

BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. Anil Goyal	Managing 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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HB LEASING AND FINANCE COMPANY LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Company will be held as follows:

Day : Friday
Date : 24th September, 2004
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, 2004 and the Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
- To appoint a Director in place of Dr. M. P. Jain who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Arvind Kohli 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 a Special Resolution:

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

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

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

Place : New Delhi
Date : 29.06.2004

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 OR CORPORATE OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Business herein is annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2004 to 24.09.2004 (both days inclusive).
- Details of the Directors seeking re-appointment at the Annual General Meeting is appended hereto.
- 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 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 NOS. 2 & 3

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

Name of the Director	Dr. M. P. Jain	Mr. Arvind Kohli
Profile/Expertise in specific functional areas	He is a renowned industrialist with more than 2 decades of experience in the Capital Market.	He is a Practising Company Secretary with more than 20 years of experience in the field of Corporate Laws. He is also an Associate Member of All India Management Institute and a Fellow Member of Indian Council of Arbitration.
List of other public limited companies in which the director holds directorship as on 31.03.2004	Kendall Premium Healthcare Products Ltd.	Nil
Chairman / Member of the Committees of the Board of the companies in which he is a Director as on 31.3.2004	Nil	Member-Audit Committee HB Leasing & Finance Co. Ltd. Member - Shareholders' Committee HB Leasing & Finance Co. Ltd.

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

ITEM NO. 5

In terms of the provisions of the Foreign Exchange Management Act, 1999 read with Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, Non Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) predominantly owned by NRIs are allowed to make investment on repatriation as well as on non-repatriation basis under the Portfolio Investment Scheme (acquisition/purchase of shares through the Stock Exchange) in the equity shares of an Indian Company with an individual ceiling limit of 5% of the paid up equity capital of the company for each NRI/OCB and subject to an overall ceiling of 10% of the paid up equity capital of the company. However, the overall ceiling limit of 10% can be enhanced to 24% if such an enhancement is approved by the Shareholders in a General Meeting.

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

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

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

Place : New Delhi
Date : 29.06.2004

GAGAN PREET SINGH
COMPANY SECRETARY

DIRECTORS' REPORT

To the Members,
Your Directors present the 21st Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

A summary of the Financial Results of the Company for the year ended 31st March, 2004 is produced hereunder for your consideration. However, the results of the year under review are not comparable with those of the previous period as the figures for the previous period are only for 7 months.

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 31.03.2004	Period Ended 31.03.2003
Gross Profit/(Loss)	60.80	(36.93)
Less:		
(a) Depreciation	3.89	2.00
(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)	56.91	(38.93)
ADD/(LESS)		
Profit/(Loss) brought forward	(2172.78)	(2136.64)
Provision for doubtful debts written back	Nil	2.79
Prior Period Adjustments	23.22	Nil
Profit/(Loss) carried forward	(2092.65)	(2172.78)

DIVIDEND

In view of brought forward losses, your directors regret their inability to recommend dividend for the year under review.

PERFORMANCE REVIEW & FUTURE OUTLOOK

Backed by positive investment sentiments in the stock market, the Company posted a modest net profit of Rs. 56.91 lakhs.

During the year under review, the stock market, after a long spell of stagnation, recovered backed by overall positive investment sentiments and good fundamentals of economic resurgence. The recent changes in political arena in the aftermath of General Elections, with a new government assuming power at the centre saw a meltdown of the stock-index, triggered basically by an apprehension about the continuity of the reform process. However with the new government assuring continuity of the reform measures, the market is on the path to recovery.

With expected continuity of economic reform process and investor friendly policies by the new government, it is expected that the stock market would bounce back and continue to be buoyant. Under this scenario the Company hopes to post better financial results in the coming years.

The industry trends and prospects are elaborately given in the Management Discussion and Analysis.

STATUTORY STATEMENTS

During the year 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 are not applicable to your company. During the year under review there was no earnings or outgo in foreign exchange. 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.

As regards the observation on the amount lying in the designated bank accounts representing unpaid / unclaimed dividend / debenture interest / redemption, the Company is following up the same with the bank and a final view on the matter would be taken after reconciliation / resolving the claims / counter claims.

AUDITORS

The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual

General Meeting and are eligible for reappointment.

DIRECTORATE

Mr. H. C. Bhasin, who has been with the Company since inception resigned from the directorship with effect from 29.6.2004. The Board wishes to place on record its deep appreciation of the valuable guidance and services in directing the affairs of the Company during his long association.

As an appreciative gesture of his valuable contributions and services to the Company, the Board has made him the Chairman Emeritus of the Company.

Further, in view of the resignation by Mr. H. C. Bhasin, the Board, in the same Meeting, has appointed Mr. Lalit Bhasin as the Chairman of the Company.

