

# Essar Securities Limited

8<sup>th</sup> Annual Report 2012-13





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## BOARD OF DIRECTORS:

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**Mr. Neeraj Gupta** - Chairman

**Mr. V. G. Raghavan**

**Mr. N. B. Vyas**

**Mr. Dhanpat Singh Nahata**

**Mr. S.V. Venkatesan**

### 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

Fax.: +91-44-2821 4636

Email : [essar.securities@dsrc-cid.in](mailto:essar.securities@dsrc-cid.in)

**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

### REGISTERED OFFICE

56, New No. 77, C. P. Ramaswamy Road,

Abhiramapuram, Chennai – 600 018

Tel: 91 44 2535 1271 Fax: 91 25351272

### CORPORATE OFFICE

Essar House, 11, K. K. Marg,

Mahalaxmi, Mumbai – 400 034

Tel: 91 22 6660 1100

Fax: 91 22 6666 9426

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## NOTICE

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Notice is hereby given that the **Eighth Annual General Meeting** of the Members of **Essar Securities Limited** will be held on Friday, 27th September, 2013 at 11.00 a.m. at Essar House, 5th Floor, 7, Esplanade, Chennai - 600 108 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N. B. Vyas, who retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. 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. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. S. V. Venkatesan who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom 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.”

**By Order of the Board  
For Essar Securities Limited**

**Ashish Vyas  
Company Secretary**

### Registered Office:

New No. 77/56,  
C. P. Ramaswamy Road,  
Abhiramapuram, Chennai – 600 018  
Date : August 26, 2013  
Place : Mumbai

### NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument(s) appointing the proxy, if any, shall be deposited at the Registered Office of the Company, 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 the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 25, 2013 to September 27, 2013(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 authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members holding shares in physical form are requested to notify any change in their address to the Company's R & T Agent, Data Software Research Co. Pvt. Ltd., 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai – 600006. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
7. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days before the date of the Meeting as to enable the management to keep the information ready.
9. As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for re-appointment of the retiring Directors, a statement containing details of the concerned Directors are provided as an annexure to the notice forming part of the Annual Report.
10. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business mentioned in item no.4 of the accompanying notice is annexed herewith.

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

**ITEM NO. 4**

Mr. S. V. Venkatesan was appointed as an additional director of the Company w.e.f. August 26, 2013. In term of Section 260 of Companies Act, 1956 read with Article 137 of the Articles of Association of the Company, Mr. S. V. Venkatesan holds the office upto the ensuing Annual General Meeting of the Company.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 with requisite deposit proposing the name of Mr. S. V. Venkatesan as the candidate for the office of director of the Company. A brief resume of Mr. S. V. Venkatesan is given as annexure to this notice.

The Board recommends passing of the resolution at item no. 4 for their appointment as director of the Company.

Except Mr. S. V. Venkatesan, none of the directors of the Company shall be deemed to be concerned or interested in passing of this resolution

**By Order of the Board  
For Essar Securities Limited**

**Ashish Vyas  
Company Secretary**

**Registered Office:**

New No. 77/56,  
C. P. Ramaswamy Road,  
Abhiramapuram, Chennai – 600 018  
Date : August 26, 2013  
Place : Mumbai

**ANNEXURE TO THE NOTICE  
DETAILS OF THE DIRECTORS SEEKING REAPPOINTMENT-  
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

**Mr. N. B. Vyas**

Mr. N. B. Vyas, aged 59 years, is a Senior Executive with more than 31years experience at corporate level. He is a Chartered Accountant and Company Secretary. Mr. N. B. Vyas was one of the top 50 students in India passing CA Final Examination as per merit list published by the Institute of Chartered Accountants of India. Apart from your Company, Mr. N. B. Vyas also holds directorship position in seven companies.

Mr. N. B. Vyas does not hold any shares in the Company.

**Mr. S. V. Venkatesan**

Mr. S. V. Venkatesan is a gold medalist in Commerce from Madras University. In his career with State Bank of India, spanned for 24 years, including a wide international exposure for about 7 years, he manned important responsibilities. He was part of the team that set up the Offshore Banking Branch of SBI at Singapore in 1977. He was also associated with the Committee appointed by the Bank of aid in the formulation of corporate credit policies. In 1986, Mr. Venkatesan joined the Essar Group as the Group Financial Controller and spearheaded the financial function for the entire Group and has been largely responsible for the resource mobilization through Capital Markets and Institutions to fund the large capital intensive projects of the Group. Apart from your Company, Mr. S. V. Venkatesan also holds directorship position in twelve companies.

Mr. S. V. Venkatesan does not hold any shares in the Company.

## DIRECTORS' REPORT

### To the Members of Essar Securities Limited,

Your Directors have pleasure in presenting the Eighth Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2013.

