



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

CHIEF FINANCIAL OFFICER

Mr. C. P. Singh

AUDITORS

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

REGISTERED OFFICE

Plot No. 31,
Echelon Institutional Area,
Sector - 32,
Gurgaon - 122 001
(Haryana)

WEBSITE

www.hbleasing.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.,
B-106, Sector-2,
Noida - 201 301

CONTENTS

Notice	1
Directors' Report	1
Report on Corporate Governance	3
Auditors' Report	5
Balance Sheet	6
Profit & Loss Account	6
Schedules	6
Balance Sheet Abstract & Company's General Business Profile	10
Cash Flow Statement	11



NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Company will be held as follows:

Day : Wednesday
Date : 29th August 2007
Time : 11.30 A.M.
Place : GIA House, I.D.C., Mehrauli Road,
Opp. Sector 14, Gurgaon-122001 Haryana

to transact the following business:

AS ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the re-appointment of Mr. Anil Goyal, who is also Managing Director of HB Portfolio Ltd., as Managing Director of the company for a period of 5 years w.e.f. 1st January, 2007 and that during his tenure as Managing Director he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT no remuneration shall be payable to Mr. Anil Goyal so long as he holds the office of the Managing Director of HB Portfolio Limited and opts to draw his remuneration from HB Portfolio Limited."

"RESOLVED FURTHER THAT the Board of the Directors of the company be and are hereby authorised to fix remuneration payable, including the minimum remuneration in the event of absence/inadequacy of profits to Mr. Anil Goyal in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 in the event of his relinquishing the office of Managing Director and/or ceasing to draw remuneration from HB Portfolio Limited."

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

Place : New Delhi
Date : 11.05.2007

ANIL GOYAL
MANAGING DIRECTOR

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 CORPORATE OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
- The Register of Members and Share Transfer Books of the Company shall remain closed from 24th August, 2007 to 29th August, 2007 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the Meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the Meeting so as to enable the management to keep the information ready.
- Members are requested to:
 - Notify any change in their address to the Company including PINCODE to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., B-106, Sector-2, Noida-201301. Phones : 0120-4015880. Fax : 0120-2444346. E-mail: shares@rcmcdelhi.com. Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository participants.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- 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.
- Details of the Directors seeking re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of the Director	Dr. M.P. Jain
Date of Birth	01-07-1934
Date of Appointment	16-01-1984
Profile/ Expertise in Specific functional Areas	He is a technocrat and renowned industrialist with more than 2 decades of experience.
List of directorship in other Public Companies. (As on 31st March 2007)	Kendall Premium Healthcare Products Ltd.

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

ITEM NO.4

Mr. Anil Goyal was re-appointed as Managing Director of the company w.e.f. 1st January 2002 for a period of 5 years and his term as such came to an end on 31st December 2006. The Board of Directors of the company had in their meeting held on 30th October 2006, re-appointed Mr. Anil Goyal as Managing Director for a further period of 5 years w.e.f. 1st January 2007 on the following terms and conditions subject however to approval of shareholders of the company:

- Remuneration: No remuneration shall be drawn by him from the company in view of his already drawing remuneration from HB Portfolio Limited. However, in case of his relinquishing the office of Managing Director in the other company or his ceasing to draw remuneration from HB Portfolio Limited, the Board of Directors shall determine the remuneration including the minimum remuneration in the event of absence or inadequacy of profits, payable to him in terms of the provisions of Schedule XIII of the Companies Act, 1956.
- Termination of Contract: The appointment can be terminated by either side on a three months notice or salary in lieu thereof in case any remuneration is paid to the Managing Director as on that date.
- Sitting Fees: No sitting fees shall be drawn by him for his attending the meetings of the Board of Directors/Committee thereof.
- Reimbursement of Expenses: The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the company.
- The above terms and conditions of appointment may be altered or varied by the Board of Directors at its discretion and as may be deemed fit from time to time subject however to the provisions of Schedule XIII of the Companies Act, 1956.

The aforesaid resolution for reappointment of Mr. Anil Goyal as Managing Director is placed before the members for their approval. None of the Directors, except Mr. Anil Goyal, are in any way concerned or interested in the resolution.

The above may also be deemed to be notice under section 302 of the Companies Act, 1956 to the shareholders of the company.

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

Place : New Delhi
Date : 11.05.2007

ANIL GOYAL
MANAGING DIRECTOR

DIRECTORS' REPORT

To the Members,

Your Directors present the 24th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

A summary of the Financial Results of the Company for the year ended 31st March, 2007 is produced hereunder for your consideration.

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
Profit/(Loss) before Depreciation & Tax	(39.51)	52.03
Less:		
(a) Depreciation	2.81	2.59
(b) Provision for Income Tax		
— Current	Nil	Nil
— Deferred Tax charge/(credit)	Nil	Nil
— Fringe Benefit Tax	0.77	0.52
Net Profit/(Loss)	(43.09)	48.92
Exceptional Items		
Provision for substandard and doubtful asset written back	249.00	Nil
Liabilities no longer required written back	24.60	Nil
Profit/(Loss) after exceptional items	230.51	48.92
ADD/(LESS)Profit/(Loss) brought forward		
Transfer to Statutory Reserve Fund	(4.61)	(9.78)
Profit/(Loss) carried forward	(1859.14)	(2043.55)

DIVIDEND

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

PERFORMANCE REVIEW & FUTURE OUTLOOK

During the year under review, the Company incurred a loss of Rs.43.09 lakhs as compared to profit of Rs. 48.92 lakhs in the previous financial year. The company upon recovery of doubtful debts (which was fully provided for in the books in accordance with the prudential norms of the RBI) has written back the provision made earlier and the same has been shown in the extraordinary items.

