



Essar Securities Limited
Annual Report 2008 - 2009



BOARD OF DIRECTORS (As on June 20, 2009)

Mr. A. S. Ruia Chairman

Mr. V. G. Raghavan

Mr. S. M. Lodha

Mr. Vikash Saraf

REGISTRARS & SHARE TRANSFER AGENTS

Data Software Research Co. Pvt. Limited
Sree Sovereign Complex,
No. 22, 4th Cross Street, Trustpuram,
Kodambakkam, Chennai - 600 024
Tel : 044 -24834487/ 24833738
Fax: 044-24834636
Email: dsr cmd@vsnl.com

MANAGER & COMPANY SECRETARY

Mr. Girish K. Sathe

AUDITORS

Nisar and Kumar, Chartered Accountants
C-2, 4th Floor, Everest Building,
Tardeo Road, Tardeo,
Mumbai - 400 034

BANKERS

ING Vysya Bank Limited

REGISTERED OFFICE

56, New No. 77, C. P. Ramaswamy Road,
Abhiramapuram, Chennai – 600 018
Tel : 044 - 2499 1992
Fax : 044 - 2499 4922

CORPORATE OFFICE

Essar House, 11 K. K. Marg,
Mahalaxmi, Mumbai – 400 034
Tel : 022 - 6660 1100
Fax : 022 - 6666 9426
Website: www.essar.com

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NOTICE TO THE MEMBERS

Notice is hereby given that the Fourth Annual General Meeting of the members of Essar Securities Limited will be held on Friday, August 14, 2009 at 3.00 p.m. at Chennai House, 5th Floor, 6, Esplanade, Chennai - 600 108 to transact the following business-

As an Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on March 31, 2009, the Report of the Directors and the Auditors thereon.
2. To appoint M/s. Nisar and Kumar, Chartered Accountants, as statutory Auditors of the Company and to fix their remuneration.
3. To appoint a Director in place of Mr. S. M. Lodha who retires by rotation and being eligible, offers himself for reappointment.

As a Special Business:

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

"Resolved that Mr. V.G. Raghavan who was appointed as an additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that Mr. Vikash Saraf who was appointed as an additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that Mr. A. S. Ruia who was appointed as an additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"Resolved that in accordance with the provisions of sections 198, 269, 385, 386, 387 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of Mr Girish K. Sathe, Company Secretary of the Company as Manager of the Company within the meaning of section 2(24) of the Companies Act, 1956 at Nil remuneration for a period of

three years with effect from April 10, 2009."

"Resolved further that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary or expedient for giving effect to the aforesaid resolution."

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

"Resolved that pursuant to Section 163(1) of the Companies Act, 1956 ("Act") and all other applicable provisions of the Act, the consent of the Company be and is hereby accorded to keep the Register and Index of Members under Section 150 of the Act and other connected records at the office of the Company's Registrars and Share Transfer Agents, namely, Data Software Research Company Private Limited, Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024 instead of being kept at the Registered Office of the Company".

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxy(ies) to attend and vote instead of himself on a poll only and the proxy need not be a member of the Company. The Proxies in order to be effective must be received by the Company at its Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. Members are requested to note that the equity shares of the Company issued pursuant to the Scheme of Demerger between India Securities Limited and the Company will remain frozen till trading / final listing permission has been given by Bombay Stock Exchange Limited.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 12, 2009 to Friday, August 14, 2009 (both days inclusive).
4. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
5. Members holding shares in physical form are requested to notify any change in their address to the Company's R & T Agents, Data Software Research Co. Pvt. Ltd., Sree Sovereign Complex No. 22, 4th Cross Street Trustpuram, Kodambakkam, Chennai - 600 024 and those members holding shares in demat have to notify their respective depository participant.
6. Members desiring any information as regards the accounts are requested to write to the Company at least 15 days before the date of the meeting as to enable the management to keep the information ready.
7. Details of Directors seeking re-appointment/appointment are given in Annexure A to the notice.
8. The explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 relating to the special business mentioned in item nos. 4 to 8 of the accompanying notice is annexed herewith as Annexure B to the notice.

By Order of the Board

Girish K. Sathe
Manager & Company Secretary

Registered Office:

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

Dated: June 20, 2009

Place: Mumbai

ANNEXURE A

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT

Mr. S. M. Lodha				
Date of Birth	Date of Appointment	Brief resume	List of other Indian Companies in which Directorships are held by the Director	List of other Indian companies in which Committee positions are held by the Director
28/07/1951	16/12/2005	Mr. S. M. Lodha is a Commerce and Management graduate from R. A. Podar Institute of Business Management, Jaipur. He is also a Law graduate from University of Calcutta. He is a seasoned name in the Banking and financial sector. He has over 35 years of cross industry experience in the areas of finance, commercial and operations in large business houses like Duncan Bros, Birla's etc. He has been with Essar Group for over 12 years and has worked in various capacities, and also represented as Director in various group companies.	India Securities Limited Essar Information Technology Limited Satluj Jal Vidyut Nigam Limited Elixir Financial Services Private Limited	He is member of Share Transfer and Investors Grievance Committee of India Securities Limited He is member of Audit Committee of Satluj Jal Vidyut Nigam Limited