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

(₹ In Lakhs)

Particulars	For the year ended on March 31, 2013	For the year ended on March 31, 2012
Income	10.00	-
Less: Expenditure	18.16	18.62
Profit Before Tax	(8.16)	(18.62)
Less: Provision for taxation	14.29	4.85
Profit After Tax	(22.46)	(23.47)
Balance brought forward from previous year	2230.85	2254.32
Balance carried forward to Balance Sheet	2208.40	2230.85

#### DIVIDEND:

During the year under review, the loss after tax was ₹ 22.46 Lakhs against the loss after tax of ₹ 23.47 Lakh 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 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:

Mr. V. G. Raghavan, Mr. Dhanpat Singh Nahata and Mr. Neeraj Gupta continue to be directors of your Company. Mr. S.V Venkatesan was inducted on the Board as an Additional Director at the Meeting of Board of Directors held on August 26, 2013. Your Company has received a letter from shareholders' nominating him for the post of Director of the Company liable to retire by rotation. Mr. N. B. Vyas retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

Mr. S. M. Lodha resigned from the directorship of the Company w.e.f. May 29, 2013. The Board wishes to place on record his sincere appreciation for the valuable services rendered by Mr. S. M. Lodha during his tenure as a Director of the Company.

### 3. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013, 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, 2013 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, 2013.

**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. The Company has received confirmation 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.

**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 "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 Exchanges, 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**

**N. B. Vyas**  
Director

**Neeraj Gupta**  
Director

Place : Mumbai  
Date : August 26, 2013

## REPORT ON CORPORATE GOVERNANCE

### 1. A Brief Statement on Company's Philosophy on Code of on Corporate Governance:

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholders value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholders' interests. The Board monitors performance and ensures compliance of regulatory requirements including SEBI Regulations and Listing requirements.

### 2. Board of Directors:

The Directors of the Company are appointed by the shareholders at General Meeting. All Directors are subject to retirement by rotation and at every Annual General Meeting, 1/3rd of such Directors as are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Section 256 and Section 257 of the Companies Act, 1956 and that of the Articles of Association of the Company.

The Board of Directors of the Company consists of five Directors including the Non-Executive Chairman. All Directors are Non-Executive Directors out of which three Directors are Independent Directors. During the year under review, the Board met five times on the following dates viz. May 14, 2012, August 13, 2012, August 24, 2012, November 7, 2012 and February 14, 2013. The maximum time gap between 2 meetings was not more than 4 months.

#### A. Composition, Category and Number of other Directorships of the Directors are furnished below:

As on March 31, 2013 the Board consisted of five members. The compositions, category of directors and directorships held in other companies of the Directors on the Board of the Company as at March 31, 2013 are as under:

Name	Category	No. of other Directorship#	Other Committee Position@	
			Chairman	Member
Mr. N. B. Vyas	Independent Non Executive	6	-	-
Mr. V. G. Raghavan	Independent Non Executive	10	-	5
*Mr. S. M. Lodha	Independent Non Executive	5	-	3
Mr. Dhanpat Singh Nahata	Non Independent Non Executive	1	-	-
Mr. Neeraj Gupta	Non Independent Non Executive	6	-	-

# Excluding Private Limited Companies, Section 25 Companies and Foreign Bodies Corporate.

@ Membership/Chairmanship of only Audit Committee and Shareholders Grievance Committees of Public Limited Companies.

\*Mr. S. M. Lodha ceased to be Director w.e.f. May 29, 2013.

Mr. S. V. Venkatesan is appointed as an Additional Director w.e.f. August 26, 2013.

### B. Details of remuneration paid to all the Directors:

The Non-Executive Directors are paid sitting fees of ₹ 7,500/- for each Board Meeting and ₹ 5,000/- for each Audit Committee Meeting attended by them. Except for sitting fees for the meeting of the Board or Audit committee, non-executive directors are not paid any salary, bonus, stock options, pension, etc. None of the directors hold any shares in the capital of the Company.

#### Sitting fee to the Non-Executive Director:

Name of the Non-Executive Director	Sitting Fee (₹)
Mr. V. G. Raghavan	37,500
Mr. N. B. Vyas	37,500
Mr. S. M. Lodha	32,500
Mr. Dhanpat Singh Nahata	15,000
Mr. Neeraj Gupta	37,500

The Brief details of the Directors seeking re-appointment are given elsewhere in this Annual Report. None of the directors is related to any other director on the Board.

