind Kohli	Non-Executive & Independent	Nil	6	2*	NA#
Mr. L. N. Malik	Non-Executive & Independent	1	6	2*	NA#

* Appointed w.e.f. 15th March, 2003

Appointed after the last AGM

@ Private and overseas companies not included

In terms of the provisions of Articles of Association of the Company, Mr. Lalit Bhasin retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Arvind Kohli and Mr. L. N. Malik were appointed as Additional Directors on the Board in the Meeting of Directors held on 15th March 2003 and hold office up to the date of ensuing Annual General Meeting. The company has, however, received necessary notice under Section 257 for electing them as director liable to retire by rotation in the ensuing Annual General Meeting. The Board commends the resolutions for adoption by the members.

AUDIT COMMITTEE

The Audit Committee of the Company has been reconstituted in accordance with the provisions Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Committee comprises of following three Directors, all being non-executive with two being independent Directors:

Mr. L. N. Malik	Chairman
Mr. Lalit Bhasin	Member
Mr. Arvind Kohli	Member

The Company Secretary acts as Secretary to the Committee. The terms of reference of Audit Committee, inter-alia includes laying down, review and revise the accounting policies of the Company; review of financial operations and performance of the Company; review of quarterly / half yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors, consider and constitute sub-committees, wherever necessary for carrying out and / or monitoring the financial operations of the Company, 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 the auditors of the Company, consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and auditors of the Company and ensure compliance of the same, receive, discuss and consider the observations and reports of the internal auditors and auditors of the Company from time to time, review and investigate on matters of financial nature, as and when deemed necessary and expedient, give report and / or recommendations to the Board on the matters concerning financial operations of the Company, consider and act on any matters as / or included under Clause 49 of the Listing Agreement and / or as may be included from time to time.

During the previous period, 3 Meetings of Audit Committee were held on 28th November 2002; 30th December, 2002 and 29th March, 2003 which were attended to by all the Members.

SHAREHOLDERS' COMMITTEE

The Shareholders' Committee of the Company consists of Mr. H. C. Bhasin, Mr. Anil Goyal and Mr. Lalit Bhasin as Members and Company Secretary, as Secretary to the Committee. The Shareholders' Committee has been empowered to carry out, inter-alia, the following functions:

- to consider and approve the transfer, transmission and issue of fresh / duplicate share certificates;
- to review the status of dematerialisation of shares of the Company and the matters incidental thereto;

- to review and monitor the approval to the transfers / transmissions made by Mr. Anil Goyal under authority given to him;
- to monitor the matters of litigation relating to shareholders / shareholders' grievances and to take decisions in respect thereof;
- to deal with such other matters related / incidental to the shareholders.

During the period under review, 6 Meetings of the Shareholders' Committee were held on 2.09.2002; 18.11.2002; 14.12.2002; 24.12.2002; 14.01.2003 and 15.03.2003. Mr. Anil Goyal, Managing Director, has however been authorised to approve transfer of shares of the Company upto 2,000 equity shares under one folio at a time.

REMUNERATION COMMITTEE

No Remuneration Committee has been constituted being a non-mandatory requirement. No sitting fee is being drawn by the Directors for attending the meetings of Board of Directors and its Committee. Further, no remuneration has been drawn by Mr. Anil Goyal, Managing Director as he has opted to draw his remuneration from HB Portfolio Limited of which he is the Managing Director.

SHAREHOLDERS' INFORMATION

(A) Details of Annual General Meetings :

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

Year	Type	Location	Date	Time
2001-02	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	25.02.2003	10:00 A.M.
2000-01	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	26.02.2002	10:00 A.M.
1999-00	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	29.01.2001	10:00 A.M.

(ii) Whether Special Resolutions were put through Postal Ballot : No

(iii) Are polls proposed to be conducted through Postal Ballot this year : No

(B) No dividend has been paid by the Company during last three years.

(C) The Register of Members and Share Transfer Books of the Company shall remain closed from 26.09.2003 to 30.09.2003 (both days inclusive). The previous book closure remained w.e.f.22nd February, 2003 to 25th February, 2003.

(D) Related party disclosures have been appended at S. No. 14 in Schedule I (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 orders have been passed against the Company during the last three years.

(E) Means of communication:

- (i) Half yearly report sent to each household of shareholder No
- (ii) Quarterly results sent to each shareholder No
- (iii) Publishing of results in newspaper Pioneer & Veer Arjun
- (iv) Any website, where results are displayed No
- (v) Whether MD & A is part of Annual Report Yes
- (vi) Whether shareholders' information is part of Annual Report Yes

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

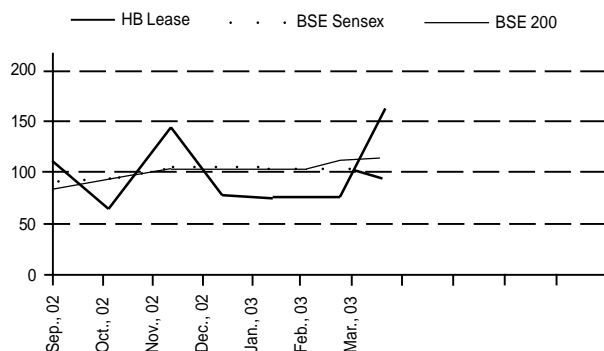
(G) Registrar & Share Transfer Agent of the Company: RCMC Share Registry Pvt. Ltd., 1515, 1st Floor, Bhasham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi – 110003. Phones : 24692346, 24601017. Fax : 24692345. E-mail : rcmc@dimensioni.net

(H) The Trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 29th January, 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 Ltd. (CDSL). The ISIN allotted to the Company is INE549B01016.

