

## AUDITORS' REPORT

**To the Members' of  
HEXA SECURITIES AND FINANCE COMPANY LIMITED**

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

We have audited the accompanying financial statements of HEXA SECURITIES AND FINANCE COMPANY LIMITED, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### **Emphasis of matter:-**

- i) The policy for demand loans given by the company as to the repayment, interest servicing and monitoring of the loans needs to be strengthened in line with Non Banking Financial (Non Deposit Accepting) Companies Prudential Norms (Reserve Bank Directions, 2007) – (Refer Note No.20 of Notes to the Financial Statements).



- ii) Investment in equity Shares and Loan given exceeds the single exposure norms of Non Banking Financial (Non Deposit Accepting ) Companies Prudential Norms (Reserve Bank Direction,2007), for which company has pursued appropriate exemption/directions from Reserve Bank of India – (Refer Note No.21 of Notes to the Financial Statements).

**Opinion**


In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013.
  - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For N.C. Aggarwal & Co.  
Chartered Accountants  
Firm Registration No. 003273N

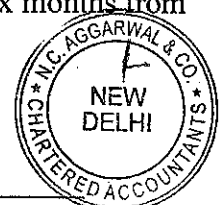
  
G. K. Aggarwal  
Partner  
Membership No. 086622  
Date: 14<sup>th</sup> May, 2014  
Place: New Delhi



**ANNEXURE TO AUDITORS' REPORT**

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

1. The company does not have any fixed assets and hence, the clause 4 (i) of the Order is not applicable.
  
2. a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (b) to (d) of the Order is not applicable.  
  
b) (i) The Company has taken unsecured interest free loan from companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said holding company 19375.31 lacs and the year end balance of such loan is Rs. 17628 lacs.  
  
(ii) In our opinion and according to information and explanations given to us, the interest free demand loan with relevant terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.  
  
(iii) In respect of the aforesaid loan, the amount (principal as well as interest) is repayable on demand, and the question of irregularity on payment does not arise.  
  
(iv) The aforesaid loan is repayable on demand and therefore the question of overdue amounts does not arise.
  
3. In our opinion and according to information and explanations given to us, the internal control system with regard to purchase and sale of investments is adequate and commensurate with the size of the company and the nature of its business. There was no purchase and sale of inventories.
  
4. a) In our opinion and according to the information and explanations given to us, there are no particulars of contracts or arrangements required to be entered the register maintained under Section 301 of the Companies Act, 1956.  
  
b) In our opinion and according to the information and explanations given to us, as there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph 4 (v) (b) of the order is not applicable.
  
5. The Company has not accepted any fixed deposit from the public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under are not applicable to the Company.
  
6. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
  
7. a) The company is regular in depositing with the appropriate authorities' undisputed statutory dues i.e. Income Tax etc. There is no arrears as at 31st March, 2014 for a period of more than six months from the date it become payable.

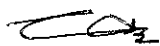


**N.C. AGGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**

- b) According to the information and explanations given to us, there is no statutory dues of Income Tax which have not been deposited on account of any dispute.
8. The Company has accumulated losses at the end of the financial year. However, the Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
9. The Company has not taken any loan from banks and financial institutions.
10. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. According to the information and explanations given to us, the company has given guarantee for loans taken by others from bank / financial institutions, the terms and conditions of which are prima facie, not prejudicial to the interest of the company.
12. The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares and other investments and that timely entry have been made therein. All shares and other securities have been held by the Company in its own name.
13. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short-term basis, which have been used for long-term investment.
14. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
15. The company has not issued any debentures on which charge is required to be created. Accordingly paragraph 4(xix) of the order is not applicable.
16. The Company has not raised any money by Public issue during the year. Accordingly paragraph 4 (xx) of the order is not applicable.
17. During the course of our examination of the books and records of the Company, and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For N.C. AGGARWAL & CO.,  
Chartered Accountants  
Firm Registration No. 003273N



  
(G.K. Aggarwal)  
Partner  
M.No. 086622

Place: New Delhi  
Dated: 14<sup>th</sup> May, 2014

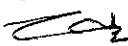
**HEXA SECURITIES & FINANCE COMPANY LIMITED**