### C. Attendance of Directors at the Board Meeting and at the last Annual General Meeting:

Director	No. of Board Meeting attended	Attendance at last AGM
Mr. N. B. Vyas	3	No
Mr. V. G. Raghavan	5	No
Mr. S. M. Lodha	4	No
Mr. Dhanpat Singh Nahta	4	No
Mr. Neeraj Gupta	5	No

### 3. Committees of the Board

#### A. Audit Committee:

The Company has an Audit Committee with scope of activities as set out in the clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. The broad terms of reference of the Audit Committee are as under:

- Overseeing the Company's financial process and disclosure of financial information to ensure that the financial statement is correct.
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any services.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statement before submission to the Board.
- Reviewing, with the management, the quarterly financial statement before submission to the Board.
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of internal control system.
- Reviewing the adequacy of internal audit function.



- h) Discussing with internal auditors any significant finding and follow up on such issues.
- i) Reviewing the findings of internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- j) Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.
- k) Reviewing the Company's financial policies.
- l) Examining reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors, if any.

● **Composition of Audit Committee**

Name of the Directors	Designation	Audit Committee Meeting attended during the year
Mr. V. G. Raghavan	Chairman	5
Mr. S. M. Lodha*	Member	3
Mr. Neeraj Gupta	Member	4
Mr. N. B. Vyas	Member	3
Mr. Dhanpat Singh Nahata#	Member	2

\*Mr. S.M. Lodha ceased to be member w.e.f. May 29, 2013.

#Mr. Dhanpat Singh Nahata ceased to be Member w.e.f. August 24, 2013.

Mr. S.V. Venkatesan is appointed as a Member as well as Chairman of the Committee w.e.f. August 26, 2013.

During the financial year under review, the Committee met 5 times on the following dates viz. May 14, 2012, August 13, 2012, August 24, 2012, November 7, 2012 and February 14, 2013. All the members of audit committee are financially literate. Mr. V. G. Raghavan, qualified Chartered Accountant, chairs the meeting of the Committee. The Company Secretary of your Company is the secretary of the Audit Committee. The Chairman of the Committee was not present at the last Annual General Meeting held on 28<sup>th</sup> September, 2012.

**B. SHAREHOLDERS AND INVESTORS' GRIEVANCE COMMITTEE:**

The Committee comprises of two non-executive directors viz., Mr. Neeraj Gupta – Chairman and Mr. V. G. Raghavan. Mr. N. B. Vyas was appointed as a member of the Committee w.e.f. May 29, 2013. The Committee looks into various issues relating to the shareholder/investors grievances relating, inter-alia, to non-receipt of annual report, non-delivery of shares after transfer / delay in transfers etc.

A total of 51 complaints received during the year ended March 31, 2013 most of which being related to non-receipt of share certificates. All the complaints were redressed under the supervision of the committee and no complaints were outstanding as on March 31, 2013.

All the valid share transfer requests received during the year were attended and processed. There were no valid requests for share transfers pending as on March 31, 2013.

The Company Secretary of the Company act as the Secretary of the Shareholders and Investor Grievance Committee.

**4. General Body Meetings:**

**a) Annual General Meeting:**

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

Financial year	Date	Location	Time
2011-12	September 28, 2012	Chennai House, 5th Floor, 7, Esplanade, Chennai 600 108	11.00 a.m.
2010-11	September 28, 2011	Chennai House, 5th Floor, 7, Esplanade, Chennai 600 108.	11.00 a.m.
2009-10	July 31, 2010	Chennai House, 5th Floor, 7, Esplanade, Chennai 600 108.	11.00 a.m.

**b) Postal Ballot**

During the year ended 31<sup>st</sup> March, 2013, there have been no ordinary or special resolution passed by the Company's shareholders through postal ballot.

**5. Disclosures:**

- (i) The Company does not have any material related party transactions which may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no. 18 (C) of the Balance Sheet of the Company forming part of the Annual Report.
- (ii) There were no penalties or strictures imposed on the Company by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

**6. Means of communications:**

The quarterly, half yearly & annual results are communicated to the Stock Exchange with whom the Company is listed i.e. Bombay Stock Exchange as soon as they are approved and taken on record by the Board of Directors / Committee of the Company. Further, the results are published in one English daily newspaper (Free Press Journal) circulating in the country & in Tamil daily newspaper (Makkal Kurral) published from Chennai. Results are also made available under 'Investor Section' on the Group's website [www.essar.com](http://www.essar.com).

