

## **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, 2013, 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 the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 is to pursue 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, 2013;
- 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, 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, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

*ahc*



(Amod Agrawal)  
Prop.  
M.No. 090561

Place: New Delhi  
Dated: 22nd May, 2013

**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 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 19289.02 and the year end balance of such loan is Rs. 19189.02 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, 2013 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 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 **Amod Agrawal & Co.**  
Chartered Accountants  
Firm Regn.No: 011994N

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

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2013

# HEXA SECURITIES AND FINANCE COMPANY LIMITED

## Balance Sheet as at 31st March, 2013

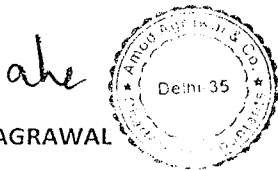
Particulars	Note No.	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	255,000,000	255,000,000
(b) Reserves and Surplus	2	412,013,150	239,907,382
<b>(2) Current Liabilities</b>			
(a) Short-term borrowings	3	2,048,902,213	2,072,641,241
(b) Other current liabilities	4	235,650	113,098
(c) Short-term provisions	5	4,654,938	4,552,923
<b>Total</b>		<b>2,720,805,951</b>	<b>2,572,214,644</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Non-current investments	6	744,151,594	744,151,594
(b) Long term loans and advances	7	119,000,000	-
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	8	34,597,934	4,214,720
(b) Short-term loans and advances	9	1,823,056,423	1,823,848,330
<b>Total</b>		<b>2,720,805,951</b>	<b>2,572,214,644</b>
Significant accounting policies and notes to the financial statements	1 - 25		

As per our report of even date attached.

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

  
**RANJIT MALIK**  
Director

  
**P.K. SINGLA**  
Director



**AMOD AGRAWAL**  
Prop.  
M.No. 090561  
PLACE : NEW DELHI  
DATED : 22nd MAY, 2013

# HEXA SECURITIES AND FINANCE COMPANY LIMITED

## Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	Year Ended 31st March, 2013 (₹)	Year Ended 31st March, 2012 (₹)
I. Revenue from operations	10	229,227,401	195,564,623
<b>Total Revenue</b>		<b>229,227,401</b>	<b>195,564,623</b>
II. Expenses:			
Financial costs	11	1,153,369	264,948
Other expenses	12	8,418,858	485,364
<b>Total Expenses</b>		<b>9,572,227</b>	<b>750,312</b>
III. Profit before tax (I - II)		<b>219,655,174</b>	<b>194,814,311</b>
IV. Tax expense:			
(1) Current tax		47,420,000	35,000,000
(2) Previous years taxation adjustment		129,406	410,466
		47,549,406	35,410,466
V. Profit for the year (III-IV)		<b>172,105,768</b>	<b>159,403,845</b>
VI. Earning per equity share:			
(1) Basic		6.75	6.25
(2) Diluted		6.34	5.88
Significant accounting policies and notes to the financial statements	1 - 25		

As per our report of even date attached.

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

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**AMOD AGRAWAL**  
Prop.  
M.No. 090561  
PLACE : NEW DELHI  
DATED : 22nd MAY, 2013



*Ranjit Malik*  
**RANJIT MALIK**  
Director

*P.K. Singla*  
**P.K. SINGLA**  
Director

HEXA SECURITIES AND FINANCE COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Amount ( ₹ )

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31st MARCH, 2013		31st MARCH, 2012	
<b>A. CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY		219,655,174		194,814,311
Adjustments for				
Add/(Less)				
Provision for Standard Assets	102,015		204,850	
Provision for Sub-Standard Assets	8,209,462		-	
		8,311,477		204,850
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		227,966,651		195,019,161
Adjustments for:-				
Current Assets	-		830,682	
Current Liabilities	122,552		70,653	
Inter Corporate Loan given	(122,900,634)		(81,939,837)	
Increase/(Decrease) in Loan from Inter corporate Loans	(13,739,028)		13,739,028	
Increase/(Decrease) in Loan from holding company	(10,000,000)		(90,394,016)	
		(146,517,110)		(157,693,491)
<b>CASH GENERATED FROM OPERATIONS</b>		81,449,541		37,325,670
Tax Paid		(51,066,327)		(34,129,485)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		30,383,214		3,196,185
<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>		30,383,214		3,196,185
Cash and cash equivalent (opening balance)		4,214,720		1,018,535
Cash and cash equivalent (Closing balance)		34,597,934		4,214,720

Note :

1. Increase / decrease in unsecured loans are shown net of repayments.
2. Previous year's figures have been regrouped wherever considered necessary.

