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**HDFC securities**

[www.hdfcsec.com](http://www.hdfcsec.com)



**Board of Directors**

Mr. Abhay Aima

Mr. Aseem Dhru, Managing Director

Dr. (Mrs.) Amla Samanta

Mr. Bharat Shah, Chairman

Mr. Jagdish Capoor

Mr. S. S. Thakur

Mr. Santosh Haldankar, Whole Time Director & Company Secretary

**Auditors**

Deloitte Haskins & Sells LLP

Chartered Accountants

**Bankers**

HDFC Bank Limited

IndusInd Bank Limited

IDBI Bank Limited

Bank of America

Punjab National Bank

Corporation Bank

**Whole Time Director & Company Secretary**

Mr. Santosh Haldankar

**Registered Office**

Office Floor 8, I think Techno Campus,

Building B - Alpha,

Kanjurmarg (East),

Mumbai 400 042

Tel No. : 022-30753400

Fax No.: 022-30753435

Website : [www.hdfcsec.com](http://www.hdfcsec.com)

Corporate Identity Number

(CIN) - U67120MH2000PLC152193

**Registrar & Share Transfer Agents**

Datamatics Financial Services Limited,

Plot No B-5,

Part B Crosslane,

MIDC, Marol,

Andheri (East),

Mumbai - 400 093

Tel. No.: 66712213/2214

Fax No.: 66712011

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## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 15th Annual Report on the business and operations of the Company together with audited accounts for the year ended 31 March 2015.

### FINANCIAL RESULTS

	(Rs. in Crores)	
	Year ended	Year ended
	<u>31-3-2015</u>	<u>31-3-2014</u>
<b>Total Income</b>	<b>417.00</b>	<b>263.12</b>
Total Expenses	155.95	132.46
<b>Profit before depreciation</b>	<b>261.05</b>	<b>130.66</b>
Depreciation and Amortisation	10.31	9.48
<b>Profit before tax</b>	<b>250.74</b>	<b>121.18</b>
Provision for Tax	85.77	42.74
<b>Profit after tax</b>	<b>164.97</b>	<b>78.44</b>
Balance brought forward	385.60	324.21
<b>Amount available for appropriation</b>	<b>550.57</b>	<b>402.65</b>
Proposed dividend	30.97	7.74
Tax including surcharge and education cess on dividend	6.30	1.31
Transfer to General Reserve	17.00	8.00
<b>Balance carried over to Balance Sheet</b>	<b>496.30</b>	<b>385.60</b>

### OPERATIONS

During the year under review, the Company's total income amounted to Rs. 417.00 crores as against Rs. 263.12 crores in the previous year, an increase of 58.48%. The operations have resulted in a net profit after tax of Rs. 164.97 crores as against Rs. 78.44 crores in the previous year. The Company has emerged as a strong player in the financial services space offering complete financial services along with the core broking product. The Company continued strengthening its distribution network and by the end of the year had 250 branches across 186 cities in the country.

## PROSPECTS AND OUTLOOK FOR THE FUTURE

### Economic Outlook

#### Output:

The core sector growth in the 11 months to February 2015 stood at 3.8% compared with 4.2% in the corresponding period last year.

For the entire year FY15, Index of Industrial Production (IIP) growth is likely to be in the region of 3% and a more discernable recovery could take place in FY16 (fiscal year 2016) provided India is able to build on the foundation that has been laid in FY15.

#### Inflation:

India's Consumer Price Index (CPI) based inflation rose to 5.37 per cent in February, from 5.19 per cent the previous month, mainly because of high food prices.

The finance ministry and RBI announced on 2 March 2015 a monetary policy framework that will look to contain consumer price inflation within 6% by January 2016 and within 4% with a band of 2 percentage points for all subsequent years.

#### Fiscal & External situation:

India's trade deficit in March 2015 was the highest in four months, at \$11.79 billion, as exports continued to fall, underscoring risks for growth prospects

For the full fiscal year that ended in March 2015, merchandise exports declined 1.2 per cent to \$310.5 billion, while imports were down 0.6 per cent, at \$447.6 billion. That widened the annual trade deficit for India to \$137 billion in the 2014-15 fiscal year from \$135.8 billion in the preceding year.

Over the financial year's first nine months, ended December 2014, India's Current Account Deficit (CAD) narrowed to \$26.2 bn from \$31.1 bn in April-December 2013.

India's foreign exchange reserves are comfortable at \$341.37 billion. India is no longer far behind its other BRIC peers with Russia's Central Bank at \$360 billion, Brazil at \$371 billion.

## **Going forward:**

While the US Federal maintained that an increase in the federal funds rate may well be warranted later this year, markets might want more clarity on exactly when interest rates will go up. This event (including the pace and the extent of rise) may impact the global equity markets (including India) in the near term.

Oil prices have firmed up in early April, and significant further strengthening, perhaps as a result of unanticipated geopolitical events, will alter the inflation outlook. Food prices will be affected by the seasonal upturn that typically occurs ahead of the southwest monsoon (with IMD predicting 35% probability of below normal monsoon) and therefore, steps the government takes on food management will be critical in determining the inflation outlook.

Buoyed by the economic reform measures taken by the Indian government after coming to power in May last year, the World Bank has said that India would catch up with China's growth in the year 2016-17. The World Bank in its report also forecasted a growth rate of 7% each in the fiscal year 2016 and 2017 as against China's 7% and 6.9% respectively.

In India, a slow economic recovery is underway, helped by a sharp slide in inflation to multi-year lows. The improvement follows a sharp slowdown in the previous two years during which high inflation and a perception of policy paralysis had depressed domestic investment, while growing macroeconomic imbalances increased vulnerability to volatility in global financial markets.

## **Capital Market**

### **The equity market moves:**

BSE's benchmark Sensex rose 5571 points or 24.9% in the year ended 31 March 2015, the most in five years. The index breached the psychologically-significant 30,000-mark during this period. This rally was led by the positive mood generated by the new Government at the centre. The BSE Mid-cap index gained 49.6%, while the BSE Small-cap index rose 53.9%.

Foreign investors have infused Rs 2.7 lakh crore in the Indian markets in 2014-15 with Rs 1.11 lakh crore (about 40% higher yoy) coming into the equity markets

and Rs 1.66 lakh crore coming into the debt markets. A significant part of Foreign Institutional Investors (FIIs) investment was pumped in domestic equity markets in May 2014 (about 16500 cr) on the back of outcome of general elections and in January 2015 (over Rs.17,500 cr), as a result of easing inflation and a surprise rate cut by the Reserve Bank of India (RBI) on 15th January, 2015.

Mutual fund managers pumped in nearly Rs 6 trillion in debt market in 2014-15, an increase of eight per cent from the preceding year, primarily on account of improved business sentiments.

Besides, fund managers invested a net amount of Rs 40,000 crore in equity markets during last financial year.

This was the sixth consecutive year that saw positive FII inflows underlining the fact that they remain optimistic about the prospects of the Indian Stock Markets. Despite their unpredictable 'hot money' investment, these overseas entities have been amongst the most important drivers of Indian stock markets.

Since opening up of Indian markets for FIIs in 1992, they have made a cumulative net investment of Rs 8.19 lakh crore in shares and Rs 3.07 lakh crore in the debt segment.

Investor wealth soared by over Rs 27 lakh crore during 2014-15 fiscal on the back of rising stock prices helped by robust foreign fund inflows.

### **The way ahead:**

Over the past twelve months (FY2015), the Indian stock market was one of the best-performing in the world, with the MSCI India ETF (INDA) returning about 21%. The new fiscal could mean a boost in government spending that may result in growth speeding up.

FII funds are very important to the Indian market. If foreign investors continue to pump in money into Indian equities, the market will keep on surging irrespective of events and news. Indian equities have been an outsized beneficiary of easy global liquidity and soft global growth. Indeed, global investors are eyeing opportunities in two markets - India and the US. In fact, India has received the highest foreign fund inflows among the emerging markets in the past year. While foreign investors are positive on the Indian economy, the government also needs to push ahead with key reforms.

FII's have been over-allocating to India. If US Federal increases rates in the second half of the year we could see volatility in flows, and some outflows could be inevitable. India remains vulnerable to any upheaval in global markets because of high exposure to Indian equities by FII's. At the same time interest of foreign institutional investors in India is nearing a short-term peak due to the lack of market triggers and heavy overweight positions.

India's structural story remains compelling for long-term investors and the market will give valuation based on the past performance, quality of management, future projections of each company. Well run companies in sunrise industries will continue to be on higher growth than the rest of the economy.

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is annexed herewith in Form No. MGT-9 - **Annexure I**

### BOARD MEETINGS

During the year under review, 5 (five) Board Meetings were held. The meetings were held on 17 April 2014, 20 June 2014, 3 September 2014, 5 December 2014 and 12 March, 2015.

Details of attendance of Directors at the Board Meetings, directorship in other Companies and sitting fees paid to the Directors for attending Board and various Committees during the year under review are as follows:

Names of Directors	Attendance at the Board Meeting	Directorship of other Companies	Sitting Fees (Rs.)
Mr. Abhay Aima	5	2	2,38,500
Dr. (Mrs.) Amla Samanta	4	4	2,02,500
Mr. Aseem Dhru	5	-	-
Mr. Bharat Shah	4	10	2,02,500
Mr. Jagdish Capoor	5	13	2,11,500
Mr. S.S. Thakur	4	9	2,02,500
Mr. Santosh Haldankar	5	-	-

### COMPOSITION AND SIZE OF THE BOARD

The composition of the Board of Directors of the Company ("the Board") is governed by the Companies Act, 2013 & the SEBI (Stock-brokers and Sub-brokers) Regulations, 1992. The Board has 7 (seven) Directors as on 31 March 2015. All Directors other than Mr. Aseem Dhru and Mr. Santosh Haldankar are non-executive directors. The Company has 2 (two) independent directors and 5 (five) non-independent directors.

Mr. Abhay Aima, Mr. Aseem Dhru, Mr. Bharat Shah, Mr. Jagdish Capoor & Mr. Santosh Haldankar are non independent directors on the Board.

Mr. S.S. Thakur and Dr. (Mrs.) Amla Samanta are independent directors on the Board. None of the directors are related to each other

### COMPOSITION OF COMMITTEES OF DIRECTORS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference.

The various committees of the Board are as follows:

#### Audit Committee:

The members of the Audit Committee are Mr. Abhay Aima, Dr. (Mrs.) Amla Samanta and Mr. S.S. Thakur. The Committee is chaired by Mr. S.S. Thakur.

The Committee met 5 (five) times during the year. The meetings of the Committee were held on 17 April 2014, 20 June 2014, 3 September 2014, 5 December 2014 and 12 March, 2015.

