

**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. Birendra Patra

CHIEF FINANCIAL OFFICER

Mr. C. P. Singh

AUDITORS

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

REGISTERED OFFICE

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

WEBSITE

www.hbleasing.com

REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Company will be held as follows:

Day : Thursday
 Date : 11th September, 2008
 Time : 11:00 A.M.
 Place : GIA House, I.D.C., Mehrauli Road,
 Opp. Sector 14, Gurgaon - 122001 Haryana

to transact the following business (s):

AS ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
- To 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.

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

Place : Gurgaon
 Date : 06.06.2008

BIRENDRA PATRA
 COMPANY SECRETARY

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OR CORPORATE OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 6th September, 2008 to 11th September, 2008 (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 and bank particulars for receiving the dividend, if declared, through electronic credit under ECS, to their respective Depository participants.
 - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.
- 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 Registered / 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	Mr. Arvind Kohli
Date of Birth	30-07-1961
Date of Appointment	15-03-2003
Profile/ Expertise in Specific functional Areas	He is a Practising Company Secretary with more than 24 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 directorship in other Public Companies. (As on 31st March 2008)	Nil
Chairman / Member of the Committees of the Board of the Other Companies in which he is a Director as on 31.03.2008	Nil

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

Place : Gurgaon
 Date : 06.06.2008

BIRENDRA PATRA
 COMPANY SECRETARY

DIRECTORS' REPORT

To the Members,

Your Directors present the 25th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

A summary of the Financial Results of the Company for the year ended 31st March, 2008 is produced hereunder for your consideration.

PARTICULARS	(Rs. in Lakhs)	
	Year Ended 31.03.2008	Year Ended 31.03.2007
Profit/(Loss) before Depreciation & Tax	472.39	(39.51)
Less:		
(a) Depreciation	2.77	2.81
(b) Provision for Income Tax		
— Current	36.00	Nil
— Deferred Tax charge/(credit)	Nil	Nil
— Fringe Benefit Tax	0.67	0.77
— Tax Adjustment for earlier year	-0.09	Nil
Net Profit/(Loss)	433.04	(43.09)
Exceptional Items		
Provision for substandard and doubtful asset written back	Nil	249.00
Liabilities no longer required written back	Nil	24.60
Profit/(Loss) after exceptional items	433.04	230.51
ADD/(LESS)		
Profit/(Loss) brought forward	(1859.14)	(2043.55)
Transfer to Statutory Reserve Fund	(86.60)	(4.61)
Transitional effect on Account of Accounting Standard-15	0.62	Nil
Profit/(Loss) carried forward	(1512.08)	(1859.14)

DIVIDEND

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

PERFORMANCE REVIEW & FUTURE OUTLOOK

During the year under review, the Company earned a net profit of Rs. 433.04 Lakhs as compared to the loss of Rs. 43.09 Lakhs in the previous year, which shows a substantial improvement over the previous year figure.

The BSE Sensitive Index which was 13072.10 at the start of the financial year, went up to 20873.33 in the month of January 2008; however ended the year at 15644.44 on 31st March 2008. The year was marked by high volatility in the stock market.

The economic scenario at present is not very positive due to rise in inflation as a result of increase in prices of food and other commodities coupled with the rising prices of Crude oil in the international market. With the turmoil in the International financial and Credit market, an uninspiring Government of India Budget for the current year and declining growth in profitability of the Indian corporate sector, there is a reduced risk appetite for Indian equities from domestic and International investors. The current year is therefore likely to be a challenging one for primary and secondary markets.

Industry Trends and its future prospects have been summed up in the Management Discussion and Analysis Report which forms part of this report.

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 period 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



HB LEASING AND FINANCE COMPANY LIMITED

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.

AUDITORS

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

DIRECTORS

In terms of provisions of Section 256 of the Companies Act, 1956 read with Article 99 of the Articles of Association of the Company, Mr. Arvind Kohli, retire by rotation at the ensuing Annual General Meeting and being eligible offers 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
LALIT BHASIN
CHAIRMAN

Place : Gurgaon

Date : 06.06.2008

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Results

During the year under review the Company earned a gross income of Rs. 539.47 Lakhs as compared to the income of Rs. 3.43 Lakhs during the previous year. Gross and net profit earned by the Company during the current year was Rs. 472.39 Lakhs and Rs. 433.04 Lakhs respectively compared to a gross loss of Rs. (39.51) Lakhs and Rs. (43.09) Lakhs respectively during the previous year. The sharp correction in the stock market in the last quarter of the FY 2007-08 had a dent on the profitability though the Company has been able to post improved results for the year under review as compared to the previous year.

