

## 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, 2016, the Statement of Profit and Loss and the 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. 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 2016 and its profit 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, 2016 ("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, a statement on the matters specified in the paragraph 3 and 4 of the Order.
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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
- 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**



**(RAJESH JAIN)  
PARTNER**

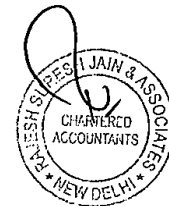
**(Membership No. 098229)**

**PLACE: NEW DELHI  
DATED: 23.05.2016**

**Annexure – A to the Auditors' Report**

The annexure referred to in Independent Auditor's Report to the members of the company on the financial statements for the year ended on 31<sup>st</sup> March, 2016, We Report that:

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 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.
- c. The Company does not have any immovable property.
2. As explained to us, inventories (Investments) have been physically verified by the management at reasonable intervals during the year. As explained to us the discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- 3.a. As explained to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 186 of the Act, with respect to the investment made. As per the information and explanation given to us, the Company has neither given any loan nor given any guarantee or provided any security in connection with a loan to any other body corporate or person.
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, Service Tax, Customs Duty, Excise Duty, Value added 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, 2016 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.
8. The Company has not defaulted in repayment of loan/borrowings from banks. The Company does not have any loans or borrowings from any financial institution, government or debenture holders during the year.



9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
10. In our opinion and according to the information and explanation given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has not paid/ provided any managerial remuneration during the year.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and based on or examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

**For RAJESH SURESH JAIN & ASSOCIATES**

**Chartered Accountants  
Firm Registration No. 017163N**



**(RAJESH JAIN)  
PARTNER**

**(Membership No. 098229)**

**PLACE: NEW DELHI  
DATED: 23.05.2016**

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**Annexure – B to the Auditors' Report**

**Report on the Internal Financial Control under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HB Securities Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

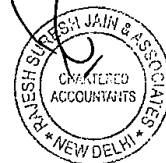
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RAJESH SURESH JAIN & ASSOCIATES**

**Chartered Accountants  
Firm Registration No.: 017163N**

  
**(RAJESH JAIN)  
PARTNER**

**(Membership No. 098229)**

**PLACE: NEW DELHI  
DATED: 23.05.2016**

**HB SECURITIES LIMITED**

BALANCE SHEET AS AT		₹	₹
		31ST MARCH, 2016	31ST MARCH, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	2	92075700	92075700
Reserve & Surplus	3	1283331	2563898
		93359031	94639598
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities (Net)	4	-	122232
Long Term Provisions	5	93566	79615
		93568	201847
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	6	4195246	9908941
Other Current Liabilities	7	24008952	69536076
Short Term Provisions	8	2807	21050
		28207006	79466067
<b>TOTAL :</b>		<b>121659602</b>	<b>174307512</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	951658	1051241
Deferred Tax Assets	4	207549	-
Non-current Investments	10	54003367	54003367
Long Term Loans and Advances	11	12212500	13647500
		67375074	68702108
<b>CURRENT ASSETS</b>			
Inventories	12	13411	13411
Trade Receivables	13	24774	20612
Cash and Bank balances	14	25401248	27810999
Short Term Loans and Advances	15	28475923	77287758
Other Current Assets	16	369173	472625
		54284528	105605405
<b>TOTAL :</b>		<b>121659602</b>	<b>174307512</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

1 to 32


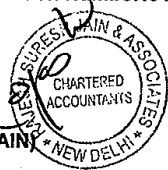
*The accompanying notes form an integral part of the financial statements*

As Per our Report on even date

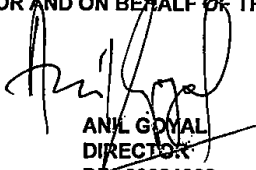
For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number:017163N

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
**ANIL GOYAL**  
 DIRECTOR  
 DIN:00001938

