

REPORT OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report of your Company together with Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

Particulars	Rs. In Crores	
	Current Year ended 31-03-07	Previous year ended 31-03-06
Gross Income	12.08	7.22
Profit before Depreciation, Tax and other provisions	5.80	3.54
Less : Depreciation	0.94	1.09
Provisions (net of written back)	-	(2.64)
Less : Prior Period Expenses	-	.07
Profit / (Loss) before Income Tax	4.86	5.02
Less : Provision for tax (including provision written back)	0.21	(.25)
Net Profit / (Loss)	4.65	5.27
Less : Transfer to Reserve Fund	0.93	1.05
Profit / (Loss) brought forward	-	(42.34)
Surplus/ (Deficit) carried to the Balance Sheet	(38.11)	(38.12)

DIVIDEND :

Your Board of Directors do not recommend any dividend, in view of its carried over losses.

MANAGEMENT DISCUSSION AND ANALYSIS:**OPERATIONS, FINANCIAL PERFORMANCE AND OUTLOOK :**

During the year under review, your Company has earned a total Income of Rs.12.08 Crores from business operations, compared to previous year Rs.7.22 Crores, an overall increase of 67% compared to previous year. During the year under review, Your Company has posted a net profit of Rs. 4.65 Crores compared to previous year 5.27 Crore.

The current year's revenue has been generated mostly from various types of advisory & consultancy investment business and other financial services and the efforts would continue on this front as your company sees opportunities in these areas. The company will also explore new growth areas in other emerging sectors.

Your Company has made all the provisions according to NBFC Prudential Norms (Reserve Bank), except in cases in respect of which arbitration awards have been received in favour of your Company and in cases, it is considered to be recoverable by the management after analysing the financial position and pay back capacity of the client company.

OPPORTUNITIES AND THREATS :

The company has started financing activities in the transport sector where the opportunity is large and lucrative. As a matter of policy the company has chosen good and strong transporters for this purpose. Your Company is also exploring new avenues of business in financial sector viz. Bill Discounting. Due to the robust growth in the Indian economy, your company is confident of making sustainable growth in the business of the Company.

INDUSTRY STRCUTURE AND DEVELOPMENTS:

Your company belongs to financial service sector and is registered under Non-banking Financial Company (NBFC) division of Reserve Bank of India. During the year Reserve bank of India has issued revised prudential norms in respect of governing of Non-banking financial companies, separately for deposit taking companies and non-deposit taking company. Your company has duly complied the provisions of NBFC revised guidelines of RBI as issued on 22nd February, 2007. As a prudence practice, your Company has provided 100% provisions for Non-performing Assets (NPA) as per RBI guidelines.

SEGMENTWISE PERFORMANCE :

The business segments have been identified based on the nature of business carried out by the Company and services provided to its clients. The business segments are Advisory & Consultancy Business, Investment Business, Other financial services. During the year under review, your Company has earned an income of Rs.9.09 Crores from Consultancy services, Rs.1.32 Crores from Financial services and Rs.1.31 Crores from Investment Activities. 78% of the total income during the year under report was from the Advisory and Consultancy Services and 22% of the total income from Investment and other Financial services of the Company.

PUBLIC DEPOSITS:

There are 98 unclaimed/unpaid deposits amounting to Rs. 11.97 lakhs as on 31.03.2007.(Previous year there were 151 unclaimed deposits amounting to Rs. 14.28 lakhs).

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on the Corporate Governance forms a part of the Annual Report along with Auditors Certificate.

DIRECTORS:

Mr. S. N. Ruia and Mr. S. V. Venkatesan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the accounts on a 'going concern' basis.

AUDITORS:

M/s. B.P. Jain & Co., Chartered Accountants, Mumbai Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a letter expressing their unwillingness for the re-appointment as statutory auditors of the Company for the year 2007-2008. The Company has received a confirmation from M/s Nisar & Kumar, Chartered Accountants for their appointment as statutory auditors of the Company and his appointment, if made, would be within the limits prescribed under section 224 (IB) of the Companies Act, 1956. Accordingly, the members' approval is being sought for their appointment as the Statutory Auditors of the Company at the ensuing Annual General Meeting.

ADEQUACY OF INTERNAL CONTROLS:

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

PERSONNEL AND HUMAN RESOURCE DEVELOPMENT:

Your Directors wish to place on record their appreciation for the devotion to duty, and sincere efforts put in by the employees of your company. There are no employees drawing salary exceeding the limits mentioned in the provisions of Sections 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption etc. are not applicable.

ACKNOWLEDGEMENTS :

The Board wishes to place on record their gratitude for the co-operation and assistance received from the financial institutions, banks, shareholders, depositors, brokers and customers and thank them for their continued support.

For and on behalf of the Board

For **India Securities Limited**

Sd/-

S. V. Venkatesan

Chairman

Dated : 28th June, 2007

Mumbai

"Persons constituting 'group; coming within the definition of group as defined in the Monopolies Restrictive Trade Practices Act, 1969 for the purpose of interse transfer of shares of the Company under regulations 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997".

Sr. No.	Name of the Company
1.	Essar Infrastructure Holdings Limited
2.	Essar Steel Holdings Limited
3.	Essar Energy Holdings Limited
4.	Essar Logistics Holdings Limited
5.	Essar Investments Limited
6.	Reclame Commercials & Securities Pvt. Ltd.
7.	Asia Pacific Markets Limited
8.	Asia Pacific Corporation Limited
9.	Asia Pacific Enterprises Limited
10.	Asia Pacific Far East Limited
11.	Essar House Limited.