During the year under review the Indian Stock Market continued remain buoyant though during May'2006 witnessed sudden downward movement coupled with high intra-day volatility on account of which company's position in F & O segment came under severe strain. However the company was able to minimize the loss.



HB LEASING AND FINANCE COMPANY LIMITED

The Indian Economy is expected to maintain the high growth rate of 9% plus in the current year as well which augurs well for stock market. The Foreign Direct Investment is also expected to witness healthy and steady growth. On the basis of such strong fundamentals, the Stock Market is expected to maintain the buoyant trend in the current year as well.

Under the aforesaid scenario, the company expects to improve its financial performance and make a turnaround.

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 were 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 who were drawing/ in receipt of remuneration of prescribed amount during the year under review.

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby stated that in the preparation of the accounts for the financial period under review the applicable accounting standards have been followed along with proper explanation relating to material departures. 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 shares are currently listed at The Bombay Stock Exchange Ltd. The listing fees for the year under review has been paid to BSE.

AUDITORS' REPORT

Observations of the Auditors have been explained by appropriate Notes to Accounts. However, as regards the observation regarding the delay in transfer of amount lying/pending in the designated bank accounts representing unpaid / unclaimed dividend / debenture interest / redemption, the directors further to the explanation appended in the paragraph. 5 of Notes to accounts and also to the information/explanation appended in the previous year's report, would like to add that the Company had transferred the entire unpaid balances in the aforesaid designated bank accounts to the credit of Investor Education & Protection Fund of the Central Government in accordance with the provisions of Section 205C of the Companies Act, 1956 upon resolution of issues relating to reconciliation of these accounts and the connected claims and counter claims.

AUDITORS

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

DIRECTORS

Mr. Anil Goyal, who is also Managing Director of HB Portfolio Ltd., has been re-appointed as Managing Director of the Company for a further term of five years with effect from 1st January 2007 subject to the approval of members. No remuneration is payable to Mr. Anil Goyal as he has opted to draw his remuneration from HB Portfolio Ltd.

The resolution seeking approval of the members for the said reappointment of Mr. Anil Goyal as Managing Director is coming up for consideration at the ensuing Annual General Meeting. In view of his varied experience in the fields of accounting, law, finance and administration, the Board is of opinion that his continued association would be beneficial to the Company and accordingly commends the resolution for approval of the members

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 retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The directors commend the resolution seeking his reappointment for the approval of the members.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi

LALIT BHASIN

Date : 11.05.2007

CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Results

During the year under review the Company earned a gross income of Rs.3.43 lakhs compared to the income of Rs. 93.91 lakhs during the previous year. Gross and net profit earned/(loss) suffered by the Company during the current year was Rs. (39.51) lakhs and Rs. (43.09) lakhs respectively compared to Rs.52.03 lakhs and Rs.48.92 lakhs respectively during the previous year.

The administrative expenses during the year under review were Rs. 42.93 lakhs as compared to Rs. 41.88 lakhs during the previous year registering a marginal increase which has been on the expected lines.

2. Industry Trends and Business Analysis

During the year under review 2006-07, Indian Capital Market continued to be buoyant. The Bombay Stock Exchange (BSE) Sensex registered a rise of 16% as it opened at 11279.96 in April 2006 and closed at 13072.10 in March 2007. Other broad-based indices also recorded a similar trend. However, the market experienced a sudden downward movement in during May'2006 to mid June'2006 coupled with high intra-day volatility. This sudden downward movement and the high intra-day volatility had an adverse impact on the F&O operations of the company. Seen under the aforesaid backdrop the company has been able to post a satisfactory performance.

3. Opportunity, Threats & Outlook

The Indian Capital Market, during the year under review continued to remain buoyant under favourable macro economic factors of strong inflows from Foreign Institutional Investors (FIIs), good corporate results besides robust performance by overall economy and the buoyant investment climate. The bullish trend in Capital Market is expected to continue in the medium to long term and offers good future growth potential.

The national economy is expected to continue its impressive growth of 9% plus in the current year as well and it is expected that the trend of high growth will continue in the medium to long term which augurs well for the Indian Stock Market. The FDI inflow is also expected to grow at a healthy level. However, the high inflation is likely to pose some concern in the current year though the rise in interest rates is likely to keep the same down. However, the rise in interest rates coupled with appreciation in rupee vis-à-vis dollar is likely to affect the exports which may result in lower corporate profits of IT and ITES sector.

The Company's prime and main business being investment in securities it is exposed to competitive threats from mutual and other funds. However, the Company hopes to improve its performance on the strength of its long experience in the investment operations and its strong emphasis on fundamentals of timing of picking and exiting strategies.

4. Future Prospects and Outlook

The company as a NBFC is engaged predominantly in the business of investment in securities the future outlook/business prospects are closely linked with the buoyancy of the stock market which apart from political factors is a function of corporate performance and overall economic growth.

With the economy expected to maintain the impressive growth of 9% plus in the current

year and in the medium term, the stock market is expected to maintain its buoyant trend in the medium to long term.

Under the favourable economic indications, the Company expects to post improved results in the coming years.

5. 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 including interest rate volatility, cyclic trends, market risk and credit risk. However, through careful and prudent investment decisions by the management, it is constantly endeavored to minimise these risks.

6. 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.