  
**PRAVEEN GUPTA**  
 DIRECTOR  
 DIN:00002375

PLACE : NEW DELHI

DATED : 23.05.2016



**HB SECURITIES LIMITED**

Statement of Profit and Loss for the Year ended		₹	₹
	Note	31ST MARCH, 2016	31ST MARCH, 2015
Revenue From Operations	17	2217667	507005
Other Income	18	1956185	2376023
<b>TOTAL REVENUE</b>		<b>4173852</b>	<b>2883028</b>
<b>EXPENSES</b>			
Employee Benefits Expenses	19	1418588	1376371
Finance Costs	20	852805	1171857
Depreciation	9	370376	1484536
Other Expenses	21	3142431	3331937
<b>TOTAL EXPENSES</b>		<b>5784200</b>	<b>7364702</b>
Profit/(Loss) for the year before Depreciation adjustment for earlier years and Income Tax		(1610349)	(4481673)
Depreciation adjustment for earlier Years		-	-
Profit/(Loss) for the year before Income Tax		(1610349)	(4481673)
<b>Tax Expense:</b>			
Deferred Tax Charge / (Credit)		(329781)	(77090)
Tax adjustment for earlier years		-	217133
Profit/(Loss) for the Year after Tax		<b>(1280568)</b>	<b>(4621716)</b>
<b>Earning Per Equity Share:</b>	24		
Equity Share of Par Value of ₹ 10/- each Basic & Diluted		(0.18)	(0.81)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	1 to 32		

The accompanying notes form an integral part of the financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED

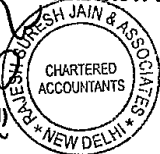
For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number:017163N

(RAJESH JAIN)  
(Partner)

Membership No.: 098229



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*(Signature)*  
ANIL GUPTA  
DIRECTOR  
DIN:00001938

*(Signature)*  
PRAVEEN GUPTA  
DIRECTOR  
DIN:00002375

PLACE : NEW DELHI  
DATED : 23.05.2016

**HB SECURITIES LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**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 in view 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/Script-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 whichever ever is lower.

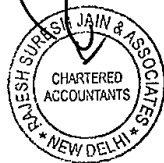
**1.8 EMPLOYEE BENEFITS**

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.



A handwritten signature in black ink, appearing to be 'S. JAIN'.

A handwritten signature in black ink, appearing to be 'S. JAIN'.

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.

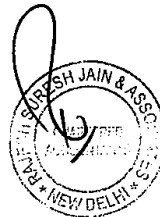
#### 1.10 IMPAIRMENT OF FIXED ASSETS

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, 2016	As At 31st March, 2015
<b>AUTHORIZED</b>		
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
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
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 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 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> 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, 2016 & 31st March, 2015 is as under:

**EQUITY SHARES**

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	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, 2016		As at 31st March, 2015	
	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, 2016		As at 31st March, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
<b>Equity Shares</b>				
HB Portfolio Limited	7207510	100.00	7207510	100.00
<b>Preference Shares</b>				
HB StockHolding Limited	10000	50.00	10000	50.00
HB Leasing & Finance Company Limited	-	-	5000	25.00
Gemini Portfolio Private limited	5000	25.00	-	-
RRB Securities Limited	5000	25.00	5000	25.00

- 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.



**HB SECURITIES LIMITED**

**3. RESERVE & SURPLUS**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Securities-Premium Reserve - Opening Balance	17000000	17000000
Add: Addition During the year	-	-
	17000000	17000000
Surplus - Opening Balance	(14436102)	(9814386)
Add: Net Profit/(Loss) after tax transferred from Statement of Profit & Loss	(1280568)	(4621716)
	(15716669)	(14436102)
	1283331	2563898

**4. DEFERRED TAX**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Deferred Tax Assets		
Leave Encashment	29779	25272
Fixed Assets	177770	147504
Net Deferred Tax Assets/(Liability)	207549	(122232)

**5. LONG TERM PROVISIONS**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Provisions For Employees Benefit		
Leave Encashment	93666	79615
	93666	79615

**6. SHORT TERM BORROWINGS**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Overdraft facility from Bank - Unsecured	4195246	9908941
	4195246	9908941

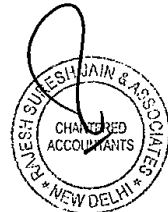
-Overdraft facility from bank is secured against guarantee and pledge of Shares by holding Company M/s HB Portfolio Ltd

**7. OTHER CURRENT LIABILITIES**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Advances From Customers, margin money etc.	23795808	69097781
TDS Payable	8453	268054
STT Payable	192	-
Expenses Payable	203499	170242
	24008952	69536076

**8. SHORT TERM PROVISIONS**

PARTICULARS	₹	
	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Provisions For Employees Benefit		
Leave Encashment		
Others	2807	2170
Income Tax	-	18880
	2807	21050