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

Month	High	Low	Close	Volume
Aug-02	1.6	0.65	0.85	6724
Sep-02	1	0.7	0.9	2636
Oct-02	0.8	0.5	0.55	4243
Nov-02	1.2	0.45	1.2	15956
Dec-02	1.4	0.55	0.65	19002
Jan-03	0.75	0.5	0.6	20047
Feb-03	0.85	0.5	0.6	12229
Mar-03	1.35	0.5	1.35	4218

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

(L) Stock Performance - absolute returns

HB Leasing	59%
BSE Sensex	(-)4%
BSE 200	17%

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

BSE, Mumbai	508956
DSE, Delhi	108013

(N) The Dematerialisation of Shares and Liquidity : 36.43%
(O) Mr. Gagan Preet Singh, Company Secretary is the Compliance Officer of the Company.
(P) The distribution of shareholding of the Company as on 31st March, 2003 is as under:

No. of Shares	Shareholders		Shareholding	
	Numbers	% to total	Numbers	% to total
1 – 500	47185	98.42	5980716	54.06
501 – 1000	486	1.01	353884	3.20
1001 – 2000	169	0.36	242931	2.20
2001 – 3000	38	0.08	97174	0.88
3001 – 4000	16	0.03	55826	0.50
4001 – 5000	6	0.01	28111	0.25
5001 – 10000	14	0.03	101025	0.91
10001 and above	28	0.06	4203064	38.00
TOTAL	47942	100.00	11062731	100.00

(Q) The category-wise distribution of Shareholders as on 31st March, 2003 is as follows:

Category	No. of Shares held	% of shareholding
A. Promoters Holding		
— Promoters	3159479	28.56
— Persons acting in concert	78785	0.71
B. Others		
— Mutual Funds & UTI	107370	0.97
— Banks / FIs	68460	0.62
— FIs	Nil	Nil
— Private Corporate Bodies	833334	7.53
— NRIs / OCBs	207517	1.88
— Indian Public	6607786	59.73
TOTAL	11062731	100.00

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

Transfer Period	No. of holders	No. of shares	% to shares
1-15	620	809272	100
16 – 20	Nil	Nil	Nil
21 – 30	Nil	Nil	Nil
31 & above	Nil	Nil	Nil

(S) The status of Investors' Grievances Redressal / Queries during the previous period is as under:

Nature of Grievance / query	Received	Cleared
Relating to transfer, transmission, change of address etc.	58	58
Demat / Remat of shares	9	9
Issue of duplicate share certificates / replacement etc.	6	6
Others	38	34

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

To the Members of
HB LEASING & FINANCE CO. LTD.,
 New Delhi.

We have examined the compliance of conditions of Corporate Governance by **HB LEASING & FINANCE CO. LTD.** for the period ended on 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has by 31st March, 2003 complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that for part of the period constitution of Audit Committee was not in accordance with the aforesaid Clause 49.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company and the Management have certified that as on 31st March, 2003 there were 4 Investors' Grievances remaining pending for a period exceeding one month.

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

FOR P. BHOLUSARIA & CO.,
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 30th July, 2003

AMIT GOEL
PARTNER

AUDITORS' REPORT

THE MEMBERS OF
HB LEASING & FINANCE CO. LTD

We have audited the attached Balance Sheet of HB Leasing & Finance Co. Ltd. as at 31st March, 2003 and the Profit & Loss Account for the period from 1.09.2002 to 31.03.2003 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 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.

1. As required by the 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.
2. Further to our comments in the annexure referred to in paragraph 1 above :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the balance sheet and Profit and Loss Account comply with the accounting standards referred to in Section 211 (3C) of Companies Act, 1956.
 - (e) As per the information and explanations given to us, none of the directors of the Company are disqualified as on 31st March, 2003 from being appointed as director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to Note No. 5 of Schedule I regarding pending reconciliation and transfer of unclaimed dividend/debenture interest/debenture redemption amount etc. to Investor Education and Protection Fund under Section 205C of Companies Act, 1956 and read together with other notes thereon give the information required by the Company Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. :-
 - i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2003.
 - ii) In the case of Profit and Loss Account of the Loss for the period ended on that date.

**FOR P. BHOLUSARIA & CO.,
CHARTERED ACCOUNTANTS**

Place : New Delhi
Date : 29th May, 2003

**AMIT GOEL
PARTNER**

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF HB LEASING AND FINANCE COMPANY LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2003.

