

**BOARD OF DIRECTORS:**

Mr. S. Shankaranarayanan  
Mr. Ramakrishnan Parthasarathy  
Mr. Ganesh Pai

**AUDITORS:**

Nisar and Kumar,  
Chartered Accountants  
1305, Arcadia Bldg.,  
Near Earnest House, NCPA Marg,  
Nariman Point, Mumbai – 400 021

**BANKERS:**

Kotak Mahindra Bank  
Axis Bank Limited  
Standard Chartered Bank

**REGISTERED OFFICE:**

56, New No. 77,  
C. P. Ramaswamy Road,  
Abhiramapuram,  
Chennai – 600 018  
Tel: 91 44 2499 1992

**CORPORATE OFFICE:**

Essar House,  
11, K. K. Marg,  
Mahalaxmi,  
Mumbai – 400 034  
Tel: 91 22 6660 1100  
Fax: 91 22 6666 9432  
Visit us at [www.essar.com](http://www.essar.com)

**REGISTRAR AND TRANSFER AGENT:**

Data Software Research Co. Pvt. Ltd.  
19 Pycroft Garden Road,  
Off Haddows Road,  
Nungambakkam  
Chennai – 600 006  
Tel. : +91-44-4510 5120, +91-44-2821 3738,  
+91-44-2821 4487  
Fax. : +91-44-2821 4636  
Email : [support@dsrc-cid.in](mailto:support@dsrc-cid.in)

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## NOTICE

NOTICE is hereby given that the **Nineth Annual General Meeting** of the Members of Essar Capital Limited (CIN: U65923TN2007PLC085016) will be held on Friday, September 30, 2016 at 1:00 p.m. at Essar House, 5th floor, 7, Esplanade, Chennai 600 108, Tamil Nadu to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2016 together with the Report of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Ramakrishnan Parthasarathy (DIN 01743281), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify appointment of M/s. Nisar & Kumar, Chartered Accountants, (Firm Registration No. 127820W), as Statutory Auditors of the Company and to authorise the Board of Directors of the Company to fix their remuneration for the financial year ending March 31, 2017 and in this regard to consider and if thought fit, to pass, the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, (any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) pursuant to recommendations of the Audit Committee and Board of Directors of the Company and pursuant to the resolution passed in the AGM held on September 30, 2015, the Company hereby ratifies the appointment of M/s. Nisar & Kumar, Chartered Accountants, (Firm Registration No.127820W) as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the AGM to be held in 2017 at such remuneration plus service tax and out of pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors”

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ganesh Pai (DIN 02006127), who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 31, 2015 pursuant to the provisions of Section 161 and 149 of the Companies Act, 2013 and holds office up to the date of the this AGM and is eligible for appointment and in respect of whom the Company has received a notice in writing alongwith

requisite deposit under section 160 of the Companies Act, 2013, proposing his candidature for the office of a director, be and is hereby appointed as a director of the Company, liable to retire by rotation”.

Date : August 12, 2016  
Place : Mumbai

For and on behalf of  
Board of Directors

### Registered Office:

Essar House,  
5th Floor, 7, Esplanade,  
Chennai - 600 108

Director

### Notes:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
2. Members / Proxies should bring the duly filled Attendance Slip at the AGM. Proxies submitted by corporates, society members to attend the meeting are requested to send to the Company a certified copy of the Board Resolution/ authority letter as applicable.
3. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2016 to September 30, 2016 (both days inclusive) for the purpose of AGM of the Company.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members are requested to:
  - a) intimate to the Company's Share Transfer Agents (STA), changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
  - b) intimate to the respective Depository Participant (DP), changes, if any, in their registered

- addresses/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.
- c) quote their Folio Numbers/Client ID/DP ID in all correspondence; and
- d) consolidate their holdings into one Folio in case they hold shares under multiple Folios in the identical order of names.
6. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices etc., from the Company electronically.
7. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Members wishing to claim dividends, which remain unclaimed are requested to correspond with Data Software Research Co. Pvt. Ltd., (RTA) of the Company at 19 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai – 600 006. Members are requested to note that dividends not claimed within seven years from the date of the transfer to the Company's Unpaid Dividend Account, will as per Section 205A of the Companies Act, 1956 of the (Section 124 of the erstwhile Companies Act, 2013) be transferred to the Investor Education and Protection Fund.
9. Members desiring any information with regards to accounts are requested to write to the Company at least 7 days before the date of the Meeting as to enable the management to keep the information ready.
10. DIN refers to Director Identification Number.
11. Members holding shares in physical form are advised to avail the Nomination facility in respect of their shares by filling the prescribed form. Members holding shares in electronic form may contact their DP for recording their Nomination.
12. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
13. **Voting through electronic means**
- (a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014 and Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions at the AGM by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting').
- (b) The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as agency to provide e-voting facility.
- (c) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through ballot papers.
- (d) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (e) The remote e-voting shall commence on September 27, 2016 (9.00 a.m.) and ends on September 29, 2016 (5.00 p.m.). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 23, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (f) A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- (g) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. September 23, 2016.
- (h) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. September 23, 2016 only shall be entitled to avail the facility of remote e-voting and voting at Meeting through ballot paper.
- (i) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (j) Mr. Manish Baldeva, (Membership No. FCS 6180), Prop. M/s. M Baldeva Associates, Practising Company Secretaries has been appointed as Scrutinizer to scrutinize the voting through ballot paper and remote e-voting process in a fair and transparent manner.

- (k) The Scrutinizer, after scrutinizing the votes cast at the meeting through ballot paper and through remote e-voting, will, not later than 3 days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company viz. www.essar.com and on the website of the CDSL viz. www.evotingindia.com. The results shall simultaneously be communicated to the stock exchange.
- (l) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. September 30, 2016.

**The process and manner for remote e-voting are as under**

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> </ul>

	<ul style="list-style-type: none"> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'PASSWORD CREATION' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the Essar Securities Limited on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "CLICK HERE TO PRINT" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on FORGOT PASSWORD & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xviii) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- Date : August 12, 2016  
Place : Mumbai
- For and on behalf of  
Board of Directors
- Registered Office:**  
Essar House,  
5th Floor, 7, Esplanade,  
Chennai - 600 108
- Director
- EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**
- ITEM NO. 4**
- Mr. Ganesh Pai was appointed as an Additional Director of the Company on December 31, 2015 by the Board of Directors under Section 161 of the Companies Act, 2013. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Ganesh Pai holds office only up to the date of this Annual General Meeting and is eligible for appointment as a Director. A notice under Section 160(1) of the Companies Act, 2013 has been received from a Member signifying his intention to propose appointment of Mr. Ganesh Pai as a Director.
- The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ganesh Pai as a Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ganesh Pai as a Director.
- The Board recommends the Ordinary Resolution set out at item No. 4 of the Notice for approval by the members.
- Except Mr. Ganesh Pai, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the said resolution.
- Date : August 12, 2016  
Place : Mumbai
- For and on behalf of  
Board of Directors
- Registered Office:**  
Essar House,  
5th Floor, 7, Esplanade,  
Chennai - 600 108
- Director

## DIRECTORS' REPORT

To the Members,  
Essar Capital Ltd.

Your Directors have pleasure in presenting the 9th Annual Report of your Company together with Audited Annual Accounts for the year ended March 31, 2016.

### FINANCIAL RESULTS:

Particulars	For the period ended on March 31, 2016 (in ₹)	For the period ended on March 31, 2015 (in ₹)
Revenue from Operation	3,50,000	3,00,000
Other Income	18,324	25,459
<b>Total</b>	<b>3,68,324</b>	3,25,459
Less: Total Expenses	66,76,553	37,76,606
Profit/ (Loss) before tax	(63,08,229)	(34,51,147)
Less: Current Tax (Including tax for earlier year)	0	(2,87,64,043)
Profit / (Loss) After tax	(63,08,229)	(3,22,15,190)

### PERFORMANCE:

During the period under review the revenue from operations is ₹ 3,68,324 and total expenses is ₹ 66,76,553 the company has not made any provision for Income tax for the current year, thus a net debit balance of ₹ (63,08,229) has been transferred to Profit & Loss A/c for the current period

### CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business of the Company during the year under review.

### AMOUNT TRANSFERRED TO RESERVES:

Your Directors do not propose to transfer any amount to the general reserves.

### DIVIDEND:

Your Directors do not recommend any dividend for the year.

### TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND:

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF

### THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There were no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and on the date of this report.

### DIRECTORS:

#### (a) Retirement by rotation:

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Ramakrishnan Parthasarathy, Director retires by rotation and being eligible has offered himself re-appointment.

#### (b) Appointment

Mr. Ganesh Pai has co-opted as an Additional Director of the Company on December 31, 2015 and holds office upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director of the Company. Your directors recommends for his appointment.

#### (c) Cessation

Mr. Neeraj Gupta and Mr. Shishir Agarwal resigned as Directors during the year. The Board has placed on record its appreciation for the contributions made by them during their respective tenures on the Board.