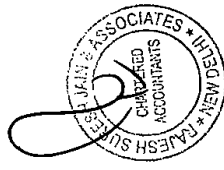


HB SECURITIES LIMITED

9. FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		AS AT 01.04.2015	ADDITIONS DURING THE YR. 2015	DELETION DURING THE YR. 2015	TOTAL 31.03.2016	UP TO 31.03.2015	FOR THE YEAR 2015	TOTAL DEPRECIATION FOR THE YEAR 2015	TOTAL UP TO 31.03.2016	AS AT 31.03.2016	AS AT 31.03.2015
1	TANGIBLE ASSETS	4624915	270784	-	4895709	4808927	92793	92793	4701720	183989	15888
2	DATA PROCESSING MACHINERY	4775363	-	-	4775363	4882291	-	-	4682291	83072	83072
3	VEHICLES	1865763	-	-	1865763	1234627	117845	117845	1352173	513590	631236
4	GENERATOR	1103807	-	-	1103807	792662	159938	159938	952600	151007	310946
	OFFICE EQUIPMENT										
	TOTAL	12366481	270784	-	12640442	11318407	370376	370376	11688784	951658	1081241
	PREVIOUS YEAR	12321435	48213	-	12369648	8813871	111824	1484536	11316407	1051241	2487564

*MR*



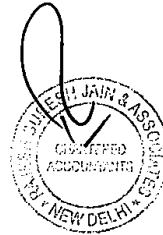
HB SECURITIES LIMITED

10. INVESTMENTS

NAME OF THE COMPANY	FACE VALUE (₹)	As at 31st March, 2016		As at 31st March, 2015	
		Qty(Nos.)	Amount (₹)	Qty(Nos.)	Amount (₹)
<b>NON-CURRENT INVESTMENTS- AT COST</b>					
<b>(LONG TERM INVESTMENTS)</b>					
<b>NON-TRADE</b>					
<b>A. INVESTMENT IN EQUITY INSTRUMENTS</b> (Fully paid up Equity Shares)					
<b>QUOTED</b>					
OSWAL AGRO MILLS LIMITED	10	12800	184501	12800	184501
NAHAR SPINNING MILLS LIMITED	5	807	42490	807	42490
PASUPATI SPINNING & WVG. MILLS LIMITED	10	1520	282335	1520	282335
NAHAR CAPITAL AND FINANCIAL SERVICES LTD.	5	258	38120	258	38120
<b>UNQUOTED</b>					
<b>-IN ASSOCIATE COMPANY</b>					
MERWANJEE SECURITIES LIMITED	10	1200000	12000000	1200000	12000000
<b>-IN OTHER COMPANIES</b>					
DELHI STOCK EXCHANGE LTD.	1	47044	1457921	47044	1457921
<b>TOTAL (A)</b>		<b>1262229</b>	<b>14003367</b>	<b>1262229</b>	<b>14003367</b>
<b>B.2 INVESTMENT IN PREFERENCE SHARES</b>					
<b>FULLY PAID-UP REDEEMABLE PREFERENCE SHARE</b>					
GEMINI PORTFOLIO PVT LTD (9% NON CUMULATIVE)	100	400000	40000000	400000	40000000
<b>TOTAL (B)</b>		<b>400000</b>	<b>40000000</b>	<b>400000</b>	<b>40000000</b>
<b>TOTAL (A+B)-NON CURRENT/LONG TERM INVESTMENTS</b>		<b>1662229</b>	<b>54003367</b>	<b>1662229</b>	<b>54003367</b>

	As at 31st March, 2016	As at 31st March, 2015
- Aggregate Amount of Quoted Investments	545446	545446
- Market Value of Quoted Investments	242023	148594
- Aggregate Amount of UnQuoted Investments	53457921	53457921

Note: In the opinion of the Management no provision is required for diminution amounting to ₹ 316413/- (Previous Year ₹ 407049/-) in the value of some of the Long Term/ Non Current Investment as the same is considered to be Temporary.



**HB SECURITIES LIMITED**

**11. LONG TERM LOANS AND ADVANCES**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured Considered Good		
Security Deposits-with Stock Exchanges & Depository	12212500	13647500
	12212500	13647500

**12. INVENTORIES**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
STOCK-IN-TRADE* (Shares / Securities)	13411	13411
	13411	13411

\* Valued at lower of Cost or Market Price

**13. TRADE RECEIVABLES**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured Considered Good		
Outstanding exceeding six months	24774	16781
Others		3830
	24774	20612

**14. CASH AND BANK BALANCES**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Cash and cash equivalents		
-Balance With Banks in Current Account	3064186	2998937
-Cash-in-hand	224562	199582
Other Bank balances		
Deposit with bank*	22112500	24612500
	25401248	27810939

\*Includes ₹ 87500/- (Previous Year ₹ 87500/-) lien marked with Delhi Stock Exchange; ₹ 15000000/- (Previous Year ₹ 15000000/-) lien marked with NSE/NSCCL; ₹ 7025000/- (Previous Year ₹ 9525000/-) lien marked for Bank Guarantee with NSE.

