

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HB SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HB SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers



internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance sheet, the Statement of profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For RAJESH SURESH JAIN & ASSOCIATES
Chartered Accountants
Firm Registration No. 017163N



PLACE: New Delhi
DATED: 26.05.2015

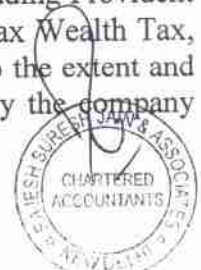
(RAJESH JAIN)
PARTNER
(Membership No. 098229)

Annexure to Independent Auditors' Report

Re: HB Securities Ltd..

The annexure referred to in our report to the members of the company on the financial statements for the year ended on 31st March, 2015, We Report that:

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the management during the year has physically verified the fixed assets 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.
- 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 procedures 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 not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013('the Act').
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 sale of goods. During the year there was no sale of services. During the course of our audit, we have not observed any major weakness in the internal control system.
5. The Company has not accepted any deposits from the public.
6. The nature of the company's business/activities is such that maintenance of Cost Records under section 148(1) of the Act is not applicable to the company.
- 7.a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Value added tax, Wealth Tax, Customs Duty, Excise Duty, Service tax, Cess and other statutory dues to the extent and as applicable to the company have been generally regularly deposited by the company



during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable.

- b. According to the records of the Company, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- c. In our opinion and according to the information and explanations given to us, during the year no amount is required to be transferred to investor education and protection fund in accordance with the provisions of the Companies Act, 1956.
8. The accumulated losses of the company does not exceed 50% of its Networth. The company has incurred cash losses during the financial year covered by our audit as well as in the immediately preceding financial year.
9. 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.
10. According to the information and explanations given to us, the Company has not given any guarantee as at the year end for loans taken by others from banks or financial institutions.
11. The Company has not raised any term loans during the year.
12. In our opinion and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For RAJESH SURESH JAIN & ASSOCIATES
Chartered Accountants
Firm Registration No. 017163N



(RAJESH JAIN)
PARTNER
(Membership No. 098229)

PLACE: New Delhi
DATED: 26.05.2015

HB SECURITIES LIMITED

| | | ₹ | ₹ |
|--------------------------------|------|------------------|------------------|
| BALANCE SHEET AS AT | NOTE | 31ST MARCH, 2015 | 31ST MARCH, 2014 |
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDER'S FUNDS | | | |
| Share Capital | 2 | 92075700 | 92075700 |
| Reserve & Surplus | 3 | 2563898 | 7185614 |
| | | 94639598 | 99261314 |
| NON-CURRENT LIABILITIES | | | |
| Deferred Tax Liabilities (Net) | 4 | 122232 | 199322 |
| Long Term Provisions | 5 | 79615 | 77541 |
| | | 201847 | 276863 |
| CURRENT LIABILITIES | | | |
| Short Term Borrowings | 6 | 9908941 | 24367744 |
| Other Current Liabilities | 7 | 69536076 | 78516103 |
| Short Term Provisions | 8 | 21050 | 2477 |
| | | 79466067 | 102886324 |
| TOTAL : | | 174307512 | 202424501 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible Assets | 9 | 1051241 | 2487564 |
| Non-current Investments | 10 | 54003367 | 14003367 |
| Long Term Loans and Advances | 11 | 13647500 | 13647500 |
| | | 68702108 | 30138431 |
| CURRENT ASSETS | | | |
| Inventories | 12 | 13411 | 13411 |
| Trade Receivables | 13 | 20612 | 9951 |
| Cash and Bank balances | 14 | 27810999 | 31142952 |
| Short Term Loans and Advances | 15 | 77287758 | 140637703 |
| Other Current Assets | 16 | 472625 | 482054 |
| | | 105605405 | 172286070 |
| TOTAL : | | 174307512 | 202424501 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 33

The accompanying notes form an integral part of the financial statements

As Per our Report on even date

For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number:017163N



(RAJESH JAIN)
(Partner)
Membership No.: 098229

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anil Goyal
ANIL GOYAL
DIRECTOR
DIN:00001938