#### (d) Declaration from Independent Directors:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013.

#### (e) Key Managerial Personnel:

Section 203 of the Companies Act, 2013 is not applicable to the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility statement:-

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever applicable;

- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the accounts for the financial year ended March 31, 2016 on a going concern basis;
- (v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- (vi) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

**CHANGE IN SHARE CAPITAL:**

During the year under review there was no change in the share capital of the Company.

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

Considering the nature of business of your company, the information required under Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Accounts), Rules 2014 relating to Energy Conservation, Technology Absorption is not applicable. There were no foreign exchange earnings or outgo during the period under review.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. Hence, there was no requirement to constitute Corporate Social Responsibility Committee in the Company.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:**

All Related Party Transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013. The details of the related party transactions as required under Accounting Standard - 18 are set out in notes to accounts to the standalone financial statements forming part of this Annual Report.

Details of material related party transactions are given in the prescribed Form AOC - 2 and is appended to this report as Annexure A.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS:**

The observation made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Companies Act, 2013.

**DEPOSITS:**

The Company has neither invited nor accepted any deposits from the public during the year. There are no unclaimed deposit(s) lying with the Company as on March 31, 2015.

**STATUTORY AUDITORS:**

Nisar & Kumar, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within limits prescribed under Section 139 of the Companies Act, 2013 and they are not disqualified from being appointed as Auditors. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules thereunder. The Board of Directors recommends to re-appoint Nisar & Kumar, Chartered Accountants (Firm Registration No. 127820W) who was appointed as Statutory Auditors of the Company at last Annual General Meeting to hold the office from the conclusion of this Annual General Meeting up to the conclusion of the 13th Annual General Meeting to be held in the year 2020, subject to ratification of their appointment at the every Annual General Meeting.

**HOLDING COMPANY:**

Essar Satvision Limited continues to be holding company of your Company. Essar Capital Holdings (India) Limited continues to be the ultimate holding company.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

During the year under review Essar Securities Limited continues to be the Subsidiary Company of your Company.

**CONSOLIDATED FINANCIAL STATEMENTS:**

The Company has one subsidiary as on March 31, 2016. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act") and joint ventures of the Company. There has been no material change in the nature of the business of the subsidiary.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1 is attached to the financial statements of the Company.

**MEETINGS OF THE BOARD:**

The Board of Director duly met five times during the year. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

The dates on which the meetings were held are as follows:

- i) May 13, 2015
- ii) August 17, 2015
- iii) December 31, 2015
- iv) February 9, 2016
- v) March 28, 2016

**AUDIT COMMITTEE:**

The Audit Committee consists of the following members:-

- A. Mr. S. Shankaranarayanan
- B. Mr. R.P. Sarathy
- C. Mr. Ganesh Pai

The above composition of the Audit Committee consists of independent Directors viz., Mr. R. P. Sarathy and Mr. Ganesh Pai who form the majority.

The Audit Committee of the Company reviews the reports to be submitted to the Board of Directors with respect to auditing and accounting matters. It also supervise the Company's internal controls and financial reporting process.

**MANAGERIAL REMUNERATION AND OTHER DETAILS:**

Since no director is paid any remuneration, your directors have nothing to report with respect to details / disclosure as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**EXTRACT OF ANNUAL RETURN:**

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure B and is attached to this Report.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:**

No Significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and future operations of the Company.

**RISK MANAGEMENT POLICY:**

The Company has framed and adopted a Risk Management Policy. The policy framework enables the Company to identify and evaluate risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the Company at various levels.

**INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its business operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically and used efficiently and adequately protected.

**EMPLOYEES STOCK OPTION PLAN:**

The Company has not provided any Stock Option Scheme to the employees.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the co-operation and support received from the Company's shareholders, bankers, customers, employees and the management during the year.

For and on behalf of the Board

Date : August 12, 2016

Place : Mumbai

Director

Director



## **ANNEXURE A TO THE DIRECTORS' REPORT**

### **Form AOC - I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

#### **Part "A": Subsidiaries**

(Information in respect of subsidiary to be presented with amounts in ₹)

1. Sl. No. : 1
2. Name of the subsidiary: Essar Securities Limited
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Reporting period for the subsidiary concerned is the same i.e. March 31, 2016.
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of Foreign subsidiaries – Not Applicable.
5. Share capital: 1,42,87,754 equity shares of ₹ 10/- each.
6. Reserves & surplus: 34,21,50,882
7. Total assets: 48,72,10,645
8. Total Liabilities: 48,72,10,645
9. Investments: 48,20,36,288
10. Turnover: 65,95,000
11. Profit before taxation: 11,02,774
12. Provision for taxation: (2,38,724)
13. Profit after taxation: 8,64,050
14. Proposed Dividend: Nil
15. % of shareholding: 74.92

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations – N/A
2. Names of subsidiaries which have been liquidated or sold during the year – N/A

**ANNEXURE B TO THE DIRECTORS' REPORT****Form No. AOC - 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2015-16.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date (s) of approval by the Board, if any	Amount paid as advances, if any;
Imperial Consultants and Securities Pvt Ltd (Upto March 22, 2016) Enterprise Controlled/ significantly influenced by individual/ relatives	Providing Consultancy Services	3 years	Providing Consultancy Services - NIL	27 <sup>th</sup> March, 2015	NIL
Essar Infrastructure Services Pvt Ltd (Upto March 22, 2016) Enterprise Controlled/ significantly influenced by individual/ relatives	Property taken on Lease	1 year	Payment of Lease rent – ₹ 1,10,205/-	NA	NIL
Futura Travels Limited (Upto March 22, 2016) Enterprise Controlled/ significantly influenced by individual/ relatives	Travelling & Boarding expenses	NA	Payment made for travelling expenses ₹ 58,508/-	NA	NIL

For **Essar Capital Limited**

**Director**

## **ANNEXURE C TO THE DIRECTORS' REPORT**

### **Form No. MGT-9 Extract of Annual Return**

(As on the financial year ended on March 31, 2016)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U65923TN2007PLC085016
2.	Registration Date	30/01/2007
3.	Name of the Company	Essar Capital Limited
4.	Category/Sub-Category of the Company	Company limited by shares
5.	Address of the Registered office and contact details	Chennai House, 5 <sup>th</sup> Floor, New No.7, Esplanade, Chennai 600 108, Tamil Nadu
6.	Whether listed Company (Yes/No):-	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Data Software Research Company Pvt. Ltd. Unit : Essar Securities Limited 19 Pycrofts Garden Road Off : Haddows Road Nungambakkam Chennai 600006, India Phone : +91 44 4510 5120, +91-44-2821 3738, Fax : +91 44 2821 4636 Email. : support@dsrc-cid.in

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product / Services	NIC Code of the Product	% to total turnover of the company
1.	Consultancy Services	99715990	100%

#### **III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: The Company does not have any subsidiary or associate company.**

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Essar Satvision Limited, Chennai House, 5th Floor, 7, Esplanade, Chennai – 600108, Tamil Nadu	U64200TN2008PLC089703	Holding	92.26	2(46)
2.	Essar Securities Limited, 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai 600 018, Tamil Nadu	L65990TN2005PLC071791	Subsidiary	74.92	2(87)

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>A. Promoters</b>								
<b>(1) Indian</b>								
(a) Individual / HUF	0	0	0	0	0	0	0	0
(b) Central Govt. / State Govt(s).	0	0	0	0	0	0	0	0
(c) State Govt(s).	0	0	0	0	0	0	0	0
(d) Bodies Corporate	41206	10532691	10573897	92.26	41206	10532691	10573897	92.26
(e) Banks / FI	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>41206</b>	<b>10532691</b>	<b>10573897</b>	<b>92.26</b>	<b>41206</b>	<b>10532691</b>	<b>10573897</b>	<b>92.26</b>
<b>(2) Foreign</b>								
(a) NRIs – Individuals	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>41206</b>	<b>10532691</b>	<b>10573897</b>	<b>92.26</b>	<b>41206</b>	<b>10532691</b>	<b>10573897</b>	<b>92.26</b>
<b>B. Public Shareholding</b>								
<b>(1) Institutions</b>								
(a) Mutual Funds/UTI	0	150	150	0.00	150	150	0.00	0
(b) Banks / FI	90	1677	1767	0.02	90	1677	1767	0.02
(c) Central Govt.	0	0	0	0	0	0	0	0
(d) State Govt(s).	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0
(g) FIs	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1)</b>	<b>90</b>	<b>1827</b>	<b>1917</b>	<b>0.02</b>	<b>90</b>	<b>1827</b>	<b>1917</b>	<b>0.02</b>
<b>(2) Non-Institutions</b>								
(a) Bodies Corporate	8515	42847	51362	0.45	8423	42847	51270	0.45
(i) Indian	0	0	0	0	0	0	0	0
(ii) Overseas	0	0	0	0	0	0	0	0
(b) Individuals	0	0	0	0	0	0	0	0
(i) Individual Shareholders holding Nominal Share Capital upto ₹ 1 lakh	253983	449354	703337	6.14	257575	446280	0	6.14
(ii) Individual Shareholders holding Nominal Share Capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0
(c) Others (specify)								
(i) NRI	28623	100433	129056	1.13	28197	100433	128630	1.12
(ii) Non Domestic Companies	0	1545	1545	0.01	1545	1545	0.01	0
<b>Sub-Total (B)(2)</b>	<b>291121</b>	<b>594179</b>	<b>885300</b>	<b>7.72</b>	<b>294195</b>	<b>591105</b>	<b>885300</b>	<b>7.72</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>291211</b>	<b>596006</b>	<b>887217</b>	<b>7.74</b>	<b>294285</b>	<b>592932</b>	<b>887217</b>	<b>7.74</b>
<b>Shares held by Custodian for GDRs &amp; ADRs</b>								
<b>Grand Total (A+B+C)</b>	<b>332417</b>	<b>11128697</b>	<b>11461114</b>	<b>100.00</b>	<b>335491</b>	<b>11125623</b>	<b>11461114</b>	<b>100.00</b>