**7. General Shareholder Information**

Annual General Meeting	<b>Date:</b> Friday, September 27, 2013 <b>Time:</b> 11.00 A.M. <b>Venue:</b> Essar House, 5th Floor, 7, Esplanade, Chennai - 600 108. Tamil Nadu
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**Financial Calendar 2013-14**

Financial year of Company	April 1, 2013 to March 31, 2014
First Quarter Results	On or before August 16, 2013
Second Quarter Results	On or before November 15, 2013
Third Quarter Results	On or before February 15, 2014
Audited Results for the Year	On or before May 30, 2014

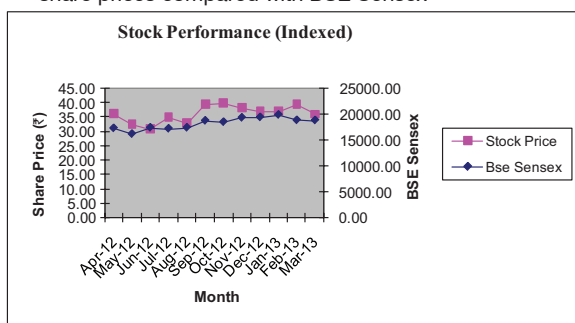
<b>Date of Book Closure</b>	Wednesday, September 25, 2013 to Friday, September 27, 2013 (both days inclusive)
<b>Dividend Payment Date</b>	N.A.
<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange Limited, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 4000 001. Tele. +91 22 2272 1233 Fax. +91 22 2272 3677 www.bseindia.com
<b>Stock Code</b>	533149
<b>NSDL ISIN</b>	INE143K01019
<b>Payment of Listing Fees</b>	Annual Listing Fees for the Financial Year 2013-2014 has been paid to BSE.
<b>Registrar &amp; Transfer Agents</b>	Data Software Research Co. Pvt. Ltd Unit : Essar Securities Limited 19 Pycroft Garden Road Off Haddows Road, Nungambakkam Chennai 600 006 India Tel.: +91-44-4510 5120 Fax.: +91-44-2821 4636 Email: essar.securities@dsr-cid.in

➤ **Market Price Data For The Last Financial Year:**

Month	Bombay Stock Exchange (BSE)	
	High Price (₹)	Low Price (₹)
April -12	47.40	35.00
May -12	38.45	30.50
June-12	32.75	27.85
July -12	35.45	29.65
August -12	37.60	30.10
September -12	41.15	31.00
October -12	45.60	36.40
November -12	44.55	33.10
December-12	43.00	34.10
January-13	38.35	33.10
February-13	43.45	33.50
March-13	44.00	31.10

➤ **Performance in comparison to BSE Sensex:**

Following chart shows the performance of the Company's share prices compared with BSE Sensex



➤ **Share Transfer System:**

All valid share transfer requests received by the Company in physical form are registered within an average period of 15 days. Half yearly Transfer Audit and Quarterly Secretarial

Audit in terms of the Listing Agreement are regularly carried out by an Independent Practicing Company Secretary.

➤ **Distribution of shareholding as on March 31, 2013**

Equity Shares	Shareholders	%	No. of Shares	%
UPTO 500	27389	98.62	1708283	11.96
501 TO 1000	217	0.78	158046	1.11
1001 TO 2000	79	0.28	116406	0.81
2001 TO 3000	27	0.10	68404	0.48
3001 TO 4000	19	0.07	67236	0.47
4001 TO 5000	6	0.02	28018	0.20
5001 TO 10000	14	0.05	118626	0.83
10001 TO 20000	9	0.03	117372	0.82
20001 TO 30000	3	0.01	76320	0.53
30001 TO 40000	2	0.01	67942	0.48
40001 TO 50000	2	0.01	83648	0.59
50001 TO 100000	2	0.01	112520	0.79
100001 & ABOVE	4	0.01	11564933	80.94
<b>TOTAL</b>	<b>27773</b>	<b>100.00</b>	<b>14287754</b>	<b>100.00</b>

Category	No. of Shares	%
Promoters	10,704,557	74.92
Institution / Mutual funds/ Banks	2,556	0.02
Other Companies	543,947	3.81
Non Domestic Companies	2,060	0.01
Foreign Institutional/ Investors/Non residential Individuals	232,953	1.63
Public	2,801,681	19.61
<b>Total</b>	<b>14,287,754</b>	<b>100.00</b>

➤ **Status of Dematerialization of Shares as on March 31, 2013:**

Mode	No. of Shares	%
DEMAT	13,242,395	92.68
PHYSICAL	1,045,359	7.32
<b>TOTAL</b>	<b>14,287,754</b>	<b>100.00</b>

➤ **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

As on March 31, 2013 there are no GDRs/ADRs/warrants or any convertible instruments, conversion of which is likely to have an impact on the equity of the Company.

➤ **Nomination facility:**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 are requested to submit to the R&T agent of the Company the prescribed nomination form.

