

# Essar Securities Limited

ANNUAL REPORT 2013 - 14



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## BOARD OF DIRECTORS:

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(As on August 13, 2014)

**Mr. S. V. Venkatesan** - Chairman

**Mr. Neeraj Gupta**

**Mr. N. B. Vyas**

**Mr. Dhanpat Singh Nahata**

**Mr. Sujay Sheth**

**Mr. Girish Vyas** - Chief Financial Officer

### **MANAGER, COMPANY SECRETARY AND COMPLIANCE OFFICER**

Mr. Ashish Vyas

### **AUDITORS**

**Nisar and Kumar,**

Chartered Accountants

1305, Arcadia Bldg., Near Earnest House,

NCPA Marg, Nariman Point, Mumbai – 400 021

### **BANKERS**

ING Vysya Bank Limited

Axis Bank Limited

### **REGISTERED OFFICE**

56, New No. 77,

C. P. Ramaswamy Road,

Abhirampuram,

Chennai – 600 018

Tel: 91 44 2499 1992

### **CORPORATE OFFICE**

Essar House,

11, K. K. Marg,

Mahalaxmi,

Mumbai – 400 034

Tel: 91 22 6660 1100

Fax: 91 22 6666 9432

Visit us at [www.essar.com](http://www.essar.com)

### **REGISTRAR AND TRANSFER AGENT**

Data Software Research Co. Pvt. Ltd.

19 Pycroft Garden Road,

Off Haddows Road,

Nungambakkam

Chennai – 600 006

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

+91-44-2821 4487

Fax.:+91-44-2821 4636

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## NOTICE

Notice is hereby given that the **Ninth Annual General Meeting** of the Members of **Essar Securities Limited** will be held on Friday, September 26, 2014 at 11.00 a.m. at **Essar House, 5<sup>th</sup> 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, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dhanpat Singh Nahata (DIN03067532), 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. **Appointment of Mr. N. B. Vyas as an Independent Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV of the Companies Act, 2013, and Clause 49 of Listing Agreement, Mr. N. B. Vyas (DIN00055499), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (Three) years with effect from September 26, 2014 to September 25, 2017”.

5. **Appointment of Mr. S. V. Venkatesan as an Independent Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV of the Companies Act, 2013, and Clause 49 of Listing Agreement, Mr. S. V. Venkatesan (DIN00004010), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (Three) years with effect from September 26, 2014 to September 25, 2017”.

6. **Appointment of Mr. Sujay Sheth as an Independent Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies

Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV of the Companies Act, 2013, and Clause 49 of Listing Agreement, Mr. Sujay Sheth, (DIN03329107), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14<sup>th</sup> November, 2013, in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161(1) of the Companies Act, 2013) and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (Three) years with effect from September 26, 2014 to September 25, 2017”.

### 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.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
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 24, 2014 to September 26, 2014 (both days inclusive).
4. Members/Proxies should bring their attendance slips along with their copy of the Annual Report to the Meeting. Corporate members intending to send their 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 have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices etc., from the Company electronically.

8. 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.
9. Members wishing to claim dividends, which remain unclaimed are requested to correspond with the Company's R & T Agent, Data Software Research Co. Pvt. Ltd., 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai – 600006. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
10. 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.
11. DIN refers to Director Identification Number.
12. The relative explanatory statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the special business under Item No. 4 to 6 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons seeking appointment/re-appointment as directors under Item No. 2 and Item No. 4 to 6 of the Notice is also annexed.
- 13 Pursuant to the provisions of Section 107 and 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend Annual General Meeting can vote at the Meeting. The Company has appointed Mr. I. B. Harikrishna, (IBH & Co.) Practising Company Secretary as Scrutinizer.

**The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on September 17, 2014 at 9 AM and ends on September 19, 2014 at 6 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of

any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Essar Securities Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

**Ashish Vyas  
Company Secretary**

Date : August 13, 2014

Place : Mumbai

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO. 4**

Mr. N. B. Vyas has been an Independent Director under listing agreement on the Board of the Company since 2012. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint "Independent Director" as defined in section 149(6) of the Act and ensure that at least 1/3<sup>rd</sup> of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. N. B. Vyas fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr. N. B. Vyas is independent of the management of the Company.