[Referred to in paragraph 1 thereon]

1. The Company has maintained proper records showing full particulars including quantitative details and location on fixed assets. Most of the fixed assets, other than the assets given on lease, have been physically verified by the Management during the period. As explained to us, no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the period.
3. The stock of finished goods have been physically verified by the Management at reasonable intervals. In our opinion the frequency of verification is reasonable.
4. The procedure followed by the Management for physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stock as compared to the book records were not significant and have been properly dealt with in the books of account.
6. On the basis of information and explanations given to us the valuation of stock is fair and proper in accordance with normally accepted accounting principles and is on the same basis as during the immediately preceding previous year.
7. As per the information furnished, the Company has not taken loans from Companies, Firms or other Parties listed in the register maintained pursuant to provisions of Section 301 of the Companies Act, 1956. In terms of section 370 (6) of the Companies Act, provision of that Section are not applicable to the company on or after 31st October, 1998.
8. As per the information furnished, the Company has not given any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained pursuant

to provisions of Section 301 of the Companies Act, 1956. In terms of section 370 (6) of the companies Act, provision of that section are not applicable to the company on or after 31st October, 1998.

9. The parties to whom loans and advances in the nature of loans have been granted by the Company are repaying the principal amount with interest wherever applicable except those identified as doubtful. In case where recovery is not regular the Company has taken reasonable steps for final recovery or resorting to legal remedies for recovery. The Company has also granted interest free loans to staff who are regular in repaying the principal amounts. There are however no stipulations in writing. Interest free Advances have also been given to various parties.
10. 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 business of the Company with regard to purchases of assets, shares, debentures & other items.
11. The Company has not entered into transactions for sale & purchase of shares 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 period.
12. The Company has not accepted deposits from the public during the period.
13. In our opinion during the current period the company, has had an adequate internal audit system commensurate with the size and nature of its business.
14. According to the records of the Company, Employees State Insurance and Provident Fund dues have been regularly deposited with the appropriate authorities.
15. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty and Sales Tax as at 31st March, 2003 which are outstanding for the period of more than six months from the date they became payable.
16. In our opinion and according to the information and explanations given to us, personal expenses have not been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. The Company has not granted loans on the basis of security by way of pledge of shares, debentures and other securities during the period.
18. We are informed that the provisions of any special statutes applicable to chit funds, nidhi or mutual benefit society do not apply to the Company.
19. The Company has maintained proper records of transaction and contracts in respect of trading in shares/debentures and timely entries have been made therein. All the Shares have been held by the company in its own name except shares valuing Rs.31,53,392/- at period 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 the company has obtained/in the process of obtaining confirmations from the respective parties.
20. None of the other clause of the aforesaid order is applicable to the Company.

**FOR P. BHOLUSARIA & CO.,
CHARTERED ACCOUNTANTS**

Place : New Delhi
Date : 29th May, 2003

**AMIT GOEL
PARTNER**



BALANCE SHEET AS AT 31ST MARCH, 2003

Schedules	As at 31st Mar., 2003 (Rs.)	As at 30th Aug., 2002 (Rs.)
SOURCES OF FUNDS		
Shareholders Funds		
a) Share Capital A	109578755	109578755
b) Reserves & Surplus B	181587652	181587652
TOTAL	291166407	291166407
APPLICATION OF FUNDS		
Fixed Assets C		
Gross Block	45604414	45563814
Less : Depreciation	42756233	42556165
Net Block	2848181	3007649
Current Assets, Loans & Advances D		
a) Stock-in-Trade E	30655014	32637481
b) Sundry Debtors	45785086	45848513
c) Cash & Bank Balances	3729554	50237366
d) Other Current Assets	2503000	2503000
e) Loans and Advances	52927432	8889140
	135600086	140115500
Less : Current Liabilities & Provisions F		
a) Liabilities	16340490	171121566
b) Provisions	48219153	48508350
	64559643	65620506
Net Current Assets	71040443	74494994
Profit & Loss Account (As Per Annexed Account)	21727783	213663764
TOTAL	291166407	291166407
Notes on Accounts and Significant Accounting Policies I		

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
Gagan Preet Singh Company Secretary
Anil Goyal Managing Director
Lalit Bhasin Director

Place : New Delhi
Date : 29th May, 2003

SCHEDULE 'A' : SHARE CAPITAL

	As at 31st March, 2003 (Rs.)	As at 31st August, 2002 (Rs.)
AUTHORISED		
2,00,00,000 Equity Shares of Rs.10/-each	200000000	200000000
50,00,000 Redeemable Preference Shares of Rs.10/-each	50000000	50000000
	250000000	250000000
ISSUED		
1,11,83,681 Equity Shares of Rs.10/- each	111836810	111836810
SUBSCRIBED, CALLED-UP AND PAID-UP		
11062731 Equity shares of Rs.10/- each	110627310	110627310
LESS :		
Allotment Money Receivable (Other than Directors)	1048555	1048555
	109578755	109578755