**Balance Sheet as at 31st March, 2014**


Particulars	Note No.	As At	As At
		31st March, 2014 (₹)	31st March, 2013 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	255,000,000	255,000,000
(b) Reserves and Surplus	2	(53,355,444)	412,013,150
<b>(2) Current Liabilities</b>			
(a) Short-term borrowings	3	1,893,827,738	2,048,902,213
(b) Other current liabilities	4	1,622,451	235,650
(c) Short-term provisions	5	4,817,691	4,654,938
<b>Total</b>		<b>2,101,912,436</b>	<b>2,720,805,951</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Non-current investments	6	165,626,158	744,151,594
(b) Long term loans and advances	7	119,000,000	119,000,000
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	8	3,081,046	34,597,934
(b) Short-term loans and advances	9	1,814,205,232	1,823,056,423
<b>Total</b>		<b>2,101,912,436</b>	<b>2,720,805,951</b>
<b>Significant accounting policies and notes to the financial statements</b>	13-27		


As per our report of even date attached.

**N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G.K. Aggarwal**  
Partner  
Membership No. 086622  
PLACE : NEW DELHI  
DATED :14th May,2014



  
**RANJIT MALIK**  
Director  
DIN No. 00059379

  
**P.K. SINGLA**  
Director  
DIN No. 01523012


**HEXA SECURITIES & FINANCE COMPANY LIMITED**

**Statement of Profit and Loss for the year ended 31st March, 2014**

Particulars	Note No.	For the Year Ended 31st March, 2014 (₹)	For the Year Ended 31st March, 2013 (₹)
<b>I. Net Revenue from operations</b>	<b>10</b>		
<b>Total Revenue</b>		254,935,420	229,227,401
		<b>254,935,420</b>	<b>229,227,401</b>
<b>II. Expenses:</b>			
Financial costs	<b>11</b>	14,404,403	1,153,369
Other expenses	<b>12</b>	74,275,014	8,418,858
<b>Total Expenses</b>		<b>88,679,417</b>	<b>9,572,227</b>
<b>III. Profit before tax (I - II)</b>		<b>166,256,004</b>	<b>219,655,174</b>
<b>IV. Tax expense:</b>			
(1) Current tax		53,100,000	47,420,000
(2) Previous years taxation adjustment		-	129,406
		<b>53,100,000</b>	<b>47,549,406</b>
<b>V. Profit for the year (III-IV)</b>		<b>113,156,004</b>	<b>172,105,768</b>
<b>VI. Earning per equity share:</b>			
(1) Basic		4.44	6.75
(2) Diluted		4.17	6.34
<b>Significant accounting policies and notes to the financial statements</b>	<b>13-27</b>		


As per our report of even date attached.

**N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G.K. Aggarwal**  
Partner  
Membership No. 086622  
PLACE : NEW DELHI  
DATED : 14th May, 2014



  
**RANJIT MALIK**  
Director  
DIN No. 00059379


  
**P.K. SINGLA**  
Director  
DIN No. 01523012

**HEXA SECURITIES & FINANCE COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**


PARTICULARS	Amount (₹)	
	YEAR ENDED 31st MARCH, 2014	YEAR ENDED 31st MARCH, 2013
<b>A. CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY	166,256,004	219,655,174
Adjustments for Add/(Less)		
Provision for Standard Assets	162,753	102,015
Provision for Sub-Standard Assets	73,885,158	8,209,462
	74,047,911	8,311,477
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	240,303,915	227,966,651
Adjustments for:-		
Current Liabilities	1,386,801	122,552
Proceeds from Sale of Investments	838	-
Inter Corporate Loan given	(65,101,251)	(122,900,634)
Increase/(Decrease) in Loan from Inter corporate Loans	19,657,056	(13,739,028)
Increase/(Decrease) in Loan from holding company	(174,731,531)	(10,000,000)
	(218,788,087)	(146,517,110)
<b>CASH GENERATED FROM OPERATIONS</b>	21,515,828	81,449,541
Tax Paid	(53,032,716)	(51,066,327)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(31,516,888)	30,383,214
<b>B. CASH INFLOW/(OUTFLOW)FROM INVESTMENT ACTIVITIES</b>	-	-
<b>NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES</b>	-	-
<b>C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	-	-
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENT</b>	(31,516,888)	30,383,214
Cash and cash equivalent as at 01.04.2013 (opening balance)	34,597,934	4,214,720
Cash and cash equivalent as at 31.03.2014 (Closing balance)	3,081,046	34,597,934


Note :  
1. Increase / decrease in unsecured loans are shown net of repayments.  
2. Previous year's figure's have been regrouped wherever considered necessary.  
As per our report of even date attached