The Board considers that his continued associations would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N. B. Vyas as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. N. B. Vyas as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Mr. N. B. Vyas shall not be liable to retire by rotation. Except Mr. N. B. Vyas, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchange.

Brief resume of Mr. N. B. Vyas, nature of his expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationship between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report, are set out in the Annexure forming part of this Notice.

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

### **ITEM NO. 5**

Mr. S. V. Venkatesan has been an Independent Director under listing agreement on the Board of the Company since 2013. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint "Independent Director" as defined in section 149(6) of the Act and ensure that at least 1/3<sup>rd</sup> of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. S. V. Venkatesan fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr. S. V. Venkatesan is independent of the management of the Company.

The Board considers that his continued associations would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S. V. Venkatesan as an Independent Director. Accordingly, the Board recommends the resolution in relation to

appointment of Mr. S. V. Venkatesan as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Mr. S. V. Venkatesan shall not be liable to retire by rotation. Except Mr. S. V. Venkatesan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchange.

Brief resume of Mr. S. V. Venkatesan, nature of his expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationship between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report, are set out in the Annexure forming part of this Notice.

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

#### **ITEM NO. 6**

The Board of Directors have co-opted, Mr. Sujay Sheth as an Additional Director of the Company on 14<sup>th</sup> November, 2013. Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956), the above said Additional Director holds office only upto the date of this Annual General Meeting of the Company. The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of Mr. Sujay Sheth as a candidate for the office of Director of the Company.

Mr. Sujay Sheth has been an Independent Director under listing agreement on the Board of the Company since 2013. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint "Independent Directs" as defined in section 149(6) of the Act and ensure that at least 1/3<sup>rd</sup> of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. Sujay Sheth fulfills the conditions

specified in the Act and the Rules made thereunder to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr. Sujay Sheth is independent of the management of the Company.

The Board considers that his continued associations would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Sujay Sheth as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Sujay Sheth as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Mr. Sujay Sheth shall not be liable to retire by rotation. Except Mr. Sujay Sheth, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchange.

Brief resume of Mr. Sujay Sheth, nature of his expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationship between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report, are set out in the Annexure forming part of this Notice.

The Board recommends the Ordinary Resolution set out at item No. 6 of the Notice for approval by the members.

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

**Ashish Vyas  
Company Secretary**

Date : August 13, 2014

Place : Mumbai

**ANNEXURE TO THE NOTICE****DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

<b>I. Name of Director</b>	<b>Mr. N. B. Vyas</b>
Date of Birth	03.07.1954
Qualification	Chartered Accountant and Company Secretary
Expertise	Mr. N. B. Vyas is a Senior Executive with more than 31 years experience at corporate level. Mr. 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.
Name(s) of other Companies in which Directorships held	Imperial Consultants and Securities Private Limited Frontier Leasing and Finance Limited Essar Investments Limited The MobileStore Services Limited Essar Capital Holdings (India) Limited Imperial Procurement Services Limited Essar Teleholdings Limited
Name(s) of other Companies in which Committee Membership(s) /Chairmanship(s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. N. B. Vyas is not related to any Director of the Company.
<b>II. Name of Director</b>	<b>Mr. S. V. Venkatesan</b>
Date of Birth	01.10.1939
Qualification	Gold medallist in Commerce from Madras University
Expertise	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.
Name(s) of other Companies in which Directorships held	Essar Investments Limited Essar Projects (India) Limited Lancor Holdings Limited Edelweiss Trustee Services Limited Best & Crompton Engg. Limited Essar Power M P Limited Essar Power Gujarat Limited Essar Power (Orissa) Limited Essar Power Hazira Limited Asia Motorworks Holdings Limited AMW Motors Limited Essar Power Transmission Company Limited
Name(s) of other Companies in which Committee Membership(s) /Chairmanship(s) held	<b>Audit Committee:</b> <b>Chairman:</b> Essar Projects (India) Limited Essar Power M P Limited Essar Power Gujarat Limited Essar Power Transmission Company Limited <b>Member:</b> Essar Power (Orissa) Limited Essar Power Hazira Limited
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. S. V. Venkatesan is not related to any Director of the Company.
<b>III. Name of Director</b>	<b>Mr. Sujay Sheth</b>
Date of Birth	28.11.1970
Qualification	Chartered Accountant

