

33<sup>rd</sup>

# Annual Report 2015 - 16



**HB LEASING AND FINANCE COMPANY LIMITED**



<b>BOARD OF DIRECTORS</b>	
Mr. Lalit Bhasin	Chairman
Mr. Anil Goyal	Managing Director
Mr. L. N. Malik	Director
Mrs. Meenakshi Gopal	Director

**CHIEF FINANCIAL OFFICER**

Mr. C. P. Singh

**COMPANY SECRETARY**

Ms. Sukhmani Walia

**AUDITORS**

**M/s. P. Bholusaria & Co.**

Chartered Accountants,  
26/11, Shakti Nagar,  
Delhi - 110 007.

**REGISTERED OFFICE**

Plot No. 31, Echelon Institutional Area,  
Sector-32, Gurgaon - 122 001, Haryana  
Ph : 0124-4675500, Fax : 0124-4370985  
Email : corporate@hbleasing.com  
CIN: L65910HR1982PLC034071

**WEBSITE**

www.hbleasing.com

**REGISTRAR & SHARE TRANSFER AGENT**

**RCMC Share Registry Pvt. Ltd.,**

B-25/1, First Floor,  
Okhla Industrial Area, Phase-II, New Delhi – 110 020  
Phone : 011 – 26387320, 26387321, 26387323  
Fax : 011 - 26387322  
E-mail: shares@rcmdlhi.com.  
Website: www.rcmdlhi.com

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**NOTICE**

NOTICE is hereby given that the 33<sup>rd</sup> Annual General Meeting of HB Leasing and Finance Company Limited (the "Company") will be held as follows:

(Note: The Company is providing facility of voting by electronic means and the business of the Meeting may be transacted through electronic voting system)

**Day** : Tuesday

**Date** : 20<sup>th</sup> September, 2016

**Time** : 3.00 P.M.

**Place** : GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001 Haryana (Please see route map provided in this Annual Report)

To transact the following business/(s):

**AS ORDINARY BUSINESS/(S):**

- To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Lalit Bhasin (DIN:00002114), who retires by rotation and being eligible, offers himself for re-appointment.
- To re-appoint M/s. P. Bholusaria & Co., Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. P. Bholusaria & Co., Chartered Accountants, New Delhi (Firm Registration No.: 000468N), the retiring Auditors of the Company be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company."

**AS SPECIAL BUSINESS:**

- Alteration of Memorandum of Association (MOA) of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 4, 13 and any other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to all the applicable laws and regulations including but not limited to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members be and is hereby granted for alteration of the Memorandum of Association (MOA) of the Company as follows:

- Title of Clause III (A) "THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION" be replaced with the following:  
"THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:"
- Title of Clause III (B) "THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECT" be replaced with the following:  
"MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE:"
- In sub-clause 21 of Clause III (B), the words "provisions of Section 58A of the Companies Act, 1956" be replaced with "applicable provisions of the Companies Act, 2013 or any other enactment in force"
- In sub-clause 60 and 61 of Clause III (B), the words "provisions of the Companies Act, 1956" be replaced with "provisions of the Companies Act, 2013 or any other enactment in force".
- Clause III (C), the OTHER OBJECTS of the Memorandum of Association of the Company be deleted.
- Clause IV "The liabilities of the members is limited" be replaced with the following:  
"The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things and to sign all such forms, returns and other documents as may be necessary in order to give effect to the above resolution."

- To consider and approve passing of fresh resolution for borrowing monies under Section 180(1)(c) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession to the Ordinary Resolution adopted at the Annual General Meeting held on 30<sup>th</sup> November, 1994 and pursuant to the provisions of Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors of the Company, for borrowing monies for the purpose of business of the Company, from time to time, notwithstanding that the money(s) to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's banker in the ordinary course of business) will or may exceed the aggregate of the paid up Capital of the Company and its Free Reserves that is to say, reserves not set apart for any specific purpose, provided however that the aggregate amounts so borrowed and outstanding at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the aggregate sum of Rs. 300 Crores only (Rupees Three Hundred Crores only)".

**BY ORDER OF THE BOARD  
For HB LEASING AND FINANCE COMPANY LIMITED**

Sd/  
**SUKHMANI WALIA  
(COMPANY SECRETARY)  
Membership No.: ACS 41191**

**Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016**

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.

A PERSON WHOSE CALL MONEY IS IN ARREAR ON SHARES HELD BY HIM SHALL NOT BE TREATED AS A MEMBER AND SHALL NOT BE ELIGIBLE TO CAST A VOTE / E-VOTE AT THE ANNUAL GENERAL MEETING.

- An Explanatory Statement(s) pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business herein is annexed hereto and form part of this Notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 14<sup>th</sup> September, 2016 to 20<sup>th</sup> September, 2016. (Both days inclusive) for the purpose of Annual General Meeting.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agent namely RCMC Share Registry Pvt. Ltd.
- Members/Proxies are requested to bring Attendance Slips duly filled and signed in for attending the meeting alongwith their copy of Annual Report to the meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
- Pursuant to Section 113 of the Companies Act, 2013, Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to:
  - Notify any change in their address to the Company including PIN CODE to the Registrar and Share Transfer Agent of the Company namely:  
**RCMC Share Registry Pvt. Ltd.  
B-25/1, First Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi – 110 020  
Phone : 011 – 26387320, 26387321, 26387323  
Fax : 011 - 26387322  
E-mail: shares@rcmcdelhi.com**  
Members whose shareholding is in electronic mode are requested to direct change of address notifications and bank particulars for receiving the dividend, if declared, through electronic credit under ECS, to their respective Depository participants.
  - Bring their copies of Annual Report with them to the meeting as the same will not be supplied again at the Meeting as a measure of economy.

- The Company is implementing the "Green Initiative" to enable electronic delivery of Notices / Documents and Annual Reports to the Shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL / CDSL will be deemed to be your registered email address for

servicing Notices / Documents including those covered under Section 136 of the Companies Act, 2013. The Notice of Annual General Meeting and the copies of Audited Financial Statements, Director's Report, Auditors Report etc. will also be displayed on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com).

The Members holding Shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding Shares in physical mode are also requested to update their email addresses by writing to the Registrar and Share Transfer Agent of the Company at the address mentioned in 8(a) above quoting their folio number(s).

Copies of the Annual Report are being sent by electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report including Attendance Slip and Proxy Form are being sent by the permitted mode.

10. The Notice of AGM and the copies of audited financial statements and Annual report will also be available on the website [www.hbleasing.com](http://www.hbleasing.com) of the Company and on the website of [www.bseindia.com](http://www.bseindia.com).

As per Section 136(1) of Companies Act, 2013, physical copies of the aforesaid documents will also be available for inspection at the registered office of the Company at the normal business hours on all working days excluding Saturdays upto the date of Annual General Meeting of the Company.

**11. Voting through electronic means:**

- (i) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their votes by electronic means on all the resolutions proposed to be considered in this Annual General Meeting from a remote location ("Remote e-voting").
- (ii) The Company has engaged the services of Karvy Computershare Pvt. Ltd. ("Karvy") to provide the facility of Remote e-voting.
- (iii) The facility for voting through Physical Ballot Papers shall be made available at the meeting and members attending the meeting, who have not already cast their vote by Remote e-voting shall be able to exercise their right to vote at the meeting through Ballot Papers.
- (iv) The e-voting rights of the Members shall be in proportion to the paid-up value of their Shares in the Equity Share Capital of the Company. Members of the Company holding Shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 13th September, 2016**, may cast their vote by remote e-voting / at the meeting.
- (v) Any person who acquires Shares of the Company and becomes member of the Company after dispatch of the Notice and holding Shares as on the **cut-off date i.e. 13th September, 2016** may obtain the login Id and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com). However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote.
- (vi) The Remote e-voting period commences on **17th September, 2016 (09.00 A.M) and ends on 19th September, 2016 (05.00 P.M)**. The Remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (vii) Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. The Members who have cast their vote by Remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (viii) Ms. Jyoti Sharma (Membership No. 22578; C.P. No. 10196), Company Secretary in Whole-time Practice has been appointed as the Scrutinizer, failing her, Mr. Anuj Kumar Solanki, (Membership no. 31746, CP No. 13132), Company Secretary in Whole time Practice has been appointed as an Alternate Scrutinizer to scrutinize the remote e-voting and polling process in a fair and transparent manner.
- (ix) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through Remote e-voting in the presence of at least two witnesses not in the employment of the Company, and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the result of the voting forthwith upon submission of the Scrutinizer's Report.
- (x) The Company shall submit to the Bombay Stock Exchange Limited (BSE), within forty eight hours of the conclusion of the meeting, details regarding the voting results in the prescribed format. The results declared along with the Scrutinizer's Report(s) shall also be placed on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com) and on Karvy's website, <https://evoting.karvy.com> immediately after the declaration of results.
- (xi) In case of any queries pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website, <https://evoting.karvy.com> or call their Toll Free No. 1800-345-4001 for any further clarification.

- (xii) The instructions for availing the Remote e-voting facility indicating the process and manner of e-voting are given as hereunder.

➤ **In case a Member receives notice through e-mail from Karvy [for Members whose email IDs are registered with the Company / Depository Participants]:**

- (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>
- (b) Enter the login credentials (i.e. User ID and Initial Password provided by Karvy in e-mail). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

After entering these details appropriately, click on "LOGIN".

- (c) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character ( @, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (d) You need to login again with the new credentials.
- (e) On successful login, the system will prompt you to select the E-Voting Event Number for HB Leasing and Finance Company Limited.
- (f) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (g) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (h) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (i) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (j) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- (k) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [legal2015js@gmail.com](mailto:legal2015js@gmail.com) with a copy to Karvy at e-mail ID: [evoting@karvy.com](mailto:evoting@karvy.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."

➤ **In case a Member receives Notice in physical form [for Members whose email IDs are not registered with the Company / Depository Participants]:**

- (a) User ID and Initial Password as given in the e-voting notice sent along with the Annual Report.
- (b) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

- 12. All documents referred to in this Notice shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 A.M to 5.00 P.M) on all working days up to and including the date of the Annual General Meeting of the Company.
- 13. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 shall be available for inspection by the members at the Annual General Meeting.
- 14. Details of Directors seeking appointment/ reappointment at the ensuing Annual General Meeting [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] are as under:



## PROFILE OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING

(Refer Item No. 2 of the Notice for AGM)

<b>Name of the Director</b>	<b>MR. LALIT BHASIN</b>
<b>DIN</b>	00002114
<b>Date of Birth</b>	14 <sup>th</sup> August, 1968
<b>Date of Appointment</b>	29 <sup>th</sup> June, 1990
<b>Profile/ Expertise in Specific functional Areas.</b>	Mr. Lalit Bhasin is a commerce graduate from Shri Ram College of Commerce, Delhi University. He is an entrepreneur having more than 23 years of rich experience in the field of Stock market operations, Strategic Investment and Management.
<b>Qualifications</b>	Bachelor of Commerce
<b>List of directorships in other Listed entities. (As on 31st March 2016)</b>	<ol style="list-style-type: none"> <li>1. HB Stockholdings Limited</li> <li>2. HB Estate Developers Limited</li> <li>3. HB Portfolio Limited</li> <li>4. CHL Limited</li> <li>5. Jaypee Infratech Limited</li> </ol>
<b>Membership of Committee of the Board in other Listed entities. (As on 31st March 2016)</b>	<b>Audit Committee</b> CHL Limited <b>Nomination &amp; Remuneration Committee</b> CHL Limited <b>Stakeholders Relationship Committee</b> CHL Limited <b>CSR Committee</b> HB Stockholdings Ltd.
<b>Shares held by the Director</b>	21,63,377
<b>Whether related to any Board Members of the Company</b>	No

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

#### ITEM NO. 4

As per the provisions of the Companies Act, 2013, the Memorandum of Association (MOA) of a Company shall state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance thereof. It shall also state that the liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the Shares held by them. Further, any provision contained in the Memorandum of Association shall, to the extent to which it is repugnant to the provisions of the Companies Act, 2013, become or be void, as the case may be. Therefore, Other Objects clause mentioned in the Memorandum of Association of the Company is repugnant to the provisions of the Companies Act, 2013 Therefore the Board of Directors has decided to alter the existing Memorandum of Association of the Company in line with the provisions of the Companies Act, 2013 by making suitable changes thereto.

The Draft Memorandum of Association would be available for inspection by the Members at the Registered Office of the Company during normal business hours on all working days up to and including the date of the Annual General Meeting.

