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## 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, 2017, 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.

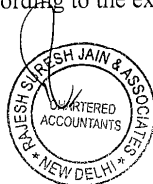
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **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 2017 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, 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 does not have any pending litigation 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.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company (Refer Note 31 to the financial statements.)

**For RAJESH SURESH JAIN & ASSOCIATES**

**Chartered Accountants**

**Firm Registration No. 017163N**



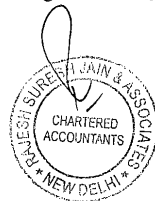
**(Membership No. 098229)**

**PLACE: NEW DELHI  
DATED: 25.05.2017**

**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, 2017, We Report that:

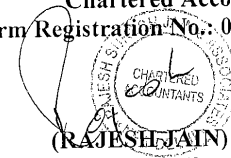
1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b. As explained to us, the management during the year has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having 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 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, 2017 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 our 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.

PLACE: NEW DELHI  
DATED: 25.05.2017

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



(RAJESH JAIN)  
PARTNER  
(Membership No. 098229)

**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 2017 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 2017, 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**

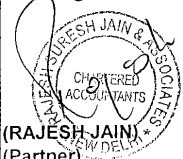
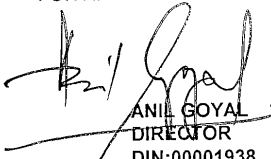
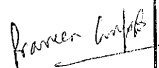


**(RAJESH JAIN)**

**PARTNER**

**(Membership No. 098229)**

**PLACE: NEW DELHI  
DATED: 25.05.2017**

HB SECURITIES LIMITED			
		₹	₹
BALANCE SHEET AS AT	NOTE	31ST MARCH, 2017	31ST MARCH, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	2	92075700	92075700
Reserve & Surplus	3	-2301338	1283331
		89774362	93359031
<b>NON-CURRENT LIABILITIES</b>			
Long Term Provisions	4	112076	93566
		112076	93566
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	5	3413394	4195246
Other Current Liabilities	6	36165453	24008952
Short Term Provisions	7	3146	2807
		39581993	28207006
<b>TOTAL :</b>		<b>129468431</b>	<b>121659602</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	8	748249	951658
Deferred Tax Assets	9	209482	207549
Non-current Investments	10	54003367	54003367
Long Term Loans and Advances	11	14712500	12212500
		69673598	67375074
<b>CURRENT ASSETS</b>			
Inventories	12	13411	13411
Trade Receivables	13	48207	24774
Cash and Bank balances	14	31008955	25401248
Short Term Loans and Advances	15	28430535	28475923
Other Current Assets	16	293725	369173
		59794833	54284528
<b>TOTAL :</b>		<b>129468431</b>	<b>121659602</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>		1 to 32	
<p><i>The accompanying notes form an integral part of the financial statements</i></p> <p>As Per our Report on even date  For Rajesh Suresh Jain &amp; Associates  Chartered Accountants  Firm Registration Number:017163N</p>			
 <b>(RAJESH JAIN)</b> (Partner) Membership No.: 098229		FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  <b>ANIL GOYAL</b> DIRECTOR DIN:00001938	
		 <b>PRAVEEN GUPTA</b> DIRECTOR DIN:00002375	
PLACE : NEW DELHI DATED : 25.05.2017			



HB SECURITIES LIMITED		₹	₹
Statement of Profit and Loss for the Year ended		31ST MARCH, 2017	31ST MARCH, 2016
	Note		
Revenue From Operations	17	120510	2217667
Other Income	18	1690950	1956185
<b>TOTAL REVENUE</b>		<b>1811460</b>	<b>4173852</b>
<b>EXPENSES</b>			
Employee Benefits Expenses	19	1388462	1418558
Finance Costs	20	439147	852805
Depreciation	8	218598	370376
Other Expenses	21	3351854	3142431
<b>TOTAL EXPENSES</b>		<b>5398061</b>	<b>5784201</b>
Profit/(Loss) for the year before Income Tax		(3586601)	(1610349)
<b>Tax Expense:</b>			
Deferred Tax Charge / (Credit)		(1933)	0
Tax adjustment for earlier years		-	(329781)
Profit/(Loss) for the Year after Tax		<b>(3584668)</b>	<b>(1280566)</b>
<b>Earning Per Equity Share:</b>	24		
Equity Share of Par Value of ₹ 10/- each Basic & Diluted		(0.66)	(0.34)
<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



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:00002371

PLACE : NEW DELHI

DATED : 25.05.2017

HB SECURITIES LIMITED

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**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/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 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.



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A handwritten signature in black ink, appearing to be "M. Suresh".

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.

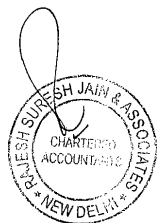
#### 1.10 IMPAIRMENT OF FIXED ASSETS

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.