**(ii) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% Change in Share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
1	ESSAR SATVISION LTD	10573897	92.26	0	10573897	92.26	0	Nil
	<b>Total</b>	<b>10573897</b>	<b>92.26</b>	<b>0</b>	<b>10573897</b>	<b>92.26</b>	<b>0</b>	<b>Nil</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

There are no changes in the promoters' shareholding during the financial year 2015-16.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2015		Date	Increase/decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015-31.03.2016)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	VIPUL SECURITIES LTD	39420	0.34	01.04.2015	0		39420	0.34
				31.03.2016	0		39420	0.34
2	DIPTI K SOMAIYA	2502	0.02	01.04.2015	0		2502	0.02
				31.03.2016	0		2502	0.02
3	NISHANT RATILAL BHUVA	2488	0.02	01.04.2015	0		2488	0.02
				31.03.2016	0		2488	0.02
4	NAVODAY MANAGEMENT SERVICES LIMITED	2340	0.02	01.04.2015	0		2340	0.02
				31.03.2016	0		2340	0.02
5	MUKTABEN R BHUVA	1888	0.02	01.04.2015	0		1888	0.02
				31.03.2016	0		1888	0.02
6	RADIANT TRAFIN PRIVATE LIMITED	1759	0.02	01.04.2015	0		1759	0.02
				31.03.2016	0		1759	0.02
7	RANJANA HEMANT AGARWAL	1687	0.01	01.04.2015	0		1687	0.01
8	ALEN CO-OPERATIVE BANK LTD	1530	0.01	01.04.2015	0		1530	0.01
9	INDIRA K A	1341	0.01	01.04.2015	0		1341	0.01
				31.03.2016	0		1341	0.01
10	PORT FOLIO MANAGEMENT & SERVICES LTD	1125	0.01	01.04.2015	0		1125	0.01
				31.03.2016	0		1125	0.01

**(v) Shareholding of Directors and Key Managerial Personnel :**

Shareholding of Directors are Nil during the financial year 2015-16.

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment for the financial year 2015-16 are NIL.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:-**

The Directors did not draw any remuneration from the Company during the financial year 2015-16.

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:-**

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / Compounding fees imposed	Authority [RD / NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment					
Compounding					

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF ESSAR CAPITAL LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR CAPITAL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements

- comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Nisar & Kumar**  
Chartered Accountants  
(Firm Registration No. 127820 W)

**K. M. Mahadik**  
Partner  
(Membership No.48453)

Place : Mumbai  
Date : August 12, 2016



**ANNEXURE REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF ESSAR CAPITAL LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2016**

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification with in the books of account;
- (c) The title deeds of all immovable properties are held in the name of India Securities Limited and ETHL Communications Holdings Limited, the companies which have been amalgamated with the company.
- (ii) Since the company does not have inventory Clause (ii) is not applicable.
- (iii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, since during the year there are no transactions of loans, investments, guarantees and security, compliance of the provisions of section 185 and 186 of the Companies Act, 2013 do not arise.
- (v) In our opinion and according to the information and explanations given to us, during the year the company has not accepted any deposits from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues of provident fund, however, there were delays in deposit of income-tax with the appropriate authorities and service tax is unpaid. According to the records of the company, the company does not have undisputed statutory dues of employees' state insurance, sales-tax, duty of customs, duty of excise, value added tax and cess. The arrears of statutory dues of profession tax of ₹ 13,800 and service tax of ₹ 49,131 as at March 31, 2016 were outstanding for a period of more than

six months from the date they became payable.

- (b) According to the records of the company, there are no dues of service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute. The details of Income Tax and Sales Tax, which have not been deposited on account of dispute are as under:

Nature of Liability	Statute	Amount (₹ Lakhs)	Period	Authorities before which pending dispute
Sales tax (lease tax)	Rajasthan Sales Tax Act	25.56	F.Y. 1994-1995 to F.Y. 1999-2000	Sales Tax Authorities, Jaipur
Income Tax	Income Tax Act, 1961	13.21	A.Y. 2000-01	ITAT – Mumbai
		54.78	A.Y. 2007-08	ITAT – Mumbai
		634.99	A.Y. 2000-01 to A.Y. 2003-04	CIT (TDS) Appeal – Mumbai
		2,53,566.18	A.Y. 2011-12	CIT (Appeal) – Mumbai
		659.28	A.Y. 2012-13	ACIT – Mumbai

- (viii) As the company has not borrowed any amount from Bank or Financial Institution or debenture holders, the reporting under this clause do not arise.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) the company has not paid / provided managerial remuneration, Clause (xi) is not applicable.
- (xii) Since the company is a not Nidhi Company, Clause (xii) is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly

convertible debentures during the year under review.

(xv) According to the records of the company and in our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, compliance with the provisions of Section 192 of Companies Act, 2013 does not arise.

(xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve

Bank of India Act, 1934.

For **Nisar & Kumar**  
Chartered Accountants  
(Firm Registration No. 127820 W)

**K. M. Mahadik**  
Partner  
(Membership No.48453)

Place : Mumbai  
Date : August 12, 2016

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#### **ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ESSAR CAPITAL LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Essar Capital Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the

Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial

control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Nisar & Kumar**  
Chartered Accountants  
(Firm Registration No. 127820 W)

Place : Mumbai  
Date : August 12, 2016

**K. M. Mahadik**  
Partner  
(Membership No.48453)

**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b><u>Shareholders' Funds</u></b>			
Share Capital	2	1,14,61,114	1,14,61,114
Reserves and Surplus	3	(69,17,99,181)	(68,54,90,952)
		<b>(68,08,38,067)</b>	<b>(67,40,29,838)</b>
<b><u>Non Current Liabilities</u></b>			
Long Term Borrowings	4	24,30,10,85,000	24,30,10,85,000
<b><u>Current Liabilities</u></b>			
Trade Payables	5		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		16,39,008	14,08,138
Other Current Liabilities	6	7,86,382	34,36,438
		<b>24,25,390</b>	<b>48,44,576</b>
<b>TOTAL</b>		<b>23,62,31,72,323</b>	<b>23,63,18,99,738</b>
<b>ASSETS</b>			
<b><u>Non Current Assets</u></b>			
Fixed Assets			
Tangible Assets	7	7,37,06,884	7,49,11,083
Non Current Investments	8	23,46,01,74,590	23,46,01,74,590
Long Term Loans and Advances	9	7,98,63,695	7,98,33,175
		<b>23,61,37,45,169</b>	<b>23,61,49,18,848</b>
<b><u>Current Assets</u></b>			
Trade Receivables	10	9,92,700	12,62,700
Cash and Cash Equivalents	11	14,01,519	12,73,500
Short Term Loans and Advances	12	70,32,935	1,44,44,690
		<b>94,27,154</b>	<b>1,69,80,890</b>
<b>TOTAL</b>		<b>23,62,31,72,323</b>	<b>23,63,18,99,738</b>

Significant Accounting Policies 1  
(Notes forms an integral part of the accounts)

As per our report of even date

For **Nisar & Kumar**  
Chartered Accountants

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : August 12, 2016

For and on behalf of the Board

Director Director

Place : Mumbai  
Date : August 12, 2016

## STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
<b>INCOME:</b>			
Revenue from operations	13	3,50,000	3,00,000
Other Income	14	18,324	25,459
<b>TOTAL INCOME</b>		<b>3,68,324</b>	<b>3,25,459</b>
<b>EXPENSES:</b>			
Employee Benefits Expense	15	2,48,502	6,08,870
Depreciation	7	12,04,199	12,04,199
Other expenses	16	52,23,852	19,63,537
<b>TOTAL EXPENSES</b>		<b>66,76,553</b>	<b>37,76,606</b>
Profit / (loss) before tax		<b>(63,08,229)</b>	(34,51,147)
<b>TAX EXPENSE:</b>			
Current tax (tax adjustments for earlier years)		-	(2,87,64,043)
Profit / (Loss) after tax		<b>(63,08,229)</b>	<b>(3,22,15,190)</b>
Basic and diluted earnings per share of face value of ₹ 1 each	17	<b>(0.55)</b>	(2.81)
Significant Accounting Policies (Notes forms an integral part of the accounts)	1		

