

Essar Capital Limited

ANNUAL REPORT 2013 - 14





BOARD OF DIRECTORS

As on August 13, 2014

Mr. Neeraj Gupta

Mr. Shishir Agrawal

Mr. S. Shankaranarayanan

Mr. Ramakrishnan Parthasarathy

AUDITORS

Nisar & Kumar

Chartered Accountants, 1305, Arcadia Building, Near Earnest House, NCPA Marg, Nariman Point, Mumbai-400021

BANKERS

ING Vysya Bank Standard Chartered Bank Axis Bank

REGISTERED OFFICE

Chennai House, 5th Floor, New No. 7, Esplanade, Chennai- 600108

Tamilnadu, India

Tel.: +91-44-25359937, +91-44-25351258

CORPORATE OFFICE

Essar House, 11, K. K. Marg,

Mahalaxmi, Mumbai- 400034

Maharashtra, India Tel.: +91-22-66601100

Fax: +91-22-66669432 Visit us at www.essar.com

REGISTRAR AND TRANSFER AGENT

Data Software and Research Co. Pvt. Ltd.

19, Pycrofts Garden Road,

Off: Haddows Road,

Nungambakkam,

Chennai - 600 006

Tamilnadu

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NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of Essar Capital Limited will be held on Friday, 26th September, 2014 at 1:00 p.m. at Essar House, 5th floor, 7, Esplanade, Chennai 600 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Neeraj Gupta (DIN 00317395), who retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
- To appoint Nisar & Kumar, Chartered Accountants, (Registration number 127820W), retiring Auditors of the Company who are eligible for re-appointment for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Shishir Agrawal as an Independent Director of the Company:

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

"RESOLVED THAT pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Shishir Agrawal (DIN 00007300) Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) years with effect from September 26, 2014 to September 25, 2019."

5. Appointment of Mr. Parthasarathy Ramakrishnan as an Independent Director of the Company:

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

"RESOLVED THAT pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Parthasarathy Ramakrishnan (DIN 01743281) who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 27, 2014 in terms of Section 260 of the Companies Act, 1956 (corresponding Section 161(1) of the Companies Act,

2013) and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) years with effect from September 26, 2014 to September 25, 2019."

6. To Borrow Money in excess of the Prescribed Limit

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

"RESOLVED THAT in super session of all earlier resolutions passed by the shareholders in their Extra Ordinary General Meeting held on July 6, 2011 in this regard and pursuant to the provisions of Section 180(1) (c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall deemed to include any Committee of the Board constituted or to be constituted to exercise its powers including the powers conferred by this resolution) for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or financial or investment institutions and/ or by issue of debentures and/or from anyone or more other persons, firms, companies, whether by way of cash credit, advance or deposits, debentures or bonds, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the sum of Rs.10,000 Crore (Rupees Ten Thousand Crore only) exclusive of interest, and the Board are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."



"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary or expedient to give effect to the above resolution."

By Order of the Board of Directors For Essar Capital Limited

Sd/-

Date : August 13, 2014 Place: Mumbai S. Shankaranarayanan Director

Registered Office:

Chennai House, 5th Floor, New No 7, Esplanade, Chennai 600 018, Tamil Nadu

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 - A person can act as proxy on behalf of Members not exceeding fifty (50) and holding aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such other person shall not act as a proxy for any other person or shareholder.
- The instrument(s) appointing the proxy if any, shall be deposited at the Registered Office of the Company, duly completed in all respects, not less than Forty Eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at meeting.
 - The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act) in respect of the Special Business mentioned under Item No. 4 to 6 of the Notice, is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2014, to September 26, 2014, (both days inclusive).
- 4. Members/ Proxies should bring their attendance slips along with their copy of the Annual Report to the Meeting. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution/ Power of Attorney authorizing their representative to attend and vote on their behalf at the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of name will be entitled to vote.

- 6. Members are holding Shares in Physical form are requested to notify any changes in their address to the Company's Registrar and Transfer Agents (R&T Agent) i.e. Data Software Research Co. Pvt. Ltd., 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai 600006, Tamilnadu and email id is support@ dsrc-cid.in, for redress of any queries regarding shares of the Company held in physical form. For shares held in demat form, change in address or bank mandate may please be intimated to Depository Participants where demat account is maintained.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices etc., from the Company electronically.
- Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- Members holding shares in dematerialized form are requested to notify the changes in the above particulars, if any, to their respective depository participant(s) (DP).
- Members desiring any information as regard the accounts of the Company at least 7 days before the date of the meeting as to enable the management to keep the information ready.
- 11. DIN refers to Director Identification Number.
- 12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to DSRC, for consolidation into a single folio.

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

Item No. 4

Mr. Shishir Agrawal has been a Non-Executive Director on the Board of the Company since 2010. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every public company who has, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees is required to appoint at least two directors as independent Directors as defined in section 149(6) of the Act. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. Shishir Agrawal fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act.

The Board considers that his continued associations would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shishir Agrawal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shishir Agrawal as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of

section 149(13) of the Act, Mr. Shishir Agrawal shall not be liable to retire by rotation. Except Mr. Shishir Agrawal, being an appointee, none of the Directors of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

The Board recommends the Ordinary Resolution set out at item No. 4 of the Notice for approval by the members.

Item No. 5

The Board of Directors have appointed, Mr. Parthasarathy Ramakrishnan as an Additional Director of the Company on January 27, 2014. Under Section 260 of the Companies Act, 1956 (corresponding to Section 161(1) of the Companies Act, 2013), the above said Additional Director holds office only up to the date of this Annual General Meeting of the Company. The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of Mr. Parthasarathy Ramakrishnan as a candidate for the office of Director of the Company.

Mr. Parthasarathy Ramakrishnan has been Non-Executive Director on the Board of the Company since his appointment. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every public company who has, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees is required to appoint at least two directors as independent Directors as defined in section 149(4) of the Act. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. Parthasarathy Ramakrishnan fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act.

The Board considers that his continued associations would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Parthasarathy Ramakrishnan an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Parthasarathy Ramakrishnan as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Mr. Parthasarathy Ramakrishnan shall not be liable to retire by rotation. Except Mr. Parthasarathy Ramakrishnan, being an appointee, none of the Directors of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

The Board recommends the Ordinary Resolution set out at item No. 5 of the Notice for approval by the members.

Item No. 6

As per Section 180 (1)(c) of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof, for the time being inforce) borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company by way Special Resolution.

Members of the Company at the Extraordinary General Meeting held on July 6, 2011 had authorized by an Ordinary Resolution to the Board under Section 293(1)(d) of the Companies Act, 1956 to borrow monies up to Rs.10,000 crores.

As you are aware, Section 180 of the Companies Act, 2013 has been notified with effect from September 12, 2013 in place of corresponding Section 293 of the Companies Act, 1956. This new Section requires approval of the members by Special Resolution as against Ordinary Resolution under earlier Section.

In view of the above, Directors seek approval from shareholders for the borrowing powers in terms of Section 180(1)(c) of the Companies Act, 2013.

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

> By Order of the Board of Directors For Essar Capital Limited

Date: August 13, 2014

Place: Mumbai

S. Shankaranarayanan Director

Registered Office:

Chennai House, 5th Floor, New No 7, Esplanade, Chennai 600 018, Tamil Nadu



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 7th Annual Report of your Company together with Audited Annual Accounts for the year ended March 31, 2014.

1. FINANCIAL RESULTS:

Particulars	For the period ended on March 31, 2014 (in ₹)	For the period ended on March 31, 2013 (in ₹)
Revenue from Operation	1,00,000	1,675,000
Other Income	9,67,323	386,530,493
Total	1,067,323	388,205,493
Less: Total Expenses	12,843,665	55,136,536
Profit/ (Loss) exceptional items	(11,776,342)	333,068,957
Goodwill Written off	-	(968,995,379)
Profit/ (Loss) before tax	(11,776,342)	(635,926,422)
Less: Current Tax (Including tax for earlier year)	•	(99,763,163)
Profit / (Loss) After tax	(11,776,342)	(735,689,585)

Your Directors do not recommend any dividend for the year ended March 31, 2014.

2. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Mr. Neeraj Gupta, Director of the Company retires by rotation at the ensuing Annual General Meeting and is being eligible, offers himself for re-appointment. Mr. S. Shankaranarayanan continues to be Director of your Company.

The Board of Directors has co-opted, Mr. Ramakrishnan Parthasarathy as an additional director designated as a Non-Executive Director of the Company on January 27, 2014.

Pursuant to Section 149(4) the Companies Act, 2013 which came into effect from April 1, 2014, every public company who has, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees is required to appoint at least two directors as independent Directors. In accordance with the provisions of Section 149 of the Companies Act, 2013 Mr. Shishir Agarwal and Mr. Ramakrishnan Parthasarathy are being appointed as an Independent Directors of the Company to hold office as per their tenure of appointment as mentioned in the

notice of the forthcoming Annual General Meeting of the Company.