The terms of reference to the Audit Committee interalia includes the following:

- Recommending appointment, remuneration and terms of appointment of auditors of the Company;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

- c. Reviewing with management, the financial statements and the auditors' report thereon focussing primarily on accounting policies and practices, compliances with other requirements concerning financial statements;
- d. Approval or any subsequent modification of transactions of the Company with related parties
- e. Reviewing the adequacy of the Company's financial controls and risk management systems.
- f. Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures techniques and other regulatory requirements;

#### **Nomination & Remuneration Committee:**

The Company has constituted a Nomination and Remuneration Committee for identification and recommending the appointment of directors, key managerial personnel and senior management personnel. The Nomination & Remuneration Committee scrutinizes the appointment of directors, key managerial personnel and senior management based on positive attributes, independence, qualifications, integrity etc. The Committee ensures that there is balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and formulates various policies to achieve the same.

The members of the Nomination & Remuneration Committee are Dr. (Mrs.) Amla Samanta, Mr. Bharat Shah, Mr. Jagdish Capoor and Mr. S.S. Thakur. The Committee is chaired by Mr. S.S. Thakur.

The Committee met 4 (four) times during the year. The meetings of the Committee were held on 17 April 2014, 20 June 2014, 3 September 2014 and 12 March 2015.

#### **CAPEX Committee**

The CAPEX Committee considers and approves all capital expenditure incurred by the Company for its various projects, branch set up, etc. from time to time.

The members of the Committee are Mr. Abhay Aima, Mr. Aseem Dhru, Mr. Bharat Shah and Mr. Jagdish

Capoor. The Committee met 3 (three) times during the year. The meetings of the Committee were held on 17 April 2014, 3 September 2014 and 5 December 2014.

#### **Share Allotment and Transfer Committee:**

The Share Allotment and Transfer Committee approves and monitors allotments, transfers, transmission, splitting and consolidation of shares issued by the Company. The Committee consists of Mr. Bharat Shah, Mr. Aseem Dhru and Mr. Abhay Aima. The Committee met 1(one) time during the year on 25 February 2015.

#### **Corporate Social Responsibility Committee:**

During the year 2014-15, the Board has constituted a CSR Committee with the following terms of reference

- a. To formulate the Company's CSR Strategy, Policy and Goals
- b. To recommend the amount of expenditure to be incurred every financial year on the CSR activities
- c. To monitor the Company's CSR Policy and performance
- d. To review the CSR projects/initiatives from time to time

The members of the CSR Committee are Mr. Abhay Aima, Mr. Aseem Dhru, Mr. Bharat Shah, Mr. S.S. Thakur and Dr.(Mrs.) Amla Samanta.

The Committee met 2 (two) times during the year. The meetings of the Committee were held on 20 June 2014 and 5 December 2014.

#### **Investment Management Committee**

The Investment Management Committee considers and approves the investment of funds by the Company within the overall limits approved by the Board. The Committee consists of Mr. Aseem Dhru, Mr. C.V. Ganesh, Mr. Nimesh Shah and Mr. Santosh Haldankar. The Committee met 2(two) times during the year. The meetings of the Committee were held on 19 June 2014 and 4 December 2014.



General Body Meetings  
(During previous three financial years)

Meeting	Date and Time	Venue	No. of Special Resolutions passed
14th AGM	20 June 2014 at 11.30 a.m.	HDFC Bank House, 6th Floor, S.B. Marg, Lower Parel, Mumbai 400 013	3 (three)
13th AGM	7 June 2013 at 11.30 a.m.	HDFC Bank House, 6th Floor, S.B. Marg, Lower Parel, Mumbai 400 013	1(one)
12th AGM	18 June 2012 at 11.30 a.m.	HDFC Bank House, 6th Floor, S.B. Marg, Lower Parel, Mumbai 400 013	1(one)

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors hereby state that:

1. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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 as at 31 March, 2015 and of the profit of the Company for the year ended on that date;
3. they 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;

4. they have prepared the annual accounts on a going concern basis; and
5. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**INTERNAL FINANCIAL CONTROLS**

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

**DECLARATION BY INDEPENDENT DIRECTORS:**

Mr. S.S. Thakur and Dr. (Mrs.) Amla Samanta have given a declaration stating that they meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013. The Board has taken the same on record.

**NOMINATION & REMUNERATION POLICY:**

The Company has adopted the Nomination & Remuneration Policy pursuant to which the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company is reviewed by the Nomination & Remuneration Committee with recommendations to the Board. The Nomination & Remuneration Policy inter-alia provides for identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down such as

- academic qualifications, previous experience, track record
- integrity of the candidate
- external competitiveness and
- size and complexity of the job

The Company has also adopted the Directors' Performance Evaluation Policy including the criteria for performance evaluation. Pursuant thereto the performance evaluation of Independent Directors is done by the entire Board, excluding the director being evaluated. The Independent Directors have also reviewed and evaluated the performance of the Non-Independent Directors and the entire Board.

## **AUDIT QUALIFICATIONS**

During the year under review, there is no audit qualification, reservation, adverse remark or disclaimer in the Company's financial statement by the Auditor or by the Company Secretary in practice in the Secretarial Audit Report. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year under review, the Company has not given any loans, guarantees pursuant to Section 186 of the Companies Act, 2013. The particulars of investments made by the Company under Section 186 of the Companies Act, 2013 at the close of the financial year are reflected in Note No. 11 & 14 of the Financial Statements.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188**

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 is annexed herewith in Form AOC-2 - **Annexure II**

## **RISK MANAGEMENT POLICY**

The Company has a robust risk management policy wherein the various risks including market risk, liquidity risk and operational risk are identified and prudential limits are set internally by the Management to control and mitigate the risks with various risk strategy, policies, procedures and systems. The Company has a comprehensive centralized risk management function, independent from the operations and business units of the Company. A dedicated team with risk management function is responsible for assessment, monitoring and reporting of risks. Material operational risk losses are examined thoroughly to identify areas of risk exposures and gaps in controls basis which

appropriate risk-mitigating actions are initiated. The Company periodically carries out liquidity stress testing which forms an integral part of the internal capital adequacy assessment process (ICAAP) both on historical and forecasted data.

## **CORPORATE SOCIAL RESPONSIBILITY**

As a responsible Corporate Citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalized sections of society. It's been the Company's endeavour to put more value on bringing social good, which is beneficial to the society and thus making a difference in the livelihood of the people. Pursuant to Section 135 of the Companies Act, 2013, a brief outline on the Company's CSR Policy and the CSR Activities/Initiatives taken by the Company is enclosed in **Annexure III**

## **DIVIDEND**

Your Directors are pleased to recommend a dividend of 200% for the year ended 31 March 2015. This dividend shall be subject to dividend distribution tax to be paid by the Company but will be tax-free in the hands of the members.

## **AWARDS AND RECOGNITION**

During the year under review, the Company received the following awards

- "Best e-Brokerage Award – 2014" in the Outlook Money Awards in the runner up category.
- "Best Market Analyst Award 2014" in the Equity Banking category by Zee Business and
- "Best Financial Markets Technology Implementation -2014" during the eighth Asian Bankers Awards Program, 2014

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under Section 134(q)

of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable.

B. Details of earnings and expenses in foreign currency are reflected at Note no. 24.3 of the Financial statements.

#### **DIRECTORS:**

Mr. Jagdish Capoor and Mr. Bharat Shah retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. S.S. Thakur was appointed as an additional Director designated as an Independent Director w.e.f. 20 June 2014 and he shall hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing pursuant to Section 160 of the Companies Act, 2013 from a shareholder proposing the candidature of Mr. S.S. Thakur as an Independent Director of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Dr. (Mrs.) Amla Samanta was appointed as an additional Director designated as an Independent Director w.e.f. 9 July 2014 and she shall hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing pursuant to Section 160 of the Companies Act, 2013 from a shareholder proposing the candidature of Dr. (Mrs.) Amla Samanta as an Independent Director of the Company.

The appointment of Independent Directors have been formalised through a letter of appointment, which is available on the company's website [www.hdfcsec.com](http://www.hdfcsec.com).

Mr. Aseem Dhru has relinquished his office as Managing Director of the Company. Under the dynamic leadership of Mr. Aseem Dhru, the Company has emerged as one of the leading stock broking entity and has recorded all round growth. The Board places on record its sincere appreciation for the services rendered by Mr. Aseem Dhru as Managing Director

of the Company and considering his wide experience and knowledge has appointed him as an Additional Director pursuant to Section 161(1) of the Companies Act, 2013 and he shall hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing pursuant to Section 160 of the Companies Act, 2013 from a shareholder proposing the candidature of Mr. Aseem Dhru as Director of the Company.

The Board of Directors at its meeting held on 17 April 2015 have appointed Mr. Dhiraj Relli as Managing Director of the Company. Mr. Dhiraj Relli is a commerce graduate and a qualified Chartered Accountant and has done Advance Management Program from Indian Institute of Management, Bangalore. He is working with HDFC Bank Ltd. since 2008 and has experience of over two decades in the Banking and Financial Sector including areas of Retail Banking, Wealth Management, Portfolio Management, Sales and distribution of financial services products, Assets, Channel Management, Operations and Audit. Prior to working with HDFC Bank, Mr. Dhiraj Relli has worked with Centurion Bank of Punjab, ICICI Bank and many financial service companies and has vast experience in handling multiple assignments.

#### **EMPLOYEE STOCK OPTION**

The Company had granted 5,42,750 stock options to its employees entitling them to receive an equivalent number of Equity shares of face value of Rs. 10/- each in the Company at an exercise price of Rs. 135/- per share.

A total of 8,000 stock options were exercised and allotted by the Company during the year. The money realised due to exercise of the said options was Rs. 10,80,000/-. A detailed note on this subject is placed in the notes forming part of the financial statements at Note no. 31.

#### **PUBLIC DEPOSIT:**

During the year under review, the Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

**INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013:**

The information required to be given under the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, is given in the **Annexure IV** enclosed.

**AUDITORS:**

Deloitte Haskins & Sells LLP., Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting. It is proposed to appoint Deloitte Haskins & Sells, LLP, Chartered Accountants, Registration No. 117366W/W-100018 as Statutory Auditors of the Company for the audit of accounts of the Company for the financial year 2015-16, on a remuneration of Rs.18,50,000/- (Rupees Eighteen lacs fifty thousand only), plus services tax and out of pocket expense, if any subject to the approval of the members.

**SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s BNP & Associates , Company Secretaries have been appointed Secretarial

Auditors of the Company. The report of the Secretarial Auditors is enclosed in Form MR-3 to this Report - **Annexure V**

**ACKNOWLEDGEMENT AND APPRECIATION:**

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's customers and bankers for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company. We would also like to thank all our shareholders for their support in our endeavours.