7. 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 2007 stood at Rs. 1100.41 lakhs comprising of 1,10,62,731 Equity Shares of Rs. 10/- each (excluding allotment money receivable of Rs. 5.86 lakhs). 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, has still not proceeded with the issue of preference shares.

b) Reserves & Surplus: During the year under review, the Reserves & Surplus of the Company stood at Rs. 1833.06 lakhs. The accumulated loss carried to the balance sheet as at 31.03.2007 was Rs. 1859.14 lakhs compared to Rs. 2043.55 lakhs as at 31.03.2006.

c) Current Assets & Current Liabilities: Current Assets & Current Liabilities of the Company during the year under review stood at Rs. 1348.08 lakhs and Rs. 234.90 lakhs respectively as compared to Rs.1417.19 lakhs and Rs.536.85 lakhs in the previous financial year.

8. Human Resources

Your Company has requisite manpower commensurate with the current volume of activities keeping in view its emphasis on minimizing costs. The Company follows a good man management policy as it recognizes human resources as foremost assets of an enterprise.

9. Cautionary Statement

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



HB LEASING AND FINANCE COMPANY LIMITED

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 comprise of 5 Directors at present out of which, 4 are Non-Executive Directors with 3 being Independent Directors. Mr. Lalit Bhasin of the promoter group is the Chairman and Non-Executive Director of the Company. 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.

The particulars regarding composition of the Board of Directors, particulars of Director's other directorships and membership in committees of other public limited companies and their attendance in the Meetings held during the year under review are given hereunder:

During the financial year under review, 6 Meetings of the Board of Directors were held on 10th April, 2006; 2nd June 2006; 27th July 2006; 28th September 2006; 30th October, 2006 and 27th January, 2007.

Name of the Director	Category	Directorships in other public companies*		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM	Shares held in the Company & % to the Subscribed capital
		Total	As Chairman	Total	As Chairman	Held	Attended		
Mr. Lalit Bhasin	Promoter, Non Executive	14	3	1	—	6	5	Yes	5,16,905 (4.67%)
Dr. M.P. Jain	Independent & Non Executive	1	—	—	—	6	Nil	No	Nil
Mr. Arvind Kohli	Independent & Non Executive	—	—	—	—	6	6	Yes	Nil
Mr. L.N. Malik	Independent & Non Executive	—	—	—	—	6	6	Yes	300 (Insignificant)
Mr. Anil Goyal	Independent & Executive	11	—	4	1	6	6	Yes	150 (Insignificant)

*Public Limited companies as on 31-03-2007

In terms of the provisions of Articles of Association of the Company, Dr. M.P. Jain, retire at the forthcoming Annual General Meeting and being eligible, offer himself 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 2nd June, 2006; 27th July, 2006; 30th October, 2006; and 27th January, 2007, which were attended to by all the Members.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee of the Company at present consists of Mr. Lalit Bhasin, Mr. Anil Goyal 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, 11 Meetings of the 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.

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
2005-06	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	28.09.2006	10:00 A.M.
2004-05	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	10.08.2005	10:00 A.M.
2003-04	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon – 122001	24.09.2004	10:00 A.M.

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

S. No.	Subject Matter	AGM Reference and date of passing
1.	Approval for Delisting of Equity Shares from the Delhi Stock Exchange.	22nd AGM 10th August 2005
2.	Approval of enhancing the limit for acquisition of shares by NRIs under Portfolio Investment Scheme up to 24% of paid up share capital	21st AGM 24th September 2004

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

DISCLOSURES

- There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31st March 2007 (Refer Note No 7 of Schedule I forming part of Balance Sheet and Profit & Loss Account). Accordingly, the same have not been reproduced here.
- No penalty has been imposed nor any strictures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to Capital Markets during the last three years.
- The company has adopted a Code of Conduct applicable to all Directors and Senior Management personnel of the company and the same has been posted in the website of the company www.hbleasing.com. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said Code. A declaration to this effect from Managing Director of the Company is also given to this effect at the end of this report.
- Risk Assessment and Minimisation procedures are in existence and are reviewed periodically.
- The Managing Director (CEO) and the Chief Financial Officer (CFO), have as required under clause 49 of the Listing Agreement, given their certification on the review of financial statements, including cash flow, for the year ended 31.03.2007 to the Board of Directors.
- Remuneration Committee has not been constituted and Whistle Blower policy has not been adopted by the Company being Non- Mandatory requirements.
- All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to / complied with.



HB LEASING AND FINANCE COMPANY LIMITED

MEANS OF COMMUNICATION

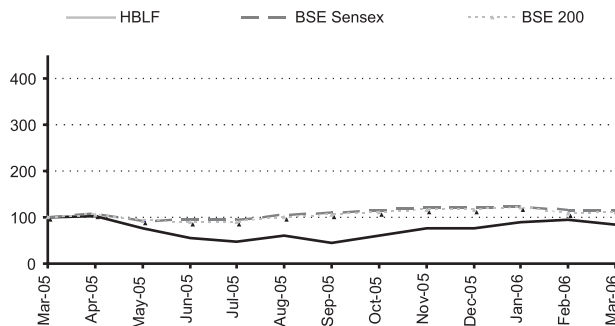
- I. Quarterly Results: Dissemination through stock Exchange, company's website and through publication in newspaper as required under Listing Agreement.
- II. Newspaper wherein results normally published: Financial Express and Jansatta.
- III. Website where displayed: www.hbleasing.com
- IV. The website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