➤ **Secretarial Audit:**

A qualified Practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital

with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

➤ <b>Corporate Office</b>	:	Essar House, 11, K.K. Marg, Mahalaxmi, Mumbai – 400 034
➤ <b>Compliance Officer</b>	:	Mr. Ashish Vyas Company Secretary
➤ <b>Address for Correspondence</b>	:	Registrar and Transfer Agents: Data Software Research Co. Pvt. Ltd Unit : Essar Securities Limited 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai 600 006, Tamilnadu Tel.: +91-44-4510 5120 Fax.: +91-44-2821 4636 Email.: essar.securities@dsrc-cid.in

For any assistance, shareholders may also write to the Company at the following email id exclusively designated for the purpose: [eslinvestors@essar.com](mailto:eslinvestors@essar.com)

#### 8. Non-mandatory requirements:-

##### ➤ **The Board**

The expenses, if any incurred by Non-Executive Chairman are reimbursed by the Company. At present there is no policy of fixing tenure of Independent Directors.

##### ➤ **Remuneration Committee**

Since no remuneration, apart from sitting fees is being paid to the non-executive Directors, remuneration committee has not been formed.

##### ➤ **Shareholders' right:**

The Company published quarterly results and performance in newspapers. The same results are made available to the shareholders on Company's website i.e. [www.essar.com](http://www.essar.com). No separate financials are sent to shareholders of the Company.

##### ➤ **Audit Qualifications:**

There are no audit qualifications in the Auditors Report on the financial statements to the shareholders of the Company.

##### ➤ **Training of Board Members:**

There is no formal policy at present for training of the Board Members of the Company. All the members of the Board are eminent and experience professionals.

##### ➤ **Mechanism for evaluating performance of non – executive Board Members:**

There is no formal mechanism existing at present for performance evaluation of non- executive directors.

##### ➤ **Whistle Blower Policy:**

The Company has not established any whistle blower policy presently.

#### DECLARATION BY MANAGER

As provided under clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended March 31, 2013.

**Ashish Vyas**

Manager & Company Secretary

Date: August 26, 2013

#### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

##### To the Members of Essar Securities Limited.

We have examined the compliance of conditions of corporate governance by Essar Securities Limited, for the year ended March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement, except that the chairman of audit committee was not present at the last annual general meeting.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For NISAR & KUMAR,**  
Chartered Accountants

**K. M. Mahadik**  
Partner  
M. No. 48453

Place: Mumbai  
Date: August 26, 2013

## 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, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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. 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.

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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (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;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - 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 29, 2013

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## ANNEXURE REFERRED TO THE REPORT OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2013 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 on 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 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, there were delays by the company in deposit of undisputed statutory dues of income tax with the appropriate authorities and the company has not made payment of service tax (since paid). 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 and excise duty/cess. There are no arrears of statutory dues as at March 31, 2013 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 incurred cash losses during the financial year covered by our audit and also 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 29, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

	Note No.	As at March 31, 2013	As at March 31, 2012
		₹	₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	142,877,540	142,877,540
Reserves and Surplus	3	339,940,118	342,185,895
		482,817,658	485,063,435
<b>Non Current Liabilities</b>			
Long term provisions	4	58,538	-
<b>Current Liabilities</b>			
Trade payables	5	397,204	80,899
Other Current Liabilities	6	1,353,937	1,244,353
Short-Term Provisions	7	1,205	-
		1,752,346	1,325,252
<b>Total</b>		<b>484,628,542</b>	<b>486,388,687</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Non-current investments	8	475,617,888	482,126,928
Long-term loans and advances	9	100,000	-
		475,717,888	482,126,928
<b>Current Assets</b>			
Cash and cash equivalents	10	8,909,913	2,696,444
Short-term loans and advances	11	741	1,565,315
		8,910,654	4,261,759
<b>Total</b>		<b>484,628,542</b>	<b>486,388,687</b>

Significant Accounting Policies 1  
(Note No. 16 to 21 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

**N. B. Vyas**  
Director

**Neeraj Gupta**  
Director

**Girish Vyas**  
Chief Financial Officer

**Ashish Vyas**  
Company Secretary

Place : Mumbai

Date : May 29, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
		₹	₹
<b>Revenue:</b>			
Revenue from operations	12	1,000,000	-
		<b>1,000,000</b>	-
<b>Expenses:</b>			
Employee benefit costs	13	443,999	-
Other Administrative Expenses	14	1,372,408	1,861,703
<b>Total Expenses</b>		<b>1,816,407</b>	<b>1,861,703</b>
Profit/(Loss) before tax		<b>(816,407)</b>	<b>(1,861,703)</b>
<b>Tax expense:</b>			
Current tax (including adjustment for earlier years)		<b>(1,429,370)</b>	<b>(485,150)</b>
Profit/(Loss) after tax		<b>(2,245,777)</b>	<b>(2,346,853)</b>
Basic & Diluted Earning per Share of ₹ 10 each	15	<b>(0.16)</b>	<b>(0.16)</b>
Significant Accounting Policies	1		
(Note No. 16 to 21 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