Mr. V. G. Raghavan has resigned from the directorship of the Company w.e.f. May, 5, 2014. The Board wishes to place on record his sincere appreciation for the valuable services rendered by Mr. V. G. Raghavan during his tenure as a Director of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act. 2013.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended March 31, 2014 on a going concern basis.

4. PUBLIC DEPOSITS:

Your Company has neither invited nor accepted any deposits from the public during the year. There are no unclaimed/unpaid deposits as on March 31, 2014.

5. AUDITORS:

Nisar & Kumar, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting of the Company. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rule thereunder, it is proposed to appoint Nisar & Kumar, Chartered Accountants, as a Statutory Auditors of the Company from the conclusion of 7th Annual General Meeting up to the Conclusion of the next Annual General Meeting of the Company.

6. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Considering the nature of activities of your Company, the information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on Conservation of Energy, Technology Absorption etc. are not applicable. The Company had no foreign exchange earnings or outgo during the period under review.

7. PARTICULARS OF EMPLOYEES

Since there are no employees falling within the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, no such details are required to be given.

8. HOLDING COMPANY:

Essar Satvision Limited continues to be holding company of your Company. Essar Capital Holdings (India) Limited continues to be the ultimate holding Company.

9. SUBSIDIARY COMPANIES:

During the year under review Essar Securities Limited continues to be the Subsidiary Company of your Company.

A Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 and all other documents referred to uder Section 212 of the Companies Act, 1956 are attached herewith.

10. ACKNOWLEDGEMENTS:

The Board wishes to place on record their gratitude for the co-operation and assistance received from the banks and shareholders and thank them for their continued support..

For and on behalf of the Board

Sd/- Sd/- Director Director

Date : August 13, 2014

Place: Mumbai



Statement pursuant to section 212 of the Companies Act, 1956, relating to subsidiaries Company:

Amount in ₹

Na	me of the Subsidiary Company	Essar Securities Limited
The	financial year of the subsidiary company ended on	31.3.2014
1	mber of Equity Shares in the Subsidiary Company held by Essar Capital Limited as on 3/2014.	10704557
Ext	ent of Equity holding by Essar capital Ltd as at 31/3/2014	74.92%
	e net aggregate of profits/(losses) of the subsidiary company for its financial year so far as it neembers of Essar capital Ltd:	
i)	Dealt with in the accounts of Essar Capital Limited	NA
	a) For the subsidiary's financial year ended 31st March, 2014	
	b) For the previous financial years of the subsidiary company	
ii)	Not dealt with in the accounts of Essar Capital Limited	
	a) For the subsidiary's financial year ended 31st March, 2014	529,814
	b) For the previous financial years of the Subsidiary Company	165,453,416
	anges in the interest of Essar capital Ltd between the end of subsidiary's financial year and March, 2014 Number of Shares acquired	NA
Ma	terial changes between the end of the subsidiary's financial year and 31st March, 2014	NA
i)	Fixed assets (net additions)	
ii)	Investments	
iii)	Money lent by the subsidiary	
iv)	Money borrowed by the subsidiary company other than for current liabilities	

For and on behalf of the Board

Place: Mumbai Sd/- Sd/Date: August 13, 2104 Director Director

Independent Auditors' Report

To the Members of Essar Capital Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Essar Capital Limited ("the Company"), 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 the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of 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, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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:

- 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 loss for the year ended on that date; and
- 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

- As required by the Companies (Auditors' 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:
 - 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;
 - 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;
 - 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of 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:
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Nisar & Kumar Chartered Accountants Firm Regn. No. 127820 W

> K. M. Mahadik Partner M. No. 48453

Place: Mumbai Date: August 13, 2014



ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2014 OF ESSAR CAPITAL LIMITED

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have been physically verified by the management during the year. As informed to us, no discrepancies were noticed on such verification.
 - (c) During the year, the company has not disposed off substantial part of the fixed asset.
- As there is no inventory, the reporting of the clause ii (a), ii
 (b) and ii (c) do not arise.
- (a) The company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - (b) In view of clause (iii) (a) above clause (iii) (b) is not applicable.
 - (c) In view of clause (iii) (a) above clause (iii) (c) is not applicable.
 - (d) In view of clause (iii) (a) above clause (iii) (d) is not applicable.
 - (e) The company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956
 - (f) In view of clause (iii) (e) above clause (iii) (f) is not applicable.
 - (g) In view of clause (iii) (e) above clause (iii) (g) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to rendering of services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301.
- (b) in view of (v) (a) above clause (v) (b) is not applicable.vi. During the year the company has not accepted any deposits from the public.
- vii. In our opinion, the company does not have formal internal audit system; however, there are adequate internal controls commensurate with the size and nature of its business.
- viii. As informed to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- x. (a) As per records of the company, the company is generally regular in deposit of dues of Provident Fund, however there were delays in deposit of dues of Income Tax with the appropriate authorities. As per the records of the company there are no dues in respect of employees state insurance, Investor Education and Protection Funds, custom duty, wealth tax, sales tax and excise duty/cess. The arrears of statutory dues of Income Tax of ₹ 22,502,679, Profession Tax of ₹ 14,000 and Service Tax of ₹ 46,350 as at March 31, 2014 were outstanding for a period of more than six months from the date they became payable.
 - (b) According to the records of the company, there are no

dues of Wealth Tax, Service Tax, Custom duty, excise duty/cess which have not been deposited on account of dispute. The details of Income Tax and Sales Tax, which have not been deposited on account of dispute are as under:

Nature of Liability	Statute	Amount (₹ Lakhs)	Period	Authorities before which pending dispute
Sales tax (lease tax)	Rajasthan Sales Tax Act	25.56	F.Y. 1994-1995 to F.Y. 1999-2000	Sales Tax Authorities, Jaipur
Income Tax	Income Tax	13.21	A.Y. 2000-01	ITAT – Mumbai
	Act, 1961	54.78	A.Y. 2007-08	ITAT – Mumbai
		634.99	A.Y. 2000-01 to A.Y. 2003-04	CIT (TDS) Appeal – Mumbai

- x. The accumulated losses of the company are more than fifty percent of the networth of the company at the end of the financial year and the company has incurred cash losses during the financial year covered by our audit and has not incurred cash losses in the immediately preceding financial year.
- xi. The company does not have any dues to banks or financial institutions.
- xii. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Provisions of Chit Fund nidhi / mutual benefit fund/societies are not applicable.
- xiv. In respect of dealing or trading in shares and debentures by the company, proper records have been maintained of the transactions and contracts and timely entries have been made therein and the investments held by the company are in its own name.
- xv. During the year the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. During the year the company has not taken the term loans.
- xvii. During the year the company has not raised any short term funds.
- xviii. During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. During the year the company has not issued secured debentures.
- xx. During the year, the company has not raised money by public issues.
- xxi. Based upon the audit procedures performed and information and explanations given 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 Nisar & Kumar

Chartered Accountants Firm Regn. No. 127820 W

> K. M. Mahadik Partner M. No. 48453

Place: Mumbai Date: August 13, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at	As at
		March 31, 2014	March 31, 2013
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	11,461,114	11,461,114
(b) Reserves and Surplus	3	(653,275,762)	(641,499,420)
		(641,814,648)	(630,038,306)
Non-Current Liabilities			
(a) Long-Term Borrowings	4	24,301,085,000	24,301,085,000
(b) Long Term Provisions	5	8,463	3,803
		24,301,093,463	24,301,088,803
Current Liabilities			
(a) Trade Payables	6	5,284,432	4,574,372
(b) Other Current Liabilities	7	3,197,055	3,566,034
(c) Short-Term Provisions	8	22,496,250	22,496,185
		30,977,737	30,636,591
Total		23,690,256,552	23,701,687,088
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	9	76,115,282	77,291,628
(b) Non-current investments	10	23,460,174,590	22,226,474,590
(c) Long-term loans and advances	11	136,926,926	144,376,385
		23,673,216,798	22,448,142,603
Current Assets			
(a) Trade receivables	12	992,700	1,985,400
(b) Cash and cash equivalents	13	2,629,098	1,205,578,103
(c) Short-term loans and advances	14	13,417,956	16,282,801
(d) Other Current Assets	15	-	29,698,181
		17,039,754	1,253,544,485
Total		23,690,256,552	23,701,687,088

Significant Accounting Policies

(Notes forms an integral part of the accounts)