The Board recommends the Special Resolution at Item No. 4 of the Notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

#### ITEM NO. 5

The members of the Company at their Annual General Meeting held on 30<sup>th</sup> November, 1994 approved by way of an Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956 giving consent to the Board of Directors to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 300 crores.

Section 180(1) (c) of the Companies Act 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 as set out at item no. 5 of the notice, to enable to the Board of Directors to borrow money in excess of the aggregate of paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 300 crores (Rupees Three hundred Crores only) money in excess of the aggregate of paid up share capital and free reserves of the Company.

The Board recommends the Resolution as set out at item no. 5 of the Notice, for the approval of the members.

None of the directors, Key Managerial Personnel of the Company and their relatives are anyway, concerned or interested, financially or otherwise, in the special resolution, set out at item no. 5 of the notice.

**BY ORDER OF THE BOARD**  
For HB LEASING AND FINANCE COMPANY LIMITED

Sd/-  
**SUKHMANI WALIA**  
(COMPANY SECRETARY)  
Membership No.: ACS 41191

Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016

**DIRECTORS' REPORT**

To  
The Members,

The Directors are pleased to present the 33<sup>rd</sup> Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL RESULTS**

The Financial Results of the Company during the year under review are summarized as under:-

PARTICULARS	₹ in Lakhs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Total Turnover	25.13	100.67
Gross Profit/(Loss)	43.20	33.32
<b>Less :</b>		
(a) Depreciation	0.00	1.67
(b) Finance Cost	0.00	0.00
(c) Provision for Income Tax- Deferred/(Credit)	0.28	(0.03)
<b>Net Profit /(Loss)</b>	<b>(43.48)</b>	31.68
<b>Appropriations</b>		
Statutory Reserve Fund	0.00	6.33
General Reserve	0.00	0.00
Proposed Dividend	0.00	0.00
Tax on Dividend	0.00	0.00
Balance Brought Forward		
Accumulated Profits	<b>(2912.50)</b>	(2869.02)

**DIVIDEND**

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

**PERFORMANCE REVIEW & OUTLOOK**

During the year, the BSE sensitive Index was at 27,597 at the start of the financial year and ended at 25,479 in March 2016. The year was marked by high volatility in the stock market. As a result, the Divestment/ Investment activity of the Company was curtailed during the year and the Company posted a Gross Profit of ₹ 43.20 Lakhs as compared to Gross profit of ₹33.32 Lakhs in the previous year. Net Loss after tax for the year under review was ₹ (43.48) Lakhs as compared to the net profit of ₹ 31.68 Lakhs in the previous year.

According to IMF World Economic Outlook, overall, Indian economy is expected to grow at 7.00-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. GDP Growth is projected to be stronger in 2016 as compared to 2015. The medium term to long term growth prospects look positive in view of the Government's determination to bring in reforms. For the year 2016 the economy is expected to grow at a higher rate than in 2015. The long term prospect for the economy is optimistic.

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

**STATUTORY STATEMENTS**

**(i) Share Capital**

The Paid up Equity share capital as on 31st March, 2016 is Rs. 11,00,41,095/-. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

The Shareholding of Directors of the Company (including Promoter Director) is given in the Corporate Governance Report forming part of this report.

**(ii) No. of meeting(s) of the Board**

During the year, four (4) Board Meetings were convened and held. The details of the Board Meetings are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**(iii) Public Deposits**

Your Company has neither invited nor accepted any deposits from the public / shareholders pursuant to Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

**(iv) Significant and other material orders passed by the Regulators or Courts**

There are no significant material orders passed by the Regulators / Courts or Tribunal during the year under review which has an impact on the Going Concern status and Company's operations in the future.

**(v) Particulars of Loans, Guarantees or Investments under section 186**

Details of Loans, Guarantees or Investments made by the Company in the ordinary course of business covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**(vi) Particulars of Contracts or Arrangements with Related Parties**

Details of Contracts or arrangements covered under the provisions of Section 188 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**(vii) Conservation of Energy, Technology Absorption and foreign and outgo**

The particulars under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 with regard to conservation of energy and technology absorption are not applicable to the Company. During the year under review, there were no earnings or outgo in foreign exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) and sub-section (5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- in the preparation of the Annual Accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls in the company that are adequate and were operating effectively.
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from Mr. L.N. Malik and Mrs. Meenakshi Gopal, Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and applicable provisions as per Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT**

As required under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report; a Report on the Corporate Governance together with the Compliance Certificate from the Company's Statutory Auditor's confirming compliance(s) forms an integral part of this report.

**WHISTLE BLOWER POLICY -VIGIL MECHANISM**

In terms of the provisions of Sec 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism for Stakeholders, Employees and Directors of the Company has been established. The Whistle Blower Policy duly approved by the Board of Directors has been uploaded on the website of the Company viz [www.hbleasing.com](http://www.hbleasing.com) having following web link, [www.hbleasing.com/Investor Information/Corporate Governance](http://www.hbleasing.com/Investor Information/Corporate Governance).

**RELATED PARTY TRANSACTIONS**

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. There were no materially significant Related Party Transactions entered into by the Company during the year under review. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company.

The Board of Directors, on the recommendation of the Audit Committee, has approved a Policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the Rules made there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy on Related Party Transactions has been uploaded on the website of the Company [www.hbleasing.com](http://www.hbleasing.com).

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The Company is committed to transparency and fairness in dealing with all Stakeholders and in ensuring adherence to all laws and regulation in force.

The Board of Directors has adopted the Code of Conduct for regulating, monitoring and reporting of trading by insiders and other connected persons, in compliance with Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct lays down guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company, as well as the consequences of violation. The Code of Conduct has been formulated for prevention of Insider Trading and to maintain the highest standards of dealing in Company Securities.

**PRESERVATION OF DOCUMENTS & ARCHIVAL POLICY**

In terms of Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors in their meeting held on 12th February, 2016 has adopted a Policy for Preservation of Documents & Archival thereof, classifying them in two categories as follows:

- documents whose preservation shall be permanent in nature;
- documents with preservation period of not less than eight years after completion of the relevant transactions.

The said Policy has been uploaded on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com)

**DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

The Board of Directors has adopted the Risk Management Policy which sets out the framework for the management of risks faced by the Company in the conduct of its business to ensure that all business risks are identified, managed and monitored. The contents of Risk Management Policy have been included in Management Discussion and Analysis forming part of this report.



# HB LEASING AND FINANCE COMPANY LIMITED

## PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace. The Board of Directors in their meeting held on 28th May, 2016 has reconstituted the Internal Complaint Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. The Internal Complaint Committee comprises of following members:

- Mrs. Banmala Jha , Presiding Officer ( Senior V.P. Legal - HB Stock Holdings Limited)
- Mrs. Madhu Suri, Member (Working in the Delhi Legal Services Authority as a Counsellor)
- Mr. Anil Goyal, Member (Managing Director)
- Ms. Sukhmani Walia, Member (Company Secretary)

The functions of the Committee are mentioned in the Corporate Governance Report. No complaint was received during the year and no complaint was pending to be resolved as on 31.03.2016.

## INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of Internal Controls. The information about Internal Controls is set out in the Management Discussion and Analysis forming part of this report.

## INTERNAL FINANCIAL CONTROLS

The Company has established Internal Financial Control System for ensuring the orderly and efficient conduct of the business including adherence to Company's Policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable Financial Statements.

## AUDITORS OF THE COMPANY

### a) Statutory Auditors

M/s. P. Bhulsharia & Co., Chartered Accountants, New Delhi (FRN 000468N), the Statutory Auditors of the Company shall hold office till the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified for re-appointment. Observations of the Statutory Auditors are explained, wherever necessary, by way of Notes to the Financial Statements.

### b) Internal Auditors

M/s. M.K. Choudhary & Co., Chartered Accountants, New Delhi performs the duties of the Internal Auditors of the Company and their report is reviewed by the Audit Committee on quarterly basis .

### c) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014, the Company has appointed Mr. Amar Nath Kukreja, M/s. A. N. Kukreja & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is enclosed as a part of this report as "ANNEXURE - I".

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

### (a) Appointment / Re-appointment / Resignation of Directors and KMP

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Lalit Bhasin (DIN: 00002114), Director (Chairman) shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

Ms. Swati Vaish has resigned from the position of the Company Secretary with effect from 5th March, 2016. In pursuance to the provisions of Section 203 with Rule 8 of Companies (Appointment and Remuneration) Rules, 2014 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act 2013, the Board of Directors in the Board Meeting held on 28th May, 2016 has appointed Ms. Sukhmani Walia as the Company Secretary and Compliance Officer, being designated as Key Managerial Personnel of the Company.

The Company has also received declarations from all the Independent Director(s) confirming that they meet with the criteria of Independence as prescribed both under Section 149(6) of the Companies Act, 2013 and under Regulation 16(1)(b), 25(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (b) Nomination and Remuneration Policy

The Board of Directors has, on the recommendation of the Nomination and Remuneration Committee approved a policy for selection, appointment & remuneration including criteria for determining qualifications, positive attributes of Directors, Key Managerial Personnel (KMP) and Senior Management employees of the Company in pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said policy forms a part of this Report as "Annexure III".

### (c) Board Diversity

The Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

The Company believes that a diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced growth of the Company. The Board of Directors on the recommendations of the Nomination and Remuneration Committee has adopted a Policy on Diversity of

Board of Directors in terms of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (d) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 (4) as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

### (e) Remuneration of the Directors / Key Managerial Personnel (KMP) and Particulars of Employees

The provisions of Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable, as there are no such employee who were drawing / in receipt of remuneration of prescribed amount during the period under review.

The Company has one Executive Director, Mr. Anil Goyal. No remuneration is paid to him as he holds the office of the Managing Director of HB Portfolio Limited and opts to draw his remuneration from HB Portfolio Limited. The non-executive directors are paid only sitting fees for attending the meeting of the Board of Directors and the Committees constituted by the Board.

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors / Key Managerial Personnel (KMP) and Employees of the Company is furnished hereunder:

- the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year &
- the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Sr. No.	Name	Category	Ratio/Times per Median of employee remuneration	% Increase in remuneration
1.	Mr. Anil Goyal	Managing Director (Executive)	NIL	NIL
2.	Mr. Lalit Bhasin	Director (Non-Executive)	NIL	NIL
3.	Mr. L.N. Malik	Director (Non-Executive)	NIL	NIL
4.	Mrs. Meenakshi Gopal	Director (Non-Executive)	NIL	NIL
5.	*Ms. Swati Vaish	Company Secretary		NIL

\*Ms. Swati Vaish resigned from the position of the Company Secretary w.e.f 5th March, 2016

- the number of permanent employees on the rolls of Company.
- the explanation on the relationship between average increase in remuneration and Company performance.
- comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

Particulars	₹ (Lacs)
Remuneration of Key Managerial Personnel (KMP) (aggregated)	8.01
Total Revenue	25.13
Remuneration (as% of revenue)	31.87%
Profit/ Loss Before Tax (PBT/ LBT)	(43.20)
Remuneration (as% of PBT/ LBT)	18.54%

- variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.

Particulars	As at 31st March, 2016	As at 31st March, 2015	Variation
Closing rate of Share (BSE) (₹)	2.8	1.93	45.07%
EPS (Consolidated) (₹)	(0.39)	0.29	34.48%
Market Capitalization (₹/Lacs)	309.75	213.51	45.07
Price Earning ratio	4.41	6.65	(33.69%)



(vii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

**Nil**

(viii) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.

(₹ Lacs)

Particulars	Managing Director	Chief Financial Officer	*Company Secretary
Remuneration	NIL	5.27	2.74
Revenue	25.13	25.13	25.13
Remuneration (as % of revenue)	NIL	20.97%	10.90%
Profit/ Loss Before Tax (PBT/ LBT)	(43.20)	(43.20)	(43.20)
Remuneration (as % of PBT/ LBT)	NIL	(12.20%)	(6.34%)

\* Ms. Swati Vaish resigned from position of Company Secretary w.e.f. 05.03.2016

(ix) the key parameters for any variable component of remuneration availed by the directors.

**Nil**

(x) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

**None**

(xi) The remuneration paid to the Directors / Key Managerial Personnel (KMP) is in accordance with the remuneration policy of the Company.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return is required under section 92(3) of the Companies Act, 2013 in **Form MGT-9** in annexed herewith as "**Annexure IV**".

**ACKNOWLEDGMENTS**

Your Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Banks, Company's Shareholders and Employees.