GENERAL SHAREHOLDER INFORMATION

- I. Ensuing Annual General Meeting Date, time and venue:
Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana) - 122 001
Date : 29th August, 2007
Time : 11.30 A.M.
- II. Financial Year : 31st March 2007
- III. Date of Book Closure : 24.08.2007 to 29.08.2007(both days inclusive)
- IV. Dividend Payment Date : No dividend is being declared for the year under review.
- V. Listing on Stock Exchanges
The Company's equity shares are listed at Bombay Stock Exchange Limited, Mumbai
- VI. Stock Code:
The Company's scrip code at BSE is 508956
- VII. Dematerialisation of Share and Liquidity
The trading in the Equity Shares of the Company has come under compulsory dematerialization w.e.f. 29th January 2001 in terms of the SEBI-Notification No. SMDRP/POLICY/CIR - 23 / 2000 dated 29th May 2000.
The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE549B01016.
As at 31st March 2007, 67,11,988 Equity Shares of the Company are held in dematerialised form constituting 60.67 % of the Company's subscribed share capital.
- VIII. Market Price Data: The monthly High, Low during each month in the last financial year at BSE is as under:

Date	High	Low	Close	Volume
Apr-06	6.09	4.40	5.69	133878
May-06	6.86	4.21	4.21	132624
Jun-06	4.25	2.80	3.00	23921
Jul-06	3.15	2.19	2.60	17809
Aug-06	3.34	2.26	3.34	44590
Sep-06	3.67	2.32	2.42	68344
Oct-06	3.33	2.38	3.33	63757
Nov-06	4.84	3.25	4.27	124384
Dec-06	5.13	3.69	4.20	87371
Jan-07	5.85	4.21	5.00	150590
Feb-07	5.75	4.30	5.25	129081
Mar-07	5.66	4.25	4.66	137802

- IX. Relative performance vis-à-vis major indices:



- X. Stock Performance - absolute returns

1 Year
HB Leasing (-)16%
BSE Sensex 16%
BSE 200 10%

- XI. The distribution of shareholding of the Company as on 31st March, 2007 is as under:

No. of Shares	Shareholders		Shareholding	
	Numbers	% to total	Numbers	% to total
1 - 500	39131	97.73	4984670	45.06
501 - 1000	543	1.36	409501	3.70
1001 - 2000	206	0.51	305811	2.76
2001 - 3000	55	0.14	143195	1.29
3001 - 4000	18	0.04	63965	0.58
4001 - 5000	13	0.03	61239	0.56
5001 - 10000	36	0.09	259287	2.34
10001 and above	39	0.10	4835063	43.71
TOTAL	40041	100.00	11062731	100.00

The category-wise distribution of Shareholders as on 31st March, 2007 is as follows:

Category	No. of Shares held	% of share-holding
A. Promoters Holding		
1. Indian Promoter	3530689	31.91
2. Foreign Promoters	0	0.00
B. PUBLIC SHAREHOLDING		
1. Institutional	52730	0.48
2. Non-Institutional	7479312	67.61
GRAND TOTAL	11062731	100.00

- XII. The Company has no outstanding GDRs/ ADRs/ Warrants or any other instruments convertible into equity
- XIII. Share Transfer System
Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to a Director for transfer of shares up to a fixed number beyond which the matters are placed before the shareholders/investors grievance Committee, which meets as and when, required. As reported by Company's RTA all valid requests for transfers during the year under review were transferred within the stipulated time limit.
- XIV. Based on the report received from the Company's Registrar's, the status of Investors Complaints as on 31st March 2007 and reported under clause 41 of Listing Agreement are as under:-
Complaints as on April 1, 2006 : Nil
Received during the year : 17
Resolved during the year : 17
Pending as on March 31, 2007 : Nil
- XV. Company Secretary acts as the Compliance Officer of the Company.
- XIV. Registrar & Share Transfer Agents of the Company: RCMC Share Registry Pvt. Ltd., RCMC Share Registry Pvt. Ltd., B-106, Sector-2, Noida-201301. Phones: 4015880. Fax 2444346. E-mail: rcmc@dimensioni.net
- XV. Address for correspondence:
HB Leasing & Finance Company Limited
Plot No. 31. Sector-32,
Echelon Institutional Area,
Gurgaon (Haryana)

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

To
The Members of
HB Leasing & Finance Company Limited

I, Anil Goyal, Managing Director of the Company declare that all the members of the Board of Directors; and Senior Management of the Company have affirmed compliance with the Code of Conduct.

For HB Leasing & Finance Company Limited
Anil Goyal
Managing Director

Place : New Delhi
Date : 11th May, 2007

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

CERTIFICATE

To the Members of
HB Leasing & Finance Co. Ltd.

We have examined the compliance of conditions of Corporate Governance by HB Leasing & Finance Co. Ltd. for the year ended on 31st March 2007, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that the gap between audit committee meeting on one occasion exceeded the stipulated period of 4 months by 2 days.

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 : 11th May, 2007

(AMIT GOEL)
PARTNER
(Membership No. 92648)



HB LEASING AND FINANCE COMPANY LIMITED

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, 2007 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 (as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2007 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 and read together with significant accounting policies and 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, 2007 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
Dated : 11th May, 2007

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 to/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 is an adequate internal control system commensurate with the size of the Company and the

nature of its business for the purchases of inventory and fixed assets and for sale of goods. During the year there was no sale of services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control system.