In terms of provisions of Section 256 of the Companies Act, 1956 read with Article 99 of the Articles of Association of the Company, Dr. M. P. Jain and Mr. Arvind Kohli retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves 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 employees 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 : 29.06.2004

LALIT BHASIN
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Results

The results of the year under review are not strictly comparable with that of the previous period as the figures/working for previous period are only for 7 months. In line with a buoyant market, the Company during the year under review, earned an income of Rs. 98.31 lakhs as compared to the loss of Rs. 12.04 lakhs during the corresponding previous period. Gross and net profit earned by the Company during the previous year was Rs. 60.80 lakhs and Rs. 56.91 lakhs respectively as compared to gross and net loss of Rs. (36.93) lakhs and Rs. (38.93) lakhs during the corresponding previous period. The Company continues to keep a tight control on the expenses. The Administrative and other expenses during the year under review amounted to Rs. 37.51 lakhs as compared to Rs. 24.89 lakhs (which if annualised comes to Rs. 42.67 lakhs) previous corresponding period.

2. Industry Trends and Business Analysis

The stock market after a prolonged stagnation started an upward journey. The BSE sensitive index which opened at 3037.54 on April'2003 closed at 5590.60 after recording a high of 6249.60 during January'2004 reflecting an overall growth of 83% during the year. Other broad-based indices also recorded a similar trend. Seen under the aforesaid backdrop the Company has been able to stage a modest recovery and post positive results.

3. Opportunities, Threats & Outlook

The initial slide in the stock market owing to some apprehension about the economic policies and the continuity of reforms was arrested with the new government at the centre headed by Dr. Manmohan Singh assuring continuity of reforms. The economy is expected to record a good growth for the previous fiscal and with the continuity in the growth-oriented policies, the stock market is expected to continue the buoyancy. The activation of the dormant primary market also augurs well for the overall growth and depth of the market.

Your Company being a financing / investing Company is exposed to the normal market threats associated with the business and faces competition from the mutual and other funds. However, with its positive outlook and aggressive policy, your Company hopes to ward off any threat posed before it.

4. Risk and concerns

Since the primary and main business of the Company is dealing in securities, the risk factors and the concerns affecting the business of your Company revolves mainly around the risks associated with the stock market. However, through careful and prudent investment decisions by the management, it is constantly endeavored to minimise these risks.

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, 2004 stood at Rs. 1100.41 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.

b) Reserves & Surplus: During the year under review, the Reserves & Surplus of the Company remained unchanged at Rs. 1827.17 lakhs.

c) Current Assets & Current Liabilities: Current Assets & Liabilities of the Company during the year under review stood at Rs. 1391.93 lakhs and Rs. 93.13 lakhs respectively as compared to Rs. 1356.00 lakhs and Rs. 147.48 lakhs in the previous financial period.

7. Human Resources

Your Company has required manpower to manage its activities keeping in view its emphasis on cost reduction. The Company recognises the importance of human resources in achieving success in its commercial pursuits and follows a good man management policy.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The 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 shareholders. The Company is committed to establish and follow the highest standards of Corporate Governance in conformity with the stipulations of the Regulators.

SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of your Company comprises of 5 Directors at present (Mr. H. C. Bhasin, Chairman of the Board resigned effective from 29.6.2004) out of which, 4 are Non-Executive Directors with 3 being Independent Directors. Mr. Anil Goyal is the Managing Director of the Company. The composition of the Board is in conformity with the requirements under the Listing Agreement. The Directors of your Company have proficiency in their respective fields backed with requisite experience.

During the financial year under review, 4 Meetings of the Board of Directors were held on 29th May, 2003; 30th July, 2003; 29th October, 2003 and 24th January, 2004.

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	12	4	4	Yes
Mr. Anil Goyal	Executive	7	4	4	Yes
Mr. Lalit Bhasin	Non-Executive	13	4	4	Yes
Dr. M. P. Jain	Non-Executive & Independent	1	4	Nil	No
Mr. Arvind Kohli	Non-Executive & Independent	Nil	4	4	Yes
Mr. L. N. Malik	Non-Executive & Independent	1	4	4	Yes

@ Private and overseas companies, trusts and firms not included

* Resigned w.e.f. 29-6-2004

In terms of the provisions of Articles of Association of the Company, Dr. M. P. Jain and Mr. Arvind Kohli retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit 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, prior to 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 year, 4 Meetings of Audit Committee were held on 29th May, 2003, 30th July, 2003, 29th October, 2003 and 24th January, 2004, which were attended to by all the Members.

SHAREHOLDERS' COMMITTEE

The Shareholders' Committee of the Company has been reconstituted and renamed as Shareholders'/Investors' Grievance Committee in the Board Meeting dated 29.6.2004. The Shareholders'/Investors' Grievance Committee of the Company at present consists of Mr. Anil Goyal, Mr. Lalit Bhasin and Mr Arvind Kohli 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 year under review, 13 Meetings of the Shareholders' Committee were held for considering / approving the requests received from the shareholders for issue of new shares on replacement / dematerialisation / duplicate issue etc. 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. The meetings were attended to by all the committee members.

REMUNERATION COMMITTEE

No Remuneration Committee has been constituted being a non-mandatory requirement.