**On behalf of the Board of Directors**

**Place: Mumbai.**  
**Date: 17 April 2015**

**Bharat Shah**  
**Chairman**

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31 March 2015**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

- (i) CIN : U67120MH2000PLC152193  
(ii) Registration Date : 17 April 2000  
(iii) Name of the Company : HDFC Securities Ltd.  
(iv) Category/Sub-Category of the Company : Company Limited by shares  
(v) Address of the Registered office and contact details: : Office Floor 8, I Think Techno Campus Building B - Alpha, Kanjurmarg (East), Mumbai 400042. Tel : 022 - 30753400  
(vi) Whether listed company : No  
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Datamatics Financial Services Limited, Plot No. B-5, MIDC, Marol, Andheri (East), Mumbai 400093

**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 and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
I.	Stock Broking and related products	67120	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	HDFC Bank Ltd.	L65920MH1994PLC080618	Holding Company	97.91	Section 2

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	1,38,10,000	-	1,38,10,000	89.24	1,51,60,295	-	1,51,60,295	97.91	8.67
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total	1,38,10,000	-	1,38,10,000	89.24	1,51,60,295	-	1,51,60,295	97.91	8.67
(A) (1):-									
(2) Foreign									
a) NRIs -	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total									

(A) (2):- Total shareholding of Promoter	-	-	-	-	-	-	-	-	-
(A) =(A)(1)+(A)(2)	1,38,10,000	-	1,38,10,000	89.24	1,51,60,295	-	1,51,60,295	97.91	8.67
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total									
(B) (1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,99,582	92,724	5,92,306	3.83	1,30,806	55,024	1,85,830	1.20	(2.63)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	10,42,819	30,000	10,72,819	6.93	1,27,000	10,000	1,37,000	0.89	(6.04)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total									
(B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)	15,42,401	1,22,724	16,65,125	10.76	2,57,806	65,024	3,22,830	2.09	(8.67)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,53,52,401	1,22,724	1,54,75,125	100	1,54,18,101	65,024	1,54,83,125	100	

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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.	HDFC Bank Ltd.	1,38,10,000	89.24	Nil	1,51,60,295	97.91	Nil	8.67

(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
	<b>At the beginning of the year</b>	1,38,10,000	89.24	1,38,10,000	89.24
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) Transfer on 23.05.2014	13,50,295	8.73	13,50,295	8.73
	<b>At the end of the year</b>	1,51,60,295	97.91	1,51,60,295	97.91*

\* Note : The dilution of 0.06% in shareholding of the promoters is on account of 8,000 shares allotted on 25 February 2015 toward Employees Stock Options exercised.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 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>At the beginning of the year</b>				
1	Sunil M. Shah	1,80,000	1.16		
2	Siddharth A. Shah	50,020	0.32		
3	Jyothesh Kumar Krishnan	35,000	0.23		
4	Reynu B. Bhat	35,000	0.23		
5	Deepak R. Jasani	35,000	0.23		
6	Adil F. Patrawala	33,750	0.22		
7	Puneet Gupta	28,450	0.18		
8	Vinod Yennemadi	20,400	0.13		
9	Manoj Kumar Nanda	20,000	0.13		
10	Ashish Rathi	20,000	0.13	4,57,620	2.96
	<b>Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):</b>				
	<b>Transfer</b>				
1	Sunil M. Shah - 23.05.2014	(1,80,000)	(1.16)		
2	Siddharth A. Shah - 23.05.2014	(50,000)	(0.32)		
3	Jyothesh Kumar - 23.05.2014	(35,000)	(0.23)		
4	Reynu B. Bhat - 23.05.2014	(35,000)	(0.23)		
5	Deepak R. Jasani - 23.05.2014	(33,000)	(0.21)		
6	Adil F. Patrawala - 23.05.2014	-	-		
7	Puneet Gupta - 23.05.2014	(28,450)	(0.18)		
8	Vinod Yennemadi - 23.05.2014	(20,400)	(0.13)		
9	Manoj Nanda - 23.05.2014	(19,500)	(0.13)		
10	Ashish Rathi - 23.05.2014	(19,900)	(0.13)	(4,21,250)	(2.72)
	<b>At the End of the year (or on the date of separation, if separated during the year)</b>				
1	Sunil M. Shah	-	-		
2	Siddharth A. Shah	20	-		
3	Jyothesh Kumar Krishnan	-	-		
4	Reynu B. Bhat	-	-		
5	Deepak R. Jasani	2,000	0.01		
6	Adil F. Patrawala	33,750	0.22		
7	Puneet Gupta	-	-		
8	Vinod Yennemadi	-	-		
9	Manoj Kumar Nanda	500	-		
10	Ashish Rathi	100	-	36,370	0.24

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	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>At the beginning of the year</b>				
1	Aseem Dhru	1,74,000	1.12		
2	C.V. Ganesh	35,000	0.23		
3	Santosh Haldankar	6,755	0.04		

4	Abhay Aima	20,000	0.13		
5	Bharat Shah	30,000	0.19		
6	Shobha Singh Thakur	10,004	0.07		
7	Jagdish Capoor	1		2,75,760	1.78
<b>Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):</b>					
<b><u>Transfer</u></b>					
1	Aseem Dhru - 23.05.2014	(1,74,000)	(1.12)		
2	C.V. Ganesh - 23.05.2014	(12,500)	(0.08)		
3	Santosh Haldankar - 23.05.2014	(6,650)	(0.04)		
4	Abhay Aima - 23.05.2014	(20,000)	(0.13)		
5	Bharat Shah - 23.05.2014	(30,000)	(0.19)		
6	Shobha Singh Thakur - 23.05.2014	(10,000)	(0.07)		
7	Jagdish Capoor - 23.05.2014	-		(2,53,150)	(1.64)
<b>At the End of the year</b>					
1	Aseem Dhru	-	-		
2	C.V. Ganesh	22,500	0.14		
3	Santosh Haldankar	105	-		
4	Abhay Aima	-	-		
5	Bharat Shah	-	-		
6	Shobha Singh Thakur	4	-		
7	Jagdish Capoor	1	-	22,610	0.14

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposit	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>Change in Indebtedness during the financial year</b>				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	Nil	Nil	Nil	Nil
<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>	Nil	Nil	Nil	Nil



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Aseem Dhru	Santosh Haldankar	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,59,16,221	33,72,430	3,92,88,651
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,52,717	64,176	4,16,893
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify			
	- LTA Provision (14-15)	1,93,178	12,000	2,05,178
	- Interest Subsidy Allowance Provision (14-15)	1,14,987	30,000	1,44,987
	- Meal Coupon	-	14,496	14,496
	- Employer contribution to PF	2,00,370	51,096	2,51,466
	- Superannuation (14-15)	3,28,842	-	3,28,842
	<b>Total (A)</b>	<b>3,71,06,315</b>	<b>35,44,198</b>	<b>4,06,50,513</b>
	Ceiling as per Act	5% of the Net Profits	5% of the Net Profits	10% of the Net Profits

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		S.S. Thakur	Amla Samanta		
3.	Independent Directors				
	• Fee for attending board/committee meetings	2,02,500	2,02,500		4,05,000
	• Commission Others, please specify				
	<b>Total (1)</b>	<b>2,02,500</b>	<b>2,02,500</b>		<b>4,05,000</b>
		Bharat Shah	Abhay Aima	Jagdish Capoor	
4.	Other Non-Executive Directors				
	• Fee for attending board/committee meetings	2,02,500	2,38,500	2,11,500	6,52,500
	• Commission	-	-	-	Nil
	• Others, please specify Remuneration	15,00,000	-	-	15,00,000
	Value of Perquisites	3,22,273	-	-	3,22,273
	<b>Total (2)</b>	<b>20,24,773</b>	<b>2,38,500</b>	<b>2,11,500</b>	<b>24,74,773</b>
	Total (B)=(1+2)	<b>22,27,273</b>	<b>4,41,000</b>	<b>2,11,500</b>	<b>28,79,773</b>
	Total Managerial Remuneration				<b>28,79,773</b>
	Overall Ceiling as per the Act				1% of the Net Profits

C. **Remuneration to key managerial personnel other than MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A.	Already furnished in VI A	1,01,48,255	1,01,48,255
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961			1,92,141	1,92,141
	(c) Profits in lieu of salary under section 17(3) of			-	-
2.	Stock Option			-	-
3.	Sweat Equity			-	-
4.	Commission - as % of profit - others, specify			-	-
5.	Others, please specify				
	- LTA Provision (14-15)			24,000	24,000
	- Interest Subsidy Allowance Provision (14-15)			60,000	60,000
	- Meal Coupon			14,496	14,496
	- Employer contribution to PF			1,96,005	1,96,005
	Total			<b>1,06,34,897</b>	<b>1,06,34,897</b>

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					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

On behalf of the Board of Directors

Place: Mumbai.

Date: 17 April 2015

Bharat Shah  
Chairman

**FORM NO. AOC-2**

*[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

(a)	Name(s) of the related party and nature of relationship	Nil
(b)	Nature of contracts/arrangements/transactions	Nil
(c)	Duration of the contracts/arrangements/transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Justification for entering into such contracts or arrangements or transactions	Nil
(f)	Date(s) of approval by the Board	Nil
(g)	Amount paid as advances, if any	Nil
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

**2. Details of material contracts or arrangements or transactions at arm's length basis**

(a)	Name(s) of the related party and nature of relationship	1. HDFC Bank Ltd. (Holding Company) 2. HDB Financial Services Limited. (Enterprise under common control of the Holding Company) 3. Atlas Documentary Facilitators Company Private Ltd. (related party as per Companies Act, 2013)
(b)	Nature of contracts/arrangements/transactions	Banking and other normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 26).
(c)	Duration of the contracts/arrangements/transactions	Usually annual, however, depends on the nature of transaction
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no. 26
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive Pricing and Value of services rendered.
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.

**On behalf of the Board of Directors**

Place: Mumbai.

Date: 17 April 2015

**Bharat Shah**  
**Chairman**

## REPORT ON CSR ACTIVITIES/INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

### 1. Brief Outline of the CSR Policy

The Company has adopted the Corporate Social Responsibility Policy outlining the various activities defined in Schedule VII of the Companies Act, 2013. The Policy envisages the formulation of the CSR Committee which will recommend the amount of expenditure to be incurred on the activities referred to in the Policy to the Board and monitor the project/programs from time to time with reporting of the progress on such project/programs to the Board. The execution of the projects/programs is either by way of partnering through the implementing agencies or directly by the Company. Contents of the CSR policy of the Company is displayed on the website of the Company [www.hdfcsecurities.com](http://www.hdfcsecurities.com).

### 2. The Composition of the CSR Committee

The CSR Committee consists of 5(five) directors out of which 2(two) directors are Independent Directors.

The members of the CSR Committee are as follows:

- 1) Mr. Abhay Aima
- 2) Mr. Aseem Dhru
- 3) Mr. Bharat Shah
- 4) Mr. S.S. Thakur - Independent Director
- 5) Dr.(Mrs.) Amla Samanta - Independent Director.