The administrative expenses during the year under review were Rs. 67.07 Lakhs as compared to Rs. 42.93 Lakhs during the previous year registering a marginal increase/decrease which has been on the expected lines.

2. Industry Trends and Business Analysis

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

3. Opportunity, Threats & Outlook

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

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

The Company's prime and main business being investment in securities it is exposed to the 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 investments in securities, the future outlook/business prospects are closely linked with the variations in the stock market and also in the government policy. The recent developments in the stock markets would appear to have slightly dampened the earlier buoyancy and optimism in the economy still the overall outlook of the company, however, continues to be positive.

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

5. Risk and concerns

The Company has adequate system of internal controls for business processes, with regard to operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibility for all managerial positions. Regular Internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of changing business needs from time to time.

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 2008 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. 1969.67 Lakhs. The accumulated loss carried to Balance Sheet as at 31.03.2008 was Rs. 1512.08 Lakhs as compared to Rs. 1859.13 Lakhs as at 31.03.2007.
- c) Current Assets & Current Liabilities: Current Assets & Current Liabilities of the Company during the year under review stood at Rs. 629.56 Lakhs and Rs. 871.21 Lakhs respectively as compared to Rs. 1348.08 Lakhs and Rs. 234.90 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.

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:



HB LEASING AND FINANCE COMPANY LIMITED

During the financial year under review, 7 Meetings of the Board of Directors were held on 27th April, 2007; 11th May, 2007; 31st July 2007; 15th October, 2007; 12th December, 2007; 10th January, 2008 and 19th January, 2008.

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	—	7	7	Yes	5,16,905 (4.67%)
Dr. M.P. Jain	Independent & Non Executive	1	—	—	—	7	Nil	No	Nil
Mr. Arvind Kohli	Independent & Non Executive	—	—	—	—	7	7	Yes	Nil
Mr. L.N. Malik	Independent & Non Executive	—	—	—	—	7	7	Yes	300 (Insignificant)
Mr. Anil Goyal	Independent & Executive	11	—	5	1	7	7	Yes	20,150 (0.18%)

*Public Limited companies as on 31-03-2008

In terms of the provisions of Articles of Association of the Company, Mr. Arvind Kohli, 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 11th May, 2007; 31st July, 2007; 15th October, 2007 and 19th January, 2008, 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, 12 Meetings of the Committee were held for considering/ approving the requests received from the shareholders for issue of new shares on replacement / dematerialization/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 was drawn by the Directors for attending the meetings of Board of Directors and its Committees during the year under review. 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
2006-07	AGM	GIA House, I. D. C., Mehrauli Road, Opp. Sec-14, Gurgaon - 122001	29.08.2007	11:30 A.M.
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.

(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

- (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 2008 (Refer Note No 5 of Schedule J 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 31.03.2008 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.

MEANS OF COMMUNICATION

- Quarterly Results: Dissemination through stock Exchange, company's website and through publication in newspaper as required under Listing Agreement.
- Newspaper wherein results normally published: Financial Express and Jansatta.
- Website where displayed: www.hbleasing.com
- 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

- Ensuining Annual General Meeting Date, time and venue:
Date : 11th September, 2008
Time : 11:00 A.M.
Venue : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana) - 122 001
- Financial Year : 31st March, 2008
- Date of Book Closure : from 6th September, 2008 to 11th September, 2008 (both days inclusive)
- Dividend Payment Date : No. dividend is being declared for the year under review.
- Listing on Stock Exchanges
The Company's equity shares are listed at Bombay Stock Exchange Limited, Mumbai
- Stock Code
The Company's scrip code at BSE is 508956
- 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.



HB LEASING AND FINANCE COMPANY LIMITED

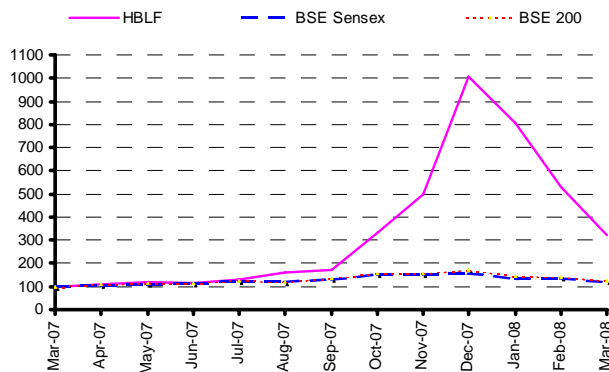
The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company is INE549B01016.

