

ANNUAL REPORT 2011 – 2012
Of Esaar (India) Limited

ESAAR (INDIA) LTD

**60th ANNUAL REPORT
F.Y. 2011- 2012**

ANNUAL REPORT 2011 – 2012

Of Esaar (India) Limited

REGISTERED OFFICE

**23-A, 12, AKASH C.H.S. TALAWAD NAGAR,
ASHOK NAGAR, KANDIVALI (EAST),
MUMBAI: 400101**

AUDITORS:

**M/S PRAVIN CHANDAK & ASSOCIATES,
403, NEW SWAPANALOK CHS LTD,
NATAKWALA LANE, BORIVALI (W),
MUMBAI-400092**

BANK

AXIS BANK

REGISTAR & TRANSFER AGENT

**PURVA SHAREREGISTRY (INDIA) PVT LTD.
9, SHIV SHAKTI INDUSTRIAL ESTATE,
J.R. BORICHA MARG, LOWER PAREL (E),
MUMBAI – 400 011**

CONTACT

Web Site: www.esaarindia.com

Email: esaarindia ltd@gmail.com

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BOARD OF DIRECTORS

SHRI DHEERAJ SHAH - Managing Director

SHRI MANOJ BATRA - Director

SHRI VIJAY PODDAR - Director

MS. DEEPTI LALWANI - Additional Director

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NOTICE

Notice is hereby given that the 60th Annual General Meeting of the Members of ESAAR (INDIA) LTD will be held on 28th September, 2012 at 11:30 A.M at Companies Banker Office at Axis Bank, First Floor, Springfield, Lokhandwala, Andheri (West), Mumbai - 400053 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, 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 Mr. Manoj Batra as Director of the company, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT Ms. Deepti Lalwani, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

REGISTERED OFFICE

**23-A, 12, Akash C.H.S.
Talawad Nagar, Ashok Nagar,
Kandivali (East), Mumbai: 400101
DATED : 28/08/2012**

BY ORDER OF THE BOARD

**Sd/-
Dheeraj Shah
Chairman**

NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed and forms part of the Notice.
- 3) The Register of Members and the Transfer Book of the Company will remain closed from 26/09/2012 to 28/09/2012 (both days inclusive.)

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- 4) Members / Proxies should bring attendance slip duly filled in for attending the meeting. Members are also requested to bring their copies of Annual Report.
- 5) Members are requested to notify immediately any change in their address details to the Company's Registrar and share transfer agents for shares held in demat / physical form at Purva Shareregistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai – 400 011
- 6) Printed copies of the Balance Sheet, Profit and Loss Account, Director's Report, the Auditor's Report and every other documents required by the law to be annexed or attached to the Balance Sheet for the period ended 31st March, 2012 are enclosed herewith.
- 7) Members seeking any information with regard to accounts are requested to write to the company at least one week in advance so as to enable the management to keep the information ready.
- 8) Proxies in order to be effective must be deposited duly stamped and signed at the Registered Office of the Company not less than 48 hours before the meeting.

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

Item Nos. 4

Ms. Deepti Lalwani have been appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 read with Articles of Association of the Company with effect from 28/08/2012. The terms of the directors expire at the ensuing Annual General Meeting of the Company. The Company has received notice from the member proposing to appoint Ms. Deepti Lalwani as Directors of the Company.

None of the Directors of the Company are interested in passing the resolution, except Ms. Deepti Lalwani to the extent of their appointment as Directors of the Company.

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DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (In pursuance of Clause 49 (svi) (A) of the Listing Agreement)

Director seeking re-appointment

Name of the Director	Manoj Batra
Date of Birth	01/04/1978
Date of Appointment.	18/03/2011
Expertise in any specific functional Area	Finance
Qualification	Graduate
Directorships held in other companies (excluding foreign – Companies)	Nil
Committee position held in other Companies	Nil

Director seeking appointment

Name of the Director	Deepti Lalwani
Date of Birth	22/04/1983
Date of Appointment.	28/08/2012
Expertise in any specific functional Area	Information Technology
Qualification	MSC
Directorships held in other companies (excluding foreign – Companies)	Nil
Committee position held in other Companies	Nil

BOARD OF DIRECTORS' REPORT

**To
The Members**

Your Directors present their 60th Annual Report with Audited Statement of Accounts for the year ended on March 31, 2012.

Financial Results**(Amt. In Lacs)**

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
Income	305.81	128.07
Profit before Dep. & Int.	14.76	1.08
Depreciation	10.14	10.31
Interest	0.00	0.00
Profit after Depreciation & Interest	4.62	(9.23)
Provision for Taxation	4.26	0.00
Provison for Tax (deferred)	(2.71)	(2.68)
Tax Adjustment for earlier years	(0.32)	0.00
Profit after Tax	3.40	(6.55)
Net profit/ (Loss)	3.40	(6.55)
Amount Available for Appropriation	3.40	(6.55)
Balance carried to Balance Sheet	3.40	(6.55)

FINANCIAL HIGHLIGHTS

During the year Company's total sales including other income is Rs 305.81 lacs as compared to Rs 128.07 lacs in the previous year and thereby registering an increase of 138.78% as compared to the previous year. The Net Profit after tax was Rs. 3.40 Lacs against Rs. (6.55) Lacs in the previous year, registering an increase of 151.91% as compared to the previous year.

DIVIDEND

Your Directors decided to plough back the profit and therefore dividend is not declared.

BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Manoj Batra retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for reappointment.

During the financial year 2011-12, the Board of Directors appointed Mr. Dheeraj Babulal Shah as Managing Director of the Company.

Mr. Sameer Saxena has resigned as the director from the Board of the Company with effect from 25/05/2011. During his tenure as Director, he has greatly contributed to the performance of the Company by his vast knowledge and experience.

Ms. Deepti Lalwani has ben appointed as an additional director on Board of the Company with effect from 28/08/2012. Your Directors recommend the appointment of

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Ms. Deepti Lalwani as a Director of your Company at the forthcoming Annual General Meeting.

DEPOSITS

The Company has been registered as a NBFC since 1998. in terms of the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Your company is categorised as a Non deposit taking Non Banking Financial Company. The Company has not accepted any deposits during the year from the public within the meaning of Section 58 A of The Companies Act, 1956.