DIRECTORS REMUNERATION

No sitting fee is being drawn by the Directors for attending the meetings of Board of Directors and its Committees. 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 of last three AGMs

Year	Type	Location	Date	Time
2002-03	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-17, Gurgaon - 122001	30.09.2003	10:00 A.M.
2001-02	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-17, Gurgaon - 122001	25.02.2003	10:00 A.M.
2000-01	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-17, Gurgaon - 122001	26.02.2002	10:00A.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 21.09.2004 to 24.09.2004 (both days inclusive). The previous book closure remained w.e.f. 26.09.2003 to 30.09.2003.

(D) Related party disclosures have been appended at S. No. 13 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 Financial Express & Janasatta
 (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 Agents of the Company: RCMC Share Registry Pvt. Ltd., 1515, 1st Floor, Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi - 110003. Phones: 24692346, 24601017. Fax: 24692345. E - mail: rcmc@dimensioni.net

(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.

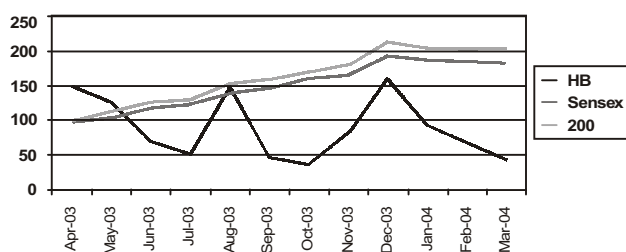
(I) The Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). The ISIN allotted to the Company is INE549B01016.

(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
Apr 03	2.00	1.30	2.00	306
May 03	2.40	1.20	1.70	3380
June 03	1.37	0.77	0.95	46236
July 03	1.50	0.60	0.70	24782
Aug 03	2.50	0.66	2.00	80075
Sep 03	1.98	0.63	0.63	21044
Oct 03	1.12	0.50	0.50	12615
Nov 03	1.19	0.45	1.15	22442
Dec 03	2.68	0.90	2.18	90300
Jan 04	2.35	1.00	1.25	77010
Feb 04	1.50	0.73	0.95	29378
Mar 04	0.98	0.51	0.58	38592



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



(L) Stock Performance - absolute returns

HB Leasing	(-)43%
BSE Sensex	83%
BSE 200	104%

(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: 46.02%

(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, 2004 is as under:

No. of Shares	Shareholders		Shareholding	
	Numbers	% to total	Numbers	% to total
1 – 500	45818	98.25	5818743	52.60
501 – 1000	515	1.10	377531	3.41
1001 – 2000	178	0.38	255616	2.31
2001 – 3000	45	0.10	115565	1.04
3001 – 4000	19	0.04	67424	0.61
4001 – 5000	7	0.02	32455	0.29
5001 – 10000	22	0.05	155247	1.40
10001 and above	31	0.07	4240150	38.33
TOTAL	46635	100.00	11062731	100.00

(Q) The category-wise distribution of Shareholders as on 31st March, 2004 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	1220	0.01
– Banks / FIs	68460	0.62
– FIs	0	0.00
– Private Corporate Bodies	847599	7.66
– NRIs / OCBs	199398	1.80
– Indian Public	6707790	60.63
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 year including demat shares is as under :

Transfer Period (Days)	No. of holders	No. of shares	% to shares
1-15	259	51482	100.00
16 – 30	Nil	Nil	Nil
31 & above	Nil	Nil	Nil

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

Nature of Grievance / query	Received	Cleared
Relating to transfer, transmission, change of address etc.	8	8
Demat / Remat of shares	14	14
Related to debenture issues	9	9
Others	18	18

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 year ended on 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2004 there was no Investors' Grievances remaining unattended / pending for a period exceeding one month.

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

FOR P. BHOLUSARIA & CO.,
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 29.06.2004

AMIT GOEL
PARTNER

AUDITOR'S REPORT

**THE MEMBERS OF
HB LEASING & FINANCE CO. LIMITED**

We have audited the attached Balance Sheet of M/s. HB LEASING & FINANCE CO. LIMITED as at 31st March, 2004 and also the Profit and Loss Account and Cash Flow Statement 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 misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2004 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note no. 5 of Schedule 'I' regarding pending transfer of unclaimed dividend/debenture redemption amount etc. to Investor Education and Protection Fund under section 205 C of Companies Act, 1956 and adjustments to such accounts as stated in said note and read together with significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2004 and
 - ii) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

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

**Place : New Delhi
Date : 29.06.2004**

**Annexure to Auditors' Report
Referred to in Paragraph 1 of our report of even date**

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

- have been informed of any instance of major weakness in the aforesaid internal control procedure.
5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the company has not made transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 5,00,000/- (Rupees Five Lacs only) in respect of any party during the year.
 6. The Company has not accepted any deposits from the public during the year.
 7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
 8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies(Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
 9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited by the company during the year with the appropriate authorities except for delay/ pendency in deposit of amount to Investor Education & Protection Fund. As on 31.03.04 an amount of Rs. 19,45,983/- was lying for more than 6 months in designated dividend/debenture redemption accounts with banks and not transferred to Investor Education & Protection Fund (Refer Note no. 5 of Schedule I).
 - b. The disputed statutory dues aggregating to Rs.32,44,397/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No	Name of the statute	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	Income Tax	Pending adjustment / rectification before A.O.	9,96,844/-
2.	Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	15,88,973/-
3.	Sales Tax Act	Sales Tax	Hon'ble Allahabad High Court	6,58,580/-
	TOTAL			32,44,397/-

However, in the opinion of management there will be no dues outstanding on account of Income Tax if the necessary adjustments/ rectification are done as explained in note no. 2(B) of Schedule 'I'.