Praveen Gupta

PRAVEEN GUPTA
DIRECTOR
DIN:00002375

PLACE : NEW DELHI

DATED : 26.05.2015

HB SECURITIES LIMITED

| | | ₹ | ₹ |
|--|---------|------------------|------------------|
| Statement of Profit and Loss for the Year ended | Note | 31ST MARCH, 2015 | 31ST MARCH, 2014 |
| Revenue From Operations | 17 | 507005 | 2134108 |
| Other Income | 18 | 2376023 | 1891580 |
| TOTAL REVENUE | | 2883028 | 4025688 |
| EXPENSES | | | |
| Employee Benefits Expenses | 19 | 1376371 | 1316205 |
| Finance Costs | 20 | 1171857 | - |
| Depreciation | 9 | 1484536 | 427850 |
| Other Expenses | 21 | 3331937 | 4193977 |
| TOTAL EXPENSES | | 7364702 | 5938032 |
| Profit/(Loss) for the year before Depreciation adjustment for earlier years and Income Tax | | (4481673) | (1912344) |
| Depreciation adjustment for earlier Years | | - | 838741 |
| Profit/(Loss) for the year before Income Tax | | (4481673) | (1073603) |
| Tax Expense: | | | |
| Deferred Tax Charge / (Credit) | | (77090) | (128290) |
| Tax adjustment for earlier years | | 217133 | - |
| Profit/(Loss) for the Year after Tax | | (4621716) | (1201893) |
| Earning Per Equity Share: | 24 | | |
| Equity Share of Par Value of ₹ 10/- each Basic & Diluted | | (0.81) | (0.33) |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | 1 to 33 | | |

The accompanying notes form an integral part of the financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED

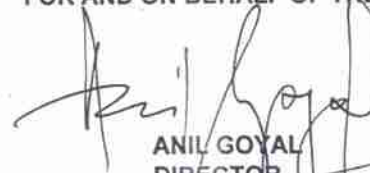
For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number:017163N


(RAJESH JAIN)
(Partner)
Membership No.: 098229

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


ANIL GOYAL
DIRECTOR
DIN:00001938


PRAVEEN GUPTA
DIRECTOR
DIN:00002375

PLACE : NEW DELHI
DATED : 26.05.2015

HB SECURITIES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 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.

1.3 REVENUE RECOGNITION

1.3.1 All Income & Expenditure are accounted for on accrual basis.

1.3.2 Provision for loss in respect of Open Equity Derivative Instrument as at the Balance Sheet date is made Index-wise/Scrip-wise. As a matter of prudence, any anticipated profit is ignored.

1.4 FIXED ASSETS

Fixed Assets are stated at cost less depreciation.

1.5 DEPRECIATION

Depreciation on tangible assets is provided on Straight Line method over the useful life of assets in the manner specified in Schedule II to the Companies Act, 2013.

1.6 INVESTMENTS

1.6.1 Investments (Long Term/Non Current) are valued at cost less permanent diminution, if any.

1.7 INVENTORIES

Inventories are valued at cost or market price which ever is lower.

1.8 EMPLOYEE BENEFITS

Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-

1.8.1 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.

1.8.2 Employee benefits under defined contribution plans to Provident Fund. Contributions to Provident Fund are deposited with appropriate authorities and charged to Profit & Loss account.

1.8.3 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.



1.8.4 Termination benefits are recognized as an Expense as and when incurred.

1.8.5 The actuarial gains and losses arising during the year are recognized in the Profit & Loss account of the year without resorting to any amortization.

1.9 TAXATION

Tax expenses for the year comprises of Current tax and deferred tax charge or credit. The deferred Tax Asset and deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is 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 development during the year, further future expectations and available case laws to reassess realisation/ liabilities.

1.10 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 recognized 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 recognized in prior years is recorded when there is an indication that the impairment losses recognized 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 recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

1.11 CONTINGENCIES:

The company creates a provision when there is present obligation as 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, requires 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. SHARE CAPITAL

| Particulars | ₹ | | ₹ | |
|---|------------------------|-----------|------------------------|-----------|
| | As At 31st March, 2015 | | As At 31st March, 2014 | |
| AUTHORIZED | | | | |
| 1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each | | 100000000 | | 100000000 |
| 40,000 (40,000) Redeemable Cumulative Preference Share of Rs. 1000/- each | | 40000000 | | 40000000 |
| | | 140000000 | | 140000000 |
| ISSUED, SUBSCRIBED & PAID-UP | | | | |
| 72,07,570 Equity Shares of Rs.10/- each fully paid-up | | 72075700 | | 72075700 |
| 20000 (20000) 6% Redeemable Cumulative Preference Shares of Rs. 1000/- each fully paid up | | 20000000 | | 20000000 |
| | | 92075700 | | 92075700 |

-- The Issued Share capital of the Company has two class of shares referred to as equity shares and preference Shares, having Par value of ₹ 10/- and ₹ 1000/- respectively. Each holder of Equity Shares is entitled to One vote per share.

--All the equity shares shares are held by Holding Company HB Portfolio Ltd. and its nominees.

