

Essar Steel India Limited

37th Annual Report 2012-13

BOARD OF DIRECTORS

S. N. Ruia	Chairman (upto 07.08.2013)
Jatinder Mehra	
V. G. Raghavan	
S. V. Venkatesan	(upto 29.05.2013)
K. V. Krishnamurthy	(upto 14.11.2012)
Jitender Balakrishnan	(upto 29.05.2013)
Rana Som	
S Santhanakrishnan	Nominee Director (SBI) (w.e.f. 12.03.2013)
Arvind Pande	(w.e.f. 29.05.2013)
S. S. Kohli	(w.e.f. 29.05.2013)
S. R. Jain	(w.e.f. 29.05.2013)
Alok Dhira	(w.e.f. 29.05.2013)
Dilip Oommen	Managing Director & CEO
Amit Agarwal	Director (Finance) (upto 08.11.2012)
Alok Gupta	Director (Marketing)
Ashutosh Agarwala	Director (Finance) (w.e.f. 29.05.2013)
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

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@dsr-cid.in

Visit us at our website

<http://www.essar.com>

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Seventh 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, 28th September, 2013 at 1:30 p.m. to transact, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 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 V. G. Raghavan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri Rana Som who retires by rotation and being eligible, offers himself for reappointment.
4. 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:

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri Arvind Pande 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 ₹500, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Shri S.S. Kohli 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 ₹ 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 modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri S. R. Jain 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 ₹500, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri Alok Dhiri 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 ₹500, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Shri Ashutosh Agarwala, 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 ₹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 Ashutosh Agarwala as Whole-Time Director designated as Director (Finance) of the Company for a period of three (3) years from 29th May, 2013 to 28th May, 2016 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 ₹ 7,50,000 to ₹ 10,00,000 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. Allowances, Performance Bonus and Reimbursements not exceeding ₹ 20 lakh per month, subject to overall remuneration not exceeding ₹ 350 Lakh 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 Ashutosh Agarwala, 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.”

10. To consider and, if thought fit, to pass with or without modifications, 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 re-enactments 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 ₹ 10/- each for an amount not exceeding ₹ 1,000 Crores to Essar Steel Asia Holdings Limited, Mauritius / Essar Steel Limited, Mauritius / 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 the Board of Directors of the Company be and is 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 as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

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

Place: Mumbai
Date: 7th August, 2013

Rakesh Darji
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 23rd September, 2013 to 28th September, 2013 (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 August, 2013 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:-
- any change in their address / mandate / bank details / e-mail address,
 - particulars of their bank account, in case the same have not been furnished earlier, and
 - 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 filed 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.
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 IEPF
2007-2008	9 th January, 2008	8 th January, 2015	7 th February, 2015

14. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business mentioned in Item Nos. 5 to 10 of the accompanying Notice are annexed hereto.

ANNEXURE TO NOTICE

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

Item No. 5

Shri Arvind Pande was appointed as an Additional Director with effect from 29th May, 2013. 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.

Educated at Allahabad and Cambridge Universities, Shri Arvind Pande joined the Indian Administrative Service in 1965 and spent the early years in Madhya Pradesh. He was Advisor to the Executive Director for India, Bangladesh and Sri Lanka at the World Bank, Washington D.C. from 1971 to 1974, representing the Govt. of India and assisting in processing of Bank assisted projects in India. He continued with World Bank assisted projects in the Department of Economic Affairs, Ministry of Finance, Govt. of India from 1974 to 1978. He was Director and Joint Secretary to the Prime Minister of India from 1981 to 1986, helping with policy and issues relating to Economic and Scientific Departments/ Ministries.

He moved to the Corporate Public Sector in 1986, joining the Board of Directors of Steel Authority of India Ltd.(SAIL) as a full time functional Director dealing with several areas like Corporate Planning, Personnel and Human Resources, Rourkela Steel Plant, Special Steel Plants, etc. to become Chairman and Chief Executive Officer from January 1997 to September 2002. During this period he successfully led the implementation of a major restructuring exercise for SAIL involving, among others, debt rescheduling, cost rationalization, productivity and quality improvements, reorganization of major assets and functions.