10. The accumulated losses of the company at the Financial year end are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit. However, it has incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except for shares that are pledged with bank and others or which are lodged for transfer or are pending for rectification of bad deliveries .
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the year either on long term or short term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has neither issued any debentures during the years nor there are any old debentures outstanding, and hence the question of Creating Securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**Place : New Delhi
Date : 29.06.2004**

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

HB LEASING AND FINANCE COMPANY LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2004

Schedules	As at 31st Mar., 2004 (Rs.)	As at 31st Mar., 2003 (Rs.)
SOURCES OF FUNDS		
Shareholders Funds		
a) Share Capital A	110041095	110041095
b) Reserves & Surplus B	182717438	182717438
TOTAL	292758533	292758533
APPLICATION OF FUNDS		
Fixed Assets C		
Gross Block	5605786	45604414
Less : Depreciation	3770702	42756233
Net Block	1835084	2848181
Current Assets, Loans & Advances D		
a) Stock-in-Trade E	35873015	30655014
b) Sundry Debtors	45463482	45785086
c) Cash & Bank Balances	2335482	3729554
d) Other Current Assets	2500000	2503000
e) Loans and Advances	53021386	52927432
	139193365	135600086
Less : Current Liabilities & Provisions F		
a) Liabilities	9312778	14748364
b) Provisions	48221651	48219153
	57534429	62967517
Net Current Assets	81658936	72632569
Profit & Loss Account (As Per Annexed Account)	209264513	217277783
TOTAL	292758533	292758533
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 Chairman

Place : New Delhi
Date : 29.06.2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Schedules	Current Year (Rs.)	Previous Period (Rs.)
INCOME		
Income from Operation & Other Income G	9831394	-1204460
TOTAL	9831394	-1204460
EXPENDITURE		
Administrative & Other Expenses H	3751116	2488561
Depreciation	388806	200068
TOTAL	4139922	2688629
Profit/-Loss Before Taxation	5691472	-3893089
Provision For Income Tax		
- Current	-	-
- Deferred	-	-
Profit/Loss After Taxation	5691472	-3893089
Prior Period Adjustments	2321798	-
Provision For Doubtful Debts Witten Back	-	279070
Balance Brought Forward	-217277783	-213663764
Balance Carried to Balance Sheet	-209264513	-217277783
Basic & Diluted Earning Per Share In Rs.	0.72	-0.33
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 Chairman

Place : New Delhi
Date : 29.06.2004

SCHEDULE 'A' : SHARE CAPITAL

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (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)	586215	586215
	110041095	110041095

SCHEDULE 'B' : RESERVES AND SURPLUS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
SHARE PREMIUM A/C		
As Per Last Year	182029190	182029190
Less : Allotment Money Receivable (Otherthan Directors)	1432491	1432491
	180596699	180596699
INVESTMENT ALLOWANCE (UTILISED) RESERVE A/C		
As Per Last Year	2020864	2020864
CAPITAL RESERVE		
As Per Last Year	99875	99875
TOTAL	182717438	182717438

SCHEDULE - 'C' : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 1.04.2003	Additions during the year	Deletions during the year	As on 31.03.2004	As at 01.04.2003	For the year	Adjustments	As on 31.03.2004	As at 31.03.2004	As at 31.03.2003
	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	-	-	-
Consumer Durables	1776809	-	1776809	-	1045620	84398	1130018	-	-	731188
Data Processing Machinery	1713843	-	1713843	-	1713843	-	1713843	-	-	-
Vehicles	1698666	-	1698666	-	1698666	-	1698666	-	-	-
Total (A)	40021128	-	40021128	-	39289939	84398	39374337	-	-	731188
OWN ASSETS										
Office Equipments	570080	22500	-	592580	265246	27211	-	292457	300122	304834
Vehicles	577950	-	-	577950	577950	-	-	577950	-	-
Furniture & Fixture	3244771	-	-	3244771	1766726	205394	-	1972120	1272651	1478045
Data Processing Machinery	732485	-	-	732485	682437	50048	-	732485	-	50048
Air Conditioners	458000	-	-	458000	173934	21755	-	195689	262311	284066
Total (B)	5583286	22500	-	5605786	3466293	304408	-	3770702	1835084	2116993
GRAND TOTAL (A+B)	45604414	22500	40021128	5605786	42756232	388806	39374337	3770702	1835084	2848181
Previous Period	45563814	40600	-	45604414	42556164	200068	-	42756233	2848181	3007649