DETAILS OF DIRECTORS SEEKING APPOINTMENT

Mr. V. G. Raghavan				
Date of Birth	Date of Appointment	Brief resume	List of other Indian Companies in which Directorships are held by the Director	List of other Indian companies in which Committee positions are held by the Director
16/07/1945	31/03/2009	Mr. V. G. Raghavan is a graduate in Commerce and a qualified Chartered Accountant. Mr. V. G. Raghavan over last 30 years as a finance professional has managed the financial risks involved in the arrangements made for financing Greenfield Projects. He has also managed the unexpected down turn in the market through suitable financial risk management techniques. He has also handled all aspects of merger, takeover, including due diligence, financing and subsequent integration of group companies. In his capacity as Director (Finance) of Essar Steel Ltd., he has directed the Project Finance efforts at Hazira and restructured the debts through Corporate Debt Restructuring in 2002. As Group CFO, he has achieved Financial Closure for other expansion projects in Oil, Power, Telecom, BPO and Shipping. Mr. Raghavan has been supervising Secretarial Department since inception and ensured complete compliance of all Corporate Laws. Mr. Raghavan, also enjoys strong relationship with other stakeholders namely bankers.	Essar Steel Limited Essar Information Technology Limited Essar Steel (Hazira) Limited Essar Mineral Resources Limited Essar Steel Orissa Limited Essar Capital Limited Essar Power MP Limited ETHL Communications Holdings Private Limited	He is member of Audit Committee of following Companies- Essar Steel (Hazira) Limited Essar Steel Limited Essar Power MP Limited Essar Steel Orissa Limited ETHL Communications Holdings Private Limited He is also a member of Investors Grievance Committee of Essar Steel Limited.

DETAILS OF DIRECTORS SEEKING APPOINTMENT

Mr. Vikash Saraf				
Date of Birth	Date of Appointment	Brief resume	List of other Indian Companies in which Directorships are held by the Director	List of other Indian companies in which Committee positions are held by the Director
18/12/1968	31/03/2009	<p>Mr. Vikash Saraf, has been associated with Essar Group for last 10 years and has been instrumental in the development of telecom business of the group. Prior to joining the Essar Group, Mr. Saraf was executive director and CEO of SSKI Corporate Finance Ltd, a boutique investment bank specialising in infrastructure financing and advisory work. Mr. Saraf completed his Bachelor of Commerce from Shri Ram College of Commerce, New Delhi and a Management Degree from Indian Institute of Management Kolkata.</p>	<p>Paprika Media Private Limited Aegis Limited Global Vantage Private Limited Vodafone Essar Limited Essar Teleholdings Limited Vodafone Essar Mobile Services Limited Vodafone Essar East Limited Vodafone Essar Gujarat Limited Vodafone Essar Digilink Limited Vodafone Essar South Limited Vodafone Essar Spacetel Limited Vodafone Essar Cellular Limited Vodafone Essar Infrastructure Limited Vodafone Essar Towers Limited Unique Intermediary Facilitators (a section 25 Company) Daiwik Hotels Private Limited Daiwik Biofuels Private Limited Consolidated Entertainment Private Limited Indus Towers Limited</p>	<p>He is member of Audit Committee of following Companies-</p> <p>Vodafone Essar Limited Vodafone Essar Mobile Services Limited Vodafone Essar South Limited Vodafone Essar East Limited Vodafone Essar Digilink Limited Vodafone Essar Gujarat Limited Vodafone Essar Spacetel Limited Vodafone Essar Cellular Limited Aegis Limited</p>
Mr. A.S. Ruia				
11/03/1971	40/04/2009	<p>Mr. A.S. Ruia is a Director on the Board of major companies of Essar Group. Essar Group is a diversified business corporation operating in the manufacturing and services sectors of Steel, Energy, Power, Communications, Shipping Ports & Logistics, Construction and Mining & Minerals.</p> <p>With a bachelor's degree in Commerce, Mr. A.S. Ruia has over a decade of experience in overseeing the Group's major businesses. He currently oversees Essar's Shipping Ports & Logistics, Telecom & BPO, and Power businesses. He is responsible for the expansion and diversification of the Power business into new, renewable energy sources and its entry into the transmission and distribution segment. Mr. A.S. Ruia is also involved in new business ventures of the Group in India and overseas.</p> <p>Mr. A.S. Ruia is a member of the YPO (Young Presidents' Organisation), a connoisseur of music and a keen table tennis player. He also enjoys outdoor activities with his family.</p>	<p>Essar Oil Limited India Securities Limited Essar Power Limited Mahan Coal Limited Essar Shipping Ports & Logistics Limited Essar Bulk Terminal Limited Vadinar Oil Terminal Limited Vodafone Essar Limited Essar Capital Limited Essar Capital Finance Private Limited Aegis Limited</p>	<p>He is member of Audit Committee of the following Companies</p> <p>Essar Shipping Ports and Logistics Ltd. Essar Bulk Terminal Limited Vadinar Oil Terminal Limited Aegis Limited India Securities Limited</p> <p>He is also a member of Share Transfer and Investors Grievances Committee of India Securities Limited</p>

No director holds any shares in the Company.

ANNEXURE B

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos. 4 to 6.

With a view to broad base the management team of the Company in line with the listing agreement, the Board of the Company was revamped with the appointment of professional directors. Mr. V.G. Raghavan and Mr. Vikash Saraf on March 31, 2009 and Mr. A.S. Ruia on April 10, 2009 were co-opted as additional directors of the Company respectively. Pursuant to the provisions of section 260 of the Companies Act, 1956 (hereinafter referred as "the Act"), they hold office up to the date of this annual general meeting.

The Company has received requisite notices in writing from members proposing their candidatures to the office of Director of the Company under the provisions of section 257 of the Act.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of other Companies, in which they hold Directorships and memberships of other Board Committees in line with the requirements of clause 49 of the listing agreement are given in the notes to the accompanying notice.