As at 31st March 2008, 70,65,972 Equity Shares of the Company are held in dematerialised form constituting 63.87 % 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-07	5.60	4.44	5.00	62810
May-07	5.90	4.56	5.50	109659
Jun-07	7.16	5.00	5.33	85276
Jul-07	7.02	4.85	6.15	216309
Aug-07	7.57	4.98	7.57	172380
Sep-07	9.94	7.30	8.00	282139
Oct-07	18.08	7.50	15.55	321965
Nov-07	23.25	13.45	23.25	315456
Dec-07	46.90	23.20	46.90	1015145
Jan-08	54.40	35.05	37.45	863217
Feb-08	37.35	24.60	24.75	184313
Mar-08	25.00	13.20	15.00	153696

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



X. Stock Performance - absolute returns

	1 Year
HB Leasing	222%
BSE Sensex	20%
BSE 200	24%

XI. The distribution of shareholding of the Company as on 31st March, 2008 is as under:

No. of Shares	Shareholders		Shareholding	
	Numbers	% to total	Numbers	% to total
1 - 500	37476	97.64	4775262	43.17
501 - 1000	532	1.39	402718	3.64
1001 - 2000	197	0.51	290285	2.62
2001 - 3000	64	0.17	161658	1.46
3001 - 4000	31	0.08	109590	0.99
4001 - 5000	16	0.04	74947	0.68
5001 - 10000	30	0.08	219772	1.99
10001 and above	37	0.09	5028499	45.45
TOTAL	38383	100.00	11062731	100.00

The category-wise distribution of Shareholders as on 31st March, 2008 is as follows:

Category	No. of Shares held	% of shareholding
A. Promoters Holding		
1. Indian Promoter	3707701	33.52
2. Foreign Promoters	—	—
B. PUBLIC SHAREHOLDING (Institutions)		
1. Mutual Funds and UTI	1820	0.02
2. Banks/Financial Institutions	510	—
3. Foreign Institutional Investors	—	—
C. Non-Institutional		
1. Bodies Corporate	1095928	9.91
2. NRIs	171542	1.55
3. Indian Public	6010617	54.33
4. Clearing Members/ Intermediaries	74613	0.67
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, the status of Investors Complaints as on 31st March 2008 and reported under clause 41 of Listing Agreement are as under:-

Nature of Grievance	Received	Cleared
Relating to dividend	1	1
Relating to transfer, transmission, exchange, etc.	7	7
Relating to Annual report	3	3
Relating to Demat/ Remat request	2	2
Misc.	1	1
Total	14	14

XV. Mr. Birendra Patra, Company Secretary acts as the Compliance Officer of the Company.

XVI. Registrar & Share Transfer Agents of the Company:

RCMC Share Registry Pvt. Ltd.,
B-106, Sector-2, Noida - 201301
Phones: 4015880. Fax 2444346
E-mail: shares@rcmcdelhi.com

XVII. Address for correspondence:

HB Leasing & Finance Company Limited
Plot No. 31, Echelon Institutional Area,
Sector-32, Gurgaon-122001 (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

Place : Gurgaon
Date : 06.06.2008

Anil Goyal
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

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 2008, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and 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.

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

FOR P. BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS

Place : Gurgaon
Date : 06.06.2008

(AMIT GOEL)
PARTNER
(Membership No. 92648)



AUDITOR'S REPORT

THE MEMBERS OF HB LEASING & FINANCE COMPANY LIMITED

We have audited the attached Balance Sheet of M/s. HB LEASING & FINANCE COMPANY LIMITED as at 31st March, 2008 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, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and read together with significant accounting policies and notes (particularly Note No. 11) 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, 2008 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 : Gurgaon
Dated : 06.06.2008

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. 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 2008 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 less 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. The Company has maintained proper records of transactions and contracts in respect of trading/ investments in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name except for shares given as margin/pledged or bad deliveries pending for rectification.
15. The Company has 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

Place : Gurgaon
Dated : 06.06.2008

(AMIT GOEL)
PARTNER
(Membership No. 92648)

HB LEASING AND FINANCE COMPANY LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	As at 31.03.2008 (In Rs.)	As at 31.03.2007 (In Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	A	110041095	110041095
b) Reserves & Surplus	B	196966841	188306107
Total		307007936	298347202
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	5762200	5683376
Less : Depreciation		4845502	4568122
Net Block		916698	1115254
Investments	D	179047686	0
		179047686	0
Current Assets, Loans & Advances			
a) Stock-in-Trade	E	20267154	97083949
b) Sundry Debtors	F	20564664	20564664
c) Cash & Bank Balances		1172265	3319150
d) Loans and Advances		20952227	13840308
		62956310	134808071
Less : Current Liabilities & ProvisionsG			
a) Liabilities		60318043	316357
b) Provisions		26802788	23173590
		87120832	23489947
Net Current Assets		-24164522	111318124
Profit & Loss Account		151208074	185913824
(As Per Annexed Account)			
Total		307007936	298347202