He has served/is serving on Boards / Committees / Advisory Groups of major organizations like the Board for Reconstruction of Public Sector Enterprises, Govt. of India, National Council of Applied Economic Research (NCAER), HDFC Bank Ltd, Coal India Ltd., Visa Steel Ltd., XIM Bhubaneswar, CII National Council, International Iron and Steel Institute, Bengal Aerotropolis Projects Ltd., Sandhar Technologies Ltd, Era Infra engineering Ltd, Posco India Ltd., Titagarh Wagons Ltd., JPAL SA at IFMR.

The Board recommends the resolution for appointment of Shri Arvind Pande as a Director of the Company as set out at Item no.5 of the Notice for your approval.

Except Shri Arvind Pande, none of the other Directors is in any way concerned or interested in the aforesaid resolution.

Item No. 6

Shri S. S. Kohi was appointed as an Additional Director with effect from 29th May, 2013. 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.

Shri Surinder Singh Kohli is an Independent Director on the Board of IDFC Ltd. Till recently, Shri Kohli was Chairman & Managing Director of India Infrastructure Finance Company Ltd (IIFCL), a wholly Government of India owned company engaged in the promotion and development of infrastructure. Under his leadership, IIFCL carved a niche for itself in financing infrastructure projects.

Shri Kohli has long experience as a banker, spanning 40 years having held position of Chairman and Managing Director of Punjab & Sind Bank and Punjab National Bank (PNB). During his Chairmanship at PNB, he undertook total transformation of the banks. Under his leadership, PNB became a techno-savvy bank by implementing core banking solution and introducing various technology-based products and services. Resultantly, PNB became the number one bank among the nationalized banks in terms of assets, asset quality, technology, profit after tax and RoA. PNB also emerged as one of India's Most Trusted Brands and the PNB Group floated three IPOs during his tenure which were highly successful.

Shri Kohli has held the chairmanship of Indian Banks' Association, a forum for promoting the interest of banks for two terms and has chaired several committees associated with financial sector policy. The committees he chaired dealt with variety of issues relating to SME financing, willful default in loans, financing sugar industry, Human Resources Development in the banking industry and reconstruction of distressed small industries, etc.

Mr. Kohli is a recipient of several awards including the Wharton-Infosys Ltd "Enterprise Transformation Award for Technology". He now holds directorship in 14 Companies in India.

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

Except Shri S.S.Kohli, none of the other Directors is in any way concerned or interested in the aforesaid resolution.

Item No. 7

Dr. S. R. Jain was appointed as an Additional Director with effect from 29th May, 2013. 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.

Dr. S R Jain holds Ph.D. from Institute of Ferrous Metallurgy, Moscow. Dr. S. R. Jain, is an expert in the Management of Steel and Heavy Industries and has over 40 years of experience in this field. He worked for 31 years in Steel Authority of India Limited in various capacities and was also its Chairman. He has also been the Chairman of Coal India Limited and Heavy Engineering Corporation Limited. He has also served as the President of Indian Institute of Metals and is currently the Chairman of Consteel India (P) Ltd., a Consultancy Company based in Delhi. He is associated with Neelachal Ispat as non-executive director.

The Board recommends the resolution for appointment of Dr. S. R. Jain, as a Director of the Company as set out at Item no.7 of the Notice for your approval.

Except Dr. S. R. Jain, none of the other Directors is in any way concerned or interested in the aforesaid resolution.

Item No. 8

Shri Alok Dhir was appointed as an Additional Director with effect from 29th May, 2013. 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.

Shri Alok is the founder and managing partner of the firm Dhir & Dhir Associates. He is a qualified Chartered Accountant and has been practicing law since 1983. He specializes in Corporate and Financial Restructuring, Insolvency Laws, Mergers & Acquisitions, Takeovers, Banking Law and Real Estate. Besides this, he also specializes in private equity placements, structuring of transactions for turning around of financially unviable entities in the country and issues related to Asset Reconstruction & Securitization.

He has been co-opted as a member on the National Committee on Dispute Resolution by CII and has also been appointed by the Indian Institute of Corporate Affairs (IICA) on the Panel of Experts for the subject relating to Corporate Rescue and Asset Reconstruction. He has been ranked as a "Leading Individual in Insolvency Practice" by many leading legal publications including Chambers & Partners, IFLR and Legal 500.