N.C. Aggarwal & Co.  
Chartered Accountants  
Firm Registration No. 003273N

  
**G.K. Aggarwal**  
Partner  
Membership No. 086622  
PLACE : NEW DELHI  
DATED : 14th May, 2014



  
**RANJIT MALIK**  
Director  
DIN No. 00059379

  
**P.K. SINGLA**  
Director  
DIN No. 01523012

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO FINANCIAL STATEMENTS

Particulars	As At			
	31st March, 2014 (₹)	31st March, 2013 (₹)		
<b>1.SHARE CAPITAL</b>				
<b>Authorized</b>				
26,000,000 Equity Shares of Rs. 10/- each	260,000,000	260,000,000		
	<b>260,000,000</b>	<b>260,000,000</b>		
<b>Issued , Subscribed &amp; Fully Paid-Up</b>				
25,500,000 Equity Shares of Rs.10/- each	255,000,000	255,000,000		
<b>Total Share Capital</b>	<b>255,000,000</b>	<b>255,000,000</b>		
<b>(a)Reconciliation of the number of shares:</b>				
<b>Equity Shares</b>				
Shares outstanding as at the beginning of the year	25,500,000	25,500,000		
<b>Shares outstanding as at the end of the year</b>	<b>25,500,000</b>	<b>25,500,000</b>		
<b>(b) Terms / Rights attached to Equity shares</b>				
The company has only one class of equity shares having a par value of Rs. 10/- each. The equity shares have rights / preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act,1956 .				
<b>(c) Shares held by holding Company</b>				
<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>% of holding as at 31.03.2014</b>	<b>No. of Shares</b>	<b>% of holding as at 31.03.2013</b>
Hexa Tradex Limited	25,499,870	99.99%	25,500,000	100%
<b>Total</b>	<b>25,499,870</b>	<b>99.99%</b>	<b>25,500,000</b>	<b>100%</b>
<b>(d)Details of shareholders holding more than 5% shares in the company:</b>				
<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>% of holding as at 31.03.2014</b>	<b>No. of Shares</b>	<b>% of holding as at 31.03.2013</b>
Hexa Tradex Limited	25,499,870	99.99%	25,500,000	100%
<b>Total</b>	<b>25,499,870</b>	<b>99.99%</b>	<b>25,500,000</b>	<b>100%</b>
<b>(e)Aggregate number of bonus shares issues,shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:</b>			Nil	Nil
<b>2.RESERVES AND SURPLUS</b>				
<b>a)Statutory Reserve</b>				
<u>Balance as per last financial statements</u>			132,207,187	97,786,034
<u>Add: Transferred from surplus in Profit and Loss Account</u>			22,631,201	34,421,154
<b>Closing Balance</b>			<b>154,838,388</b>	<b>132,207,187</b>
<b>b)Surplus in Profit and Loss Account</b>				
Balance as per last financial statements			279,805,963	142,121,348
Add: Profit after tax transferred from Statement of profit and Loss			113,156,005	172,105,768
Less: Appropriations				
- carrying value of shares transferred (Refer Note No.6)			578,524,599	-
- Transfer to Statutory Reserve			22,631,201	34,421,154
Balance in Profit and Loss Account Carried Forward			<b>(208,193,832)</b>	<b>279,805,963</b>
<b>Total Reserves and Surplus</b>			<b>(53,355,444)</b>	<b>412,013,150</b>





**HEXA SECURITIES & FINANCE COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

Particulars	As At	As At
	31st March, 2014 (₹)	31st March, 2013 (₹)
<b>3. SHORT-TERM BORROWINGS</b>		
<b>Unsecured Short term Borrowings</b>		
From Related Party		
Hexa Tradex Limited	1,744,170,682	1,918,902,213
Jindal Saw Limited	18,629,095	-
Inter Corporate Loans	1,027,961	-
<b>From Others</b>		
Zero Coupon Optionally Convertible Bonds	130,000,000	130,000,000
<b>Unsecured Short term borrowings</b>	<b>1,893,827,738</b>	<b>2,048,902,213</b>
<b>Total Short Term Borrowings</b>	<b>1,893,827,738</b>	<b>2,048,902,213</b>
<p>Note: Zero Coupon 1300000 Optionally Convertible Bonds (Bond) of Rs. 100 each aggregating to Rs. 1300 lacs have an option to convert each bond into equity share of Rs. 10 each of the Company at the rate of Rs. 80 per equity share any time up to 30.09.2017</p>		
<b>4. OTHER CURRENT LIABILITIES</b>		
Statutory Dues	1,448,890	120,949
Others	173,561	114,701
	<b>1,622,451</b>	<b>235,650</b>
<b>Total Other Current Liabilities</b>	<b>1,622,451</b>	<b>235,650</b>
<b>5. SHORT TERM PROVISIONS</b>		
Provision For Standard Assets	4,817,691	4,654,938
<b>Total Short Term Provisions</b>	<b>4,817,691</b>	<b>4,654,938</b>



