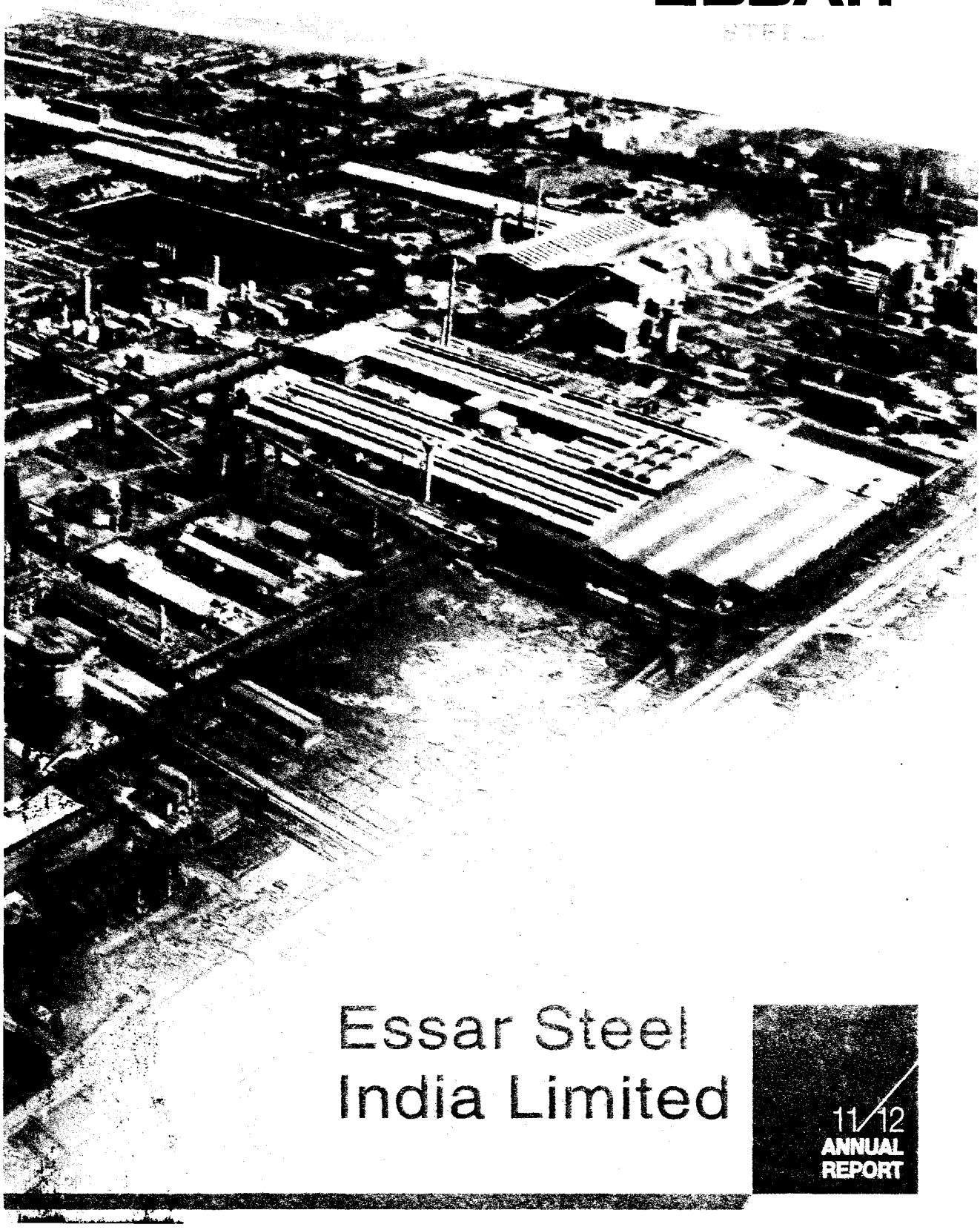
ESSAR



Essar Steel India Limited

11/12 ANNUAL REPORT

BOARD OF DIRECTORS

S. N. Ruia	Chairman
P. S. Ruia	(upto 28.03.2012)
S. V. Venkatesan	
Jatinder Mehra	
V. G. Raghavan	
K. V. Krishnamurthy	
Jitender Balakrishnan	
Rana Som	(w.e.f. 03.09.2012)
Malay Mukherjee	(upto 31.12.2011)
Dilip Oommen	Managing Director & CEO
Vikram Amin	(upto 03.09.2012)
Mahadev Iyer	(upto 03.09.2012)
Amit Agarwal	Director (Finance)
Alok Gupta	Director (Marketing) (w.e.f. 03.09.2012)
Rakesh Darji	Company Secretary

REGISTERED OFFICE

Post : Hazira Pin : 394 270
Dist : Surat,
Gujarat
Tel. : 0261-668 2400
Fax : 0261-668 5731

CORPORATE OFFICE

Essar House,
11 Keshavrao Khadye Marg,
Mahalaxmi, Mumbai - 400 034
Tel. : 022-66601100
Fax : 022-23532695

Tower 2,
Equinox Business Park,
(Peninsula Techno Park)
Off Bandra -Kurla Complex
L B S Marg, Kurla (W),
Mumbai - 400 070.
Tel. : 022-67335000
Fax : 022-67082198

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BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Corporation Bank
Export Import Bank of India
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Indian Overseas Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Patiala
Syndicate Bank
The Federal Bank Ltd.
The Jammu & Kashmir Bank Ltd.
UCO Bank
Union Bank of India
Yes Bank Ltd.

AUDITORS

M/s Deloitte Haskins & Sells,
Chartered Accountants
Heritage, 3rd Floor,
Near Gujarat-Vidhyapith,
Off Ashram Road,
Ahmedabad - 380 014

REGISTRAR & SHARE TRANSFER AGENT

Data Software Research Company Private Limited
Unit : Essar Steel India Limited
19, Pycrofts Garden Road, Off Haddows Road,
Nungambakkam, Chennai - 600 006.
Tel. : (044) 2821 3738, 2821 4487
Fax : (044) 2821 4636
E-mail : essar.steel@dsrc-cid.in

Visit us at our website

http://www.essar.com

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of Essar Steel India Limited will be held at the Registered office of the company at Essar International School, Nandniketan Township, Hazira, Dist: Surat, Gujarat, Pin-394270 on Saturday, October 20, 2012 at 2.00 p.m. to transact, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in the place of Shri S N Ruia who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in the place of Shri J Mehra who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in the place of Shri J Balakrishnan who retires by rotation and being eligible, offers himself for reappointment.

5. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration and consider passing the following resolution.

   "RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having Audit Firm registration No.117365W be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and that they be paid remuneration as agreed mutually between them and the Board of Directors of the Company and the said Auditors be paid out-of-pocket expenses incurred by them in connection with the audit of accounts of the Company."

SPECIAL BUSINESS

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

   "RESOLVED THAT Shri Rana Som who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 82 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director, along with a deposit of Rs. 500, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

   "RESOLVED THAT Shri Alok Gupta, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 ('the Act') read with Article 82 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Act, in writing, proposing his candidature for the office of the Director along with a deposit of Rs.500, be and is hereby appointed as a Director of the Company."

   "RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269, 309 and 318 read with Schedule XIII (as may be in force or amended from time to time) and other applicable provisions if any, of the Act, or any statutory modification(s) or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the appointment of Shri Alok Gupta as Whole-Time Director designated as Director (Marketing) of the Company for a period of three (3) years from September 03, 2012 to September 02, 2015 on the terms and conditions including remuneration as set out hereunder with power to the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any Committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to determine, alter and vary the terms and conditions and/or remuneration:-

   (a) Salary:

   Basic Salary in the scale of Rs. 5,00,000 to Rs. 12,00,000 per month, as may be determined by the Board of Directors or Committee of Directors (Remuneration) or such other authority as may be delegated by the Board of Directors from time to time.