CREATION OF STATUTORY RESERVE

Your company has been registered as a NBFC since 1998. As per the RBI Act, 1934 under section 45 IC, every NBFC company has required to transfer 20% of its net profit for every financial year.

Your company has in default in complying of this section and now company is creating statutory reserve by transferring 20% of net profit since 1998.

FOREIGN EXCHANGE

There is no inflow and outflow of Foreign Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2012 the applicable accounting standards have been followed, along with proper explanation relating to all material departures.
- (ii) That they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2012 on a going concern basis.

AUDITORS

M/S. PRAVIN CHANDAK & ASSOCIATES, Chartered Accountants statutory auditors of the Company retire at the forthcoming Annual General Meeting and, being eligible,

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offer themselves for re-appointment. The Company has received a certificates from them under Section 224(1-B) & 226(3) of the Companies Act, 1956.

AUDITORS REPORT

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

POSTAL BALLOT

Postal ballot was conducted by the company for the approval of members for change of Registered Office of the Company from State of West Bengal to Maharashtra, result of which has been declared in board meeting held on 03/05/2011.

SHIFTING OF REGISTERED OFFICE

The Company has filed petition to CLB, Calcutta for shifting of its registered office from Calcutta in the State of West Bengal to Mumbai in the State of Maharashtra and CLB issued its order on 23rd August, 2011 consequently registered office of company has been shifted to Mumbai, Maharashtra.

LISTING OF SHARES

Equity shares of your Company are listed on Bombay Stock Exchange only and the Company has paid the necessary Listing fees for the year 2011–2012 and 2012-2013.

DELISTING OF SHARES

The Registered office of the company is situated in Mumbai and Companies shares are mainly and highly traded in Bombay Stock exchange and there was hardly or thinly traded in Jaipur, Calcutta and Ahmedabad Stock Exchanges. The Company had filed the delisting application to all these three Stock Exchanges and Consequently Shares of the company has been delisted from Ahmedabad Stock Exchange and Jaipur Stock Exchange.

However delisting application is in process with Calcutta Stock Exchange.

REGISTRAR AND TRANSFER AGENT

Since the registered office of the company has been shifted from the state of West Bengal to State of Maharashtra and it is difficult to coordinate with RTA situated in Calcutta, it was advised to company to change its RTA and consequently company has changed its RTA from S.K. Computers to Purva Share Registry (India) Pvt Ltd.

SUB-DIVISION OF SHARES

In order to create long term value for its investors, and to allow small investors to invest in company's stock, during the year company has sub-divided its equity share capital from face value of Rs.10/- per share to Rs.1/- per share for which company has taken the approval of members in last annual general meeting.

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CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The particulars under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, on conservation of energy and Technology absorption is not applicable.

PARTICULARS OF EMPLOYEE

The information required under section 217(2A) of the Companies Act 1956, read with the Companies (particulars of employees) Rules 1975, forms part of this report - Not applicable.

GREEN INITIATIVE IN CORPORATE GOVERNANCE'

The ministry of corporate Affairs (vide circular nos.17/2011 and 18/2011 dated April 21 and April 29,2011 respectively), has undertaken 'Green initiative in corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support their green initiative by registering/updating their email addresses, in respect of shares held in dematerialised form with their respective depository participants and in respect of shares held in physical form with RTA of Company.

CORPORATE GOVERNANCE COMPLIANCE

As required under the listing agreement with the stock exchange, corporate governance and management discussion and analysis report form part of this Annual Report.

ACKNOWLEDGEMENT

The Board of Directors wishes to express sincere thanks to Bankers, Shareholders, clients, Financial Institutions, customers, suppliers and employees of Companies for extending support during the year.

FOR & ON BEHALF OF THE BOARD

**PLACE: MUMBAI
DATED :28/08/2012**

**Sd/-
DHEERAJ SHAH
(Managing Director)**

CORPORATE GOVERNANCE REPORT

A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in transparent dealings and integrity and compliance of rules and regulations. The Company firmly believes that good corporate governance is prerequisite to meet the stakeholders' requirements and needs. The mandatory requirements of the code of Corporate Governance as per clause 49 of the listing agreement have been implemented by your Company.

B) BOARD OF DIRECTORS

The Board of Directors comprises of Mr. Dheeraj Shah as Managing Director, Mr. Vijay Jaideo Poddar, Mr. Manoj Batra and Ms. Deepti Lalwani as Non Executive Independent Directors.

a) The composition of the Board of Directors and their attendance at the meetings during the period and at the last Annual General Meeting as also number of other directorships, membership of committees are as follows: -

Name of Director	Status	No. of Board meetings Attended	Attendance at last AGM	No. of other Directorships	Committee Membership	
					Member	Chairman
Mr. Dheeraj Shah	M.D	12	Yes	-	-	-
Mr. Vijay Poddar	I.N.E.D	12	Yes	-	3	2
Mr. Manoj Batra	I.N.E.D	7	Yes	-	3	1
Ms. Deepti Lalwani*	I.N.E.D	-	No	-	3	-

*Appointed w.e.f 28/08/2012

N.E.D Non Executive Director

W.T.D Whole Time Director

I.N.E.D Independent Non Executive Director

Notes:

During the period ended 31st March 2012, 12 Board Meetings were held on the following dates:

25/04/2011, 03/05/2011, 25/05/2011, 30/05/2011, 15/06/2011, 11/07/2011, 13/08/2011, 08/09/2011, 14/11/2011, 09/02/2012, 14/02/2012 and 09/03/2012.

As against the minimum requirement of 4 meetings. The maximum time gap between any two meetings was not more than four calendar months.

C) CODE OF CONDUCT

The Board has laid down a code of conduct for Board members and senior management staff of the Company. The Board members and senior management staff have affirmed compliance with the said code of conduct.

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D) AUDIT COMMITTEE

The Audit Committee comprises of viz Mr. Vijay Poddar, non-executive Independent Director as Chairman of Audit Committee, Mr. Manoj Batra and Ms. Deepti Lalwani in place of Dheeraj Shah w.e.f 28/08/2012 as committee members and Mr. Dheeraj Shah Compliance Officer is the Secretary of the Committee.