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

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
A. CURRENT ASSETS		
Closing Stock of Shares/ Debentures E (as per Schedule E) as taken, valued, and certified by the Management	35873015	30655014
	35873015	30655014
Sundry Debtors (Unsecured considered good unless otherwise stated)		
Outstanding Exceeding 6 Months		
Considered Good	-	-
Considered Doubtful	45463482	45463482
Others		
Considered Good	-	321604
	45463482	45785086
Cash In Hand (As certified by Management)	132885	132885
Bank balances with Scheduled Banks:		
In Current Accounts	220101	125508
In Debenture / Dividend A/c	1945983	3436894
In Fixed Deposits (Including Intt. Accrued But not due)	36513	34267
	2335482	3729554

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

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Other Current Assets :		
Share Application Money (Pending Allotment)	2500000	2503000
TOTAL 'A'	86171979	82672654
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	45162611	44989157
Considered Doubtful	2051287	2051287
Advance tax & tax deducted at source (Net of Provision)	5027123	5027123
Security deposits (with others)	201960	281460
TOTAL 'B'	53021386	52927432
TOTAL 'A' + 'B'	139193365	135600086

SCHEDULE 'E' : CLOSING STOCK OF SHARES / DEBENTURES FOR THE YEAR ENDED 31ST MARCH, 2004

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES					
AGROTECH INDIA LTD.	10	40400	-	40400	612868
AMRITANJAN LTD.	10	15000	1320000	18200	1201200
ANDHRA CEMENT CO. LTD.	10	550	1788	550	2750
ANSAL BUILDWELL LTD.	10	4750	16530	4750	9500
BALLARPUR INDUSTRIES LTD.	10	2342	155040	2342	84663
BARODA RAYON CORPORATOIN LTD.	10	68800	202960	68800	202960
BATA INDIA LTD.	10	33	1081	33	863
BHUSHAN STEELS LTD.	10	-	-	18975	460144
CEAT LTD.	10	50	1175	50	1175
CROMPTON GREAVES LTD.	10	15000	2310750	15000	771000
DALMIA CEMENT (BHARAT) LTD.	10	554	158278	554	71466
DCM LTD.	10	120000	1218000	120005	852036
DCM SRIRAM CONSOLIDATED LTD.	10	3555	660092	3555	185927
DCM SHRIRAM IND. LTD.	10	34	784	2537	11417

SCHEDULE 'E' : CLOSING STOCK OF SHARES / DEBENTURES FOR THE YEAR ENDED 31ST MARCH, 2004 (Contd...)