   (b) Perquisites:

   i. Provident Fund, Superannuation, Gratuity, Leave Travel Concession, Reimbursement of Medical Expenses – As per rules of Company.

   ii. Perks – Company provided accomodation, subject to maximum of Rs. 50 lakh per annum.

   iii. Allowances, Performance Bonus and Reimbursements not exceeding Rs. 15 lakh per month,

   subject to overall remuneration not exceeding Rs. 350 lakhs per annum.

   In addition to this, he will be entitled to units under Stock Appreciation Rights Scheme of the Company.

   "RESOLVED FURTHER THAT even in the absence of or inadequacy of profits in any Financial Year, subject to the provisions of Schedule XIII of the Act, and such other approvals as may be required, Shri Alok Gupta, be paid the same remuneration as mentioned above as minimum remuneration for the entire tenure or such period as may be approved by the Shareholders of the Company and/or Central Government, if required."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable in order to give effect to this resolution."

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

"**RESOLVED THAT** pursuant to provisions of Section 31 of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered in the following manner:

(i) **The following para be inserted at the end of Article 59 (2) :-**

For the purpose of quorum, at any General Meeting participation by members in a General Meeting through video conferencing or teleconferencing or through any other electronic or other media shall also be considered as valid as permitted by applicable laws from time to time.

(ii) **The following para be inserted at the end of Article 66 (c) :-**

Such voting in a General Meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.

(iii) **The existing Article 85 be amended as follows:-**

(1) The Directors may meet together in person or by telephone conference, video conference or any other form of audio or audio-visual instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants for the despatch of business, adjourn and otherwise regulate their meetings as they think fit subject to the provisions of Section 285 of the Act, and determine the quorum necessary for the transaction of business.

(2) A director may, and manager or secretary on the requisition of a director shall at any time, summon a meeting of the board.

(3) Subject to Section 287 and other applicable provisions (if any) of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained one third being rounded off as one) or two Directors, whichever is higher. Provided that where at any time the number of interested Directors exceeds or is equal to two third of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested and present at the meeting, being not less than two, shall be the quorum during such meeting or transaction of such business and a meeting of the Board of Directors for the time being, at which a quorum is not present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Act or the Articles of Association of the Company, for the time being vested in or exercisable by the Board of Directors generally.

(iv) **The Article No. 88 (3) be deleted.**

(v) **The following Article be inserted and numbered as Article 88A.**

88A. All Directors participating at a meeting by telephone conference, video conference or any other form of audio or audio-visual instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants shall be considered for all purposes of these Articles to be present in person at that meeting and the place at which such a meeting was held shall be deemed to be the place where the chairman of the meeting conducted the meeting, unless otherwise agreed by the Directors. The minutes of such a meeting signed by the chairman of the meeting shall be conclusive evidence of any resolutions of any meeting conducted in the manner stated above.

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:-

"**RESOLVED THAT** in accordance with provisions of section 81(1A) read with Unlisted Public Companies (Preferential Allotment) Rules, 2003 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or reenactments thereof for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 1999 Rules and Regulations made thereunder and subject to approval, permission or consent, if required of the concerned authorities whether statutory or not, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this resolution) to issue and allot within a period of twelve months from the date of passing of the resolution, in one or more installments, on preferential basis such number of equity shares of Rs.10/- each for an amount not exceeding Rs.1,500 Crores to the holding company/ any of the chain holding company / ultimate holding company / promoter companies / group or associate companies or any of the promoter(s) considering them as separate class / classes of persons whether they be members of the Company or not on such terms and conditions and on such price as the Board may in its absolute discretion deem fit."