Expertise	Mr. Sujay R. Sheth holds a Bachelor's degree in Commerce from the Bombay University. He is also a Fellow member of the Institute of Chartered Accountants of India. Currently, Mr. Sheth is the Managing Partner of J. K. Doshi & Co., Chartered Accountants, a reputed firm of Chartered Accountants, established in 1955. Mr. Sheth's areas of experience are Finance and Accounting, with deep knowledge of direct taxes, corporate laws and significant experience in the fields of transaction advisory, pre-acquisition studies, corporate governance, assurance, valuation and direct taxation. He is involved in audit, taxation, attestation and assurance functions of a wide selection of Indian and multi-national clients.
Name(s) of other Companies in which Directorships held	AGC Networks Limited Black Rose Industries Limited Equinox Realty & Infrastructure Pvt. Ltd.
Name(s) of other Companies in which Committee Membership(s) /Chairmanship(s) held	<b>Audit Committee:</b> <b>Chairman:</b> AGC Networks Limited Equinox Realty & Infrastructure Pvt. Ltd. <b>Member:</b> Black Rose Industries Limited <b>Stakeholders Relationship Committee:</b> <b>Chairman:</b> AGC Networks Limited
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. Sujay Sheth is not related to any Director of the Company.
<b>IV. Name of Director</b>	<b>Mr. Dhanpat Singh Nahata</b>
Date of Birth	14.07.1973
Qualification	CA, CS and CWA
Expertise	Mr. Dhanpat Singh Nahata has 20 years of rich experience in the professional field. He was with Ernst & Young where he was a Partner with the Transaction Tax practice. Working at Ernst & Young since 1999, he has managed numerous transactions spread across various industries and sectors. He has extensive experience in structuring complex transactions both domestic and international and offering advisory services for mergers, demergers, acquisitions, etc. He has worked in the areas of corporate restructuring and business re-organizations, as well as inbound and outbound investment structuring, tax planning and advising on diverse regulatory matters. A Commerce graduate from St. Xavier's College, Kolkata, he is a fellow member of the Institute of Chartered Accountants of India. Additionally, he is a Company Secretary from the Institute of Company Secretaries of India and a Cost Accountant from the Institute of Cost and Works Accountants of India.
Name(s) of other Companies in which Directorships held	Essar Investments Limited Imperial Consultants and Securities Private Limited
Name(s) of other Companies in which Committee Membership(s) /Chairmanship(s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. Dhanpat Singh Nahata is not related to any Director of the Company.

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

**Ashish Vyas  
Company Secretary**

Date : August 13, 2014  
Place : Mumbai

## DIRECTORS' REPORT

### To the Members of Essar Securities Limited,

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

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

(₹ In Lakhs)

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

#### DIVIDEND:

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

The directors do not recommend any dividend for the year.

#### Opportunities, Threats, Risks and Concerns

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

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

#### Internal Control Systems and Internal Audit

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

### 2. DIRECTORS:

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

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

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

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

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

### 3. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures, wherever applicable;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



## 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 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 29, 2013, August 14, 2013, August 26, 2013, November 14, 2013 and February 13, 2014. The maximum time gap between 2 meetings was not more than 120 days.

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

As on March 31, 2014 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, 2014 are as under:

Name	Category	No. of other Directorship#	Other Committee Position@	
			Chairman	Member
Mr. N. B. Vyas	Independent Non Executive	6	-	-
Mr. S. V. Venkatesan	Independent Non Executive	12	4	2
*Mr. Sujay Sheth	Independent Non Executive	2	2	1
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. Sujay Sheth was appointed as an Additional Director w.e.f. November 14, 2013.

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

The Non-Executive Directors are paid sitting fees of Rs. 10,000/- for each Board Meeting and Rs. 7,500/- 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. S. V. Venkatesan	45,000
Mr. N. B. Vyas	62,500
*Mr. Sujay Sheth	27,500
Mr. Dhanpat Singh Nahata	30,000
Mr. Neeraj Gupta	80,000
#Mr. V. G. Raghavan	35,000
@Mr. S. M. Lodha	17,500

\* Mr. Sujay Sheth was appointed as an Additional Director w.e.f. November 14, 2013.