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1/09/2002 TO 31/03/2003

Schedules	Current Period (Rs.)	Previous Year (Rs.)
INCOME		
Income from Operation & Other Income G	-1204460	-4484091
TOTAL	-1204460	-4484091
EXPENDITURE		
Administrative & Other Expenses H	2488561	4856235
Depreciation	200068	392316
Provision for Doubtful and Sub-standard Assets	—	12780967
TOTAL	2688629	18029518
Profit/-Loss Before Taxation	-3893089	-22513609
Provision For Income Tax	—	—
— Current	—	—
— Deferred	—	—
Profit/-Loss After Taxation	-3893089	-22513609
Provision for Doubtful Debts Written Back	279070	—
Balance Brought Forward	-213663764	-191150155
Balance Carried to Balance Sheet	-217277783	-213663764
Basic & Diluted Earning Per Share In Rs.	- 0.33	-2.03
Notes on Accounts and Significant Accounting Policies I		

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
Gagan Preet Singh Company Secretary
Anil Goyal Managing Director
Lalit Bhasin Director

Place : New Delhi
Date : 29th May, 2003

SCHEDULE - 'B' : RESERVES AND SURPLUS

	As at 31st March, 2003 (Rs.)	As at 31st August, 2002 (Rs.)
SHARE PREMIUM A/C		
As Per Last Year	182029190	182029190
Less : Allotment Money Receivable (Other than Directors)	2562277	2562277
	179466913	179466913
INVESTMENT ALLOWANCE (UTILISED) RESERVE A/C		
As Per Last Year	2020864	2020864
CAPITAL RESERVE		
As Per Last Year	99875	99875
TOTAL	181587652	181587652

SCHEDULE - 'C' : FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.09.2002	Addition during the period	Deletions during the period	Total As at 31.03.2003	As at 01.09.2002	For the period	Adjustment	Total Dep. As at 31.03.2003	As at 31.03.2003	As at 31.08.2002
	Rs. (1)	Rs. (2)	Rs. (3)	Rs. (4)	Rs. (5)	Rs. (6)	Rs. (7)	Rs. (8)	Rs. (9)	Rs. (10)
LEASED ASSETS										
Plant & Machinery	34831810	—	—	34831810	34831810	—	—	34831810	—	—
Data Processing Machinery	1713843	—	—	1713843	1713843	—	—	1713843	—	—
Leased Vehicles	1698666	—	—	1698666	1698666	—	—	1698666	—	—
Leased Consumer Durables	1776809	—	—	1776809	996600	49020	—	1045620	731189	780209
	40021128	—	—	40021128	39240919	49020	—	39289939	731189	780209
OWN ASSETS										
Office Equipment	570080	—	—	570080	249518	15728	—	265246	304834	320562
Vehicles	577950	—	—	577950	577950	—	—	577950	—	—
Furniture & Fixture	3244771	—	—	3244771	1647429	119297	—	1766726	1478045	1597342
Data Processing Machinery	691885	40600	—	732485	679051	3386	—	682437	50048	12834
Air Conditioners	458000	—	—	458000	161298	12637	—	173935	284066	296702
	5542686	40600	—	5583286	3315246	151048	—	3466294	2116993	2227440
GRAND TOTAL	45563814	40600	—	45604414	42556164	200068	—	42756233	2848181	3007649
PREVIOUS YEAR	45550464	13350	—	45563814	42163848	392316	—	42556165	3007649	3386615

SCHEDULE - 'D' : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2003 (Rs.)	As at 31st August, 2002 (Rs.)
A. CURRENT ASSETS		
Closing Stock of Shares/Debentures (as per Schedule E) as taken valued, and certified by the Management	30655014	32637481
	30655014	32637481
Sundry Debtors (Unsecured considered good unless otherwise stated)		
Outstanding Exceeding 6 Months		
Considered Good	—	—
Considered Doubtful	45463482	45742552
Others		
Considered Good	321604	105961
	45785086	45848513
Cash In Hand (As certified by Management)	132885	182085
Bank balances with Scheduled Banks:		
In Current Accounts	125508	139424
In Debenture / Dividend A/c	3436894	3443666
In Fixed Deposits	34267	32957
(Including Intt. Accrued But not due)		
Cheques In Hand	—	46439234
	3729554	50237366

SCHEDULE - 'D' : CURRENT ASSETS, LOANS AND ADVANCES (Contd..)

	As at 31st March, 2003 (Rs.)	As at 31st August, 2002 (Rs.)
Other Current Assets :		
Share Application Money (Pending Allotment)	2503000	2503000
TOTAL 'A'	82672654	131226360
B. LOANS AND ADVANCES		
(Unsecured considered good, unless otherwise stated)		
Loans (including interest receivable Rs.470466/- previous year Rs.470466/-)		
Considered Good(Standard)	—	—
Considered Doubtful	578405	578405
Advance recoverable in Cash or in Kind or for value to be received		
Considered Good	44989157	932446
Considered Doubtful	2051287	2051287
Adv. tax & tax deducted at source (Net of Provision)	5027123	5044223
Security deposits (with others)	281460	322779
TOTAL 'B'	52927432	8889140
TOTAL 'A' + 'B'	135600086	140115500

