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## AUDITORS' REPORT

### TO THE MEMBERS OF HEXA SECURITIES & FINANCE COMPANY LIMITED

We have audited the attached Balance Sheet of HEXA SECURITIES & FINANCE COMPANY LIMITED as at 31st March, 2012 together with annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that-

- A) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies ( Auditor's Report ) ( Amendment ) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the Company.
- B) Further to our comments in Annexure referred to in paragraph (A) above, we also report that:
  - (a) We have 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, the Company has kept proper books of accounts as required by law so far as appears from our examination of books.
  - (c) The Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
  - (d) In Our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) Based on representation made by all the directors of the company to the Board and the information and explanations as made available to us by the company, none of the directors of the company is disqualified as on 31st March, 2012 from being appointed as director of the company as referred to in clause (g) of sub section (1) of section 274 of the companies act 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon 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.

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
- ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
- iii) In the case of Cash flow Statement, of the Cash flows for the year ended on that date.

For **Amod Agrawal & Co.**  
Chartered Accountants  
Firm Regn. No: 011994N

**(Amod Agrawal)**  
Prop.  
M.No. 090561

Place: New Delhi  
Dated: 30<sup>th</sup> May, 2012

## ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.03.2012)

1. The company does not have any fixed assets and hence, the question of verification thereof does not arise
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, clause 4 (iii)(b) to (d) of the Order is not applicable.  
  
b) (i) The Company has taken unsecured interest free loan from its holding company 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 and the year end balance of such loan is Rs. Rs. 19289.02 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, 2012 for a period of more than six months from the date it become payable.  
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 no accumulated losses at the end of the financial year. 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, financial institutions and debenture-holders.
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 not 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 **Amod Agrawal & Co.**  
Chartered Accountants  
Firm Regn.No: 011994N

**(Amod Agrawal)**  
Prop.  
M.No. 090561  
Place: New Delhi  
Dated: 30<sup>th</sup> May,2012

## HEXA SECURITIES & FINANCE COMPANY LIMITED

### Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	255,000,000	255,000,000
(b) Reserves and Surplus	2	239,907,382	80,503,538
<b>(2) Current Liabilities</b>			
(a) Short-term borrowings	3	2,072,641,241	2,149,296,229
(b) Other current liabilities	4	113,098	42,445
(c) Short-term provisions	5	4,552,923	4,348,072
<b>Total</b>		<b>2,572,214,644</b>	<b>2,489,190,284</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Non-current investments	6	744,151,594	744,151,594
<b>(2) Current assets</b>			
(a) Cash and bank balances	7	4,214,720	1,018,535
(b) Short-term loans and advances	8	1,821,169,184	1,740,000,633
(c) Other current assets	9	2,679,146	4,019,523
<b>Total</b>		<b>2,572,214,644</b>	<b>2,489,190,284</b>
<b>Significant accounting policies and notes to the financial statements</b>	<b>14 - 22</b>		

As per our report of even date attached.

**For Amod Agrawal & Co.**  
Chartered Accountants  
Firm Registration No. 011994N

**RANJIT MALIK**  
Director

**ARVIND KIRAN**  
Director

**AMOD AGRAWAL**  
PARTNER  
M.No. 090561  
PLACE : NEW DELHI  
Dated : 30th May, 2012

## HEXA SECURITIES & FINANCE COMPANY LIMITED

### Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No.	Year Ended 31st March, 2012 (Rs.)	Year Ended 31st March, 2011 (Rs.)
I. Revenue from operations	10	195,564,623	177,246,502
II. Other Income	11	-	434,112
<b>Total Revenue ( I+II )</b>		<b>195,564,623</b>	<b>177,680,614</b>
<u>III. Expenses:</u>			
Financial costs	12	264,948	644
Other expenses	13	485,364	4,479,979
<b>Total Expenses</b>		<b>750,312</b>	<b>4,480,623</b>
IV. Profit before exceptional and extraordinary items and tax ( II-III )		<b>194,814,311</b>	<b>173,199,991</b>
V. Exceptional Items		-	-
VI. Profit before extraordinary items and tax (IV - V)		<b>194,814,311</b>	<b>173,199,991</b>
VII. Extraordinary Items		-	-
VIII. Profit before tax (VI - VII)		<b>194,814,311</b>	<b>173,199,991</b>
IX. Tax expense:			
(1) Current tax		35,000,000	36,170,000
(2) Previous Years Taxation Adjustment		410,466	-
		<b>35,410,466</b>	<b>36,170,000</b>
X. Profit(Loss) from the period from continuing operations ( VIII-IX )		<b>159,403,845</b>	<b>137,029,991</b>
XI. Profit/(Loss) from discontinuing operations		-	-
XII. Tax expense of discounting operations		-	-
XIII. Profit/(Loss) from Discontinuing operations (XI - XII)		-	-
XIV. Profit/(Loss) for the period (X + XIII)		<b>159,403,845</b>	<b>137,029,991</b>
XV. Earning per equity share:			
(1) Basic		6.25	5.37
(2) Diluted		5.88	5.05
<b>Significant accounting policies and notes to the financial statements</b>	<b>14 - 22</b>		

As per our report of even date attached.

