

**BALANCE SHEET AS AT
31ST MARCH, 2005**

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OF

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ESAAR (INDIA) LIMITED

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Agarwal Gupta Nokari & Rustagi Associates

CHARTERED ACCOUNTANTS

12, WATERLOO STREET, 3RD. FLOOR, KOLKATA-700 069
PHONE : 2248-7696, 2248 3151, FAX : (033) 2220-7617

COMPLIANCE CERTIFICATE

To
The Member of ESAAR (INDIA) LIMITED

We have examined to the compliance of conditions of Corporate Governance by ESAAR (INDIA) LIMITED for the year ended 31st March, 2005 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges with the relevant records and documents maintained by the company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

During the year Company has not received any grievances from any shareholders as per the records maintained by the Company.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange have been complied with in all respect except for discrepancies stated in the Corporate Governance Report by the Company.

For **AGARWAL GUPTA NOKARI &
RUSTAGI ASSOCIATES**
Chartered Accountants



B.C. NOKARI
(Partner)

Membership No.17387

12, Waterloo Street, Kolkata - 700 069

Dated this 16th day of August, 2005.

ESAAR (INDIA) LIMITED

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has always recognised the importance of high standards of Corporate Governance. In the past, shareholders were provided all the material information in the most transparent manner. It has been the practice in your Company to encourage wider and active participation from shareholders at every General Meeting, this provided opportunity for the Directors to interact with the main shareholders. The Company has taken series of steps to comply with the clause 49 of the listing agreement. The Company has appointed two new additional independent director in 2003.

2) BOARD OF DIRECTORS

As at 31st March 2005, the Board Directors of the Company consists of five members two of which are independent.

A) THE COMPOSITION OF THE RESTRUCTURED BOARD IS AS UNDER

Name of the Director	Category
Mr. H.D. Saxena	Director (Non Executive)
Mr. O.P. Saxena	- do -
Mr. Sameer Saxena	- do -
Mr. Raj Kumar Bhalotia	Independent Director*
Mr. Bajrang Lal Sharda	- do -*

B) MEETING OF THE BOARD OF DIRECTORS .

The Board of Directors provide the strategic direction and thrust to the operations of the Company. During the period under review 9 Board Meetings were held on 30th April, 2004, 4th June, 2004, 15th June, 2004, 31st July, 2005, 16th August 2004, 30th October, 2004, 29th December, 2004, 28th January, 2005, 8th March, 2005.

Attendance of each Director at Board Meetings and Annual General Meeting (AGM) was as follows:-

Sl.No.	Name of the Director	No. of Board Meeting attended	Attendance at AGM held on 30.09.2004
1.	Mr. H.D. Saxena	9	Yes
2.	Mr. O.P. Saxena	9	Yes
3.	Mr. Sameer Saxena	9	Yes
4.	Mr. Bajrang Lal Sharda	7	Yes
5.	Mr. Raj Kumar Bhalotia	7	Yes

3) DETAILS OF DIRECTOR

Name of the Director	No. of Other Directorship in
	Pvt. Ltd Co. Public Ltd.Co.

Mr. H.D. Saxena	2	Nil
Mr. O.P. Saxena	5	1
Mr. Samir Saxena	9	1
Mr. Raj Kumar Bhalotia*	Nil	Nil
Mr. Bajrang Lal Sharda*	Nil	2 Nil

4) AUDIT COMMITTEE

i) An Audit Committee of the Board was constituted on 31st January 2002 with the following terms of reference:-

- a) Overseeing of the Company's Financial reporting process and the disclosure of its Financial information to ensure that the financial Statement is correct, sufficient and credible.
- b) Re-commending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any services.
- c) Reviewing with management the annual financial Statements before submission to the Board, focussing primarily on:-
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise or judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange(s) and legal requirements Concerning financial Statment.
 - Any related parties transaction.
 - Transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives or etc. that may have potential conflict with the interests of the Company at large.
- d) Reviewing with the management, external and internal auditors the adequacy of internal control system.
- e) Discussion with external auditors before the audit commences, nature and scope of audit as well as having post-Audit, discussion to ascertain any area of concern.
- f) Reviewing the Company's financial and risk management policies
- g) To look in to the reasons for substantial defaults in the payment to the depositors, Shareholders (in case of non-payment of declared dividend) and creditors.

ii) Composition, Name of Members and Chairman.