--Preference Shares are of par value of Rs. 1000/- each and have a preference of Dividend (cumulative) of 6%. The Shares were allotted in financial year 2007-08 on 13.12.2007 for a term of 7 years which were redeemable at par in 3 annual installment of Rs.330/-, Rs.330/- and Rs.340/- per share at the expiry of 5th, 6th and 7th year respectively from the date of allotment. The above redemption has been extended to 12th, 13th and 14th year from the date of allotment. Thus Rs. 6600000/-, Rs. 6600000/- and Rs. 6800000/- would be redeemable in FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

-- Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March, 2015 & 31st March, 2014 is as under:

EQUITY SHARES

| Particulars | As at 31st March, 2015 | | As at 31st March, 2014 | |
|-----------------------------------|------------------------|------------|------------------------|------------|
| | No of shares | Amount (₹) | No of shares | Amount (₹) |
| Number of shares at the beginning | 7207570 | 72075700 | 7207570 | 72075700 |
| Number of shares at the end | 7207570 | 72075700 | 7207570 | 72075700 |

PREFERENCE SHARES

| Particulars | As at 31st March, 2015 | | As at 31st March, 2014 | |
|-----------------------------------|------------------------|------------|------------------------|------------|
| | No of shares | Amount (₹) | No of shares | Amount (₹) |
| Number of shares at the beginning | 20000 | 20000000 | 20000 | 20000000 |
| Number of shares at the end | 20000 | 20000000 | 20000 | 20000000 |

-- Particulars of Shares in the company held by each shareholder holding more than 5% shares:

| Name of shareholder | As at 31st March, 2015 | | As at 31st March, 2014 | |
|--------------------------------------|------------------------|--------------|------------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Equity Shares | | | | |
| HB Portfolio Limited | 7207510 | 100.00 | 7207510 | 100.0 |
| Preference Shares | | | | |
| HB Stock Holding Limited | 10000 | 50.00 | 10000 | 50.0 |
| HB Leasing & Finance Company Limited | 5000 | 25.00 | 5000 | 25.0 |
| RRB Securities Limited | 5000 | 25.00 | 5000 | 25.0 |

- In the event of the Liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all Preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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HB SECURITIES LIMITED

3. RESERVE & SURPLUS

| | ₹ | ₹ |
|--|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| Securities Premium Reserve - Opening Balance | 17000000 | 17000000 |
| Add: Addition During the year | - | - |
| | 17000000 | 17000000 |
| Surplus - Opening Balance | (9814386) | (8612493) |
| Add: Net Profit/(Loss) after tax transferred from Statement of Profit & Loss | (4621716) | (1201893) |
| | (14436102) | (9814386) |
| | 2563898 | 7185614 |

4. DEFERRED TAX

| | ₹ | ₹ |
|-------------------------------------|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| <u>Deferred Tax Assets</u> | | |
| Leave Encashment | 25272 | 24726 |
| <u>Deferred Tax Liability</u> | | |
| Fixed Assets | 147504 | 224048 |
| Net Deferred Tax Assets/(Liability) | 122232 | 199322 |

5. LONG TERM PROVISIONS

| | ₹ | ₹ |
|----------------------------------|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| Provisions For Employees Benefit | | |
| Leave Encashment | 79615 | 77541 |
| | 79615 | 77541 |

6. SHORT TERM BORROWINGS

| | ₹ | ₹ |
|--|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| Overdraft facility from Bank - Unsecured | 9908941 | 24367744 |
| | 9908941 | 24367744 |

-Overdraft facility from bank is secured against guarantee and pledge of Shares by holding Company M/s HB Portfolio Limited.

7. OTHER CURRENT LIABILITIES

| | ₹ | ₹ |
|--|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| Advance against Share Application * | - | 37250000 |
| Advances From Customers, margin money etc. | 69097781 | 41074276 |
| TDS Payable | 268054 | 11904 |
| STT Payable | - | 26 |
| Expenses Payable | 170242 | 179897 |
| | 69536076 | 78516103 |

*The amount was received from Holding Company HB Portfolio Ltd. (Holding 100% Equity Shares of the Company) in the previous years and has been repaid during the year. No interest was payable.