The Committee met four times during the period ended 31st March 2012

The terms of reference of the Committee are as per the regulations set out in Clause 49 of the listing agreement with the Stock Exchanges and section 292A of the Companies Act, 1956 and inter alia it briefly includes review of quarterly and Annual financial statements, the statutory Auditor's Report on the financial statements, Internal audit reports, internal controls, Accounting policies and to generally interact with the Internal Auditors and Statutory Auditors.

E) SHARE TRANSFER COMMITTEE

The Committee comprises of Mr. Manoj Batra, Mr. Vijay Poddar and Ms. Deepti Lalwani in place of Dheeraj Shah w.e.f 28/08/2012 as committee members. The Committee normally meets twice a month to approve transfer of shares and other shares related matters. Mr. Manoj Batra is the Chairman of the Committee.

F) REMUNERATION COMMITTEE

Remuneration Committee comprises of Mr. Vijay Poddar, as Chairman of the committee and Mr. Manoj Batra and Ms. Deepti Lalwani in place of Dheeraj Shah w.e.f 28/08/2012 as committee members. During the year under review, no meeting was held.

The details of remuneration paid to Chairman and whole time Director of the Company during the period ended 31st March 2012 are given below.

Remuneration paid to Directors during the period ended 31st March 2012

NAME OF THE DIRECTOR	SALARY	PERQUISITES	CONTRIBUTION TO VARIOUS FUNDS	TOTAL
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Dheeraj Shah	1,03,000	-	-	1,03,000
-	-	-	-	-
Total	1,03,000	-	-	1,03,000

G) GENERAL BODY MEETINGS

(a) The last three Annual General Meetings were held as under:-

Year/Period Ended	Date of Meeting	Time
31 st March 2009	29/09/2009	11:00 A.M
31 st March 2010	29/09/2010	01:00 P.M
31 st March 2011	08/08/2011	03:30 P.M

(b) No Extra Ordinary General Meeting was held during the year.

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(c) One Postal Ballot was conducted by company for shifting of Registered Office of Company from State of West Bengal to State of Maharashtra, result of which declared in board meeting held on 03/05/2011.

H) DISCLOSURES

1. During the period, there were no transactions materially significant with Company's promoters, directors or management or subsidiaries or their relatives that may have potential conflict with the interests of the Company at large.
2. There were no instances of non-compliance on any matter related to the Capital Markets during the last three years.

I) MEANS OF COMMUNICATION.

Quarterly, Half Yearly and Yearly financial results are sent to the Stock Exchanges immediately after they are approved by the Board.

J) GENERAL INFORMATION FOR MEMBERS

(i). Annual General Meeting - The 60th Annual General Meeting of the Company will be held on 28/08/2012 at 11:30 a.m. in Mumbai.

(ii) **Financial Calendar** : Last AGM held on 08/08/2011
First Quarter Results Declared : Second Week of August, 2011
Second Quarter Results Declared : Second Week of November, 2011
Third Quarter Results Declared : Second Week of February, 2012
Fourth Quarter Results Declared : Third Week of May, 2012

(iii) Book Closure date : 26/09/2012 to 28/09/2012

(iv) Dividend payment date : Not applicable

(v) (i) Listing of Equity Shares : Bombay Stock Exchange
(Application of Delisting of shares is
In process before Calcutta Stock Exchange)

(ii) Listing fees is duly paid to the Bombay stock exchange Limited as per listing Agreement.

(vi) (i) Stock Code BSE CODE: 531502

(ii) Demat ISIN Numbers in NSDL & CDSL INE 404L01021 for Equity Shares

Stock Market Data at BSE:

Month	High	Low	Close	No. of Shares
April 2011	-	-	-	-
May 2011	-	-	-	-
June 2011	50.70	50.70	50.70	100
July 2011	61.50	53.20	61.50	400
August 2011	127.35	64.55	127.35	30600
September 2011	196.05	133.70	191.40	177765
October 2011	194.10	164.65	164.65	87566

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November 2011	176.15	102.30	103.60	138188
December 2011	166.45	98.55	166.45	274685
January 2012	235.00	167.00	211.05	431752
February 2012	209.50	13.20	13.20	2088736
March 2012	15.47*	10.10	13.77	11183673

*The face value of shares has been subdivided from Rs.10/- per share to Rs.1/- per share in the month of February,2012 (Record date 22nd February,2012).

(VII) REGD. OFFICE:

23-A, 12, Akash C.H.S.,
Talawad Nagar, Ashok Nagar,
Kandivali (East), Mumbai: 400101

(VIII) REGISTRAR & TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

All documents, transfer deeds, demat requests and other communication in relation thereto should be addressed to the R & T Agents at its following address:

PURVA SHAREREGISTRY (INDIA) PVT. LTD.

9, SHIV SHAKTI INDUSTRIAL ESTATE,
J.R. BORICHA MARG, LOWER PAREL (E),
MUMBAI – 400 011

Share transfers in physical form are processed within about 2 weeks from the date of receipt of the valid and completed documents.

(IX) Investor Relation Officer: Dheeraj Babulal Shah

(X) Share Transfer System as per listing Agreement and Companies Act, 1956.

(XI) DISTRIBUTION OF SHAREHOLDING AS ON 31st March 2012

Shareholders			Shareholding	
No. of Shares	Nos.	%	Holding in Rs.	%
1-5000	450	46.68	715645	0.88
5001-10000	71	7.37	620087	0.76
10001-20000	86	8.92	1440069	1.76
20001-30000	59	6.12	1591160	1.95
30001-40000	12	1.24	443164	0.54
40001-50000	57	5.91	2757143	3.37
50001-100000	81	8.40	6733624	8.23
100001- and above	148	15.35	67469108	82.51
Total	964	100.00	81770000	100.00

(XII) SHAREHOLDING PATTERN AS ON 31.03.2012

Category		No. of Shares held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters		
	- Indian Promoters	4974300	6.08
	- Foreign Promoters	-	-

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2	Persons acting in concert	-	-
	Sub - Total	4974300	6.08
B	Non-Promoter's Holding		
3	Institutional Investors	-	-
a)	Mutual Funds and UTI	1786000	2.18
b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Government Institutions)	-	-
C	FII's	-	-
	Sub - Total	1786000	2.18
4	Others	-	-
a)	Private Corporate Bodies	5171927	6.32
b)	Indian Public	69030562	84.42
c)	NRI's/OCB's - NRI'S	1000	0.00
d)	Any Other (Please specify) - Clearing Members	806211	0.99
	Sub-Total	75009700	91.73
	Grand Total	81770000	100%

(XIII) DEMATERIALISATION OF SHARES

As on 31st March 2012, 84.01% of the Company's Shares representing 6,86,96,000 Share were held in dematerialized form and the balance 1,30,74,000 Shares were held in physical form.