As per our report of even date

For **Nisar & Kumar**  
Chartered Accountants

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : August 12, 2016

For and on behalf of the Board

Director

Director

Place : Mumbai  
Date : August 12, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
<b>Cash Flow from Operating Activities</b>		
Profit/(Loss) before Tax	(63,08,229)	(34,51,147)
Adjustment for:		
Interest income	(16,536)	(23,137)
Depreciation	12,04,199	12,04,199
Balances written off	2,08,269	8,365
<b>Operating Cash Flow before Working Capital Changes</b>	<b>(49,12,297)</b>	<b>(22,61,720)</b>
Adjustment for:		
(Increase)/Decrease in receivables	76,78,755	45,49,896
Increase/(Decrease) in payables	(26,27,455)	(36,36,911)
<b>Cash generated from / (used in) Operations</b>	<b>1,39,003</b>	<b>(13,48,735)</b>
Less:- Income Tax Refund / (paid) [net]	(27,520)	(30,000)
<b>Net Cash (used in) / generated from Operating Activities</b>	<b>1,11,483</b>	<b>(13,78,735)</b>
<b>Cash Flow from Investing Activities</b>		
Interest received	16,536	23,137
<b>Net Cash generated from / (used in) Investing Activities</b>	<b>16,536</b>	<b>23,137</b>
<b>Net Increase / (Decrease) in Cash and cash equivalents</b>	<b>1,28,019</b>	<b>(13,55,598)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,73,500</b>	<b>26,29,098</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14,01,519</b>	<b>12,73,500</b>

**Note:**

The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements.

As per our report of even date

For **Nisar & Kumar**  
Chartered Accountants

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : August 12, 2016

For and on behalf of the Board

Director Director

Place : Mumbai  
Date : August 12, 2016

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 Basis of Accounting :**

The accounts of the Company have been prepared on historical cost convention using the accrual basis of accounting on consistent basis.

#### **1.2 Revenue recognition:**

- a) Consultancy income is recognised for the services rendered as per the terms of contracts.
- b) Dividend is recognised on right to receive basis.
- c) Interest is recognised on time accrual basis.

#### **1.3 Investments:**

Long term investments are stated at cost. Cost includes incidental cost of acquisition. The decline in value of investments other than of temporary nature is provided for in profit and loss account.

#### **1.4 Taxation:**

The provision for current tax, if any is computed in accordance with the relevant tax regulation. Deferred tax is recognised on timing differences between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard 22 on 'Accounting for taxes on Income'. Deferred Tax Asset is recognised wherever there is virtual certainty that future taxable income will be available against which such deferred tax asset can be realised.

#### **1.5 Foreign Currency Transactions:**

Transactions in foreign currencies are recorded at the original rate of exchange in force at the time of occurrence of the transactions. Monetary items of current assets and liabilities denominated in foreign currency are translated at year end rates. The exchange gain or loss arising on translation or settlement of balances is charged to statement of profit and loss.

#### **1.6 Borrowing Costs:**

Borrowing costs related to qualifying assets in the course of acquisition upto the date of commissioning is added to cost of fixed assets. Other borrowing costs are charged to statement of profit and loss.

#### **1.7 Depreciation:**

Depreciation is provided on straight-line basis at the rates prescribed under Schedule II of the Companies Act, 2013 on pro rata basis from the date of addition or till the date of deletion.

The impairment of fixed assets is reviewed as per Accounting Standard 28 " Impairment of Fixed Assets".

#### **1.8 Fixed Assets:**

Fixed assets are recorded at cost or valuation less depreciation. Cost includes purchase cost together with all incidental costs of acquisition and installation.

#### **1.9 Retirement Benefits:**

- a) Gratuity liability is funded and recognised on projected unit credit actuarial method.
- b) Compensated absences are recognised on projected unit credit actuarial method.
- c) Contribution to Provident Fund which is a fixed percentage of the eligible employees' salary is charged to Statement of Profit and Loss and funded with Government Provident Fund.

#### **1.10 Contingent Liabilities and Provisions:**

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unlike likelihood of an outflow of resources is remote. Contingent assets are not recognised in the account, unless there is virtual certainty as to its realisation.

## 2. SHARE CAPITAL

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>AUTHORIZED CAPITAL</b>		
950,000,000 (P.Y 950,000,000) Equity Shares of ₹ 1 each	95,00,00,000	95,00,00,000
1,550,000 (P Y 1,550,000) Preference Shares of ₹ 2,000 each	3,10,00,00,000	3,10,00,00,000
	<u>4,05,00,00,000</u>	<u>4,05,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL</b>		
11,461,114 (P.Y.11,461,114) Equity Shares of ₹ 1 each	1,14,61,114	1,14,61,114
<b>TOTAL</b>	<u>1,14,61,114</u>	<u>1,14,61,114</u>

**Notes:**

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Equity Shares Outstanding at the beginning of the year	1,14,61,114	1,14,61,114
Add: Shares issued during the year	—	—
Equity Shares Outstanding at the end of the year	<u>1,14,61,114</u>	<u>1,14,61,114</u>

- b) The details of the shareholders holding more than 5% shares - Essar Satvision Limited 10,573,897 (P.Y. 10,573,897), the Holding company along with nominees.
- c) Out of the above 10,000,000 equity shares were allotted as fully paid up by way of Bonus shares by capitalisation of profits in the financial year ended March 31, 2013.
- d) Out the above 961,114 equity shares were issued as fully paid up without payment being received in cash, pursuant to the scheme of amalgamation in the financial year ended March 31, 2013.

## 3. RESERVES AND SURPLUS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(68,54,90,952)	(65,32,75,762)
Add: Profit / (loss) for the year	(63,08,229)	(3,22,15,190)
Balance as at the end of the year	<u>(69,17,99,181)</u>	<u>(68,54,90,952)</u>
<b>TOTAL</b>	<u>(69,17,99,181)</u>	<u>(68,54,90,952)</u>

## 4. LONG TERM BORROWINGS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>UNSECURED LOANS</b>		
<b>Optionally Convertible Debentures</b>		
<b>Series I</b>		
243,010,850 (P. Y. 243,010,850) Optionally Convertible Debentures of ₹ 100 each fully paid up	24,30,10,85,000	24,30,10,85,000
<b>TOTAL</b>	<u>24,30,10,85,000</u>	<u>24,30,10,85,000</u>



**TERMS AND CONDITIONS OF OPTIONALLY CONVERTIBLE DEBENTURES OF ₹ 100 EACH**

- a) The debentures shall not carry any interest.
- b) Each debenture shall have face value of ₹ 100 each.
- c) Each debentures shall be redeemable at ₹ 160\* on February 28, 2018\*  
(\* during the year with the consent of debentureholders, premium on redemption and date of redemptions altered).
- d) The holder of each debenture shall have option to convert the debenture into one 10% Non-Cumulative Preference Share of ₹ 100 each any time after March 31, 2013.
- e) The debentures shall not be listed on any stock exchange.

**5. TRADE PAYABLES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) for services	16,39,008	12,51,217
ii) for Investments	-	1,56,921
<b>TOTAL</b>	<b>16,39,008</b>	<b>14,08,138</b>

**6. OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Advances from related parties	-	2,90,301
Advances from others	-	22,38,238
Statutory liabilities	1,76,361	2,97,807
Unclaimed Dividend	6,10,021	6,10,092
<b>TOTAL</b>	<b>7,86,382</b>	<b>34,36,438</b>

**7. TANGIBLE ASSETS**

Description of Assets	GROSS BLOCK (AT COST / VALUATION)				DEPRECIATION				NET BLOCK	
	As At April 1, 2015	Additions during the year	Deletions / adjustments	As At March 31, 2016	As At April 1, 2015	For the year	Withdrawn / Written back	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	74,70,000	-	-	74,70,000	-	-	-	-	74,70,000	74,70,000
Buildings	7,21,68,465	-	-	7,21,68,465	47,27,382	12,04,199	-	59,31,581	6,62,36,884	6,74,41,083
<b>TOTAL</b>	<b>7,96,38,465</b>	<b>-</b>	<b>-</b>	<b>7,96,38,465</b>	<b>47,27,382</b>	<b>12,04,199</b>	<b>-</b>	<b>59,31,581</b>	<b>7,37,06,884</b>	<b>7,49,11,083</b>
Previous year	7,96,38,465	-	-	7,96,38,465	35,23,183	12,04,199	-	47,27,382	7,49,11,083	7,61,15,282