**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**2. SHARE CAPITAL**

Particulars	₹		₹	
	As At 31st March, 2017		As At 31st March, 2016	
<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
		<b>140000000</b>		<b>140000000</b>
<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
		<b>92075700</b>		<b>92075700</b>

-- 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, 2017 & 31st March, 2016 is as under:

**EQUITY SHARES**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	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

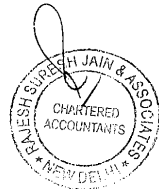
**PREFERENCE SHARES**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	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, 2017		As at 31st March, 2016	
	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
Gemini Portfolio Private limited	5000	25.00	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.



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HB SECURITIES LIMITED

3. RESERVE & SURPLUS		₹	₹
PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016
Securities Premium Reserve - Opening Balance	17000000		17000000
Add: Addition During the year	17000000		17000000
Surplus - Opening Balance	(15716669)		(14436102)
Add: Net Profit/(Loss) after tax transferred from Statement of Profit & Loss	(3584668)		(1280568)
	(19301338)		(15716669)
	-2301338		1283331

4. LONG TERM PROVISIONS		₹	₹
PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016
Provisions For Employees Benefit	112076		93566
Leave Encashment			
	112076		93566

5. SHORT TERM BORROWINGS		₹	₹
PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016
Overdraft facility from Bank - Unsecured	3413394		4195246
	3413394		4195246

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

6. OTHER CURRENT LIABILITIES		₹	₹
PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016
Advances From Customers, margin money etc.	35976619		23795806
Statutory Dues Payable	9465		9645
Expenses Payable	179369		203495
	36165453		24008952

7. SHORT TERM PROVISIONS		₹	₹
PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016
Provisions For Employees Benefit	3146		280
Leave Encashment			
	3146		280



HB SECURITIES LIMITED

8. FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 01.04.2016	ADDITIONS DURING THE YR. DURING THE YR.	DELETION DURING THE YR. DURING THE YR.	TOTAL 31.03.2017	UP TO 31.03.2016	FOR THE YEAR	ADJUSTMENT FOR SALE	TOTAL UP TO 31.03.2016	AS AT 31.03.2017	AS AT 31.03.2016
1	TANGIBLE ASSETS										
2	DATA PROCESSING MACHINERY	4895709	0	0	4895709	4701720	85638	0	4787359	108350	193889
3	VEHICLES	4775363	0	0	4775363	4882291	0	0	4882291	93072	513680
4	OFFICE EQUIPMENT	1103807	15188	0	1118995	952600	66307	0	1019507	446848	191007
	TOTAL	12640442	15188	0	12655630	11688764	218598	0	11897361	748249	951658
	PREVIOUS YEAR	12366648	27094	0	1264042	11318407	370376	0	11687644	951658	1091241

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HB SECURITIES LIMITED

10. INVESTMENTS

NAME OF THE COMPANY	FACE VALUE (₹)	As at 31st March,2017		As at 31st March,2016	
		Qty(Nos.)	Amount (₹)	Qty(Nos.)	Amount (₹)
<b>NON-CURRENT INVESTMENTS- AT COST</b>					
(LONG TERM INVESTMENTS)					
<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	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
<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,2017	As at 31st March,2016
-- Aggregate Amount of Quoted Investments	545446	545446
-- Market Value of Quoted Investments	265127	242023
-- Aggregate Amount of UnQuoted Investments	53457921	53457921

Note: In the opinion of the Management no provision is required for diminution amounting to ₹ 319956/- (Previous Year ₹ 316413/-) in the value of some of the Long Term/ Non Current Investment as the same is considered to be Temporary.



HB SECURITIES LIMITED

9. DEFERRED TAX ASSETS

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>Deferred Tax Assets</b>		
Leave Encashment	35604	29779
Fixed Assets	173878	177770
<b>Net Deferred Tax Assets/(Liability)</b>	<b>209482</b>	<b>207549</b>

11. LONG TERM LOANS AND ADVANCES

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>Unsecured Considered Good</b>		
Security Deposits-with Stock Exchanges & Depository	14712500	12212500
	<b>14712500</b>	<b>12212500</b>

12. INVENTORIES

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>STOCK-IN-TRADE*</b>	<b>13411</b>	<b>13411</b>
(Shares / Securities)		
	<b>13411</b>	<b>13411</b>

\* Valued at lower of Cost or Market Price

13. TRADE RECEIVABLES

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>Unsecured Considered Good</b>		
Outstanding exceeding six months	44497	24774
Others	3710	0
	<b>48206</b>	<b>24774</b>

14. CASH AND BANK BALANCES

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>Cash and cash equivalents</b>		
-Balance With Banks in Current Account	8654893	3064186
-Cash-in-hand	241562	224562
<b>Other Bank balances</b>		
Deposit with bank*	22112500	22112500
	<b>31008955</b>	<b>25401248</b>

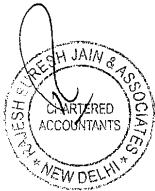
\*Includes ₹ 87500/- (Previous Year ₹ 87500/-) lien marked with Delhi Stock Exchange; ₹ 15000000/- (Previous Year ₹ 15000000/-) lien marked with NSE/NSCCL; ₹ 7025000/- (Previous Year ₹ 7025000/-) lien marked for Bank Guarantee with NSE.