The Board commends the ordinary resolutions set out at Item nos. 4 to 6 of the accompanying notice for the approval of the members.

Mr. V. G. Raghavan, Mr. Vikash Saraf and Mr. A.S. Ruia may be concerned or interested in the passing of the resolutions stated at item nos. 4 to 6.

Item No. 7

The Board of Directors subject to the approval of shareholders of the Company at their meeting held on April 10, 2009 have appointed Mr. Girish K. Sathe, Company Secretary as Manager of the Company for a period of three years commencing from April 10, 2009 on NIL remuneration in accordance with the provisions of section 269 read with Schedule XIII of the Companies Act, 1956. Mr. Girish K. Sathe fulfills the conditions for eligibility contained in Part I of Schedule XIII to the Companies Act, 1956.

Mr. Girish K. Sathe aged about 39 years is a Commerce Graduate, Associate member of Institute of Company Secretaries of India and Graduate Cost and Works Accountants. He has over 15 years of corporate experience.

The Board of Directors accordingly recommends the resolution set out at Item No. 7 of the accompanying notice for the approval of the members.

Mr. Girish K. Sathe is a shareholder of the Company and is deemed

to be concerned or interested in passing of the resolution to the extent of his appointment as Manager and shareholding in the Company.

Item No. 8

In terms of Section 163 of the Companies Act, 1956, ('Act'), the Company is required to maintain the register of members and index of members at the registered office of the Company. However, Section 163 of the Act provides for keeping of these documents at any other place within the city, town or village in which the registered office of the Company is situated, provided that the same is approved by the members at the general meeting by way of a Special Resolution.

To meet the day to day requirements for shareholders queries and other activities relating to transfers etc, it is imperative that these documents are shifted to Company's Registrar and Share Transfer Agents office address at -

Data Software Research Company Private Limited, Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024

An advance copy of this proposed special resolution shall be forwarded to the Registrar of Companies, Chennai, for their information and record, pursuant to the provisions of Section 163 (1) (iii) of the Companies Act, 1956.

Your Directors recommend the resolution under Item No. 8 of the notice of the annual general meeting. None of the Directors of the Company is interested in the resolution. Mr. Girish K. Sathe, Manager & Company Secretary may be deemed to be interested in passing of the special resolution to the extent of his shareholding in the Company.

By Order of the Board

Girish K. Sathe
Manager & Company Secretary

Registered Office:

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

Dated: June 20, 2009

Place: Mumbai

DIRECTORS' REPORT

Dear Shareholders,

The Directors take pleasure in presenting Fourth Annual Report of the Company, together with the Audited Accounts thereon for the year ended March 31, 2009.

1. Financial Results & Management Discussions and Analysis

Particulars	For the year ended	
	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Income	67,35,014	17,72,912
Less: Expenditure	42,94,279	3,78,154
Profit before tax	24,40,735	13,94,758
Less: Provision for Taxation	3,89,991	6,05,300
Profit after tax	20,50,744	7,89,458
Balance brought forward from Previous Year	2,98,666	(4,90,792)
Balance Carried Forward to Balance Sheet	23,49,410	2,98,666

Commencement of New Business

The Company has commenced the business of providing strategic advisory services and business start up consultancy services. This comprises of suggesting plan and implementation of entry strategy for our clients by doing the SWOT analysis of the relevant industry. It also involves performance of location study, regulatory approvals and more to establish the company in market full of competition. Income flow from this stream of activities is likely to constitute 70 % of the total income of the Company.

Threats, Risks and Concerns

The Company would be primarily engaged in the business of providing strategic advisory services catering to businesses in different industrial segment. Therefore, the risks and threats associated with these industrial segments will have bearing on the Company's operations. Further, as the Company has major equity investment in Essar Telecom Infrastructure Private Limited, a company engaged in providing passive infrastructure services, its operations would also have a bearing on the performance of the Company.

Internal Control Systems and Internal Audit

Your Company has in-built internal control systems commensurate with the size and nature of operations of the Company. The financial statements would be reviewed

periodically by the management. The Company has an internal audit system whereby deviations, if any, can be brought to the notice of the management quickly and remedial actions can be initiated immediately.

Human Resources

There is no significant employee strength in the Company and all persons are on deputation from other group companies.

Scheme of Arrangement

The Board of Directors are pleased to inform you that Hon'ble High Court of Judicature at Bombay vide their order dated February 6, 2009 sanctioned the Scheme of Demerger ('Scheme') of investment undertaking of India Securities Limited (ISL) unto the Company. The said order of the Hon'ble Court has been filed with the Registrar of Companies on March 9, 2009, the effective date of the Scheme. Pursuant to the Scheme, the investment undertaking of ISL stand vested unto the Company with effect from February 1, 2008 being the appointed date of the Scheme. In accordance with the Scheme, the Board of Directors of the Company at their meeting held on April 20, 2009 has issued and allotted 1,06,37,754 equity shares of Rs.10/- each to every member of ISL holding fully paid-up equity shares of ISL and whose name appeared in the Register of Members of ISL on April 13, 2009, the Record Date fixed by ISL for this purpose. These shares were allotted to shareholders of ISL in the ratio of 2:5 i.e., for every 5 (five) equity shares of ISL held by him (prior to reduction of capital), 2(two) new equity shares of face value of Rs.10/- each of the Company. In respect of shareholders holding shares in Demat form, necessary credits have been effected to their respective depository accounts and as respect of those shareholders holding shares in physical form, necessary certificates representing the number of shares entitled by them have been despatched.