**15. SHORT TERM LOANS AND ADVANCES**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured Considered Good		
Income Tax and TDS	410709	648333
Amount Recoverable from Employees	534134	534483
Prepaid Expenses	981080	1104941
Advances for Purchase of Properties	26550000	75000000
	28475923	77287758

**16. OTHER CURRENT ASSETS**

PARTICULARS	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Interest Accrued on FDRs	369173	472625
	369173	472625





**HB SECURITIES LIMITED**

**17. REVENUE FROM OPERATIONS**

PARTICULARS	₹	
	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
BROKERAGE, COMMISSION & SERVICE CHARGES (NET)	2217667	507005
	<b>2217667</b>	<b>507005</b>

**18. OTHER INCOME**

PARTICULARS	₹	
	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>DIVIDEND INCOME</b>		
- On Non-Current/ Long Term Investment	994	994
- On Stock in Trade	429	1144
INTEREST ON FIXED DEPOSIT WITH BANK (Tax Deducted at Source ₹ 192339/- (₹ 223241/-))	1925585	2240568
INTEREST ON INCOME TAX REFUND	29177	133317
	<b>1956185</b>	<b>2376023</b>

**19. EMPLOYEE BENEFIT EXPENSES**

PARTICULARS	₹	
	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
SALARY & BENEFITS	1330279	1290719
CONTRIBUTION TO PROVIDENT AND GRATUITY FUND	88309	85652
	<b>1418588</b>	<b>1376371</b>

**20. FINANCE COSTS**

PARTICULARS	₹	
	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Interest Expense on OD facility	852805	1171857
	<b>852805</b>	<b>1171857</b>

**21. OTHER EXPENSES**

PARTICULARS	₹	
	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
LEGAL & PROFESSIONAL	163206	134900
CONVEYANCE & TRAVELLING	206625	300549
PRINTING & STATIONERY	33553	8741
REPAIR & MAINTENANCE		
-VEHICLES	453045	
-OTHERS	1034512	
SURANCE	1487557	487789
MEMBERSHIP & SUBSCRIPTION	50111	1009777
POSTAGE TELEGRAM & TELEPHONE	61592	1497588
MISCELLANEOUS	71916	58026
VSAT CHARGES	81441	59899
BANK CHARGES	36900	80791
ELECTRICITY	69675	69255
AUDITORS REMUNERATION	857355	41900
-AUDIT FEES	15000	213905
-TAXATION & OTHER MATTERS	7500	845906
	<b>22500</b>	<b>22500</b>
	<b>3142431</b>	<b>3331937</b>



**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 31<sup>st</sup> March, 2016 Rs.1.33 Crores (Previous year Rs.1.83 Crores).
- b) Dividend on cumulative Preference Shares Rs.1,00,18,113/- (Previous Year Rs. 88,18,113/-)

**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	(1280568)	(4621716)
Less: Preference Share Dividend	1200000	1200000
Net Profit available for Equity Shareholders	(2480568)	(5821716)
Weighted average no of equity shares outstanding	7207570	7207570
Basic & diluted earning per Share (Face value of Rs.10/- Each)	(0.34)	(0.81)

**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.)	(₹)
1662229	54003367	0	0	0	0	1662229	54003367
(1662229)	(14003367)	(400000)	(40000000)	(NIL)	(NIL)	(1662229)	(54003367)

**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	96006/- (93880)	Contribution to Provident and Gratuity Fund.



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)	344272	315586	81785	80018
Adjustment for Increase/(Decrease) in opening provision (B)	NIL	NIL	NIL	NIL
Interest Cost ( C)	27542	25247	6543	6401
Current Service Cost (D)	24222	23934	6563	6162
Benefit Paid (E)	-	-	-6520	-18020
Actuarial(Gain)/ Loss on obligation (F)	-22031	-20495	8002	7224
Present Value of Obligation as at the end of the year (A+B+C+D-E+F)	374005	344272	96373	81785

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)	374005	344272	96373	81785
Estimated Fair Value of Plan Assets (B)	515602	473172	Nil	Nil
Net Liability/(Assets) (C= A-B)	(141597)	(128900)	96373	81785
Amount in Balance Sheet (Assets)/ Liability	(141597)	(128900)	96373	81785

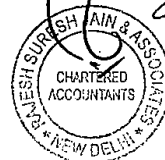
Amount Charged To Profit & Loss Account	Current Year	Previous Year	Current Period	Previous Period
Current Service Cost	24222	23934	6543	6162
Interest Cost	27542	25247	6563	6401
Expected return on Plan Assets	(39688)	(39047)	Nil	Nil
Actuarial (Gain)/ Loss	(22031)	(20495)	8002	7224
	(9955)	(10361)	21108	19787
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:

Particulars	Current Year	Previous Year
i) Actual return On Plan Assets	39688	39047

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



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	473172	431258
2	Expected Return On Plan Assets	39688	39047
3	Actuarial Gains / (Loss)	-	-
4	Contribution by the Employer	2742	2867
5	Benefits Paid	-	-
6	Closing Fair Value of Plan Assets	515602	473172

**27. Interest paid in Net off reimbursement received:**

Particulars	Current Year	Previous Year
Interest paid on overdraft facility/ margin	852805/-	5165945/-
Less: Reimbursement received	Nil	3994088/-
Net Amount	852805/-	1171857/-

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

**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. Praveen Gupta (Director)
- c) **Enterprise over which direct/indirect significant influence/common control exists**  
- Merwanjee Securities Limited  
- HB Estate Developers Ltd.  
- HB Stockholdings Ltd.  
- RRB Securities Ltd.  
- HB Leasing & Finance Co. Ltd.  
- 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
1	Depository Charges received	1776	1125	30793
		(9869)	(286)	(152899)
2	Reimbursement of Interest	NIL	NIL	NIL
		(NIL)	(NIL)	(3994088)
3	Margin /Advances Received/(Paid)- Net	NIL	NIL	(34700000)
		(37250000)	(NIL)	(23399000)
4	Outstanding as on 31 <sup>st</sup> March, 2016 - Receivable/(Payable) in respect of Current Assets/Current Liabilities	NIL	NIL	(23323535)
		(NIL)	(NIL)	(69028426)
5	Guarantee Given	150000000	NIL	NIL
		(150000000)	(NIL)	(NIL)



- 30 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 31 The Company does not have any pending litigation which would impact its financial position.
- 32 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

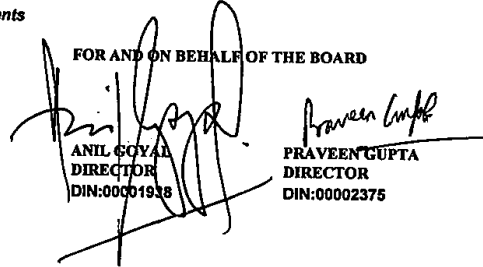
(RAJESH JAIN)  
(Partner)  
Membership No: 098229  
Place : Delhi  
DATED : 23.05.2016



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, 2016**

	Amount in ₹ Year Ended 31ST MARCH, 2016	Amount in ₹ Year Ended 31ST MARCH, 2015
<b>A Cash Flow From Operation Activities</b>		
Net Profit after Tax and Extraordinary items	(1610348)	(4698808)
Adjustment for :		
Depreciation	370376	1484538
Interest / Dividend	(1927008)	(2242708)
Operating Profit before working capital charges	(3166980)	(5456976)
Adjustment for :		
Trade and other receivables	50346125	63348714
Trade Payable and other liabilities	(45531416)	(8959380)
Cash Generated from Operation	1647729	48932358
Income Tax paid / refund	-	-
	1647729	48932358
Net Cash from operation activities	1647729	48932358
<b>B Cash Flow from Investment Activities</b>		
Purchase of Fixed Assets	(270794)	(48219)
Purchase of Investments	-	(40000000)
Interest Received	1026585	2240508
Dividend Received	1423	2138
Net Cash from Investment Activities	1656214	(37805507)
<b>C Cash Flow from Financing Activities</b>		
Proceeds from OD a/c with bank	(5713695)	(14458803)
Net Cash used in Financing Activities	(5713695)	(14458803)
Net Increase in Cash & Cash Equivalents A+B+C	(2409752)	(3331952)
Cash & Cash Equivalents (Opening Balance)	27810999	31142851
Cash & Cash Equivalents (Closing Balance)	25401248	27810999
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash in hand	224562	199562
<u>Balances with scheduled banks :</u>		
-In current accounts	3064186	2998937
-In Fixed Deposit accounts	22112500	24612500
	25401248	27810999

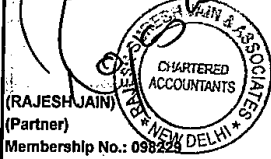
The accompanying notes form an Integral part of the financial statements

As Per our Report on even date

For Rajesh Suresh Jain & Associates

Chartered Accountants

Firm Registration Number: 012163N



PLACE : NEW DELHI  
DATED : 23.05.2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANIL GOYAL  
DIRECTOR  
DIN/00004963

PRAVEEN GUPTA  
DIRECTOR  
DIN:00002375