For and on Behalf of The Board  
**HB LEASING AND FINANCE COMPANY LIMITED**

Sd/-  
**LALIT BHASIN**  
 (CHAIRMAN)  
 DIN : 00002114

Place : Gurgaon  
 Date : 28<sup>th</sup> May, 2016



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1. OPERATING RESULTS**

The Company's total income for the year under review is ₹ 25.13 lakhs as compared to ₹ 100.67 lakhs in the previous year. During the year under review the total expenses amounted to ₹ 68.33 lakhs as compared to ₹ 69.02 lakhs during the previous year.

**2. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The world economy slowed down further in calendar year 2015 on account of lower global economic growth, as compared with calendar year 2014. Global activity continued to decelerate, triggered by slowing growth in emerging and developing markets as they contribute to about 70% of the global growth. Global GDP fell to 2.3% in the last quarter of the calendar year 2015, below the threshold of 2.5%, which indicates recessionary trends and hence, Morgan Stanley has commensurately raised their global recession risk probability from 20% to 30%. The Chinese economy is being hampered by a slowdown in imports and exports and declining investments and manufacturing activity. This is causing a spillover effect on other economies linked with trade channels. Japan received the single-biggest downgrade for any country with GDP declining by half to just 0.6% in Financial Year 2016 as compared with 1.2% in Financial Year 2015. Moreover, oil prices have fallen dramatically, which resulted in excess of production over consumption.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). Several measures have been outlined in the Union Budget 2016-17 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure.

India's financial services sector is diversified, comprising of entities such as commercial banks, co-operatives, insurance companies, pension funds, mutual funds, non-banking Financial companies and other various entities. Retail credit of NBFCs stood at Rs. 4.7 trillion as on December 31st 2015 and has registered a higher growth of 18.8% against the growth rate of 14.5% in Financial Year 2015. The competitive intensity is increasing with regulatory changes for NBFCs and with the increased focus on retail credit by banks because of pressures on corporate credit.

**3. OPPORTUNITIES AND THREATS**

With the globalization and electronic age, Indian stock market changed over the past decade. Nearly 100% of all transactions are executed through electronic media online trading system. The developments of high-tech and transparent markets with an increasingly wide geographic footprint have increased the number of trading venues offering diverse pools of liquidity.

Current elevated rates of inflation pose significant risks to future growth. With the attention of Government focused in containing the inflation, the economic growth may see a deceleration with corporates turning in moderate growth.

**4. FUTURE PROSPECTS AND OUTLOOK**

The global economic climate continues to be volatile, uncertain and prone to geo-political risks. The marked slowdown in global markets is expected to continue in 2016. The sharp fall in growth of emerging markets, notably China, will continue to keep commodity prices including oil, which is significantly lower than last year, volatile. The divergence in developed market growths as a result of the US recovery is expected to add to the volatility in the currency markets. In this global backdrop, India is expected to perform better, aided by improving macroeconomic fundamentals. However, execution of the reform agenda and kick starting the investment cycle will be key determinants of India's economic performance. While currently inflation is benign, upside pressures on inflation from the vagaries of monsoon or sudden changes in the rupee, could have a significant bearing on inflation.

**5. RISKS AND CONCERNS**

The Company like any other Company is exposed to specific risks that are particular to its business and the environment within which it operates. The Company is exposed to the market risk (including liquidity risk) and also the factors that are associated with capital market, which inter alia includes economic/business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility and credit risk.

**Risk Management Policy**

This Policy is framed as per the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013 for the risk assessment and minimization procedures, implementing and monitoring the risk management plan of the Company. The Senior Management is responsible for identification of new risks, changes to existing risks and retirement of previously identified risks through a formal decision making process. To ensure key risks are identified and analysed, the Senior Management:

- (a) defines risks in the context of the Company's strategy;
- (b) prepares risk profiles including a description of the material risks, the risk level and action plans used to mitigate the risk; and
- (c) regularly reviews and updates the risk profiles.

The Company has implemented a systematic process to assist in the identification, assessment, treatment and monitoring of risks and provides the necessary tools and resources to management and staff to support the effective management of risks. Risks faced by the Company in its business principally arise from Equity Capital markets. This includes macroeconomic risks, investee company specific risks, market wide liquidity risks and execution risks relating to the company/its intermediaries. The macroeconomic risks, investee company specific risks are covered by investment decisions based on third party research and internal assessment. Market wide risks are assessed and managed by investment timing decisions. The execution risk is managed by dealing with reputed intermediaries and through own back office discipline re accounting and follow up of trades. The Company assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed.

**6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company ensures adherence to all internal control policies and procedures as well as have proper and adequate system of Internal Controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are recorded and reported.

The Company ensures adherence to all Internal Control policies and procedures as well as compliance with all regulatory guidelines. The Internal Auditor monitors and evaluates the efficacy and adequacy of Internal Control Systems in the Company, its compliance with the operating systems, accounting procedures and policies. The Audit Committee reviews the internal controls at periodic intervals in close coordination with the Internal Auditors.

**7. FINANCIAL PERFORMANCE**

- a) **Share Capital:** The Paid up Equity share capital as on 31<sup>st</sup> March, 2016 is ₹ 11,00,41,095/-. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.
- b) **Reserves and Surplus:** As at 31<sup>st</sup> March, 2016, the reserves and surplus is ₹ (901.57) lakhs as against ₹ (858.09) lakhs during the previous year.
- c) **Non- Current Assets:** As at 31<sup>st</sup> March, 2016, the Non- Current assets stood at ₹ 112.57 lakhs as against ₹ 220.53 lakhs during the previous year.
- d) **Current Assets & Current Liabilities:** The current assets and current liabilities & provisions as at 31<sup>st</sup> March, 2016 stood at ₹ 232.16 lakhs and ₹ 344.92 lakhs respectively against ₹ 130.67 lakhs and ₹ 105.62 lakhs for the previous year.

**8. HUMAN RESOURCES**

The Company has adequate human resources which is commensurate with the current volume of activity and is reviewed by the management periodically and the Company would induct competent personnel on increase / expansion of the activity.

**9. CAUTIONARY STATEMENT**

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

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company's philosophy on Corporate Governance envisages adopting the high standards of transparency, accountability and ethics in all transactions and interactions with all Stakeholders including but not limited to the Shareholders, the Government, Suppliers, Contractors and other business associates.

**2. SIZE AND COMPOSITION OF THE BOARD**

The Board of Directors of our Company comprises of Four (4) directors out of whom three (3) are non-executive and two (2) directors are Independent directors as on 31st March, 2016. Mrs. Meenakshi Gopal is the Woman Director on the Board of the Company. The non-executive directors are proficient in their own fields and bring with them decades of rich experience. Mr. Lalit Bhasin is the Chairman and Non - Executive Director of the Company. Mr. Anil Goyal is the Managing Director of our Company. The strength of the Independent Directors is half of the total strength of the Board. All the Non-Executive

Directors are proficient in their respective fields and bring with them tremendous experience in the areas of Banking, finance, Taxation, Legal expertise, Securities market operations, Corporate Affairs and Management.

The composition of the Board is in conformity with the Regulation 17 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2016

None of the Directors is a Member of more than 10 Committees and or is acting as a Chairperson of more than 5 Committees as under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Four (4) Board meetings were held during the year under review on 28th May, 2015, 11th August, 2015, 03th November, 2015 and 12th February, 2016.

The particulars regarding composition of the Board of Directors and its Meetings held during the year with their shareholding in the Company as on 31st March, 2016 and presence in last AGM are given hereunder:-

Name of the Director	Category	Directorships in Other Public Companies*		Committee Membership held in Other Public Companies*		No. of Board Meetings during the year		Attended Last AGM	Shares held
		Director	Chairman	Member	Chairman	Held	Attended		
Mr. Lalit Bhasin	PromoterNon Executive	8	3	2	1	4	4	Yes	21,63,377 (19.56%)
Mr. Anil Goyal	Non-Independent Executive	9	NIL	5	NIL	4	4	Yes	150 (Insignificant)
Mr. L. N. Malik	Independent & Non – Executive	2	NIL	NIL	NIL	4	4	Yes	300 (Insignificant)
Mrs. Meenakshi Gopal	Independent & Non – Executive	1	NIL	1	NIL	4	3	Yes	NIL

The number of Committees (Audit Committee and Stakeholder Relationship Committee) of Public Limited Companies in which a Director is a Member / Chairperson is within the limits provided under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for all the Directors of the Company. The number of Directorships of each Independent Director is also within the limits as prescribed under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are related to each other as defined in Section 2(77) of the Companies Act, 2013.

The Company has issued formal letter of appointment to the Independent Directors as per the provisions of Sec 149 read with Schedule IV of the Companies Act, 2013. The terms and conditions of appointment are also disclosed on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com)

In terms of the provisions of the Articles of Association of the Company, one-third of the Directors of the Company, who are liable to retire by rotation shall retire at every Annual General Meeting. Accordingly, Mr. Lalit Bhasin (DIN 00002114), Director (Chairman) shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The details of Director seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice of the ensuing Annual General Meeting.

**3. INDEPENDENT DIRECTORS MEETING**

During the year under review, the Independent Directors met on 12th February, 2016, inter alia, to discuss and evaluate:

- (i) the performance of Non-Independent Directors and the Board of Directors as a whole;
- (ii) the performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
- (iii) the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Further, the Company gave the presentation to the Independent Directors as a part of the familiarisation programme to make them aware about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The details of such familiarisation programme have been uploaded on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com)

All the Independent Directors were present at the Meeting.

**4. PERFORMANCE EVALUATION CRITERIA**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of SEBI (Listing and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, individual Directors, Audit and Nomination & Remuneration Committees. A structured questionnaire covering their areas of functioning, execution and performance of specific duties, obligations and governance was prepared. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. Performance evaluation of individual Directors on parameters such as level of independence of judgement, safeguarding the interest of the Company and its shareholders etc. was done by the Board separately. The Board also carried out annual performance evaluation of the

working of its Audit, Nomination and Remuneration as well as Stakeholders Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

**5. BOARD COMMITTEES**

**(A) AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Lachmi Narain Malik as its Chairman, Mr. Lalit Bhasin and Mrs. Meenakshi Gopal as its Members and the Company Secretary of the Company as Secretary to the Committee. As per the provisions of Section 177(4) of the Companies Act, 2013 and rules made there under, The Audit Committee has been empowered, inter-alia, to carry out the following functions:

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Modified opinion(s) in the draft Audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;



- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the audit Committee
- xxi. The Audit Committee shall mandatorily review the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses; and
  - e) the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
  - f) Statement of deviations:
    - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1).
    - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

During the year under review, four (4) Audit Committee Meetings were held on 28th May, 2015, 11th August, 2015, 03rd November, 2015 and 12th February, 2016. All the members were present in all the Committee Meetings.

The Audit Committee plays a crucial role in running the Corporate Governance Functions. During the year the roles and responsibility of the Audit Committee have been effectively carried out. The Audit Committee reviewed the related party transactions, financial operations and performance of the Company, interacted with the Auditors and Internal Auditors, considered the reports of the Auditors and provided its valuable suggestions and recommendations to the Board of Directors from time to time.

**(B) NOMINATION AND REMUNERATION COMMITTEE**

The "Nomination and Remuneration Committee" has been reconstituted by the Board of Directors in their meeting held on 12th February, 2016 and has approved the revised term of reference in conformity to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee consists of three Directors as members. All of whom are Non-Executive and Independent Directors including the Chairman of the Committee. The Nomination and Remuneration Committee comprises of following members:

- (i) Mr. Lachmi Narain Malik, Chairman (Independent Director)
- (ii) Mr. Lalit Bhasin, Member
- (iii) Mrs. Meenakshi Gopal, Member (Independent Director)

The Company Secretary acting as Secretary to the Committee

**The Nomination and Remuneration Committee has been empowered, inter-alia, to carry out the following functions:-**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent Directors.

During the year under review One (1) Nomination and Remuneration Committee Meeting was held on 12th February, 2016 and the same were attended by all the committee members.

The Remuneration Policy of the Company has been included as part of the Directors Report as "Annexure - II" thereto.

All the Non-Executive Directors of the Company are paid remuneration by payment of sitting fees for each meeting of the Board and Committees thereof attended by them. The details of the payment of remuneration is mentioned below:

Director(s)	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. Lalit Bhasin	NIL	44,000/-	NIL	NIL
Mr. Anil Goyal	NIL	NIL	NIL	NIL
Mr. L. N. Malik	NIL	42,000/-	NIL	NIL
Mrs. Meenakshi Gopal	NIL	32,000/-	NIL	NIL

Payment of Sitting fee for Board and the Committee meetings were fixed by the Board of Directors within the overall ceiling limits laid down under Rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the same shall be revised from time to time. None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company.