However, as stipulated by Bombay Stock Exchange Limited (BSE) while according their approval under clause 24(f) of the Listing Agreement and as per clause 11 of the Scheme, these shares will remain frozen till final listing / trading permission has been given by BSE.

Listing of Equity Shares

As per the Scheme, the equity shares of the Company will be listed at BSE. The Company has submitted necessary application to Securities and Exchange Board of India (SEBI) through BSE for relaxation from applicability of clause (b) to sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for listing of its shares, without making an initial

public offer. BSE vide their letter no. DCS/AMAL/PVN/IP/215/2009-10 dated June 19, 2009 accorded their in-principle approval for listing of the equity shares. Approval of SEBI and final listing permission of BSE are awaited.

Cautionary Statement

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

2. Dividend:

Your directors do not recommend any dividend for the year.

3. Directors:

Mr. S. M. Lodha, Director retires by rotation at the ensuing annual general meeting (AGM) and being eligible, offers himself for reappointment. Mr. Manoranjan Mahapatra and Mr. N. S. Paramshivam ceased to be Directors of the Company with effect from March 31, 2009. The Board wishes to place on record their sincere appreciation for the valuable services rendered by Mr. Manoranjan Mahapatra and Mr. N. S. Paramshivam during their tenure as a Director of the Company.

Mr. V.G. Raghavan and Mr. Vikash Saraf on March 31, 2009 and Mr. A.S. Ruia on April 10, 2009 were co-opted as additional directors of the Company. Pursuant to section 260 of the Companies Act, 1956 ('Act') they hold office upto the date of the forthcoming AGM. The Company has received requisite notice under Section 257 of the Act from members proposing their candidature to the office of Director. Accordingly, resolutions for their appointment as Directors forms part of the notice of the ensuing AGM of the Company.

Mr. Girish K. Sathe, Company Secretary was appointed as Manager of the Company within the meaning of section 2(24) of the Act in accordance with section 269 read with Schedule XIII of the Act. Necessary resolution for approval of shareholders with respect to his appointment as Manager also forms part of the notice of the ensuing AGM.

4. Directors' responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 your Directors state:

1. that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures, wherever applicable;
2. that the directors had selected such accounting policies and applied them consistently and made judgements 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;

3. 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;
4. that the directors had prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis.

5. Public Deposits:

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, 2009.

6. Auditors:

M/s. Nisar & Kumar, Chartered Accountants, auditors of the Company, hold office until the conclusion of the ensuing annual general meeting of the Company and being eligible, offer themselves for appointment. The Company has received intimation to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Accordingly, the members' approval is being sought to their appointment as the Auditors of the Company at the ensuing annual general meeting.

There are no audit qualifications/adverse remarks in the Auditors Report to the shareholders on the Accounts of the company for the year ended March 31, 2009.

7. 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.

8. Particulars of Employees

The disclosure as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is not required as there are no employees covered by it.

9. Registered office

For the sake of administrative convenience, the registered office of the Company was shifted from the State of Maharashtra to the State of Tamil Nadu. The Hon'ble Company Law Board, Western Region Bench vide their order dated April 20, 2009 have confirmed the alteration of the provisions of Memorandum of Association of the Company with respect to change of the place of its registered office to the State of Tamil Nadu. The registered office of the Company at present is located at 56, New no. 77, C.P. Ramaswamy Road, Abhiramapuram, Chennai - 600 018.

10. Holding Company

During the year under review, your Company ceased to be subsidiary of Essar Investments Limited and became a subsidiary of Essar Capital Limited. Essar Capital Limited in turn is a subsidiary of Essar Capital Holdings (India) Limited, the ultimate holding company.

11. Corporate Governance Report

The Corporate Governance Report in line with the requirements of clause 49 of the listing agreement is annexed herewith.

12. Acknowledgement

Your directors wish to place on record their gratitude for the co-operation and assistance received from the banks, stock exchange, shareholders and various departments of Central and State Governments and thank them for their continued co-operation and support.

By Order of the Board

Place: Mumbai
Date: June 20, 2009

A.S. Ruia
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in the functioning of the Company and the conduct of its business, its relationship with all its stake holders and places due emphasis on regulatory compliance.

2. Board of Directors:

During the year under review ten meetings of the Board of Directors were held on May 26, 2008, August 28, 2008, October 21, 2008, October 30, 2008, December 20, 2008, January 3, 2009, January 31, 2009, March 3, 2009, March 9, 2009 and on March 31, 2009.

The composition of the Board of Directors and other required details are given below:

Name	Category	Attendance		No. of other Director ships ^A	Other Committee position [@]	
		Board Meetings	Last AGM		Chairman	Member
*Mr. A.S. Ruia	Promoter Non-Executive	-	No	10	-	6
#Mr. V.G. Raghavan	Independent Non-Executive	1	No	8	-	6
Mr. S.M. Lodha	Independent Non-Executive	10	Yes	3	-	2
#Mr. Vikash Saraf	Independent Non-Executive	1	No	13	-	9
S Mr. Manoranjan Mahapatra	Independent Non-Executive	10	Yes	-	-	-
\$ Mr. N. S. Paramsivam	Independent Non-Executive	10	Yes	-	-	-

* Appointed as director on April 10, 2009.

Appointed as directors on March 31, 2009

^AExcluding Directorships held in all private, foreign and companies under section 25 of the Companies Act, 1956.

[@]Represents Membership/Chairmanship of Audit Committees and Shareholders/ Investors Grievance Committees of public limited companies only.

\$ Ceased to be director of the Company w.e.f. March 31, 2009.