### 3. Average Net Profit of the Company for last 3 financial years

Rs. 99.55 crores

### 4. The Prescribed CSR expenditure (2% of amount)

Rs. 1.99 crores

### 5. Details of CSR activities/projects undertaken during the year:

(a) Total amount to be spent for the financial year - Rs. 199.00 lacs

(b) Amount unspent, if any - Rs. 172.36 lacs

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1.	Promoting special education	Special Education	Local area Mumbai, Maharashtra	12,00,000	12,00,000	12,00,000	Human Development Centre
2.	Setting up of infrastructure for women and orphans	Setting up homes and hostels for women and orphans	Local area Mumbai, Maharashtra	4,00,000	3,93,509	3,93,509	India Sponsorship Committee
3.	Healthcare - Sponsorship of Dialysis treatment	Preventive Healthcare	Local area Mumbai, Maharashtra	6,00,000	6,00,000	6,00,000	Nana Palkar Smruti Samiti
4.	Healthcare and nutrition - Provision of Infusion pumps & nutritional lunch	Healthcare	Local area Mumbai, Maharashtra	12,00,000	-	-	Tata Memorial Centre

5.	Women Empowerment	Social cause	Local area Mumbai, Maharashtra	2,35,000	2,35,000	2,35,000	Bombay Community Public Trust
6.	Child education	Education	Local area Mumbai, Maharashtra	2,35,000	2,35,000	2,35,000	India Sponsorship Committee
				<b>38,70,000</b>	<b>26,63,509</b>	<b>26,63,509</b>	

#### 6. Reason for not spending the amount

Since the Company believes in active participation of CSR activities under Projects/Programs mode rather than disbursement of funds to the implementing agency directly, considering the due diligence and identification of eligible Projects/Programs, an amount of Rs. 26.64 lacs has been disbursed by the Company during the financial year 2014-15 and Rs. 172.36 lacs is lying unspent in the CSR account, which the Company proposes to utilize in the subsequent financial year.

#### 7. Responsibility statement by the CSR Committee

The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**On behalf of the Board of Directors**

**Aseem Dhru**  
Managing Director

**Bharat Shah**  
Chairman

**Place: Mumbai**

**Date: 17 April 2015**

#### Annexure IV

Information pursuant to Section 197(12) of the Companies Act, 2013.

Name and Qualification	Age in yrs.	Designation/Nature of Duties	Date of commencement of employment	Remuneration (Rs.)	Experience (No. of years)	Last Employment
Mr. Aseem Dhru B.Com, CA, CWA	45	Managing Director	1 January 2008	3,64,69,308	20	HDFC Bank Ltd.
Mr. C.V. Ganesh B.Com, CA, CWA	43	Chief Operating Officer	2 May 2008	1,06,53,233	21	Citi Technology Services Ltd.
Mr. Deepak Jasani B.Com, LLB, FCA, CFA	50	Head - Retail Research	7 April 2004	75,73,585	20	Kaji & Maulik Services Ltd.
Mr. Siddharth Shah B.Com	55	Head -Branch Sales	1 June 2010	1,22,43,131	34	HDFC Bank Ltd
Mr. Uday Singh B.Com, MBA	40	Head - Retail Sales	21 December 2005	73,03,042	19	ICICI Prudential Life Insurance Company Ltd.
Mr. Vinod Sharma B.Com, MBA	52	Head Private Client Group	30 October, 2009	71,75,804	30	Anagram Securities Limited
Mr. Jyotheesh Kumar BE, MBA	41	Head - Online, PBG, NRI, Marketing	1 June 2010	74,40,534	16	HDFC Bank Ltd.
Ms. Reynu Bhat BSc	51	Head - Customer Care & Telebroking	15 January 2004	64,85,726	19	Microwave Communication Ltd.
Mr. Dipen Sheth B.Tech (IIT) PGDBM (IIM)	48	Head - Institutional Research	12 April 2012	62,06,826	23	Edelweiss Securities

#### Notes:

1. Remuneration as shown above includes salary, performance bonus paid during the year, house rent allowance, medical allowance, reimbursement of telephone bills, leave travel allowance, superannuation, other taxable allowances and Company's contribution to provident fund.
2. None of the above are related to any Director of the Company.
3. Nature of employment is contractual.

**On behalf of the Board of Directors**

**Place: Mumbai.**

**Date: 17 April 2015**

**Bharat Shah**  
Chairman

**SECRETARIAL AUDIT REPORT**  
**For the financial year ended 31st March, 2015**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]*

To

The Members  
HDFC Securities Limited  
I Think Techno Campus, Building-B,  
Alpha Office, Floor 8,  
Opp. Crompton Greaves,  
Kanjurmarg(E), Mumbai – 400 042

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **HDFC Securities Limited** (hereinafter called ‘the Company’) for the audit period covering the financial year ended on 31st March, 2015. 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 Company’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 generally complied with the 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.

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, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (‘the Act’) and the Rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (v) The following regulations and Guidelines to the extent applicable, prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999;
  - (c) 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.
- (vi) The Securities and Exchange Board of India (Stock Brokers & Sub-Brokers) Regulations 1992 except those provisions and guidelines, circulars, master circulars and directions issued by the Securities and

Exchange Board of India or the Stock Exchanges and applicable to the Company as a stock broker relating to its day-to-day operations in the ordinary course of business.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minute (since not approved by the Central Government)
- (vii) Listing Agreement executed with the Stock Exchange.

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors 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.

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.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**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.

**We further report that** during the audit period, there was no specific event/action having a major bearing on the Company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, etc. referred to above.

For BNP & Associates  
Company Secretaries

Place: Mumbai  
Date: 17th April, 2015

Keyoor Bakshi  
Partner  
FCS 1844 / CP No. 2720

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF HDFC SECURITIES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of HDFC SECURITIES LIMITED (the "Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 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 thereunder.

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

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



## Opinion

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 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 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its 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 DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No: 117366W / W-100018)

G. K. Subramaniam  
Partner  
(Membership No.109839)

Place : Mumbai  
Date : 17<sup>th</sup> April 2015

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- ii) According to the information and explanations given to us, the Company is engaged primarily in the securities broking operations and its activities do not require it to hold any inventories. Therefore, the provisions of paragraph 3(ii) of the Order are not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for sale of services. The nature of the Company's business is such that it does not involve purchase of inventories and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- v) According to the information and explanations given to us, the Company has not accepted deposits in terms of the provisions of Section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended and no order under the aforesaid sections has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in respect of the Company.
- vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and the Companies (cost records and audit) Rules 2014, as amended for any services rendered by the Company.
- vii) According to the information and explanations given to us in respect of statutory dues:
  - i) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duties of Customs, Duties of Excise, Value added tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of these statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
  - ii) There were no undisputed amounts payable in respect of these provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

- iii) Details of dues of Income-tax and Service Tax which have not been deposited as on 31st March 2015 on account of dispute is given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.in Lakhs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	Assessment Year 2007-08	64
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12	93
Finance Act, 1994	Service Tax	Commissioner of Central Excise (Appeals)	Financial Years 2004-05 and 2005-06	4
Finance Act, 1994	Service Tax	Commissioner of Central Excise	Financial Years 2005-06 to 2008-09	22

There were no dues of Sales Tax, Wealth Tax, duty of customs or duty of excise, value added tax and Cess which have not been deposited as at 31st March, 2015 on account of disputes.

- iv) In our opinion and according to the information and explanations given to us, there were no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) The Company does not have any accumulated losses as at the end of the year. The Company has not incurred cash losses during the year covered by our audit and in the immediately preceding financial year.
- ix) According to the information and explanations given to us, the Company has not borrowed any sum from a financial institution or bank nor has it issued any debentures. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.
- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) According to the information and explanations given to us, the Company has not availed any term loan during the year. Therefore, the provisions of paragraph 3(xi) of the Order are not applicable to the Company.
- xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Registration No: 117366W / W-100018)

G. K. Subramaniam

Partner

(Membership No.109839)

Place : Mumbai

Date : 17<sup>th</sup> April 2015

**Balance Sheet as at 31 March 2015**

(Rs. in Lacs)

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	1,548	1,548
(b) Reserves and surplus	4	55,449	42,669
(c) Money received against share warrants		-	-
		<u>56,997</u>	<u>44,217</u>
2 Share application money pending allotment		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		45	-
(c) Other long term liabilities	5	318	324
(d) Long-term provisions	6	69	49
		<u>432</u>	<u>373</u>
<b>4 Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	7	3,682	2,910
(c) Other current liabilities	8	29,411	36,909
(d) Short-term provisions	9	4,178	1,466
		<u>37,271</u>	<u>41,285</u>
<b>TOTAL</b>		<u><u>94,700</u></u>	<u><u>85,875</u></u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible Assets	10	4,498	4,244
(ii) Intangible Assets	10	585	448
(iii) Capital Work-in-Progress		618	71
(iv) Intangible assets under development		268	186
		<u>5,969</u>	<u>4,949</u>
(b) Non-current investments	11	6,259	2,084
(c) Deferred tax assets (Net)		-	9
(d) Long-term loans and advances	12	993	944
(e) Other non-current assets	13	22,331	5,326
		<u>35,552</u>	<u>13,312</u>
<b>2 Current assets</b>			
(a) Investments	14	2,100	6,500
(b) Trade receivables	15	31	230
(c) Cash and cash equivalent	16	31,625	34,874
(d) Short-term loans and advances	17	25,047	30,752
(e) Other current assets	18	345	207
		<u>59,148</u>	<u>72,563</u>
<b>TOTAL</b>		<u><u>94,700</u></u>	<u><u>85,875</u></u>

The accompanying notes form an integral part of these financial statements (1 to 33)

In terms of our report attached

For and on behalf of the Board of Directors

 For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**ASEEM DHRU**  
Managing Director

**BHARAT SHAH**  
Chairman

**G. K. SUBRAMANIAM**  
Partner

**C. V. GANESH**  
Chief Operating Officer

**SANTOSH HALDANKAR**  
Whole Time Director &  
Company Secretary

Place : Mumbai

Date : 17 April 2015

**Statement of Profit and Loss for the year ended 31 March, 2015**

		(Rs. in Lacs)	
Particulars	Note No.	Year ended 31 March 2015	Year ended 31 March 2014
I. Revenue from operations	19	41,286	25,997
II. Other income	20	414	315
<b>III. Total Revenue (I + II)</b>		<b>41,700</b>	<b>26,312</b>
IV. Expenses:			
Employee benefits expense	21	9,426	7,913
Finance costs	22	146	6
Depreciation and amortisation expense	10	1,031	948
Other expenses	23	6,023	5,327
<b>Total expenses</b>		<b>16,626</b>	<b>14,194</b>
<b>V. Profit before tax (III - IV)</b>		<b>25,074</b>	<b>12,118</b>
VI. Tax expense:			
(1) Current tax expense for current year		8,537	4,015
(2) Short provision for tax relating to prior years		(14)	68
(3) Deferred tax		54	191
		<b>8,577</b>	<b>4,274</b>
<b>VII. Profit for the year (V - VI)</b>		<b>16,497</b>	<b>7,844</b>
VIII. Earnings per equity share: (Face Value - Rs 10)			
Basic and diluted (Rs.)		<b>106.60</b>	51.01

The accompanying notes form an integral part of this financial statements (1 to 33)