"**RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized to take such steps as may be necessary for obtaining approvals,

statutory, contractual or otherwise, in relation to the above and settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to any Director of the Company and generally to do all acts, deeds and things may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"**RESOLVED THAT** subject to the directions and guidelines of Government of India for issue of foreign currency bonds and other securities and the provisions of all applicable regulations including Section 81 and any other applicable provisions of the Companies Act, 1956 or re-enactment thereof, for the time being in force, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 (including any Statutory modification or re-enactment thereof, for the time being in force) and any other applicable provisions, schemes, rules & regulations, guidelines and circulars issued by Reserve Bank of India or any other authority, and rules as applicable from time to time as also in accordance with the provisions of the Memorandum and Article of Association of the Company and also subject to necessary consents/approvals, permissions and sanctions of concerned Government/Statutory and other Regulatory Authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee thereof) the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot either in India or in the course of international offering(s) in one or more foreign markets, such number of Foreign Currency Convertible Bonds (FCCBs) and/or Equity Shares and/or any other Financial Instruments convertible into Equity Shares or otherwise, in registered or bearer form and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (hereinafter collectively referred to as "Securities") or combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any person, including foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Banks, Insurance Companies, Pension Funds, Non-Resident Indians and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "Investors") through public issue(s) of prospectus, private placement memorandum and/or any other offering memorandum, private placements(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment of the securities shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Lead Managers, up to an amount not exceeding Rs.3000 Crores or its equivalent in foreign currency, for such amount within the aforesaid limit as determined by the Board inclusive of such premium as the Board at its absolute discretion may deem fit and on such terms and conditions as may decided by the Board from time to time as it may deem appropriate in the interest of the Company."

"**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practice and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to terms and conditions in relation to payment of interest, additional interest, premium on redemption, pre-payment and any other debt service payments whatsoever including terms for issue of additional Securities and the Board be and is hereby authorised at its absolute discretion, in such manner as it may deem fit, to dispose of such of the Securities as are not subscribed."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any Securities or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the existing Equity Shares of the Company in all respects."

"**RESOLVED FURTHER THAT** (i) the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and (ii) the relevant date for the determination of applicable price."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint Lead Managers, underwriters, Guarantors, Depositors, Custodians, Registrars, Trustees, Bankers, Advisors (Legal, Financial or otherwise) and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc, with such agencies and to seek the listing of such Securities on one or more National and/or International Stock Exchanges(s)."

"RESOLVED FURTHER THAT such of the Securities and/or securities representing the same and/or equity shares to be issued, that are not subscribed to, may be disposed of by the Board, to such persons and in such manner and on such terms, as the Board/Committee may in its absolute discretion think fit as permissible under applicable law."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities and/or securities representing the same and/or equity shares, as described hereinabove, the Board, be and is hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things at its discretion deem necessary or desirable for such purpose, including without limitation, the utilization of issue proceeds, entering into underwriting, indemnification, escrow, marketing and depository arrangements in connection with the issue and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment, as it may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities and/or securities representing the same and/or equity shares, as described hereinabove, the Board, be and is hereby authorised, on behalf of the Company, to authorize any person or persons to jointly or singly, negotiate, finalise, issue, execute, sign and/or deliver any and all documents, agreements, writings, issue receipts, certificates and undertakings and execute/sign/deliver any other instruments/letters/undertakings/receipts/or instruments or writing in issue or allotment of Securities and/or securities representing the same and/or equity shares, as described herein above, (whether pre or post the issue)."

"RESOLVED FURTHER THAT subject to the above, the Board be and is hereby authorised to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s) made in terms hereof without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed have given their approval there to expressly, authority of this resolution."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised and empowered to delegate all or any of the powers herein conferred to any Committee of Directors and/or any whole time Director(s) and/or any officer(s) of the Company."

11. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:-

"RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting held on 29th November,1990 and pursuant to Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s)or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors of the Company to contribute to charitable and other funds not directly relating to the business of the Company or the welfare ot its employees, any amount the aggregate of which in any financial year does not exceed Rs. 5 Crores (Rupees Five Crores) or five percent of the Company's average net profits computed as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act,1956, during the three financial years immediately preceding, whichever is greater."

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

By Order of the Board of Directors
For Essar Steel India Limited

Place: Mumbai **Rakesh Darji**
Date : 7th September, 2012 **Company Secretary**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND A PROXY (IES) NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxy forms, in order to be valid, should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from October 15, 2012 to October 20, 2012 (both days inclusive)

3. The Chairman of the Audit Committee of Directors shall be present at the Annual General Meeting to answer queries of shareholders arising out of the Accounts of the Company.

4. (a) Pursuant to the general exemption granted by the Ministry of Corporate Affairs, Government of India vide its General Circular No: 2/2011 File No: 5/12/2007-CL-III dated 8th February, 2011 issued under Section 212 of the Companies Act, 1956 and in terms of resolution passed by the Board of Directors at its meeting held on 7th September, 2012 giving its consent for not attaching the Annual Accounts of the subsidiary companies, the Directors' Report, Auditors' Report, Balance Sheet and Profit and Loss Account of the Subsidiary Companies are not attached to this report.

   (b) The Company has fulfilled the conditions (i) to (v) & (vii) of the said circular by attaching the audited consolidated financial statement of the holding and all the subsidiary companies. As directed in the said Circular, abstract of the Financial Statements of the Subsidiaries are attached to this report.

(c) The Audited Annual Accounts of the Company and all its subsidiaries shall be made available free of cost to any shareholder on demand; and will be available for inspection at the Registered Office at Hazira between 11:00 a.m. and 1:00 p.m. on any working day (excluding Saturdays and Sundays) upto the date of AGM.

5. Members holding shares in physical form are requested to notify / send the following to Company's **R & T Agents, Data Software Research Co. Pvt. Ltd., 19, Pycrofts Garden Road, Off Haddows Road, Nungambakkam, Chennai-600006** to facilitate better servicing:-

   a) any change in their address / mandate / bank details / e-mail address,

   b) particulars of their bank account, in case the same have not been furnished earlier, and

   c) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.

6. All documents referred to in the accompanying notice and explanatory statement thereto are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

7. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.

8. Members desiring any information as regards the Accounts are requested to write to the Company at least 15 days before the date of the meeting, as to enable the management to keep the information ready.

9 Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.

10. Important Communication to Members:-

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses through their concerned Depository Participants and / or to the Share Transfer Agents of the Company. **You may fill the form given in the Annual Report for registering your email address.**

11. Members may please note that for transfer of shares in physical form, furnishing copy of PAN Card is mandatory.

12 Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.

13. During the financial year 2007-08 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each were redeemed. The redemption proceeds alongwith the accumulated dividend thereon were sent to eligible members during January, 2008.

Members are requested to note that dividends not encashed or claimed within seven years and 30 days from the date of declaration of the Dividend, will, as per Section 205A (5) read with Section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund of Government of India. In view of this, members are advised to send all the unencashed redemption warrants pertaining to these years to our Registrars for revalidation and encash them before the due date.

Financial Year	Date of redemption	Last date for claiming unpaid Dividend	Due date for transfer to Investor Education and Protection Fund
2007-2008	January 9, 2008	January 8, 2015	February 7, 2015

14. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business mentioned in Item Nos. 6 to 11 of the accompanying Notice are annexed hereto.

ANNEXURE TO NOTICE

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

Item No.6

Shri Rana Som was appointed as an Additional Director with effect from September 03, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office upto the date of the forthcoming Annual Generai Meeting. The Company has received requisite notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director.