## 8. NON CURRENT INVESTMENTS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Long term, Non-trade at cost</b>		
<b>A. Quoted</b>		
Investment in subsidiary company		
Investment in Equity Shares 10,704,557 (P.Y 10,704,557) Equity Shares of ₹ 10 each of Essar Securities Ltd fully paid up	23,91,37,990	23,91,37,990
<b>B. Unquoted</b>		
Investment in other companies		
Investment In Debentures 232,210,366 (P. Y. 232,210,366) Optionally Convertible Debentures of ₹ 100 each of Imperial Consultants and Securities Pvt Ltd fully paid up	23,22,10,36,600	23,22,10,36,600
<b>TOTAL</b>	<b>23,46,01,74,590</b>	<b>23,46,01,74,590</b>
Aggregate amount of Quoted Investments	23,91,37,990	23,91,37,990
Aggregate amount of Unquoted Investments	23,22,10,36,600	23,22,10,36,600
Aggregate market value of Quoted Investments	28,15,29,849	34,52,21,963

## 9. LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>(Unsecured, Considered Good)</b>		
Advance Tax / Tax deducted at source (Net of provision for taxes)	7,98,45,715	7,98,18,195
Gratuity funded amount receivable	17,980	14,980
<b>TOTAL</b>	<b>7,98,63,695</b>	<b>7,98,33,175</b>

## 10. TRADE RECEIVABLES

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>(Unsecured, Considered Good)</b>		
Debts outstanding for more than six months	9,92,700	9,92,700
Other debts	—	2,70,000
<b>TOTAL</b>	<b>9,92,700</b>	<b>12,62,700</b>

## 11. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Balance with the Banks in</b>		
a) Current / Savings Accounts	7,91,498	6,63,408
b) Current Accounts (Unclaimed Dividend)	6,10,021	6,10,092
<b>TOTAL</b>	<b>14,01,519</b>	<b>12,73,500</b>

**12. SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>(Unsecured, Considered Good)</b>		
Advances to related parties	–	13,67,855
Advance to vendors and other receivables	70,32,935	1,30,76,835
<b>TOTAL</b>	<b>70,32,935</b>	<b>1,44,44,690</b>

**13. REVENUE FROM OPERATIONS**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Income from Consultancy Services	3,50,000	3,00,000
<b>TOTAL</b>	<b>3,50,000</b>	<b>3,00,000</b>

**14. OTHER INCOME**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Interest on Income Tax Refund	1,788	–
Interest on intercorporate deposits / deposits with banks	16,536	23,137
Miscellaneous Income	–	2,322
<b>TOTAL</b>	<b>18,324</b>	<b>25,459</b>

**15. EMPLOYEE BENEFITS EXPENSE**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Salaries and Allowances	2,28,762	5,76,145
Contribution to provident / other funds	6,463	27,622
Staff welfare expenses	13,277	5,103
<b>TOTAL</b>	<b>2,48,502</b>	<b>6,08,870</b>

**16. OTHER EXPENSES**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
<b>Payment to auditors</b>		
Audit Fees	2,86,250	2,85,000
Certification Fees	63,870	—
Advertisement Expenses	20,088	8,863
Communication Expenses	1,86,544	1,89,651
AGM Expenses	48,399	47,122
Listing and Custodial Fees	3,08,310	4,05,174
Printing and Postage Expenses	1,75,409	1,67,022
Travelling Expenses	73,164	48,765
Balances Written off (net)	2,08,269	8,365
Rent	1,43,559	32,904
Interest on delayed payment of taxes	1,21,816	—
Filing fees, Rates and Taxes	15,037	15,874
Legal and professional fees	35,71,915	7,50,823
Bank Charges	1,222	101
Miscellaneous expenses	—	3,873
<b>TOTAL</b>	<b>52,23,852</b>	<b>19,63,537</b>

**17. EARNINGS PER SHARE**

There are no potential equity shares and hence basic and diluted earnings per share are same. The calculation of earnings per share is based on the following data:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Earnings [Net profit / (loss) after tax (₹)]	(63,08,229)	(3,22,15,190)
Weighted average number of equity shares for the purpose of calculating earnings per share	1,14,61,114	1,14,61,114
Basic and diluted earnings per share of face value of ₹ 1 each (₹)	(0.55)	(2.81)

**18. CONTINGENT LIABILITIES:**

- Income tax demands of ₹ 25,56,65,63,431 (P. Y. ₹ 144,017,491) pending in appeals.
- Lease tax demands of ₹ 25,56,295 (P. Y. ₹ 2,556,295) pending in appeals.
- Underwriting claim disputed by the company pertaining to erstwhile India Securities Limited, which got amalgamated with the company in the financial year ended March 31, 2013 ₹ 55,525,125 (P. Y. ₹ 55,525,125).

**19. CURRENT ASSETS, LOANS AND ADVANCES:**

In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities are adequate and not in the excess of amount reasonably stated.

## 20. RELATED PARTIES DISCLOSURES

(A) Related parties and nature of relationship where control exists:

- i) Holding Companies  
Essar Satvision Limited  
Essar Capital Holdings (India) Limited (holding company of Essar Satvision Ltd)
- ii) Subsidiary Company  
Essar Securities Ltd
- iii) Individual indirectly owning interest in voting power that gives control :  
Smt. Manju S Ruia

(B) Other related parties where there have been transactions.

Enterprises controlled or significantly influenced by individual or relatives:

Essar Investments Limited

Upto March 22, 2016 – Essar Properties Pvt Limited, Imperial Consultants & Securities Pvt Limited, Futura Travels Limited, Imperial Procurement Services Pvt Limited, Girishan Investment Pvt Limited, Essar Teleholdings Limited, Essar Infrastructure Services Pvt Ltd.

(C) The material transactions with related parties are summarised below:

Particulars	Holding companies	Subsidiary company	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2016
	₹	₹	₹	₹
<b>a. Statement of Profit and Loss Items</b>				
<b>Consultancy Fees receipts</b>			–	–
			(3,00,000)	(3,00,000)
Imperial Consultants and Securities Pvt Ltd			–	
			(3,00,000)	
<b>Professional fees Expenses (Essar Securities Ltd)</b>		<b>9,24,590</b>		<b>9,24,590</b>
		(3,01,484)		(3,01,484)
<b>Travelling / Rent expenses</b>			<b>1,68,713</b>	<b>1,68,713</b>
			(42,532)	(42,532)
Essar Infrastructure Services Pvt Ltd			1,10,205	
			(32,904)	
Futura Travels Limited			58,508	
			(9,628)	
<b>b. Balance Sheet Items</b>				
<b>Refund of Advances taken</b>			<b>58,377</b>	<b>58,377</b>
			(–)	–
Essar Investments Ltd			58,377	
			–	

Particulars	Holding companies	Subsidiary company	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2016
	₹	₹	₹	₹
<b>Advances taken</b>			-	-
			(2,90,301)	(2,90,301)
Essar Investments Ltd			-	
			(58,377)	
Essar Services India Pvt Ltd			-	
			(2,31,924)	
<b>Advances given</b>			-	-
			(13,63,766)	(13,63,766)
Imperial Consultants and Securities Pvt Ltd			-	
			(13,63,766)	
<b>Refund of advances given</b>			<b>16,37,855</b>	<b>16,37,855</b>
			(3,36,259)	(3,36,259)
Imperial Consultants and Securities Pvt Ltd			16,37,855	
			(-)	
Essar Satvision Ltd			-	
			(36,259)	
Kroner Investments Ltd			-	
			(3,00,000)	
<b>(D) Balances outstanding at the end of the year:</b>				
<b>Credit balances</b>		<b>3,71,065</b>	-	<b>3,71,065</b>
		(-)	(3,32,833)	(3,32,833)
<b>Debit balances</b>			-	-
			(16,37,855)	(16,37,855)

Note: Figures in bracket relates to previous year.

21. The business segments have been identified based on the nature of business carried out by the company and services provided by the Company to its clients. The Company carries on business of investment and providing consultancy services.

	Consultancy Services		Investment Activities		Total	
	March 31, 2016 ₹	March 31, 2015 ₹	March 31, 2016 ₹	March 31, 2015 ₹	March 31, 2016 ₹	March 31, 2015 ₹
<b>Segment Revenue</b>	<b>3,50,000</b>	<b>3,00,000</b>	–	–	<b>3,50,000</b>	<b>3,00,000</b>
<b>Segment Results [Segment Profit / (Loss)]</b>	<b>3,50,000</b>	<b>3,00,000</b>	–	–	<b>3,50,000</b>	<b>3,00,000</b>
Unallocable Income					18,324	25,459
Unallocable Expenses [includes depreciation ₹ 1,204,199 (P.Y. ₹ 1,204,199)]					66,76,553	37,76,606
Current tax (tax adjustments for earlier years)					–	2,87,64,043
<b>Net Profit / (Loss) After tax</b>					<b>(63,08,229)</b>	<b>(3,22,15,190)</b>
Segment Assets	<b>9,92,700</b>	12,62,700	<b>23,46,01,74,590</b>	23,46,01,74,590	<b>23,46,11,67,290</b>	23,46,14,37,290
Unallocable assets					<b>16,20,05,033</b>	17,04,62,448
<b>Total Assets</b>					<b>23,62,31,72,323</b>	<b>23,63,18,99,738</b>
Segment liabilities			<b>24,30,10,85,000</b>	24,30,12,41,921	<b>24,30,10,85,000</b>	24,30,12,41,921
Unallocable liabilities					<b>24,25,390</b>	46,87,655
<b>Total Liabilities</b>					<b>24,30,35,10,390</b>	<b>24,30,59,29,576</b>

22. The company does not have any commitment.
23. Previous year figures have been regrouped, rearranged wherever necessary.