Name of the Company	Face Value (Rs.)	Closing Balance as on 31st March, 2004		Closing Balance as on 31st March, 2003	
		Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
DIGITAL WORLD INDIA LTD.	10	127900	319750	127900	319750
EAST INDIA HOTELS LTD.	10	306	8544	446	12452
EICHER TRACTORS LTD.	10	340	23518	340	8415
ESSAR STEEL LTD.	10	7000	95900	7000	49000
GRASIM INDUSTRIES LTD.	10	200	24854	200	24854
GUJRAT NARMADA VALLEY FERTILISER CO.LTD.	10	750	30210	750	20850
HARYANA LEATHER LTD.	10	1500	5025	1500	2025
MALANPUR STEEL LTD.	10	1968	1968	1968	6396
HINDUSTAN MOTORS LTD.	10	8229	95374	8229	62540
HOTLINE TELETUBES & COMPONENTS LTD.	10	226400	1145584	226400	577320
HOTLINE GLASS LTD.	10	1600	7328	1600	2000
ITC LTD.	10	200	51062	200	51062
ION EXCHANGE LTD.	10	2000	55100	2000	38200
IOC LTD.	10	4450	713780	4450	713780
JCT LTD.	2.50	197300	799065	197300	631360
JK SYNTHETICS LTD.	10	32200	137494	32200	83720
JINDAL VIJAY NAGAR STEEL LTD.	10	200	1640	-	-
KALYAN SUNDRAM CEMENT LTD.	10	8970	89700	8970	89700
KERLA CHEMICALS LTD.	10	100	1230	100	1230
MADHUSUDAN INDUSTRIES LTD.	5	129300	699513	130800	385860
CERA SANITARY WARE LTD.	5	127920	1128254	130800	928680
MADRAS CEMENTS LTD.	100	10	7745	10	34500
MANALI PETROCHEMICALS LTD.	10	200	804	200	400
MODI RUBBER LTD.	10	5906	107194	5906	107194
MOHAN MEAKIN LTD.	10	800	22400	800	32352
MANSINGHKA OIL PRODUCTS LTD.	10	300100	150050	300100	150050
MYSORE CEMENT LTD.	10	8000	57440	8000	40800
NAHAR IND ENT LTD	10	10	73	10	44
OSWAL AGRO MILLS LTD.	10	192800	279560	192800	279560
PHEONIX INTERNATIONAL LTD.	10	14400	49680	14400	50400
PUNJAB TRACTORS LTD.	10	600	28548	600	28548
PREMIER VINAYL LTD	10	3000	3750	3000	3750
RELIANCE INDUSTRIES LTD.	10	3230	464506	3410	490392
RRB SECURITIES LTD.	10	100000	1000000	100000	1000000
SHRIRAM INDUSTRIAL ENT. LTD.	10	-	-	134890	364203
SHRIRAM INDUSTRIAL ENT. LTD.	10	33717	243774	-	-
SIEL SUGAR LTD.	10	101152	273153	-	-
SHREYANS INDUSTRIES LTD.	10	700	4095	700	5775
SOUTHERN PETROCHEMICALS INDS. CORPN. LTD.	10	-	-	3050	13115
S.R.F. LTD..	10	1782	62459	1832	38472
STI GRANITE LTD.	10	60000	147000	60000	120000
THE TATA IRON & STEEL CO.LTD.	10	100	19209	100	13375
TITAN INDUSTRIES LTD.	10	500	50365	500	25350
UTI MASTERGAIN - 1992	10	26100	226026	26100	226026
UTI MASTERSHARE	10	12666	232294	12666	129827
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		2493847	23911495	2526151	20631294
UNQUOTED FULLY PAID UP EQUITY SHARES					
CREDIT CAPITAL INVESTMENT TRUST CO. LTD.	10	14380	149800	14380	149800
HARSAI INVESTMENTS LTD.	10	200000	2000000	200000	2000000
UNQUOTED REDEEMABLE FULLY PAID-UP PREFERENCE SHARES					
HB TELE COMMUNICATIONS LTD.	10	10000	100000	10000	100000
WITH MUTUAL FUND					
TAURUS MUTUAL FUND-LIBRA TAX SHIELD-96	10	1000000	9650000	1000000	7710000
QUOTED FULLY PAID UP DEBENTURES					
12.5% Secured Hindustan Dev.Corpn.Ltd.NCD VIII Series	80	434	17360	434	17360
12.5% Secured Hindustan Dev.Corpn.Ltd. NCD VII Series	40	300	6000	300	6000
14% Hindustan Development Corpn.Ltd. NCD IX Series	40	959	38360	959	38360
QUOTED PARTLY PAID UP DEBENTURES					
Jindal Vijay Nagar Steel Ltd. FCD	35	-	-	100	2200
SUB TOTAL B		1226073	11961520	1226173	10023720
TOTAL A + B		3719920	35873015	3752324	30655014

SCHEDULE 'F' : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
A. CURRENT LIABILITIES		
i) Sundry Creditors	409531	6644554
ii) Lease/Hire Purchase Security Deposits (Interest Free)	2460349	2480985
iii) Investor Education and Protection fund shall be credited by the following amount namely -		
a) Unpaid Dividend	174248	1132101
b) unpaid application money received by the companies for allotment of securities and due for refund	-	-
c) Unpaid Matured Deposit	-	-
d) Unpaid Matured Debentures	1771735	3804714
e) interest accrued on (a) to (d) above	-	531127
iv) Other Liabilities	13360	28001
v) Cheques over issued on Current Accounts	4483555	120553
vi) Intrest Accrued but not due	-	6329
TOTAL 'A'	9312778	14748364
B. PROVISIONS		
i) Provision for Sub Standard/Doubtful Assets	48093174	48093174
ii) Provision for Gratuity	10277	15846
iii) Provision for Leave Encashment	118200	110133
TOTAL 'B'	48221651	48219153
TOTAL 'A' + 'B'	57534429	62967517

SCHEDULE 'G' - INCOME FROM OPERATIONS & OTHER INCOME

	Current Year (Rs.)	Previous Period (Rs.)
Income from sale/purchase of Shares/ Difference In Share Dealing And Valuation Loss(Net)	6918917	-1524588
INTEREST INCOME (GROSS)		
On Fixed Deposits	2246	1310
On Debentures	-	525
Dividend Income (Gross) (Tax Deducted At source NIL/ Previous Period Rs.22788/-)	2909954	261117
Other Income	277	57176
TOTAL	9831394	-1204460

SCHEDULE 'H' : ADMINISTRATIVE AND OTHER EXPENSES

	Current Year (Rs.)	Previous Period (Rs.)
Advertisement	27203	21734
Contribution to Provident Fund and E.S.I.	104083	64917
Legal & Professional	297743	293247
Miscellaneous	130708	122087
Communication	462213	336843
Printing & Stationery	103349	59519
Office Rent	613475	446333
Salaries & benefits	929217	656491
Electricity & Water	29234	15473
Listing Fees	30000	40833
Insurance	3932	3150
Loss On Discard/Disposal Of Fixed Assets	626154	-
Travelling & Conveyance	258605	205518
Bank charges	2605	3850
Office repair and Maintenance	63280	154642
Staff Welfare	3480	8799
Auditor's Remuneration		
Audit Fees	39375	39375
Tax Audit Fees	15750	15750
Others	10710	55125
TOTAL	3751116	2488561