HEXA SECURITIES & FINANCE COMPANY LIMITED.  
NOTES TO FINANCIAL STATEMENTS

6. "NON CURRENT INVESTMENTS"

DESCRIPTION	As At 31st March,2014			As At 31st March,2013		
	NO. OF SHARES	FACE VALUE (₹)	AMOUNT (₹)	NO. OF SHARES	FACE VALUE (₹)	AMOUNT (₹)
Non - Trade Investments						
A) Equity Shares						
Other Companies						
Quoted						
JSW Steel Limited *	-	10	-	2128915	10	390670235
Nalwa Sons Investments Ltd.*	-	10	-	267723	10	52539652
Jindal Stainless Ltd.	4931175	2	141005950	4931175	2	141005950
Jindal Steel & Power Limited *	-	1	-	39449460	1	129030562
Shalimar Paints Ltd.	1500000	2	18000000	1500000	2	18000000
JSW Holdings Ltd. *	-	10	-	94214	10	6284150
HDFC Bank Ltd.	36205	2	1800000	36205	2	1800000
ACC Ltd	2	10	698	2	10	698
Dr. Reddy's Laboratories Ltd.	4	5	1729	4	5	1729
Electrosteel Castings Ltd.	20	1	695	20	1	695
Ambuja Cement Ltd.	15	2	837	15	2	837
Hindustan Unilever Ltd.	2	1	297	2	1	297
Infosys Technologies Ltd.	4	5	4223	4	5	4223
Maharashtra Seamless Ltd.	4	5	643	4	5	643
Maruti Udyog Ltd.	2	5	946	2	5	946
Man Industries Ltd.	4	5	181	4	5	181
Oil & Natural Gas Corporation Ltd.	12	5	1684	12	5	1684
PSL Holdings Ltd.	2	10	323	2	10	323
Ranbaxy Laboratories Ltd.	4	5	2510	4	5	2510
Reliance Communication Ltd.	2	5	-	2	5	-
Reliance Industries Ltd.	4	10	1079	4	10	1079
Reliance Infrastructure Ltd.	2	10	1130	2	10	1130
Satyam Computers Ltd.	-	-	-	4	2	839
State Bank of India	2	10	1313	2	10	1313
Tata Steel Ltd.	2	10	780	2	10	780
Tata Motors Ltd.	10	2	1056	10	2	1056
Welspun Corp Ltd.	2	5	83	2	5	83
<b>Investment in Non Convertible Debentures</b>						
Dr. Reddy's Laboratories Ltd.	24	5	-	24	5	-
<b>B) Share Application Money</b>						
Perfect Latex Pvt. Ltd.			4800000			4800000
		<b>TOTAL</b>	<b>165626158</b>		<b>TOTAL</b>	<b>744151594</b>
<b>Aggregate Market Value of Quoted Investment</b>			<b>314669143</b>			<b>15780798680</b>
<b>Aggregate Value of Quoted Investments</b>			<b>160826158</b>			<b>739351594</b>
<b>Aggregate Value of Unquoted Investments</b>			<b>4800000</b>			<b>4800000</b>

(\*)21,28,915 Equity Shares of JSW Steel Limited; 26,67,723 Equity Shares of Nalwa Sons Investments Limited; 3,94,49,460 Equity Shares of Jindal Steel & Power Limited; and 94,214 Equity Shares of JSW Holdings Limited transferred ( Refer Note No. 22 )



HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	As At	As At
	31st March, 2014 (₹)	31st March, 2013 (₹)
<b>7. LONG TERM LOANS AND ADVANCES</b>		
Inter Corporate Loans	119,000,000	119,000,000
<b>Total Long Term Loans and Advances</b>	<b>119,000,000</b>	<b>119,000,000</b>
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1,541	2,121
<b>Balances with banks</b>		
On current accounts	3,079,505	34,595,813
<b>Total Cash and cash equivalents</b>	<b>3,081,046</b>	<b>34,597,934</b>
<b>9. SHORT TERM LOANS AND ADVANCES</b>		
<b>Other loans and advances</b>		
Inter Corporate Loans		
Unsecured, Considered good	1,808,076,449	1,742,975,198
Considered Sub-standard	-	82,094,620
<i>Less: Provision for Sub-standard Assets</i>	-	(8,209,462)
Considered Doubtful	87,956,857	5,862,237
<i>Less: Provision for Doubtful Assets</i>	(87,956,857)	(5,862,237)
Advance income -tax (Net of provision)	6,128,783	6,196,067
	<b>1,814,205,232</b>	<b>1,823,056,423</b>
<b>Total Short Term Loans and Advances</b>	<b>1,814,205,232</b>	<b>1,823,056,423</b>



**HEXA SECURITIES & FINANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

Particulars	For the year ended 31st March, 2014 (₹)	For the year ended 31st March, 2013 (₹)
<b>10. REVENUE FROM OPERATIONS</b>		
Interest Income	170,327,147	146,985,000
Dividend income on long term investments	84,608,273	82,242,401
	<b>254,935,420</b>	<b>229,227,401</b>
<b>Total Revenue from operations</b>	<b>254,935,420</b>	<b>229,227,401</b>
<b>11. FINANCE COST</b>		
Bank and Finance charges	506	56
Other Interest	14,403,897	1,153,313
<b>Total Finance Cost</b>	<b>14,404,403</b>	<b>1,153,369</b>
<b>12. OTHER EXPENSES</b>		
Legal and professional Fees	155,843	65,166
Printing and Stationery	300	300
Auditors' Remuneration	39,326	28,090
Advertisement	-	7,670
Loss on sale of investment	219	-
Miscellaneous	31,415	6,155
Provision for Sub-Standard / Doubtful Assets	73,885,158	8,209,462
Provision for Standard Assets	162,753	102,015
<b>Total Other Expenses</b>	<b>74,275,014</b>	<b>8,418,858</b>



**HEXA SECURITIES AND FINANCE COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**13. SIGNIFICANT ACCOUNTING POLICIES**

**a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost convention as a going concern. The accounts have been prepared by adopting the accrual system of accounting and in accordance with directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies. Accounting policies, not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles.

**b. INVESTMENTS**

Long-Term Investments have been stated at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit and Loss Account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investment.

**c. CONTINGENT LIABILITIES**

Contingent liabilities are not provided for in the Accounts but are separately disclosed by way of a note.

**d. TAXATION**

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws.

Deferred Tax is accounted at the current rate of tax to the extent of temporary timing differences that originate in one period and are capable of reversal in one or more subsequent period. However, no deferred tax asset is created where there is no virtual certainty as to the sufficient future taxable profit.



**HEXA SECURITIES AND FINANCE COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

14.	<b>Contingent Liabilities</b>	Year Ended 31st March,2014 (₹)	Year Ended 31st March,2013 (₹)
	Guarantee given to lender of holding company	----- Nil	----- 11,79,18,129

15. In opinion of the Management, the realizable value of all assets other than fixed assets and long term investments, in the ordinary course of business, would not be less than the amount at which they are stated.

16. Loans and advances repayable on demand (other than those considered as non-performing assets) includes Rs 163,94,20,860/- (Previous year Rs 70,76,25,005/-) due from various OP Jindal Group companies and one other company which currently have accumulated losses in their books.

The Company has mechanism for review and monitoring of all such loans and is confident of recovering these amounts, which are considered good in nature, as and when called for payment. The Company would take necessary action for recovery of these amounts, if required.

17. Provision for standard assets amounting to Rs.1,62,753/- (Previous Year Rs.1,02,015/-) has been made at 0.25 percent of outstanding standard assets as at 31st March,2014 in terms of Notification DNBS 223/CGM (US)-2011 dated 17-01-2011 issued by Reserve Bank of India.

Provision on Standard Assets	Year Ended 31st March,2014 (₹)	Year Ended 31st March,2013 (₹)
Opening Balance	4654938	4552923
Add: Provision made during the year	1,62,753	102015
<b>Closing Balance</b>	<b>4817691</b>	<b>4654938</b>

18. Appeals in respect of certain assessments of Income Tax are pending and additional tax Liabilities / refunds, if any, is not determinable at this stage. Adjustments for the same will be made after the same is finally determined.