8. SHORT TERM PROVISIONS

| | ₹ | ₹ |
|----------------------------------|------------------------|------------------------|
| PARTICULARS | AS AT 31ST MARCH, 2015 | AS AT 31ST MARCH, 2014 |
| Provisions For Employees Benefit | | |
| Leave Encashment | 2170 | 2477 |
| Others | | |
| Income Tax | 18880 | 0 |
| | 21050 | 2477 |

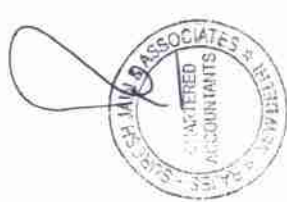


HB SECURITIES LIMITED

9. FIXED ASSETS

| Sr. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | | |
|---------|---------------------------|---------------------|---|----------------------------|---------------------|---------------------|---------------------|--|-----------------------------|------------------------|---------------------------|---------------------|
| | | AS AT 01.04.2014 | ADDITIONS DURING THE YR. DURING THE YR. | DELETION DURING THE YR. | TOTAL 31.03.2015 | UP TO 31.03.2014 | FOR THE YEAR (A) | ADJUSTMENT DURING THE YEAR (B) REFER NOTE NO. 30 | TOTAL FOR THE YEAR (A+B) | ADJUSTMENT FOR SALE | TOTAL UP TO 31.03.2015 | AS AT 31.03.2015 |
| | TANGIBLE ASSETS | | | | | | | | | | | |
| 1 | DATA PROCESSING MACHINERY | 4624915 | 0 | 0 | 4624915 | 4578441 | 10668 | 30486 | 0 | 4608927 | 15988 | 462474 |
| 2 | VEHICLES | 4775363 | 0 | 0 | 4775363 | 4036981 | 120551 | 643310 | 0 | 4682291 | 93072 | 736382 |
| 3 | GENERATOR | 1865763 | 0 | 0 | 1865763 | 925901 | 9210 | 308677 | 0 | 1234527 | 631236 | 939862 |
| 4 | OFFICE EQUIPMENT | 1055394 | 48213 | 0 | 1103607 | 290548 | 232382 | 502114 | 0 | 792962 | 310946 | 764946 |
| | TOTAL | 12321435 | 48213 | 0 | 12369648 | 9833871 | 373012 | 1484536 | 0 | 11318407 | 1051241 | 2487564 |
| | PREVIOUS YEAR | 13252669 | 82731 | 1013895 | 12321435 | 10781602 | 838741 | 1266592 | 536840 | 9633871 | 2487564 | 2471087 |

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HB SECURITIES LIMITED

10. INVESTMENTS

| NAME OF THE COMPANY | FACE VALUE (₹) | As at 31st March,2015 | | As at 31st March,2014 | |
|---|-------------------|-----------------------|-----------------|-----------------------|-----------------|
| | | Qty(Nos.) | Amount (₹) | Qty(Nos.) | Amount (₹) |
| NON-CURRENT INVESTMENTS- AT COST | | | | | |
| (LONG TERM INVESTMENTS) | | | | | |
| NON-TRADE | | | | | |
| A. INVESTMENT IN EQUITY INSTRUMENTS (Fully paid up Equity Shares) | | | | | |
| QUOTED | | | | | |
| BEE ELECTRONICS MACHINE LIMITED | 10 | 6500 | 184501 | 6500 | 184501 |
| NAHAR SPINNING MILLS LIMITED | 5 | 607 | 42490 | 607 | 42490 |
| PASUPATI SPINNING & WVG. MILLS LIMITED | 10 | 1520 | 282335 | 1520 | 282335 |
| NAHAR CAPITAL AND FINANCIAL SERVICES LTD. | 5 | 258 | 36120 | 258 | 36120 |
| UNQUOTED | | | | | |
| -IN ASSOCIATE COMPANY | | | | | |
| MERWANJEE SECURITIES LIMITED | 10 | 1200000 | 12000000 | 1200000 | 12000000 |
| -IN OTHER COMPANIES | | | | | |
| DELHI STOCK EXCHANGE LTD. | 1 | 47044 | 1457921 | 47044 | 1457921 |
| TOTAL (A) | | 1255929 | 14003367 | 1255929 | 14003367 |
| B.2 INVESTMENT IN PREFERENCE SHARES | | | | | |
| FULLY PAID-UP REDEEMABLE PREFERENCE SHARE | | | | | |
| GEMINI PORTFOLIO PVT LTD (9% NON CUMULATIVE) | 100 | 400000 | 40000000 | 0 | 0 |
| TOTAL (B) | | 400000 | 40000000 | 0 | 0 |
| TOTAL (A+B)-NON CURRENT/LONG TERM INVESTMENTS | | 1655929 | 54003367 | 1255929 | 14003367 |

| | As at 31st March,2015 | As at 31st March,2014 |
|--|--------------------------|--------------------------|
| - Aggregate Amount of Quoted Investments | 545446 | 545446 |
| - Market Value of Quoted Investments | 69099 | 71287 |
| - Aggregate Amount of UnQuoted Investments | 53457921 | 13457921 |

Note: In the opinion of the Management no provision is required for diminution amounting to ₹ 486545/- (Previous Year ₹ 491550/-) in the value of some of the Long Term/ Non Current Investment as the same is considered to be Temporary.