The Board recommends the resolution for appointment of Shri Alok Dhir, as a Director of the Company as set out at Item no.8 of the Notice for your approval.

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

Item No. 9

Shri Ashutosh Agarwala was appointed as an Additional Director/ Whole-time Director with effect from 29th May, 2013. 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 Ashutosh Agarwala is provided in statutory details given below.

Accordingly a resolution proposing his appointment as Whole-time Director designated as Director (Finance) 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 Ashutosh Agarwala 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 ₹ Crores

Particulars	FY 2010-11	FY 2011-12	FY 2012-13
Total Income	12,827.59	16,810.66	15,339.61
Total Expenditure	11,009.93	14,873.18	13,517.30
Profit/Loss After tax	(166.27)	(1251.56)	(2,784.94)
Earning Per Share	(0.72)	(4.84)	(10.59)

- (5) Export performance and net foreign exchange collaborations
Amt. in ₹ Crores

Particulars	2010-11	2011-12	2012-13
a) Foreign exchange directly earned through export	2,022.76	4155.75	3,692.79
b) Other earning	162.22	187.27	247.29
c) Total foreign exchange used	5220.26	5133.15	4,778.25

- (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. ₹6,700 Crores in the share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background details: With more than 24 years of experience, Shri Ashutosh joined the Company from Jindal Steel and Power Limited (JSPL), where he held the position of Chief Financial Officer & Director Finance for the Steel and Cement business. Prior to this, he was the CFO for the JSPL Power business and handled the

Finance & Accounts function. He was a member of the leadership team and participated in all key business and management initiatives of the Jindal Group.

Shri Ashutosh has also previously in his career held senior leadership positions with established companies like ICICI Bank, Nagarjuna Fertilizers, Aditya Birla Group and GMR Infrastructure. He has a consistent track record of successfully completing a wide spectrum of noteworthy transactions in the areas of Mergers & Acquisitions as well as Debt & Equity Capital Raising for Infrastructure development.

Shri Ashutosh holds a B. Tech degree in Chemical Engineering from the Institute of Technology-BHU, and has also completed his post-graduation in Management from the Indian Institute of Management (Bangalore) with specialization in Finance & Strategy.

The Company has received consent from him under Section 264 of the Companies Act, 1956 to act as Director of the Company.

- (2) Past remuneration: Shri Ashutosh Agarwala has received a remuneration of ₹ 200 Lakh for the financial year 2012-13 and ₹ 150 Lakh for the financial year 2011-12.
- (3) Recognition or awards: Not Applicable
- (4) Job profile and his suitability: Shri Ashutosh Agarwala is responsible for the financial functions of the Company. His qualification, outstanding experience and finance skills are most suitable for the responsibilities shouldered by him.
- (5) Remuneration proposed: Salary in the range of ₹7,50,000 to ₹10,00,000 per month and other allowance, Performance Bonus, and contribution to PF / superannuation aggregating up to ₹20 Lakh per month, subject to overall remuneration not exceeding ₹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 Ashutosh Agarwala 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 Ashutosh Agarwala 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 Ashutosh Agarwala 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 spending's 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, replacement of high cost rupee loan with foreign currency loans etc. 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 Ashutosh Agarwala will be entitled to units of SARS as allocated based on pre-defined criteria under the said Scheme.
- (3) The overall remuneration (inclusive of performance linked incentives) is upto maximum of ₹350 Lakh per annum (excluding units allotted under SARS), or as may be altered from time to time;
- (4) Shri Ashutosh Agarwala 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.9 is proposed to seek approval of the shareholders of the Company by Special Resolution for appointment of Shri Ashutosh Agarwala as Whole-time Director designated as Director (Finance) of the Company and payment of remuneration as specified therein.

Except Shri Ashutosh Agarwala, 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 Ashutosh Agarwala 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. 10

In order to meet capital expenditure and operational requirements and to further strengthen capital base by issue of new equity shares, it was resolved at the last Annual General Meeting of the Company held on 20th October, 2012 to issue and allot equity shares to holding Company or any other promoter group Company/ies. In terms of the authority granted by the said resolution, since last AGM to till date an amount of ₹ 764.86 Crores have been infused by the holding Company and against that allotment of 168,174,556 equity shares was made during the period from November, 2012 to June, 2013.