As per our report of even date

For Nisar & Kumar For and on behalf of the Board

Chartered Accountants

Sd/-

K. M. Mahadik Director Director

Partner

Place: Mumbai Place: Mumbai

Date :- August 13, 2014 Date :- August 13, 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	For the year ended	For 13 months ended
		March 31, 2014	March 31, 2013
		₹	₹
Revenue:			
Revenue from operations	16	100,000	1,675,000
Other Income	17	967,323	386,530,493
Total Revenue		1,067,323	388,205,493
Expenses:			
Employee Benefits Expense	18	540,785	272,553
Finance Costs	19	887,933	23,194,960
Depreciation	9	1,176,346	4,345,321
Administrative and other expenses	20	10,238,601	27,323,702
Total Expenses		12,843,665	55,136,536
Profit / (loss) before exceptional items and tax		(11,776,342)	333,068,957
Goodwill written off			(968,995,379)
Profit / (loss) before tax		(11,776,342)	(635,926,422)
Tax expense:			
Current tax (including tax for earlier years)			(99,763,163)
Profit / (Loss) after tax		(11,776,342)	(735,689,585)
Basic and diluted earnings per share of face value of ₹ 1 each	21	(1.03)	(74.79)

Significant Accounting Policies

1

(Notes forms an integral part of the accounts)

As per our report of even date

For Nisar & Kumar	Nisar & Kumar For and on behalf of th		
Chartered Accountants			
	Sd/-	Sd/-	
K. M. Mahadik	Director	Director	
Partner			
Place: Mumbai	Place: Mumbai		
Date :- August 13, 2014	Date :- August 13, 2	2014	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	For the year	For 13 months
	ended	ended
	March 31, 2014	March 31, 2013
	₹	₹
Cash Flow from Operating Activities		
Profit/(Loss) before Tax	(11,776,342)	(635,926,422)
Adjustment for:		
Interest income	(64,550)	(373,022,932)
Profit on sale of fixed assets	-	(13,507,534)
Depreciation	1,176,346	4,345,321
Goodwill written off	-	968,995,379
Balances written off	1,065,593	34,927
Operating Cash Flow before Working Capital Changes	(9,598,953)	(49,081,261)
Adjustment for:		
(Increase)/Decrease in receivables	2,785,355	(92,101,571)
Increase/(Decrease) in payables	352,403	(21,760,224)
Cash used in Operations	(6,461,195)	(162,943,056)
Less:- Income Tax Refund / (paid) [net]	7,449,459	(38,589,015)
Net Cash (used in) / generated from Operating Activities	988,264	(201,532,071)
Cash Flow from Investing Activities		
Interest received	29,762,731	68,593,603
Sale of Fixed Assets	-	140,415,000
Purchase of investments	(1,233,700,000)	(12,421,075,986)
Net Cash used in Investing Activities	(1,203,937,269)	(12,212,067,383)
Cash Flow from Financing Activities		
Proceeds from Issue of Debentures		13,587,500,000
Net Cash generated from Financing Activities	-	13,587,500,000
Net Increase / (Decrease) in Cash and cash equivalents	(1,202,949,005)	1,173,900,546
Cash and cash equivalents at the beginning of the year / period	1,205,578,103	15,836,394
Add: Cash and cash equivalents taken on amalgamation	-	15,841,163
Cash and cash equivalents at the end of the year / period	2,629,098	1,205,578,103

Note:

The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements.

As per our report of even date

, to post our report of oversidate			
For Nisar & Kumar	For and on behalf of the Board		
Chartered Accountants			
	Sd/-	Sd/-	
K. M. Mahadik	Director	Director	
Partner			
Place: Mumbai	Place: Mumbai		
Date :- August 13, 2014	Date :- August 13,	2014	



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting:

The accounts of the Company have been prepared on historical cost convention using the accrual basis of accounting on consistent basis.

1.2 Revenue recognition:

Consultancy income is recognised for the services rendered as per the terms of contracts.

Dividend is recognised on right to receive basis.

Interest is recognised on time accrual basis.

1.3 Investments:

Long term investments are stated at cost. Cost includes incidental cost of acquisition. The decline in value of investments other than of temporary nature is provided for in profit and loss account.

1.4 Taxation:

The provision for current tax, if any is computed in accordance with the relevant tax regulation. Deferred tax is recognised on timing differences between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard 22 on 'Accounting for taxes on Income'. Deferred Tax Asset is recognised wherever there is virtual certainty that future taxable income will be available against which such deferred tax asset can be realised.

1.5 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the original rate of exchange in force at the time of occurrence of the transactions. Monetary items of current assets and liabilities denominated in foreign currency are translated at year end rates. The exchange gain or loss arising on translation or settlement of balances is charged to statement of profit and loss.

1.6 Borrowing Costs:

Borrowing costs related to qualifying assets in the course of acquisition upto the date of commissioning is added to cost of fixed assets. Other borrowing costs are charged to statement of profit and loss.

1.7 Depreciation:

Depreciation is provided on straight-line basis at the rates prescribed under Schedule XIV of the Companies Act, 1956 on pro rata basis from the date of addition or till the date of deletion.

The impairment of fixed assets is reviewed as per Accounting Standard 28 "Impairment of Fixed Assets".

1.8 Fixed Assets:

Fixed assets are recorded at cost or valuation less depreciation. Cost includes purchase cost together with all incidental costs of acquisition and installation.

1.9 Retirement Benefits:

- a) Gratuity liability is Non funded and recognised on projected unit credit actuarial method.
- b) Compensated absences are recognised on projected unit credit actuarial method.
- c) Contribution to Provident Fund which is a fixed percentage of the eligible employees' salary is charged to Statement of Profit and Loss and funded with Government Provident Fund.

1.10 Contingent Liabilities & Provisions:

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unlike likelihood of an outflow of resources is remote. Contingent assets are not recognised in the account, unless there is virtual certainty as to its realisation.

2. Share Capital

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
AUTHORIZED CAPITAL		
950,000,000 (P.Y 950,000,000) Equity Shares of ₹ 1 each	950,000,000	950,000,000
1,550,000 (P Y 1,550,000) Preference Shares of ₹ 2,000 each	3,100,000,000	3,100,000,000
	4,050,000,000	4,050,000,000
ISSUED , SUBSCRIBED & FULLY PAID UP CAPITAL		
11,461,114 (P.Y.11,461,114) Equity Shares of ₹ 1 each	11,461,114	11,461,114
Total	11,461,114	11,461,114

Notes:

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	As at March 31, 2014	As at March 31, 2013
Equity Shares Outstanding at the beginning of the year / period	11,461,114	50,000
Add: On subdivision of Equity Shares of ₹ 10 to ₹ 1 each	-	450,000
Add: Bonus shares issued	-	10,000,000
Add: Shares issued on amalgamation	-	961,114
Equity Shares Outstanding at the end of the year / period	11,461,114	11,461,114

- b) The details of the shareholders holding more than 5% shares Essar Satvision Limited 10,573,897 (P.Y. 10,500,000), the Holding company along with nominees.
- c) Out of the above 10,000,000 equity shares were allotted as fully paid up by way of Bonus shares by capitalisation of profits in the financial year ended March 31, 2013.
- d) Out the above 961,114 equity shares were issued as fully paid up for consideration other than cash, pursuant to the scheme of amalgamation.

3. Reserves & Surplus

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year / period	(641,499,420)	18,664,321
Add: Profit / (loss) on Amalgamation	-	85,525,844
Less: Capitalisation towards issue of Bonus Shares	-	(10,000,000)
Add: Profit / (loss) for the year / period	(11,776,342)	(735,689,585)
Balance as at the end of the year / period	(653,275,762)	(641,499,420)
Total	(653,275,762)	(641,499,420)



4. Long-Term Borrowings

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
UNSECURED LOANS		
Optionally Convertible Debentures		
Series I		
243,010,850 (P. Y. 243,010,850) Optionally Convertible Debentures of ₹100 each		
fully paid up	24,301,085,000	24,301,085,000
Total	24,301,085,000	24,301,085,000

TERMS AND CONDITIONS OF OPTIONALLY CONVERTIBLE DEBENTURES OF ₹ 100 EACH

- a) The debentures shall not carry any interest.
- b) Each debenture shall have face value of ₹ 100 each.
- c) Each debentures shall be redeemable at ₹ 130 on February 28, 2015.
- d) The holder of each debenture shall have option to convert the debenture into one 10% Non-Cumulative Preference Share of ₹100 each any time after March 31, 2013.
- e) The debentures shall not be listed on any stock exchange.