**(C) STAKEHOLDERS RELATIONSHIP COMMITTEE**

In compliance with regulation 20 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 178 of Companies Act, 2013 the Stakeholders Relationship Committee comprises of following members:

- (i) Mr. Lalit Bhasin, Chairman
- (ii) Mr. Anil Goyal, Member
- (iii) Mrs. Meenakshi Gopal, Member (Independent Director)

The Company Secretary acting as Secretary to the Committee who has also been designated as the Compliance Officer of the Company.

**The Stakeholders Relationship Committee has been empowered, inter-alia, to carry out the following functions:-**

- i. To consider and approve the transfer, transmission and issue of fresh/duplicate share certificates.
- ii. To review the status of dematerialization of company's shares and matters incidental thereto.
- iii. To review and monitor the approval to the transfers and transmissions made by the Executive Director, under executive authority delegated to him from time to time.
- iv. To consider, review and look into the redressal of grievances of shareholders, debenture holders and other security holders
- v. To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.
- vi. To consider and finalize the Report on Corporate Governance to be annexed with the Annual Report of the company.
- vii. To deal with any other matters related and/or incidental to the shareholders.

During the year under review Four (4) Stakeholders Relationship Committee Meetings were held on 8<sup>th</sup> May, 2015, 15<sup>th</sup> July, 2015, 27<sup>th</sup> November, 2015 and 11<sup>th</sup> January, 2016 and the same were attended by all the Committee members.

**Number of Shareholders Complaints received and redressed during the year 2015-2016:**

Nature of Grievance	Received	Cleared
Non receipt of Dividend	1	1
Non receipt of Annual Report	2	2
Transfer, Transmission, Issue of Share Certificate etc.	1	1
<b>TOTAL</b>	<b>4</b>	<b>4</b>

**6. GENERAL BODY MEETINGS**

**Details of Annual General Meetings (AGM):**

- (i) **Location and time where the last 3 AGM's were held:**

Year	Type	Location	Date	Time
2014-15	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001	09.09.2015	03.00 P. M.
2013-14	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001 (Haryana)	29.10.2014 (Extension taken by the Company from ROC)	03.00 P. M.
2012-13	AGM	GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon - 122 001 (Haryana)	17.09.2013	11.00 A.M.



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

Year	Special Resolution(s)
2014-15	NIL
2013-14	To consider and approve the appointment of Mr. Anil Goyal (DIN 00001938) as Managing Director
	To consider and approve adoption of new set of Articles of Association of the Company
2012-13	NIL

E-voting facility was provided to all members pursuant to the provisions of Section 108 of the Companies Act, 2013, rules made there under and Clause 35B of the erstwhile Listing Agreement.

(iii) Whether any Special Resolutions passed last year through Postal : **No**

(iv) Whether any Special Resolution is proposed to be conducted through Postal Ballot: **No**

**7. MEANS OF COMMUNICATION**

I. **Quarterly Results:** Dissemination through Stock Exchange, Company's Website and through publication in newspaper as required under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

II. **Newspaper wherein results normally published:** Business Standard (Hindi & English).

III. **Website where displayed:** www.hbleasing.com

IV. The website also displays Public Notices / Announcements containing important communications made to the Bombay Stock Exchange. As and when any presentation is made to institutional investors the same would be simultaneously uploaded on the Company's Website.

**8. DISCLOSURES**

I. There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the Financial Statements for the year ended 31st March, 2016 forming part of the Financial Statements. The Policy on Related Party Transactions has been uploaded on the website of the Company, [www.hbleasing.com](http://www.hbleasing.com).

II. No penalty has been imposed nor any structures have been passed by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to Capital Markets during the last three years.

III. The Vigil Mechanism for Stakeholders, Employees and Directors of the Company has been established. The Whistle Blower Policy duly approved by the Board of Directors has been uploaded on the website of the Company. No personnel have been denied access to the Audit Committee.

IV. All the mandatory requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance are being adhered to / complied with.

V. The Company has adopted a code of conduct applicable to all Directors and Senior Management Personnel of the Company and the same has been posted on the Company's website viz. [www.hbleasing.com](http://www.hbleasing.com) having following web link, [www.hbleasing.com/Investor Information/Corporate Governance](http://www.hbleasing.com/Investor%20Information/Corporate%20Governance). For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of said code.

VI. The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**ADOPTION OF DISCRETIONARY REQUIREMENTS UNDER REGULATION 27 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

The Internal Auditor directly reports to the Audit Committee.

**9. GENERAL SHAREHOLDER INFORMATION**

I. **Ensuing Annual General Meeting Date, Time and Venue:**

Location	Date	Time
GIA House, I.D.C., Mehrauli Road, Opp. Sector 14, Gurgaon (Haryana) – 122 001	20.09.2016	03.00 P. M.

II. **Financial Year** : 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

III. **Date of Book Closure** : 14<sup>th</sup> September 2016 to 20<sup>th</sup> September 2016 review.

IV. **Dividend Payment Date** : No dividend is being declared for year under

V. **Stock Code** : The Company's Scrip Code at BSE is 508956.

VI. **Listing on Stock Exchanges:**

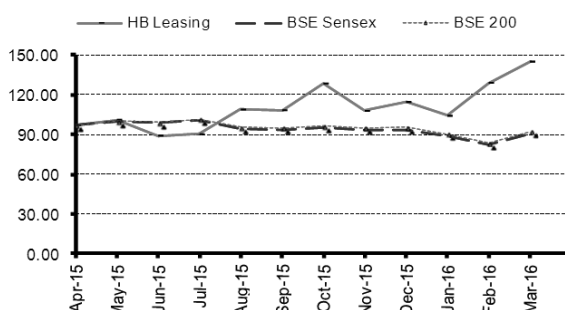
The Company's Equity Shares are listed at Bombay Stock Exchange Limited (BSE), Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Annual Listing Fee for the financial year 2016-2017 has been paid to BSE.

The Company has also entered into fresh Listing Agreement with BSE in compliance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VII. **Market Price Data:** The monthly High, Low price of the Company during each month in the last financial year at BSE is as under:

Month	High Price	Low Price	Close Price	Volume
Apr 15	2.10	1.77	1.87	12,303
May 15	2.04	1.85	1.95	6,215
Jun 15	1.95	1.70	1.72	10,770
Jul 15	1.83	1.65	1.74	7,158
Aug 15	2.50	1.82	2.10	19,134
Sep 15	2.29	1.91	2.09	12,117
Oct 15	2.48	1.93	2.48	19,215
Nov 15	2.51	2.08	2.08	5,773
Dec 15	2.30	1.90	2.21	19,619
Jan 16	2.77	1.92	2.01	23,636
Feb 16	2.55	2.11	2.49	7,173
Mar 16	2.80	2.08	2.80	38,603

VIII. **Performance in Broad Based indices:**



IX. **Stock Performance-Absolute returns**

	1 YEAR
HB Leasing	49.73
BSE Sensex	(6.18)
BSE 200	(4.84)

X. **Registrar and Share Transfer Agents:**

**RMC Share Registry Pvt. Ltd.**

B-25/1, First Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi – 110 020  
Phone: 011 – 26387320, 26387321, 26387323  
Fax : 011 - 26387322  
E-mail: [shares@rcmcdelhi.com](mailto:shares@rcmcdelhi.com)

i. **Share Transfer System**

Share Transfers are registered and returned within a period of thirty (30) days from the date of receipt, if the documents are clear in all respects. The authority for transfer of shares has been delegated to the Managing Director for transfer of shares up to a fixed number beyond which the matters are placed before the shareholders Committee, which meets as and when required. As reported by Company's RTA all valid requests for transfer during the year under review were transferred within stipulated time limit.

ii. **The distribution of shareholdings of the Company as on 31<sup>st</sup> March, 2016 is as under:**

No. of Shares	Shareholders		Shareholding	
	Numbers	% to total	Numbers of Shares	% to total
Up to 5000	34819	97.43	4378324	39.58
5001-10000	526	1.47	407774	3.69
10001-20000	216	0.60	316206	2.86
20001-30000	57	0.16	146443	1.32
30001-40000	31	0.09	110338	1.00
40001-50000	11	0.03	51207	0.46
50001-100000	32	0.09	222120	2.01
100001 and above	47	0.13	5430319	49.09
<b>TOTAL</b>	<b>35739</b>	<b>100.00</b>	<b>11062731</b>	<b>100.00</b>



The category-wise distribution of Shareholders is as follows:

Category	No. of Shares held	% of Shareholding
<b>A. Promoters Holding</b>		
• Indian Promoter	39,46,877	35.68
• Foreign Promoters	0	0.00
<b>B. Public Shareholding (Institutions)</b>		
• Mutual Funds and UTI	1,570	0.01
• Banks/Financial Institutions	1,010	0.01
• Foreign Institutional Investors	0	0.00
<b>C. Public Shareholding (Non Institutions)</b>		
• Individual having Nominal Share Capital:		
• Upto Rs. 2 lakhs.	55,69,188	50.34
• In excess of Rs. 2 lakhs.	5,49,371	4.97
• Any other (specify)	9,94,715	8.99
<b>Total</b>	<b>1,10,62,731</b>	<b>100.00</b>

**XI. Dematerialization of Share and Liquidity:**

The shares of the Company are tradeable compulsorily in the electronic form. The Company is a member of both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The ISIN No. allotted to the Company is INE549B01016. As at 31st March 2016, 74,32,041 Equity Shares of the Company are held in dematerialized form constituting 67.54% of the Company's subscribed share capital.

As stipulated by SEBI, a qualified Practising Company Secretary carries out Audit of Reconciliation of Share Capital to reconcile the Total Admitted, Issued and Listed Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Bombay Stock Exchange (BSE).

**XII. The Company has no outstanding GDRs/ ADRs/ Warrants or any other instruments convertible into equity.**

**XIII. Compliance Officer:**

Company Secretary of the Company acts as the Compliance Officer.

**XIV. Registrar and Transfer Agents:**

**RCMC Share Registry Pvt. Ltd.**

B-25/1, First Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi – 110 020  
Phone: 011 – 26387320, 26387321, 26387323  
Fax : 011 - 26387322  
E-mail: shares@rcmcdelhi.com

**XV. Address for Correspondence:**

**HB Leasing and Finance Company Limited**  
HB House, Plot No. 31, Echelon Institutional Area,  
Sector-32, Gurgaon – 122 001, Haryana.  
E-mail: corporate@hbleasing.com

**MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT**

The Members of  
**HB Leasing and Finance Company Limited**  
**Gurgaon**

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

For HB Leasing and Finance Company Limited

Sd/-

Anil Goyal

Managing Director

(DIN: 00001938)

Place : Gurgaon

Date : 28<sup>th</sup> May, 2016

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange.

**INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE**

To the Members of  
**HB Leasing and Finance Company Limited**  
Gurgaon 122001

- We have examined the compliance of conditions of Corporate Governance by HB LEASING AND FINANCE COMPANY LTD. ("the Company"), for the year ended on March 31, 2016, as stipulated in
  - Clause 49 (excluding clause 49 (VII) (E) of the Listing Agreements of the Company with stock exchanges) for the period April 1, 2015 to November 30, 2015.
  - Clause 49 (VII) (E) of the Listing Agreements of the Company with stock exchanges for the period April 1, 2015 to September 1, 2015.
  - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period September 2, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 1, 2015 to March 31, 2016.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
- We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR P. BHOLUSARIA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No.: 000468N**

Sd/-

(AMIT GOEL)

PARTNER

Membership No.: 092648

Place : Gurgaon

Date : 28<sup>th</sup> May, 2016

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**To,  
The Members of  
HB Leasing and Finance Company Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HB Leasing and Finance Company Limited - CIN: L65910HR1982PLC034071** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **HB Leasing and Finance Company Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2016** complied with statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there - under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings\*.
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009\*;
    - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014\*;
    - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008\*;
    - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*; and
    - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*.
  - (vi) The Other Laws applicable specifically to the Company are:
    - (a) The Reserve Bank of India Act, 1934.
      - (i) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
      - (ii) The Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 and other applicable Directions, Guidelines, Standards/ instructions issued by RBI.
 