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 19th October, 2013.

In order to raise balance funds and to meet fund requirements, enabling resolution is required as proposed at Item No.10 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 value 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 97.27% to 97.45% (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 can 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.

By Order of the Board of Directors

For Essar Steel India Limited

Place: Mumbai
Date: 7th August, 2013

Rakesh Darji
Company Secretary

DIRECTORS' REPORT

To the Members of **Essar Steel India Limited**

Your Directors have pleasure in presenting the 37th Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2013.

FINANCIALS

(₹ in Crore)

Particulars	Year ended	
	31-Mar-13	31-Mar-12
Sales and other Income	15,339.61	16,810.66
Profit before Finance Costs, Exchange variation and Derivative Losses, Depreciation / Amortization, Exceptional Items and Taxation	1,822.31	1,937.48
Less: Finance Cost	2,480.98	1,862.99
Less: Exchange variation and Derivative Losses (net)	658.90	372.30
Less: Depreciation / Amortization	1,562.21	986.37
(Loss) before Exceptional Items and Taxation	(2,879.78)	(1,284.18)
Less: Exceptional Item	1,346.55	-
(Loss) before Taxation	(4,226.33)	(1,284.18)
Add: Deferred tax credit	1,442.34	31.04
Less: Short / (excess) tax provisions related to earlier years (Net)	0.95	(1.58)
(Loss) after taxation	(2,784.94)	(1,251.56)
Add: Balance brought forward from previous year	456.80	1,708.36
Balance carried forward to next year	(2,328.14)	456.80

DIVIDEND

Your Directors do not recommend any dividend for the year.

GLOBAL SCENARIO

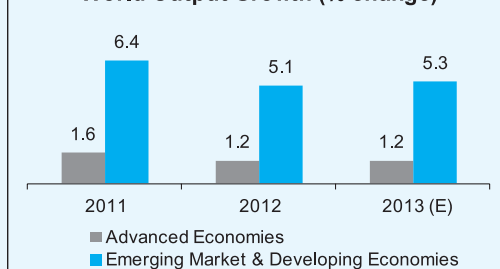
FY 2012-13 remained a turbulent year for the Global Economy. Based on World Economic Outlook published by the International Monetary Fund, economic growth collapsed during the first quarter of the fiscal year amidst growing uncertainty linked to high government debt in the US and the European Union, precipitated by the crisis emerging from Spain. Policy tightening due to capacity constraints, concerns linked to deteriorating credit portfolios, weaker demand from Advanced Economies and country-specific factors slowed Gross Domestic Product (GDP) growth in Emerging Markets.

Economic conditions improved modestly during the second quarter with global growth increasing to about 3% - largely based on acceleration in Emerging Markets, and the US. While global financial conditions improved further during the 3rd quarter, macro-indicators (industrial production and trade) suggested only a temporary revival linked to inventory accumulation. In fact, weakness from the Euro zone

spilled into its periphery; Japan contracted.

During the 4th quarter of the fiscal year, global economic activity stabilized in Advanced Economies and picked up in Emerging Markets supported by policies and renewed confidence.

World Output Growth (% change)



INDIAN SCENARIO

Sustained clamp-down on inflation remained the central theme of domestic macro-economic decisions during FY 2012-13. High interest rates and other policy restrictions created a liquidity crunch. This impacted new project investments and restricted domestic consumption. Prevailing economic uncertainties in international markets offered limited refuge. The outcome is evident in the quarter-on-quarter dilution in India's GDP growth rate.

Domestic demand remained sluggish across the spectrum of economic sectors in India.

- Industry (comprising the mining and quarrying, manufacturing, electricity, gas, water-supply, and construction) performance declined to 3.1% in FY 2013 over 3.5% in FY 2012.
- Manufacturing sector declined to 1.9% during FY 2013 as against 2.7% in FY 2012.
- Agriculture declined from 3.6% in FY 2012 to 1.8% in FY 2013 due to lower-than-normal monsoons.
- Consequently, Services sector – being forms of derived demand – declined from 8.2% in FY 2012 to 6.6% in FY 2013

India Macro-economic Data (%)