Shri Rana Som aged 60 years is MA (Economics) and PG Diploma in Personnel Management. In his long and glorious career spanning over 40 years, Shri Rana Som has specific expertise and vast experience in the area of Human Resource Management. He had been the Chairman and Managing Director of NMDC Ltd., a Navratna Public Sector Undertaking of the Government of India and the largest iron ore mining company in India. Prior to joining NMDC, Shri Som was Director (HR) in State Trading Corporation India Ltd. and Director (Personnel) in Hindustan Copper Ltd. He also held the post of Chairman cum Managing Director in Hindustan Copper Ltd. for a period of about 1½ years and was successful in turning around the perennially sick company within a short span. He has served public sector boards as a presidential appointee for a period of more than 11 years. Shri Som was awarded the Life Time Achievement Award for his outstanding contribution for the "Overall Development of Indian Non-Coal Mining Industry through Effective Leadership & Innovation."

The Board recommends the resolution for appointment of Shri Rana Som as a Director of the Company as set out at Item no. 6 of the Notice for your approval.

Except Shri Rana Som none of the other Directors is in any way concerned or interested in the aforesaid resolution.

Item No.7

Shri Alok Gupta was appointed as an Additional Director/ Whole-time Director with effect from September 03, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office upto the date of the forthcoming Annual General Meeting. The Company has received requisite notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director. Brief profile of Shri Alok Gupta is provided in statutory details given below.

Accordingly a resolution proposing his appointment as Whole-time Director designated as Director (Marketing) is placed before you for your kind approval. A statement containing information required to be provided to the shareholders as per the provisions of Schedule XIII in respect of appointment of Shri Alok Gupta is given below.

I. GENERAL INFORMATION :

(1) **Nature of industry** : Manufacturing and processing of Steel, Steel Hot Rolled Coils, Steel Cold Rolled Coils, Steel Plates, Steel Pipes and other steel products.

(2) **Date or expected date of commencement of commercial production**: Not applicable, as the Company is an existing Company.

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** : Not Applicable

(4) Financial performance based on given indicators

Amt. in Rs. Crores

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
Total Income	10,893.01	12,827.59	**16,810.66**
Totai Expenditure	9,128.59	11,009.93	**14,873.18**
Profit/(Loss) After Tax	22.45	(166.27)	**(1251.56)**
Earning Per Share	0.09	(0.72)	**(4.84)**

(5) Export performance and net foreign exchange collaborations

Amt. in Rs Crores

Particulars	2009-10	2010-11	2011-12
a) Foreign exchange directly earned through export	1,109.23	2,022.76	**4155.75**
b) Other earning	55.39	162.22	**187.27**
c) Total foreign exchange used	4,877.37	5220.26	**5133.15**

(6) Foreign investments or collaborators, if any: As per register of members, Essar Steel Limited, Mauritius, (ESLM) has till date made foreign investment of approx. Rs.6,000 Crores in the equity share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

(1) **Background details:** Shri Alok Gupta is Group Head-Essar Retail, which currently comprises of consumer electronics, mobile, steel & energy. With over 24 years of industry experience, Alok joined Essar from Café Coffee Day where in his capacity as a Director, he was responsible for expanding the reach of Café Coffee Day & building coffee culture amongst Indian consumers. Prior to that assignment, Alok has worked with United Spirits part of the UB group for 15 years. His last role there was as Head of Operations of Whyte & Mackay, Scotland. Alok has also worked with the airline division of UB Group. Alok is a management graduate from IMT (Ghaziabad) and has attended the Advanced Management Program at Harvard Business School.

(2) **Past remuneration:** Shri Alok Gupta has received a remuneration of Rs.240 Lakh for the financial year 2011-12 and Rs.231 Lakh for the financial year 2010-11.

(3) **Recognition or awards:** Not Applicable

(4) **Job profile and his suitability :** Shri Alok Gupta is responsible for the entire sales and marketing functions of the Company. His qualification, outstanding experience and marketing skills are most suitable for the responsibilities shouldered by him.