The Company is an NBFC-ND (Investment Company) and holds valid Certificate of Registration No. 14.00081 dated 26.02.1998 issued under Section 45IA of the Reserve Bank of India Act, 1934. The Company has complied with the provisions of above Act, Directions, Guidelines, standards and instructions issued by Reserve Bank of India to the extent applicable.
    - (b) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

\*Foreign Exchange Management Act, 1999 and the rules and regulations at sub-para (iv), SEBI Regulations listed at sub-para (v) Serial Nos. (e), (f), (g), (h) and (i) above are not applicable to the Company for 2015-16 as there were no corporate decisions/actions attracting these regulations.

2. We have also examined the compliances with the applicable Regulations/Standards of the following:
  - (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (ii) Secretarial Standards issued by the Institute of Company Secretaries of India.
3. During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.
4. We further report that:
  - a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors including a Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - c) Majority decision is carried through while dissenting members' views are captured and recorded as part of the minutes.
5. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. We further report that during the audit period, no major decisions having a bearing on Company's affairs in pursuance of the above referred laws, rules/regulations were taken.

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

**For A.N. Kukreja & Co.  
Company Secretaries  
Sd/-  
A.N. Kukreja  
(Proprietor)  
FCS 1070; CP 2318**

**Place : New Delhi  
Date : 28<sup>th</sup> May, 2016**

**Annexure 'A'**

**To,  
The Members of  
HB Leasing and Finance Company Limited**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

**For A.N. Kukreja & Co.  
Company Secretaries  
Sd/-  
A.N. Kukreja  
(Proprietor)  
FCS 1070; CP 2318**

**Place : New Delhi  
Date : 28<sup>th</sup> May, 2016**

**NOMINATION AND REMUNERATION POLICY**

**1. PREAMBLE:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC/Committee") and approved by the Board of Directors of the Company at their meeting held on 12th February, 2016 in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and amended Clause 49 under the Listing Agreement (effective from 11th February, 2015). This Policy has been suitably amended and re-adopted by the Board of Directors in their meeting held on 12th February, 2016 in terms of Regulation 19 read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) which came into force w.e.f 01st December, 2015.

**2. OBJECTIVE:**

The Objective of this policy is to lay down a framework in relation to remuneration of Directors, KMP and Senior Management. The Key Objectives of the Committee would be:

- 2.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 2.2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and Senior Management.
- 2.3. Formulation of criteria for evaluation of Independent Director and the Board.
- 2.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 2.5. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 2.6. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 2.8. To develop a succession plan for the Board and to regularly review the plan.
- 2.9. To assist the Board in fulfilling responsibilities.
- 2.10 To Implement and monitor policies and processes regarding principles of corporate governance.

**3. DEFINITIONS:**

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company both executive and non-executive.

"Key Managerial Personnel (KMP)" means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. Such other officer as may be prescribed.

"Senior Management" means Senior Management means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**4. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT:**

**A. Appointment Criteria and Qualifications**

- (I) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (II) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- (III) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**B. Term / Tenure**

**(I) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of term.

**(II) Independent Director:**

- a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- b) No Independent Director shall hold office for more than two consecutive terms of upto maximum of five (5) years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

**C. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

**D. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**E. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**5. REMUNERATION TO DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / SENIOR MANAGEMENT PERSONNEL:**

The Committee to recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management Personnel of the Company.

- a) The Remuneration / Compensation / Commission etc. to be paid to Managing Director, Whole-time/Executive Director, Non-Executive Director / Independent Directors, KMP shall be governed as per applicable provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b) The Non-Executive / Independent Director may receive remuneration by way of sitting fee for attending the meeting of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- c) The remuneration payable to Senior Management Personnel shall be governed by the Company's HR Policy.

**6. DUTIES IN RELATION TO NOMINATION MATTERS:**

The duties of the Committee in relation to nomination matters include:

- (a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- (b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- (c) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- (d) Determining the appropriate size, diversity and composition of the Board;
- (e) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- (f) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- (g) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- (h) Delegating any of its powers to one or more members of the Committee;
- (i) Recommend any necessary changes to the Board; and
- (j) Considering any other matters, as may be requested by the Board.

**7. DUTIES IN RELATION TO REMUNERATION MATTERS:**

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the remuneration based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) Delegating any of its powers to one or more members of the Committee.
- d) Considering any other matters as may be requested by the Board.

**8. AMENDMENT TO THE POLICY**

The Board of Directors on the recommendations of the Nomination and Remuneration Committee shall alter, amend or modify this Policy from time to time in line with the requirement of the SEBI Guidelines, applicable law, rules, regulations etc. which may be amended and applicable from time to time.

**FORM NO. MGT – 9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31.03.2016**

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:**

i.	CIN	L65910HR1982PLC034071
ii.	Registration Date	30.03.1982
iii.	Name of the Company	HB Leasing and Finance Company Limited
iv.	Category/Sub-Category of the Company	Company having Share Capital
v.	Address of the Registered office & contact details	Plot No. 31, Echelon Institutional Area, Sector – 32, Gurgaon 122001, Haryana
vi.	Whether Listed Company	Yes
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	RCMC Share Registry Pvt. Ltd. B- 25/1, First Floor, Okhla Industrial Area, Phase- II, New Delhi- 110020 Phone: 011-26387320/ 21/ 23 Fax: 011-26387322 Email : shares@rcmcdelhi.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name & Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Financial Leasing Companies Activities	64910	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:**

Sl. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	NIL				

**IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity):**

**(i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
(1) Indian									
a) Individual / HUF	2253377	550	2253927	20.37	2253377	550	2253927	20.37	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	1692950	0	1692950	15.30	1692950	0	1692950	15.30	0.00
<b>SUB TOTAL: (A) (1)</b>	<b>3946327</b>	<b>550</b>	<b>3946877</b>	<b>35.68</b>	<b>3946327</b>	<b>550</b>	<b>3946877</b>	<b>35.68</b>	<b>0.00</b>
(2) Foreign									
a) NRI-Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>3946327</b>	<b>550</b>	<b>3946877</b>	<b>35.68</b>	<b>3946327</b>	<b>550</b>	<b>3946877</b>	<b>35.68</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	1570	1570	0.01	0	1570	1570	0.01	0.00
b) Banks / FI	0	510	510	0	500	510	1010	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>2080</b>	<b>2080</b>	<b>0.01</b>	<b>500</b>	<b>2080</b>	<b>2580</b>	<b>0.02</b>	<b>0</b>





Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non Institutions</b>									
a) Bodies Corporate	0	0	0	0.00	733690	107557	841247	7.60	7.60
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakhs	2174569	3394619	5569188	50.34	1952858	3394619	5347477	48.34	2
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakhs	549371	0	549371	6.50	771082	0	771082	6.97	0.47
c) Other (specify)									
i) Clearing Members	7309	0	7309	0.07	3010	0	3010	0.03	0.04
ii) Non-Residents	24878	127384	152262	1.38	24374	150458	126084	1.36	0.02
<b>SUB TOTAL (B)(2):</b>	<b>3463292</b>	<b>3650482</b>	<b>7113774</b>	<b>64.31</b>	<b>3485014</b>	<b>3628260</b>	<b>7113274</b>	<b>64.30</b>	<b>0.01</b>
<b>TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)</b>	<b>3463292</b>	<b>3652562</b>	<b>7115854</b>	<b>64.32</b>	<b>3485514</b>	<b>3630340</b>	<b>7115854</b>	<b>64.32</b>	<b>0</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>7409619</b>	<b>3653112</b>	<b>11062731</b>	<b>100.00</b>	<b>7431841</b>	<b>3630890</b>	<b>11062731</b>	<b>100.00</b>	<b>0</b>

(ii) Shareholding of Promoters:

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1.	Lalit Bhasin	2163377	54.81	0	2163377	54.81	0	0.00
2.	Merrygold Investments Ltd	1507895	13.63	0	1507895	13.63	0	0.00
3.	Pal Properties (India) Pvt. Ltd.	105120	0.95	0	105120	0.95	0	0.00
4.	Mamta kapur	46000	0.42	0	46000	0.42	0	0.00
5.	H B Stockholdings Ltd	43200	0.39	0	43200	0.39	0	0.00
6.	R R B Securities Ltd	34735	0.31	0	34735	0.31	0	0.00
7.	H.C.Bhasin (HUF)	22000	0.20	0	22000	0.20	0	0.00
8.	Rima Arora	22000	0.20	0	22000	0.20	0	0.00
9.	HB Financial Consultants Pvt. Ltd.	2000	0.02	0	2000	0.02	0	0.00
10.	Amrit Lal Chadha	550	0.00	0	550	0.00	0	0.00
	<b>Total</b>	<b>3946877</b>	<b>35.68</b>	<b>0</b>	<b>3946877</b>	<b>35.68</b>	<b>0</b>	<b>0.00</b>

(iii) Change in Promoters' Shareholding (Please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year				
2.	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease. (e.g. allotment/transfer/bonus/sweat equity etc.)	No changes in Promoters Shareholding during the year			
3.	At the end of the year				

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):

Sl. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	<b>Shubhika Estate &amp; Trading Pvt. Ltd.</b>				
	At the beginning of the year	343300	3.10	343300	3.10
	At the end of the year			343300	3.10
2.	<b>Delhi Iron &amp; Steel Co. (P) Ltd.</b>				
	At the beginning of the year	158202	1.43	158202	1.43
	At the end of the year			158202	1.43

Sl. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>3.</b>	<b>Rajesh Jain</b>				
	At the beginning of the year	120659	1.09	120659	1.09
	At the end of the year			120659	1.09
<b>4.</b>	<b>Chirayush Pravin Vakil</b>				
	At the beginning of the year	83136	0.75	83136	0.75
	At the end of the year			83136	0.75
<b>5.</b>	<b>Urvi Jatin Parekh</b>				
	At the beginning of the year	68587	0.62	68587	0.62
	Transfer	729	0.01	69316	0.63
	At the end of the year	69316	0.62	69316	0.63
<b>6.</b>	<b>Light House investments Ltd.</b>				
	At the beginning of the year	57800	0.52	57800	0.52
	At the end of the year			57800	0.52
<b>7.</b>	<b>Onida Finance Limited</b>				
	At the beginning of the year	49200	0.44	49200	0.44
	At the end of the year			49200	0.44
<b>8.</b>	<b>Nilaben Navneet Hindocha</b>				
	At the beginning of the year	38873	0.35	38873	0.35
	At the end of the year			38873	0.35
<b>9.</b>	<b>Gagan Financial Resources Pvt. Ltd.</b>				
	At the beginning of the year	33650	0.30	33650	0.30
	At the end of the year			33650	0.30
<b>10.</b>	<b>Navnit Popatlal Hindocha</b>				
	At the beginning of the year	32825	0.30	32825	0.30
	At the end of the year			32825	0.30
	<b>TOTAL</b>			<b>986961</b>	<b>8.92</b>

Note: Figures in brackets represents negative figures.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors & KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Lalit Bhasin	21,63,377	19.56	21,63,377	19.56
2.	Mr. Anil Goyal, M.D (KMP)	150	0.00	150	0.00
3.	Mr. L. N. Malik	300	0.00	300	0.00
4.	Mrs. Meenakshi Gopal	N.A	N.A	NIL	N.A
5.	Ms. Swati Vaish, C.S (KMP)*	NIL	N.A	NIL	N.A
6.	Mr. CP Singh, CFO (KMP)	NIL	N.A	NIL	N.A

Note: There is no change in the shareholding of Directors & KMP during the year.

\*Ms. Swati Vaish has resigned from the position of Company Secretary w.e.f 05th March, 2016.

V. INDEBTEDNESS:

Indebtedness of the company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Changes in Indebtedness during the financial year</b>				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A) Remuneration to Managing Director, Whole-Time Directors and / or Manager:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission - as % of profit - others, specify	NIL NIL
5.	Others, please specify	NIL
	<b>Total(A)</b>	<b>NIL</b>
	<b>Ceiling as per the Act</b>	5% of the Net Profits / As per Schedule V of the Companies Act, 2013 in case of absence or inadequacy of profits.

\*No remuneration is given to MD / WTD and / or Manager.

**B) Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (₹)
1.	<b>Independent Directors</b>	<b>Mr. L. N. Malik</b>	<b>Mrs. Meenakshi Gopal</b>	
	• Fee for attending board / committee meetings # • Commission • Others, please specify	₹ 42,000 NIL -	₹ 32,000 NIL -	74,000 NIL -
	<b>Total (1)</b>	<b>₹ 42,000</b>	<b>₹ 32,000</b>	<b>74,000</b>
2.	<b>Other Non-Executive Directors</b>	<b>Mr. Lalit Bhasin</b>		
	• Fee for attending board / committee meetings # • Commission • Others, please specify	₹ 44,000 NIL -		44,000 NIL -
	<b>Total (2)</b>			<b>44,000</b>
	<b>Total Managerial Remuneration (1) + (2)</b>			<b>1,18,000</b>
	<b>Overall Ceiling as per the Act</b>	Sitting fee is paid as per the provisions of the Companies Act, 2013.		