# Mr. V. G. Raghavan ceased to be Director w.e.f. November 13, 2013.

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

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. S. V. Venkatesan	3	No
Mr. N. B. Vyas	4	No
*Mr. Sujay Sheth	2	N.A.*
Mr. Dhanpat Singh Nahata	3	No
Mr. Neeraj Gupta	5	No
#Mr. V. G. Raghavan	2	No
@Mr. S. M. Lodha	1	N. A.@

\* Mr. Sujay Sheth was appointed as an Additional Director w.e.f. November 14, 2013.

# Mr. V. G. Raghavan ceased to be Director w.e.f. November 13, 2013.

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

### 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 Companies Act, 2013 and Clause 49 of the Listing Agreement enhanced the existing role of Audit Committee, The broad terms of reference of the Audit Committee are as under:

- a) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- b) Overseeing the Company's financial process and disclosure of financial information to ensure that the financial statement is correct.
- c) Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any services.
- d) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company. And approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- e) Reviewing, with the management, the annual financial statement before submission to the Board.
- f) Reviewing, with the management, the quarterly financial statement before submission to the Board.
- g) Reviewing, with the management, performance of statutory and internal auditors and adequacy of internal control system.
- h) Reviewing the adequacy of internal audit function.
- i) Discussing with internal auditors any significant finding and follow up on such issues.
- j) 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.
- k) 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.
- l) Reviewing the Company's financial policies.
- m) Examining reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors, if any.
- n) Approval or any subsequent modification of transactions of the company with related parties.
- o) Scrutiny of inter-corporate loans and investments.
- p) Evaluation of internal financial controls and risk management systems.
- q) Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

● **Composition of Audit Committee**

Name of the Directors	Designation	Audit Committee Meeting attended during the year
Mr. S. V. Venkatesan	Chairman	2
Mr. Sujay Sheth	Member	1
Mr. Neeraj Gupta	Member	4
Mr. N. B. Vyas	Member	3

Mr. V. G. Raghavan #	Member	2
Mr. S. M. Lodha@	Member	1

#Mr. V. G. Raghavan ceased to be Member w.e.f. November 13, 2013.

@ Mr. S. M. Lodha ceased to be Member w.e.f. May 29, 2013.

During the financial year under review, the Committee met 4 times on the following dates viz. May 29, 2013, August 14, 2013, November 14, 2013 and February 13, 2014. All the members of Audit Committee are financially literate. Mr. S. V. Venkatesan, 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 27th September, 2013.

**B. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Pursuant to Section 178 of the Companies Act, 2013 the existing Shareholder and Investors Grievances Committee has been renamed to Stakeholders Relationship Committee.

The Committee comprises of three non-executive directors viz., Mr. Neeraj Gupta – Chairman and Mr. Sujay Sheth. Mr. Dhanpat Singh Nahata has appointed as a member of the Committee in place of Mr. N. B. Vyas w.e.f. May 22, 2014. The Committee looks into various issues relating to grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipts of declared dividends etc;

A total of 44 complaints received during the year ended March 31, 2014 most of which being related to non-receipt of shares. All the complaints were resolved under the supervision of the Committee and no complaints were outstanding as on March 31, 2014.

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, 2014.

The Company Secretary of the Company acts as the Secretary of the Stakeholders Relationship Committee.

**C. NOMINATION & REMUNERATION COMMITTEE:**

The Company has constituted a Nomination and Remuneration Committee comprising of three non-executive directors viz., Mr. Sujay Sheth, Mr. Dhanpat Singh Nahata and Mr. N. B. Vyas in compliance with the statutory requirements in this regard. The terms of reference of the Committee include review, determination, increase/decrease and approval of remuneration, determination of terms of appointment, Company's policy for specific remuneration package, etc. for the Executive and other Directors including review and finalization of the

performance of senior management executives and decide the variable pay and also determine the criteria and fix the overall annual variable pay to all executives.

The Non-Executive Directors do not draw any remuneration from the Company except for sitting fees. Details of the sitting fees paid to the Non-Executive Directors for the year ended March 31, 2014 are mentioned in the point 2(B) of this Report;

#### 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
2012-13	September 27, 2013	Essar House, 5th Floor, 7, Esplanade, Chennai 600 108	11.00 a.m.
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.