5. Long Term Provisions

Particulars	As at	As at
	March 31, 2014	March 31, 2013
	₹	₹
Provision for Compensated Absences	670	189
Provision for Gratuity	7,793	3,614
Total	8,463	3,803

6. Trade Payables

Particulars	As at	As at
	March 31, 2014	March 31, 2013
	₹	₹
Trade Payables for services	5,127,511	3,516,510
Trade Payables for Investments	156,921	1,057,862
Total	5,284,432	4,574,372

7. Other Current Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Advances from related parties	2,238,238	2,238,238
Statutory liabilities	348,725	717,704
Unclaimed Dividend	610,092	610,092
Total	3,197,055	3,566,034

8. Short Term Provisions

Particulars	As at	As at
	March 31, 2014	March 31, 2013
	₹	₹
Provision for Taxation (Net of taxes paid)	22,495,921	22,495,921
Provision for Gratuity	16	7
Provision for Compensated Absences	313	257
Total	22,496,250	22,496,185

9. Tangible Assets

Description	• • • • • • • • • • • • • • • • • • • •				DEPRECIATION NET BLOCK			ВLОСК		
of Assets	As At April 1, 2013	Additions during the year / period	Deletions / adjustments	As At March 31, 2014	As At April 1, 2013	For the year / period	Withdrawn / Written back	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	7,470,000	-	-	7,470,000	-	-	-	-	7,470,000	7,470,000
Buildings	72,168,465	-	-	72,168,465	2,346,837	1,176,346	-	3,523,183	68,645,282	69,821,628
TOTAL	79,638,465	-	-	79,638,465	2,346,837	1,176,346	-	3,523,183	76,115,282	77,291,628
Previous year		272,138,465	192,500,000	79,638,465	3,941,750	4,345,321	5,940,234	2,346,837	77,291,628	-

10. Non Current Investments

Pai	rticulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
A.	Quoted		
	Long term, Non-trade at cost		
	Investment in subsidiary company		
	Investment in Equity Shares		
	10,704,557 (P.Y 10,704,557) Equity Shares of $\stackrel{?}{\scriptstyle <}$ 10 each of Essar Securities Ltd fully paid up	239,137,990	239,137,990
B.	Unquoted		
	Investment in other companies		
	Investment In Debentures		
	232,210,366 (P. Y. 219,873,366) Optionally Convertible Debentures of ₹ 100 each of Imperial Consultants and Securities Pvt. Ltd. fully paid up	23,221,036,600	21,987,336,600
Tot	al	23,460,174,590	22,226,474,590
Agg	gregate amount of Quoted Investments	239,137,990	239,137,990
Ag	gregate amount of Unquoted Investments	23,221,036,600	21,987,336,600
Agg	gregate market value of Quoted Investments	412,125,445	385,899,280



11. Long- Term Loans and Advances

Particulars	As at March 31, 2014	As at March 31, 2013
(Unsecured, Considered Good)	₹	₹
Advance Tax / Tax deducted at source (Net of provision for taxes)	136,926,926	144,376,385
Total	136,926,926	144,376,385

12. Trade Receivables

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(Unsecured, Considered Good)		
Debts outstanding for more than six months	992,700	1,985,400
Total	992,700	1,985,400

13. Cash & Cash Equivalents

Particulars	As at	As at
	March 31, 2014	March 31, 2013
	₹	₹
Balance with the Banks in		
a) Current / Savings Accounts	2,019,006	569,990,811
b) Current Account (Unclaimed Dividend)	610,092	610,092
c) Deposit Accounts	-	634,977,200
Total	2,629,098	1,205,578,103

14. Short Term Loans and Advances

Particulars	As at March 31, 2014	As at March 31, 2013
(Unsecured, Considered Good)	₹	₹
Advances to related parties	340,348	3,377,403
Advance to vendors and other receivables	13,076,835	12,894,301
Prepaid Expenses	773	11,097
Total	13,417,956	16,282,801

15. Other Current Assets

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Interest Receivable	-	29,698,181
Total		29,698,181

16. Revenue from Operations

Particulars	For the year ended	For 13 months ended
	March 31, 2014	March 31, 2013
	₹	₹
Income from Consultancy Services	100,000	1,675,000
Total	100,000	1,675,000

17. Other Income

Particulars	For the year ended	For 13 months ended
	March 31, 2014	March 31, 2013
	₹	₹
Interest on Income Tax Refund	895,728	-
Interest on intercorporate deposits / deposits with banks	64,550	373,022,932
Miscellaneous Income	7,045	27
Profit on Sale of Fixed Assets (net)		13,507,534
Total	967,323	386,530,493

18 Employee Benefits Expense

Particulars	For the year For 13 mon ended end	
	March 31, 2014	March 31, 2013
	₹	₹
Salaries & Allowances	502,016	260,910
Contribution to provident / other funds	26,766	9,634
Staff welfare expenses	12,003	2,009
Total	540,785	272,553

19. Finance Costs

Particulars	For the year ended	For 13 months ended
	March 31, 2014	March 31, 2013
	₹	₹
Bank Guarantee Charges	887,933	23,194,960
Total	887,933	23,194,960



20. Administrative and other expenses

Particulars	For the year ended	For 13 months ended
	March 31, 2014	March 31, 2013
	₹	₹
Payment to auditors		
Audit Fees	337,080	337,080
Certification Fees	42,585	88,503
Advertisement Expenses (Including ₹ 53,372 P.Y Nil for earlier year)	57,999	318,790
Communication Charges	6,080	1,397,677
Directors Sitting Fees	-	140,281
AGM Expenses	30,928	-
Interest on delayed payment of taxes	-	11,181
Listing & Custodial Fees	-	194,171
Printing & Postage Expenses	294,849	2,093,036
Electricity expenses	-	4,073
Repairs and maintenance charges	-	433,935
Travelling Charges	4,500	270,483
Balances Written off	1,065,593	34,927
Filing fees, Rates & Taxes	47,009	5,637,536
Legal and professional fees (Including ₹ 171,012 P.Y Nil for earlier year)	8,321,897	16,233,287
Bank Charges	3,678	63,353
Miscellaneous expenses	26,403	65,389
Total	10,238,601	27,323,702

21. Earnings Per share

There are no potential equity shares and hence basic and diluted earnings per share are same. The calculation of earnings per share is based on the following data:

	For the year ended	For 13 months ended
	March 31, 2014	March 31, 2013
Earnings [Net profit / (loss) after tax (₹)]	(11,776,342)	(735,689,585)
Weighted average number of equity shares for the purpose of calculating earnings per share	11,461,114	9,837,079
Basic and diluted earnings per share of face value of ₹ 1 each (₹)	(1.03)	(74.79)

22. Contingent Liabilities:

- a. Income tax demands of ₹ 144,017,491 (P. Y. ₹ 144,017,491) pending in appeals.
- b. Lease tax demands of ₹2,556,295 (P. Y. ₹2,556,295) pending in appeals.

23. Current Assets, Loans and Advances:

In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities are adequate and not in the excess of amount reasonably stated.

24. There are no amounts due to micro, small and medium enterprises.

25. Gratuity is payable to all eligible employees of the company on superannuation, death and permanent disablement in terms of provision of the Payment of Gratuity Act or as per the company's scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last salary drawn.

The company has also agreed to provide certain Long Term Compensated Absences.

Gratuity benefits and Long Term Compensated Absences are non-funded.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognized in the balance sheet for respective plans.

	Compensated Absences	Gratuity	Compensated Absences	Gratuity
	March 31,	2014	March 31	2013
	Walcii 51, 2	₹	₹	, 2013
Statement of Profit and Loss	`	`	`	`
Current Service Cost	5,773	3,902	_	_
Interest cost on benefit obligation	25	286	_	-
Expected return on plan assets			_	-
Net actuarial (gain)/loss recognised in the year	(5,261)	_	446	3,621
Past service cost	(=,==:,	_	-	5,52
Net benefit Expense / (Income)	537	4,188	446	3,621
Details of Provision for Employee Benefits		-,		-,
Defined benefit Obligation	(983)	(7,809)	(446)	(3,621)
Fair Value of plan assets	-	-	-	(-,
Unrecognised past service cost	-	_	-	
Plan asset/(liability)	(983)	(7,809)	(446)	(3,621)
Changes in the present value of the defined benefit	•	(, ,	(()
obligation				
Opening defined benefit obligation	446	3,621	-	
Interest Cost	25	286	-	
Current Service cost	5,773	3,902	-	
Acquisitions Cost / (Credit)	-	-	-	
Benefits Payment	-	-	-	
Actuarial (gains)/losses on obligation	(5,261)	-	446	3,621
Closing defined benefit obligation	983	7,809	446	3,621
Changes in the fair value of the plan assets				
Fair value of the plan assets at the beginning of the year	•	-	-	
Expected return on plan assets	-	-	-	
Contributions	-	-	-	
Benefits paid / Transfer	-	-	-	
Actuarial (gains)/losses on plan assets	-	-	-	
Fair value of the plan assets at the end of the year	-	-	-	
The principal assumptions used in determining leave encashment & Gratuity benefit obligations for				
the Companies plans			.	
A. Discount rate	9.20%	9.20%	8%	8%
B. Expected rate of return on assets	N/A	N/A	N/A	N/A
C. Salary Escalation Rate	6%	6%	6%	6%
D. Employee Turnover	1% to 3%	1% to 3%	1% to 3%	1% to 3%
E. Mortality	Indian Assure Mortality (2006-0		LIC (1994-96	Utimate



26. Related Parties Disclosures

(A) Related parties and nature of relationship where control exists:

i) Holding Companies

Essar Satvision Limited

Essar Capital Holdings (India) Limited (holding company of Essar Satvision Ltd)

ii) Subsidiary Company

Essar Securities Limited

iii) Individual indirectly owning interest in voting power that gives control:Smt. Manju S Ruia (w.e.f. January 2, 2014), Mr. Anshuman S Ruia (upto January 1, 2014)

(B) Other related parties where there have been transactions.