**N. B. Vyas**

Director

**Neeraj Gupta**

Director

**Girish Vyas**

Chief Financial Officer

**Ashish Vyas**

Company Secretary

Place : Mumbai

Date : May 29, 2013

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

	Year ended March 31, 2013	Year ended March 31, 2012
	₹	₹
<b>Cash Flow From Operating Activities</b>		
Profit /(Loss) before taxation	(816,407)	(1,861,703)
Adjustment for:		
Balances written off / (written back)	(37)	38,024
<b>Operating Cash Flow before working capital changes</b>	(816,444)	(1,823,679)
Adjustment for:		
(Increase)/Decrease in Receivables	1,564,574	(1,565,315)
Increase / (Decrease) in liabilities & provisions	485,669	(13,807)
<b>Cash (used in) / generated from operations</b>	1,233,799	(3,402,801)
Less: Taxes on Income Paid	(1,529,370)	(17,966,691)
<b>Net Cash Used in Operating Activities</b>	(295,571)	(21,369,492)
<b>Cash Flow From Investing Activities</b>		
Sale of Investments	6,509,040	42,061,872
<b>Net cash generated from Investing Activities</b>	6,509,040	42,061,872
<b>Cash Flow From Financing Activities</b>		
Dividend paid (including corporate dividend tax)	-	(23,861,099)
<b>Net cash used in Financing Activities</b>	-	(23,861,099)
<b>Net increase / (decrease) in cash and cash equivalents</b>	6,213,469	(3,168,719)
<b>Cash and cash equivalents at the beginning of the year</b>	2,696,444	5,865,163
<b>Cash and cash equivalents at the end of the year</b>	8,909,913	2,696,444

**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**

Chartered Accountants

For and on behalf of the Board

**K. M. Mahadik**

Partner

**N. B. Vyas**

Director

**Neeraj Gupta**

Director

**Girish Vyas**

Chief Financial Officer

**Ashish Vyas**

Company Secretary

Place : Mumbai

Date : May 29, 2013



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

### 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 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.

#### 1.3 Revenue Recognition :

Income from Management Consultancy Services is recognised as per the terms of agreement.

Income interest is recognised on time accrual basis.

#### 1.4 Retirement Benefits :

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

#### 1.5 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.

#### 1.6 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, 2013 ₹	As at March 31, 2012 ₹
<b>AUTHORIZED CAPITAL</b>		
15,000,000 (P.Y. 15,000,000) Equity Shares of ₹ 10 each	<b>150,000,000</b>	150,000,000
	<b>150,000,000</b>	150,000,000
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP CAPITAL</b>		
14,287,754 (P.Y. 14,287,754) Equity Shares of ₹ 10 each	<b>142,877,540</b>	142,877,540
<b>Total</b>	<b>142,877,540</b>	142,877,540

#### Notes:

- 10,704,557 (P.Y. 10,704,557) equity shares are held by Essar Capital Ltd, the holding company and Nil by Essar Capital Holdings (India) Limited, the ultimate holding company.
- There is no change in number of shares outstanding as at March 31, 2013 and March 31, 2012.

**3. RESERVES & SURPLUS**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<b>Securities Premium</b>		
Balance as per last balance sheet	96,000,000	96,000,000
<b>General Reserve</b>		
Balance as per last balance sheet	13,100,000	13,100,000
<b>Statutory Reserves</b>		
Balance as per last balance sheet	10,000,000	10,000,000
<b>Surplus in the statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	223,085,895	225,432,748
Add: Profit/(Loss) for the year	(2,245,777)	(2,346,853)
<b>Balance at the end of the year</b>	<b>220,840,118</b>	<b>223,085,895</b>
<b>Total</b>	<b>339,940,118</b>	<b>342,185,895</b>

**4. LONG TERM PROVISIONS**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Provision for compensated absences	29,872	-
Provision for gratuity	28,666	-
<b>Total</b>	<b>58,538</b>	<b>-</b>

**5. TRADE PAYABLES**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Trade payables	397,204	80,899
<b>Total</b>	<b>397,204</b>	<b>80,899</b>

**6. OTHER CURRENT LIABILITIES**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Statutory liabilities	70,367	165
Unclaimed Dividend	1,047,278	1,047,278
Advance from related party	236,292	196,910
<b>Total</b>	<b>1,353,937</b>	<b>1,244,353</b>

**7. SHORT TERM PROVISIONS**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Provision for compensated absences	1,153	-
Provision for gratuity	52	-
<b>Total</b>	<b>1,205</b>	<b>-</b>