##### b) Postal Ballot

During the year ended 31st March, 2014, there have been no ordinary or special resolutions 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. 19 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 Kural) 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 26, 2014
	<b>Time:</b> 11.00 A.M.
	<b>Venue:</b> Essar House, 5th Floor, 7, Esplanade, Chennai - 600 108. Tamil Nadu

#### Financial Calendar 2013-14

Financial year of Company	April 1, 2014 to March 31, 2015
First Quarter Results	On or before August 16, 2014
Second Quarter Results	On or before November 15, 2014
Third Quarter Results	On or before February 15, 2015
Audited Results for the Year	On or before May 30, 2015

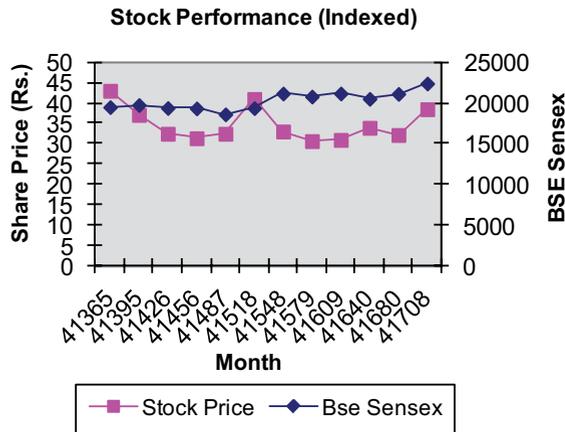
<b>Date of Book Closure</b>	Wednesday, September 24, 2014 to Friday, September 26, 2014(both days inclusive)
<b>Dividend Payment Date</b>	N.A.
<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange Limited, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 4000 001. Tele. +91 22 2272 1233 Fax. +91 22 2272 3677 <a href="http://www.bseindia.com">www.bseindia.com</a>
<b>Stock Code</b>	533149
<b>NSDL ISIN</b>	INE143K01019
<b>Payment of Listing Fees</b>	Annual Listing Fees for the Financial Year 2014-2015 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, +91-44-2821 3738, +91-44-2821 4487 Fax.: +91-44-2821 4636 Email: <a href="mailto:essar.securities@dsr-cid.in">essar.securities@dsr-cid.in</a>

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

Month	Bombay Stock Exchange (BSE)	
	High Price (₹)	Low Price (₹)
April -13	43.00	29.15
May -13	44.95	32.35
June-13	40.90	32.50
July -13	37.25	30.00
August -13	32.50	28.60
September -13	44.85	31.10
October -13	39.00	32.60
November -13	35.35	28.60
December-13	35.05	29.55
January-14	35.75	28.45
February-14	34.65	29.35
March-14	39.40	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, 2014**

Equity Shares	Shareholders	%	No. of Shares	%
UPTO 500	27008	98.61	1668424	11.68
501 TO 1000	212	0.77	154134	1.08
1001 TO 2000	82	0.30	121418	0.85
2001 TO 3000	25	0.09	63948	0.45
3001 TO 4000	19	0.07	66522	0.47
4001 TO 5000	6	0.02	28421	0.20
5001 TO 10000	10	0.03	83077	0.58
10001 TO 20000	13	0.05	170313	1.19
20001 TO 30000	3	0.01	76320	0.53
30001 TO 40000	2	0.01	67942	0.47
40001 TO 50000	2	0.01	83390	0.58
50001 TO 100000	2	0.01	112520	0.79
100001 & ABOVE	5	0.02	11591325	81.13
<b>TOTAL</b>	<b>27389</b>	<b>100.00</b>	<b>14287754</b>	<b>100.00</b>

Category	No. of Shares	%
Promoters	10704557	74.92
Institution / Mutual funds/ Banks	2556	0.02
Other Companies	541791	3.79
Non Domestic Companies	2060	0.02
Foreign Institutional/ Investors/Non residential Individuals	226306	1.58
Public	2810484	19.67
<b>Total</b>	<b>14287754</b>	<b>100.00</b>

➤ **Status of Dematerialization of Shares as on March 31, 2014:**

Mode	No. of Shares	%
DEMAT	13260412	92.81
PHYSICAL	1027342	7.19
<b>TOTAL</b>	<b>14287754</b>	<b>100.00</b>

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

As on March 31, 2014 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 72 of the Companies Act, 2013 are requested to submit Form SH-13 to the Registrar and Transfer agent of the Company. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

➤ **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@dsr-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:-**

➤ **Remuneration Committee**

The Company has constituted a Nomination and Remuneration Committee comprising Non-executive Directors. The details of the Committee have been mentioned earlier in this Report.