Notes on Accounts and Significant Accounting Policies

J

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 : Gurgaon
Date : 06.06.2008

Birendra Patra
Company Secretary

For and on behalf of the Board

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

Particulars	Schedules	Current Year (in Rs.)	Previous Year (in Rs.)
INCOME			
Income from Operation & Other Income	H	53946866	342724
Total		53946866	342724
EXPENDITURE			
Administrative & Other Expenses	I	6707685	4293326
Depreciation		277380	281403
Total		6985065	4574730
Profit/(-Loss) for the year before Taxation		46961801	-4232005
Provision For Taxation			
— Current		3600000	—
— Deferred		—	—
— Fringe Benefit Tax		67000	77000
Tax Adjustment for Earlier Year		-8870	0
Profit/(-Loss) for the year after Taxation and before exceptional items		43303671	-4309005
Exceptional Items			
a) Provision for Sub-standard and doubtful Assets written back		0	24900000
b) Liabilities no longer required Written back		0	2460349
Profit for the year after exceptional items		43303671	23051344
Transferred to Statutory Reserve Fund		8660734	4610269
Transitional effect on Account of Accounting Standard-15 (Refer Note no.9)		62813	0
Balance Brought Forward		-185913824	-204354899
Balance Carried to Balance Sheet		-151208074	-185913824
Basic & Diluted Earning Per Share In Rs.			
(Excluding exceptional items)		3.91	-0.39
(Including exceptional items)		3.91	2.08

Notes on Accounts and Significant Accounting Policies

J

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 : Gurgaon
Date : 06.06.2008

Birendra Patra
Company Secretary

For and on behalf of the Board

SCHEDULE 'A' : SHARE CAPITAL

Particulars	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
AUTHORISED		
2,00,00,000 Equity Shares of Rs.10/- each	200000000	200000000
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		
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 31.03.2008 (in Rs.)	As at 31.03.2007 (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	5588669	978400
Addition During the Year	8660734	4610269
Total	196966841	188306107

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


SCHEDULE - 'C' : FIXED ASSETS AS ON 31.03.2008

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 1.04.2007	Additions during the year	Deletions during the year	As on 31.03.2008	As at 01.04.2007	For the year	Adjustments	As on 31.03.2008	As at 31.03.2008	As at 31.03.2007
Office Equipments	592580	9850	—	602430	376901	30162	—	407063	195367	215679
Vehicles	577950	—	—	577950	577950	—	—	577950	—	—
Furniture & Fixture	3244771	46299	—	3291070	2588302	207112	—	2795414	495656	656469
Data Processing Machinery	810075	22675	—	832750	764015	18351	—	782366	50384	46060
Air Conditioners	458000	—	—	458000	260954	21755	—	282709	175291	197046
TOTAL	5683376	78824	0	5762200	4568122	277380	—	4845502	916698	1115254
PREVIOUS YEAR	5634786	48590	0	5683376	4286719	281403	—	4568122	1115254	1348067

SCHEDULE 'D' - INVESTMENTS (LONG-TERM) - OTHER THAN TRADE

S. No.	Name of the Company	Face Value (Rs.)	Closing Balance as at 31st March, 2008		Closing Balance as at 31st March, 2007	
			Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
A.	QUOTED FULLY PAID UP EQUITY SHARES					
	Unitech Ltd	2	361606	174047686	0	0
	SUB TOTAL (A)		361606	174047686	0	0
B.	UNQUOTED FULLY PAID-UP REDEEMABLE PREFERENCE SHARES					
	HB Securities Ltd(6% Cumulative) (A Company under the same Management)	1000	5000	5000000	0	0
	SUB TOTAL (B)		5000	5000000	0	0
	GRAND TOTAL (A + B)		366606	179047686	0	0

- Note :**
1. Market Value of Quoted Investments Rs.9,98,57,497/- (Previous Year Nil)
 2. Aggregate cost of Unquoted Investments Rs.50,00,000/- (Previous Year Nil)
 3. Investments costing Rs.4,81,31,858/- were lying/pledged as margin as at the year end.