[Handwritten Signature]

[Handwritten Signature]

[Circular Stamp: HANSH JAIN & ASSOCIATES, CHARTERED ACCOUNTANTS, NEW DELHI]

HB SECURITIES LIMITED

11. LONG TERM LOANS AND ADVANCES

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|---|-----------------------------|-----------------------------|
| <u>Unsecured Considered Good</u> | | |
| Security Deposits-with Stock Exchanges & Depository | 13647500 | 13647500 |
| | 13647500 | 13647500 |

12. INVENTORIES

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|------------------------|-----------------------------|-----------------------------|
| <u>STOCK-IN-TRADE*</u> | | |
| (Shares / Securities) | 13411 | 13411 |
| | 13411 | 13411 |

* Valued at lower of Cost or Market Price

13. TRADE RECEIVABLES

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|----------------------------------|-----------------------------|-----------------------------|
| <u>Unsecured Considered Good</u> | | |
| Outstanding exceeding six months | 16781 | 3346 |
| Others | 3830 | 6605 |
| | 20612 | 9951 |

14. CASH AND BANK BALANCES

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|--|-----------------------------|-----------------------------|
| <u>Cash and cash equivalents</u> | | |
| -Balance With Banks in Current Account | 2998937 | 6329599 |
| -Cash-in-hand | 199562 | 200853 |
| <u>Other Bank balances</u> | | |
| Deposit with bank* | 24612500 | 24612500 |
| | 27810999 | 31142952 |

*Includes ₹ 87500/- (Previous Year ₹ 87500/-) lien marked with Delhi Stock Exchange; ₹ 15000000/- (Previous Year ₹ 15000000/-) lien marked with NSE/NSCL; ₹ 9525000/- (Previous Year ₹ 9525000/-) lien marked for Bank Guarantee with NSE.

15. SHORT TERM LOANS AND ADVANCES

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|-------------------------------------|-----------------------------|-----------------------------|
| <u>Unsecured Considered Good</u> | | |
| Income Tax and TDS | 648333 | 2232296 |
| Amount Recoverable from Employees | 534483 | 534020 |
| Prepaid Expenses | 1104941 | 967010 |
| Advances for Purchase of Properties | 75000000 | 136904378 |
| | 77287758 | 140637703 |

16. OTHER CURRENT ASSETS

| PARTICULARS | ₹ AS AT 31ST MARCH, 2015 | ₹ AS AT 31ST MARCH, 2014 |
|--------------------------|-----------------------------|-----------------------------|
| Interest Accrued on FDRs | 472625 | 482054 |
| | 472625 | 482054 |

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HB SECURITIES LIMITED

17. REVENUE FROM OPERATIONS

| PARTICULARS | ₹ | |
|---|-------------------------------------|-------------------------------------|
| | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
| BROKERAGE, COMMISSION & SERVICE CHARGES (NET) | 507005 | 2134108 |
| | 507005 | 2134108 |

18. OTHER INCOME

| PARTICULARS | ₹ | |
|--|-------------------------------------|-------------------------------------|
| | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
| <u>DIVIDEND INCOME</u> | | |
| - On Non-Current/ Long Term Investment | 994 | 10298 |
| On Stock in Trade | 1144 | 1288 |
| GAIN ON SALE OF NON-CURRENT/ LONG TERM INVESTMENTS | - | (180230) |
| GAIN/LOSS ON SALE OF FIXED ASSETS | - | (247945) |
| INTEREST ON FIXED DEPOSIT WITH BANK {Tax Deducted at Source ₹ 223241/- (₹2221814/-)} | 2240568 | 2224269 |
| INTEREST ON INCOME TAX REFUND | 133317 | 83901 |
| | 2376023 | 1891580 |

19. EMPLOYEE BENEFIT EXPENSES

| PARTICULARS | ₹ | |
|---|-------------------------------------|-------------------------------------|
| | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
| SALARY & BENEFITS | 1290719 | 1226658 |
| CONTRIBUTION TO PROVIDENT AND GRATUITY FUND | 85652 | 89547 |
| | 1376371 | 1316205 |

20. FINANCE COSTS

| PARTICULARS | ₹ | |
|---------------------------------|-------------------------------------|-------------------------------------|
| | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
| Interest Expense on OD facility | 1171857 | 0 |
| | 1171857 | 0 |