19. Provision for Non-Performing Loans & Advances amounting to Rs.7,38,85,158/- (previous year Rs.82,09,462/-) on sub-standard loans amounting of Rs.8,20,94,620/- has been decided by the management considering prudential norms prescribed by the Reserve Bank of India as also financial health of the borrower was not good. The borrower has also approached the company to waive the interest due to the liquidity crisis. However, the borrowers promise to pay principal amount of the loan after the outcome of Arbitration Proceeding, which is most likely to be in the favour of the borrower.

Details of provision for Non -Performing Assets and Movement of provision of Sub-Standard and Doubtful Assets is as under :

	Year Ended 31st March,2014 (₹)	Year Ended 31st March,2013 (₹)
	-----	-----
<u>Provision for Sub-Standard Assets:</u>		
Sub-Standard Assets		
Opening Balance	82,09,462	-
Less: Provision transferred to Doubtful Assets	82,09,462	82,09,462
	-----	-----
<b>Closing Balance</b>	<b>Nil</b>	<b>82,09,462</b>
	-----	-----



**HEXA SECURITIES AND FINANCE COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

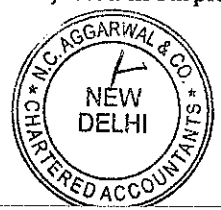
Provision for Doubtful Assets :

Doubtful Assets		
Opening Balance	58,62,237	-
Add: Provision made during the year	7,38,85,158	58,62,237
Transferred from Sub-Standard Assets	82,09,462	-
	-----	-----
<b>Closing Balance</b>	<b>8,79,56,857</b>	<b>58,62,237</b>
	=====	=====

20. The Company has given loans to various companies, which are repayable on demand. During the year, Interest on such loans has been serviced by converting into principal, and the same has also been acknowledged by the borrowers.
21. Investments as long term strategic investment in subsidiary companies in equity shares given as detailed below are exceeding the single exposure norms of 15% of owned fund of the Company as prescribed in terms of para 18 of Non-Banking Financial ( Non-Deposit Accepting or holding ) Companies Prudential Norms ( Reserve Bank ) Direction,2007, for which the Company has taken steps for appropriate exemption/dispensation from Reserve Bank of India consistent with the spirit of the exposure norms. For the purpose of exposure norm, the meaning of the group is taken as per erstwhile section 370(1B) of the Companies Act,1956.

Name of the Company	F.Y. (2013-14)		F.Y. (2012-13)	
	Investments / Loans ( ₹ )	%	Investments / Loans ( ₹ )	%
<b>A. Investments</b>				
JSW Steel Ltd.	-		390,670,235	58.57
Jindal Stainless Ltd.	141005950	69.93	141,005,950	21.14
Jindal Steel and Power Ltd.	-		129,030,562	19.34
<b>B. Loans</b>				
Sky Build Pvt. Ltd.	119000000	59.01	119,000,000	17.84
Manjula Finances Ltd.	291882083	144.75	274,222,253	41.11
Mansarovar Investments Ltd.	187413053	92.94	170,424,685	25.55
Colorado trading co. Ltd.	466986443	231.59	433,179,470	64.94
Jindal Equip. Leasing and Consultancy Service Ltd.	220295762	109.25	342,061,450	51.28
Nalwa Investments Ltd.	134476261	66.69	139,650,177	20.94
Goswamis Credit and investments Ltd.	273413896	135.59	228,725,210	34.29
Green Delhi BQS Ltd.	82,094,620	40.71	-	-
Stainless Investments Ltd.	57,359,824	28.45	-	-
Renuka Financial Services Ltd.	166,249,124	82.45	-	-

22. Pursuant to an internal realignment/ reorganization within the O P Jindal Group, certain shares as depicted in investment schedule are now held by other companies of the O P Jindal Group such that the economic interest of the shareholders of the Company remained unchanged. The carrying value of such investments has been adjusted in surplus in Statement of Profit and Loss under the Reserves and Surplus.