(XIV) INVESTOR CORRESPONDANCE:

For transfer/ dematerialisation of shares payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

PURVA SHAREREGISTRY (INDIA) PVT. LTD.

9, Shiv Shakti Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai - 400 011

Any other query:

ESAAR (INDIA) LTD.

At Regd. Office : 23-A, 12, Akash C.H.S. Talawad Nagar, Ashok Nagar, Kandivali (East), Mumbai: 400101

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORTS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31st March, 2012.

The management discussion and analysis have been included in consonance with the code of corporate governance as approved by The Securities and Exchange Board of India (SEBI). Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments, events or otherwise.

The management of the company is presenting herein the overview, opportunities and threats, initiatives by the company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

OVERVIEW

The NBFC business segment is dominated by several very large companies. Our Company also being a small NBFC (Non Public Deposit Taking). Our Company mainly involved in share trading and in providing fund based financial services and funding solutions to the Indian Corporates, Institutions, SME's etc. The operations of the company are centred in Financial Service Business. Your Company, along with its associates, forms an integrated financial services group providing wide range of services to its clients. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian economy has witnessed all round growth in year 2011-12 and more growth and prosperity in coming future with increased investment in financial activities and financial Market.

Of late, especially in the past few decades, there has been tremendous growth in the Finance Industries in India and the development thereof has been remarkable. The company has been conducting and dealing in Financing Activities since inception.

Coming to the finance industry where the company is also involved, major developments have taken place for the past few decades in view of the fact that plethora of finance companies have come into existence with various finance products and there has been tremendous finance growth due to foreign collaboration, foreign equity participation etc, under Finance Division, dealing in equity shares and stock is the main activity of the company.

OPPORTUNITIES AND THEREATS:

Some of the key trends of the industry that are favourable to the company to exploit these emerging opportunities are:

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1. Clients are more comfortable with uniform high quality and quick finance and security process across the enterprise.
2. The company since involved in the Finance business for a very long time there are good prospects for expanding further activities in this direction.
3. The company is also facing severe competition from other financial companies.

Some of the key changes in the industry unfavourable to the company are:

1. Heightened competition
2. Increasing cost of Finance
3. Increasing Compliances

INITIATIVES BY THE COMPANY

The company has taken following initiatives'

1. Every effort is being made to locate new client base to boost its finance business by providing Finance quickly and easily.
2. The company is endeavoring to penetrate into newer Financial Activities and market.

FULFILLMENT OF RBI NORMS AND STANDARDS

The Company continues to fulfill all applicable norms and standards laid down by the Reserve Bank of India pertaining to prudential norms, income recognition, accounting standards, asset classification and provisioning of bad and doubtful debts as applicable to NBFC's (ND).

OUTLOOK

India's GDP growth is expected to consolidate at 6.9 per cent in financial year 2011-12 compared to 8.4 per cent in financial year 2010-11 on account of continued tightening by RBI to manage inflation. But medium term prospects remain positive due to robust expansion in private services, strong consumption in both rural and urban sectors. In the short term, outlook may turn cautious and growth may disappoint if interest rates and inflation remain sticky. Higher cost of financing might lower capital expenditure and delay expansion plans of companies. Consumer demand, that has remained robust till now, may also get impacted as interests on auto loans, personal loans, educational loans, housing loans will increase the company's approach would be to continue to grow by focusing of returns while balancing risk.

RISK AND CONCERNS:

The Company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks, competition risk, interest rate volatility, human resource risk and execution risk, etc. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk practices. Being engaged in the business in a

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highly regulated industry; we are presented with risk containment measures in the very regulations. The company's business could potentially be affected by the following factors:-

1. Sharp movement in prevailing interest rates in the market.
2. Impact of markets on our revenues and investments, sustainability of the business across cycles
3. Risk that a client will fail to deliver as per the terms of a contract with us or another party at the time of settlement.
4. Risk due to uncertainty of a counter party's ability to meet its financial obligations to us.
5. Inability to conduct business and service clients in the event of a contingency such as a natural calamity breakdown of infrastructure, etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly. The Company has an extensive system of internal control which ensures:

1. Compliance of the company with applicable statutes, policies procedures, listing requirements and management regulations.
2. All transaction are being accurately recorded and verified.
3. Adherence to applicable accounting standards and polices.

HUMAN RESOURCES/INDUSTRY RELATIONS:

Your Company firmly believes that its employees are the key to driving performance and developing competitive advantage. The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development.

The basic objective has been to unlock the people potential and further developing their functional operational and behavioural competencies so as to build a team of dedicated employees who work with passion, zeal and a sense of belongingness and play a defining role in significantly accelerating the growth and transformation of the Company, thereby, consolidating its position in the market.

CAUTIONARY STATEMENT

Statement in the Management Discussion and analysis describing the company's objectives exceptions or predications may be forwards looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Several factors could make significant difference to the company's operation. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the company dose not have any control.

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Of Esaar (India) Limited

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

ESAAR (INDIA) LIMITED.