# Excluding reimbursement of travel and other expenses incurred for attending the meetings.

**C) Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (₹)
		Mr. C. P. Singh (CFO)	Ms. Swati Vaish* (Company Secretary)	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	₹ 2,85,000 ₹ 2,42,250	₹ 1,49,981 ₹ 89,989	4,34,981 3,32,239
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>₹ 5,27,250</b>	<b>₹ 2,73,517</b>	<b>7,67,220/-</b>

\*Ms. Swati Vaish has resigned from the post of Company Secretary with effect from 5th March, 2016.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT / Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty / Punishment / Compounding			None		
<b>B. DIRECTORS</b>					
Penalty / Punishment / Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty / Punishment / Compounding			None		



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF  
HB LEASING & FINANCE COMPANY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **HB LEASING & FINANCE COMPANY LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 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 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 28 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 P. BHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 000468N**

**Sd/-  
AMIT GOEL  
(PARTNER)**

**Membership No. 092648**

**Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016**

**Annexure – A to the Auditors' Report  
(HB Leasing and Finance Company Limited)**

The annexure referred to in Independent Auditor's Report to the members of the company on the financial statements for the year ended on 31st 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. a. 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. As explained to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 185 and 186 of the Act, with respect to the loans and investment made. As per the information and explanations given to us, the Company has not 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. The disputed statutory dues aggregating to ₹ 10,65,86,221/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Nature of the Dues	Forum where Dispute is pending	Amount (₹)
1.	Income Tax Act, 1961	Income Tax	Hon'ble Delhi High Court	20,70,090/-
2.	Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Delhi	8,35,26,253/-
3.	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	29,61,670/-
4.	Income Tax Act, 1961	Penalty (Income Tax)	Income Tax Tribunal	1,80,28,208/-
			<b>TOTAL</b>	<b>10,65,86,221/-</b>

8. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
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 material 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 required to be registered under section 45-IA of the Reserve bank of India Act, 1934 and such registration has been obtained by the Company.

**For P. BHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 000468N**

**Sd/-  
AMIT GOEL  
(PARTNER)  
Membership No. 092648**

**Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016**

**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 Leasing and Finance Company 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 P. BHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 000468N**

**Sd/-  
AMIT GOEL  
(PARTNER)  
Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016**

**Sd/-  
AMIT GOEL  
(PARTNER)  
Membership No. 092648**



# HB LEASING AND FINANCE COMPANY LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

Particulars	Note(s)	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	110041095	110041095
Reserves and Surplus	3	-90157111	-85809257
		<b>19883984</b>	<b>24231838</b>
<b>Non-Current Liabilities</b>			
Long Term Provisions	4	302054	327086
		<b>302054</b>	<b>327086</b>
<b>Current Liabilities</b>			
Other Current Liabilities	5	5687342	1956742
Short Term Provisions	6	8619557	8605165
		<b>14306899</b>	<b>10561907</b>
		<b>34492937</b>	<b>35120831</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	7	70002	70002
Non-current investments	8	0	5000000
Deferred Tax Assets (Net)	9	211750	240014
Long term loans and advances	10	10994602	16743287
		<b>11276354</b>	<b>22053303</b>
<b>Current Assets</b>			
Inventories	11	2309666	2309666
Trade Receivables	12	7169997	7169997
Cash and Cash equivalents	13	1883158	1942845
Short-Term Loans and Advances	14	11853763	1645020
		<b>23216584</b>	<b>13067528</b>
		<b>34492937</b>	<b>35120831</b>

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 30

The accompanying notes form an integral part of the financial statements As per our Report attached on even date

FOR P. BHOLUSARIA & CO.

For and on behalf of the Board

Chartered Accountants  
Firm Registration No. : 000468N

AMIT GOEL  
Partner  
Membership No.: 092648

LALIT BHASIN  
Chairman  
DIN:00002114

ANIL GOYAL  
Managing Director  
DIN:00001938

Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016

SUKHMANI WALIA  
Company Secretary

C. P. SINGH  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Particulars	(Amount in ₹) Year Ended 31st March, 2016	(Amount in ₹) Year Ended 31st March, 2015
<b>A) CASH FLOW FROM OPERATION ACTIVITIES</b>		
Net Profit/-Loss before tax and Extraordinary Items	-4319590	3164322
Adjustment for :		
Provision for diminution in value of		
Non Current/Long Term investments	0	-155967386
Depreciation	0	166773
Provisions for Gratuity and Leave encashment	-29177	-40897
Contingent Provision against Standard Assets	18537	0
Profit/-Loss on sale of long term investments	0	163023424
<b>Operating Profit/-Loss before Working Capital Changes</b>	<b>-4330230</b>	<b>10346236</b>
Adjustment for :		
Trade & other Receivables	-4460058	-197298
Inventories	0	1696062
Current and Non-current Liabilities	3730600	-22494545
<b>Cash Generated from operation</b>	<b>-5059688</b>	<b>-10649545</b>
Income tax paid	0	0
<b>Net Cash from Operation Activities</b>	<b>-5059688</b>	<b>-10649545</b>
<b>B) CASH FLOW FROM INVESTMENTS ACTIVITIES</b>		
Sale of Investments	5000000	11024262
Purchase of Fixed Assets	0	0
<b>Net Cash used in Investing Activities</b>	<b>5000000</b>	<b>11024262</b>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Particulars	Note(s)	Year Ended 31st March, 2016 (In ₹)	Year Ended 31st March, 2015 (In ₹)
Revenue from operations	15	2513431	17122718
Other Income	16	0	-7056038
<b>Total Revenue</b>		<b>2513431</b>	<b>10066680</b>
<b>Expenses:</b>			
Employee Benefit Expense	17	2952332	2577513
Depreciation	7	0	166773
Other Expenses	18	3862151	4158072
Contingent Provision against Standard Assets		18537	0
<b>Total Expenses</b>		<b>6833020</b>	<b>6902358</b>
Profit/-Loss for the year before Tax		-4319590	3164322
<b>Tax expense:</b>			
Current tax		0	0
Deferred/(Credit)		28264	-3609
Profit/-Loss for the year after Taxation		-4347854	3167931
<b>Earning per equity share:</b> 26			
Equity share of Par value ₹ 10/-each			
Basic and Diluted		-0.39	0.29

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES

ON ACCOUNTS 1 to 30

The accompanying notes form an integral part of the financial statements As per our Report attached on even date

FOR P. BHOLUSARIA & CO.

For and on behalf of the Board

Chartered Accountants  
Firm Registration No. : 000468N

AMIT GOEL  
Partner  
Membership No.: 092648

LALIT BHASIN  
Chairman  
DIN:00002114

ANIL GOYAL  
Managing Director  
DIN:00001938

Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016

SUKHMANI WALIA  
Company Secretary

C. P. SINGH  
Chief Financial Officer

## C) CASH FLOW FROM FINANCING ACTIVITIES

Particulars	(Amount in ₹) Year Ended 31st March, 2016	(Amount in ₹) Year Ended 31st March, 2015
Net Cash used in Financing Activities	0	0
<b>Net Increase in Cash &amp; Cash Equivalents A+B+C</b>	<b>-59688</b>	<b>374717</b>
<b>Cash and Cash Equivalents</b>	<b>1942846</b>	<b>1568128</b>
(Opening Balance)		
<b>Cash and Cash Equivalents</b>	<b>1883158</b>	<b>1942845</b>
(Closing Balance)		
<b>Components of Cash and Cash Equivalents at the end of the year</b>		
<b>Balances with Banks</b>		
<b>In Current Accounts</b>	<b>679273</b>	<b>598960</b>
Cheques-in-hand	800000	1000000
Cash-in-hand	403885	343885
<b>Total</b>	<b>1883158</b>	<b>1942845</b>

The accompanying notes form an integral part of the financial statements As per our Report attached on even date

FOR P. BHOLUSARIA & CO.  
Chartered Accountants  
Firm Registration No. : 000468N

For and on behalf of the Board

AMIT GOEL  
Partner  
Membership No.: 092648

LALIT BHASIN  
Chairman  
DIN:00002114

ANIL GOYAL  
Managing Director  
DIN:00001938

Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016

SUKHMANI WALIA  
Company Secretary

C. P. SINGH  
Chief Financial Officer

**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), guidelines issued by Reserve Bank of India and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision 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 instruments as at the balance sheet date is made indexwise/ scrip wise. As a matter of prudence, any anticipated profit is ignored.

**1.4 FIXED ASSETS**

Fixed Assets are stated at cost less depreciation.

**1.5 DEPRECIATION**

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

**1.6 STOCK IN TRADE**

Stock in trade is valued scrip-wise at cost or fair market value/realizable value whichever is lower.

**1.7 INVESTMENTS**

Non current/Long Term Investments are valued at cost. Provision for diminution in the value of Long term/Non current investments is made only if such a decline is other than temporary.

**1.8 EMPLOYEE BENEFITS**

- 1.8.1 Employee Benefits are recognized/accounted for on the basis of revised AS-15 detailed as under :-
- 1.8.2 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.
- 1.8.3 Employee benefits under defined contribution plans comprise of contribution to Provident Fund and Superannuation. Contributions to Provident Fund are deposited with appropriate authorities and charged to Profit & Loss account. Contribution to Superannuation are funded with Life Insurance Corporation of India.
- 1.8.4 Employee Benefits under defined benefit plans comprise of gratuity and leave encashment which are accounted for as at the year end based on actuarial valuation by following the Projected Unit Credit (PUC) method. Liability for gratuity is funded with Life Insurance Corporation of India.
- 1.8.5 Termination benefits are recognized as an Expense as and when incurred.
- 1.8.6 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 MARCH 31<sup>st</sup>, 2016**

**2. SHARE CAPITAL**

Particulars	As at 31st March, 2016 (In ₹)		As at 31st March, 2015 (In ₹)	
<b>AUTHORIZED</b>				
2,00,00,000 (2,00,00,000) Equity Shares of ₹ 10/- each.	200000000		200000000	
50,00,000 (50,00,000) Redeemable Preference Shares of ₹10/- each	50000000		50000000	
	<b>250000000</b>		<b>250000000</b>	
<b>ISSUED</b>				
1,11,83,681 (1,11,83,681) Equity Shares of ₹ 10/- each.	111836810		111836810	
	<b>111836810</b>		<b>111836810</b>	
<b>SUBSCRIBED &amp; PAID UP</b>				
1,10,62,731 (1,10,62,731) Equity Shares of ₹ 10/- each fully paid up.	110627310		110627310	
	<b>110627310</b>		<b>110627310</b>	
Less: Allotment money Receivable (Other than Directors)	586215		586215	
	<b>110041095</b>		<b>110041095</b>	

— Issued Share capital of the Company has only one class of shares referred to as equity shares having Par value of ₹ 10/. Each holder of Equity Shares is entitled to One vote per share.

— Reconciliation of the number of shares outstanding and Amount of Share Capital as on 31st March, 2016 & 31st March, 2015 is as under:

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	11062731	110041095	11062731	110041095
Number of shares at the end	11062731	110041095	11062731	110041095

— 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	
	No. of Shares Held	% of holding	No. of Shares Held	% of holding
Lalit Bhasin	2163377	19.56	2163377	19.56
Merrygold Investments Ltd.	1507895	13.63	1507895	13.63

— 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.



3. RESERVE AND SURPLUS

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
Capital Reserve-Opening balance	99875	99875
	99875	99875
Securities Premium Reserve-opening balance	182029190	182029190
Less: Allotment money receivable (Other than Directors)	1432491	1432491
	180596699	180596699
Statutory Reserve -Opening balance *	20397076	19763490
Add: Transferred from Surplus	0	633586
	20397076	20397076
Surplus -opening balance	-286902907	-289437252
Add: Net Profit/-Loss after tax transferred from Statement of Profit & Loss	-4347854	3167931
	-291250761	-286269321
Less: Transferred to Statutory Reserve	0	633586
Surplus-Closing balance	-291250761	-286902907
	-90157111	-85809257

(\*) Created by way of transfer of specified percentage of profits as per section 451C of Reserve Bank of India (Amendment) Act, 1997. Appropriation from Reserves shall be for the purposes as may be specified by Reserve Bank of India.