3. Audit Committee:

The audit committee of the Board in accordance with section 292A and clause 49 of the listing agreement was constituted on April 20, 2009. The audit committee comprises of three non-executive independent directors viz., Mr. V.G. Raghavan, Mr. S.M. Lodha and Mr. Vikash Saraf. Mr. V.G. Raghavan is the Chairman of the Committee and Mr. Girish K. Sathe, Company Secretary acts as the Secretary to the Committee. Brief description of the terms of reference of Audit Committee inter alia include -

- Review of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fees and approval for payment of any other services;
- Review of periodical and annual financial statements before submission to the Board;
- Adequacy of internal control systems;

4. Shareholders and Investor Grievance Committee:

A Shareholder and Investor Grievance Committee under the Chairmanship of a non-executive director has been formed on April 20, 2009 to specifically look into the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet etc. The members of the Committee are two non-executive directors viz., Mr. V.G. Raghavan and Mr. S.M. Lodha. Mr. S.M. Lodha is the Chairman of the Committee and Mr. Girish K. Sathe, Company Secretary of the Company acts as its secretary & compliance officer. During the year under review there were no complaints received from shareholders.

5. General Body Meetings:

a) The date, time and venue of the last three Annual General Meetings are given below:-

Financial year	Date	Location	Time
February 16, 2005 to December 31, 2006	March 23, 2007	Conference Room, 13th Floor, Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	11.30 A.M.
January 1, 2006 to March 31, 2007	September 3, 2007	Conference Room, 13th Floor, Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	11.30 A.M.
April 1, 2007 to March 31, 2008	September 26, 2008	Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034	2.30 P.M.

- b) No special resolution was passed in the last three annual general meetings.
- c) No special resolution was passed through postal ballot during the last year. Presently there are no proposals to pass any resolution by postal ballot.

6. Disclosures:

- (i) The Company does not have any material related parties transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no. 3 of Schedule -6 to the Balance Sheet of the Company forming part of the Annual Report.
- (ii) There were no instances of non-compliance by the Company nor have any penalties or strictures been imposed on the Company by stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

7. Means of communications:

The Company would be publishing its quarterly / annual financial results prepared in accordance with listing provisions in editions of English dailies circulating in the whole or substantially the whole of India and in any newspaper published in the language of the region where the registered office is situated. They would also be made available at the website of the Company www.essar.com. Official press releases will be sent to Stock Exchanges.

8. General Shareholder Information

AGM: Date, time and venue	Friday, August 14, 2009 at 3.00 p.m. 5th Floor, Chennai House, 6, Esplanade, Chennai - 600 108
Financial year	2008-2009
Date of Book Closure	Wednesday, August 12, 2009 to Friday, August 14, 2009 (both days inclusive)
Dividend Payment Date	N.A.
Listing on Stock Exchanges	Shares of the Company would be listed at Bombay Stock Exchange Limited
Stock Code	Not yet allotted
Market price data for the last financial year	Not applicable
Performance in comparison to BSE Sensex	Not applicable
Registrar & Transfer Agents	Data Software Research Co. Pvt. Ltd. Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024 Tel : 044 -24834487/ 24833738 Fax: 044-24834636 Email: dsrcmd@vsnl.com

9. Distribution of shareholding**(a) Before allotment pursuant to Scheme of Demerger**

No. of shares (1)	Number of Shareholders (2)	% (3)	No. of Shares (4)	% (5)
Upto 500	6	85.71	600	0.02
501-1000	0	0.00	0	0.00
1001-2000	0	0.00	0	0.00
2001-3000	0	0.00	0	0.00
3001-4000	0	0.00	0	0.00
4001-5000	0	0.00	0	0.00
5001-10000	0	0.00	0	0.00
10001 and above	1	14.29	36,49,400	99.98
Total	7	100.00	36,50,000	100.00

Category	No. of Shares	%
Promoter Company and its nominees	36,50,000	100.00
Total	36,50,000	100.00

(b) Post allotment of Shares pursuant to Scheme of Demerger

No. of shares (1)	Number of Shareholders (2)	% (3)	No. of Shares (4)	% (5)
Upto 500	31,990	98.79	20,11,392	14.08
501-1000	214	0.66	1,45,436	1.02
1001-2000	79	0.24	1,16,102	0.81
2001-3000	30	0.09	74,502	0.52
3001-4000	23	0.07	85,558	0.60
4001-5000	2	0.01	8,839	0.06
5001-10000	22	0.07	1,55,966	1.09
10001 and above	22	0.07	1,16,89,959	81.82
Total	32,382	100.00	1,42,87,754	100.00

Category	No. of Shares	%
Promoter and Promoter Group		
Bodies Corporate	1,06,53,957	74.57
Sub Total (A)	1,06,53,957	74.57
Non Promoters		
Mutual Funds/UTI	200	0.00
Financial Institutions/Banks	2,356	0.02
Bodies Corporate	3,84,322	2.69
Resident Individuals	29,65,937	20.76
Non Resident Individuals	2,78,922	1.95
Non Domestic Company	2,060	0.01
Sub Total (B)	36,33,797	25.43
Grand Total (A+B)	1,42,87,754	100.00

10. Status of Dematerialisation of Shares

(a) Before allotment pursuant to Scheme of Demerger:

Mode	No. of Shares	%
Demat	36,49,400	99.99
Physical	600	0.01
Total	36,50,000	100.00

(b) After allotment of shares pursuant to Scheme of Demerger:

Mode	No. of Shares	%
Demat	1,28,18,271	89.72
Physical	14,69,483	10.28
Total	1,42,87,754	100.00

11. Address for Correspondence:

For any assistance, investors are requested to write to -

Registrar and Transfer Agents:
 Data Software Research Co. Pvt. Ltd.
 Sree Sovereign Complex, No. 22,
 4th Cross Street, Trustpuram,
 Kodambakkam, Chennai - 600 024
 Email: dsrcmd@vsnl.com

For any assistance, shareholders may write to the Company
 at the following email ID exclusively designated for the purpose:
 eslinvestors@essar.com

DECLARATION BY MANAGER

I, Girish K. Sathe, Manager of Essar Securities Limited hereby declare that all the Board Members have affirmed compliance with the Code of Conduct of the Company laid down for them.