During the year ended March, 2005, 5 meetings of the Audit Committee were held, the dates being 30th April, 2004, 31st July 2004, 16th August, 2004, 30th October 2003, 28th January, 2005.

Members	Meeting attended	
Mr. Raj Kumar Bhatolia	- do -	5
Mr. Bajrang Lal Sharda	- do -	5
Mr. H.D. Saxena	- do -	5

iii) CHAIRMAN

Mr.H.D. Saxena, Director is the Chairman of the Audit Committee.

iv) Invitees entitled to attend as per relevant, provisions.

- a) The Statutory Auditors

5) **BOARD PROCEDURE**

In the year 2004-2005 Meetings of the Board were held. The intervening period between two Board meetings was well within the maximum time gap of three months prescribed in clause 49 of the Listing Agreement. The minimum information to be made available to the Board as per Annexure - 1 forming part of clause 49 are being complied with. Informations on Foreign Exchange exposures are not required at present, as company has no foreign exchange earning and has no Foreign Exchange outgo.

6. **MANAGEMENT**

Management discussions and analysis are a part of the annual report.

7. **SHARE HOLDERS INFORMATION**A) **DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTOR**

Pursuant to the provisions of the Companies Act, 1956 Mr.Hari Das Saxena & Mr.Raj Kr. Bhalotia retires at the Annual General Meeting and coming Directors retiring by rotation as specified in the notice offer themselves for appointment.

B) **DISCLOSURES**

i) As per written explanation obtained from the management there are no transaction of material nature with Directors/ Promoters or any related entity, which will have any potential conflict with the interests of the Company at large.

ii) As per written explanation obtained from the management there is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other Statutory authority on any matter related to Capital Markets during the last three years/period. However, company has not fulfilled following listing requirements.

- i) No Quarterly Yearly "Limited Review" was conducted by the auditors during 2004-2005.

C) **PUBLICATION OF FINANCIAL RESULTS**

The Company gives coverage through leading financial news paper the quarterly results.

D) **SHAREHOLDERS & INVESTORS' GRIEVANCE COMMITTEE OF BOARD**

The Company has formed the "Shareholders" & Investors Grievances-Committee of Board in the meeting of the Board held on January 31, 2002. This Committee is chaired by Mr.Bajrang Lal Sharda, Director. The other members are Mr.Sameer Saxena and Mr. O. P. Saxena. As per written explanation obtained from the management the Company has not received any complaint from its shareholders/Investors during this year.

E) SHARE TRANSFER COMMITTEE OF BOARD:

The Registrar and share transfer Agent, was delegated authority to attend to share transfer formalities at least once in a fortnight, to be subsequently rectified by the Share Transfer Committee of Board. This was done mainly to expedite the process of share transfer in the interest of share holders and the investors.

9) GENERAL INFORMATION**A) GENERAL BODY MEETINGS**

YEAR	DATE	TIME	VENUE
			4A, Council House St. Kolkata - 700 001
2001-2002	30.09.2002	11.00 A.M	-Do-
2002-2003	30.09.2003	11.00 A.M	-Do-
2003-2004	30.09.2004	11.00 A.M	-Do-

B) MEANS OF COMMUNICATION

The Company publishes unaudited quarterly, half yearly and annual Financial Results in the Financial Expenses & Kalantar at Kolkata.

Registrar and Share Transfer Agent for Demat & Physical Shares
S.K.COMPUTERS
34/1A, Sudhir Chatterjee St.,
Kolkata - 700 006
Tel. No.2219-6797/4815
Fax No. 2219-4815

C) WHEN AND WHERE TO CONTACT FOR SHARE RELATED SERVICE**FOR ROUTINE MATTERS**

Any assistance regarding Share Transfer and Transmission, change of Address, non-receipt of Dividend, Duplicate/Missing Share Certificates, Demat and other matters please write to or contact Registrars & Share Transfer Agent of the Company at the above address.