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**G. K. SUBRAMANIAM**  
Partner

Place : Mumbai  
Date : 17 April 2015

For and on behalf of the Board of Directors

**ASEEM DHRU**  
Managing Director

**C. V. GANESH**  
Chief Operating Officer

**BHARAT SHAH**  
Chairman

**SANTOSH HALDANKAR**  
Whole Time Director &  
Company Secretary

**Cash Flow Statement for the year ended 31 March, 2015**

(Rs. in Lacs)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
<b>(A) Cash flows from Operating activities :</b>		
Net Profit before taxation	25,074	12,118
<b>Adjustments for :</b>		
Interest on fixed deposits	(2,871)	(2,322)
Interest on non current investments	(8)	(8)
Income from current investments	(139)	(117)
Bad Debts Written Off	-	(166)
(Profit) / Loss on Sale of Fixed Assets	3	(8)
Dividend received	(144)	(122)
Provision for Doubtful Debts	5	(3)
Liabilities written back	(43)	-
Provision for Interest on Service Tax	143	-
Provision for Wealth Tax	2	2
Depreciation and Amortisation	1,031	948
Provision for Employee benefits	68	(21)
<b>Operating profit before working capital changes</b>	<b>23,121</b>	<b>10,301</b>
<b>Adjustments for changes in :</b>		
Trade Receivables	199	(119)
Loans and advances	5,686	(20,619)
Fixed deposits pledged with Banks under lien against guarantee / margins	(11,227)	(827)
Purchase of mutual funds under lien against margins	-	(500)
Trade and other payables	(7,026)	23,657
<b>Cash generated from Operations</b>	<b>10,753</b>	<b>11,893</b>
Interest received	2,746	2,380
Direct taxes paid (net of refunds)	(8,635)	(3,857)
<b>Net Cash generated from Operating activities</b>	<b>4,864</b>	<b>10,416</b>
<b>(B) Cash flows from Investing activities :</b>		
Purchase of Fixed Assets	(1,829)	(989)
Proceeds from sale of Fixed Assets	17	27
Fixed deposits with original maturity of more than 3 months	2,300	(1,425)
Purchase of short term mutual funds	(200)	(4,800)
Sale of mutual funds	425	-
Income from current investments	139	117
Interest on bonds	8	8
Dividend received	144	122
<b>Net Cash used in Investing activities</b>	<b>1,004</b>	<b>(6,939)</b>
<b>(C) Cash flows from Financing activities :</b>		
Dividend Paid (including dividend tax)	(905)	(180)
Interest paid others	(146)	-
Money received on exercise of stock options by employees	10	150
<b>Net Cash generated from Financing activities</b>	<b>(1,041)</b>	<b>(29)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,827</b>	<b>3,447</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11,936</b>	<b>8,489</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>16,763</b>	<b>11,936</b>
<b>Reconciliation</b>		
Cash and cash equivalents at the end of the year	16,763	11,936
Add: Fixed deposits with original maturity in excess of three months and restricted cash balances	14,862	22,938
<b>Cash and bank balances at the end of the year as per Note 16</b>	<b>31,625</b>	<b>34,874</b>
Add: Fixed deposits pledged with Banks against guarantees / margins (Refer Note 13)	22,331	5,326
<b>Cash and Bank Balances</b>	<b>53,956</b>	<b>40,200</b>

The accompanying notes form an integral part of these financial statements (1 to 33)

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
**G. K. SUBRAMANIAM**  
Partner  
Place : Mumbai  
Date : 17 April 2015

For and on behalf of the Board  
**ASEEM DHRU** **BHARAT SHAH**  
Managing Director Chairman  
**C. V. GANESH** **SANTOSH HALDANKAR**  
Chief Operating Officer Whole Time Director & Company Secretary

## Notes forming part of the Financial Statements

### Note 1: Corporate Information

HDFC Securities Limited (the “Company”) is engaged in a single line of business as a brokerage. The Company is an unlisted public limited company that is a majority owned subsidiary of HDFC Bank Limited (the “Parent”). The Company is registered as a “Stock Broker” with the Securities and Exchange Board of India (“SEBI”) and as a “Corporate Agent” with the Insurance Regulatory and Development Authority (“IRDA”). As a brokerage, its activities comprise several classes of services including agency transactions, subscription based services and distribution of financial products.

### Note 2: Significant Accounting Policies

#### 2.1. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (“Indian GAAP”) under the historical cost convention on an accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”), as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Assets and liabilities have been classified as Current or Non-Current on the basis of the Company’s normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

#### 2.2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

#### 2.3. Revenue recognition

Income from services rendered as a brokerage is recognised upon rendering of the services.

Commissions are recorded on a trade date basis as the securities transaction occur.

Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.

Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, issue of the insurance policy to the applicant.

Commissions and fees recognised as aforesaid are exclusive of service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.

Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.

Dividend income is recognised when the right to receive the dividend is established.

#### 2.4. Tangible assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within “Other Income” or “Other Expenses”, as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

<b>Asset</b>	<b>Estimated useful life</b>
Computer Hardware	3 years
Office Equipment	5 years
Furniture and fixtures	10 years
Leasehold Improvements	Over the remaining period of the lease
Electricals	10 years
Office premises	60 years

For the following categories of assets, the company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below :

<b>Asset</b>	<b>Estimated useful life</b>
Vehicles	4 years
Network & Servers	4 years

All tangible assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase.

Useful lives are reviewed at each financial year end and adjusted if appropriate.

## **2.5. Intangible assets**

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

<b>Asset</b>	<b>Estimated useful life</b>
Computer software licenses	5 years
Electronic trading platform (Website)	5 years
Bombay Stock Exchange Card	10 years

All intangible assets costing less than Rs. 5,000 individually are fully amortised in the year of acquisition.

## **2.6. Impairment**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.



## 2.7. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

## 2.8. Employee benefits

### i) Short term

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

### ii) Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

#### Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the National pension scheme, employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

#### Defined-benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to

the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan.

Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### iii) Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

### (iv) Share-based payment transactions

Equity settled stock options granted under the Company's Employee Stock Option Schemes are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

## 2.9. Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's Balance Sheet. Lease expenses on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

#### **2.10. Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is measured at the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Current and deferred taxes relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

#### **2.11. Provisions and contingent liabilities**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there

is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

#### **2.12. Cash and cash equivalents**

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits and short term deposits with banks with original maturities of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **2.13. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares (other than the conversion of potential equity shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed dilutive only if their conversion into equity shares would decrease the net earning per share from continuing ordinary operations. Potential equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares).

## Notes forming part of the Financial Statements

### Note 3: Share Capital

The Company has issued equity shares, the details in respect of which are given below:

(Rs. in Lacs)

	As at 31 March, 2015		As at 31 March, 2014	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs. 10 each	<u>2,00,00,000</u>	<u>2,000</u>	<u>2,00,00,000</u>	<u>2,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of Rs. 10 each fully paid up	<u>1,54,83,125</u>	<u>1,548</u>	<u>1,54,75,125</u>	<u>1,548</u>
<b>Total</b>	<u>1,54,83,125</u>	<u>1,548</u>	<u>1,54,75,125</u>	<u>1,548</u>

#### (i) Reconciliation of the number of shares outstanding at the beginning and end of the year

Particulars				
Shares outstanding at the beginning of the period	1,54,75,125	1,548	1,53,63,975	1,536
Shares issued under ESOP during the period	8,000	1	1,11,150	12
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	<u>1,54,83,125</u>	<u>1,549</u>	<u>1,54,75,125</u>	<u>1,548</u>

#### (ii) Rights, preferences and restriction attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

#### (iii) Shares in the Company held by the holding company

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Equity Shares held by HDFC Bank Ltd., the Holding Company	<u>1,51,60,295</u>	<u>1,516</u>	<u>1,38,10,000</u>	<u>1,381</u>
<b>Total</b>	<u>1,51,60,295</u>	<u>1,516</u>	<u>1,38,10,000</u>	<u>1,381</u>

#### (iv) Shares in the Company held by shareholders holding more than 5% of the aggregate equity shares in the Company

	As at 31 March, 2015		As at 31 March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
HDFC Bank Limited	15,160,295	97.91%	13,810,000	89.24%

#### (v) Shares reserved for issue under options

For details of shares reserved for issue under the Employee stock option plan, please refer Note no. 32 of Notes forming part of the Financial Statements

## Notes forming part of the Financial Statements

(Rs. in Lacs)

	<b>As at 31 March, 2015</b>	As at 31 March, 2014
<b>Note 4: Reserves and Surplus</b>		
a. Securities Premium Account		
Balance as at the beginning of the year	3,309	3,170
Additions during the year [refer Note No.32]	10	139
<b>Balance as at the end of the year</b>	<b>3,319</b>	<b>3,309</b>
b. Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	38,560	32,421
Add: Net Profit for the year	16,497	7,844
Less: Appropriations		
Transfer to General reserve	1,700	800
Proposed dividend on equity shares	3,097	774
Dividend distribution tax on proposed dividend on equity shares	630	131
<b>Balance as at the end of the year</b>	<b>49,630</b>	<b>38,560</b>
c. General Reserve Account		
Balance as at the beginning of the year	800	-
Additions during the year	1,700	800
<b>Balance as at the end of the year</b>	<b>2,500</b>	<b>800</b>
<b>Total</b>	<b>55,449</b>	<b>42,669</b>

### Note 5: Other Long Term Liabilities

Operating lease obligation	241	247
Trade and security deposits received	77	77
<b>Total</b>	<b>318</b>	<b>324</b>

### Note 6: Long-Term Provisions

#### Provision for employee benefits

Provision for gratuity	69	49
<b>Total</b>	<b>69</b>	<b>49</b>

### Note 7: Trade Payables

Dues to Micro and Small Enterprises [See footnote]	2	-
Dues to entities other than Micro and Small Enterprises	50	58
Accrued payroll & employee benefits	2,704	2,066
Accrued Expenses	926	786
<b>Total</b>	<b>3,682</b>	<b>2,910</b>

Footnote:

- (i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
- (ii) The disclosures relating to Micro and Small Enterprises are as under:

	<b>As at 31 March, 2015</b>	<b>As at 31 March, 2014</b>
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	-	-
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	1	-
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	1	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

**Notes forming part of the Financial Statements**

(Rs. in Lacs)

	As at <u>31 March, 2015</u>	As at 31 March, 2014
<b>Note 8: Other Current Liabilities</b>		
(a) Income received in advance for services to be rendered	440	417
(b) Unpaid dividends [see footnote]	4	2
(c) Other payables		
Payable to Exchanges	0	1
Payable to Clients	28,068	36,219
Statutory Dues including Tax deducted at Source and Provident Fund	372	113
Operating lease obligation	44	13
Liabilities for capital goods	471	134
Other liabilities	12	10
<b>Total</b>	<u>29,411</u>	<u>36,909</u>

Footnote:

There are no amounts due for payment to Investor Education and Protection Fund as at the year end.