SCHEDULE 'E' : STOCK - IN - TRADE

S. No.	Name of the Company	Face Value (Rs.)	Closing Balance as at 31st March, 2008		Closing Balance as at 31st March, 2007	
			Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
QUOTED FULLY PAID UP EQUITY SHARES						
1	Agrotech India Ltd.	10	40400	0	40400	0
2	Andhra Cement Co.Ltd.	10	550	0	550	5500
3	Aurionpro Solutions Ltd.	10	0	0	10000	2700500
4	Ballarpur Industries Ltd.	10	0	0	2342	252116
5	Baroda Rayon Corp. Ltd.	10	7055	0	6880	0
6	Bata India Ltd.	10	0	0	33	1081
7	Crompton Greaves Ltd.	2	2360	649354	94360	6263617
8	DCM Ltd.	10	0	0	1000	17402
9	DCM Shriram Consolidated Ltd.	2	0	0	7730	143527
10	Digital World India Ltd	10	127900	0	127900	0
11	EIH Ltd.	2	375	8544	306	8544
12	Essar Oil Ltd	10	2177	444217	0	0
13	Gujarat Narmada Valley Fertilizers Co. Ltd.	10	0	0	550	22153
14	Haryana Leather Chemicals Ltd.	10	0	0	26900	170932
15	Haryana Petro Ltd	10	1200	0	0	0
16	Hindustan Motors Ltd.	10	0	0	8229	179732
17	Hotline Glass Ltd.	10	400	864	1600	3456
18	Hotline Teletubes & Comp. Ltd	10	0	0	66110	277662
19	ION Exchange Ltd.	10	0	0	300	30254
20	ICSA India Ltd	10	7500	2967375	0	0
21	Jaiprakash Associates Ltd.	2(10)	0	0	76200	38404155
22	Jindal South West Holdings Ltd	10	1500	1184100	0	0
23	Kalyan Sundram Cement Ltd.	10	8970	0	8970	0
24	Madras Cements Ltd.	10	0	0	10	27212
25	Mahindra Gesco Developers Limited	10	0	0	3000	1704900
26	Malanpur Steel Ltd.	10	1968	0	1968	0
27	Manali Petrochemicals Ltd.	10	0	0	200	1632
28	Mansinghka Oil Products Ltd.	10	300100	0	300100	0
29	Mawana Sugar Ltd.	10	49484	1548849	93500	3482875
30	Modi Rubber Ltd.	10	5906	0	5906	0
31	Mohan Meakin Ltd.	5	800	0	800	0
32	Mysore Cement Ltd.	10	0	0	8000	314800
33	Nahar Ind Ent Ltd.	10	0	0	4000	560000
34	Nahar Spining Mills Ltd	5	5000	275500	0	0
35	Oswal Agro Mills Ltd.	10	192800	0	192800	0
36	Parsvnath Developers Ltd.	10	0	0	55000	14245000
37	Prakash Industries Ltd	10	50	1100	0	0
38	Reliance Communications Ltd.	5	14	7116	14	5514


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

S. No.	Name of the Company	Face Value (Rs.)	Closing Balance as at 31st March, 2008		Closing Balance as at 31st March, 2007	
			Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
39	Reliance Energy Ltd.	10	0	0	1	147
40	Reliance Industries Ltd.	10	14	1985	14	1985
41	Royal Orchid Hotels Ltd.	10	496	45582	496	81840
42	RRB Securities Ltd.	10	100000	3450000	100000	3450000
43	Ruchi Soya Industries Ltd.	10	0	0	5000	1568250
44	S.R.F. Ltd.	10	170	17136	1382	167429
45	Shreyans Industries Ltd.	10	0	0	700	17955
46	SIEL Ltd.	10	0	0	30000	787500
47	STI Granite Ltd.	10	60000	0	60000	0
48	Sobha Developers Ltd	10	476	286266	0	0
49	Titan Industries Ltd.	10	0	0	500	50365
50	Voltas Ltd.	1	0	0	7000	593600
51	Videocon Industries Ltd	10	10000	3069500	0	0
QUOTED PARTLY PAID UP EQUITY SHARES						
1	Baroda Rayon Corp Ltd.	10	3527	0	3527	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	0	0	50	0
SUB TOTAL (A)			1155202	13957488	1578338	75541633
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. (2% Non-cumulative)	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 Mutual Fund-Libra Tax Shield-96	10	400000	4000000	400000	4000000
2	HDFC Cash Management Fund	10	0	0	1410954	15007475
3	UTI Master Gain	10	26100	866	26100	226040
SUB TOTAL (B)			1156380	6309666	2567334	21542315
GRAND TOTAL (A + B)			2311582	20267154	4145672	97083949