➤ **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 addressed 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:**

Pursuant to Listing Agreement vigil mechanism should be established for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

The Company has adopted the vigil mechanism as per listing agreement and Companies Act, 2013 pursuant to which employees of the Company can raise their concerns relating to fraud, malpractice or any other activities or event detrimental to the interest of the Company.

## 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, 2014.

**Ashish Vyas**  
Manager & Company Secretary

Date: August 13, 2014

## 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, 2014, 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 13, 2014

## CFO CERTIFICATION

To  
The Board of Directors  
**Essar Securities Limited**  
Mumbai

I, Girish Vyas, Chief Financial Officer of the Company certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee that:
  - (i) there has not been any significant changes in internal control over financial reporting during the year;
  - (ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - (iii) there has not been any instances during the year of significant fraud of which I had become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Girish Vyas**  
Chief Financial Officer

Date: August 13, 2014  
Place: Mumbai

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF ESSAR SECURITIES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

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

- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act;
  - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Mumbai  
Date : May 22, 2014

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

- 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, the company is generally regular in deposit of provident fund, however, there were delays in deposit of undisputed statutory dues of income tax and service tax with the appropriate authorities. As per records of the company, there are no dues in respect of employees' state insurance, Investor Education and Protection Funds, custom duty, wealth tax, sales tax and excise duty/cess. There are no arrears of statutory dues as at March 31, 2014 outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of income-tax, sales tax, service tax, customs duty/wealth-tax, excise duty/cess which have not been deposited on account of dispute.
- x. The company does not have accumulated losses at the end of the financial year and the company has not incurred cash losses during the financial year covered by our audit and has incurred cash losses in the immediately preceding financial year.
- xi. As the company has not borrowed any amount from Banks or Financial Institutions, the reporting under this clause do not arise.
- xii. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Provisions of Chit Fund nidhi/ mutual benefit fund/societies are not applicable.
- xiv. In respect of dealing or trading in shares and debentures by the company, proper records have been maintained of the transactions and contracts and timely entries have been made therein, as per records / information, the investments held by the company are in its own name.
- xv. During the year the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. During the year, the company has not taken term loans.
- xvii. During the year, the company has not raised any short term funds.
- xviii. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. During the year, the company has not issued secured debentures.
- xx. During the year, the company has not raised money by public issues.
- xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

Place : Mumbai  
Date : May 22, 2014

**BALANCE SHEET AS AT MARCH 31, 2014**

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

Significant Accounting Policies 1  
(Note forms integral part of Accounts)

As per our attached report of even date

**For Nisar & Kumar**  
Chartered Accountants

For and on behalf of the Board

**K. M. Mahadik**  
Partner

Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai  
Date : May 22, 2014

Place : Mumbai  
Date : May 22, 2014

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

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

Significant Accounting Policies 1  
(Notes forms integral part of Accounts)

As per our attached report of even date

**For Nisar & Kumar**  
Chartered Accountants

For and on behalf of the Board

**K. M. Mahadik**

Partner

Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai

Date : May 22, 2014

Place : Mumbai

Date : May 22, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

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

**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

Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai

Date : May 22, 2014

Place : Mumbai

Date : May 22, 2014

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Accounting :

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

#### b) Investments :

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

#### c) Revenue Recognition :

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

#### d) Retirement Benefits :

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

#### e) Taxation:

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

#### f) Provisions and Contingent Liabilities:

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

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

### 2. SHARE CAPITAL

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

Notes:

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

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

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

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

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

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

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

### 3. RESERVES & SURPLUS

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<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	220,840,118	223,085,895
Add: Profit/(Loss) for the year	707,173	(2,245,777)
<b>Balance at the end of the year</b>	<b>221,547,291</b>	<b>220,840,118</b>
<b>Total</b>	<b>340,647,291</b>	<b>339,940,118</b>