	As at <u>31 March, 2015</u>	As at 31 March, 2014
<b>Note 9: Short-Term Provisions</b>		
(a) <b>Provision for employee benefits</b>		
Compensated absences	239	190
(b) <b>Others</b>		
Provision For Contingencies	49	49
Provision For Taxation (Net)	160	321
Provision for Fringe Benefit Tax (Net)	1	1
Provision for Wealth Tax (Net)	2	0
Provision for Dividend (includes provision for corporate dividend tax Rs 634 lacs; previous year Rs 131 lacs)	3,727	905
<b>Total</b>	<u>4,178</u>	<u>1,466</u>

Notes forming part of the Financial Statements

Note 10: Fixed Assets (Net)

(Rs. in Lacs)

Fixed Assets		Gross Block			Accumulated Depreciation			Net Block			
		As at 01-04-2014	Additions during the year	Deletions/ Adjustments during the year	As at 31-3-2015	As at 01-04-2014	Charge for the year	On deletions during the year	As at 31-03-2015	As at 31-03-2015	As at 31-03-2014
a	<b>Tangible Assets</b>										
	Leasehold										
	Improvements in										
	Buildings on										
	operating lease	879	125	25	979	600	85	12	673	306	279
	(Previous year)	(844)	(63)	(28)	(879)	(531)	(93)	(24)	(600)	(279)	(313)
	Office Premises	2,726	-	-	2,726	66	46	-	112	2,614	2,660
	(Previous year)	(2,652)	(74)	-	(2,726)	(22)	(44)	-	(66)	(2,660)	(2,630)
	Electricals	36	-	-	36	1	4	-	5	31	35
	(Previous year)	-	(36)	-	(36)	-	(1)	-	(1)	(35)	(0)
	Furniture & Fixtures	153	43	6	190	81	41	4	118	72	72
	(Previous year)	(114)	(46)	(7)	(153)	(74)	(10)	(3)	(81)	(72)	(40)
	Vehicles	328	108	65	371	144	89	64	169	203	184
	(Previous year)	(301)	(137)	(110)	(328)	(164)	(82)	(102)	(144)	(184)	(137)
	Office Equipment	709	39	4	744	572	86	4	654	90	137
	(Previous year)	(690)	(71)	(52)	(709)	(545)	(78)	(51)	(572)	(137)	(145)
	Computer Hardware, Networks & Servers	4,118	775	597	4,296	3,241	470	596	3,115	1,181	877
(Previous year)	(4,045)	(125)	(52)	(4,118)	(2,804)	(486)	(49)	(3,241)	(877)	(1,241)	
<b>Total</b>	<b>8,949</b>	<b>1,090</b>	<b>697</b>	<b>9,342</b>	<b>4,705</b>	<b>819</b>	<b>680</b>	<b>4,844</b>	<b>4,498</b>	<b>4,244</b>	
<b>(Previous year)</b>	<b>(8646)</b>	<b>(552)</b>	<b>(249)</b>	<b>(8949)</b>	<b>(4140)</b>	<b>(794)</b>	<b>(229)</b>	<b>(4705)</b>	<b>(4244)</b>	<b>(4507)</b>	
b	<b>Intangible Assets</b>										
	Bombay Stock Exchange Card	288	-	-	288	288	-	-	288	0	0
	(Previous year)	(288)	-	-	(288)	(288)	-	-	(288)	(0)	(0)
	Computer software	2,059	347	-	2,406	1,679	180	-	1,859	547	380
	(Previous year)	(1,970)	(89)	-	(2,059)	(1,556)	(123)	-	(1,679)	(380)	(414)
	Electronic trading platform (Website)	161	3	-	164	93	32	-	125	38	68
	(Previous year)	(153)	(8)	-	(161)	(62)	(31)	-	(93)	(68)	(91)
	<b>Total</b>	<b>2,508</b>	<b>350</b>	<b>-</b>	<b>2,858</b>	<b>2,060</b>	<b>212</b>	<b>-</b>	<b>2,273</b>	<b>585</b>	<b>448</b>
	<b>(Previous year)</b>	<b>(2411)</b>	<b>(97)</b>	<b>-</b>	<b>(2508)</b>	<b>(1906)</b>	<b>(154)</b>	<b>-</b>	<b>(2060)</b>	<b>(448)</b>	<b>(505)</b>
	<b>Grand Total</b>	<b>11,457</b>	<b>1,440</b>	<b>697</b>	<b>12,199</b>	<b>6,765</b>	<b>1,032</b>	<b>680</b>	<b>7,117</b>	<b>5,083</b>	<b>4,692</b>
<b>(Previous year)</b>	<b>(11,057)</b>	<b>(648)</b>	<b>(249)</b>	<b>(11,457)</b>	<b>(6,046)</b>	<b>(949)</b>	<b>(229)</b>	<b>(6,765)</b>	<b>(4,692)</b>	<b>(5,011)</b>	

**Notes forming part of the Financial Statements**

	(Rs. in Lacs)	
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b><u>31 March, 2015</u></b>	<b><u>31 March, 2014</u></b>
<b>Note 11: Non-Current Investments</b>		
<b>Non Trade, Long term Investments (valued at cost) face value Rs. 10, unless otherwise stated</b>		
<b>Unquoted</b>		
(a) Investment in Equity instruments		
130,000 Equity shares of Bombay Stock Exchange Limited, of Rs 1/- each fully paid *	0	0
(b) Investments in Mutual Funds		
<b>Mutual Funds - Lien marked</b>		
53,716.707 units of Reliance Mutual Fund Liquid Fund-Treasury Plan- Growth Open	1,500	1,500
29,402.116 units of Reliance Mutual Fund Liquidity Fund-Growth Plan-Growth Open Ended	500	500
<b>Mutual Funds - others</b>		
5000000 units of - HDFC FMP July 2013 (1) Series 26 - Direct - Growth	500	-
3000000 units of - HDFC FMP January 2014 (1)- Direct Plan - Growth Option	300	-
5000000 units of - HDFC FMP July 2013 (3) Series 26 - Direct - Growth	500	-
10000000 units of - UTI Fixed Term Income Fund Series XVII-X	775	-
2000000 units of - Kotak FMP Series 161 Plan - Growth Option - Direct	200	-
5000000 units of - Reliance Fixed Horizon Fund XXIV Series 3 - Direct - Growth Plan	500	-
2000000 units of - Reliance Fixed Horizon Fund - XXIV Series 11 - Growth Direct	200	-
2000000 units of - Reliance Fixed Horizon Fund - XXIV Series 15 - Direct -Growth Plan	200	-
5000000 units of - ICICI Prudential FMP Series 70 - Plan B -Direct - Growth	500	-
5000000 units of - ICICI Prudential FMP Series 68 - Plan K -Direct - Growth	500	-
<b>Quoted</b>		
a) Investments in debentures and bonds		
840 units of State Bank of India - Series 2 Lower Tier II Bonds, of Rs. 10,000/- each fully paid	84	84
<b>Total</b>	<u>6,259</u>	<u>2,084</u>
<b>Footnotes</b>		
1. Aggregate amount of quoted investments	84	84
2. Aggregate amount of quoted investments (Market value net of accrued interest)	79	76
3. Aggregate amount of unquoted investments	6,175	2,000
* less than Rs. 50,000/-		
<b>Note 12: Long-Term loans and advances</b>		
<b>a. Capital Advances</b>		
Unsecured, considered good	100	3
<b>b. Security Deposits</b>		
Unsecured, considered good	263	208
Unsecured, considered doubtful	0	6
Less: Provision for doubtful deposits	(0)	(6)
	<u>263</u>	<u>208</u>
<b>c. Other loans and advances</b>		
Unsecured, considered good		
Prepaid Expenses	5	51
Deposit with Stock Exchanges	211	211
Margin monies with clearing member	13	13
Advance Payment of Income Tax [Net of provisions for taxation Rs. 24,457 lacs (March 31, 2014 Rs. 11,390 lacs)]	390	440
Advance Payment of Fringe Benefit Tax (Net) *	0	0
Other Advances recoverable in cash or in kind or for value to be received	11	18
	<u>630</u>	<u>733</u>
Unsecured considered doubtful of recovery		
Receivable from clients	38	32
Less: Provision for doubtful loans and advances	(38)	(32)
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>993</u>	<u>944</u>
* less than Rs. 50,000/-		

## Notes forming part of the Financial Statements

			(Rs. in Lacs)	
			As at	As at
			<u>31 March,</u>	<u>31 March,</u>
			<u>2015</u>	<u>2014</u>
<b>Note 13: Other non current assets</b>				
Balances with Banks in deposit accounts				
With balance maturity of more than 12 months as at the balance sheet date				
Lien marked deposits			22,331	5,326
<b>Total</b>			<u>22,331</u>	<u>5,326</u>
<b>Note 14: Investments</b>				
<b>Current Investment, face value Rs.10 unless otherwise stated (Unquoted - at lower of cost or market value)</b>				
Investments in Mutual Funds			2,100	2,100
<b>Current Maturity of Long Term Investment, face value Rs.10 unless otherwise stated (at cost unless otherwise stated)</b>				
Investment in Mutual Funds			-	4,400
<b>Total</b>			<u>2,100</u>	<u>6,500</u>
Aggregate book value of unquoted investments			<u>2,100</u>	<u>6,500</u>
<b>Details of Current Investments</b>				
	<b>No. of Units</b>		<b>Amount (Rs. in Lacs)</b>	
	As at	As at	As at	As at
	<b>31 March,</b>	31 March,	<b>31 March,</b>	31 March,
	<b>2015</b>	2014	<b>2015</b>	2014
<b>Investments in Mutual Funds</b>				
- Reliance Liquid Fund-Treasury Plan-Direct Growth Plan - Growth Option	42,037.007	42,037.007	1,200	1,200
- ICICI Prudential Liquid -Direct Plan - Growth	229,607.241	229,607.241	400	400
- Reliance Income Fund-Direct Growth Plan-Bonus Option	4,387,889.426	4,387,889.426	500	500
<b>Total</b>			<u>2,100</u>	<u>2,100</u>
<b>Details of Current Maturity of Long Term Investment</b>				
<b>Investments in Mutual Funds</b>				
- HDFC FMP 371 D July 2013 (1) Series 26 - Direct - Growth	-	5,000,000	-	500
- HDFC FMP 371D January 2014 (1)- Direct Plan - Growth Option	-	3,000,000	-	300
- HDFC FMP 370 D July 2013 (3) Series 26 - Direct - Growth	-	5,000,000	-	500
- UTI Fixed Term Income Fund Series XVII-X (367 Days)	-	10,000,000	-	1,000
- Axis Fixed Term Plan Series 56 (370 Dys)-Dir Growth	-	2,000,000	-	200
- Reliance Fixed Horizon Fund XXIV Series 3 - Direct - Growth Plan (368 Days)	-	5,000,000	-	500
- Reliance Fixed Horizon Fund - XXIV Series 11 - Growth Direct	-	2,000,000	-	200
- Reliance Fixed Horizon Fund - XXIV Series 15 - Direct - Growth Plan	-	2,000,000	-	200
- ICICI Prudential FMP Series 70 -366 Days Plan B -Direct - Growth	-	5,000,000	-	500
- ICICI Prudential FMP Series 68 -369 Days Plan K -Direct - Growth	-	5,000,000	-	500
<b>Total</b>			<u>-</u>	<u>4,400</u>
<b>Total</b>			<u>2,100</u>	<u>6,500</u>