Girish K. Sathe
 Manager & Company Secretary

Date: June 20, 2009

AUDITOR'S REPORT TO THE MEMBERS OF ESSAR SECURITIES LIMITED

We have audited the attached Balance Sheet of Essar Securities Limited as at March 31, 2009, the Profit and loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. 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;

- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For Nisar & Kumar
Chartered Accountants

K. M. Mahadik
Partner
M.No.48453

Place: Mumbai
Date: June 18, 2009

**ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED
MARCH 31, 2009 OF ESSAR SECURITIES LIMITED**

- i. 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 of the clause ii (a), ii (b) and ii (c) do not arise.
- iii. (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. 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 clause (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 has an internal audit system 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.
- ix. (a) According to the records of the company, the company is generally regular in deposit of undisputed statutory dues of income tax with appropriate authorities. As per records of the company, there are no dues in respect of provident fund, employees state insurance, Investor Education and Protection Funds, custom duty, wealth tax, sales tax, excise duty/cess and service tax. There are no arrears of statutory dues as at March 31, 2009 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 sales tax, income-tax, customs tax/wealth-tax, excise duty/cess which have not been deposited on account of dispute.
- x. The company has been registered for a period of less than five years and hence reporting under this clause does not arise.
- 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 informed to us, excepting debentures, 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 any term loans.
- xvii. During the year, the company has not borrowed any short term loan.
- 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

K. M. Mahadik
Partner
M.No.48453

Place: Mumbai
Date: June 16, 2009

BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	Schedule No.	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	142,877,540	36,500,000
Reserves and Surplus	2	108,349,410	96,298,666
TOTAL		251,226,950	132,798,666
APPLICATION OF FUNDS			
Investments	3	311,949,950	133,355,670
Current Assets, Loans and Advances	4		
Sundry debtors		12,124,166	-
Cash and bank balances		23,004,341	56,414
Other current assets		1,048,771	-
Loans and advances		4,658	-
		36,181,936	56,414
Less : Current Liabilities and Provisions	5		
Current Liabilities		96,787,035	8,118
Provisions		117,901	605,300
		96,904,936	613,418
Net Current Assets		(60,723,000)	(557,004)
TOTAL		251,226,950	132,798,666
Significant Accounting Policies and Notes to Accounts	6		

As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

K.M.Mahadik
Partner

Place: Mumbai
Date: June 16, 2009

For and on behalf of the Board

S.M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Place: Mumbai
Date: June 16, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs.)

	Schedule No.	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
INCOME			
Profit on redemption of Investments		5,414,144	1,772,912
Interest on deposits with bank (Tax deducted at source Rs. 272,099, P.Y. Nil)		1,320,870	-
Total		6,735,014	1,772,912
EXPENDITURE			
Rates & Taxes		725,247	11,250
Professional Fees		53,366	350,000
Auditor's Remuneration			
Audit Fees		55,150	5,618
Certification Fees		83,148	11,236
Loss on sale of Investments (Net of diminution in value of Investments written back Rs.31,400,000)		2,828,559	-
Goodwill on demerger written off		600,752	-
Bank charges		57	-
Balances written off			50
Total		4,294,279	378,154
Profit before tax		2,440,735	1,394,758
Provision for taxation		989,991	605,300
Profit after tax		2,050,744	789,458
Balance brought forward from previous year		298,666	(490,792)
Balance carried to balance sheet		2,349,410	298,666
Earning per share of Rs.10 each (Basic)		0.562	0.684
Earning per share of Rs.10 each (Diluted)		0.475	0.684
Significant accounting policies and notes to accounts	6		

As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

K.M.Mahadik
Partner
Place: Mumbai
Date: June 16, 2009
For and on behalf of the Board
S.M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary
Place: Mumbai
Date : June 16, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	(Amount in Rs.)	
	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,440,735	1,394,758
Adjustments for :		
Profit on redemption of Investments	(5,414,144)	(1,772,912)
Interest income	(1,320,870)	-
Loss on sale of Investments (net of Diminution written back)	2,828,559	-
Balances/Goodwill written off	388	50
Operating Profit before working Capital Changes	(1,465,332)	(378,104)
Adjustment for :		
(Increase)/Decrease in receivables	(4,658)	-
Increase/(Decrease) in Trade and Other Payables	1,769,072	46,888
Cash generated from operations	299,082	(331,216)
Taxes on income paid	(877,390)	-
Net Cash Flow From Operational Activities (A)	(578,308)	(331,216)
II. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Investments	(22,000,000)	(21,000,000)
Interest received	272,099	-
Proceeds from redemption of Investments	45,254,136	21,367,192
Net Cash Flow From Investment Activities (B)	23,526,235	367,192
Net increase / (decrease) in cash and cash equivalents (A+B)	22,947,927	35,976
Cash and Cash equivalents at the beginning of the year	56,414	20,438
Cash and Cash equivalents at the end of the year	23,004,341	56,414

Note: Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard -3 "Cash Flow Statements"