SCHEDULE 'E' : CLOSING STOCK OF SHARES / DEBENTURES FOR THE PERIOD ENDED 31ST MARCH, 2003

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 31st Aug., 2002	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES					
AGROTECH INDIA LIMITED.	10	40400	612868	40400	612868
AMIRITANJAN LTD.	10	18200	1201200	18200	1678040
ANDHRA CEMENT CO. LIMITED	10	550	2750	550	3025
ANSAL BUILDWELL LIMITED	10	4750	9500	4750	14250
BALLARPUR INDUSTRIES LIMITED.	10	2342	84663	2342	100940
BARODA RAYON CORPORATION LIMITED.	10	68800	202960	68800	202960
BATA INDIA LIMITED.	10	33	863	33	1081
BHUSHAN STEELS LIMITED	10	18975	460144	22475	614467
CEAT LTD.	10	50	1175	50	1175
CROMPTON GREAVES LIMITED.	10	15000	771000	15000	579000
DALMIA CEMENT (BHARAT) LTD.	10	554	71466	554	77560
DCM LIMITED.	10	120005	852036	120005	828035
DCM SRIRAM CONSOLIDATED LIMITED	10	3555	185927	3555	182905
DCM SHRIRAM IND.LTD.	10	2537	11417	2537	18393
DIGITAL WORLD INDIA LIMITED	10	127900	319750	127900	319750
EAST INDIA HOTELS LIMITED	10	446	12452	446	12452

HB LEASING AND FINANCE COMPANY LIMITED

SCHEDULE 'E' : CLOSING STOCK OF SHARES / DEBENTURES FOR THE PERIOD ENDED 31ST MARCH, 2003 (CONTD...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2003		Closing Balance as on 31st Aug., 2002	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
EICHER TRACTORS LIMITED	10	340	8415	22940	431272
ESSAR STEEL LIMITED	10	7000	49000	7000	45500
FINOLEX IND.LTD.	10	—	—	300	5880
GRASIM INDUSTRIES LIMITED	10	200	24854	200	24854
GUJRAT NARMADA VALLEY FERT.CO.LTD	10	750	20850	750	20438
HARYANA LEATHER LIMITED	10	1500	2025	1500	1800
HINDUSTAN DEVELOPMENT CORPN.LIMITED	10	1968	6396	1968	6396
HINDUSTAN MOTORS LIMITED	10	8229	62540	8229	67889
HOTLINE TELETUBES & COMPONENTS LTD.	10	226400	577320	226400	1132000
HOTELINE GLASS LTD.	10	1600	2000	1600	3840
ITC LIMITED	10	200	51062	200	51062
ION EXCHANGE LTD.	10	2000	38200	2000	44800
I.O.C. LTD.	10	4450	713780	4450	713780
JAIN IRRIGATION SYSTEMS LIMITED	10	—	—	119	4766
JCT LIMITED	2.5	197300	631360	197300	887850
J.K SYNTHETICS LIMITED	10	32200	83720	32200	99820
KALYAN SUNDARAM CEMENT LIMITED	10	8970	89700	8970	89700
KERALA CHEMICALS LTD.	10	100	1230	100	1230
MADHUSUDAN INDUSTRIES LIMITED	5	130800	385860	130800	667080
CERA SANITARY WARE LTD.	5	130800	928680	130800	667080
MADRAS CEMENT LTD.	100	10	34500	10	40400
MANALI PERTOCHEMICALS LIMITED	10	200	400	200	620
MODI RUBBER LIMITED	10	5906	107194	5906	163006
MOHAN MEAKIN LIMITED	10	800	32352	800	32352
MANSINGHKA OIL PRODUCTS LIMITED	10	300100	150050	300100	150050
MYSORE CEMENTS LIMITED	10	8000	40800	8000	56400
NAHAR IND. ENT. LTD.	10	10	44	10	68
OSWAL AGRO MILLS LTD.	10	192800	279560	192800	501280
PREMIER VINAYAL LTD.	10	3000	3750	3000	3750
PHEONIX INTERNATIONAL LIMITED	10	14400	50400	14400	97920
PUNJAB TRACTORS LIMITED	10	600	28548	600	28548
RELIANCE PETROLIUM LTD.	10	—	—	2000	20000
RELIANCE INDUSTRIES LIMITED	10	3410	490392	3237	465513
RRB SECURITIES LTD.	100	100000	10000000	100000	10000000
SAMTEL COLOUR LTD.	10	—	—	20	349
SHRIRAM INDUSTRIAL ENT.LIMITED	10	134890	364203	134890	613750
SGREYANS INDUSTRIES LIMITED	10	700	5775	700	5775
SOUTHERN PERTO. INDS. CORPN. LTD.	10	3050	13115	3050	23790
S.R.F. LIMITED	10	1832	38472	1832	41770
STI GRANITE LIMITED	10	60000	120000	60000	120000
THE TATA IRON & STEEL CO.LIMITED	10	100	13375	100	12360
TITAN INDUSTRIES LIMITED	10	500	25350	500	33225
UTI MASTERGAIN-1992	10	26100	226026	26100	222372
UTI MASTERSHARE	10	12666	129827	12666	126027
QUOTED PARTLY PAID UP EQUITY SHARES					
BARODA RAYON CORP LTD.	10	35275	—	35275	—
INDOGULF INDUSTRIES LTD.	10	218838	—	218838	—
KALYAN SUNDRAM CEMENT LTD.	10	182060	—	182060	—
PRAKASH INDUSTRIES LTD.	10	50	—	50	—
CEAT LTD.	10	650	—	650	—
NAHAR INTERNATIONAL LTD.	10	41300	—	41300	—
SUB TOTAL A		2526151	20631294	2554517	22973261
UNQUOTED FULLY PAID UP EQUITY SHARES					
CREDIT CAPITAL INVESTMENT CO. LTD.	10	14380	149800	14380	149800
HARSAI INVESTMENTS LTD.	10	200000	2000000	200000	2000000
UNQUOTE REDEEMABLE FULLY PAID UP PREFERENCE SHARES					
HB TELE COMMUNICATIONS LTD.	10	10000	100000	—	—
WITH MUTUAL FUND					
TAURUS MUTUAL FUND-LIBRA TAX SHIELD-96	10	1000000	7710000	1000000	7450000
QUOTED FULLY PAID UP DEBENTURES					
12.5% Secured Hindustan Dev.Corpn.Limited. NDC VIII Series	80	434	17360	434	17360
12.5% Secured Hindustan Dev.Corpn.Limited. NDC VII Series	40	300	6000	300	6000
14% Hindustan Development Corpn. Limited. NCD IX Series	40	959	38360	959	38360
QUOTED PARTLY PAID UP DEBENTURES					
Jindal Vijay Nagar steel Limited FCD	35	100	2200	100	2700
SUB TOTAL B		1226173	10023720	1216173	9664220
TOTAL A+B		3752324	30655014	3770690	32637481