**Notes forming part of the Financial Statements**

(Rs. in Lacs)

	<b>As at 31 March, 2015</b>	As at 31 March, 2014
<b>Note 15: Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful of recovery	9	7
Less: Provision for doubtful debts	<u>(9)</u>	<u>(7)</u>
	<u>-</u>	<u>-</u>
Other Trade Receivables		
Unsecured, considered good	31	230
	<u>31</u>	<u>230</u>
<b>Total</b>	<u><u>31</u></u>	<u><u>230</u></u>
<b>Note 16: Cash and cash equivalents</b>		
a. Cash on Hand *	0	0
b. Balances with Banks		
(i) In current accounts	16,763	11,936
(ii) In deposit accounts	-	-
Term deposits with original maturity of more than 3 months but maturing within 12 months of the balance sheet date		
- Lien marked deposits	14,858	20,636
- Other deposits	-	2,300
(iii) In earmarked accounts		
- Unpaid dividend accounts	4	2
<b>Total</b>	<u><u>31,625</u></u>	<u><u>34,874</u></u>
* less than Rs. 50,000/-		
Footnotes:		
1. Of the above, the balances which meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is -	16,763	11,936
2. Term deposits with balance maturity of more than 12 months have been included in Note no. 13	22,331	5,326
Lien Marked		

## Notes forming part of the Financial Statements

(Rs. in Lacs)

As at  
31 March, 2015                      As at  
31 March, 2014

### Note 17: Short-term loans and advances

#### Loans and advances to other than related parties

Unsecured, considered good		
Prepaid Expenses	192	182
Security Deposits	15	5
Receivable from Exchanges	15,779	22,505
Receivable from Clients	8,976	7,985
Other Advances recoverable in cash or in kind or for value to be received	85	75
	<u>25,047</u>	<u>30,752</u>
Unsecured, considered doubtful of recovery		
Receivable from clients	-	3
Less: Provision for doubtful loans and advances	-	(3)
	<u>-</u>	<u>-</u>
<b>Total</b>	<u>25,047</u>	<u>30,752</u>

### Note 18: Other Current Assets

Interest accrued on Bank Fixed Deposits	219	95
Interest accrued on State Bank of India Bonds	8	8
Unbilled Revenue	110	86
Service Tax Receivable	8	18
<b>Total</b>	<u>345</u>	<u>207</u>

### Note 19: Revenue from Operations

	<u>Year ended</u> <u>31 March, 2015</u>	<u>Year ended</u> <u>31 March, 2014</u>
Brokerage Income	33,740	20,393
Fee Income	3,412	2,823
Other Operating income		
- Interest on fixed deposits	2,871	2,322
- Interest on delayed payments from clients	1,238	437
- Other interest	25	22
<b>Total</b>	<u>41,286</u>	<u>25,997</u>

### Note 20: Other Income

Profit on sale of fixed assets (Net)	-	8
Interest on non-current investments	8	8
Dividend income on non-current investments	5	5
Dividend income from current investments	139	117
Net gain on sale of current investments	42	1
Rental income from operating leases	155	157
Miscellaneous income	65	19
<b>Total</b>	<u>414</u>	<u>315</u>

**Notes forming part of the Financial Statements**

(Rs. in Lacs)

	<u>Year ended</u> <u>31 March, 2015</u>	<u>Year ended</u> <u>31 March, 2014</u>
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**Note 21: Employee benefits expenses**

(a) Salaries, wages and bonus	8,643	7,195
(b) Contributions to provident and other funds	298	256
(c) Staff training and welfare expenses	485	462
<b>Total</b>	<b>9,426</b>	<b>7,913</b>

**Note 22: Finance Costs**

Bank guarantee charges	-	5
Interest paid - others	146	1
<b>Total</b>	<b>146</b>	<b>6</b>

\* less than Rs. 50,000/-

**Note 23: Other Expenses**

Stamp, registration and trading expenses	506	490
Outsourcing and professional fees	834	696
Directors sitting fees	12	5
Repairs and Maintenance		
- Buildings	316	280
- Others	631	672
Rent	1,138	836
Rates and Taxes	235	51
Membership and subscription	89	75
Advertisement and marketing	287	161
Commission	2	14
Electricity	288	262
Auditors' Remuneration (excluding service tax)		
- Audit fees	15	14
- Other matters *	-	-
- Out of pocket expenses *	1	0
Foreign exchange fluctuation expenses	-	25
Website maintenance expenses	48	62
Printing and stationery	105	92
Insurance	39	35
Travelling and conveyance expenses	327	358
Expenditure on Corporate Social Responsibility	27	-
Postage and communication expenses	967	853
SEBI turnover fees	2	2
Wealth tax	2	2
Provision for doubtful debts (net of reversals)	5	3
Bad Debts Written Off	-	166
Loss Due to Fraud Written Off	-	-
Loss on sale of fixed assets (Net)	3	-
Miscellaneous Expenses	144	173
<b>Total</b>	<b>6,023</b>	<b>5,327</b>

\* previous year less than Rs. 50,000/-

## Notes forming part of the Financial Statements

### Note 24: Additional information to the financial statements

#### 24.1. Contingent liabilities

- a) Claims against the Company not acknowledged as debt: For disputed trades - Rs. 58 lacs (previous year - Rs.58 lacs) & Others - Rs. 0\* lacs (Previous Year - 0 \*lacs).
- b) Service tax demands, net of amounts paid for Rs. 26 lacs (Previous Year - Rs. 26 lacs).

\* less than Rs. 50,000 /-

#### 24.2. Pending capital commitments

As at 31 March, 2015 the Company has contracts remaining to be executed on capital account and not provided for. The estimated amount of contracts (net of advances) towards fixed assets is Rs. 191 lacs (previous year - Rs 69 lacs).

#### 24.3. a) Expenditure in Foreign Currency

(Rs. in lacs)

	FY 2014-15	FY 2013-14
Others	14	17
<b>Total</b>	<b>14</b>	<b>17</b>

#### b) Earnings in Foreign Currency

(Rs. in lacs)

	FY 2014-15	FY 2013-14
Commission on sale of Superfund Mutual Fund	18	18
Research Information Services	2	0
<b>Total</b>	<b>20</b>	<b>18</b>

### Note 25: Employee Benefits

The Company makes contributions towards National Pension fund, provident fund and family pension fund which are defined contribution retirement benefit plans for qualifying employees. The provident fund and family pension are administered by office of the Regional Provident Fund Commissioner. The superannuation plan is unfunded.

A sum of Rs. 231 lacs (Previous Year Rs. 196 lacs) has been charged to the Statement of Profit and Loss towards National Pension fund, provident fund, family pension fund and superannuation fund.

The Employee State Insurance Scheme ("ESIC") is a contributory scheme providing medical, sickness, maternity and disability benefits to the insured employees under the Employees State Insurance Act, 1948.

The charge to the Statement of Profit and Loss is Rs 37 lacs (Previous Year Rs. 37 lacs), which is classified as a part of "Staff training and welfare expenses"

The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows:

#### (i). Reconciliation of Defined Benefit Obligation

(Rs. in lacs)

Particulars	FY 2014-15	FY 2013-14
Opening Defined Benefit Obligation	265	220
Current Service Cost	41	39
Interest Cost	24	18
Actuarial Losses	33	6
Benefits paid	(14)	(18)
<b>Closing Defined Benefit Obligation</b>	<b>349</b>	<b>265</b>

#### (ii). Reconciliation of Fair value of Plan Assets

(Rs. in lacs)

Particulars	FY 2014-15	FY 2013-14
Opening Fair value of Plan Assets	216	147
Expected return on Plan Assets	19	13
Contributions	50	80
Benefits paid	(14)	(18)
Actuarial Gain / (Loss)	9	(6)
<b>Closing Fair value of Plan Assets</b>	<b>280</b>	<b>216</b>

\* less than Rs. 50,000 /-

#### (iii). Amount to be recognised in Balance Sheet and movement in net liability

(Rs. in lacs)

Particulars	FY 2014-15	FY 2013-14
Present Value of Funded Obligation	349	265
Fair Value of Plan Assets	280	216
<b>Net Liability Recognised in the Balance Sheet</b>	<b>(69)</b>	<b>(49)</b>

#### (iv). Expenses recognised in the Statement of Profit and Loss

(Rs. in lacs)

Particulars	FY 2014-15	FY 2013-14
Current Service Cost	41	39
Interest Cost	24	18
Expected return on Plan Assets	19	(13)
Actuarial Losses / (Gain) - (net)	24	12
<b>Net gratuity expenses recognized in the Statement of Profit and Loss</b>	<b>68</b>	<b>56</b>

#### (v). Description of Plan Assets \*

Particulars	FY 2014-15 % Invested	FY 2013-14 % Invested
Debentures/Bonds	32	52
Equity	9	9
Government Securities	48	32
Other assets	11	7
<b>Grand Total</b>	<b>100</b>	<b>100</b>

The Plan Assets are managed by the Gratuity Trust formed by the Company. The management of funds is entrusted with HDFC Standard Life Insurance Company Limited (74% of Plan Assets: previous year 68%) and the Life Insurance Corporation of India ("LIC") (26% of Plan Assets: previous year 32%).

\* The investment pattern disclosed above is based on information received from HDFC Standard Life Company Limited and LIC. However LIC's investment pattern as at 31 March 2014 being the latest information available from LIC, has been used.

**(vi). Experience Adjustments**

(Rs. in lacs)

Particulars	FY	FY	FY	FY	FY
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligation	349	265	220	146	104
Fair value of Plan Assets	280	216	147	92	32
Surplus / (Deficit)	(69)	(49)	(73)	(54)	(72)
Experience Adjustments on Plan liabilities (Gain) / Loss	10	6	6	(2)	7
Experience Adjustments on Plan Assets (Loss) / Gain	9	(6)	0 *	(1)	(1)

\* less than Rs. 50,000 /-

**(vii). Summary of Actuarial Assumptions**

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitments, size, funding requirements and expense.

Particulars	FY 2014-15	FY 2013-14
Discount Rate	8.01%	9.03 %
Expected rate of return on Assets	8.01%	8.70 %
Salary Escalation Rate	7%	7.00 %
Mortality	Indian Assured Lives Mortality tables (2006-08)	Indian Assured Lives Mortality tables (2006-08)

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**(viii). Actual Return on Plan Assets**

(Rs. in lacs)

Particulars	FY 2014-15	FY 2013-14
Expected Return on Plan Assets	19	13
Actuarial gain/(loss) on Plan Assets	9	(6)
Actual return on Plan Assets	28	7

\* less than Rs. 50,000 /-

**(ix). Other Details**

The Employer's best estimate of the contributions expected to be paid to the plan during the next year - Rs. 121 lacs (previous year - Rs. 91 lacs).