15. SHORT TERM LOANS AND ADVANCES

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
<b>Unsecured Considered Good</b>		
Income Tax and TDS	171312	410709
Amount Recoverable from Employees	534583	534134
Prepaid Expenses	1174641	981080
Advances for Purchase of Properties	26550000	26550000
	<b>28430535</b>	<b>28475923</b>

16. OTHER CURRENT ASSETS

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
Interest Accrued on FDRs	293725	369173
	<b>293725</b>	<b>369173</b>



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HB SECURITIES LIMITED

PARTICULARS	₹	
	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
BROKERAGE, COMMISSION & SERVICE CHARGES (NET)	120510	2217667
	120510	2217667

PARTICULARS	₹	
	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
DIVIDEND INCOME		
- On Non-Current/ Long Term Investment	1298	994
- On Stock in Trade	1859	429
INTEREST ON FIXED DEPOSIT WITH BANK (Tax Deducted at Source ₹ 166249/- (₹ 192339/-))	1669312	1925585
INTEREST ON INCOME TAX REFUND	18481	29177
	1690950	1956185

PARTICULARS	₹	
	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
SALARY & BENEFITS	1322842	1330279
CONTRIBUTION TO PROVIDENT AND GRATUITY FUND	65620	88309
	1388462	1418588

PARTICULARS	₹	
	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Interest Expense on OD facility	439147	852805
	439147	852805

PARTICULARS	₹	
	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
LEGAL & PROFESSIONAL		163206
CONVEYANCE & TRAVELLING		206625
PRINTING & STATIONERY		33553
REPAIR & MAINTENANCE		
-VEHICLES	591746	453045
-OTHERS	1078968	1034512
INSURANCE		1487557
MEMBERSHIP & SUBSCRIPTION		50111
POSTAGE TELEGRAM & TELEPHONE		61592
MISCELLANEOUS		71916
VSAT CHARGES		81441
BANK CHARGES		36900
ELECTRICITY		69675
AUDITORS REMUNERATION		857355
-AUDIT FEES	15000	15000
-CERTIFICATION & OTHER MATTERS	12023	7500
		22500
	3351854	3142431



**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, 2017 Rs.1.33 Crores (Previous year Rs.1.33 Crores).
- b) Dividend on cumulative Preference Shares Rs 1,12,18,113/- (Previous Year Rs. 1,00,18,113/-)

**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	(3584668)	(1280568)
Less: Preference Share Dividend	1200000	1200000
Net Profit available for Equity Shareholders	(4784668)	(2480568)
Weighted average no of equity shares outstanding	7207570	7207570
Basic & diluted earning per Share (Face value of Rs. 10/- Each)	(0.66)	(0.34)

**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-**

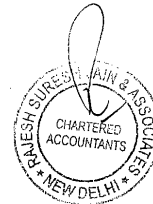
OPENING BALANCE		ACQUIRED DURING THE PERIOD		SALE / CONVERSION DURING THE PERIOD		CLOSING BALANCE	
Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
(Nos.)	(₹)	(Nos.)	(₹)	(Nos.)	(₹)	(Nos.)	(₹)
1662229	54003367	0	0	0	0	1662229	54003367
(1662229)	(54003367)	(NIL)	(NIL)	(NIL)	(NIL)	(1662229)	(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	96300/- (96006)	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)	374005	344272	96373	81785
Adjustment for Increase/(Decrease) in opening provision (B)	NIL	NIL	NIL	NIL
Interest Cost (C)	29920	27542	7228	6543
Current Service Cost (D)	24534	24222	7226	6563
Benefit Paid (E)	-	-	-6520	-6520
Actuarial(Gain)/ Loss on obligation (F)	-44801	-22031	10915	8002
Present Value of Obligation as at the end of the year (A+B+C+D-E+F)	383658	374005	115222	96373

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)	383658	374005	115222	96373
Estimated Fair Value of Plan Assets (B)	560935	515602	Nil	Nil
Net Liability/(Assets) (C= A-B)	(177277)	(141597)	115222	96373
Amount in Balance Sheet (Assets)/ Liability	(177277)	(141597)	115222	96373