SCHEDULE 'I' - NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004
1. SIGNIFICANT ACCOUNTING POLICIES

- The Financial Statements have been prepared under the Historical Cost Convention method in accordance with the generally accepted Accounting Principles and the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- Income and expenditure are accounted for on 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.
- 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.
- 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. (A) Contingent Liabilities not provided for

	Particulars	Current Year	Previous Period
a)	Contingent liability on partly paid up shares/debentures	-	800
b)	Income tax demands disputed including interest etc. against which appeals are pending with appropriate authorities	25,85,817	3,97,36,524
c)	Claims against the Company not acknowledged as debts	1,58,02,781	1,58,02,781

- In the opinion of management there is no demand outstanding payable on account of Income Tax as various adjustments / rectifications are pending with the assessing officer and once the necessary rectifications / adjustments are done, refunds are due to the company.
- 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.
- Due to pending reconciliation, claims and counter claims against the bank and for want of complete information, unclaimed dividend/debenture interest/redemption amount and such other balance have been taken and deposited /transferred to Investor Education and Protection Fund under section 205 C of the Companies Act, 1956 on the basis of Certificate from the banks. Due to these reasons, there was also delay in transfer/ deposit the same in the said Investor Education & Protection Fund. The difference, if any, have been adjusted under the head prior Period adjustments in the Profit & Loss Account. In respect of amounts of Rs.19,45,983 which is still lying in the designated accounts with Banks, the company is following up the matter and a final view on the above would be taken after reconciliation/resolving the claims/counter claims.
- Sundry Debtors, Creditors, Loans, Advances etc. are subject to confirmation.
- Sundry Debtors include an amount of Rs. 25.90 lacs (Previous year 25.90 lacs) from a party against whom an award has been passed by the Ld.Arbitrator. However the said award has been challenged by the party in the Hon'ble High Court and the matter is pending adjudication.
 - Sundry Debtors include an amount of Rs. 44.36 lacs (Previous year 44.36 lacs) recoverable against lease/over due lease rentals from a party which 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 period Rs. 27,12,066/-) due from certain parties against subjudiced matters.
- Sundry Debtors includes an amount of Rs. 6.34 lacs (Previous year 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. Allotment Money /Call Money receivable Account is unreconciled and the same has been taken as per Books.
11. 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):-
12. 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.
13. 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
14. 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.
 15. Earning Per Share :-

Particulars	Current Year	Previous Period
— Net Profit/(Loss) for the year as per Profit & Loss account.	56,91,472	(38,93,089)
— Prior Period adjustments	23,21,798	—
— Provision for doubtful debts written back	—	2,79,070
— Net Profit/(Loss) available for equity Shareholders	80,13,270	(36,14,019)
— 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)	0.72	- 0.33

16. Operating Lease (Disclosure pursuant to Accounting Standard AS-19 for Leases)
 - a) Particulars of the minimum lease payments under Operating Lease :-
 - i. Not Later than One year Rs.3,30,000/-
(Previous period 3,30,000/-)
 - ii. Later than one year, but not later than five years Rs.1,10,000/-
(Previous period 4,40,000/-)
 - iii. Later than five years Rs. Nil
(Previous period Nil)
 - b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2004 is Rs.3,30,000/- (Previous period Rs.1,92,500/-)
 - c) General description of the lease arrangement.
 - I. Renewal Option-At the end of the lease period Lessee has to vacate the premise.
 - II. 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.
17. Figures for the current year are not comparable with that of previous accounting period as previous period was comprised of 7 months. The previous period figures have been regrouped/rearranged wherever considered necessary.
18. Balances with Schedule Banks in Current Accounts includes balance with a bank amounting to Rs.4,456/- (Previous period Rs.4,456/-) which is subject to confirmation.
19. Quantitative information in respect of shares/debentures traded-in

Opening Stock		Purchase / Addition	
Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
3752324 (3770690)	30655014 (32637481)	137948 (14678)	391033 (451185)

Sales/Deduction		Closing Stock	
Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
170352 (33044)	2092037 (909066)	3719920 (3752324)	35873015 (30655014)

Note : Figures in brackets pertain to previous period.

20. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed.
21. Additional information pursuant to Non-Banking Financial Companies Prudential Norms (Reserve Bank Direction 1998) is annexed.
22. 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 : 29.06.2004 Company Secretary Managing Director Chairman

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. **REGISTRATION DETAILS**
Registration No. 34071
State Code 5
Balance Sheet Date 31.03.2004
2. **CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)**
Public Issue NIL
Right Issue NIL
Bonus Issue NIL
Private Placement NIL
3. **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND)**
Total Liabilities 292758 Total Assets 292758
Sources of Funds
Paid - up Capital 110041 Reserve & Surplus 182717
Secured Loans Nil Unsecured Loans Nil
Application of Funds
Net Fixed Assets 1835 Investments Nil
Net Current Assets 81659 Misc.Expenditure -
Accumulated Losses 209264
4. **PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)**
Turnover 9831 Total Expenditure 4140
Profit/Loss Before Tax + - 5691 Profit/Loss After Tax +/- 5691
Earning Per Share in Rs.(Annualised) 0.72 Dividend Rate % Nil
5. **GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)**
Item Code No. : N.A
Product Description : DEALING IN SALE/PURCHASE OF SHARES
Item Code No. : N.A
Product Description : LEASING
Item Code No. : N.A
Product Description : HIRE PURCHASE