5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts for arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that Section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at a price which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public 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, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service 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 in deposit of amount of Rs.19,45,983/- to Investor Education & Protection Fund as explained in note no. 5 of Schedule-I. According to the information and explanation given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March 2007 for a period of more than Six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs.85,27,842/- 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	Hon'ble Supreme Court of India	70,57,791/-
2.	Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	14,70,051/-
TOTAL				85,27,842/-

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 or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders 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. In view of exemption granted by Section 49(4) of the Companies Act, 1956, Clause 4(xiv) of the Companies (Auditors' Report) order 2003 is not applicable to the company.
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 on short term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. 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
(AMIT GOEL)
PARTNER
(Membership No. 92648)

Place : New Delhi
Dated : 11th May, 2007

HB LEASING AND FINANCE COMPANY LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Schedule	As at 31.03.2007 (In Rs.)	As at 31.03.2006 (In Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	A	110041095	110041095
b) Reserves & Surplus	B	188306107	183695838
Total		298347202	293736933
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	5683376	5634786
Less : Depreciation		4568122	4286719
Net Block		1115254	1348067
Current Assets, Loans & Advances			
a) Stock-in-Trade	D	97083949	47444018
b) Sundry Debtors	E	20564664	45464664
c) Cash & Bank Balances		3360155	2406363
d) Loans and Advances		13799303	46404217
		134808071	141719262
Less : Current Liabilities & Provisions			
a) Liabilities	F	316357	5521233
b) Provisions		23173590	48164062
		23489947	53685295
Net Current Assets		111318124	88033967
Profit & Loss Account (As Per Annexed Account)		185913824	204354899
Total		298347202	293736933

Notes on Accounts and Significant Accounting Policies

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

Amit Goel Partner C. P. Singh Chief Financial Officer Anil Goyal Managing Director Lalit Bhasin Chairman

Place : New Delhi
Date : 11th May, 2007

For and on behalf of the Board

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Schedules	Current Year (in Rs.)	Previous Year (in Rs.)
INCOME			
Income from Operation & Other Income	G	342724	9390988
Total		342724	9390988
EXPENDITURE			
Administrative & Other Expenses	H	4293326	4187951
Depreciation		281403	259038
Total		4574729	4446989
Profit/(-Loss) for the year before Taxation		-4232005	4943999
Provision For Taxation			
- Current		-	-
- Deferred		-	-
- Fringe Benefit Tax		77000	52000
Profit/(-Loss) for the year after Taxation and before exceptional items		-4309005	4891999
Exceptional Items			
a) Provision for Sub-standard and doubtful Assets written back		24900000	-
b) Liabilities no longer required Written back		2460349	-
Profit/(Loss) for the year after exceptional items		23051344	4891999
Appropriations			
Transferred to Statutory Reserve Fund		4610269	978400
Balance Brought Forward		-204354899	-208268498
Balance Carried to Balance Sheet		-185913824	-204354899
Basic & Diluted Earning Per Share In Rs.			
(Excluding exceptional items)		-0.39	0.44
(Including exceptional items)		2.08	0.44

Notes on Accounts and Significant Accounting Policies

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

Amit Goel Partner C. P. Singh Chief Financial Officer Anil Goyal Managing Director Lalit Bhasin Chairman

Place : New Delhi
Date : 11th May, 2007

For and on behalf of the Board

SCHEDULE 'A' : SHARE CAPITAL

Particulars	As at 31.03.2007 (in Rs.)	As at 31.03.2006 (in 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
Total	250000000	250000000
ISSUED		
1,11,83,681 Equity Shares of Rs.10/- each	111836810	111836810
SUBSCRIBED, CALLED-UP AND PAID-UP		
1,10,62,731 Equity shares of Rs.10/- each	110627310	110627310
LESS :		
Allotment Money Receivable (Other than Directors)	586215	586215
Total	110041095	110041095

SCHEDULE 'B': RESERVES AND SURPLUS

Particulars	As at 31.03.2007 (in Rs.)	As at 31.03.2006 (in Rs.)
SHARE PREMIUM A/C		
As Per Last Year	182029190	182029190
Less : Allotment Money Receivable (Other than 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
STATUTORY RESERVE FUND*		
As Per Last Year	978400	-
Addition During the Year	4610269	978400
Total	188306107	183695838

*Created pursuant to Reserve Bank of India Act, 1997.

SCHEDULE 'C' : FIXED ASSETS AS ON 31.03.2007

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 1.04.2006	Additions during the year	Deletions during the year	As on 31.03.2007	As at 01.04.2006	For the year	Adjustments	As on 31.03.2007	As at 31.03.2007	As at 31.03.2006
Office Equipments	592580	-	-	592580	348753	28148	-	376901	215679	243827
Vehicles	577950	-	-	577950	577950	-	-	577950	-	-
Furniture & Fixture	3244771	-	-	3244771	2382908	205394	-	2588302	656469	861863
Data Processing Machinery	761485	48590	-	810075	737909	26106	-	764015	46060	23576
Air Conditioners	458000	-	-	458000	239199	21755	-	260954	197046	218801
TOTAL	5634786	48590	-	5683376	4286719	281403	-	4568122	1115254	1348067
PREVIOUS YEAR	5620086	14700	-	5634786	4027681	259038	-	4286719	1348067	1592405

SCHEDULE 'D' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 31.03.2007 (in Rs.)	As at 31.03.2006 (in Rs.)
A. CURRENT ASSETS		
Closing Stock of Shares/Debentures (as per Schedule E) as taken, valued and certified by the Management	97083949	47444018
	<u>97083949</u>	<u>47444018</u>
Sundry Debtors (Unsecured considered good unless otherwise stated)		
Outstanding Exceeding 6 Months Considered Good	-	-
Considered Doubtful	20564664	45464664
	<u>20564664</u>	<u>45464664</u>
Cash in Hand (As certified by Management)	307885	152945
Bank balances with Scheduled Banks:		
In Current Accounts	3011265	266430
In Debenture / Dividend A/c	0	1945983
In Fixed Deposits (Including Intt.Accrued But not due)	41005	41005
	<u>3360155</u>	<u>2406363</u>
Total 'A'	<u>121008768</u>	<u>95315045</u>