SCHEDULE - 'F' : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2003 (Rs.)	As at 31st August, 2002 (Rs.)
A. CURRENT LIABILITIES		
i) Sundry Creditors	8236680	8309172
ii) Other Liabilities	28001	67932
iii) Lease/Hire Purchase Security Deposits (Interest Free)	2480985	2480985
iv) Investor Education and Protection fund shall be credited by the following amount namely :		
a) Unpaid Dividend	1132101	1137726
b) Unpaid application money received by the companies for allotment of securities and due for refund	—	—
c) Unpaid Matured Deposit	—	—
d) Unpaid Matured Debentures	3804714	3805411
e) Interest accrued on (a) to (d) above	531127	531127
v) Cheques over issued on Current Accounts	120553	773473
vi) Interest Accrued but not due	6329	6329
TOTAL 'A'	16340490	17112156
B. PROVISIONS		
i) Provision for Sub Standard/ Doubtful Assets	48093174	48372244
ii) Provision for Gratuity	15846	34499
iii) Provision for Leave Encashment	110133	101607
TOTAL 'B'	48219153	48508350
TOTAL 'A' + 'B'	64559643	65620506

SCHEDULE - 'G' : INCOME FROM OPERATIONS & OTHER INCOME

	Current Period (Rs.)	Previous Year (Rs.)
Income from sale/purchase of Shares/ Difference In Share Dealing And Valuation Loss(Net)	-1524588	-5490008
INTEREST INCOME (GROSS)		
On Fixed Deposits	1310	2246
On Debentures	525	12508
Dividend Income (Gross) (Tax Deducted At source Rs.22788/- Previous Year Rs.148/-)	261117	536219
Other Income	57176	9348
Liabilities No Longer Required (Net)	—	445596
TOTAL	-1204460	-4484091

SCHEDULE - 'H' : ADMINISTRATIVE AND OTHER EXPENSES

	Current Period (Rs.)	Previous Year (Rs.)
Advertisement	21734	15674
Contribution to Provident Fund and E.S.I.	64917	115462
Legal & Professional Charges	293247	421015
Miscellaneous Expenses	178393	416780
Postage, Telegram and Telephone	336843	414146
Printing & Stationery	59519	73264
Office Rent	446333	1364268
Salaries & benefits	656491	1184671
Travelling & Conveyance	208668	630818
Bank charges	3850	14848
Office repair and Maintenance charges	154642	140097
Staff Welfare	8799	8492
Auditor's Remuneration		
Audit Fees	39375	39375
Tax Audit Fees	15750	15750
Other	—	1575
	55125	56700
TOTAL	2488561	4856235

SCHEDULE 'I' - NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2003.
1. SIGNIFICANT ACCOUNTING POLICIES

- Lease rental Income is being accounted for on the basis of date of disbursement as determined by the management. Overdue lease rentals are being accounted for on the basis of certainty of recovery. Sale of leased assets is shown on full realisation of all dues from the lessee ; and till the time of sale of the same, are continued to be shown as leased assets even after the expiry of leased agreements and depreciation is charged thereon accordingly.
- Interest Income on loans and debentures and dividend income are being accounted for an accrual basis.
- Depreciation has been charged on all assets at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 on straight line method.
- Interest on allotment/call money on shares/ debentures is accounted for on receipt basis.
- Stock-in-trade is valued scrip-wise at cost or market value whichever is lower.
- Provident Fund, Leave encashment and Gratuity are accounted for on accrual basis. In respect of Gratuity the Company has taken an Employees Group Gratuity Scheme with LIC of India and deposits an annual premium.
- As per past practice Share Transfer Expenses are charged to Revenue.
- Tax expenses for the period comprises of current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognise, only if there is a virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each balance sheet date based on developments during the period, further future expectations and available case laws to reassess realisation/liabilities.