As per our report of even date

For **Nisar & Kumar**  
Chartered Accountants

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : August 12, 2016

For and on behalf of the Board

Director

Director

Place : Mumbai  
Date : August 12, 2016

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# **Details of Subsidiary Company**

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**Board of Directors:**

Mr. S. V. Venkatesan  
Mr. N. B. Vyas  
Mr. Sujay Sheth  
Ms. Suparna Singh  
Mr. Neeraj Gupta (upto February 12, 2016)

**Chief Financial Officer:**

Mr. Girish Vyas

**Company Secretary and  
Compliance Officer:**

Mr. Ashish Vyas (upto August 5, 2016)

**Auditors:**

Nisar and Kumar,  
Chartered Accountants  
1305, Arcadia Bldg.,  
Near Earnest House, NCPA Marg,  
Nariman Point, Mumbai – 400 021

**Bankers:**

Kotak Mahindra Bank  
Axis Bank Limited

**Registered Office:**

56, New No. 77,  
C. P. Ramaswamy Road,  
Abhiramapuram,  
Chennai – 600 018  
Tel: 91 44 2499 1992

**Corporate Office:**

Essar House,  
11, K. K. Marg,  
Mahalaxmi, Mumbai – 400 034  
Tel: 91 22 6660 1100  
Fax: 91 22 6666 9432  
Visit us at [www.essar.com](http://www.essar.com)

**Registrar and Transfer Agent:**

Data Software Research Co. Pvt. Ltd.  
19 Pycroft Garden Road,  
Off Haddows Road,  
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Tel. : +91-44-4510 5120,  
          +91-44-28213738, +91-44-28214487  
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Email : [essar.securities@dsrc-cid.in](mailto:essar.securities@dsrc-cid.in)

## DIRECTORS' REPORT

To,

The Members of  
**Essar Securities Limited,**

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2016.

### FINANCIAL RESULTS:

(₹ In Lakhs)

Particulars	For the year ended on March 31, 2016	For the year ended on March 31, 2015
Income	65.95	49.39
Less: Expenditure	54.92	40.13
Profit Before Tax	11.02	9.26
Less: Provision for taxation	3.41	2.87
Profit After Tax	8.64	6.39
Balance brought forward from previous year	2221.87	2215.47
Balance carried forward to Balance Sheet	2230.51	2221.87

### PERFORMANCE:

During the period under review your company has made a profit of ₹ 11.02 Lacs before making provision for Income tax amounting to ₹ 3.41 Lacs for the current year, thus a net credit balance of ₹ 8.64 Lacs has been transferred to Profit & Loss A/c for the current period.

### CHANGE IN NATURE OF BUSINESS, IF ANY:

There were no changes in the nature of business of the Company during the year under review.

### AMOUNT TRANSFERRED TO RESERVES:

Your Directors do not propose to transfer any amount to the general reserves.

### DIVIDEND:

Your Directors do not recommend any dividend for the year.

### TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND(IEPF):

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

### MANAGEMENT DISCUSSION AND ANALYSIS:

There have been a number of causes behind growth of Indian economy in last couple of years. A number of market reforms have been instituted by Indian government and there has been significant amount of foreign direct investment made in India. Much of this amount has been invested into several businesses including knowledge process outsourcing industries. India's foreign exchange reserves have gone up in last few years. Capital markets of India are doing pretty well too. All these factors have contributed to growth of Indian economy.

#### (a) INDUSTRY STRUCTURE AND DEVELOPMENT:

Your company provides consultancy services. The focus of the management is to increase its clientele and sustain the existing consultancy business.

#### (b) OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

In today's complex business environment, almost every business decision requires executives and managers to balance risk and reward. Effective risk management is therefore critical to an organization's success. Globalization, with increasing integration of markets, newer and more complex products and transactions and an increasingly stringent regulatory framework has exposed organisations to newer risks. As a result, today's operating environment demands a rigorous and integrated approach to risk management. Timely and effective risk management is of prime importance to our continued success. Increased competition and market volatility has enhanced the importance of risk management. The sustainability of the business is derived from the following:

- i) Identification of the diverse risks faced by the Company.
- ii) The evolution of appropriate systems and processes to measure and monitor them.
- iii) Risk management through appropriate mitigation strategies within the policy framework.
- iv) Monitoring the progress of the implementation of such strategies and subjecting them to periodical audit and review.
- v) Reporting these risk mitigation results to the appropriate managerial levels.

#### (c) SEGMENT:

The primary segment of the Company is 'Consultancy Services'. Hence segment wise performance is not applicable.

**(d) OUTLOOK:**

As the Company has major equity investment in Essar Steel India Limited, a company engaged in Steel Business, its operations would also have a bearing on the performance of the Company.

**(e) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUENCY:**

Your Company has an effective system of accounting and administrative controls supported by an internal audit system with proper and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilization. As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

**(f) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF EMPLOYEES:**

During the year the Company maintained cordial relations with the employees of the Company. The Company acknowledges the contributions and services of its employees and wishes to place on record its appreciation of the efforts of the employees.

**(g) CAUTIONARY STATEMENT:**

The statement in this report, including the Management's Discussion and Analysis Report, reflects the Company's projections, estimates, expectations and predictions and contains a forward looking statement that involves risk and uncertainty. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Actual results, performances of achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only of the expectations as on the date.

**DIRECTORS & KMPs:****(a) Retirement by rotation:**

In accordance with the provisions of the Companies Act, 2013, Ms. Suparna Singh, Director retires by

rotation and being eligible has offered herself for re-appointment. Mr. N. B. Vyas, Mr. S. V. Venkatesan and Mr. Sujay Sheth continue to be directors of your Company.

**(b) Cessation:**

Mr. Neeraj Gupta resigned from the directorship of the Company w.e.f. February 12, 2016. The board wishes to place on record its sincere appreciation for the valuable services rendered by him during his tenure as a director of the Company.

**(c) Declaration from Independent Directors:**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149 (7) of the Companies Act, confirming that they meet the criteria of independence under Section 149(6) of the Companies Act and Regulation 16(1) (b) and 25 of Securities and Exchange Board of India Listing Obligations and Disclosure Requirements Regulation 2015 (SEBI LODR Regulations).

**(d) Annual Performance and Board Evaluation:**

Pursuant to the provisions of Section 178 of the Act, read with Regulation 17 of the Listing Regulations, the Board of Directors carried out an annual evaluation of the performance of the Board as a whole, the Directors individually and the Board's Report working of the committees of the Board. In a separate meeting of Independent Directors held on February 04, 2016, the performance of Non-Independent Directors, performance of the Board and the performance of the Chairman were evaluated, taking into account the views of all the directors of the Company. This would be further deliberated by the Board to ensure effective implementation of the findings of the evaluation.

**(e) Key Managerial Personnel (KMP):**

Mr. Ashish Vyas Company Secretary & Compliance officer has resigned on August 5, 2016 as the KMP of the Company. Mr. Girish Vyas continue to be a Chief Financial Officer of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility statement:-

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever applicable;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so

as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts for the financial year ended March 31, 2016 on a going concern basis;
- (v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- (vi) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

There were no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and on the date of the report.

**CHANGE IN SHARE CAPITAL:**

During the year under review there was no change in the share capital of the Company.

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

Considering the nature of business of your company, the information required under Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Accounts), Rules 2014 relating to Energy Conservation, Technology Absorption is not applicable. There were no foreign exchange earnings or outgo during the period under review.

**RISK MANAGEMENT POLICY:**

The Company has framed and adopted a Risk Management Policy. The policy framework enables the Company to identify and evaluate risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the Company at various levels.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company has not developed and implemented any Corporate Social Responsibility as the said provisions are not applicable.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013:**

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee. The Audit Committee has granted omnibus approval for Related Party Transactions as per the provisions and restrictions contained in the erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the Company's website [www.essar.com](http://www.essar.com). Detail of material related party transactions are given in the prescribed Form AOC - 2 and is appended to this report as **Annexure A**.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTISING COMPANY SECRETARY IN THEIR REPORTS:**

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors.

Pursuant to Section 203(1) of the Companies Act, 2013, Company had appointed CFO and CS.

**COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

The Company has adopted a Policy on Remuneration and Criteria for evaluation of performance of Independent Directors. The Policy adopted by the Company covers the terms of appointment such as qualifications, positive attributes and independence of a director, remuneration for the directors, key managerial personnel and other employees as per the applicable provisions of the Companies Act, 2013. The Remuneration Policy is appended to this report as **Annexure B**.