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

Particulars	As at 31.03.2007 (in Rs.)	As at 31.03.2006 (in Rs.)
B. LOANS AND ADVANCES		
(Unsecured considered good, unless otherwise stated)		
Loans (including interest receivable Rs.4,70,466/- (Previous year Rs.4,70,466/-))		
Considered Good	0	0
Considered Doubtful	578405	578405
Dividend Receivable	47180	37500
Advance recoverable in Cash or in Kind or for value to be received		
Considered Good	4849205	34003799
Considered Doubtful	1715079	1715079
Advance Tax & Tax Deducted at Source (Net)	5067474	5067474
Margin Money/Deposits	1340000	4800000
Security Deposits (with others)	201960	201960
	<u>13799303</u>	<u>46404217</u>
Total 'B'	<u>13799303</u>	<u>46404217</u>
Total 'A'+ 'B'	<u>134808071</u>	<u>141719262</u>

SCHEDULE 'E' : STOCK - IN - TRADE

S. No.	Name of the Company	Face Value (Rs.)	Closing Balance as at 31st March, 2007		Closing Balance as at 31st March, 2006	
			Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES						
1	Aftek Infosys Ltd.	2	0	0	17500	1362375
2	Agrotech India Ltd.	10	40400	0	40400	0
3	Amar Remedies Ltd.	10	0	0	20000	1795769
4	Andhra Cement Co.Ltd.	10	550	5500	550	5500
5	Aurionpro Solutions Ltd.	10	10000	2700500	0	0
6	Ballarpur Industries Ltd.	10	2342	252116	2342	323196
7	Baroda Rayon Corp. Ltd.	10	6880	0	68800	0
8	Bata India Ltd.	10	33	1081	33	1081
9	Ceat Ltd.	10	0	0	18	900
10	Crompton Greaves Ltd.	2	94360	6263617	15000	2750700
11	Dalmia Cement (Bharat)	10	0	0	554	146367
12	DCM Ltd.	10	1000	17402	11713	203829
13	DCM Shriram Consolidated Ltd.	2	7730	143527	7630	141670
14	Digital World India Ltd	10	127900	0	127900	0
15	Eicher Motors Ltd.	10	0	0	340	23518
16	Elh Ltd.	2	306	8544	306	8544
17	Essar Steel Ltd.	10	0	0	7000	314650
18	Grasim Industries Ltd.	10	0	0	200	24854
19	Gujarat Narmada Valley Fertilizers Co. Ltd.	10	550	22153	700	28194
20	Haryana Leather Chemicals Ltd.	10	26900	170932	94500	600488
21	Hindustan Motors Ltd.	10	8229	179732	8229	179732
22	Hotline Glass Ltd.	10	1600	3456	1600	11334
23	Hotline Teletubes & Comp. Ltd	10	66110	277662	110907	1703532
24	ION Exchange Ltd.	10	300	30254	2000	201692
25	ITC Ltd.	1	0	0	200	38990
26	Jaiprakash Associates Ltd.	10	76200	38404155	0	0
27	JCT Ltd.	2.5	0	0	150460	2002623

SCHEDULE 'E' : STOCK - IN - TRADE (CONTD...)

S. No.	Name of the Company	Face Value (Rs.)	Closing Balance as at 31st March, 2007		Closing Balance as at 31st March, 2006	
			Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
28	JSW Steel Ltd.	10	0	0	4	765
29	Kalyan Sundram Cement Ltd.	10	8970	0	8970	0
30	Madras Cements Ltd.	10	10	27212	10	21662
31	Mahindra Gesco Developers Limited	10	3000	1704900	0	0
32	Malanpur Steel Ltd.	10	1968	0	1968	0
33	Manali Petrochemicals Ltd.	10	200	1632	200	2110
34	Mansinghka Oil Products Ltd.	10	300100	0	300100	0
35	Mawana Sugar Ltd.	10	93500	3482875	98500	4820590
36	Megasoft Ltd.	10	0	0	10000	1481232
37	Modi Rubber Ltd.	10	5906	0	5906	0
38	Mohan Meakin Ltd.	5	800	0	800	32352
39	Mysore Cement Ltd.	10	8000	314800	8000	384400
40	Nahar Ind Ent Ltd.	10	4000	560000	90169	12299052
41	NOCIL Ltd.	10	0	0	23911	583428
42	Oswal Agro Mills Ltd.	10	192800	0	192800	0
43	Parsvnath Developers Ltd.	10	55000	14245000	0	0
44	Piramyd Retail Ltd.	10	0	0	9000	1918350
45	Premier Vinayl Ltd.	10	0	0	3000	0
46	Punjab Tractors Ltd.	10	0	0	600	28548
47	Reliance Capital Ventures Ltd.	10	0	0	14	26
48	Reliance Communications Ltd.	5	14	5514	14	678
49	Reliance Energy Ltd.	10	1	147	0	0
50	Reliance Energy Ventures Ltd.	10	0	0	14	147
51	Reliance Industries Ltd.	10	14	1985	14	1985
52	Reliance Natural Resources Ltd.	10	0	0	30014	973343
53	Royal Orchid Hotels Ltd.	10	496	81840	496	81840
54	RRB Securities Ltd.	10	100000	3450000	100000	2861000
55	Ruchi Soya Industries Ltd.	10	5000	1568250	0	0
56	S.R.F. Ltd.	10	1382	167429	1782	128886
57	Shreyans Industries Ltd.	10	700	17955	700	19040
58	SIEL Ltd.	10	30000	787500	30000	1597155
59	STI Granite Ltd.	10	60000	0	60000	0
60	The Tata Iron & Steel Co.Ltd.	10	0	0	100	19209
61	Titan Industries Ltd.	10	500	50365	500	50365
62	Tulip IT Services Ltd.	10	0	0	5600	1733480
63	Voltas Ltd.	1	7000	593600	0	0
QUOTED PARTLY PAID UP EQUITY SHARES						
1	Baroda Rayon Corp Ltd.	10	3527	0	35275	0
2	Ceat Ltd.	10	650	0	650	0
3	Kalyan Sundram Cement Ltd.	10	182060	0	182060	0
4	Nahar International Ltd.	10	41300	0	41300	0
5	Prakash Industries Ltd.	10	50	0	50	0
SUB TOTAL (A)			1578338	75541634	1931403	40909178
UNQUOTED FULLY PAID UP EQUITY SHARES						
1	Taurus Investment Trust Co. Ltd.	10	14380	149800	14380	149800
2	Harsai Investments Co. Ltd.	10	200000	2000000	200000	2000000
3	QR Properties Pvt. Ltd.	10	5900	59000	5900	59000
UNQUOTED FULLY PAID-UP PREF.SHARES						
1	HB Tele Communications Ltd.	10	10000	100000	10000	100000
UNQUOTED SHARE APPLICATION						
1	Core Telecom Pvt. Ltd.	10	250000	0	250000	0
2	Solid Portfolio Pvt. Ltd.	10	250000	0	250000	0
WITH MUTUAL FUND - (Unquoted)						
1	Taurus Mutul Fund-Libra Tax Shield-96	10	400000	4000000	400000	4000000
2	HDFC Cash Management Fund	10	1410954	15007475	0	0
3	UTI Equity Fund	10	26100	226040	26100	226040
QUOTED FULLY PAID UP DEBENTURES						
1	12.5% Sec. Hin. Dev. Corpn. Ltd. NCD VIII Series	80	0	0	434	0
2	12.5% Sec. Hin. Dev. Corpn.Ltd. NCD VII Series	40	0	0	300	0
3	14% Hindustan Dev. Corpn. Ltd.NCD IX Series	40	0	0	959	0
SUB TOTAL (B)			2567334	21542315	1158073	6534840
GRAND TOTAL (A + B)			4145672	97083949	3089476	47444018