4. LONG TERM PROVISIONS

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Provisions For Employee Benefit</b>		
Leave encashment	217445	202152
Gratuity	67138	96000
<b>Others</b>		
Contingent Provision against Standard Assets	17471	28934
	302054	327086

5. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
Expenses Payable	685834	645613
TDS and Service Tax Payable	1508	11129
Advances from Customers	5000000	1300000
	5687342	1956742

6. SHORT TERM PROVISIONS

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Provisions For Employee Benefit</b>		
Leave encashment	47384	62992
<b>Others</b>		
Contingent Provision against Standard Assets	30000	0
Sub-standard and Doubtful Assets	8542173	8542173
	8619557	8605165

7. FIXED ASSETS

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2015	Addition during the year	Deduction during the year	As at 31.03.2016	Upto 01.04.2015	For the year	Adjustments during the year	Total upto 31.03.2016	As on 31.03.2016	As at 31.03.2015
	<b>Tangible Assets</b>										
1	Furnitures & Fixtures	46299	0	0	46299	43984	0	0	43984	2315	2315
2	Vehicles	50533	0	0	50533	48006	0	0	48006	2527	2527
3	Office Equipment	657764	0	0	657764	624876	0	0	624876	32888	32888
4	Data Processing Machine	187438	0	0	187438	178066	0	0	178066	9372	9372
5	Air conditioners	458000	0	0	458000	435100	0	0	435100	22900	22900
	<b>Total</b>	<b>1400034</b>	<b>0</b>	<b>0</b>	<b>1400034</b>	<b>1330032</b>	<b>0</b>	<b>0</b>	<b>1330032</b>	<b>70002</b>	<b>70002</b>
	(Previous Year)	1400034	0	0	1400034	1163259	0	166773	1330032	70002	236776

8. NON CURRENT INVESTMENTS

Name of the Company	Face Value (In ₹)	As at 31st March, 2016		As at 31st March, 2015	
		Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
<b>(LONG TERM INVESTMENTS) - AT COST</b>					
<b>NON TRADE INVESTMENTS</b>					
<b>A. INVESTMENT IN PREFERENCE SHARES (UNQUOTED)</b>					
<b>-FULLY PAID UP REDEEMABLE PREFERENCE SHARES</b>					
HB SECURITIES LIMITED (6% CUMULATIVE)	1000	0	0	5000	5000000
<b>TOTAL (A)</b>		<b>0</b>	<b>0</b>	<b>5000</b>	<b>5000000</b>

Notes:

	As at March 31, 2016	As at March 31, 2015
8.1 Aggregate Amount of Quoted Investments	0	0
8.2 Market Value of Quoted Investments	0	0
8.3 Aggregate Amount of Unquoted Investments	0	5000000
8.4 Investments costing ₹ NIL were lying as margin /pledged as at the year end (Previous Year ₹ 17399666/-).		

9. DEFERRED TAX ASSETS

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Deferred Tax Assets</b>		
Leave Encashment/gratuity	102578	111593
Fixed Assets	109172	128421
	211750	240014

10. LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>(Unsecured, Considered Good)-Standard</b>		
Security Deposits *	5823705	11573705
Advance Income Tax and TDS (Net of Provision)	5170897	5169582
	10994602	16743287

\* Includes given to Related Party HB Estate Developers Ltd. ₹ 57,50,000/- (Previous year ₹ 1,15,00,000/-) -Also Refer Note no.21



**11. INVENTORIES**

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
Stock in trade (Shares/securities)(As per detail attached)	2309666	2309666
	2309666	2309666

**Stock in Trade**

Sl. No.	Name of the Company	Face Value (In ₹)	As at 31st March, 2016		As at 31st March, 2015	
			Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
<b>QUOTED FULLY PAID UP EQUITY SHARES</b>						
1	Agrotech India Ltd.	10	40400	0	40400	0
2	Andhra Cement Co.Ltd.	10	550	0	550	0
3	Baroda Rayon Corp. Ltd.	10	7055	0	7055	0
4	Digital World India Ltd	10	127900	0	127900	0
5	Haryana Petro Ltd	10	1200	0	1200	0
6	Hotline Glass Ltd.	10	400	0	400	0
7	Kalyan Sundram Cement Ltd.	10	8970	0	8970	0
8	Malanpur Steel Ltd.	10	1968	0	1968	0
9	Mansinghka Oil Products Ltd.	10	300100	0	300100	0
10	Mohan Meakin Ltd.	5	800	0	800	0
11	RRB Securities Ltd.	10	100000	200000	100000	200000
12	STI Granite Ltd.	10	60000	0	60000	0
<b>QUOTED PARTLY PAID UP EQUITY SHARES</b>						
1	Baroda Rayon Corp Ltd.	10	3527	0	3527	0
2	Ceat Ltd.	10	650	0	650	0
3	Kalyan Sundram Cement Ltd.	10	182060	0	182060	0
4	Nahar International Ltd.	10	41300	0	41300	0
<b>SUB TOTAL (A)</b>			<b>876880</b>	<b>200000</b>	<b>876880</b>	<b>200000</b>
<b>UNQUOTED FULLY PAID UP EQUITY SHARES</b>						
1	Taurus Investment Trust Co. Ltd.	10	14380	149800	14380	149800
2	QR Properties Pvt. Ltd.	10	5900	59000	5900	59000

Sl. No.	Name of the Company	Face Value (In ₹)	As at 31st March, 2016		As at 31st March, 2015	
			Qty.(Nos.)	Amount (In ₹)	Qty.(Nos.)	Amount (In ₹)
<b>UNQUOTED FULLY PAID-UP PREF.SHARES</b>						
1	HB Tele Communications Ltd. (2% Non Cumulative)	10	10000	100000	10000	100000
<b>UNQUOTED SHARE APPLICATION</b>						
1	Core Telecom Pvt. Ltd.	10	250000	0	250000	0
2	Solid Portfolio Pvt. Ltd.	10	0	0	250000	0
<b>WITH MUTUAL FUND - (Unquoted)</b>						
1	UTI Equity Fund Unit Scheme	10	26100	866	26100	866
<b>SUB TOTAL (B)</b>			<b>306380</b>	<b>309666</b>	<b>556380</b>	<b>309666</b>
<b>GRAND TOTAL (A + B)</b>			<b>1183260</b>	<b>2309666</b>	<b>1433260</b>	<b>2309666</b>

**12. TRADE RECEIVABLES**

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Unsecured, Considered doubtful:</b>		
Outstanding for more than 6months	7169997	7169997
	7169997	7169997

Note: Provision for Sub-Standard and doubtful assets has been separately shown in Note no. 6 (Short term Provisions) instead of netting it from the value of asset. This is being done as required by "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

**13. CASH & CASH EQUIVALENTS**

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Balances with Banks</b>		
-In Current and Deposit Accounts	679273	598960
-Cheques/Drafts in Hand	800000	1000000
Cash-in-Hand	403885	343885
	1883158	1942845

**14. SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2016 (In ₹)	As at 31st March, 2015 (In ₹)
<b>Unsecured, Considered Good, Unless otherwise stated:</b>		
Inter Corporate Loans - Standard	10000000	0
Claim Recoverable-Doubtful	1372176	1372176
Recoverable from Employees	364651	209692
Prepaid Expenses	105100	63152
Interest accrued but not due	11836	0
	11853763	1645020

Note: Provision for Sub-Standard and doubtful assets has been separately shown in Note no. 6 (Short term Provisions) instead of netting it from the value of asset. This is being done as required by "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

**15. REVENUE FROM OPERATIONS**

Particulars	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Profit/-Loss on Sale/Purchase of Shares and Valuation Profit/-Loss (Net)	2500000	17117377
Dividend Income (Gross)		
-On Stock in trade	280	5341
Interest Income on Loans	13151	0
	2513431	17122718



16. OTHER INCOME

(Amount in ₹)

Particulars	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Profit/-Loss on sale of Long term/ Non current investments	0	-163023424
Provision For Diminution in value of Long Term/Non Current Investment written Back	0	155967386
	0	-7056038

17. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Salaries and Benefits	2697907	2385157
Contribution to Provident fund, E.S.I. and Gratuity fund	196324	170502
Staff welfare	58101	21854
	2952332	2577513

18. OTHER EXPENSES

(Amount in ₹)

Particulars	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Rent/Facility Charges	326923	322524
Vehicle Running and Maintenance	280340	232412
Insurance	6701	5622
Communication	597749	623095
Travelling and Conveyance	618391	442963
Printing and Stationery	415656	360586
Other Repairs and Maintenance	239070	2225
Depository and custodial	46123	39046
Legal and Professional	300118	1217818
Advertisement & Publicity	109422	71963
Books and Periodicals	32092	48364
Listing fees	224720	112360
Miscellaneous	415146	455594
Auditors Remuneration		
- Audit Fees	42938	42135
- Tax Audit Fees	17175	16854
-Tax matters	50000	0
-Others	19387	129500
Directors Sitting Fees	120200	20511
	3862151	144000
		4158072

19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

- (a) Income Tax demand disputed ₹ 10,65,86,221/- (Previous year ₹ 17,46,60,436/-) against which appeals are pending with appropriate authorities.
- (b) Claims against the company not acknowledged as debts ₹ 1,58,02,781/- (Previous Year ₹ 1,58,02,781/-)

20. QUANTITATIVE DETAILS

Quantitative information in respect of securities traded in:

Particulars	Current Year		Previous Year	
	Qty. (Nos.)	Amount (₹)	Qty. (Nos.)	Amount (₹)
Opening Balance	1433260	2309666	1854880	2309666
Purchases	Nil	Nil	Nil	Nil
Sales	250000	2500000	421620	18813439
Closing Balance	1183260	2309666	1433260	2309666

21. RELATED PARTY TRANSACTIONS

21.1 List of related parties with whom transactions have taken place and relationship:

- a) Companies under direct or indirect common influence:
- HB Securities Ltd.
  - HB Estate Developers Ltd.
  - RRB Master securities Delhi Ltd.
- b) Persons having direct/Indirect significant influence
- Sh. Lalit Bhasin
- c) Key Managerial Personnel
- Sh. C.P. Singh, Chief Financial Officer
  - Smt. Swati Vaish, Company Secretary (upto 05.03.2016)

21.2 Transaction during the financial year ended 31.03.2016 with related Parties as under.

Sr. No.	Nature of Transaction	Related Party Referred in (a) above	Related Party Referred in (b) above	Related Party Referred in (c) above
1	Sale of Securities through them	Nil (11428361)	Nil (Nil)	Nil (Nil)
2	Rent Paid	326923 (322524)	Nil (Nil)	Nil (Nil)
3	Depository Charges Paid	1124 (5339)	Nil (Nil)	Nil (Nil)
4	Sitting Fees Paid	Nil (Nil)	46000 (50000)	Nil (Nil)
5	Remuneration and other services	Nil (Nil)	Nil (Nil)	800767 (648510)
6	Refund of Security deposit (Rent)	5750000 (Nil)	Nil (Nil)	Nil (Nil)
7	<b>Outstanding as on 31.03.2016</b> - Receivables in respect of Security deposit paid for premises on rent	5750000 (11500000)	Nil (Nil)	Nil (Nil)

22. SEGMENT REPORTING

In the opinion of Management there are no separate reportable segments as per Accounting Standard Segment reporting (AS-17).

23. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15

Defined Contribution Plan

Amount recognized as expense for defined contribution plans are as under: -(Amount in ₹)

Particulars	Current Year Amount ₹	Previous Year Amount ₹	Head under which shown in the Profit & Loss account
Contribution to Provident Fund	1,99,231/-	1,87,931/-	Contribution to Provident fund and other fund

Defined Benefit Plan

Movement in net liability

(Amount in ₹)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligations as at beginning of the year (A)	12,23,460/-	11,68,649/-	2,65,144/-	2,59,757/-
Interest Cost (B)	97,877/-	93,492/-	21,212/-	20,781/-
Current service cost (C)	39,858/-	39,224/-	117,05/-	12,120/-
Benefits paid (D)	(1,46,654/-)	0.00	(51,842/-)	(28,719/-)
Actuarial loss/ (gain) on obligation (E)	(66,573/-)	(77,905/-)	18,610/-	(1,205/-)
Present value of obligations as at the end of the year (F=A+B+C-D+E)	11,47,968/-	12,23,460/-	2,64,829/-	2,65,144/-

The amounts recognized in the Balance Sheet and Statement of Profit & Loss are as follows : (Amount in ₹)

Particulars	Gratuity (Funded)		Leave (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation (A)	11,47,968/-	12,23,460/-	2,64,829/-	2,65,144/-
Estimated fair value of plan assets (B)	10,80,830/-	11,27,460/-	Nil	Nil
Net Liability (C=A-B)	(67,138/-)	(96,000/-)	2,64,829/-	2,65,144/-
<b>Amounts in the Balance Sheet</b>				
Liabilities	(67,138/-)	(96,000/-)	2,64,829/-	2,65,144/-
<b>Amount charged to Profit &amp; Loss Account</b>				
Current Service Cost	39,858/-	39,224/-	117,05/-	12,120/-
Interest Cost	97,877/-	93,492/-	21,212/-	20,781/-
Expected Return on Plan Asset	(93,008/-)	(93,049/-)	Nil	Nil
Actuarial(Gain)/Loss	(66,573/-)	(77,905/-)	18,610/-	(1,205/-)
	(21,846/-)	(38238/-)	51,527/-	34,106/-
Head under which shown in the Profit & Loss account	Contribution to Provident Fund and other Fund		Salary & benefits	

The Actual Return on Plan Assets is as follows: (Amount in ₹)

Particulars	Gratuity	
	Current Year	Previous Year
Actual return on plan assets	93,008/-	93,049/-

Following are the Principal Actuarial Assumptions used as at the balance sheet date: (Amount in ₹)

Particulars	Gratuity	
	Current Year	Previous Year
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	9%	9%
Salary Escalation Rate	6%	6%

A reconciliation of the opening and closing balances of the fair value of plan assets: (Amount in ₹)

SI. No.	Particulars	Gratuity	
		Current Year	Previous Year
	Opening Fair Value of Plan Assets	11,27,460/-	11,27,460/-
i)	Expected Return on Plan Assets	93,008/-	93,049/-
ii)	Actuarial Gains / (Losses)	0.00	0.00
iii)	Contribution by the Employer	0.00	0.00
iv)	Benefits Paid	(1,46,654)	0.00
v)	Contribution	7,016/-	0.00
	Closing Fair Value of Plan Assets	10,80,830/-	11,27,460/-

**24. Disclosure pursuant to Accounting Standard AS-19 for Leases: - Operating Lease**

a) Particulars of the minimum lease payments under Operating Lease:-

Not Later than One year	₹ 1,64,340/- (Previous Year ₹ 3,22,524/-)
Later than one year but not	₹ NIL/- (Previous Year ₹ NIL/-)
Later than five years	
Later than five years	₹ NIL/- (Previous Year ₹ NIL/-)

b) Minimum lease payments recognised in the statement of profit & loss account during the year ended 31st March 2016 is ₹ 3,26,923/- (Previous Year ₹ 3,22,524/-).

c) General description of the lease arrangement.

The lease is for an initial period of 3 years, which may be renewal for further period as may be mutually agreed upon.

Restrictions imposed by lease arrangement:-

- The Lessee shall not sublet or otherwise part with possession of a part or whole of the premise without the previous consent in writing of the lessor.
- The lessee shall use the premises for commercial purposes only.

**25 Due to Micro,Small and Medium Enterprises**

To the extent information available with the company, it has no dues to the Micro, Small and medium enterprises as at 31st March, 2016 and 31st March, 2015.

**26. Earning per share pursuant to Accounting Standard (AS-20) "Earning Per Share"**

Particulars	Current Year (in ₹)	Previous Year (in ₹)
Net Profit/(Loss) as Per Statement of Profit and Loss attributable to Equity Shareholders.	-4347854	3167931
<b>Earning Per Share (face value of ₹ 10 each)</b>		
Weighted Average Nos. of Equity Share Outstanding	11062731	11062731
<b>Basic and diluted Earning per share (₹)</b>	-0.39	0.29

**27. Schedule as required in terms of Paragraph 13 of "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.**

(₹ in lakhs)

SI No.	Particulars	Amount outstanding	Amount overdue
<b>LIABILITIES SIDE :</b>			
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	Nil (Nil)	Nil (Nil)
	: Unsecured	Nil (Nil)	Nil (Nil)
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	Nil (Nil)	Nil (Nil)
	(c) Term Loans	Nil (Nil)	Nil (Nil)
	(d) Inter-corporate loans and borrowing	Nil (Nil)	Nil (Nil)
	(e) Commercial Paper	Nil (Nil)	Nil (Nil)
	(f) Other Loans (Vehicle Loan)	Nil (Nil)	Nil (Nil)

(₹ in lakhs)

SI. No.	Particulars	Amount outstanding*
<b>ASSETS SIDE :</b>		
(2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>	<b>Amount Outstanding</b>
	(a) Secured	Nil (Nil)
	(b) Unsecured	163.05 (118.47)
* Net of Provisions, The amount also includes security deposits paid, prepaid expenses and other recoverable which, though are not strictly credit facilities given by the company.		

(3)	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	Nil (Nil)
	(b) Operating lease	Nil (Nil)
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil (Nil)
	(b) Repossessed Assets	Nil (Nil)
	(iii) Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	Nil (Nil)
	(b) Loans other than (a) above	Nil (Nil)

(4)	<b>Break-up of Investments :</b>	
	<b>Current Investments (Stock In trade)</b>	
	<b>1. Quoted :</b>	
	(i) Shares : (a) Equity	20.00 (20.00)
	(b) Preference	Nil (Nil)
	(ii) Debentures and Bonds	Nil (Nil)
	(iii) Units of mutual funds	Nil (Nil)
	(iv) Government Securities	Nil (Nil)
	(v) Others (please specify)	Nil (Nil)



(₹ in lakhs)

Particulars	Amount outstanding*
<b>2. Unquoted :</b>	
(i) Shares : (a) Equity	2.09 (2.09)
(b) Preference	1.00 (1.00)
(iii) Units of mutual funds	Nil (Nil)
(iv) Government Securities	Nil (Nil)
(v) Others (please specify)	Nil (Nil)
<b>Long Term investments</b>	
<b>1. Quoted :</b>	
(i) Shares : (a) Equity	Nil (Nil)
(b) Preference	Nil (Nil)
(ii) Debentures and Bonds	Nil (Nil)
(iii) Units of mutual funds	Nil (Nil)
(iv) Government Securities	Nil (Nil)
(v) Others (please specify)	Nil (Nil)
<b>2. Unquoted :</b>	
(i) Shares : (a) Equity	Nil (Nil)
(b) Preference	Nil (50.00)
(ii) Debentures and Bonds	Nil (Nil)
(iii) Units of mutual funds	Nil (Nil)
(iv) Government Securities	Nil (Nil)
(v) Others (please specify)	Nil (Nil)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):\*

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	Nil (Nil)	Nil (Nil)
(b) Companies in the same group	00.00 (50.00)	00.00 (50.00)
(c) Other related parties	20.00 (20.00)	20.00 (20.00)
2. Other than related parties	3.18 (3.18)	3.09 (3.09)
<b>Total</b>	<b>23.18</b> <b>(73.18)</b>	<b>23.09</b> <b>(73.09)</b>

(7) Other information

Particulars	Amount ₹ in Lacs
(i) Gross Non-Performing Assets	
(a) Related parties	Nil (Nil)
(b) Other than related parties	85.42 (85.42)
(ii) Net Non-Performing Assets	
(a) Related parties	Nil (Nil)
(b) Other than related parties	Nil (Nil)
(iii) Assets acquired in satisfaction of debt	Nil (Nil)

Note: Figures in Bracket relates to Previous Year.

28. Litigation

- The Company is in appeal in respect of various income tax matters. The Contingent liability in respect thereof is disclosed in note no. 19 (a). Besides, in respect of appeals decided in favour of the company, the department is in appeals in certain cases.
- In respect of block assessment for the period 01.04.1987 to 07.08.1997 the assessing officer, has made an assessment order determining demand of ₹ 15,66,41,461/-. The company has filed application before Income Tax Settlement Commission wherein, the liability admitted and paid was ₹ 9,00,000/- only. In respect of certain directions passed by one member of Settlement commission, the company has challenged the legality of such directions before the Hon'ble Delhi High Court which has sought reply from the income tax department and, in the meantime, stayed further proceedings before the Settlement commission.
- A party has filed a suit for claim of ₹ 1,58,02,718/- with future interest against the company in respect of certain leasing and hire purchases agreements pertaining to more than 20 years back. The company does not have acknowledge any debt.

In addition, the company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that the above legal claims and proceedings, when ultimately concluded and decided will have a material and adverse effect on the company's results of operations or financial statements.

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

30 The Previous year figures have been regrouped/reclassified, wherever necessary to confirm to the Current Year's presentation

The accompanying notes form an integral part of the financial statements  
As per our Report attached on even date

FOR P. BHOLUSARIA & CO.  
Chartered Accountants  
Firm Registration No. : 000468N

For and on behalf of the Board

AMIT GOEL  
Partner  
Membership No. : 092648

LALIT BHASIN  
Chairman  
DIN:00002114

ANIL GOYAL  
Managing Director  
DIN:00001938

Place : Gurgaon  
Date : 28<sup>th</sup> May, 2016

SUKHMANI WALIA  
Company Secretary

C. P. SINGH  
Chief Financial Officer

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil (Nil)	Nil (Nil)	Nil (Nil)
(b) Companies in the same group	Nil (Nil)	Nil (Nil)	Nil (Nil)
(c) Other related parties	Nil (Nil)	57.5 (115)	57.5 (115)
2. Other than related parties	Nil (Nil)	105.55 (3.47)	105.55 (3.47)
<b>Total</b>	Nil (Nil)	163.05 (118.47)	163.05 (118.47)



# HB LEASING AND FINANCE COMPANY LIMITED

FORM NO. MGT-11

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

CIN : L65910HR1982PLC034071  
 Name of the Company : HB Leasing and Finance Company Limited  
 Regd. Office : Plot No. 31, Echelon Institutional Area, Sector - 32, Gurgaon - 122 001 (Haryana)  
 Name of the Member(s) :  
 Regd. Address :  
 Email Id :  
 Folio No./Client Id :  
 DP Id :

I/We, being the member(s) of ..... Shares of the above named Company, hereby appoint:

- Name..... Address.....  
Email..... Signature.....or failing him
- Name..... Address.....  
Email..... Signature.....or failing him
- Name..... Address.....  
Email..... Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **33<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, the 20<sup>th</sup> day of September 2016 at 3:00 P.M. at GIA HOUSE, I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon - 122001, Haryana and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

### ORDINARY BUSINESS(S):

- Adoption of Audited Financial Statements for the financial year ended March 31, 2016 together with the report of Directors and Auditors' thereon.
- Re-appointment of Mr. Lalit Bhasin, who retires by rotation and being eligible, offers himself for re-appointment.
- Re-appointment of M/s. P. Bholusaria & Co., Chartered Accountants, Statutory Auditors of the Company and fixing their remuneration.

### SPECIAL BUSINESS:

- Alteration of Memorandum and Association (MOA) of the Company in terms of the provisions of the Companies Act, 2013.
- Pasing of fresh resolution for borrowing monies under section 180(1)(c) of the Companies Act, 2013.

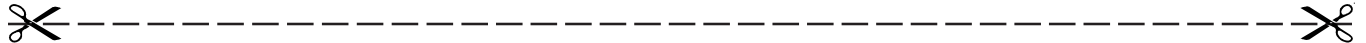
Signed this \_\_\_\_ day of \_\_\_\_\_, 2016

Signature of the Shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

Affix Revenue Stamp of Rs. 1/-

### Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



# HB LEASING AND FINANCE COMPANY LIMITED

## ATTENDANCE SLIP

### 33<sup>rd</sup> ANNUAL GENERAL MEETING

Time : 3.00 P.M., 20<sup>th</sup> day of September, 2016  
 Place : GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

FULL NAME OF THE FIRST SHAREHOLDER.....  
 Joint Shareholders, if any.....  
 Father's/Husband's Name .....  
 Address in full.....

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

I/We hereby record my/our presence at the 33<sup>rd</sup> Annual General Meeting held on Tuesday, 20<sup>th</sup> day of September, 2016 at 3.00 P.M. at GIA House, I.D.C. Mehrauli Road, Opp. Sector - 14, Gurgaon - 122 001, Haryana

Folio No. / DP-Id : .....  
 Client-Id : .....  
 No. of Shares : .....

Signature(s).....

Members may please note that the Auditorium Authorities do not permit carrying of bags/articles/snack packets etc. inside the meeting hall. The Company will not make any arrangements for safe keeping of articles etc. outside the Hall. Members may make their own arrangements which shall be solely at their risk and cost and the Company will in no way be responsible for any loss/theft of articles etc.



# ROUTE MAP OF GIA HOUSE