1. We have examined the compliance of Corporate Governance by M/s. Esaar (India) Ltd. for the period ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR PRAVIN CHANDAK & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Place: Mumbai
Date: 28/08/2012**

**Sd/-
PRAVIN CHANDAK
PARTNER
M. No. 049391**

AUDITOR'S REPORT

**To
The Members
Esaar (India) Limited**

1. We have audited the attached Balance Sheet of Esaar (India) Limited as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books of accounts and other records as we considered appropriate and as per the information and explanation provided to us by the Company management, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report as under:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. In our opinion, proper books of account as required by law, have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 and/or Companies (Accounting Standards) Amendment Rules, 2008;
 - e. On the basis of written representation received from the directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March

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Of Esaar (India) Limited

31, 2012 from being appointed as director in terms of clause (g) of sub Section (1) of Section 274 of the Companies Act 1956;

- f. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the Significant Accounting Policies and Notes to Accounts, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; In case of
- I. the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - II. the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - III. the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No. 116627W)**

**Sd/-
Pravin Chandak
Partner
Membership No. 049391**

**Place: Mumbai
Date: 28/08/2012**

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Of Esaar (India) Limited

“Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2008”

The Board of Directors
M/s Esaar (India) Limited
23-A, 12, Akash Co-operative Housing Society,
Talawad Nagar, Ashok Nagar,
Kandivli (East),
Mumbai 400101.

As required by the Non Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India, on the matters specifies in Para 3 and 4 of the said directions to the extent applicable to the company and according to the information and explanations given to us for the purpose of audit for the year ended 31st March 2012 we report that:

- 1) We hereby state that M/s Esaar (India) Limited is engaged in the business of Non Banking Financial Institution and it has obtained a Certificate of Registration from the Reserve Bank of India.
- 2) The company is entitled to hold such Certificate of Registration in terms of its assets/income pattern as on 31st March, 2012.
- 3) The Board of Directors has passed a resolution for non acceptance of any public deposits in its meeting held on 25th April, 2011.
- 4) The company has not accepted any public deposits during the year ended 31st March, 2012.
- 5) The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No. 116627W)

Sd/-
Pravin Chandak
Partner
Membership No. 049391

Place: Mumbai
Date: 28/08/2012

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Of Esaar (India) Limited

	1) Quoted:	NIL
	(i) Shares: (a) Equity	NIL
	(b) Preference	
	(ii) Debentures and Bonds	NIL
	(iii) Units of Mutual Funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2) Unquoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	
	(ii) Debentures and Bonds	NIL
	(iii) Units of Mutual Funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	Long Term Investments:	
	1) Quoted:	NIL
	(i) Shares: (a) Equity	NIL
	(b) Preference	
	(ii) Debentures and Bonds	NIL
	(iii) Units of Mutual Funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	2) Unquoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	
	(ii) Debentures and Bonds	NIL
	(iii) Units of Mutual Funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
5	Borrower group-wise classification of assets financed as in (2) and (3) above:	
	1) Related Parties	
	(a) Subsidiaries	NIL

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Of Esaar (India) Limited

	(b) Companies in the same group	NIL
	(c) other related parties	NIL
	2) Other than related parties	Rs. 29,39,94,247/-
	Total	Rs. 29,39,94,247/-
6	Investor group-wise classification of all investments (current an long term) in shares and securities (both quoted and unquoted):	
	1) Related Parties	
	(a) Subsidiaries	NIL
	(b) Companies in the same group	NIL
	(c) other related parties	NIL
	2) Other than related parties	NIL
	Total	NIL
7	(i) Gross Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	(ii) Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	(iii) Assets acquired in satisfaction of debt	NIL

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Of Esaar (India) Limited

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ESAAR (INDIA) LIMITED ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) We have been informed that, the fixed assets have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable with regard to the size of the company and nature of assets. According to information and explanations given to us by the management, no material discrepancy was noticed on such verification.

(c) During the year the company has not disposed off a substantial part of its fixed assets and accordingly it has no effect on the going concern of the company.
- ii. (a) As informed to us, the inventories are held in dematerialized form, have been verified by the management with the supportive evidence during the year. In our opinion the frequency of verification is reasonable.

(b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination the records of inventory, we are of the opinion that Company is maintaining proper records of inventory. We are informed that no discrepancies were noticed on physical verification.
- iii. The Company has not granted/taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore clause 4(iii) of the order is not applicable.
- iv. There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the providing of services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. As informed, the particulars of Companies or arrangements referred to in Section 301 of the Act, that need to be entered into the register maintained u/s 301 has been so entered.
- vi. There are no public deposit accepted by the Company within the meaning of Section 58A and 58AA of the Companies Act, 1956 and therefore clause 4(vi) of the order is not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with size and nature of its business.

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- viii. The Company does not belongs to list of Companies as prescribed under Section 209(1)(d) of the Companies Act,1956 and therefore clause 4(viii) of the order is not applicable.
- ix. a. The Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, as applicable to it, with the appropriate authorities.
The Company has no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, as applicable to it, as on March 31, 2012 for the period of more than six months from the date they become payable.
- b. The Company has no disputed amount payable in respect of income tax, value added tax, wealth tax, service tax, custom duty, excise duty cess and other statutory dues, as applicable to it, which have not been deposited on account of any dispute
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. The Company has not borrowed any fund from financial institutions, banks or debenture holders and therefore clause 4(xi) of the order is not applicable.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore clause 4(xii) of the order is not applicable.
- xiii. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society and therefore clause 4(xiii) of the order is not applicable.
- xiv. The Company has maintained proper records of the transactions and contracts for dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investment have been held by the company, in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions and therefore clause 4(xv) of the order is not applicable.
- xvi. The Company not obtained any term loans and therefore clause 4(xvi) of the order is not applicable.
- xvii. According to the information and explanations given to us and on an overall examination of the cash flow statements and balance sheet of the company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.

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- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore clause 4(xviii) of the order is not applicable.
- xix. The Company has not issued any debentures and therefore clause 4(xix) of the order is not applicable.
- xx. The Company has raised money by way of public issue and the management has disclosed the end use of money and the same as been verified.
- xxi. During the year no fraud on or by the Company has been noticed or reported and therefore clause 4(xxi) of the order is not applicable.

**For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No. 116627W)**

**Sd/-
Pravin Chandak
Partner
Membership No. 049391**

Place: Mumbai

Date: 28/08/2012

CEO / CFO CERTIFICATION

**To,
The Board of Directors,
Esaar (India) Ltd.
23-A, 12, Akash C.H.S. Talawad Nagar,
Ashok Nagar, Kandivali (East),
Mumbai: 400101**

We hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. No transaction is entered into by the company during the year which is fraudulent, illegal or violate of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of and the which we are aware steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - a. Significant changes in internal control over financial reporting during the year.
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Esaar (India) Ltd.