SCHEDULE 'F': CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 31.03.2007 (in Rs.)	As at 31.03.2006 (in Rs.)
A. CURRENT LIABILITIES		
i) Sundry Creditors (including due to SSI units- Nil (Previous year Nil))	267439	1086168
ii) Lease/Hire Purchase Security Deposits (Interest Free)	0	2460349
iii) Investor Education and Protection fund shall be credited by the following amount namely-		
a) Unpaid Dividend	0	174248
b) Unpaid Matured Debentures	0	1771735
iv) Other Liabilities	48918	12876
v) Cheques over issued on Current Accounts	0	15857
Total (A)	316357	5521233
B. PROVISIONS		
i) For Sub Standard/ Doubtful Assets	22858148	47758148
ii) For Gratuity	0	216010
iii) For Leave Encashment	183654	155312
iv) For Loss on Equity Derivative Instruments	64788	22592
v) For Fringe Benefit Tax (Net)	67000	12000
Total (B)	23173590	48164062
Total (A + B)	23489947	53685295

SCHEDULE 'G' - INCOME FROM OPERATIONS & OTHER INCOME

Particulars	Current Year (in Rs.)	Previous Year (in Rs.)
Profit on Sale/Purchase of Shares and Valuation Profit/Loss(Net)	2279751	6665007
Profit(-Loss) in Securities/Equity Derivative Dealings (Net)	-2494381	885208
Interest Income on Fixed Deposits	0	2246
Dividend Income	557354	1838527
Total	342724	9390988

SCHEDULE 'H' : ADMINISTRATIVE AND OTHER EXPENSES

Advertisement	18604	29208
Contribution to Provident Fund and E.S.I.	115799	108969
Legal & Professional	518660	561957
Miscellaneous	169697	102738
Communication	551174	566810
Printing & Stationery	133856	100280
Rent	364250	445450
Salaries & benefits	1227361	1191238
Electricity	33063	40068
Book & Periodicals	39425	57242
Listing Fees	30000	110000
Insurance	3059	3830
Travelling & Conveyance	346368	295872
Vehicle Running & Maintenance	120905	92619
Bank charges	2008	2811
Securities Transaction Tax	419879	264698
Depository & Custodial	51563	55878
Provision for doubtful receivable	0	1182
Other Repair and Maintenance	64942	78803
Staff Welfare	12218	8903
Auditor's Remuneration		
Audit Fees	42135	42090
Tax Audit Fees	16854	17397
Others	11506	9908
Total	4293326	4187951

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, 2007

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.
- Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of

contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

- Income and expenditure are accounted for on accrual basis.
- Depreciation has been charged on all assets at the rates specified in Schedule-XIV to the Companies Act, 1956 on straight line method.
- Stock-in-trade is valued scrip-wise at cost or fair market value/realizable value whichever is lower.
- Provision for loss in respect of open equity derivative instruments as at the Balance Sheet date is made indexwise/scripwise. As a matter of prudence, any anticipated profit is ignored.
- 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 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.
- Impairment of Fixed Assets : Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.
- Contingencies: The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liabilities not provided for

Particulars	Current Year	Previous Year
(a) Income tax demands disputed including interest etc. against which appeals are pending with appropriate authorities	1,36,79,205/-	1,36,79,205/-
(b) Claims against the Company not acknowledged as debts	1,58,02,781/-	1,58,02,781/-

- Advance tax and TDS includes sum of Rs.43,52,854/- (Previous year Rs. 43,52,854/- 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.
- As per the balance sheet of the company as at the previous year end, amount of Rs.19,45,983/- relating to unclaimed dividend/debenture interest/redemption amount etc. was lying in designated accounts with banks pending for transfer to Investor Education and Protection Fund. During the year, this amount was transferred/deposited to Investor Education and Protection Fund on 12.07.2006. The delay in deposit/transfer was caused due to pending reconciliation, claims and counter claims against the bank and for want of complete information.
- In the opinion of management, the company is mainly engaged in the business of Securities and there are no separate reportable segments as per accounting standard – segment reporting (AS-17) issued by the Institute of Chartered Accountants of India.
- Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India is as under :-
Related Party Disclosure (As identified by management and relied upon by Auditors)
 - Key managerial personnel Sh.Anil Goyal – Managing Director
Transaction during the period Nil (Nil)
 - Other related parties with whom transactions have taken place and relationship Nil (Nil)

8. 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.