Enterprises controlled or significantly influenced by individual or relatives:

Essar Investments Limited, Arkay Holdings Ltd, Futura Travels Limited, Inimitable Capital Finance Pvt Ltd, Imperial Consultants and Securities Pvt Ltd, Essar Teleholdings Ltd, Essar Infrastructure Services Ltd, Essar Services India Ltd, Frontier Leasing & Finance Ltd, Kroner Investments Ltd

(C) The material transactions with related parties are summarised below:

Par	ticulars	Holding companies	Subsidiary companies	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2014
		₹	₹	₹	₹
a.	Statement of Profit and Loss Items				
	Consultancy Fees receipts			100,000	100,000
				(1,675,000)	(1,675,000)
	Imperial Consultants and Securities Pvt Ltd			100,000	
				(1,000,000)	
	Essar Investments Ltd			(000,000)	
	Forey Teleboldings Ltd			(600,000)	
	Essar Teleholdings Ltd			(75,000)	
	Interest income (Imperial Consultants and Securities Pvt Ltd)			(274,731,148)	(274,731,148)
	Professional fees Expenses		264,271	(=: :,: = :,: :=)	264,271
	(Essar Securities Ltd)		(-)		(-)
	<u>Travelling / Guest house expenses</u>		`,	-	-
				(131,299)	(131,299)
	Arkay Holdings Ltd			-	
				(29,767)	
	Futura Travels Limited			-	
				(101,532)	
b.	Balance Sheet Items				
	Purchase / subscription of Investments			1,233,700,000	1,233,700,000
					(59,280,000,000)
	Imperial Consultants and Securities Pvt Ltd			1,233,700,000	
				(59,280,000,000)	

Particu	ılars	Holding companies	Subsidiary companies	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2014
		₹	₹	₹	_
<u>Re</u>	fund of Advances taken			33,281	33,281
				(375,150)	(375,150)
Es	sar Services India Ltd			33,281	
lm	perial Consultants and Securities Pvt Ltd			-	
				(375,150)	
<u>Ad</u>	lvances given	31,259		304,089	335,348
		(5,000)		(3,372,403)	(3,377,403)
lm	perial Consultants and Securities Pvt Ltd			4,089	
				(72,403)	
Es	sar Services India Ltd			-	
				(3,300,000)	
Kro	oner Investments Ltd			300,000	
				(-)	
Es	sar Satvision Ltd	31,259			
		(5,000)			
<u>Ad</u>	Ivances taken (Frontier Leasing & Finance			-	-
Ltd	d)			(2,238,238)	(2,238,238)
	edemption of Debentures (Imperial			-	-
Co	onsultants and Securities Pvt Ltd)			(37,292,663,400)	(37,292,663,400)
	lle / Redemption of Investments (Imperial			-	-
Co	onsultants and Securities Pvt Ltd)			(37,292,663,400)	(37,292,663,400)
	sue & allotment of Debentures (Essar			-	-
Inv	vestments Ltd)			(13,587,500,000)	(13,587,500,000)
Re	<u>fund of advances given</u>			3,300,000	3,300,000
				(300,000)	(300,000)
Es	sar Services India Ltd			3,300,000	
				(-)	
Inir	mitable Capital Finance Pvt Ltd			-	
				(300,000)	
(D) Ba	llances outstanding at the end of the ar:				
-	edit balances		207,687	2,238,238	2,445,925
				(2,244,420)	(2,244,420)
De	ebit balances	36,259		304,089	340,348
		(5,000)		(3,372,403)	(3,377,403)

Note: Figures in bracket relates to previous period.



27. The business segments have been identified based on the nature of business carried out by the company and services provided by the company to its clients. The company carries on business of investment and providing consultancy services.

	Consultancy Services		Investment Activities		То	tal
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹	₹	₹	₹	₹	₹
Segment Revenue	100,000	1,675,000	-	373,022,932	100,000	374,697,932
Segment Results [Segment Profit/ (Loss)]	(892,700)	1,675,000	(887,933)	(619,167,407)	(1,780,633)	(617,492,407)
Unallocable Income					967,323	13,507,561
Unallocable Expenses (includes depreciation ₹ 1,176,346 P.Y. ₹ 4,345,321)					10,963,032	31,941,576
Provision for Taxation (including earlier years adjustments)						99,763,163
Net Profit / (Loss) After tax					(11,776,342)	(735,689,585)
Segment Assets	992,700	1,985,400	23,460,174,590	22,256,263,774	23,461,167,290	22,258,249,174
Unallocable assets					229,089,262	1,443,437,914
Total Assets					23,690,256,552	23,701,687,088
Segment liabilities			24,301,241,921	24,302,142,862	24,301,241,921	24,302,142,862
Unallocable liabilities					30,829,279	29,582,532
Total Liabilities					24,332,071,200	24,331,725,394

- 28. The company does not have any commitment.
- 29. Previous period figures have been regrouped, rearranged wherever necessary.

As per our report of even date

For Nisar & Kumar	For and on behalf of the Board	
Chartered Accountants		
	Sd/-	Sd/-
K. M. Mahadik	Director	Director
Partner		
Place: Mumbai Date :- August 13, 2014	Place: Mumbai Date :- August 13, 2014	





BOARD OF DIRECTORS:

(As on August 13, 2014)

Mr. S. V. Venkatesan - Chairman

Mr. Neeraj Gupta

Mr. N. B. Vyas

Mr. Dhanpat Singh Nahata

Mr. Sujay Sheth

Mr. Girish Vyas - Chief Financial Officer

MANAGER, COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Ashish Vyas

AUDITORS

Nisar and Kumar,

Chartered Accountants 1305, Arcadia Bldg., Near Earnest House, NCPA Marg, Nariman Point, Mumbai – 400 021

BANKERS

ING Vysya Bank Limited

Axis Bank Limited

REGISTERED OFFICE

56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai – 600 018

Tel: 91 44 2499 1992

CORPORATE OFFICE

Essar House, 11, K. K. Marg, Mahalaxmi,

Mumbai – 400 034 Tel: 91 22 6660 1100 Fax: 91 22 6666 9432 Visit us at <u>www.essar.com</u>

REGISTRAR AND TRANSFER AGENT

Data Software Research Co. Pvt. Ltd. 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam Chennai – 600 006

Tel.: +91-44-4510 5120,+91-44-2821 3738,

+91-44-2821 4487 Fax.:+91-44-2821 4636

Email: essar.securities@dsrc-cid.in

DIRECTORS' REPORT

To the Members of Essar Securities Limited,

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2014.

1. FINANCIAL RESULTS, BUSINESS AND MANAGEMENT'S DISCUSSION & ANALYSIS:

(₹ In Lakhs)

Particulars	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Income	46.50	10.00
Less: Expenditure	36.26	18.16
Profit Before Tax	10.24	(8.16)
Less: Provision for taxation	3.17	14.29
Profit After Tax	7.07	(22.46)
Balance brought forward from previous year	2208.40	2230.85
Balance carried forward to Balance Sheet	2215.47	2208.40

DIVIDEND:

During the year under review, the profit after tax was ₹ 7.07 Lakhs against the loss after tax of ₹ 22.46 Lakhs for the previous year.

The directors do not recommend any dividend for the year.

Opportunities, Threats, Risks and Concerns

Since focus of the Company is to continue as an investment holding company, management will look out for strategic investment opportunities in key emerging sectors and sustain the existing consultancy business.

As the Company has major equity investment in Essar Steel India Limited, a company engaged in Steel Business, its operations would also have a bearing on the performance of the Company.

Internal Control Systems and Internal Audit

The Company has a proper and adequate system of internal controls. The internal control system is supplemented by a program of internal audits and review by the Management. The internal control system is designed to ensure that the financial and other records are reliable, for preparing financial statements and other data.

2. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Mr. Dhanpat Singh Nahata, Director retire by rotation and are being eligible for re-appointment. Mr. Neeraj Gupta continues to be directors of your Company.

The Board of Directors has co-opted, Mr. Sujay Sheth as an Additional Director designated as an Independent Director of the Company on 14th November, 2013. The Company has received a letter from shareholders' nominating him for the post of Director of the Company.

The Company had, pursuant to the Listing Agreement entered into with the Stock Exchange, appointed Mr. N. B. Vyas, Mr. S. V. Venkatesan and Mr. Sujay Sheth as Independent Directors of the Company. As per Section 149(4) of the Companies Act, 2013 which came into effect from April 1, 2014, every listed Company is required to have at least one third of the total number of directors as an Independent Directors. In accordance with the provision Section 149 of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment as mentioned in the Notice of the forthcoming Annual General Meeting of the Company.