21. OTHER EXPENSES

| PARTICULARS | ₹ | |
|---------------------------------|-------------------------------------|-------------------------------------|
| | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
| LEGAL & PROFESSIONAL | | 876600 |
| CONVEYANCE & TRAVELLING | | 213066 |
| PRINTING & STATIONERY | | 3606 |
| <u>REPAIR & MAINTENANCE</u> | | |
| -VECHICLES | 487789 | 622285 |
| -OTHERS | 1009777 | 975579 |
| INSURANCE | | 84570 |
| MEMBERSHIP & SUBSCRIPTION | | 246883 |
| POSTAGE TELEGRAM & TELEPHONE | | 78622 |
| MISCELLANEOUS | | 57075 |
| VSAT CHARGES | | 26218 |
| BANK CHARGES | | 230448 |
| ELECTRICITY | | 764026 |
| <u>AUDITORS REMUNERATION</u> | | |
| -AUDIT FEES | 15000 | 15000 |
| -TAXATION & OTHER MATTERS | 7500 | |
| | 22500 | |
| | 3331937 | 4193977 |

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22. CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

- a) Counter Guarantee in respect of Bank Guarantee given by the Companies Bankers outstanding as on 31st March, 2015 Rs.1.83 Crores (Previous year Rs.1.83 Crores).
- b) Dividend on cumulative Preference Shares Rs.88,18,113/- (Previous Year Rs. 76,18,113/-)

23. SEGMENT REPORTING

In the opinion of management, the company is mainly engaged in the business of Share & Stock Broking and all activities of the Company revolve around the main business and therefore there are no separate reportable segments as per Accounting Standard – Segment reporting (AS –17).

24. EARNING PER SHARE pursuant to Accounting Standard (AS-20) Earning per Share

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| | (Amount ₹) | (Amount ₹) |
| Net Profit/(Loss) for the year as per Statement of Profit & Loss | (4621716) | (1201893) |
| Less: Preference Share Dividend | 1200000 | 1200000 |
| Net Profit available for Equity Shareholders | (5821716) | (2401893) |
| Weighted average no of equity shares outstanding | 7207570 | 7207570 |
| Basic & diluted earning per Share (Face value of Rs.10/- Each) | (0.81) | (0.33) |

25. QUANTITATIVE DETAILS**25.1 Quantitative Information in respect of trading in Shares:-**

| OPENING BALANCE | | ACQUIRED DURING THE PERIOD | | SALE / TRANSFERRED DURING THE PERIOD | | CLOSING BALANCE | |
|-----------------|---------|----------------------------|--------|--------------------------------------|--------|-----------------|---------|
| Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| (Nos.) | (₹) | (Nos.) | (₹) | (Nos.) | (₹) | (Nos.) | (₹) |
| 80 | 13411 | NIL | NIL | NIL | NIL | 80 | 13411 |
| (80) | (13411) | (NIL) | (NIL) | (NIL) | (NIL) | (80) | (13411) |

25.2 Quantitative Information in respect of Investments-

| OPENING BALANCE | | ACQUIRED DURING THE PERIOD | | SALE / CONVERSION DURING THE PERIOD | | CLOSING BALANCE | |
|-----------------|------------|----------------------------|----------|-------------------------------------|----------|-----------------|------------|
| Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| (Nos.) | (₹) | (Nos.) | (₹) | (Nos.) | (₹) | (Nos.) | (₹) |
| 1255929 | 14003367 | 400000 | 40000000 | 0 | 0 | 1655929 | 54003367 |
| (1257092) | (14508867) | (NIL) | (NIL) | (1163) | (505500) | (1255929) | (14003367) |

26. DISCLOSURE Pursuant to Accounting Standard (AS-15)**a) Defined Contribution Plan**

Amount recognized as expense for defined contribution plans are as under:-

| Particulars | Amount (₹) | Head under which shown in Profit & Loss Account |
|--------------------------------|--------------------|---|
| Contribution to Provident Fund | 93880/- (93927) | Contribution to Provident and Gratuity Fund. |

The image shows a handwritten signature in blue ink on the left. To the right is a circular stamp of a Chartered Accountant. The text in the stamp reads: 'RAMESH KUMAR JAIN & ASSOCIATES', 'CHARTERED ACCOUNTANTS', and 'NEW DELHI'. The stamp is partially obscured by the signature.