9. Earning Per Share :-

Particulars	Current Year	Previous Year
— Net Profit/(-Loss) for the year as per Profit & Loss account before exceptional items	-4309005	48,91,999
— Exceptional items	27360349	—
— Profit/(-Loss) for the year after exceptional items	23051344	48,91,999
— 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)		
— Excluding Exceptional items	(0.39)	0.44
— Including Exceptional items	2.08	0.44

10. 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.1,05,000/- (Previous year 88,275/-)
 - Later than one year, but not later than five years Rs.Nil (Previous year Nil)
 - Later than five years Rs. Nil (Previous year Nil)
- b) Minimum lease payments recognised in the statement of profit & loss account during the period ended 31st March 2007 is Rs. 3,64,250/- (Previous year Rs. 3,45,400/-)
- 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.

11. Quantitative information in respect of Securities traded in -

Opening Stock		Purchases/Addition	
Qty(Nos.)	Value (Rs.)	Qty(Nos.)	Value (Rs.)
3089476	47444018	3667760	209337440
(3599688)	(36036178)	(1186440)	(111762248)
Sales/Deduction		Closing Stock	
Qty(Nos.)	Value (Rs.)	Qty(Nos.)	Value (Rs.)
2611564	161977260	4145672	97083949
(1696652)	(107019415)	(3089476)	(47444018)

Note: Figures in brackets pertain to previous year.

12. Disclosure pursuant to Guidance Note issued by The Institute of Chartered Accountants of India on 'Accounting for Equity Index & Equity Stock Futures & Options':-

- a) Margin on equity derivative instruments contracts has been paid in cash only and no Shares/Securities were given as margin as at the year end (Previous year – Nil)
- b) Detail of open interest in Equity Stock Future Contracts as at the year end 31st March, 2007 (Previous year –) :-

Name of Equity Stock Future	No. of Contracts	Units (In Nos.) (Long)	Units (In Nos.) (Short)
Sterlite Industries Ltd.	3	2625	—
	(—)	(—)	(—)
Satyam Computers	1	600	—
	(—)	(—)	(—)
ACC	—	—	—
	(4)	(3000)	(—)
Escorts	—	—	—
	(4)	(9600)	(—)
India Cement	—	—	—
	(9)	(26100)	(—)
Reliance Capital	—	—	—
	(9)	(9900)	(—)
Titan	—	—	—
	(3)	(2466)	(—)
NTPC	8	13000	—
	(—)	(—)	(—)

Note : Figures in brackets pertain to previous year.

13. Exceptional Items :

- Provision for sub-standard and doubtful assets written back of Rs.2,49,00,000/- represents amount recovered from debtor during the year which were provided for as sub-standard & doubtful in the earlier years as per the prudential norms of Reserve Bank of India applicable to Non-banking Financial Companies
- Liability no longer required of Rs.24,60,349/- represents writing back of advance/deposits in respect of lease and hire purchase which is no longer refundable/payable by the company.

14. The previous year figures have been regrouped/rearranged wherever considered necessary.

15. Additional information pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is annexed.

16. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed.

17. Schedule A to I form an integral part of our accounts.

For and on behalf of the Board

C. P. Singh Anil Goyal Lalit Bhasin
Chief Financial Officer Managing Director Chairman

Place : New Delhi
Date : 11th May, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	34071
State Code	05
Balance Sheet Date	31.03.2007

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	298347	Total Assets	298347
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Sources of Funds

Paid - up Capital	110041	Reserve & Surplus	188306
Secured Loans	Nil	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	1115	Investments	Nil
Net Current Assets	111318	Misc. Expenditure	—
Accumulated Losses	185914		

4. Performance of Company (Amount in Rs.Thousands)

Turnover	343	Total Expenditure	4575
+/- Profit/Loss Before Tax	-4232	+/- Profit/Loss After Tax	-4309
+/- Profit/Loss after exceptional Items	23051	+/- Exceptional Items	27360
Earning Per Share in Rs. (Annualised)		Dividend Rate %	Nil
— excluding exceptional items	-0.39		
— including exceptional items	2.08		

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

As per our Report attached of even date

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

Amit Goel C. P. Singh Anil Goyal Lalit Bhasin
Partner Chief Financial Officer Managing Director Chairman

Place : New Delhi
Date : 11th May, 2007

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



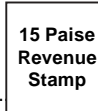
HB LEASING AND FINANCE COMPANY LIMITED PROXY FORM

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 24th Annual General Meeting of the Company to be held on Wednesday, 29th day of August, 2007 and at any adjournment thereof. As witness my hand/our hands this day of 2007.

Client Id :

DP ID :

Signed by the Said :



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



HB LEASING AND FINANCE COMPANY LIMITED ATTENDANCE SLIP

24th ANNUAL GENERAL MEETING

Time : 11.30 A.M., Wednesday, 29th day of August, 2007

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 24th Annual General Meeting held on 29th August, 2007 at 11.30 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.