As per our report of even date attached

for AMOD AGRAWAL & CO.  
CHARTERED ACCOUNTANTS

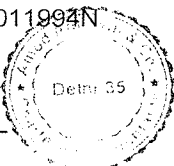
Firm Regn. No: 011994N

AMOD AGRAWAL  
Prop.

M.No. 090561

PLACE : NEW DELHI

DATED : 22nd MAY, 2013



*Ranjit Malik*  
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RANJIT MALIK  
DIRECTOR

*P.R. Singla*  
P.R. SINGLA  
DIRECTOR

HEXA SECURITIES AND FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
<b>1.SHARE CAPITAL</b>		
<b><u>Authorized</u></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><u>Issued , Subscribed &amp; Fully Paid-Up</u></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><u>(a)Reconciliation of the number of shares:</u></b>		
<b><u>Equity Shares</u></b>		
Shares outstanding as at the beginning of the year	25,500,000	25,500,000
Shares outstanding as at the end of the year	<b>25,500,000</b>	<b>25,500,000</b>
<b><u>(b) Terms / Rights attached to Equity shares</u></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><u>(c) Shares held by holding Company</u></b>		
<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>As At 31st March, 2013 % of holding</b>
Hexa Tradex Limited	25,500,000	100%
	<b>Total</b>	<b>100%</b>
		<b>100%</b>
<b><u>(d)Details of shareholders holding more than 5% shares in the company:</u></b>		
<b>Name of Shareholders</b>	<b>As At 31st March, 2013 % of holding</b>	<b>As At 31st March, 2012 % of holding</b>
Hexa Tradex Limited	100%	100%
	<b>Total</b>	<b>100%</b>
		<b>100%</b>
<b><u>(e)Aqgregate 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:</u></b>	Nil	Nil
<b>2.RESERVES AND SURPLUS</b>		
<b>a)Statutory Reserve</b>		
Balance as per last financial statements	97,786,034	65,880,093
Add: Transferred from surplus in Profit and Loss Account	34,421,154	31,905,941
<b>Closing Balance</b>	<b>132,207,187</b>	<b>97,786,034</b>
<b>b)Surplus in Profit and Loss Account</b>		
Balance as per last financial statements	142,121,348	14,623,445
Add: Profit after tax transferred from Statement of profit and Loss	172,105,768	159,403,845
Less: Appropriations		
- Transfer to Statutory Reserve	34,421,154	31,905,941
<b>Balance in Profit and Loss Account Carried Forward</b>	<b>279,805,963</b>	<b>142,121,348</b>
<b>Total Reserves and Surplus</b>	<b>412,013,150</b>	<b>239,907,382</b>



HEXA SECURITIES ADN FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
<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>	1,918,902,213	1,928,902,213
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>2,048,902,213</b>	<b>2,072,641,241</b>
<b>Total Short Term Borrowings</b>	<b>2,048,902,213</b>	<b>2,072,641,241</b>
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		
<b>4.OTHER CURRENT LIABILITIES</b>		
Statutory Dues	120,949	26,487
Others	114,701	86,611
	<b>235,650</b>	<b>113,098</b>
<b>Total Other Current Liabilities</b>	<b>235,650</b>	<b>113,098</b>
<b>5.SHORT TERM PROVISIONS</b>		
Provision For Standard Assets	4,654,938	4,552,923
	<b>4,654,938</b>	<b>4,552,923</b>
<b>Total Short Term Provisions</b>	<b>4,654,938</b>	<b>4,552,923</b>