Mr. V. G. Raghavan resigned from the directorship of the Company w.e.f. November 13, 2013. The Board wishes to place on record his sincere appreciation for the valuable services rendered by Mr. V. G. Raghavan during his tenure as a Director of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement entered with the Stock Exchange.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures, wherever applicable;
- (ii) that the directors had selected such accounting policies and applied them consistently and made



judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review:

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2014 on a going concern basis.

4. PUBLIC DEPOSIT:

The Company has neither invited nor accepted any deposits from the public during the year. There are no unclaimed deposit(s) lying with the Company as on March 31, 2014.

5. AUDITORS:

Nisar & Kumar, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting of the Company. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules there under, it is proposed to appoint Nisar & Kumar, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the 9th Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company.

6. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Considering the nature of activities of your Company, the information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 relating to Energy Conservation, Technology Absorption

is not applicable. The Company had no foreign exchange earnings or outgo during the period under review.

7. PARTICULARS OF EMPLOYEES:

Since there are no employees falling within the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, no such details are required to be given.

8. HOLDING COMPANY:

Essar Capital Limited continues to be holding company of your Company. Essar Capital Holdings (India) Limited continues to be the ultimate holding company.

9. CORPORATE GOVERNANCE REPORT:

The Company is committed to maintain the highest standard of Corporate Governance and comply to the Corporate Governance requirements as required under the Listing Agreement entered with the Stock Exchange. The disclosures as required in Clause 49 of the Listing Agreement have been furnished in the Annexure to the Directors' Report under the head "Report on Corporate Governance". The requisite Certificate from the Statutory Auditors of the Company confirming the compliances with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered with the Stock Exchange, is attached and forming part of this Annual Report.

10. ACKNOWLEDGEMENT

Your directors also wish to place on record their gratitude for the co-operation and assistance received from Banks, Stock Exchange and Shareholders, and thank them for their continued co-operation and support.

For and on behalf of the Board

sd/ sd/ Director Director

Place: Mumbai Date: August 13, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ESSAR SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR SECURITIES LIMITED** ("the Company"), 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 the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies 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, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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:

 in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- in the case of the Profit and Loss Account, 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

- As required by the Companies (Auditors' 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;
 - 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;
 - 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act;
 - 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;
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For NISAR & KUMAR, Chartered Accountants Firm Regn. No. 127820W

> K. M. Mahadik Partner M. No. 48453

Place: Mumbai Date: May 22, 2014



ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2014 OF ESSAR SECURITIES LIMITED

- Since the company is not having Fixed Assets reporting on Clause (i) (a), (i) (b) and (i) (c) do not arise.
- ii. As there is no inventory, the reporting on the clause ii (a),ii (b) and ii (c) do not arise.
- (a) The company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (b) In view of clause (iii) (a) above, clause (iii) (b) is not applicable.
 - (c) In view of clause (iii) (a) above, clause (iii) (c) is not applicable.
 - (d) In view of clause (iii) (a) above, clause (iii) (d) is not applicable.
 - (e) The company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - (f) In view of clause (iii) (e) above, clause (iii) (f) is not applicable.
 - (g) In view of clause (iii) (e) above, clause (iii) (g) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of assets and rendering of services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301.
 - (b) in view of (v) (a) above, clause (v) (b) is not applicable.
- vi. During the year the company has not accepted any deposits from the public.
- vii. In our opinion, during the year the company does not have an internal audit system.
- viii. As informed to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- ix. (a) According to the records of the company, the company is generally regular in deposit of provident fund, however, there were delays in deposit of undisputed statutory dues of income tax and service tax with the appropriate authorities. As per records of the company, there are no dues in respect of employees' state insurance, Investor Education and Protection Funds, custom duty, wealth tax, sales tax and excise duty/cess. There are no arrears of statutory dues as at March 31, 2014 outstanding for

- a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of income-tax, sales tax, service tax, customs duty/wealth-tax, excise duty/cess which have not been deposited on account of dispute.
- x. The company does not have accumulated losses at the end of the financial year and the company has not incurred cash losses during the financial year covered by our audit and has incurred cash losses in the immediately preceding financial year.
- xi. As the company has not borrowed any amount from Banks or Financial Institutions, the reporting under this clause do not arise.
- xii. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Provisions of Chit Fund nidhi/ mutual benefit fund/ societies are not applicable.
- xiv. In respect of dealing or trading in shares and debentures by the company, proper records have been maintained of the transactions and contracts and timely entries have been made therein, as per records / information, the investments held by the company are in its own name.
- xv. During the year the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. During the year, the company has not taken term loans.
- xvii. During the year, the company has not raised any short term funds.
- xviii. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. During the year, the company has not issued secured debentures.
- xx. During the year, the company has not raised money by public issues.
- xxi. Based upon the audit procedures performed and information and explanations given 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 NISAR & KUMAR, Chartered Accountants Firm Regn. No. 127820W

> K. M. Mahadik Partner M. No. 48453

Place: Mumbai Date: May 22, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at	As at
		March 31, 2014	March 31, 2013
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	142,877,540	142,877,540
Reserves and Surplus	3	340,647,291	339,940,118
		483,524,831	482,817,658
Non Current Liabilities			
Long term provisions	4	111,883	58,538
Current Liabilities			
Trade payables	5	1,062,322	397,204
Other Current Liabilities	6	1,350,673	1,353,937
Short-Term Provisions	7	4,722	1,205
		2,417,717	1,752,346
Total		486,054,431	484,628,542
ASSETS			
Non-Current Assets			
Non-current investments	8	482,036,288	475,617,888
Long-term loans and advances	9	290,642	100,000
		482,326,930	475,717,888
Current Assets			
Trade Receivables	10	2,448,332	-
Cash and Cash Equivalents	11	1,277,470	8,909,913
Short-Term Loans and Advances	12	1,699	741
		3,727,501	8,910,654
Total		486,054,431	484,628,542

Significant Accounting Policies

(Note forms integral part of Accounts)

As per our attached report of even date

For Nisar & Kumar For and on behalf of the Board

Chartered Accountants

K. M. Mahadik

Partner Director Director Chief Financial Officer

1

Company Secretary

Place : Mumbai Place : Mumbai Date : May 22, 2014 Date : May 22, 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	Year ended	Year ended
		March 31, 2014	March 31, 2013
		₹	₹
Revenue:			
Revenue from operations	13	4,650,000	1,000,000
Total Revenue		4,650,000	1,000,000
Expenses:			
Employee benefit costs	14	2,071,842	443,999
Other Administrative Expenses	15	1,553,985	1,372,408
Total Expenses		3,625,827	1,816,407
Profit/(Loss) before tax		1,024,173	(816,407)
Tax expense:			
Current tax		(317,000)	-
Tax adjustments for earlier years		-	(1,429,370)
Profit/(Loss) after tax		707,173	(2,245,777)
Basic & Diluted Earning per Share of ₹ 10 each	16	0.05	(0.16)
Significant Accounting Policies	1		

(Notes forms integral part of Accounts)

As per our attached report of even date

For Nisar & Kumar

Chartered Accountants

For and on behalf of the Board

K. M. Mahadik

Partner Director Director Chief Financial Officer

Company Secretary

Place: Mumbai Place: Mumbai Date : May 22, 2014 Date : May 22, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Cash Flow From Operating Activities		
Profit /(Loss) before taxation	1,024,173	(816,407)
Adjustment for:		
Balances written off / (written back)	3	(37)
Operating Cash Flow before working capital changes	1,024,176	(816,444)
Adjustment for:		
(Increase)/Decrease in Receivables	(2,449,293)	1,564,574
Increase / (Decrease) in liabilities & provisions	745,002	485,669
Cash (used in) / generated from operations	(680,115)	1,233,799
Less: Taxes on Income Paid	(507,642)	(1,529,370)
Net Cash Used in Operating Activities	(1,187,757)	(295,571)
Cash Flow From Investing Activities		
Sale of Investments	-	6,509,040
Purchase of Investments	(6,418,400)	-
Net cash generated from Investing Activities	(6,418,400)	6,509,040
Cash Flow From Financing Activities		
Unclaimed Dividend paid	(26,286)	-
Net cash used in Financing Activities	(26,286)	-
Net increase / (decrease) in cash and cash equivalents	(7,632,443)	6,213,469
Cash and cash equivalents at the beginning of the year	8,909,913	2,696,444
Cash and cash equivalents at the end of the year	1,277,470	8,909,913

Note:

The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement.

As per our attached report of even date

For Nisar & Kumar For and on behalf of the Board

Chartered Accountants

K. M. Mahadik

Partner Director Director Chief Financial Officer

Company Secretary

Place : Mumbai Place : Mumbai Date : May 22, 2014 Date : May 22, 2014



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting :

The accounts of the company have been prepared on historical cost convention using the accrual basis of accounting on consistent basis.

b) Investments:

Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Statement of Profit and Loss.

c) Revenue Recognition:

Consultancy / Service charges income is recognised on accrual basis as per the terms of agreements.

d) Retirement Benefits:

Long term / short term compensated absences and Gratuity liability are recognized on actuarial valuation basis.

e) Taxation:

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on "Accounting for Taxes on Income". Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

f) Provisions and Contingent Liabilities:

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

2. SHARE CAPITAL

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
AUTHORIZED CAPITAL		
15,000,000 (P.Y. 15,000,000) Equity Shares of ₹ 10 each	150,000,000	150,000,000
	150,000,000	150,000,000
ISSUED, SUBSCRIBED & FULLY PAID UP CAPITAL		=======================================
14,287,754 (P.Y. 14,287,754) Equity Shares of ₹ 10 each	142,877,540	142,877,540
Total	142,877,540	142,877,540

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year.