SCHEDULE 'F' : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at	As at
	31.03.2008 (in Rs.)	31.03.2007 (in Rs.)
A. CURRENT ASSETS		
Closing Stock of Shares/Debentures (as per Schedule F) as taken, valued and certified by the Management)	20267154	97083949
	<u>20267154</u>	<u>97083949</u>
Sundry Debtors (Unsecured considered good unless otherwise stated)		
Outstanding Exceeding Six Months		
Considered Good	—	—
Considered Doubtful	20564664	20564664
	<u>20564664</u>	<u>20564664</u>
Cash in Hand (As certified by Management)	308885	307885
Bank balances with Scheduled Banks: In Current Accounts	863380	3011265
	<u>1172265</u>	<u>3319150</u>
Total 'A'	42004083	120967763

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

Particulars	As at	As at
	31.03.2008 (in Rs.)	31.03.2007 (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	0	47180
Advance recoverable in Cash or in Kind or for value to be received		
Considered Good	513304	4849205
Considered Doubtful	1715079	1715079
Advance Tax & Tax Deducted at Source (Net)	5067474	5067474
Security Deposits (Including Margin Money Deposits)	13077965	1582965
Total 'B'	20952227	13840308
Total 'A'+ 'B'	62956310	134808071

SCHEDULE 'G' : CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 31.03.2008 (in Rs.)	As at 31.03.2007 (in Rs.)
A. CURRENT LIABILITIES		
i) Sundry Creditors	—	—
- Due to Micro & Small Enterprises	—	—
- Others	220576	267439
ii) Advance From Customers	60000000	0
iii) Other Liabilities	97467	48918
Total (A)	60318043	316357
B. PROVISIONS		
i) For Sub Standard/ Doubtful Assets	22858148	22858148
ii) For Leave Encashment	241265	183654
iii) For Gratuity	36375	0
iv) For Loss on Equity Derivative Instruments	0	64788
v) For Fringe Benefit Tax	67000	67000
vi) For Income Tax	3600000	0
Total (B)	26802788	23173590
Total (A + B)	87120832	23489947

SCHEDULE 'H' - 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)	77821934	2279751
Profit(-Loss) in Securities/Equity Derivative Dealings (Net)	-25157165	-2494381
Dividend Income -On Stock in Trade	1282097	557354
(Gross) Tax Deducted at Source Nil (Previous Year Nil)		
Total	53946866	342724

SCHEDULE 'I' : ADMINISTRATIVE AND OTHER EXPENSES

Advertisement	39194	18604
Contribution to Provident Fund, E.S.I.& Gratuity Fund	240713	143220
Legal & Professional	993274	518660
Miscellaneous	107240	169697
Communication	530383	551174
Printing & Stationery	129447	133856
Rent	421608	364250
Salaries & benefits	1564143	1199940
Electricity	10745	33063
Book & Periodicals	25143	39425
Listing Fees	30000	30000
Insurance	4454	3059
Travelling & Conveyance	351420	346368
Vehicle Running & Maintenance	103103	120905
Bank charges	4020	2008
Securities Transaction Tax	1908540	419879
Depository & Custodial	142258	51563
Other Repair and Maintenance	23898	64942
Staff Welfare	8615	12218
<u>Auditor's Remuneration</u>		
Audit Fees	42135	42135
Tax Audit Fees	16854	16854
Others	10498	11506
Total	6707685	4293326

SCHEDULE - 'J' : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008.
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.
- Investments :- Long term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary.
- 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.
- Employee Benefits :- Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-
 - Short Term Employee benefits are recognized as expense at the undiscounted amount in the Profit & Loss account of the year in which they are incurred.
 - Employee benefits under defined contribution plans comprise of contribution to Provident Fund which are deposited with appropriate authorities and charged to Profit & Loss account.
 - Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with Life Insurance Corporation of India.
 - Termination benefits are recognized as an Expense as and when incurred.
 - The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.
- 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 recognised, only if there is a virtual certainty of its realisation. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each balance sheet date based on developments during the 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.

II. NOTES ON ACCOUNTS
1. Due from HB Securities Ltd., a Company under the same management :-

Head	Outstanding Balance as on 31.03.2008	Maximum balance outstanding during the year
a. Sundry Debtors	Nil (Nil)	7,62,46,693/- (56,10,927)
b. Loans & Advances (Security Deposit paid)	15,00,000/- (13,40,000)	10,25,40,000/- (2,13,90,000)



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/-

3. 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.

4. 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).

5. Disclosure of related party transaction in accordance with Accounting Standard (AS-18) 'Related Party Disclosures' is as per annexure attached.

6. 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.