**Place: Mumbai
Date: 28/08/2012**

**Sd/-
Dheeraj Shah
(M.D / CEO)**

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Of Esaar (India) Limited

COMPLIANCE CERTIFICATE

To
The Members of
ESAAR (INDIA) LTD.

It is hereby certified and examined that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March 2012.

For Esaar (India) Ltd.

Registered Office:

**23-A, 12, Akash C.H.S.
Talawad Nagar, Ashok Nagar,
Kandivali (East), Mumbai: 400101**

Date: 28/08/2012

**Sd/-
Dheeraj Shah
(M.D / CEO)**

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTES	31ST MARCH, 2012	31ST MARCH, 2011
<u>EQUITY & LIABILITIES</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	2	8,17,70,000	5,00,00,000
Reserves and Surplus	3	14,06,32,778	1,32,13,107
<u>NON CURRENT LIABILITIES</u>			
Deferred Tax Liabilities		23,38,839	26,10,467
<u>CURRENT LIABILITIES & PROVISIONS</u>			
Trade Payables	4	45,940	6,22,060
Other Current Liabilities	5	23,35,45,137	4,02,00,000
Short Term Provisions	6	7,67,052	3,73,037
TOTAL		45,90,99,746	10,70,18,671
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Fixed Assets	7		
Tangible Assets		83,26,059	93,40,831
<u>CURRENT ASSETS</u>			
Inventories	8	14,50,43,899	32,57,365
Trade Receivables	9	-	11,876
Cash and Cash Equivalents	10	1,02,27,405	8,65,293
Short Term Loans and Advances	11	29,55,02,383	9,35,43,306
TOTAL		45,90,99,746	10,70,18,671
Notes Forming Part of Financial Statements	1-26		

For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No.116627W)

Sd/-
Pravin Chandak
Partner
Membership No. 049391
Place : Mumbai
Date : 28th August, 2012

**For and on behalf of the Board of Directors
of Esaar (India) Limited**

Sd/-
Dheeraj Shah
Managing Director

Sd/-
Vijay Poddar
Director

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTES	31ST MARCH, 2012	31ST MARCH, 2011
<u>INCOME</u>			
Revenue from operations	12	3,05,81,349	1,24,52,440
Other income	13	-	3,54,466
Total Income (I)		3,05,81,349	1,28,06,906
<u>EXPENSES</u>			
Purchase of traded goods		16,72,06,181	1,37,00,000
(Increase)/decrease in inventories of traded goods		(14,17,86,534)	(29,22,469)
Employee Benefits expense	14	25,54,187	13,92,913
Depreciation	7	10,14,772	10,31,548
Auditors Remuneration	15	25,127	22,060
Other expenses	16	11,05,558	5,06,047
Total Expenses (II)		3,01,19,291	1,37,30,099
Profit for the year before Tax	(I - II)	4,62,058	(9,23,193)
Tax Expenses :			
Current Tax		4,26,835	-
Tax of earlier years		(32,820)	-
Deferred Tax		(2,71,628)	(2,68,104)
Profit/(Loss) for the period		3,39,671	(6,55,089)
Earning per equity share:			
Basic		0.004	(0.01)
Diluted		0.004	(0.01)
Notes Forming Part of Financial Statements	1-26		

For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No.116627W)

For and on behalf of the Board of Directors
of Esaar (India) Limited

Sd/-
Pravin Chandak
Partner
Membership No. 049391
Place : Mumbai
Date : 28th August, 2012

Sd/-
Dheeraj Shah
Managing Director

Sd/-
Vijay Poddar
Director

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
Cash Flow from Operating Activities				
Profit Before Tax and Extraordinary items		4,62,058		(9,23,193)
(As per Profit and Loss Account)				
Adjustments for:				
Depreciation	10,14,772		10,31,548	
		10,14,772		10,31,548
Operating Profit before Working Capital Changes		14,76,830		1,08,355
Adjustments for:				
(Increase)/Decrease in Inventories	(14,17,86,534)		(29,22,469)	
(Increase)/Decrease in Sundry Debtors	11,876		44,70,560	
(Increase)/Decrease in Other Receivable	(20,08,06,263)		(4,39,90,949)	
Increase/(Decrease) in Current Liabilities & Provision	19,27,69,017	(14,98,11,904)	3,95,65,060	(28,77,798)
Cash Generated From Operations		(14,83,35,073)		(27,69,443)
Less: Income Tax Paid		(11,52,816)		(51,706)
Cash Inflow Before Prior Period Adjustments		(14,94,87,889)		(28,21,149)
Less : Prior Period Adjustment		-		-
Net Cash from / (Used in) Operating Activities A		(14,94,87,889)		(28,21,149)
Cash Flow from Investing Activities		-		-
Net Cash from / (Used in) Investing Activities B		-		-
Cash Flow from Financing Activities				
Proceeds from issue of Securities	3,17,70,000		-	
Proceeds from premium on issue of Securities	12,70,80,000		-	
Net Cash from Financial Activities C		15,88,50,000		-
Net Increase/ Decrease in Cash and Cash Equivalents (A+B+C)		93,62,112		(28,21,150)
Cash and Cash Equivalents - Opening Balance		8,65,293		36,86,444
Cash and Cash Equivalents - Closing Balance		1,02,27,405		8,65,293

For Pravin Chandak & Associates
Chartered Accountants
(Firm Registration No.116627W)

For and on behalf of the Board of Directors
of Esaar (India) Limited

Sd/-
Pravin Chandak
Partner
Membership No. 049391
Place : Mumbai
Date : 28th August, 2012