HEXA SECURITIES AND FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

23. BASIC AND DILUTED EARNING PER SHARE :

Particulars		Year Ended 31st March, 2014 (₹)	Year Ended 31st March, 2013 (₹)
Earning attributable to equity shareholders	(A)	11,31,56,004	17,21,05,768
No. of Shares outstanding for Basic Earnings per Share	(B)	25500000	25500000
No. of Shares to be issued on Conversion of Optionally Convertible Debentures		1625000	1625000
Weighted Average No. of Shares for Diluted EPS	(C)	27125000	27125000
Earnings per Share ( on face value of Rs. 10/- each )			
Basic = A/B		4.44	6.75
Diluted = A/C		4.17	6.34





**HEXA SECURITIES AND FINANCE COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**24. Related Party Transactions:**

List of Related Parties & Relationship

**A. Holding Company :**

Hexa Tradex Ltd.

**B. Enterprise over which Key Management Personnel having significant influence**

Jindal Saw Ltd.

**C. Key Management Personnel**

Ms. Sminu Jindal

**Transactions :-**

S. No.	Particulars	As At 31st March, 2014 (₹)	As At 31st March, 2013 (₹)
i.	<u>Loan received :</u> Jindal Saw Ltd.	1,85,00,000	208,32,286
ii.	<u>Loan repaid :</u> Hexa Tradex Ltd. Jindal Saw Ltd.	18,65,00,000 -	100,00,000 345,71,314
iii.	<u>Loan given :</u> Jindal Saw Ltd.	10,37,982	4,30,00,000
iv.	<u>Loan received back</u> Jindal Saw Ltd.	-	4,30,00,000
v.	<u>Interest paid :</u> Hexa Tradex Ltd. Jindal Saw Ltd.	130,76,077 12,96,752	- 1,15,3,313
vi.	<u>Interest received :</u> Jindal Saw Ltd.	-	4,11,473
vii.	<u>Loans Payable :</u> Hexa Tradex Ltd. Jindal Saw Ltd.	174,41,70,682 1,86,29,095	191,89,02,213 -



HEXA SECURITIES AND FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

25. Disclosure as per amendment to clause 32 of the Listing Agreement  
Details of Inter Corporate Loans

(₹ in lacs)

Name of Company	As at 31st March, 2014		As at 31st March, 2013	
	Outstanding Balance as at 31st March, 2014	Maximum Balance during the year	Outstanding Balance as at 31st March, 2013	Maximum Balance during the year
<b><u>Loan and advances having repayment schedule</u></b>				
Sky Build Private Limited	11,90,00,000	11,90,00,000	11,90,00,000	11,90,00,000
<b><u>Loan and advances where there is no repayment schedule</u></b>				
Colorado Trading Co. Limited	46,69,86,443	46,69,86,443	43,31,79,470	43,31,79,470
Goswamis Credits & Investment Ltd.	27,34,13,896	27,34,13,896	22,87,25,210	22,87,25,210
Green Delhi BQS Limited	8,20,94,620	8,20,94,620	8,20,94,620	8,20,94,620
Renuka Financial Services Limited	16,62,49,124	16,62,49,124	8,56,77,542	8,56,77,542
Stainless Investments Limited	5,73,59,824	6,18,74,411	5,90,34,411	6,15,87,000
Manjula Finance Limited	29,18,82,083	29,18,82,083	27,42,22,253	27,42,22,253
Mansarovar Investments	18,74,13,053	18,74,13,053	17,04,24,685	17,04,24,685
Jindal Equip. Leas. & Consl. Ser. Ltd.	22,02,95,765	34,49,61,450	34,20,61,450	34,20,61,450
Nalwa Investments Limited	13,44,76,261	14,08,15,177	13,96,50,177	13,96,50,177
Jindal Intellicom Limited	58,62,237	58,62,237	58,62,237	58,62,237
National Udyog Limited	1,00,00,000	1,00,00,000	1,00,00,000	1,04,51,000
<b>Total</b>	<b>2,01,50,33,306</b>	<b>2,15,05,52,494</b>	<b>1,94,99,32,055</b>	<b>11,95,29,35,644</b>

26. Previous year's figures have been regrouped / reclassified wherever considered necessary.

27. Notes 1 to 27 are annexed and form integral part of Financial Statements.

As per our report of even date attached.

For N.C. Aggarwal & Co.  
CHARTERED ACCOUNTANTS  
Firm Registration. No:003273N

G.K. AGGARWAL  
Partner  
M. No. 086622  
Place: New Delhi  
Dated: 14<sup>th</sup> May, 2014



*Ranjit Malik*  
RANJIT MALIK  
Director  
DIN No.00059379

*P.K. Singla*  
P.K. SINGLA  
Director  
DIN No.01523012