2. Contingent Liabilities not provided for

	Current Period	Previous Year
a) Contingent liability on partly paid up shares/debentures	800	800
b) Income tax demands disputed including interest etc. against which appeals are pending with appropriate authorities	3,97,36,524	5,53,63,220
c) Claims against the Company not acknowledged as debts	1,58,02,781	1,58,02,781

- Advance tax and TDS includes sum of Rs.43,12,503/- (Previous year Rs.43,12,503/- paid to Income Tax Authorities against various demands which are disputed and hence have not been adjusted.
- In the opinion of the management, current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business.
- Unclaimed debenture interest/dividend/redemption account and other such balances are under reconciliation and has been taken on the basis of certificate from the bank. The amount due for transfer shall be transferred to Investor Education & Protection Fund u/s 205C of the Companies Act, 1956 on reconciliation of the said accounts and identification of the persons to whom the amounts are payable for which necessary steps have already been taken by the Company with the bank.
- Sundry Debtors, Creditors, Loans, Advances etc. are subject to confirmation.
- Sundry Debtors include an amount of Rs. 25.90 lacs from a party who had initiated legal proceedings to stop the arbitration proceedings initiated by the Company for recovery of the amount. The Honorable Court has dismissed the suit filed by the said party and consequently the company has once again initiated steps to restore the arbitration proceedings.
 - Sundry Debtors include an amount of Rs. 44.36 lacs recoverable against lease/over due lease rentals from a party who is under the purview of BIFR. The Company is initiating legal proceedings for recovery of the amount and the equipment leased.
 - Sundry debtors include an amount aggregating to Rs. 27,12,066/- (Previous year Rs. 27,12,066/-) due from certain parties against subjudiced matters.
- Sundry Debtors includes an amount of Rs. 6.34 lacs for recovery of which and the equipments given on hire, legal proceedings have been initiated by the Company.
 - Sundry Debtors also includes amounts recoverable from certain parties against equipment given on hire purchase basis. As per information available with the management, in a number of cases, the equipments under hire purchase have either been misappropriated or not delivered by the manufacturers concerned. The management is of the opinion that a fraud has been committed against the Company with connivance of the manufacturers of the equipments, their dealers and /or their employees. While legal remedies have already been initiated in Courts for Company's claims amounting to Rs.470 lacs, the management is also making investigations in other cases the amount of which is unascertained at present.
- Sales Tax Authorities have raised demands aggregating Rs.6,85,580/- sales Tax on lease rentals on equipments leased by the Company in previous years. The Hon'ble High Court

has stayed the demands of the Sales Tax Authorities. However, in respect of a demand for Rs.18,170/-, the company had furnished a Bank Guarantee for Rs.18,170/- to the Sales Tax Authorities which has since expired. The Company has been advised that the aforesaid demands of Sales Tax Authorities are not legally sustainable.

10. Auditor's remuneration includes the following :

Particulars	Current Period	Previous Year
Audit Fee	39,375	39,375
Tax Audit Fee	15,750	15,750
Others	—	1,575

11. Allotment Money /Call Money receivable Account is unreconciled and the same has been taken as per Books.
12. There are no employees who are in receipt of remuneration aggregating to Rs.24,00,000/- (previous year 24,00,000/-) or more p.a or Rs.2,00,000/- (previous year 2,00,000/- or more per month where employed for a part of the year NIL (Previous year NIL):-
13. In the opinion of management, the company is mainly engaged in the business of Investments and finance and all other 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.
14. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India is as under :-

Related Party Disclosure (As identified by management and relied upon by Auditors)

- a) Key managerial personnel : Sh.Anil Goyal – Managing Director
Transaction during the period : Nil
- b) Other related parties with whom : Nil
transactions have taken place and relationship

15. The company is having brought forward losses under the Income Tax Act. In the absence of virtual as well as reasonable certainty of the realisation, credit for deferred tax assets has not been recognised to comply with Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India.
16. Earning Per Share :-

Particulars	Current Period	Previous Year
— Net Profit (Loss) for the period as per Profit & Loss account.	(38,93,089)	(2,25,13,609)
— Provision for doubtful debts written back	2,79,070	—
— Net Profit (Loss) available for equity Shareholders	(36,14,019)	(2,25,13,609)
— Weighted average no. of equity Shares outstanding.	1,10,62,731	1,10,62,731
— Basic and Diluted Earning per share (Face value of Rs.10/- each)	- 0.33	- 2.03

17. Operating Lease (Disclosure pursuant to Accounting Standard AS-19 for Leases)
- a) Particulars of the minimum lease payments under Operating Lease :-
- Not Later than One year Rs.3,30,000/-
 - Later than one year, but not later than five year Rs.4,40,000/-
 - Later than five years Rs. Nil
- b) Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March 2003 is Rs.1,92,500/-
- c) General description of the lease arrangement.
- Renewal Option-At the end of the lease period Lessee has to vacate the premise.
 - 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.
18. To comply with the requirement under Reserve Bank's Prudential Norms applicable to NBFCs, the current accounting period has been closed on 31st March, 2003 and accordingly the accounting period is of 7 months. Hence the figures for the current period are not comparable with that of previous accounting year. The previous year figures have been regrouped/rearranged wherever considered necessary.
19. Balances with Schedule Banks in Current Accounts includes balance with a bank amounting to Rs.4,456/- (Previous year Rs.4,456/-) which is subject to confirmation.