### 4. LONG TERM PROVISIONS

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

### 5. TRADE PAYABLES

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

### 6. OTHER CURRENT LIABILITIES

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

**7. SHORT TERM PROVISIONS**

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

**8. NON CURRENT INVESTMENT**

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

**9. LONG TERM LOANS & ADVANCES**

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

**10. TRADE RECEIVABLES**

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

**11. CASH AND CASH EQUIVALENTS**

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

**12. SHORT TERM LOANS AND ADVANCES**

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

**13. REVENUE FROM OPERATIONS**

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

**14. EMPLOYEE BENEFIT COSTS**

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

**15. OTHER ADMINISTRATIVE EXPENSES**

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

**16. EARNING PER SHARE**

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

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

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

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

19. Related Party Disclosures :

a) Related parties where control exists:

i. **Holding Companies:**

Essar Capital Ltd

Essar Satvision Ltd (Holding company of Essar Capital Ltd)

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

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

iii. **Key Management Personnel:**

Mr. Ashish Vyas - Manager & Company Secretary

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

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

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

- c) Transactions with related parties are summarised as under:

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

- d) Balances outstanding at the end of the year:

Debit balances	<b>207,688</b>		<b>2,240,644</b>	<b>2,448,332</b>
	(-)		(-)	(-)
Credit balances		<b>37,684</b>	<b>22,227</b>	<b>59,911</b>
		(-)	(236,292)	(236,292)

Notes:

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

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

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

Note: Figures in brackets relates to the previous year.

## 21. Employee benefits

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

The company has also agreed to provide certain Compensated Absences.

Gratuity benefits and Compensated Absences are non-funded.

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

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

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

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

As per our attached report of even date

**For Nisar & Kumar**  
Chartered Accountants

For and on behalf of the Board

**K. M. Mahadik**  
Partner

Director

Director

Chief Financial Officer

Company Secretary

Place : Mumbai  
Date : May 22, 2014

Place : Mumbai  
Date : May 22, 2014

## **ESSAR SECURITIES LIMITED**

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

Dear Shareholder,

**Sub: Green Initiative in Corporate Governance**

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

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

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

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

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

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

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

Data Software Research Co. Pvt. Ltd.

No.19, Pycrofts Garden Road, Off Haddows Road, Nungambakkam, Chennai – 600 006.

Tel: +91-44-2821 3738/4487, Fax +91-44-2821 4636, email :[essar.securities@dsrc-cid.in](mailto:essar.securities@dsrc-cid.in)

Thanking You,

Yours faithfully,

For **Essar Securities Limited**

**Sd/-  
Director**

## 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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## ESSAR SECURITIES LIMITED

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

**9<sup>th</sup> Annual General Meeting – Friday, September 26, 2014**

### FORM OF PROXY

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

Name of the Member(s):	
Registered Address:	
Mail ID:	
Folio No. / Client ID	DP ID:

I/We being the member(s) held \_\_\_\_\_ Shares of Essar Securities Limited, hereby appoint:

1.	Name:			
	Address:			
	E-mail Id:		Signature:	
or failing him				
2.	Name:			
	Address:			
	E-mail Id:		Signature:	
or failing him				

as my/our Proxy to attend and vote for me/us on my/our behalf at the NINTH ANNUAL GENERAL MEETING of the Company to be held on Friday, September 26, 2014 at 11.00 a.m. at Essar House, 5<sup>th</sup> Floor, 7, Esplanade, Chennai - 600 108 and at any adjournment thereof.

Signed this ..... day of ..... 2014

Signature of Shareholder ..... Signature of Proxy.....



Note: This form in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 Hours before the commencement of the Meeting.

## ESSAR SECURITIES LIMITED

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

**9<sup>th</sup> Annual General Meeting – Friday, September 26, 2014**

### 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 Ninth Annual General Meeting of Essar Securities Limited held on Friday, September 26, 2014 at 11.00 a. m. at Essar House, 5<sup>th</sup> Floor, 7, Esplanade, Chennai - 600 108.

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

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# REGISTERED POST/COURIER

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