**NOMINATION AND REMUNERATION COMMITTEE:**

The information pertains to Nomination and Remuneration Committee is furnished in the Corporate Governance Report, which forms part of this report.

**DEPOSITS:**

The Company has neither invited nor accepted any deposits from the public during the year. There are no unclaimed deposit(s) lying with the Company as on March 31, 2016.

**STATUTORY AUDITORS:**

Nisar & Kumar, Chartered Accountants, (Firm Registration No. 127820W), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within limits prescribed under Section 139 of the Companies Act, 2013 and they are not disqualified from being appointed as Auditors.

The Board of Directors recommends to re-appoint Nisar & Kumar, Chartered Accountants (Firm Registration No. 127820W) who was appointed as Statutory Auditors of the Company at last Annual General Meeting to hold office from the conclusion of 10th Annual General Meeting till the conclusion of 12th Annual General Meeting, subject to ratification of their appointment at Annual General Meeting to be held in 2016.

**INTERNAL AUDIT:**

The Company's Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliances with operating systems, accounting procedures and policies of the Company and reports the same on quarterly basis to the Audit Committee.

**MANAGERIAL REMUNERATION AND OTHER DETAILS:**

The information required under section 197(12) of the Companies Act, 2013, read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in the **Annexure C** to this report.

**INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its business operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically and used efficiently and adequately protected.

**HOLDING COMPANY:**

Essar Capital Limited continues to be holding company of your Company. Essar Capital Holdings (India) Limited continues to be the ultimate holding company.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary, Joint Venture and Associate Company.

**MEETINGS OF THE BOARD:**

The Board met six times during the year, the details of board meetings held and attendance of directors are provided in the Report on Corporate Governance forming part of this Report. The maximum time gap between any two meetings was less than 120 days as stipulated under SEBI's Listing Obligations and Disclosure Requirements, 2015.

**AUDIT COMMITTEE:**

The Audit Committee of the Company comprises Mr. S. V. Venkatesan, Mr. N. B. Vyas and Mr. Sujay Sheth. Mr. S. V. Venkatesan is the Chairman of the Committee. Mr. Neeraj Gupta has stepped down as a member of the Audit Committee w.e.f. February 12, 2016. The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

**VIGIL MECHANISM:**

The Company has established a vigil mechanism to deal with instances of fraud and mismanagement, if any. The mechanism also provides adequate safeguards against victimization of employees and Directors who express their concerns and also provides direct access to the chairman of the Audit Committee on reporting issues concerning the interests of employees of the Company in the exceptional cases. We confirm that during the financial year 2015-16, no employee or director was denied access to the Audit Committee.

**EXTRACT OF ANNUAL RETURN:**

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure D** and is attached to this Report.

**SECRETARIAL AUDIT REPORT:**

In terms of Section 204 of the Companies Act, 2013 and Rule made there under, CS Manish Baldeva, (Membership No. FCS 6180), Prop. M/s. M Baldeva Associates, Practising Company Secretaries have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is attached as **Annexure E** to this report. The report is self-explanatory and do not call for any further comments.

**CORPORATE GOVERNANCE REPORT:**

The Company is committed to maintain the highest standards of Corporate Governance and adhering to the disclosure norms as set out by Securities and Exchange Board of India. The Report on Corporate Governance, as stipulated under Regulation 27 of the Listing Regulations, forms part of the Annual Report. Certificate of compliance from Mr. Manish Baldeva, (Membership No. FCS 6180), Prop. M/s. M Baldeva Associates, Practising Company Secretary, confirming compliance with the conditions of Corporate Governance, as stipulated under Regulation 27 of the Listing Regulations, has been annexed as part of this report.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There have been no significant and material orders passed by any regulators or courts or tribunals, impacting the going concern status of the Company and its future operations.

**EMPLOYEES STOCK OPTIONS:**

The Company has not provided any Stock Option Scheme to the employees.

**ACKNOWLEDGEMENT:**

Your directors express their appreciation for the contribution made by the employees in the progress of the Company. The Board also thanks the Company's customers, vendors, investors and bankers for their continued support during the year.

Date: August 12, 2016

Place: Mumbai

**For and on behalf of  
Board of Directors****Registered office:**Essar House,  
5th Floor, 7, Esplanade,  
Chennai - 600 108**Director****Director**

## ANNEXURE A TO THE DIRECTORS' REPORT

### FORM NO. AOC - 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2015-16.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sr. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Enterprises controlled or significantly influenced by individual or relative (upto March 22, 2016): 1. Imperial Consultants and Securities Private Limited 2. Girishan Investment Private Limited 3. Imperial Procurement Services Private Limited 4. Essar Teleholdings Limited Enterprises controlled or significantly influenced by individual or relative 5. Essar Investments Limited Holding Company: 6. Essar Capital Limited
b)	Nature of contracts/arrangements/ transactions	Providing Consultancy Services
c)	Duration of the contracts / arrangements/ transactions	3 Years
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Providing Consultancy Services: 1. Imperial Consultants and Securities Private Limited – not exceeding ₹ 47 Lacs p.a. 2. Girishan Investment Private Limited – not exceeding ₹8 Lacs p.a. 3. Imperial Procurement Services Private Limited – not exceeding ₹11 Lacs p.a. 4. Essar Teleholdings Limited – not exceeding ₹ 15 Lacs p.a. 5. Essar Investments Limited – not exceeding ₹18 Lacs p.a. 6. Essar Capital Limited – not exceeding ₹ 12 Lacs p.a.
e)	Date(s) of approval by the Board, if any	March 31, 2015
f)	Amount paid as advances, if any	NIL

For Essar Securities Limited

Director

## ANNEXURE - B TO THE DIRECTORS' REPORT

### NOMINATION AND REMUNERATION POLICY

Essar Securities Limited recognises the need to have a fair, transparent and reasonable process for determining the appropriate remuneration at all levels of the Company. Company also believes that board is responsible to its shareholders to ensure that interests of the directors, key managerial personnel and other employees are aligned with the interests of the shareholders.

#### 1. OBJECTIVE

The Nomination and Remuneration Committee comprises of three Directors and the Key objectives of the Committee would be: -

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
- 1.2 To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management
- 1.3 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.4 To identify persons to be recruited in the Key Managerial Personnel of the Company
- 1.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

#### 2. DEFINITIONS

- 2.1 "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 "Board" means Board of Directors of the Company.
- 2.3 "Key Managerial Personnel" means Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed.
- 2.4 "Senior Management" mean personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### 3. ROLE OF COMMITTEE

- 3.1 Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to

the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees

- 3.2 Formulation of criteria for evaluation of Independent Directors and the Board
- 3.3 Devising a policy on Board diversity
- 3.4 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal
- 3.5 Policy for appointment and removal of Director, KMP and Senior Management
- 3.6 To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- 3.7 To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### 4. APPOINTMENT CRITERIA AND QUALIFICATIONS

- 4.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- 4.2 A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- 4.3 The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- 4.4 A whole-time KMP of the Company shall not hold office in more than one Company except



in its Subsidiary Company at the same time. However they can be appointed as Director in any Company with the permission of the Board of Directors of the Company.

## 5 TERM / TENURE

### 5.1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### 5.2 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of five years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## 6 EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

## 7 REMOVAL

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 8 RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 9 POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

9.1 The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

9.2 The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1,00,000 ( Rupees One Lakh Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

9.3 An Independent Director shall not be entitled to any stock option of the Company.

## 10 POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013 read with rules made there under and the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. This policy shall be reviewed by Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes in the policy shall be approved by the Board of Directors.

## ANNEXURE - C TO THE DIRECTORS' REPORT

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16** Directors of the Company are not drawing any remuneration and hence the aforesaid ratio is not applicable
- (ii) **The percentage increase in remuneration of each of Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any during the financial year 2015-16**

Sr. No.	Name of KMP	Designation	% increase in Remuneration in the Financial Year 2014-15
1	Girish Vyas	Chief Financial Officer	10.70
2	Ashish Vyas	Company Secretary	9.72

- (iii) **The percentage increase in the median remuneration of employees in the financial year:** 10.39%.
- (iv) **The number of permanent employees on the rolls of Company:** 2.
- (v) **The Explanation on relationship between average increase in remuneration and company performance** Increments are based on the individual employee performance, market benchmarking of salary and net profit of the Company. There is no direct relationship between average increase in remuneration year to year with financial performance of the Company.
- (vi) **Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company** The total remuneration of Key Managerial Personnel increased by 10.39 % from ₹ 20,51,448 in 2014-15 to ₹ 22,64,539 in 2015-16 whereas the Profit before Tax increase by 19.02% to ₹ 11,02,774 in 2015-16 (₹ 9,26,541 in F.Y. 2014-15).
- (vii) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 was ₹ 37.58 crores (₹ 46.08 crores as on March 31, 2015);  
 b) Price Earnings ratio of the Company was 434.89 as at March 31, 2016 and was 806.25 as at March 31, 2015;  
 c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer - The Company did not come out with any public offers in the last financial year.
- (viii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration** Company had 2 employees during the year, so the comparison in increase in salaries percentile are not applicable.
- (ix) **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company**

Name of the KMP	Designation	% increase in CTC	% increase in PBT
Girish Vyas	Chief Financial Officer	10.70	19.02
Ashish Vyas	Company Secretary	9.72	

- (x) **The key parameters for any variable component of remuneration availed by the directors** There were no variable component of remuneration availed by the Directors during the financial year 2015-16.
- (xi) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year**  
 Directors of the Company are not drawing any remuneration except by way of sitting fees and hence the aforesaid ratio is not comparable.
- (xii) **Affirmation that the remuneration is as per the remuneration policy of the Company**  
 It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**(B) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

None of directors or employees were in receipt of remuneration exceeding the limits as prescribed in the said rule, hence no such information is furnished.