b) Defined Benefit Plan

Movement in Net Liability

| Particulars | Gratuity (Funded) | | Leave Encashment (unfunded) | |
|---|-------------------|---------------|-----------------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present Value of Obligation as at the beginning of the year (A) | 315586 | 287330 | 80018 | 97962 |
| Adjustment for Increase/(Decrease) in opening provision (B) | NIL | NIL | NIL | NIL |
| Interest Cost (C) | 25247 | 22986 | 6401 | 8817 |
| Current Service Cost (D) | 23934 | 23639 | 6162 | 5527 |
| Benefit Paid (E) | - | - | -18020 | -13546 |
| Actuarial(Gain)/ Loss on obligation (F) | -20495 | -18369 | 7224 | -18742 |
| Present Value of Obligation as at the end of the year (A+B+C+D-E+F) | 344272 | 315586 | 81785 | 80018 |

c) The Amount Recognized in the Balance sheet and Profit & Loss account are as follows:

| Particulars | Gratuity (Funded) | | Leave (Unfunded) | |
|---|-------------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Present Value of Un funded Obligation (A) | 344272 | 315586 | 81785 | 80018 |
| Estimated Fair Value of Plan Assets (B) | 473172 | 431258 | Nil | Nil |
| Net Liability/(Assets) (C= A-B) | (128900) | (115672) | 81785 | 80018 |
| Amount in Balance Sheet (Assets)/ Liability | (128900) | (115672) | 81785 | 80018 |

| Amount Charged To Profit & Loss Account | Current Year | Previous Year | Current Period | Previous Period |
|---|---|---------------|------------------------|-----------------|
| Current Service Cost | 23934 | 23639 | 6162 | 5527 |
| Interest Cost | 25247 | 22986 | 6401 | 8817 |
| Expected return on Plan Assets | (39047) | (34681) | Nil | Nil |
| Actuarial (Gain)/ Loss | (20495) | (18369) | 7224 | (18742) |
| | (10361) | (6425) | 19787 | (4398) |
| Head under which shown in the Profit & Loss Account | Contribution to Provident and Gratuity Fund | | Salary & Other Benefit | |

The Actual Return on Plan Assets is as follows:

| S.NO. Particulars | Current Year | Previous Year |
|---------------------------------|--------------|---------------|
| i) Actual return On Plan Assets | 39047 | 34681 |

d) Principal actuarial assumptions

| S. No. | Particulars | Current Year | Previous Year |
|--------|--|--------------|---------------|
| | | Rate % | Rate % |
| 1 | Discount rate | 8 | 8 |
| 2 | Expected Rate of Return on Plan Assets | 9 | 9 |
| 3 | Future Salary Increase | 5 to 10 | 5 to 10 |

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e) A reconciliation of the opening and closing balances of the fair value of the Plan assets:

| S. No. | Particulars | Gratuity | |
|--------|-----------------------------------|--------------|---------------|
| | | Current Year | Previous Year |
| 1 | Opening Fair Value of Plan Assets | 431258 | 394622 |
| 2 | Expected Return On Plan Assets | 39047 | 34681 |
| 3 | Actuarial Gains / (Loss) | - | - |
| 4 | Contribution by the Employer | 2867 | 1955 |
| 5 | Benefits Paid | - | - |
| 6 | Closing Fair Value of Plan Assets | 473172 | 431258 |

27. Interest paid in Net off reimbursement received:

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Interest paid on overdraft facility/ margin | 5165645/- | 5600420/- |
| Less: Reimbursement received | 3993788/- | 5600420/- |
| Net Amount | 1171857/- | NIL |

Tax deducted at source on reimbursement received Rs. 399409/-(Previous Year Rs. 560042/-)

28. Due to Micro, Small and Medium Enterprises

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.

29. RELATED PARTY TRANSACTIONS

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

- a) **Holding Company**
- HB Portfolio Limited
- b) **Key Managerial Personnel/Director**
- Sh. Lalit Bhasin (Director)
- Sh. Praveen Gupta (Director)
- c) **Enterprise over which direct/indirect significant influence/common control exists**
- Merwanjee Securities Ltd.
- HB Estate Developers Ltd.
- HB Stockholdings Ltd.
- RRB Securities Ltd.
- HB Leasing & Finance Co. Ltd.
- d) **Enterprise over which significant influence exists of relatives of persons referred to in 1(a)**
- RRB Master Securities Delhi Limited.