	March 31, 2014		March	31, 2014
	Number	Amount (₹)	Number	Amount (₹)
Equity Shares				
Balance at the beginning of the Year	14,287,754	142,877,540	14,287,754	142,877,540
Issued during the year	-	-	-	-
Balance at the end of the year	14,287,754	142,877,540	14,287,754	142,877,540

b. Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates:

	March 31, 2014		March 31, 2013	
	Number	Amount (₹)	Number	Amount (₹)
Essar Capital Limited (Holding Company)	10,704,557	107,045,570	10,704,557	107,045,570

c. Details of shareholders holding more than 5% shares in the company :

	March 31, 2014		March	March 31, 2013	
	Number	%	Number	%	
Essar Capital Limited (Holding Company)	10,704,557	74.92%	10,704,557	74.92%	

- d. Rights, preferences and restrictions attached to shares: The company has one class of equity shares of face vale of ₹ 10 each. Every shareholder is entitled to one vote for every shares held. In the event of liquidation the equity shareholders shall be entitled to receive remaining assets of the company after distribution of all dues in proportion of their holdings.
- e. In preceding five years the company has not allotted any shares for consideration other than cash / bonus shares / bought back any shares.

3. RESERVES & SURPLUS

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Securities Premium		
Balance as per last balance sheet	96,000,000	96,000,000
General Reserve		
Balance as per last balance sheet	13,100,000	13,100,000
Statutory Reserves		
Balance as per last balance sheet	10,000,000	10,000,000
Surplus in the statement of Profit & Loss		
Balance at the beginning of the year	220,840,118	223,085,895
Add: Profit/(Loss) for the year	707,173	(2,245,777)
Balance at the end of the year	221,547,291	220,840,118
Total	340,647,291	339,940,118

4. LONG TERM PROVISIONS

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Provision for compensated absences	39,752	29,872
Provision for gratuity	72,131	28,666
Total	111,883	58,538

5. TRADE PAYABLES

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Trade payables	1,062,322	397,204
Total	1,062,322	397,204

6. OTHER CURRENT LIABILITIES

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Statutory liabilities	329,681	70,367
Unclaimed Dividend	1,020,992	1,047,278
Advance from related party		236,292
Total	1,350,673	1,353,937



7. SHORT TERM PROVISIONS

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Provision for compensated absences	2,338	1,153
Provision for gratuity	2,384	52
Total	4,722	1,205

8. NON CURRENT INVESTMENT

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Non Trade, Long Term (fully paid up at cost)		
Investments in Equity Shares (Unquoted) 10,050,706 (P.Y. 9,908,706) Equity Shares of ₹ 10 each of Essar Steel		
India Limited	482,036,288	475,617,888
Total	482,036,288	475,617,888

9. LONG TERM LOANS & ADVANCES

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
(Unsecured, Considered Good)		
Advance Tax / Tax Deducted at Source (Net of Provision for taxes)	290,642	100,000
Total	290,642	100,000

10. TRADE RECEIVABLES

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
(Unsecured, considered good)		
Outstanding for a period exceeding six months	1,102,471	-
Other debts	1,345,861	
Total	2,448,332	

11. CASH AND CASH EQUIVALENTS

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Balances with Bank in Current Accounts	256,478	7,862,635
Balances with Bank in Current Accounts (Unclaimed Dividend)	1,020,992	1,047,278
Total	1,277,470	8,909,913

12. SHORT TERM LOANS AND ADVANCES

	As at	As at
	March 31, 2014	March 31, 2013
	₹	₹
(Unsecured, considered good)		
Prepaid expenses	1,699	741
Total	1,699	741

13. REVENUE FROM OPERATIONS

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Consultancy / Service Charges income	4,650,000	1,000,000
Total	4,650,000	1,000,000

14. EMPLOYEE BENEFIT COSTS

	Year ended	Year ended
	March 31, 2014	March 31, 2013
	₹	₹
Salaries and Allowances	1,680,199	437,699
Contribution to Provident Fund and Other Funds	113,448	6,233
Staff Welfare Expenses	278,195	67
Total	2,071,842	443,999

15. OTHER ADMINISTRATIVE EXPENSES

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Communication Expenses	140,143	141,417
Travelling and Conveyance Expenses	28,995	4,450
AGM expenses	30,928	33,406
Advertisement Expenses	196,412	173,346
Bank Charges	472	2,618
Directors Sitting Fees	334,271	179,776
Rates and Taxes, filing Fees	9,151	8,172
Interest on delayed payment of taxes	6,020	-
Miscellaneous expenses	17,872	963
Printing and Stationary	141,779	146,704
Professional Fees	428,550	440,058
Listing and Custodial Fees	139,392	151,048
Payment to auditors'		
Audit fee	80,000	89,888
Reimbursements	-	562
Total	1,553,985	1,372,408

16. EARNING PER SHARE

There are no potential equity shares and hence the basic and diluted earnings per share are same. The calculation of the basic and diluted earnings per share is based on following data.

	March 31, 2014	March 31, 2013
Earnings [Net profit/(Loss) for the year after tax (₹)]	707,173	(2,245,777)
Weighted average number of equity shares for the purpose of calculating earnings per share	14,287,754	14,287,754
Basic & Diluted Earnings per share of face value of ₹ 10 each (₹)	0.05	(0.16)

- 17. The company does not have any commitment or contingent liabilities.
- 18. The company does not have any dues to micro, small and medium enterprises.
- 19. Related Party Disclosures:
 - a) Related parties where control exists:
 - i. Holding Companies:

Essar Capital Ltd

Essar Satvision Ltd (Holding company of Essar Capital Ltd)

Essar Capital Holdings (India) Limited [Holding company of Essar Satvision Ltd]



- ii. Individual owning indirectly an interest in the voting power that gives control:
 - Smt. Manju S Ruia (w.e.f. January 2, 2014), Mr. Anshuman S Ruia (upto January 1, 2014)
- iii. Key Management Personnel:

Mr. Ashish Vyas - Manager & Company Secretary

b) Other related parties, where there have been transactions:

Enterprises controlled or significantly influenced by individual or relatives:

Essar Properties Limited, Imperial Consultants & Securities Private Limited, Futura Travels Limited, Imperial Procurement Services Limited, Girishan Investment Limited, Essar Teleholdings Limited, Essar Investments Limited

c) Transactions with related parties are summarised as under:

Particulars	Holding Company	Key Management Personnel	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2014
			₹	₹
Sale of Investments (Imperial Consultants and Securities Pvt Limited)			-	-
,			(6,509,040)	(6,509,040)
Advances Taken (Essar Properties Ltd)			-	-
			(236,292)	(236,292)
Purchase of Investments (Imperial Consultants and			6,418,400	6,418,400
Securities Pvt Limited)			(-)	(-)
Refund of advances taken (Essar Properties			236,292	236,292
Limited)			(196,910)	(196,910)
Travelling and Conveyance Expenses (Futura Travels Limited)			22,227	22,227
,		505.000	(-)	(-)
Salaries and Allowances (Mr. Ashish Vyas)		585,906		585,906
Canaditana / Canida aharma inaama (avaludina	005 000	(424,903)	4 44 4 000	(424,903)
Consultancy / Service charges income (excluding service tax)	235,200		4,414,800 (1,000,000)	4,650,000 (1,000,000)
Imperial Consultants and Securities Pvt Limited	(-)		2,231,200	(1,000,000)
Imperial Consultants and Securities 1 Vi Limited			(1,000,000)	
Imperial Procurement Services Limited			519,300	
Importar i rocaromone convicco Emilioa			(-)	
Girishan Investment Limited			206,400	
			(-)	
Essar Investments Limited			834,100	
			(-)	
Essar Capital Limited	235,200		()	
	(-)			
Essar Teleholdings Limited			623,800	
			(-)	

d) Balances outstanding at the end of the year:

Debit balances	207.688		2.240.644	2.448.332
	(-)		(-)	(-)
Credit balances		37,684	22,227	59,911
		(-)	(236,292)	(236,292)

Notes:

- i) Figures in brackets relates to the previous year.
- ii) The names of the related parties are disclosed under each nature of transaction where the transaction with single party is 10% or more of relevant nature of transactions.