Sd/-
Dheeraj Shah
Managing Director

Sd/-
Vijay Poddar
Director

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2012

PARTICULARS	31ST MARCH, 2012	31ST MARCH, 2011
2 Share Capital		
<u>Authorised</u>		
1,55,00,00,000 Equity Shares of Rs. 1 each (Previous year 55,00,000 Equity Shares of Rs. 10 Each)	15,50,00,000	5,50,00,000
Total Authorised Share Capital	15,50,00,000	5,50,00,000
<u>Issued, Subscribed and Paid up</u>		
8,17,70,000 Equity Shares of Rs. 1 each (Previous year 50,00,000 Equity Shares of Rs. 10 Each)	8,17,70,000	5,00,00,000
Total Issued, Subscribed And Fully Paid Up Share Capital	8,17,70,000	5,00,00,000

Equity Shares of Rs. 10 each were divided in Equity Shares of Rs. 1 each during the year

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity shares	31st March, 2012		31st March, 2011	
	Numbers	Rs.	Numbers	Rs.
At the beginning of the period	5,00,00,000	5,00,00,000	50,00,000	5,00,00,000
Issued during the period	3,17,70,000	3,17,70,000	-	-
Bought back during the period	-	-	-	-
Outstanding at the end of the period	8,17,70,000	8,17,70,000	50,00,000	5,00,00,000

b. Terms/rights attached to equity shares

The Company has only one class of Equity Shares having par value of Rs. 1. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Details of shareholders holding more than 5% shares in

Equity shares of Rs. 1 each fully paid	31st March, 2012		31st March, 2011	
	% holding in the		% holding in the	
	Numbers	class		class
Smita Nitin Chhatwal	60,00,000	7.34	-	-
Dheeraj Babulal Shah	49,74,300	6.08	-	-
Sikkim Bank Limited	-	-	2,50,000	5.00
Total	1,09,74,300	13.42	2,50,000	5.00

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2012

PARTICULARS	31ST MARCH, 2012	31ST MARCH, 2011
3 <u>Reserve & Surplus</u>		
Securities Premium reserve		
Balance as per last financial statements	80,64,490	80,64,490
Add: New Equity shares issued during the year at premium	12,70,80,000	-
Closing balance	13,51,44,490	80,64,490
Statutory Reserves		
Balance as per last financial statements	-	-
Add: Transferred from statement of Profit and Loss	19,84,920	-
Closing balance	19,84,920	-
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	51,48,617	58,03,706
Profit/ (loss) for the year	3,39,671	(6,55,089)
Less: Appropriations	19,84,920	-
Transferred to Statutory Reserve		
Closing balance	35,03,368	51,48,617
Total Reserves and Surplus	14,06,32,778	1,32,13,107
4 <u>Trade Payables</u>		
Trade payables	45,940	6,22,060
Total Trade Pa yables	45,940	6,22,060
5 <u>Other Current Liabilities</u>		
Income Received in Advance	23,35,45,137	4,02,00,000
Total Other Current Liabilities	23,35,45,137	4,02,00,000
6 <u>Short Term Provisions</u>		
Provision for Income Tax	7,67,052	3,40,217
Provision for Fringe Benefit Tax	-	32,820
Total Of Short Term Provisions	7,67,052	3,73,037
8 <u>Inventories</u>		
(As certified by management)		
Stock-in-trade	14,50,43,899	32,57,365
Total Inventories	14,50,43,899	32,57,365

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Of Esaar (India) Limited

ESAAR (INDIA) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2012

PARTICULARS	31ST MARCH, 2012	31ST MARCH, 2011
9 Trade Receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others		
Unsecured, considered good	-	11,876
Total Trade Receivables	-	11,876
10 Cash and Cash Equivalents		
Cash on hand	1,23,649	9,596
Balance with bank	1,01,03,756	8,55,697
Total Cash And Cash E quivalents	1,02,27,405	8,65,293
11 Short Term Loans and Advances		
Loan and advances unsecured considered good		
Loans and advances to related parties	-	-
Loans and advances to others	29,39,94,247	9,31,03,306
Deposits	-	84,679
Balance with statutory/government authorities	15,08,136	3,55,321
Total Short Term Loans And Advances	29,55,02,383	9,35,43,306

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ESAAR (INDIA) LIMITED

NOTE 7: FIXED ASSETS

ASSETS	GROSS BLOCK		DEPRECIATION		NETB AS ON 31.03.2012	
	AS ON 01.04.2011	ADD/(DED.) DURING THE YEAR	AS ON 31.03.2012	UPTO 31.03.2011		ADD./ (DED.) DURING THE YEAR
Plant & Machinery	2,01,02,926	-	2,01,02,926	1,10,39,807	-	1,19,94,696
vehicles	5,13,033	-	5,13,033	3,01,783	-	3,50,521
Office Equipments	5,78,004	-	5,78,004	5,11,542	-	5,22,687
TOTAL Rs.	2,11,93,963	-	2,11,93,963	1,18,53,132	40,14,772	1,28,67,904
Previous Year	2,11,93,963	-	2,11,93,963	1,08,21,584	40,31,548	1,18,53,132

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ESAAR (INDIA) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2012

PARTICULARS	31ST MARCH, 2012	31ST MARCH, 2011
12 Revenue From Operations		
Sales	1,69,87,300	1,06,71,418
Interest	1,35,94,049	17,81,022
Total Revenue from Operations	3,05,81,349	1,24,52,440
13 Other Income		
Dividend	-	5,412
Rent	-	70,800
Interest	-	3,910
Service Charges	-	2,74,344
Total Other Income	-	3,54,466
14 Employee Benefits Expense		
Directors Remuneration	1,03,000	-
Salaries	24,38,521	13,92,913
Staff Welfare expenses	12,666	-
Total Employee Benefits Expense	25,54,187	13,92,913
15 Auditors Remuneration		
As auditor		
Audit fee	16,854	11,030
For certification	8,273	11,030
Total Auditors Remuneration	25,127	22,060
16 Other Expenses		
Advertisement	69,873	7,042
Bank Charges	221	2,639
Computer Expenses	42,900	-
Car Insurance	-	3,478
Depository Charges	50,648	34,193
Electricity	10,462	-
General Expenses	14,082	9,777
Listing Fees	1,63,500	2,45,130
Printing & Stationery	17,655	6,280
Postage & Courier	17,695	-
Professional Fees	1,04,187	1,68,375
Fees for Increasing Authorised Capital	5,03,000	-
Share Transfer charges	75,365	-
Telephone Charges	16,730	29,133
Travelling and Conveyance	19,240	-
Total Other Expenses	11,05,558	5,06,047