20. Expenses in Foreign Currency : - Travelling expenses Nil (Previous year Rs.1,96,791/-)
21. Quantitative information in respect of shares/debentures traded-in

Opening Stock		Purchase/Addition	
Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
3770690 (3746599)	32637481 (40258394)	14678 (359630)	451185 (2459900)

Sales/Deduction		Closing Stock	
Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
33044 (335539)	909066 (4590935)	3752324 (3770690)	30655014 (32637481)

Note : Figures in brackets pertain to previous year.

22. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed.
23. Additional information pursuant to Non-Banking Financial Companies Prudential Norms (Reserve Bank Direction 1998) is annexed.
24. Schedule A to I form an integral part of our accounts.

For and on behalf of the Board

Place : New Delhi Gagan Preet Singh Anil Goyal Lalit Bhasin
Date : 29th May, 2003 Company Secretary Managing Director Director

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	—	452.70	452.70
Total	—	452.00	452.00
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below			
Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties **			
(a) Subsidiaries	—		—
(b) Companies in the same group	—		—
(c) Other related parties	—		—
2. Other than related parties	—		—
Total	—		—
(*) Breakup value has been taken on the basis of last available audited Balance Sheet where the Balance sheet is not available the value has been taken at cost.			
(8) Other information			
Particulars	Amount		
(i) Gross Non-Performing Assets			
(b) Related Parties	—		
(c) Other than related parties	480.93		
(ii) Net Non-Performing Assets			
(a) Related parties	—		
(b) Other than related parties	Nil		
(iii) Assets acquired in satisfaction of debts	—		

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2003

	Period Ended 31st March, 2003	Year Ended 31st Aug., 2002
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra Ordinary Item	-3893089	-22513609
Adjustment for :		
Depreciation	200068	392316
Provision for Sub-standard/Doubtful Assets	-279070	12780967
Provision for Gratuity	-18653	34499
Provision for Leave encashment	8526	-14805
Loss on Sale of Fixed Assets	—	—
Preliminary & Share Issue Exp.	—	—
Dividend Income	-261117	-536219
Debtenture Interest Income/Other Income	-59011	-24102
Operating Profit before Working Capital Changes	-4302346	-9880953
Adjustment for :		
Trade and other Receivables	-43672896	51445586
Inventories	1982467	7620913
	-771665	-3565111
Cash Generated from Operations	-46764440	45620435
Interest Paid	—	—
Tax Paid	-22900	-357568
Cash Flow Before Extra Ordinary Items	-46787340	45262867
Extra Ordinary Items	—	—
Net Cash from Operating Activities	-46787340	45262867
(B) CASH FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	—	—
Purchase of Fixed Assets	-40600	-13350
Dividend Income	261117	536219
Debtenture Interest Income	59011	24102
Net Cash from Investing Activities	279528	546971
(C) CASH FROM FINANCING ACTIVITIES		
Payment of Dividend/Interest	—	—
Net Cash From Financing Activities	—	—
Net Flow in Cash and Cash Equivalents (A+B+C)	-46507812	45809838
Cash and Cash Equivalents as on 01.09.2002 (Op. Bal.)	50237366	4427528
Cash and Cash Equivalents as on 31.03.2003(Cl. Bal.)	3729554	50237366

For and on behalf of the Board

Place : New Delhi	Gagan Preet Singh	Anil Goyal	Lalit Bhasin
Date : 29th May, 2003	Company Secretary	Managing Director	Director

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement with the books and records maintained by **HB Leasing & Finance Company Limited** 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
 Dated : 29th May, 2003

AMIT GOEL
PARTNER

Folio No.

(To be filled in by the Shareholder)

No. of Shares



HB LEASING AND FINANCE COMPANY LIMITED

PROXY FORM

I/We

of

being a member(s) of **HB LEASING AND FINANCE COMPANY 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 20th Annual General Meeting of the Company to be held on Tuesday, 30th day of September, 2003 and at any adjournment thereof. As witness my hand/our hands this day of 2003.

Client Id :

DP ID :

Signed by the Said :

30 Paise
Revenue
Stamp

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 10-E, DCM Building, 16, Barakhamba Road, New Delhi - 110 001 not less than 48 hours before the time of holding the Meeting.



HB LEASING AND FINANCE COMPANY LIMITED

ATTENDANCE SLIP

20TH ANNUAL GENERAL MEETING

Time : 10.00 A.M., Tuesday, 30th day of September, 2003

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

FULL NAME OF THE FIRST SHAREHOLDER.....

Joint Shareholders, if any.....

Father's/Husband's Name

Address in full.....

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

.....

I/We hereby record my presence at the 20th Annual General Meeting held on 30th September, 2003 at 10.00 A.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. : No. of Shares :

Client ID :

DP ID :

Signature.....

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