7. Earning Per Share :-

Particulars	Current Year	Previous Year
— Net Profit/(-Loss) for the year as per Profit & Loss account before exceptional items	4,33,03,671	-4309005
— Exceptional items	—	27360349
— Profit/(-Loss) for the year after exceptional items	4,33,03,671	23051344
— 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	3.91	(0.39)
— Including Exceptional items	3.91	2.08

8. 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.3,22,524/-
(Previous year Rs.1,05,000/-)
- ii. Later than one year, but not later than five years Rs.3,22,524/-
(Previous year Nil)
- iii. 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 2008 is Rs. 4,21,608/- (Previous year Rs. 3,64,250/-)

c) General description of the lease arrangement.

- I. The lease is for an initial period of 3 years which may be renewed for further period as may be mutually agreed upon.
- 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 one month notice to the lessor.

9. Disclosure pursuant to Accounting Standard - 15

a) Consequent upon the adoption of Accounting Standard – 15 (Revised) – Employee Benefits, in accordance with the stipulations contained therein, the company has, adjusted Rs.62,813/- towards the transitional effect of defined benefit obligation in respect of employee benefits upto 31st March, 2007 in the Profit & Loss Account below the line.

b) Defined Contribution Plan
Amount recognized as expense for defined contribution plans are as under:-

Particulars	Amount (in Rs.)	Head under which shown in Profit & Loss Account
Contribution to Provident Fund	1,17,456/-	Contribution to Provident Fund, ESI and Gratuity Fund

c) Defined Benefit Plan
Movement in net liability

Particulars	Gratuity (Funded)	Leave Encashment (unfunded)
Present value of obligations as on 01.04.07 (A)	503110	183654
Adjustment for increase (Decrease) in opening obligation (B)	(63566)	753
Interest Cost (C)	35164	14753
Current service cost (D)	36857	19330
Benefits paid (E)	—	6333
Actuarial loss on obligation (F)	73200	29108
Present value of obligations as on 31.03.2008 (G=A+B+C+D-E+F)	584765	241265

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

Particulars	Gratuity (Funded)	Leave (unfunded)
Present value of obligation (A)	584765	241265
Estimated fair value of plan assets (B)	548390	Nil
Net Liability / (Asset) (C=A-B)	36375	241265
Amounts in the Balance Sheet		
Liabilities	36375	241265
Amount charged to Profit & Loss Account		
Current Service Cost	36857	19330
Interest Cost	35164	14753
Expected Return on Plan Asset	(43771)	—
Actuarial(Gain)/Loss	71691	29108
	99941	63191
Head under which shown in the Profit & Loss account	Contribution to Provident, ESI and Gratuity Fund	Salary & benefits

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

Sr.	Particulars	Gratuity
i)	Actual return on plan assets	45280

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

Sr.	Particulars	Gratuity
i)	Discount Rate	8%
ii)	Expected Rate of Return on Plan Assets	9%
iii)	Salary Escalation Rate	5%

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

Sr.	Particulars	Gratuity
i)	Opening Fair Value of Plan Assets	503110
ii)	Expected Return on Plan Assets	43771
iii)	Actuarial Gains / (Losses)	1509
iv)	Contribution by the Employer	—
	Benefits Paid	—
	Closing Fair Value of Plan Assets	548390

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

10. Quantitative information in respect of Securities traded in -

Opening Stock		Purchases/Addition	
Qty(Nos.)	Value (Rs.)	Qty(Nos.)	Value (Rs.)
4145672	97083949	32262001	828562708
(3089476)	(47444018)	(3667760)	(209337440)
Sales/Deduction		Closing Stock	
Qty(Nos.)	Value (Rs.)	Qty(Nos.)	Value (Rs.)
34096091	983201436	2311582	20267154
(2611564)	(161977260)	(4145672)	(97083949)

Note: Figures in brackets pertain to previous year.

11. In the opinion of management, no provisions is required to be made for diminution amounting to Rs. 7,41,90,189/- (Previous year : Nil) in the value of long term investments as the same is considered to be temporary.
12. Profit on Sale/Purchase of shares include loss of Rs.11,24,885/- (Previous year Rs.6,90,791/-) on account of bad deliveries shares of earlier year written off.