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of financial statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention, on accrual basis. GAAP comprises mandatory Accounting Standards issued by the Companies (Accounting Standards) Amendment Rules, 2008 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. **Use of Estimates**

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

c. **Revenue recognition**

1. Income from Operation is recognised upon transfer of significant risks and rewards of ownership to the buyer.
2. Other Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
3. Dividend is recognised when the shareholders' right to receive payment is established at the balance sheet date.

d. **Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Capital work in progress includes expenditure incurred till the assets are put into intended use.

e. **Depreciation**

Depreciation is provided using the Straight Line Method at the rates and in the manner as prescribed under schedule XIV of the Companies Act, 1956. In case of Software, the same is amortized over a period of five years.

f. **Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet dates and if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization / depreciation), had no impairment loss been recognized.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. **Investments**

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary decline in the value of the investments.

h. **Employee benefits**

Provision for retirement benefits to employees was not provided on accrual basis, which is not in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Profit & Loss Account.

i. **Taxation**

Tax expense comprises of current income tax and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such

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deferred tax assets can be realized. Minimum Alternative Tax (MAT) credit is recognised as an asset and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

j. **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets and Current liabilities in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet.

Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

k. **Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l. **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Possible future obligations or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liabilities in the notes to accounts of financial statements.

Contingent Assets are neither recognized nor disclosed in the financial statements.

m. **Cash Flow Statement**

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Cash flow statement has been prepared under the 'Indirect Method'. Cash and cash equivalents, in the cash flow statement comprise unencumbered cash and bank balances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. CONTINGENT LIABILITY:

	<u>2011-2012</u> <u>Amount in</u> <u>Rs.</u>	<u>2010-2011</u> <u>Amount in</u> <u>Rs.</u>
Contingent Liabilities not provided for	NIL	NIL

18. EARNING PER SHARE:

Earning per Share, as required by the Accounting Standard 20- "Earning Per Share" issued by the Institute of Chartered Accountants of India, is given below:

Particulars	<u>2011-12</u> <u>Amount in</u> <u>Rs.</u>	<u>2010-11</u> <u>Amount in</u> <u>Rs.</u>
Net profit for the period attributable to Equity Shareholders	3,39,671	(6,55,089)
Weighted Average No of Equity shares	8,71,66,827	5,00,00,000
Basic and Diluted Earning Per Shares (face value of Rs. 10/-each)(Rs.)	0.004	(0.01)

19. RELATED PARTY TRANSACTION:

List of Related Parties:-

a) Key Management person

- i) Dheeraj Shah
- ii) Vijay Poddar

Transaction with Related Parties:-

Nature of Transaction	<u>2011-2012</u> <u>Amount in</u> <u>(Rs.)</u>	<u>2010-11</u> <u>Amount in</u> <u>Rs.</u>
Loan taken from Key management person during the year	20,00,000	NIL
Balance outstanding as at the year end	Nil	NIL
Remuneration	1,03,000	NIL

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20. **MAJOR COMPONENTS OF DEFERRED TAX LIABILITIES:**

	<u>2011-2012</u> Amount in Rs.	<u>2010-2011</u> Amount in Rs.
1) Deferred Tax Liability on account of Depreciation	23,38,839	2,610,467
Deferred Tax Liability	23,38,839	2,610,467

21. Income in Foreign Currency NIL
22. Expenditure in Foreign Currency NIL
23. As per information available with the Company, none of the creditors has confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006.
24. Debtors, Creditors, loan and advances balances are subject to confirmation and reconciliation.
25. Segment Information: The Company is engaged in single segment and there are no separate reportable segments as defined in AS-17.
26. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to conform to the current's classification/ presentation.

AS PER OUR REPORT OF EVEN DATE

FOR PRAVIN CHANDAK & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-
Pravin Chandak
Partner
M. No. 049391
Firm Registration No. 116627W

Sd/-
Dheeraj Shah
Managing Director

Sd/-
Vijay Poddar
Director

Place: Mumbai
Date: 28/08/2012

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Of Esaar (India) Limited

ESAAR (INDIA) LTD.

Registered Office : 23-A, 12, Akash C.H.S. Talawad Nagar, Ashok Nagar, Kandivali (East), Mumbai: 400101.

PROXY FORM

Reg. Folio NO _____ No. of Shares: _____
D.P. I. D* _____ Client ID* _____

I / we _____ of _____ Being a shareholder / shareholders of Esaar (India) Ltd. Hereby appoint _____ or failing him/her _____ as my/ our proxy to attend and vote for me / us and on my/ our behalf at the 60th Annual General meeting of the Company to be held on 28/09/2012 at 11:30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012

Affix
Re. 1/-
Revenue
Stamp

Signature of the shareholder _____

Note: The Proxy form duly completed and signed must be deposited at the registered office of the company not less than 48 hours before the time for holding the Meeting

*Applicable for shares held in electronic form.

ESAAR (INDIA) LTD.

Registered Office : 23-A, 12, Akash C.H.S. Talawad Nagar, Ashok Nagar, Kandivali (East), Mumbai: 400101.

ATTENDANCE SLIP

60th Annual General Meeting

Reg.Folio No. _____ No. of shares held _____

Name of the Attending Member _____

D.P.I.D _____ Client I.D. _____

I/We hereby record my/our presence at the 60th Annual General Meeting of the company at Companies Banker Office at Axis Bank, First Floor, Springfield, Lokhandwala, Andheri (West), Mumbai – 400053.

Signature of the shareholder(s), / Proxy/ Representative _____

Note:

1) Member / proxy holder wishing to attend the meeting must bring the attendance slip to the meeting and hand over the same duly signed at the entrance.

2) Member/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

BOOK POST

If undelivered please return to:

REGISTERED OFFICE

23-A, 12, AKASH C.H.S. TALAWAD NAGAR,
ASHOK NAGAR, KANDIVALI (EAST),
MUMBAI: 400101

Web Site: www.esaarindia.com

Email: esaarindialtd@gmail.com