SCHEDULE TO THE BALANCE SHEET OF HB LEASING & FINANCE CO. LTD AS ON 31.03.2004 (AS REQUIRED IN TERMS OF PARAGRAPH 9BB OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998

(Rs. in lakhs)

Particulars	Amount	Amount
	Outstanding	Overdue
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
a) Debentures : Secured	Nil	Nil
: Unsecured (other than falling within the meaning of public deposits*)	Nil	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits	Nil	Nil
(g) Other Loans (specify nature)		



(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :			
(a) In the form of Unsecured debentures		Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a short fall in the value of security		Nil	Nil
(c) Other public deposits		Nil	Nil
Particulars		Amount Outstanding	
Assets side :			
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :			
(a) Secured			—
(b) Unsecured		453.64	
*Net of Provisions			
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities			
(i) Lease assets including lease rentals under sundry debtors :			
(a) Financial lease			—
(b) Operating lease			—
(ii) Stock on hire including hire charges under sundry debtors:			
(a) Assets on hire			—
(b) Repossessed Assets			—
(iii) Hypothecation loans counting towards EL/HP activities			
(a) Loans where assets have been repossessed			—
(b) Loans other than (a) above			—
(5) Break-up of Investments :			
Current Investments* :			
1. Quoted :			
(i) Shares : (a) Equity	239.11		
(b) Preference	Nil		
(ii) Debentures and Bonds	0.60		
(iii) Units of mutual funds	—		
(iv) Government Securities	—		
(v) Others (please specify)	—		
2. Unquoted :			
(i) Shares : (a) Equity	21.49		
(b) Preference	1		
(ii) Debentures and Bonds			
(iii) Units of mutual funds	96.50		
(iv) Government Securities			
(v) Others (Please specify)			
Long Term investments :			
1. Quoted :			
(i) Share : (a) Equity (Partly Paid-Up)			
(b) Preference			
(ii) Debentures and Bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others (Please specify)			
2. Unquoted :			
(i) Shares : (a) Equity			
(b) Preference			
(ii) Debentures and Bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others (Please specify)			
(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	—	453.64	453.64
Total	—	453.64	453.64
* Stock in Trade			

(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	418.00	358.73
Total	418.00	358.73
(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, 2004

	Year Ended 31st March, 2004	Period Ended 31st March, 2003
A) CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit/(Loss) Before Tax and Extra Ordinary Item	5691472	-3893089
Adjustment for :		
Depreciation	388806	200068
Provision for Sub-standard/Doubtful Assets	—	-279070
Provision for Gratuity	-5569	-18653
Provision for Leave encashment	8067	8526
Loss on Discard of fixed assets	646790	—
Preliminary & Share Issue Exp.	—	—
Dividend Income	-2909954	-261117
Debtore Interest Income/Other Income	-2523	-59011
Operating Profit before Working Capital Changes	3817089	-4302346
Adjustment for:		
Trade and other Receivables	230650	-43672896
Inventories	-5218000	1982467
Trade payables	-5435586	-771665
Cash Generated from Operations	-6605847	-46764440
Interest Paid	—	—
Tax Paid	—	-22900
Cash Flow Before Extra Ordinary Items	-6605847	-46787340
Extra Ordinary Items	2321798	—
Net Cash from Operating Activities	-4284049	-46787340
(B) CASH FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	—	—
Purchase of Fixed Assets	-22500	-40600
Dividend Income	2909954	261117
Debtore Interest Income	2523	59011
Net Cash from Investing Activities	2889977	279528
(C) CASH FROM FINANCING ACTIVITIES		
Payment of Dividend/Interest	—	—
Net Cash from Financing Activities	—	—
Net Flow in Cash and Cash equivalents (A+B+C)	-1394072	-46507812
Cash and Cash Equivalents as on 01.04.03 (Op. Bal.)	3729554	50237366
Cash and Cash Equivalents as on 31.03.04 (Cl. Bal.)	2335482	3729554
For and on behalf of the Board		

Place : New Delhi Gagan Preet Singh Anil Goyal Lalit Bhasin
Date : 29.06.2004 Company Secretary Managing Director Chairman

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 : 29.06.2004

**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 21st Annual General Meeting of the Company to be held on Friday, 24th day of September, 2004 and at any adjournment thereof. As witness my hand/our hands this day of 2004.

Client Id :

DP ID :

Signed by the Said :

15 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

21st ANNUAL GENERAL MEETING

Time : 10.00 A.M., Friday, 24th day of September, 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 presence at the 21st Annual General Meeting held on 24th September, 2004 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.