**8. NON CURRENT INVESTMENT**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<b>Non Trade, Long Term (fully paid up at cost)</b>		
<u>Investments in Equity Instruments (Unquoted)</u>		
9,908,706 (P.Y. 10,044,311) Equity Shares of ₹ 10 each of Essar Steel India Limited	475,617,888	482,126,928
<b>Total</b>	<b>475,617,888</b>	<b>482,126,928</b>

**9. LONG TERM LOANS & ADVANCES**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Advance tax / Tax deducted at source	100,000	-
<b>Total</b>	<b>100,000</b>	<b>-</b>

**10. CASH AND CASH EQUIVALENTS**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<u>Balances with Bank in Current Accounts</u>		
a) Dividend accounts	1,047,278	1,138,901
b) Other current accounts	7,862,635	1,557,543
<b>Total</b>	<b>8,909,913</b>	<b>2,696,444</b>

**11. SHORT TERM LOANS AND ADVANCES**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<u>(Unsecured, considered good)</u>		
Advances paid to creditors	-	22,325
Advances to related parties	-	1,542,990
Prepaid expenses	741	-
<b>Total</b>	<b>741</b>	<b>1,565,315</b>

**12. REVENUE FROM OPERATIONS**

	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Management Consultancy Services	1,000,000	-
<b>Total</b>	<b>1,000,000</b>	<b>-</b>

**13. EMPLOYEE BENEFIT COSTS**

	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Salaries & Allowances	443,932	-
Staff welfare	67	-
<b>Total</b>	<b>443,999</b>	<b>-</b>

**14. OTHER ADMINISTRATIVE EXPENSES**

	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Communication Expenses	10,517	-
Travelling and Conveyance Expenses	4,450	-
Business Promotion /AGM expenses	33,406	32,381
Advertisement Expenses	173,346	219,437
Bank Charges	2,618	110
Director Sitting Fees / Audit Committee Fees	179,776	-
Balances written off (net)	-	38,024
Rates & Taxes, filing Fees	8,172	2,040
Miscellaneous expenses	963	-
Printing & Postage Expenses	277,604	208,367
Professional Charges	440,058	1,074,057
Listing & Custodial Fees	151,048	197,399
Payment to auditors'		
Audit fee	89,888	89,888
Reimbursements	562	-
<b>Total</b>	<b>1,372,408</b>	<b>1,861,703</b>

**15. EARNING PER SHARE**

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

	March 31, 2013	March 31, 2012
Earnings [Net profit/(Loss) for the year after tax (₹)]	(2,245,777)	(2,346,853)
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 (₹)	(0.16)	(0.16)

16. The company does not have any commitment or contingent liabilities.

17. The company does not have any dues to micro, small and medium enterprises.

18. 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) Ltd [Holding company of Essar Satvision Ltd]

ii. **Individual owning indirectly an interest in the voting power that gives control:**

Mr. Anshuman S. Ruia

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

**Enterprises controlled or significantly influenced by individual or relatives:**

Essar Properties Ltd, Essar Investments Ltd, Imperial Consultants & Securities Private Ltd.

c) Transactions with related parties are summarised as under:

Particulars	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2013
	₹	₹
Sale of Investments (Imperial Consultants & Securities Pvt Ltd)	<b>6,509,040</b> (42,061,872)	<b>6,509,040</b> (42,061,872)
Advances Taken (Essar Properties Ltd)	<b>236,292</b> (196,910)	<b>236,292</b> (196,910)
Refund of advances taken (Essar Properties Limited)	<b>196,910</b> (-)	<b>196,910</b> (-)
Advances Given (Essar Investments Ltd)	- (1,542,990)	- (1,542,990)
	- (1,542,990)	
Management Consultancy Services income (Imperial Consultants and Securities Pvt Ltd)	<b>1,000,000</b> (-)	<b>1,000,000</b> (-)
e) Balances outstanding at the end of the year:		
Debit balances	- (1,542,990)	- (1,542,990)
Credit balances	<b>236,292</b> (196,910)	<b>236,292</b> (196,910)

Notes:

- Figures in brackets relates to the previous year.
- 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.

19. 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 & Advisory Services	Investment Activities	Total March 31, 2013
	₹	₹	₹
Segment Revenue	<b>1,000,000</b> (-)	- (-)	<b>1,000,000</b> (-)
Segment Results [Segment Profit / (Loss)]	<b>1,000,000</b> (-)	- (-)	<b>1,000,000</b> (-)
Unallocable expenses			<b>1,816,407</b> (1,861,703)
Provision for taxation			<b>1,429,370</b> (485,150)
Net Profit / (Loss)			<b>(2,245,777)</b> (2,346,853)
Segment assets	<b>100,000</b>	<b>475,617,888</b> (482,126,928)	<b>475,717,888</b> (482,126,928)
Unallocable assets	- (-)	- (-)	<b>8,910,654</b> (4,261,759)
Total Assets			<b>484,628,542</b> (486,388,687)
Segment liabilities	- (-)	- (-)	- (-)
Unallocable liabilities			<b>1,810,884</b> (1,325,252)
Total Liabilities			<b>1,810,884</b> (1,325,252)

Note :- Figures in brackets relates to the previous year.