13. a) To the extent information available with the company, Sundry Creditors include Nil, (Previous year Nil) due to Small Scale Industrial Undertaking.
 b) The company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent information available with the company, the company does not owe any sum including interest required to be disclosed under the said Act.
14. Disclosure pursuant to Guidance Note issued by The Institute of Chartered Accountants of India on 'Accounting for Equity Index & Equity Stock Futures & Options':-
- a) Cash Margin amounting to Rs.15,00,000/- (Previous year Rs.13,40,000/-) on equity derivative instruments contracts has been paid and also Shares/ Securities costing Rs.4,81,31,858/- 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, 2008 (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 Ltd.	—	—	—
	(1)	(600)	(—)
Bank of India	93	88350	—
	(—)	(—)	(—)
IFCI	12	23640	—
	(—)	(—)	(—)
Ispat Industries Ltd.	12	49800	—
	(—)	(—)	(—)
JP Associates Ltd.	354	265500	—
	(—)	(—)	(—)
JP Hydro Ltd.	13	40625	—
	(—)	(—)	(—)
NTPC	—	—	—
	(8)	(13000)	(—)
Parsvnath Dev. Ltd.	316	221200	—
	(—)	(—)	(—)
Power Grid Ltd.	12	23100	—
	(—)	(—)	(—)
Unitech Ltd.	4	3600	—
	(—)	(—)	(—)
L & T Ltd.	5	250	—
	(—)	(—)	(—)
Reliance Inds. Ltd.	30	2250	—
	(—)	(—)	(—)

Note: Figures in brackets pertain to previous year.

15. Exceptional Items as shown in previous year figures of Profit & Loss account :-
- a) Provision for sub-standard and doubtful assets written back of Rs.2,49,00,000/- represents amount recovered from debtor 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
- b) 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.
16. The previous year figures have been regrouped/rearranged wherever considered necessary.
17. Additional information pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is annexed.
18. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed.
19. Schedule A to J 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 : Gurgaon Birendra Patra
 Date : 06.06.2008 Company Secretary

**ANNEXURE REFERRED TO IN NOTE NO. 5 OF SCHEDULE 'J' TO THE ACCOUNTS.
 RELATED PARTY DISCLOSURES
 (AS IDENTIFIED BY MANAGEMENT AND RELIED UPON BY AUDITORS)**

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

Name of Related Party, relationship and transactions with them during the year.

- 1) Companies under direct/indirect common influence
 — HB Securities Ltd.
 — HB Estate Developers Ltd.
 — RRB Master Securities Delhi Ltd.
 — RRB Securities Ltd.
2. Transactions during the year with Related Parties.

Sl. No.	Nature of Transaction	(Amount in Rs.)
1	Investment by way of subscription to Preference Shares	50,00,000 (Nil)
2	Advance / Margin paid	17,35,00,000 (3,65,00,000)
3	Advance / Margin recovered	17,33,40,000 (3,99,60,000)
4	Sale of Securities through them	39,65,54,808 (3,50,85,483)
5	Purchase of Securities through them	25,52,00,800 (8,38,21,547)
6	Net derivative trading	1,19,06,412 (27,47,892)
7	Dividend received	1,50,000 (1,00,000)
8	Rent paid	3,16,608 (Nil)
9	Depository charge paid	1,19,786 (17,325)
10	Security Deposit for premises	1,15,00,000 (Nil)
11	Outstanding as on 31.03.08	
	- Receivable in respect of Security Deposit Paid for Premises on Rent	1,15,00,000 (Nil)
	- Receivable in respect of Margin Money paid	15,00,000 (13,40,000)

Note : Figures in bracket relates to previous year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. **Registration Details**

Registration No.	34071
State Code	05
Balance Sheet Date	31.03.2008

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	307008	Total Assets	307008
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Sources of Funds

Paid - up Capital	110041	Reserve & Surplus	196967
Secured Loans	Nil	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	917	Investments	179048
Net Current Assets	(-) 24165	Misc. Expenditure	—
Accumulated Losses	(-) 151208		

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

Turnover	53947	Total Expenditure	6985
+/- Profit/Loss Before Tax	46962	+/- Profit/Loss After Tax	43304
Earning Per Share in Rs. (Annualised)	3.91	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 Sales/Purchase of Shares/Investments in 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 : Gurgaon Birendra Patra
 Date : 06.06.2008 Company Secretary

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



HB LEASING AND FINANCE COMPANY LIMITED

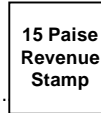
PROXY FORM

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 25th Annual General Meeting of the Company to be held on Thursday, 11th day of
September, 2008 and at any adjournment thereof. As witness my hand/our hands this day of 2008.

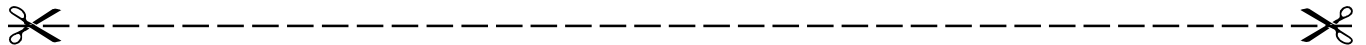
Client Id :

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

25th ANNUAL GENERAL MEETING

Time : 11.00 A.M., Thursday, 11th day of September, 2008

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

FULL NAME OF THE FIRST SHAREHOLDER.....

Joint Shareholders, if any.....

Father's/Husband's Name

Address in full.....

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

I/We hereby record my presence at the 25th Annual General Meeting held on 11th September, 2008 at 11.00 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.