**Note 26:** As per Accounting Standard on 'Related Party Disclosures' (AS-18) as notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

**1. Holding Company:**

HDFC Bank Limited.

**2. Enterprise under common control of the Holding Company:**

HDB Financial Services Limited.

**3. Key Management Personnel:**

Mr. Aseem Dhru, Managing Director

Mr. Santosh Haldankar, Whole Time Director

The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in lacs)

Nature of Transaction	Holding Company	Enterprise under common control of the Holding Company	Key Management Personnel
Placement of fixed deposits	20,381 (10)	Nil (Nil)	Nil (Nil)
Refund of fixed deposits	5 (2,344)	Nil (Nil)	Nil (Nil)
Rendering of services (including recoveries of expenses)	183 (415)	2 (6)	Nil (Nil)
Receiving of services (including payment of expenses)	1387 (1,318)	2 (3)	Nil (Nil)
Interest received	150 (63)	Nil (Nil)	Nil (Nil)
Interest paid	Nil (Nil)	Nil (Nil)	Nil (Nil)
Dividend Paid	758 (95)	Nil (Nil)	
Aseem Dhru			Nil (2)
Santosh Haldankar			0* (Nil)

Remuneration to Key Management Personnel	Nil (Nil)	Nil (Nil)	
Aseem Dhru			371 (251)
Santosh Haldankar			35 (30)
<b>Balances outstanding:</b>			
Receivables	6 (1)	0* (Nil)	Nil (Nil)
Bank balances	14,216 (8,886)	Nil (Nil)	Nil (Nil)
Fixed deposits	20381 (5)	Nil (Nil)	Nil (Nil)
Accrued interest on fixed deposit - receivable	137 (0 *)	Nil (Nil)	Nil (Nil)
Accrued expenses	97 (104)	1 (2)	Nil (Nil)
Unbilled revenue	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advances	15 (15)	Nil (Nil)	Nil (Nil)
Bank guarantees received	5 (5)	Nil (Nil)	Nil (Nil)
Deposit received	77 (77)	Nil (Nil)	Nil (Nil)

Figures in brackets pertain to the previous year.

\* less than Rs. 50,000 /-

**Note 27:** Disclosures as required by Accounting Standard 19, "Leases", as notified by the Companies (Accounting Standards) Rules, 2006, are given below:

The Company has taken various premises under lease and license agreements, which range between 33 months and 9 years. The Company has given refundable interest free security deposits under certain agreements.

Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note no. 23. Rent expenses of Rs. 1,064 lacs (Previous year - Rs. 761 lacs) in respect of obligation under non-cancellable operating leases and Rs. 74 lacs (Previous year - Rs. 75 lacs) in respect of cancelable operating leases have been charged to the statement of profit and loss.

The future minimum lease payments are as follows:

(Rs. in lacs)

	FY 2014-15	FY 2013-14
Not later than one year	1,104	817
Later than one year but not later than five years	3,234	2,951
Later than five years	1,332	736

**Note 28:** In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), as notified by the Companies (Accounting Standards) Rules, 2006 :

- The Earnings per Share is computed by dividing the Net Profit After Tax by the weighted average number of equity shares.
- The Company has not granted any options during the year (previous year - Nil). Since the exercise price is the same as the fair value of the share as at the grant date, there is no dilution in the Equity Share Capital and hence the weighted average number of Equity Shares for computation of Basic and Diluted Earnings per Share would be 15,475,892.

Particulars			FY 2014-15	FY 2013-14
a.	Weighted average number of equity shares for basic and diluted earnings per share	Nos.	15,475,892	15,378,287
b.	Net profit after tax available for equity shareholders	Rs. in lacs	16,497	7,844
c.	Basic and Diluted earnings per share of Rs. 10 each	Rs.	106.60	51.00

**Note 29: Taxation**

- Provision for current tax includes interest - Rs. 49 lacs (previous year Rs. 20 lacs).
- Deferred Tax

The components of deferred tax assets and liabilities arising on account of timing differences are:

(Rs. in lacs)

	31 March, 2015	31 March, 2014
<b>Liabilities</b>		
Depreciation	(166)	(89)
<b>Assets</b>		
Provision for employee benefits	104	81
Provision for Doubtful debts	17	17
<b>Net Deferred tax asset / (liability)</b>	<b>(45)</b>	<b>9</b>

### Note 30: Segment Reporting

The Company's business is to provide brokerage services to its clients in the capital markets within India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Accounting Standard on Segment Reporting (AS-17), specified under the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

### Note 31: Accounting for Employee Share based Payments

The Shareholders of the Company approved a stock option scheme (viz. ESOS-001) in February 2010 ("Company Options"). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors of the Company, each of which is convertible into one equity share.

Scheme ESOS-001 provides for the issuance of options at the recommendation of the Compensation Committee of the Board of Directors (the "Compensation Committee") at a price of Rs 135/- per share, being the fair market value of the share arrived by a category 1 merchant banker.

Such options vest at definitive dates, save for specific incidents, prescribed in the scheme as framed/approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee, subject to a maximum of two years from the date of vesting.

#### Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

#### Activity in the options outstanding under the Employees Stock Options Plan as at 31 March, 2015

Particulars	Company Options	Weighted average exercise price (Rs.)
Options outstanding, beginning of the year	8,700	135
Granted during the year	-	-
Exercised during the year	8,000	135
Forfeited / Lapsed during the year	700	135
Options outstanding, end of the year	0	-
Options exercisable	0	-

#### Activity in the options outstanding under the Employees Stock Options Plan as at 31 March, 2014

Particulars	Company Options	Weighted average exercise price (Rs.)
Options outstanding, beginning of the year	122,900	135
Granted during the year	-	-
Exercised during the year	111,150	135
Forfeited during the year	600	-
Lapsed during the year	2,450	135
Options outstanding, end of the year	8,700	135
Options exercisable	8,700	135

#### Following summarises the information about stock options outstanding as at 31 March, 2015

Plan	Range of exercise price (Rs.)	Number of shares arising out of options	Weighted average life of unvested options (in years)	Weighted average exercise price (Rs.)
Company Options	-	-	-	-

#### Following summarises the information about stock options outstanding as at 31 March, 2014

Plan	Range of exercise price (Rs.)	Number of shares arising out of options	Weighted average life of unvested options (in years)	Weighted average exercise price (Rs.)
Company Options	135.00	8,700	0.89	135.00

#### Fair Value methodology

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on dates of each grant using the Black and Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company during the year ended 31 March, 2010 are:

Particulars	EWT Options	Company Options
Dividend Yield	Nil	Nil
Expected volatility	73.56% to 79.04%	71.53% to 72.67%
Risk - free interest rate	6.53% to 8.19%	6.22% to 7.18%
Expected life of the option	0 - 2 years	0 - 5 years

*Impact of fair value method on net profit and EPS*

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	As at 31 March, 2015 (Rs. in lacs)	As at 31 March, 2014 (Rs. in lacs)
Net Profit / (Loss) (as reported)	16,497	7,844
Add: Stock based compensation expense included in net income	-	-
Add: Stock based employee compensation expense determined under fair value based method (proforma)	-	2
Net Profit (pro forma)	16,497	7,846
	<b>(Rs.)</b>	<b>(Rs.)</b>
Basic and diluted earnings per share (as reported)	106.60	51.00
Basic and diluted earnings per share (proforma)	106.60	51.02

**Note 32:**

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied useful life are as follows:

Asset	Previous useful life	Revised useful life
Office Premises	61 years	60 years
Electricals	21 years	10 years
Furniture and Fixtures	15 years	10 years
Office Equipment	6 years	5 years

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 32 Lacs consequent to the change in the useful life of the assets.

**Note 33: Comparative figures**

The previous year's figures are regrouped and rearranged wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

**ASEEM DHRU**  
Managing Director

**BHARAT SHAH**  
Chairman

**C. V. GANESH**  
Chief Operating Officer

**SANTOSH HALDANKAR**  
Whole time Director & Company Secretary

Place : Mumbai  
Date : 17 April 2015



**HDFC SECURITIES LIMITED**  
**CIN:U67120MH2000PLC152193**

**ENTRANCE PASS**

(To be presented at the entrance)

**ATTENDANCE SLIP : 15<sup>th</sup> ANNUAL GENERAL MEETING ON FRIDAY 12 JUNE, 2015 AT 11.30 A.M.**  
 at HDFC Bank House, 6th Floor, S. B. Marg, Lower Parel, Mumbai 400 013.

Folio No ..... DP ID No ..... Client A/c. No .....  
 Name of the Shareholder : .....

Signature of the Shareholder / Proxy / Company Representative : .....

No. of Shares held .....

(only shareholders / proxies / Company Representative are allowed to attend the meeting)

----- ✂ ----- ✂ ----- ✂ -----

**HDFC SECURITIES LIMITED**

**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 : **U67120MH2000PLC152193**

Name of the Company : **HDFC SECURITIES LIMITED**

Registered Office : **Office Floor 8, I think Techno Campus Building B Alpha, Kanjurmarg (E), Mumbai 400 042**

Website: **www.hdfcsec.com**

Name of the Member (s) : \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: ..... DP ID No. .... Folio No/Client ID No. ....

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

1. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_, or failing him / her
2. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him / her
3. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_  
 Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 15th Annual General Meeting of the Company, to be held on Friday 12th day of June 2015 at 11.30 a.m. at HDFC Bank House, 6th Floor, S.B.Marg, Lower Parel, Mumbai 400013 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

- Resolution No.1: Audited Financial Statement, Report of Directors and Auditors.
- Resolution No. 2: Declaration of Dividend.
- Resolution No. 3: Re-appointment of Mr Jagdish Capoor who retires by rotation.
- Resolution No. 4: Re-appointment of Mr Bharat Shah who retires by rotation.
- Resolution No. 5: Appointment of Auditors and fixing their remuneration.
- Resolution No. 6: Appointment of Mr S S Thakur as Independent Director.
- Resolution No. 7: Appointment of Dr (Mrs) Amla Samanta as Independent Director.
- Resolution No. 8: Appointment Mr Aseem Dhru as Director of the Company.
- Resolution No. 9: Appointment and remuneration of Mr Dhiraj Relli as Managing Director of the Company.



Signature of Shareholder

Signed this \_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
 Signature of 1st Proxy Holder (s)

\_\_\_\_\_  
 Signature of 2nd Proxy Holder (s)

\_\_\_\_\_  
 Signature of 3rd Proxy Holder (s)

**Note: 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.**





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(BSE - FO) | NSE Member Trading Code: 11094 | BSE Clearing Number: 393. AMFI Registration No 13549.  
Registered Office : Office Floor 8, "I THINK" Bldg., Jolly Board Campus, Kanjurmarg (East), Mumbai - 400 042.



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