**20. 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
	March 31, 2013	
	₹	₹
<b>Statement of Profit and Loss</b>		
Current Service Cost	-	-
Interest cost on benefit obligation	-	-
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	12,796	6,233
Past service cost	-	-
<b>Net benefit Expense / ( Income )</b>	<b>12,796</b>	<b>6,233</b>
<b>Details of Provision for Employee Benefits</b>		
Defined benefit Obligation	31,025	28,718
Less: Fair Value of plan assets	-	-
	31,025	28,718
Less: Unrecognised past service cost	-	-
<b>Plan asset/(liability)</b>	<b>31,025</b>	<b>28,718</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	-	-
Interest Cost	-	-
Current Service cost	-	-
Acquisitions Cost / (Credit )	18,229	22,485
Benefits Payment	-	-
Actuarial (gains)/losses on obligation	12,796	6,233
<b>Closing defined benefit obligation</b>	<b>31,025</b>	<b>28,718</b>
<b>Changes in the fair value of the plan assets are as follows:</b>		
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	-	-
<b>The principal assumptions used in determining Compensated Absences &amp; Gratuity benefit obligations for the Companies plans are shown below:</b>		
A. Discount rate	7.90%	7.90%
B. Expected rate of return on assets	-	-
C. Salary Escalation Rate	6%	6%
D. Employee Turnover	-	-
E. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

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

As per our attached report of even date

**For Nisar & Kumar**  
Chartered Accountants

For and on behalf of the Board

**K. M. Mahadik**  
Partner

**N. B. Vyas**  
Director

**Neeraj Gupta**  
Director

**Girish Vyas**  
Chief Financial Officer

**Ashish Vyas**  
Company Secretary

Place : Mumbai  
Date : May 29, 2013

## ESSAR SECURITIES LIMITED

Regd. Office: 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai 600 018

8th Annual General Meeting – Friday, September 27, 2013

### FORM OF PROXY

I/We ..... of .....  
in the district of .....being member/members of Essar Securities Limited hereby appoint,.....  
.of.....or failing him/her.....of .....as my/our Proxy to attend and vote for me/  
us on my/our behalf at the EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Friday, September 27, 2013 at 11.00 a.m. at  
Essar House, 5th Floor, 7, Esplanade, Chennai - 600 108 and at any adjournment thereof.

Signed this ..... day of ..... 2013

Member's Folio Number .....

\*Client ID and DP ID .....

No. of shares held .....

AFFIX  
1 RUPEE  
REVENUE  
STAMP

Signature

\*Applicable only in case of investors holding shares in electronic form.

Notes: This form of proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hour before the commencement of the meeting.

## ESSAR SECURITIES LIMITED

Regd. Office: 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai 600 018

8th Annual General Meeting – Friday, September 27, 2013

### ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Name of the member / proxy: \_\_\_\_\_

Folio / DP ID & Client ID: \_\_\_\_\_

No. of equity shares held \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Eighth Annual General Meeting of Essar Securities Limited held on Friday, September 27, 2013 at 11.00 a. m. at Essar House, 5th Floor, 7, Esplanade, Chennai - 600 108.

Signature of Member / Proxy \_\_\_\_\_

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**ESSAR SECURITIES LIMITED**

Regd. Office: 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai 600 018

**E - MAIL REGISTRATION**

To

**M/s Data Software Research Co. Pvt. Ltd**  
19 Pycroft Garden Road, Off Haddows Road,  
Nungambakkam,  
Chennai 600006  
Tamilnadu.

Dear Sir/s,

**Re:** Registration of e-mail ID for receiving communication in electronic form

I am a shareholder of the Company. I want to receive all communication from the Company including AGM and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Director's Reports, Auditor's Reports etc. through e mail. Please register my e mail ID, set out below, in your records for sending communication through e mail:

**Folio No.\*** :

**Name of 1st Registered Holder\*** :

**Name of Joint Holder(s)** :

**Address** :

**Pin Code** :

**E-mail ID (to be registered)\*** :

**Contact Tel 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. The form is also available on the website of the Company [www.essar.com](http://www.essar.com)
4. Any change in email ID, from time to time, may please be registered in the records of the Company.

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# BOOK-POST

If undelivered, please return to:

**DATA SOFTWARE RESEARCH COMPANY PRIVATE LIMITED**  
(Unit : Essar Securities Limited)  
19 Pycroft Garden Road  
Off Haddows Road  
Nungambakkam, Chennai 600 006