20. The company is having two business segments viz. Consultancy & Advisory Services and Investment Activities. Segment wise data for the year is as under:

Particulars	Consultancy /	Investment Activities	Total
	Service Activities		March 31, 2014
	₹	₹	₹
Segment Revenue	4,650,000	-	4,650,000
	(1,000,000)	-	(1,000,000)
Segment Results [Segment Profit / (Loss)]	4,650,000	-	4,650,000
	(1,000,000)	-	(1,000,000)
Unallocable expenses			3,625,827
			(1,816,407)
Provision for taxation			(317,000)
			(1,429,370)
Net Profit / (Loss)			707,173
			(2,245,777)
Segment assets	2,738,974	482,036,288	484,775,262
	(100,000)	(475,617,888)	(475,717,888)
Unallocable assets			1,279,169
			(8,910,654)
Total Assets			486,054,431
			(484,628,542)
Segment liabilities	-	-	-
	(-)	(-)	(-)
Unallocable liabilities			2,529,600
			(1,810,884)
Total Liabilities			2,529,600
			(1,810,884)

Note: Figures in brackets relates to the previous year.

21. Employee benefits

Gratuity is payable to all eligible employees of the company on superannuation, death and permanent disablement in terms of provision of the Payment of Gratuity Act or as per the company's scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last salary drawn base salary.

The company has also agreed to provide certain Compensated Absences.

Gratuity benefits and Compensated Absences are non-funded.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognized in the balance sheet for respective plans.

	Compensated Absences	Gratuity	Compensated Absences	Gratuity	
	March 3	1, 2014	March 31	, 2013	
	₹	₹	₹	₹	
Statement of Profit and Loss					
Current Service Cost	8,732	10,310	-	-	
Interest cost on benefit obligation	2,451	2,269	-	-	
Expected return on plan assets	-	_	-	-	
Net actuarial (gain)/loss recognised in the year	(118)	33,218	12,796	6,233	
Past service cost	-	-	-	-	
Net benefit Expense / (Income)	11,065	45,797	12,796	6,233	
Details of Provision for Employee Benefits					
Defined benefit Obligation	(42,090)	(74,515)	(31,025)	(28,718)	
Less: Fair Value of plan assets	-	-	-	-	
Less: Unrecognised past service cost	-	_	-	-	



	Compensated Absences	Gratuity	Compensated Absences	Gratuity	
	March 3	31, 2014 March 31		, 2013	
	₹	₹	₹	₹	
Plan asset / (liability)	(42,090)	(74,515)	(31,025)	(28,718)	
Changes in the present value of the defined benefit obligation:					
Opening defined benefit obligation	31,025	28,718	-	-	
Interest Cost	2,451	2,269	-	-	
Current Service cost	8,732	10,310	-	-	
Acquisitions Cost / (Credit)	-	-	18,229	22,485	
Benefits Payment	-	-	-	-	
Actuarial (gains)/losses on obligation	(118)	33,218	12,796	6,233	
Closing defined benefit obligation	42,090	74,515	31,025	28,718	
Changes in the fair value of the plan assets:					
Fair value of the plan assets at the beginning of the year	-	-	-	-	
Expected return on plan assets	-	-	-	-	
Contributions	-	-	-	-	
Benefits paid / Transfer	-	-	-	-	
Actuarial (gains)/losses on plan assets	-	-	-	-	
Fair value of the plan assets at the end of the year	-	-	-	-	
The principal assumptions used in determining Compensated Absences & Gratuity benefit obligations for the Companies plans:					
A. Discount rate	9.20%	9.20%	7.90%	7.90%	
B. Expected rate of return on assets	N/A	0.00%	N/A	0%	
C. Salary Escalation Rate	6.00%	6.00%	6.00%	6.00%	
D. Employee Turnover	1% to 3 %	1% to 3 %	1% to 3 %	1% to 3 %	
E. Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified	Indian Assured Lives Mortality (2006-08) Ult. Modified	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	

22. Previous year figures have been rearranged / regrouped wherever necessary.

Δο	ner our	attached	report of	even date	
AS	Dei Oui	allacheu	report or	even date	

For Nisar & Kumar Chartered Accountants For and on behalf of the Board

K. M. Mahadik

Partner Director Director Chief Financial Officer

Company Secretary

Place : Mumbai
Date : May 22, 2014

Place : Mumbai
Date : May 22, 2014



CIN: U65923TN2007PLC085016

Registered Office: Chennai House, 5th Floor, 7 Esplanade, Chennai- 600108, Tamilnadu 7th Annual General Meeting-Friday, September 26, 2014

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Name of the Shareholder	:	
Address	:	
Folio / DP ID & Client ID	:	
No. of equity shares held	:	
I certify that I am a registered Sha	reho	older/ Proxy of the Company.
		Annual General Meeting of Essar Capital Limited held on Friday, September 26, 2014 at 7, Esplanade, Chennai – 600 108, Tamilnadu.
Signature of Member / Proxy		_



CIN: U65923TN2007PLC085016

Registered Office: Chennai House, 5th Floor, 7 Esplanade, Chennai- 600108, Tamilnadu

FORM OF PROXY

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

7th Annual General Meeting

Friday, September 26, 2014

Name o	f the Member(s):		
Registe	red Address:		
Mail ID:			
Folio No	o./ Client ID	DP ID:	
I/We beir	ng the member(s) held Shares o	of Essar Capital Limited, hereby appoi	nt:
1) Nam	ne	Address	
Mail	ID	Signature	or failing him
2) Nam	ne	Address	
Mail	ID	Signature	
be held	ur Proxy to attend and vote for me/us on my/our be on Friday, September 26, 2014 at 1:00 p. m. at 5^{th} lent thereof.		
Signed t	nis day of 2014		
Signatur	e of Shareholder		AFFIX 1 RUPEE REVENUE STAMP
Signatur	e of Proxy		
Note: Th	is form in order to be effective should be duly comp	eted and deposited at the Registered	office of the Company not

less than 48 Hours before the commencement of the Meeting.



CIN: U65923TN2007PLC085016

Registered Office: Chennai House, 5th Floor, 7 Esplanade, Chennai- 600108, Tamilnadu

E-MAIL REGISTRATION

10,		
M/s Data Software Research Co. Pvt. Ltd		
19, Pycroft Garden Road,		
Off. Haddows Road,		
Nungambakkam,		
Chennai 600 006, Tamilnadu		
Dear Sir/s,		
Re: Registration of	f e mail ID for receiving commu	nication in electronic form
and other General Meeting notices and expla	anatory statement(s) thereto, Ba	om the Company including Annual General Meeting alance Sheets, Directors' Reports, Auditor's Reports ords for sending communication through e mail:
Folio No. or DP ID/ Client ID*	:	
Name of 1st Registered Holders*	:	
Name of Joint Holder(s)	:	
Address	:	
Pin Code	:	
E-mail ID (to be registered)*	:	
Contact Nos.	: Mobile-	Landline-
Date :		Signature of first holder*

Important Notes:

- 1. Field marked* are mandatory for registration of the e-mail ID.
- 2. On registration, all the communications will be sent to the e-mail ID registered in the folio
- 3. Any change in email ID, from time to time, may please be registered in the records of the Company.



CIN: U65923TN2007PLC085016

Registered Office: Chennai House, 5th Floor, 7 Esplanade, Chennai- 600108, Tamilnadu

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

We wish to inform you that The Ministry of Corporate Affairs (MCA), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies vide its circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode to the shareholders.

Essar Capital Limited, in line with the Government initiative as above, proposes to send Annual Report (Audited Financial Statements, Directors 'Report, Auditors' Report, etc.,) and other documents such as the Notice of the Annual General Meeting and other communications, henceforth to the shareholders (through email) for the financial year 2014-15 onwards in electronic form to the email address provided by you and made available to us by the Depositories. Most importantly, this move will ensure prompt delivery of communications to the investor and avoid loss in postal transit.

IF YOU WISH TO RECEIVE THE ABOVE MENTIONED DOCUMENTS IN PAPER FORM, PLEASE SEND YOUR REPLY ON OR BEFORE DECEMBER 31, 2014.

In case we do not receive any reply by December 31, 2014 the company shall send all communications by email registered with us. As a member of the company, you are entitled to receive the Annual Report and notice etc. in physical form at free of cost.

We are sure you would appreciate the "Green Initiative" taken by MCA and as a responsible citizen, you will whole-heartedly support this initiative.

Let us join together in the Green initiative move of the Nation.

For any clarification in this connection please do contact our Registrar:

Data Software Research Co. Pvt. Ltd.

No.19, Pycrofts Garden Road, Off. Haddows Road, Nungambakkam, Chennai – 600 006. Tel: +91-44-2821 3738/4487, Fax +91-44-2821 4636, email :support@dsrc-cid.in

Thanking You,

Yours faithfully,

For Essar Capital Limited

Sd/-

Director

NOTES

REGISTERED POST/COURIER

If undelivered, please return to:
Data Software Research Company Private Limited
Unit: **Essar Capital Limited**19, Pycrofts Garden Road,
Off. Haddows Road,
Nungambakkam, Chennai-600 006.