29.2 Transactions during the year with related parties

| Sr. No. | Particulars | Referred in (a) above | Referred in (b) above | Referred in (c) above | Referred in (d) above |
|---------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | Brokerage/Charges Received in respect of Sale/Purchase of Securities Through us | NIL | NIL | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) |
| 2 | Depository Charges received | 9869 | 2583 | 126636 | 94486 |
| | | (49175) | (8811) | (79687) | (21518) |
| 3 | Remuneration & other services | NIL | Nil | NIL | NIL |
| | | (NIL) | (NIL) | (NIL) | (NIL) |
| 4 | Sale of Investment through them | NIL | NIL | NIL | NIL |
| | | Nil | (NIL) | (NIL) | (NIL) |
| 5 | Reimbursement of Interest | NIL | NIL | 1419540 | (2574548) |
| | | (NIL) | (NIL) | (3601160) | (NIL) |



| | | | | | |
|---|--|-------------|-------|-------|------------|
| 6 | Margin /Advances Received/(Paid)- Net | (37250000) | NIL | NIL | 23399000 |
| | | (34000000) | (NIL) | (NIL) | (48500000) |
| 7 | Outstanding as on 31 st March, 2015 - Receivable/(Payable) in respect of Current Assets/Current Liabilities | NIL | NIL | NIL | (69028426) |
| | | (37250000) | (NIL) | (NIL) | (46986180) |
| 8 | Guarantee Given | 150000000 | NIL | NIL | NIL |
| | | (150000000) | (NIL) | (NIL) | (NIL) |

- 30 During the year,the company has revised depreciation rates on fixed assets as per the useful life specified in Schedule II to the Companies Act,2013.Based on the Current estimates, depreciation of Rs.3,73,012/- on account of assets whose useful life has already exhausted as on April 1,2014 has been added to the depreciation for the year ended March 31,2015.

Due to aforesaid revision in depreciation rates,depreciation for the year as charged in the Profit & Loss account is higher by Rs.10,82,253/-.

- 31 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 32 The Company does not have any pending litigation which would impact its financial position.
- 33 The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

The accompanying notes form an integral part of the financial statements

AS PER OUR REPORT ATTACHED OF EVEN DATE

For Rajesh Suresh Jain & Associates

(RAJESH JAIN)
(Partner)
Membership No.: 098229
Place : Delhi
DATED : 26.05.2015

FOR AND ON BEHALF OF THE BOARD

ANIL GOYAL
DIRECTOR
DIN:00001938

PRAVEEN GUPTA
DIRECTOR
DIN:00002375

HB SECURITIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

| | Amount in ₹ Year Ended 31ST MARCH, 2015 | Amount in ₹ Year Ended 31ST MARCH, 2014 |
|---|---|---|
| A | | |
| <u>Cash Flow From Operation Activities</u> | | |
| Net Profit after Tax and Extraordinary items | (4698806) | (1912344) |
| Adjustment for : | | |
| Depreciation | 1484536 | 427850 |
| Loss / (Profit) on Fixed Assets | 0 | 247945 |
| Loss / (Profit) on Investments | 0 | 180230 |
| Interest / Dividend | (2242706) | (2235855) |
| Operating Profit before working capital charges | (5456976) | (3292173) |
| Adjustment for : | | |
| Trade and other receivables | 63348714 | (48858310) |
| Inventories | - | - |
| Trade Payable and other liabilities | (8959380) | 31442633 |
| Cash Generated from Operation | 48932358 | (20707850) |
| Income Tax paid / refund | - | - |
| | 48932358 | (20707850) |
| Net Cash from operation activities | 48932358 | (20707850) |
| B | | |
| <u>Cash Flow from Investment Activities</u> | | |
| Purchase of Fixed Assets | (48213) | (82731) |
| Sale of Fixed Assets | - | 229,200.00 |
| Sale of Investments | - | 325270 |
| Purchase of Investments | (40000000) | - |
| Interest Received | 2240568 | 2224269 |
| Dividend Received | 2138 | 11586 |
| Net Cash from Investment Activities | (37805507) | 2707594 |
| C | | |
| <u>Cash Flow from Financing Activities</u> | | |
| Proceeds from OD a/c with bank | (14458803) | (36265581) |
| Net Cash used in Financing Activities | (14458803) | (36265581) |
| Net Increase in Cash & Cash Equivalents A+B+C | (3331952) | (54265837) |
| Cash & Cash Equivalents (Opening Balance) | 6530451 | 60796288 |
| Cash & Cash Equivalents (Closing Balance) | 3198499 | 6530451 |
| Components of cash and cash equivalents at the end of the year | | |
| Cash in hand | 199562 | 200853 |
| <u>Balances with scheduled banks :</u> | | |
| -In current accounts | 2998937 | 6329599 |
| | 3198499 | 6530452 |

The accompanying notes form an integral part of the financial statements

As Per our Report on even date

For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number: 017163N

(RAJESH JAIN)

(Partner)

Membership No.: 098229

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PRAVEEN GUPTA

DIRECTOR

PLACE : NEW DELHI

DATED : 26.05.2015