HEXA SECURITIES AND 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 31st March,2013			As At 31st March,2012		
	FACE VALUE (₹)	NO. OF SHARES	AMOUNT (₹)	FACE VALUE (₹)	NO. OF SHARES	AMOUNT (₹)
JSW Steel Limited	10	2128915	390670235	10	2128915	390670235
Nalwa Sons Investments Ltd.	10	267723	52539652	10	267723	52539652
Jindal Stainless Ltd.	2	4931175	141005950	2	4931175	141005950
Jindal Steel & Power Limited	1	39449460	129030562	1	39449460	129030562
Shalimar Paints Ltd.	2	1500000	18000000	10	300000	18000000
Jindal South West Holding Ltd.	10	94214	6284150	10	94214	6284150
HDFC Bank Ltd.	2	36205	1800000	2	36205	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	5	12	1684
PSL Holdings Ltd.	10	2	323	10	2	323
Ranbaxy Laboratories Ltd.	5	4	2510	5	4	2510
Reliance Communication Ltd.	5	2	-	5	2	-
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.	2	10	1056	5	10	1056
Welspun Gujarat Ltd.	5	2	83	5	2	83
<b>Investment in Non Convertible Debentures</b>						
Dr. Reddy's Laboratories Ltd.	5	24	-	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			15780798680			23862751074
Aggregate Value of Quoted Investments			739351594			739351594
Aggregate Value of Unquoted Investments			4800000			4800000

Note :

1. During the year Shalimar Paints Ltd. splits face value per share from Rs. 10/- to Rs. 2/-

HEXA SECURITIES AND FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
<b>7. LONG TERM LOANS AND ADVANCES</b>		
<b>Other Loans and Advances</b>		
- Unsecured, considered good		
Inter Corporate Loans	119,000,000	-
<b>Total Long Term Loans and Advances</b>	<b>119,000,000</b>	<b>-</b>
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	2,121	2,191
Balances with banks		
On current accounts	34,595,813	4,212,529
<b>Total Cash and cash equivalents</b>	<b>34,597,934</b>	<b>4,214,720</b>
<b>9. SHORT TERM LOANS AND ADVANCES</b>		
<b>a) Loans and Advances recoverable in cash or kind</b>		
- Considered Doubtful	5,862,237	5,862,237
Less: Provision for Non Performing Asset	5,862,237	5,862,237
	-	-
<b>b) Other loans and advances</b>		
Inter Corporate Loans		
Unsecured , Considered good	1,742,975,198	1,821,169,184
Considered Doubtful	82,094,620	-
Less: Provision for Non Performing Assets	(8,209,462)	-
Advance income -tax (Net of provision )	6,196,067	2,679,146
	<b>1,823,056,423</b>	<b>1,823,848,330</b>
<b>Total Short Term Loans and Advances</b>	<b>1,823,056,423</b>	<b>1,823,848,330</b>

HEXA SECURITIES AND FINANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

Particulars	Year Ended 31st March, 2013 (₹)	Year Ended 31st March, 2012 (₹)
<b>10. REVENUE FROM OPERATIONS</b>		
Interest Income	146,985,000	107,791,081
Dividend income on long term investments	82,242,401	87,773,542
<b>Total Revenue from operations</b>	<b>229,227,401</b>	<b>195,564,623</b>
<b>11. FINANCE COST</b>		
Bank and Finance charges	56	83
Other Interest	1,153,313	264,865
<b>Total Finance Cost</b>	<b>1,153,369</b>	<b>264,948</b>
<b>12. OTHER EXPENSES</b>		
Legal and professional Fees	65,166	186,004
Printing and Stationery	300	-
Auditors' Remuneration	28,090	28,090
Advertisement	7,670	-
Miscellaneous	6,155	66,421
Provision For Sub-Standard Assets	8,209,462	-
Provision for Standard Assets	102,015	204,850
<b>Total Other Expenses</b>	<b>8,418,858</b>	<b>485,364</b>