As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

K.M.Mahadik
Partner

Place: Mumbai
Date: June 16, 2009

For and on behalf of the Board

S.M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Place: Mumbai
Date : June 16, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	As at March 31, 2009	As at March 31, 2008
Schedule 1		
Share Capital		
Authorised		
15,000,000 (P.Y.5,000,000) Equity Shares of Rs. 10 each	<u>150,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid-up		
3,650,000 (P.Y. 3,650,000) Equity Shares of Rs. 10 each fully paid up	36,500,000	36,500,000
(The entire share capital is held by Essar Capital Limited, the holding Company together with it's nominees and Nil by Essar Capital Holdings (India) Limited, the ultimate holding company)		
10,637,754 (P.Y. Nil) Equity Shares to be issued to the shareholders of demerged undertaking	106,377,540	-
Total	<u>142,877,540</u>	<u>36,500,000</u>
Schedule 2		
Reserves and Surplus		
Profit and Loss Account	2,349,410	298,666
Securities Premium	96,000,000	96,000,000
General Reserve (on demerger)	10,000,000	-
Total	<u>108,349,410</u>	<u>96,298,666</u>
Schedule 3		
Investments		
(Unquoted, Non-trade, Fully paid up)		
<u>Current Investments (At lower of cost and fair value)</u>		
Nil (P.Y. 20,504,846) Units of UTI -Liquid Plus Fund Institutional Plan (Growth option) of Rs.10 each	-	21,405,720
<u>Long Term Investments (At cost)</u>		
1,066,190 (P.Y. 1,066,190) Fully Convertible Unsecured Redeemable Debentures of Essar Teleholdings Ltd of Rs.100 each	111,949,950	111,949,950
2,000,000 (P.Y. Nil) Equity Shares of Essar Telecom Infrastructure Private Limited of Rs.10 each	200,000,000	-
Total	<u>311,949,950</u>	<u>133,355,670</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

	As at March 31, 2009	As at March 31, 2008
Schedule 4		
Current Assets, Loans and Advances		
Current Assets		
Sundry Debtors (Unsecured, Considered Good)		
Outstanding for period exceeding six months	-	-
Others	12,124,166	-
	<u>12,124,166</u>	-
Cash and bank balances		
Balances with Scheduled Banks		
in current accounts	4,341	56,414
in deposit accounts	23,000,000	-
	<u>23,004,341</u>	56,414
Other current assets		
Interest accrued on deposits	1,048,771	-
Loans and advances		
Advance recoverable in cash or kind or for value to be received	4,658	-
Total	<u><u>36,181,936</u></u>	<u><u>56,414</u></u>
Schedule 5		
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors (Other than micro, small and medium enterprises)	50,594	8,118
Other Liabilities	96,736,441	-
	<u>96,787,035</u>	8,118
Provisions		
Provision for Taxation (net of taxes paid)	117,901	605,300
Total	<u><u>96,904,936</u></u>	<u><u>613,418</u></u>

Schedule- 6

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

I. PRINCIPAL ACCOUNTING POLICIES :

The financial statements have been prepared on accrual basis and in accordance with applicable accounting standards. A summary of the important accounting policies, which have been applied is set out below:

(i) Basis of Accounting :

The financial statements are prepared in accordance with the historical cost convention.

(ii) Investments :

Current unquoted investments are carried at lower of cost or fair value. 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 Profit and Loss Account.

(iii) Revenue Recognition :

Income from Investments on Mutual Fund is recognised on right to receive basis.

Interest income is recognised on time accrual basis.

(iv) 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.

(v) 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.

II. NOTES TO THE ACCOUNTS :-

1) There are no amounts for which the company is contingently liable.

2) Earnings per Share:

The calculation of the basic and diluted earning per share is based on following data.

Particulars	As at	As at
	31.03.2009	31.03.2008
Earnings:		
Net profit for the year after tax (Rs.)	2,050,744	789,458
Number of shares at the beginning of the year	3,650,000	50,000
Add: Further issue of shares during year:		
Equity Shares (Issued on 18.09.2007)	-	2,000,000
Equity Shares (Issued on 25.03.2008)	-	1,600,000
Number of the shares at the end of the year	3,650,000	3,650,000
Weighted average number of equity shares for the purpose of calculating basic earnings per share	3,650,000	1,154,618
Weighted average number of equity shares for the purpose of calculating diluted earnings per share	4,320,324	1,154,618
Earnings per share of face value of Rs.10 each (Basic)	0.562	0.684
Earnings per share of face value of Rs.10 each (Diluted)	0.475	0.684

3) Related Party Disclosures :

a) Related parties where control exists:

Holding Companies:

Essar Capital Limited

Essar Capital Holdings (India) Limited (Holding company of Essar Capital Limited)

Individuals having control or significant influence over the company:

Shri A S Ruia, Smt M S Ruia, Shri R N Ruia, Shri S N Ruia, Shri P S Ruia, Shri R R Ruia

4th Annual Report

- b) Other related parties, where there have been transactions:
Enterprises controlled or significantly influenced by individuals or major shareholders:
Essar Properties Limited, Reclame Commercial & Securities Private Limited and Essar Investments Limited
- c) Transactions with related parties :

Particulars	Amounts in rupees	
	Other related parties	Total as at 31.03.2009
Issue and Allotment of Equity Shares:	-	-
Essar Investments Limited	(112,000,000)	(112,000,000)
	(112,000,000)	
Purchase of Investments:	-	-
Essar Investments Limited	(111,949,950)	(111,949,950)
	(111,949,950)	
Sale of Investments:	12,124,166	12,124,166
Essar Properties Limited	(-)	(-)
	12,124,166	
	(-)	
Reimbursement of Expenses payable / Advance received	96,728,261	96,728,261
Essar Investments Limited	(355,740)	(355,740)
	96,659,845	
	(350,000)	
d) Balances outstanding at the end of the year:		
Debit balances	12,124,166	12,124,166
	(-)	(-)
Credit balances	96,728,261	96,728,261
	(-)	(-)

- Notes: i) Figures in brackets relate 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.
iii) Previous year figures have been rearranged / regrouped wherever considered necessary.