**For Amod Agrawal & Co.**  
Chartered Accountants  
Firm Registration No. 011994N

**RANJIT MALIK**  
Director

**ARVIND KIRAN**  
Director

**AMOD AGRAWAL**  
PARTNER  
M.No. 090561  
PLACE : NEW DELHI  
Dated : 30th May, 2012

HEXA SECURITIES & FINANCE COMPANY LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Rs.)

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31st MARCH, 2012		31st MARCH, 2011	
<b>A. CASH INFLOW (OUTFLOW) FROM THE OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY		194,814,311		173,199,991
Adjustments for				
Add/ (Less)				
Provision for Standard Assets	204,850		4,348,073	
		204,850		4,348,073
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		195,019,161		177,548,064
Adjustments for:-				
Current Assets	830,682		(59,396)	
Current Liabilities	70,653		(21,867)	
Inter Corporate Loan given	(81,939,837)		(456,648,590)	
Increase/ (Decrease) in Loan from Inter corporate Loans	13,739,028		-	
Increase/ (Decrease) in Loan from holding company	(90,394,016)		311,564,399	
		(157,693,491)		(145,165,454)
<b>CASH GENERATED FROM OPERATIONS</b>		37,325,670		32,382,610
Tax Paid		(34,129,485)		(32,537,233)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		3,196,185		(154,623)
<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>		3,196,185		(154,623)
Cash and cash equivalent as at 01.04.2011 (opening balance)		1,018,535		1,173,158
Cash and cash equivalent as at 31.03.2012 (Closing balance)		<b>4,214,720</b>		<b>1,018,535</b>

As per our report of even date attached.

for AMOD AGRAWAL & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No: 011994N

For and on behalf of the  
Board of Directors

AMOD AGRAWAL  
Prop.  
M.No. 090561  
Place : New Delhi  
Dated: 30th May,2012

RANJIT MALIK  
DIRECTOR

ARVIND KIRAN  
DIRECTOR

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Note No.	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<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 (previous year 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
Add: Fresh issue of shares		-	-
Add: Issue of Bonus Shares		-	-
Shares outstanding as at the end of the year		<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 31.3.2012</b>	<b>% of holding as at 31.3.2011</b>
Hexa Tradex Limited	25,500,000	100%	-
Jindal Saw Limited ( Refer note no. 19 )	25,500,000	-	100%
<b>Total</b>		<b>100%</b>	<b>100%</b>
<b>(d)Details of shareholders holding more than 5% shares in the company:</b>			
<b>Name of Shareholders</b>		<b>% of holding as at 31.3.2012</b>	<b>% of holding as at 31.3.2011</b>
Hexa Tradex Limited		100%	-
Jindal Saw Limited ( Refer note no. 19 )		-	100%
<b>Total</b>		<b>100%</b>	<b>100%</b>
<b>(e)Aggregate number of bonus shares issues,shares issued for consideration other than cash 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>			
Balance as per last financial statements		65,880,093	38,474,095
Add: Transferred from surplus in Profit and Loss Account		31,905,941	27,405,998
<b>Closing Balance</b>		<b>97,786,034</b>	<b>65,880,093</b>
<b>b)Surplus in Profit and Loss Account</b>			
Balance as per last financial statements		14,623,445	(95,000,548)
Add: Profit after tax transferred from Statement of profit and Loss		159,403,845	137,029,991
Less: Appropriations			
- Transfer to Statutory Reserve		31,905,941	27,405,998
Balance in Profit and Loss Account Carried Forward		<b>142,121,348</b>	<b>14,623,445</b>
<b>Total Reserves &amp; Surplus</b>		<b>239,907,382</b>	<b>80,503,538</b>



HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Note No.	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>3.CURRENT LIABILITIES</b>			
<b>SHORT-TERM BORROWINGS</b>			
<b>Unsecured Short term Borrowings</b>			
From Related Party - Hexa Tradex Ltd. <i>(Re-payable on demand)</i>		1,928,902,213	2,019,296,229
Inter Corporate Loans		13,739,028	-
<b>From Others</b>			
Zero Coupon Optionally Convertible Bonds		130,000,000	130,000,000
<b>Unsecured Short term borrowings</b>		<b>2,072,641,241</b>	<b>2,149,296,229</b>
<b>Total Short Term Borrowings</b>		<b>2,072,641,241</b>	<b>2,149,296,229</b>
Note: Zero Coupon 1300000 Optionally Convertible Bonds (Bond) of Rs. 100 each aggregating to Rs. 1300 lacs issued on 01.10.2005 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 after 7 years, i.e., on 01.10.2012.			
<b>4.OTHER CURRENT LIABILITIES</b>			
Other Payables			
Statutory Dues		26,487	5,984
Others		86,611	36,461
		<b>113,098</b>	<b>42,445</b>
<b>Total Other Current Liabilities</b>		<b>113,098</b>	<b>42,445</b>
<b>5.SHORT TERM PROVISIONS</b>			
<b>Other Provisions</b>			
Provision For Standard Assets		4,552,923	4,348,072
		<b>4,552,923</b>	<b>4,348,072</b>
<b>Total Short Term Provisions</b>		<b>4,552,923</b>	<b>4,348,072</b>

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

**Note No. - 6 "NON CURRENT INVESTMENTS"**

Non - Trade Investments

a) Investment in Equity Shares

Other Companies

Quoted

DESCRIPTION	AS AT 31.03.2012			AS AT 31.03.2011		
	FACE VALUE (Rs.)	NO. OF SHARES	AMOUNT (Rs)	FACE VALUE (Rs.)	NO. OF SHARES	AMOUNT (Rs)
JSW Steel Limited	10	2128915	390670235	10	2128915	390670235
Nalwa Sons Investments Ltd.	10	267723	52539652	10	267723	52539652
J S L Stainless Ltd.	2	4931175	141005950	2	4931175	141005950
Jindal Steel & Power Limited	1	39449460	129030562	1	39449460	129030562
Shalimar Paints Ltd.	10	300000	18000000	10	300000	18000000
Jindal South West Holding Ltd.	10	94214	6284150	10	94214	6284150
HDFC Bank Ltd.	2	36205	1800000	10	7241	1800000
ACC Ltd	10	2	698	10	2	698
Dr. Reddy's Laboratories Ltd.	5	4	1729	5	4	1729
Electrosteel Castings Ltd.	1	20	695	1	20	695
Ambuja Cement Ltd.	2	15	837	2	15	837
Hindustan Unilever Ltd.	1	2	297	1	2	297
Infosys Technologies Ltd.	5	4	4223	5	4	4223
Maharashtra Seamless Ltd.	5	4	643	5	4	643
Maruti Udyog Ltd.	5	2	946	5	2	946
Man Industries Ltd.	5	4	181	5	4	181
Oil & Natural Gas Corporation Ltd.	5	12	1684	10	3	1684
PSL Holdings Ltd.	10	2	323	10	2	323
Ranbaxy Laboratories Ltd.	5	4	2510	5	4	2510
Reliance Communication Ltd.	5	2	0	5	2	0
Reliance Industries Ltd.	10	4	1079	10	4	1079
Reliance Infrastructure Ltd.	10	2	1130	10	2	1130
Satyam Computers Ltd.	2	4	839	2	4	839
State Bank of India	10	2	1313	10	2	1313
Tata Steel Ltd.	10	2	780	10	2	780
Tata Motors Ltd.	10	2	1056	10	2	1056
Welspun Gujarat Ltd.	5	2	83	5	2	83
<b>Investment in Non Convertible Debentures</b>						
Dr. Reddy's Laboratories Ltd.	5	24	-	-	-	-
<b>b) Share Application Money</b>						
Perfect Latex Pvt. Ltd.			4800000			4800000
<b>TOTAL</b>			<b>744151594</b>	<b>TOTAL</b>		<b>744151594</b>
Aggregate Market Value of Quoted Investment			23862751074			30248170308
Aggregate Value of Quoted Investments			739351594			739351594
Aggregate Value of Unquoted Investments			4800000			4800000

Note : During the year Dr. Reddy's Laboratories Ltd. has issued 24 Nos of 9.25% NCD's as bonus.

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Note No.	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>7. CASH AND BANK BALANCES</b>			
Cash on hand		2,191	2,252
Balances with banks			
On current accounts		4,212,529	1,016,283
<b>Total Cash and Bank balances</b>		<b>4,214,720</b>	<b>1,018,535</b>
<b>8. SHORT TERM LOANS &amp; ADVANCES</b>			
<b>a) Loans and Advances recoverable in cash or kind</b>			
- Considered good		-	771,286
- Considered Doubtful		5,862,237	5,862,237
Less: Provision for Non Performing Asset		5,862,237	5,862,237
		-	771,286
<b>b) Other loans and advances</b>			
Unsecured, considered good			
Inter Corporate Loans		1,821,169,184	1,739,229,347
		<b>1,821,169,184</b>	<b>1,739,229,347</b>
<b>Total Short Term Loans &amp; Advances</b>		<b>1,821,169,184</b>	<b>1,740,000,633</b>
<b>9. OTHER CURRENT ASSETS</b>			
Prepaid Taxes (Net of Provisions)		2,679,146	3,960,127
Other Receivables		-	59,396
<b>Total Other Current Assets</b>		<b>2,679,146</b>	<b>4,019,523</b>