**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, 2013 (₹)	Year Ended 31st March, 2012 (₹)
		-----	-----
	Guarantee given to lender of holding company	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 & advances repayable on demand other than those considered as non performing assets include Rs.7076,25,005/- (previous year Rs.74,22,11,473/-) 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. 1,02,015/- (Previous Year Rs. 2,04,850/-) has been made at 0.25 percent of outstanding standard assets as at 31st March, 2013 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, 2013 (₹)	Year Ended 31st March, 2012 (₹)
Opening Balance	4552923	4348073
Add: Provision made during the year	102015	204850
<b>Closing Balance</b>	<b>4654938</b>	<b>4552923</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. 82,09,462/- (previous year Rs. Nil) 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 borrower 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 :

	Year Ended 31 <sup>st</sup> March, 2013 (₹)	Year Ended 31 <sup>st</sup> March, 2012 (₹)
	-----	-----
Opening Balance	-	-
Add: Provision made during the year	82,09,462	-
Closing Balance	82,09,462	-

HEXA SECURITIES AND FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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 in equity shares and loans 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 'NBFC (Non-deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007', for which the company would take steps for appropriate exemption/directions from Reserve Bank of India consistent with the spirit of the exposure norms.

Name of the Company	Investments / Loans ( ₹ )	%
<b>A. Investments</b>		
JSW Steel Ltd.	390,670,235	58.57
Jindal Stainless Ltd.	141,005,950	21.14
Jindal Steel and Power Ltd.	129,030,562	19.34
<b>B. Loans</b>		
Sky Build Pvt. Ltd.	119,000,000	17.84
Manjula Finances Ltd.	274,222,253	41.11
Mansarovar Investments Ltd.	170,474,685	25.55
Colorado trading co. Ltd.	433,179,470	64.94
Jindal Equip. Leasing and Consultancy Service Ltd.	342,061,450	51.28
Nalwa Investments Ltd.	139,650,177	20.94
Goswamis Credit and investments Ltd.	228,725,210	34.29

HEXA SECURITIES AND FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

22. BASIC AND DILUTED EARNING PER SHARE :

Particulars		Year Ended 31st March, 2013 (₹)	Year Ended 31st March, 2012 (₹)
Earning attributable to equity shareholders	(A)	172,105,768	159,403,845
No. of Shares outstanding for Basic Earning 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
Earning per Share ( on face value of Rs. 10/-each)			
Basic = A/B		6.75	6.25
Diluted = A/C		6.34	5.88



HEXA SECURITIES AND FINANCE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

23. Related Party Transactions:

List of Related Parties & Relationship

**A. Holding Company :**

I. Hexa Tradex Ltd.

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

1 Jindal Saw Ltd.

**C. Key Management Personnel**

I. Ms. Sminu Jindal

**Transactions :-**

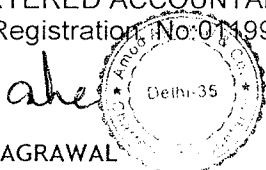
S. No.	Particulars	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
i.	<u>Loan received :</u> Hexa Tradex Ltd.	-	16,10,984
	Jindal Saw Ltd.	208,32,286	-
ii.	<u>Loan repaid :</u> Hexa Tradex Ltd.	100,00,000	-
	Jindal Saw Ltd.	345,71,314	-
i.	<u>Loan given :</u> Jindal Saw Ltd.	430,00,000	-
ii.	<u>Loan received back :</u> Jindal Saw Ltd.	430,00,000	-
i.	<u>Interest paid :</u> Jindal Saw Ltd.	11,53,313	2,64,865
ii.	<u>Interest received :</u> Jindal Saw Ltd.	4,11,473	-
i.	<u>Loans Payable :</u> Hexa Tradex Ltd.	191,89,02,213	192,89,02,213
	Jindal Saw Ltd.	-	1,37,390,28

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

25. Notes 1 to 24 are annexed and form integral part of Financial Statements.

As per our report of even date attached.

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



AMOD AGRAWAL  
Prop.  
M. No. 090561  
Place: New Delhi  
Dated: 22nd May, 2013

  
RANJIT MALIK  
Director

  
P.K. SINGLA  
Director