(5) **Remuneration proposed:** Salary in the range of Rs.5,00,000 to Rs.12,00,000 per month and other allowance, Performance Bonus, and contribution to PF/superannuation aggregating up to Rs.15 Lakh per month, Perk of Company Accommodation upto Rs. 50 Lakh per annum subject to overall remuneration not exceeding Rs.350 Lakh per annum.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.** The remuneration offered to Shri Alok Gupta is at par with the industry norms considering the industry, size of the Company, profile of the position and person.

(7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.** : Shri Alok Gupta is not related to the Company, its Directors or any of the managerial personnel. He is independent qualified professional person.

It is declared that Shri Alok Gupta is not having any interest in the capital of the Company or its holding company, directly or indirectly or through any other subsidiary structures and does not have any direct or indirect interest or related to the directors or promoters of the Company or its holding company at any time during the last two years before or on the date of appointment and is having required qualification with expert and specialized knowledge in the field of his profession.

III. OTHER INFORMATION :

(1) Reasons of loss or inadequate profits: The transportation of slurry through the 267 Km slurry pipeline from the Beneficiation Plant at Kirandul to the Pellet Plant at Vizag was suspended from Oct'11 due to damage to the pipeline caused by miscreants. This along with global recession, eurozone crisis, slow down of Indian economy and reduced Government spendings for infrastructure and resultant pressure, international steel prices, non availability of Reliance Gas, increased cost of raw material, Iron ore fines, pellets and coal and also cost of servicing high debt had an adverse effect on profitability of the company.

(2) Steps taken or proposed to be taken for improvement: To mitigate the adverse impact, the company took various measures such as making alternate arrangements of movement of Iron Ore through rakes, and purchase of iron ore fines and pellets from other sources. In addition increase in present capacities is being undergoing which will improve overall performance of the Company over a period of time.

(3) Expected increase in productivity and profits in measurable terms: The Company has made substantial investment in enhancing its steel manufacturing capacity to 10 MTPA. The facilities have commenced operations and are expected to contribute substantially to the profitability in the coming years.

IV. DISCLOSURES:

(1) Details of remuneration being offered are given in the above para.

(2) The Company has implemented a Stock Appreciation Rights Scheme (SARS) and under the said scheme Shri Alok Gupta was allotted 1,20,447 units of SARS.

(3) The overall remuneration consist of performance linked incentives upto maximum of Rs.350 Lakh per annum (excluding units allotted under SARS), or as may be altered from time to time;

(4) Shri Alok Gupta is not entitled to any severance fees or compensation for loss of office and Notice period is 3 months;

Section 269 read with Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of whole-time directors shall be subject to approval of shareholders in a general meeting. Accordingly, resolution at Item No.7 is proposed to seek approval of the shareholders of the Company by Special Resolution for appointment of Shri Alok Gupta as Whole-time Director designated as Director (Marketing) of the Company and payment of remuneration as specified therein.

Except Shri Alok Gupta none of the other Directors is in any way concerned or interested in the aforesaid resolution.

This notice along with the explanatory statement should also be considered as an abstract of the terms of the appointment of Shri Alok Gupta as whole-time director of the Company and a memorandum as to nature of concern or interest of the Directors in the said appointment.

Item No. 8

Amendment to Articles of Association of the Company

With a view to incorporate latest amendments in Companies Act, 1956 and circulars issued by the Ministry of Corporate Affairs, especially relating to participation in meeting through video conferencing it is proposed to alter the Articles of Association of the Company as proposed in the Item No.8.

In terms of Section 31 of the Companies Act, 1956, any amendment to the Articles of Association requires approval of the members by way of a Special Resolution.

Your approval is sought by Special Resolution proposed at Item No.8

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.9

In order to meet capital expenditure and operational requirements and to further strengthen its capital base by issue of new equity shares, it was resolved at the last Annual General Meeting of the Company held on December 17, 2011 to issue and allot equity shares to Essar Steel Limited, Mauritius erstwhile holding Company of the Company. In terms of the authority granted by the said resolution, till date an amount of Rs. 481.26 Crores have been infused by the holding Company and against that allotment of 10,01,12,800 equity shares was made during the period from 1st April, 2011 to 31st March, 2012.