FOR REDRESSAL OF COMPLAINTS & GRIEVANCES

Please write or contact:-

Mr. Adinath Banerjee

E) ANNUAL GENERAL MEETING

DAY	Friday
DATE	September 30, 2005.
TIME	11.00 A.M.
VENUE	4A, Council House St. Kolkata - 700 006.

F) FINANCIAL YEAR

April 1, 2003 to March 31, 2005.

G) DATE OF BOOK CLOSURE

September 25, 2005 to September 30, 2005, both days inclusive.

H) DIVIDEND PAYMENT DATES

No Dividend was declared for the year.

I) LISTING ON STOCK EXCHANGES

The Company's shares are listed and traded at the following Stock Exchanges:-

- 1) The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata - 700 001
- 2) The Stock Exchange, Mumbai
P.J. Towers, Dalal Street,
Mumbai - 400 001

J) STOCK CODE

Kolkata Stock Exchange : 15063
The Stock Exchange, Mumbai : 31502

K) DISTRIBUTION OF SHARES HOLDING AS ON 31ST MARCH, 2005

i) According to category of Holding.

Category	No. of Shares	% of Shares
Resident Promoters	400155	8.00
Indian Financial Institute	250000	5.00
Other Corporate Bodies	3090845	61.82
Nationalised Banks & Mutual Fund	185600	3.71
N.R.I.	502500	10.05
Public	570900	11.42
Total	5000000	100.00

ii) According to number of ordinary shares hold.

No. of Ordinary Shares Held	No. of Shareholders	% of Shareholders
1 - 500	1294	86.67
501 - 1000	29	1.94
1001 - 2000	50	3.35
2001 - 3000	15	1.00
3001 - 4000	10	0.67
4001 - 5000	4	0.27
5001 - 10000	29	1.94
10001 & above	62	4.16
Total	1493	100.00

M) COMPLIANCE CERTIFICATE

Compliance Certificate for Corporate Governance from the Auditors of the Company is annexed herewith.

10) Non Mandatory Requirements

- a) Chairman of the Board
The Company does not have a Chairman. At every Board Meeting, a Director is elected as Chairman to preside over the Meeting. Hence, there is no separate office in the Company provided for use of Chairman.
- b) Remuneration Committee
The Company has not appointed a Remuneration committee.
- c) Shareholders Rights
Half yearly/quarterly financial results including summary of the significant events are presently not being sent to the shareholders of the Company.
- d) Postal Ballot
No resolutions are being proposed to be passes by postal ballot.

For ESSAR (INDIA) LIMITED



1. HARI DAS SAXENA
Director

Dated this 16th day of August, 2005.

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Agarwal Gupta Nokari & Rustagi Associates

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AUDITOR'S REPORT

TO
THE DIRECTORS OF M/S. ESSAR (INDIA) LIMITED

As required by the "NBFC Auditors Report (Reserve Bank) Directions, 1998" issued by Reserve Bank of India in terms of Section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934) and on the basis of such checks as we considered appropriate, we hereby state that:-

(A) The Company has applied for registration as provided in Section 45IA of the Reserve Bank of India Act (2 of 1934) and has received due communication from RBI to this effect vide their Certificate No. 05.01860 dated 30.04.1998.

We further state that:-

(i) The Board of Directors has passed a resolution in their meeting dated 30th April, 2004 for the non-acceptance of any Public Deposit.

(ii) The Company has not accepted any Public Deposits during the relevant year; and.

However, the Company has appended to its Balance Sheet, the particulars in the prescribed format at Schedule 17 as required vide para 9BB of the Non-Banking Companies prudential Norms (Reserve Bank) Directions, 1998.

FOR AGARWAL GUPTA NOKARI &
RUSTAGI ASSOCIATES
Chartered Accountants



(B. C. NOKARI)
Partner
Membership No. 17387

12, Waterloo Street, Kolkata - 700 069.

Dated, this 16th day of August, 2005.

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