Amount Charged To Profit & Loss Account	Current Year	Previous Year	Current Period	Previous Period
Current Service Cost	24534	24222	7228	6543
Interest Cost	29920	27542	7226	6563
Expected return on Plan Assets	(42716)	(39688)	Nil	Nil
Actuarial (Gain)/ Loss	(44801)	(22031)	10915	8002
	(33063)	(9955)	25369	21108
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	42716	39688

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	6	6



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	515602	473172
2	Expected Return On Plan Assets	42716	39688
3	Actuarial Gains / (Loss)	-	-
4	Contribution by the Employer	2617	2742
5	Benefits Paid	-	-
6	Closing Fair Value of Plan Assets	56933	515602

**27. 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.

**28. RELATED PARTY TRANSACTIONS**

28.1 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**
  - HB Estate Developers Ltd.
  - HB Stockholdings Ltd.
  - RRB Securities Ltd.
  - HB Leasing & Finance Co. Ltd.
  - RRB Master Securities Delhi Limited.

28.2 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	2219	805	43407
		(1776)	(1125)	(30793)
2	Margin /Advances Received/(Paid)- Net	NIL	NIL	(16000000)
		(NIL)	(NIL)	(34700000)
3	Outstanding as on 31 <sup>st</sup> March, 2017 - Receivable/(Payable) in respect of Current Assets/Current Liabilities	NIL	NIL	(35809399)
		(NIL)	(NIL)	(23323535)
4	Guarantee Given on our behalf	19300000	NIL	NIL
		(150000000)	(NIL)	(NIL)

29 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

30 The Company does not have any pending litigation which would impact its financial position.

**51 Disclosure on Specified Bank Notes (SBNs)**

In terms of MCA notification G.S.R 308(E) dated March 30th, 2017, the details/disclosure on Specified Bank Notes (SBN) held and transacted during the period from November 8th, 2016 to December 30th, 2016, is as under:

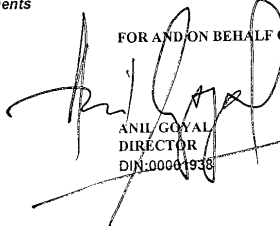
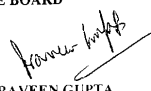


Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	160000	144562	304562
(+) Permitted receipts	0	97000	97000
(-) Permitted payments	0	0	0
(-) Amount deposited in Banks	160000	0	160000
Closing cash in hand as on 30.12.2016	0	241562	241562

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 SURESH JAIN)  
 (Partner)  
 Membership No.: 4098229  
 Place : Delhi  
 DATED : 25.05.2017

FOR AND ON BEHALF OF THE BOARD  
  
 ANIL GOYAL  
 DIRECTOR  
 DIN:00004938  
  
 PRAVEEN GUPTA  
 DIRECTOR  
 DIN:00002375

**HB SECURITIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

	Amount in ₹ Year Ended 31ST MARCH, 2017	Amount in ₹ Year Ended 31ST MARCH, 2016
<b>A</b>		
<b>Cash Flow From Operation Activities</b>		
Net Profit after Tax and Extraordinary items	(3586601)	(1610349)
Adjustment for :		
Depreciation	218598	370376
Interest / Dividend	(1672469)	(1927008)
Operating Profit before working capital charges	(5040472)	(3166980)
Adjustment for :		
Trade and other receivables	(2402598)	50346125
Trade Payable and other liabilities	12175350	(45531410)
Cash Generated from Operation	4732279	1647729
Income Tax paid / refund	-	-
	<b>4732279</b>	<b>1647729</b>
Net Cash from operation activities	<b>4732279</b>	<b>1647729</b>
<b>B</b>		
<b>Cash Flow from Investment Activities</b>		
Purchase of Fixed Assets	(15188)	(270794)
Purchase of Investments	-	0
Interest Received	1669312	1925585
Dividend Received	3157	1423
Net Cash from Investment Activities	<b>1657281</b>	<b>1656214</b>
<b>C</b>		
<b>Cash Flow from Financing Activities</b>		
Proceeds from OD a/c with bank	(781853)	(5713695)
Net Cash used in Financing Activities	<b>(781853)</b>	<b>(5713695)</b>
Net Increase in Cash & Cash Equivalents A+B+C	5607707	(2409752)
Cash & Cash Equivalents (Opening Balance)	3288748	5698499
Cash & Cash Equivalents (Closing Balance)	<b>8896455</b>	<b>3288748</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash in hand	241562	224562
Balances with scheduled banks :		
-In current accounts	8654893	3064186
	<b>8896455</b>	<b>3288748</b>

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



(Partner)

Membership No.: 098229

PLACE : NEW DELHI

DATED : 25.05.2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Anil Goyal*  
ANIL GOYAL  
DIRECTOR  
DIN: 00001938

*Praveen Gupta*  
PRAVEEN GUPTA  
DIRECTOR  
DIN: 00002375