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		(Rs.)	(Rs.)
<b>10. REVENUE FROM OPERATIONS</b>			
Interest Income		107,791,081	105,372,299
Dividend income on long term investments		87,773,542	71,874,203
<b>Total Revenue from operations</b>		<b>195,564,623</b>	<b>177,246,502</b>
<b>11. OTHER INCOME</b>			
Irrecoverable loan received back		-	434,112
<b>Total Other Income</b>		<b>-</b>	<b>434,112</b>
<b>12. FINANCE COST</b>			
Bank and Finance charges		83	644
Other Interest		264,865	-
<b>Total Finance Cost</b>		<b>264,948</b>	<b>644</b>
<b>13. OTHER EXPENSES</b>			
<b>Administrative &amp; Other Expenses</b>			
Legal and professional Fees		186,004	100,000
Auditors' Remuneration		28,090	16,545
Miscellaneous Expenses		66,421	-
Provision for Standard Assets		204,850	4,363,434
<b>Total Other Expenses</b>		<b>485,364</b>	<b>4,479,979</b>

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

14. **SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income & expenditure items having a material bearing on the financial statements are recognized on accrual basis.

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.

**NOTES TO THE ACCOUNTS**

15. In opinion of the Management, the realisable 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 & advances repayable on demand include Rs.74,22,11,473/- lacs due from companies, which are having accumulated losses. The management is confident recovering the same as and when recalled and hence, amount outstanding have been considered good and recoverable.
17. Provision for standard assets amounting to Rs. 2,04,850/- (Previous Year Rs. 43,63,434/- ) is made at 0.25 percent of outstanding standard assets as at 31st March,2012 in terms of Notification DNBS 223/CGM (US)-2011 dated 17-01-2011 issued by Reserve Bank of India.
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. Pursuant to the Scheme of Arrangement and Demerger demerging the Investment Undertaking of the Jindal Saw Limited (JSL) into Hexa Tradex Ltd. which became effective from 5th November, 2011, 2,55,00,000 equity shares of Rs. 10/- each (paid up amount Rs. 25,50,00,000) comprising of the entire share capital of the Company held by JSL stand transferred to Hexa Tradex Limited from the appointed date, i.e, 1st January, 2011. Hence, the Company becomes a wholly owned subsidiary of Hexa Tradex Limited .

20. **BASIC AND DILUTED EARNING PER SHARE :**

		Year Ended 31.03.2012	Year Ended 31.03.2011
Profit after Taxation			
No. of Shares outstanding for Basic Earning per Share	(A)	159,403,845	137,029,991
No. of Shares to be issued on Conversion of – Optionally Convertible Debentures	(B)	25,500,000	25,500,000
Weighted Average No. of Shares for Diluted EPS	(C)	1,625,000	1,625,000
Earning per Share ( on face value of Rs. 10/- each)			
Basic = A/B		6.25	5.37
Diluted = A/C		5.88	5.05

HEXA SECURITIES & FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

21. **Related Party Transactions:-**

**Holding Company:-**

Hexa Tradex Ltd. ( w.e.f.01.01.2011 )

Jindal Saw Ltd. ( up to 31.12.2010)

**Transactions :-**

S. No.	Particulars	Relationship with the company	Current Year 31.03.2012 Rs.	Previous Year 31.3.2011 Rs.
i)	<b>Loan Received</b>	Holding Company	16,10,984	-
	Hexa Tradex Ltd.			
	Jindal Saw Ltd.	Holding Company	-	768,364,399
ii)	<b>Loan Paid</b>	Holding Company	-	456,800,000
	Jindal Saw Ltd.			

Unsecured loan transferred pursuant to Scheme of Arrangement and Demerger.

**Outstanding balance :-**

S. No.	Particulars	Relationship with the company	Current Year 31.03.2012	Previous Year 31.3.2011
i)	<b>Loan Payable</b>	Holding Company	1,928,902,213	2,019,296,229
	Hexa Tradex Ltd.			

22. Consequent to the notification under the Companies Act, 1956, The financial statements for the year ended 31st March 2012 have been prepared under Revised Schedule VI. Accordingly the previous year's figures have also been reclassified as per revised Schedule VI.

**For AMOD AGRAWAL & CO.**  
CHARTERED ACCOUNTANTS  
Firm Registration. No:011994N

For and on behalf of the  
Board of Directors

AMOD AGRAWAL  
Prop.  
M. No. 090561  
Place: New Delhi  
Dated: 30<sup>th</sup> May, 2012

RANJIT MALIK  
  
Director

ARVIND KIRAN  
  
Director