- 4) For the year under review there are no business segments other than activities of the Investment Undertaking acquired by the Company under demerger scheme as detailed in note no. 5 below.
- 5) The Company had entered into a Scheme of Arrangement with India Securities Limited (ISL) for demerger of Investments Undertaking of ISL consisting of Investments and certain liabilities w.e.f. February 1, 2008. The Scheme was approved by the Honourable High Court of Bombay and the order approving the Scheme was filed by the Company with the Registrar of Companies, Maharashtra at Mumbai on March 9, 2009. The company has recognised the impact of the said scheme during the year as per the details below:

Particulars	Amount in Rs.
Assets:	
Investment in quoted shares	66,216,152
Investment in unquoted shares	200,000,000
	266,216,152
Less: Diminution in value of investments	31,400,000
Total (A)	234,816,152
Liabilities:	
Balance payable to Essar Investments Limited	118,439,000
General Reserve	10,000,000
Total (B)	128,439,000
Net assets (A-B)	106,377,152
Equity shares to be allotted to the shareholders of the demerged undertaking	106,377,540
Goodwill on demerger (including expenditure of Rs.600,364 incurred by the company in connection with the demerger as per the aforesaid scheme) written off	600,752

- 6) Previous year figures have been rearranged / regrouped wherever considered necessary.

As per our attached report of even date

For Nisar & Kumar
Chartered Accountants

K.M.Mahadik
Partner

Place: Mumbai
Date: June 16, 2009

For and on behalf of the Board

S.M. Lodha
Director

Vikash Saraf
Director

Girish K. Sathe
Manager & Company Secretary

Place: Mumbai
Date : June 16, 2009

STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and company's General Business Profile

I. Registration Details

Registration No.

1	5	8	1	0	9
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 State Code

1	1
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 Balance Sheet Date:

3	1
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2	0	0	9
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Date Month Year

II. Capital Raised during the year (RUPEES)

Public Issue	Rights Issue						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Bonus Issue	Private Placement						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					

III. Position of Mobilisation and Deployment of Funds (RUPEES)

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>4</td><td>8</td><td>1</td><td>3</td><td>1</td><td>8</td><td>8</td><td>6</td></tr></table>	3	4	8	1	3	1	8	8	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>4</td><td>8</td><td>1</td><td>3</td><td>1</td><td>8</td><td>8</td><td>6</td></tr></table>	3	4	8	1	3	1	8	8	6
3	4	8	1	3	1	8	8	6											
3	4	8	1	3	1	8	8	6											

Sources of Funds

Paid Up Capital	Reserves and Surplus																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>2</td><td>8</td><td>7</td><td>7</td><td>5</td><td>4</td><td>0</td></tr></table>	1	4	2	8	7	7	5	4	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>0</td><td>8</td><td>3</td><td>4</td><td>9</td><td>4</td><td>1</td><td>0</td></tr></table>	1	0	8	3	4	9	4	1	0				
1	4	2	8	7	7	5	4	0															
1	0	8	3	4	9	4	1	0															
Secured Loans	Unsecured Loans																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L
								N	I	L													
								N	I	L													

Application of Funds

Net Fixed Assets	Investments																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>1</td><td>1</td><td>9</td><td>4</td><td>9</td><td>9</td><td>5</td><td>0</td></tr></table>	3	1	1	9	4	9	9	5	0		
						N	I	L													
3	1	1	9	4	9	9	5	0													
Net Current Assets	Miscellaneous Expenditure																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>(6</td><td>0</td><td>7</td><td>2</td><td>3</td><td>0</td><td>0</td><td>0)</td></tr></table>		(6	0	7	2	3	0	0	0)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L
	(6	0	7	2	3	0	0	0)													
								N	I	L											
Accumulated Losses																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L												
						N	I	L													

IV. Performance of Company (RUPEES)

Turnover	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>7</td><td>3</td><td>5</td><td>0</td><td>1</td><td>4</td></tr></table>	6	7	3	5	0	1	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>2</td><td>9</td><td>4</td><td>2</td><td>7</td><td>9</td></tr></table>	4	2	9	4	2	7	9				
6	7	3	5	0	1	4													
4	2	9	4	2	7	9													
Profit / Loss Before Tax	Profit / Loss After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td></td><td>2</td><td>4</td><td>4</td><td>0</td><td>7</td><td>3</td><td>5</td></tr></table>	3		2	4	4	0	7	3	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td></td><td>2</td><td>0</td><td>5</td><td>0</td><td>7</td><td>4</td><td>4</td></tr></table>	3		2	0	5	0	7	4	4
3		2	4	4	0	7	3	5											
3		2	0	5	0	7	4	4											
Earning Per Share	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>0</td><td></td><td>5</td><td>6</td></tr></table>				0		5	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L		
			0		5	6													
						N	I	L											

V. Generic Names of Three Principal Products / Service of Company -

Services / Investment

For and on behalf of the Board

S.M. Lodha Vikash Saraf
 Director Director

Girish K. Sathe
 Manager & Company Secretary

Place: Mumbai
 Date: June 16, 2009

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