As per Rule 6 of Unlisted Public Companies (Preferential Allotment) Rules, 2003, resolution passed under Section 81(1A) has to be acted upon within a period of 12 months from the passing of such resolution. In terms of said Rule the validity of the resolution passed at last Annual General Meeting shall expire on December 16, 2012.

In order to raise balance funds and to meet fund requirements, enabling resolution is required as proposed at Item No.9 of the Notice. Statutory information required to be disclosed in respect of proposed resolution are given hereunder.

As per the existing guidelines of Foreign Exchange Management Act, 1999 (FEMA) on issue of shares to person resident outside India/ Body Corporate outside India, the valuations of shares must be done by category I Merchant Banker or Chartered Accountant as per the Discounted Cash Flow method. The price of allotment shall not be less than fair value of share. The Company has approached a Chartered Accountant for valuations of shares and number of shares to be allotted would be decided accordingly. It is proposed to allot equity shares at such amount arrived at by the valuer or such other higher rate as per applicable laws as on the relevant date. The relevant date based on which the price per share is worked out is the date of notice of this AGM.

The entire issue is proposed to be allotted to any promoter / associate group company and therefore, no changes in the management/ control of the Company is expected. Post allotment equity share holding of Promoter Group Companies / Associates is expected to increase from 97.07% to 97.4% (approx.) in the Company.

Further in terms of Section 81(1A) of the Companies Act, 1956 read with Unlisted Public Companies (Preferential Allotment) Rules, 2003, further issue of equity shares on preferential basis requires approval of members of the Company by means of special resolution.

The allotment is expected to be completed within a period of 12 months from the date of passing of special resolution.

No Director be deemed to be concerned or interested in passing of this resolution, except shares if any, allotted to them or any other company or corporate in which they hold direct or indirect interest.

Item No.10

The Company is contemplating various alternatives, in India and in international market, for long term fund raising through equity, bond or any other form of hybrid securities to replace its high cost debts.

The modalities of such issues are under consideration of the management. The Company is approaching various agencies, institutional investors and financial institutions for the said purpose. It is therefore proposed to consider the enabling resolution as proposed at Item No.10 of the Notice.

The issue of securities shall be done at such price as may be calculated by independent valuer at the relevant point of time and with such terms and conditions as the Board may deem fit in the best interest of the Company.

Accordingly, consent of the members is sought by Special Resolution under Section 81(1A) of the Companies Act, 1956 for issue of such securities.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.11

Pursuant to Section 293(1)(e) of the Companies Act, 1956, Company can contribute to charitable and other purposes funds not directly relating to the business of the Company or the welfare of its employees in any financial year not exceeding Rs. 50,000 or five percent of company's average net profits as determined in accordance with the provisions of sections 349 & 350 of the Companies Act, 1956, during the immediately preceding three financial year, whichever is greater. Section 293(1)(e) permits to contribute in excess of these limits, if shareholders approve at the General Meeting. The Shareholders at the Annual General Meeting held on 29th November,1990 had authorised Board to make such contribution in any financial year upto a limit of Rs. 25 Lacs (Rupees Twenty Five Lacs) or five percent of the company's average net profits as determined in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956, during the immediately preceding three financial years, whichever is greater. In view of the Company's increasing social responsibility and company's contribution to charitable and philanthropic objects, it is proposed to increase the limit upto Rs. 5 Crores (Rupees five Crores) or five percent of the company's average net profits as determined in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater. The Directors recommend the said resolution as proposed at item no. 11 for your approval.

None of the Directors is concerned or interested in the Resolution.

By Order of the Board of Directors
For Essar Steel India Limited

Place : Mumbai
Date : 7th September, 2012

Rakesh Darji
Company Secretary