## ANNEXURE - D TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

(As on the financial year ended on March 31, 2016)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1.	CIN	L65990TN2005PLC071791
2.	Registration Date	16/12/2005
3.	Name of the Company	Essar Securities Limited
4.	Category/Sub-Category of the Company	Company limited by shares
5.	Address of the Registered office and contact details	New No. 77/56, C. P. Ramaswamy Road, Abhiramapuram, Chennai - 600018 Tamil Nadu. Phone : 044 2499 1992
6.	Whether listed Company (Yes/No):-	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Data Software Research Company Pvt. Ltd. Unit : Essar Securities Limited 19 Pycrofts Garden Road Off : Haddows Road Nungambakkam Chennai 600006, India Phone : +91 44 4510 5120, +91-44-2821 3738, Fax : +91 44 2821 4636 Email : essar.securities@dsr-cid.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product / Services	NIC Code of the Product	% to total turnover of the Company
1.	Consultancy Services	99715990	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: The Company does not have any subsidiary or associate company.

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Essar Capital Limited Chennai House, 5th Floor, 7, Esplanade, Chennai – 600108, Tamil Nadu	U65923TN2007PLC085016	Holding	74.92	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**I. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt. / State Govt(s).	0	0	0	0	0	0	0	0	0
(c) State Govt(s).	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	10704557	0	10704557	74.92	10704557	0	10704557	74.92	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>10704557</b>	<b>0</b>	<b>10704557</b>	<b>74.92</b>	<b>10704557</b>	<b>0</b>	<b>10704557</b>	<b>74.92</b>	<b>0</b>
<b>(2) Foreign</b>									
(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	10704557	0	10704557	74.92	10704557	0	10704557	74.92	0
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds/UTI	0	200	200	0.00	0	200	200	0.00	0
(b) Banks / FI	120	2236	2356	0.02	120	2236	2356	0.02	0
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt(s).	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1)</b>	<b>120</b>	<b>2436</b>	<b>2556</b>	<b>0.02</b>	<b>120</b>	<b>2436</b>	<b>2556</b>	<b>0.02</b>	<b>0</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate	451394	60624	512018	3.58	427997	60544	488541	3.42	-0.16
(i) Indian	0	0	0	0	0	0	0	0	0
(ii) Overseas	0	0	0	0	0	0	0	0	0
<b>(b) Individuals</b>									
(i) Individual Shareholders holding Nominal Share Capital upto ₹ 1 lakh	1050674	789896	1840570	12.88	1053038	778225	1831263	12.82	-0.07
(ii) Individual Shareholders holding Nominal Share Capital in excess of ₹ 1 lakh	1010698	0	1010698	7.07	1023792	0	1023792	7.17	0.09

<b>(c) Others (specify)</b>										
(i) NRI	60355	154940	215295	1.51	82322	152663	234985	1.64	0.15	
(ii) Non Domestic Companies	0	2060	2060	0.01	0	2060	2060	0.01	0	
<b>Sub-Total (B)(2)</b>	<b>2573121</b>	<b>1007520</b>	<b>3580641</b>	<b>25.06</b>	<b>2587149</b>	<b>993492</b>	<b>3580641</b>	<b>25.06</b>	<b>0</b>	
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>2573241</b>	<b>1009956</b>	<b>3583197</b>	<b>25.08</b>	<b>2587269</b>	<b>995928</b>	<b>3583197</b>	<b>25.08</b>	<b>0</b>	
<b>C Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	<b>13277798</b>	<b>1009956</b>	<b>14287754</b>	<b>100.00</b>	<b>13291826</b>	<b>995928</b>	<b>14287754</b>	<b>100.00</b>	<b>0</b>	

## (ii) Shareholding of Promoter

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged/encumbered to total shares	
1	Essar Capital Limited	10704557	74.92	30.00	10704557	74.92	30.00	Nil
	<b>Total</b>	<b>10704557</b>	<b>74.92</b>	<b>30.00</b>	<b>10704557</b>	<b>74.92</b>	<b>30.00</b>	<b>Nil</b>

## iii) Change in Promoters' Shareholding (please specify, if there is no change):

There are no changes in the promoters' shareholding during the financial year 2015-16.

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2015		Date	Increase/ decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015-31.03.2016)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	HITESH RAMJI JAVERI	463299	3.24	01.04.2015	0			
		463299	3.24	31.03.2016	0		463299	3.24
2	HARSHA HITESH JAVERI	250485	1.75	01.04.2015	0			
		250485	1.75	31.03.2016	0		250485	1.75
3	JUBILEE SHIPPING & LOGISTIC	236500	1.66	01.04.2015	0			
		236500	1.66	31.03.2016	0		236500	1.66
4	INTELLIVATE CAPITAL VEI	60000	0.42	01.04.2015	0			
		60000	0.42	31.03.2016	0		60000	0.42
5	VIPUL SECURITIES LTD	52560	0.37	01.04.2015	0			
		52560	0.37	31.03.2016	0		52560	0.37
6	RELIGARE FINVEST LTD	43250	0.30	01.04.2015	0			
		43250	0.30	31.03.2016	0		43250	0.30
7	SUBODH MASKARA	37068	0.26	01.04.2015	0			
		37068	0.26	31.03.2016	0		37068	0.26
8	VINAY R SOMANI	31901	0.22	01.04.2015	0			
		31601	0.22	31.03.2016	300	sold	31601	0.22
9	KRUPA SAMEER THACKEI	30852	0.22	01.04.2015	0			
		30852	0.22	31.03.2016	0		30852	0.22
10	KANAK HIMATSINGKA	27520	0.19	01.04.2015	0			
		27520	0.19	31.03.2016	0		27520	0.19

**V. Shareholding of Directors and Key Managerial Personnel: Nil****V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment for the financial year 2015-16 are NIL.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:-**

(a) Directors of the Company are not drawing any remuneration during the financial year 2015-16.

(b) Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (In ₹)
		Ashish Vyas - CS	Girish Vyas – CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	717,564	15,46,975	22,64,539
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under Section 17(3) IncomeTax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- As % of Profit			
	- Others, specify	0	0	0
5.	Others, please specify	0	0	0
	<b>Total</b>	<b>717,564</b>	<b>15,46,975</b>	<b>22,64,539</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:-**

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / Compounding fees imposed	Authority [RD / NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. DIRECTORS</b>			Nil		
Penalty					
Punishment					
Compounding					
<b>C. OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment					
Compounding					

## ANNEXURE - E TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED March 31, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

**Essar Securities Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Essar Securities Limited (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluation of the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015) and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. May 15, 2015);
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period); and
- (ix) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. December 1, 2015).
- (vi) As informed and certified by the management, there are no laws that are specifically applicable to the business activities carried on by the Company based on its section / industry.

I have also examined compliance with the applicable clause/regulations of the following:

- (i) Secretarial Standards (SS – 1 and SS – 2) issued by The Institute of Company Secretaries of India(w.e.f. July 1, 2015); and

- (ii) The Listing Agreement entered into by the Company with BSE Ltd., Mumbai.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except:

- (i) As required under Section 203(1) (i) of the Companies Act, 2013, the Company has not appointed separate Managing Director / CEO / Manager. However the Company has appointed Company Secretary as Manager, who ceased to be Manager on August 23, 2015;
- (ii) Delay in filling E-form DIR-12 for cessation of Manager; and
- (iii) As required under Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has not maintained proper updated website.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period there was no major corporate event having a major bearing on the company's affairs.

For **M Baldeva Associates**  
Company Secretaries

**CS Manish Baldeva**  
Proprietor

Place : Mumbai  
Date : August 12, 2016

M. No.6180, CP No.11062

This report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

**Annexure- I**

To,  
The Members,  
**Essar Securities Limited**

My report of even date is to read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M Baldeva Associates**  
Company Secretaries

**CS Manish Baldeva**  
Proprietor

Place : Mumbai  
Date : August 12, 2016

M. No.6180, CP No.11062



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Essar Securities Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Nisar & Kumar**  
Chartered Accountants  
(Firm Registration No. 127820 W)

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : May 27, 2016

(Membership No.48453)

**ANNEXURE REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF ESSAR SECURITIES LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2016**

- |  |  |
|--|--|
| <p>(i) Since the Company does not have fixed assets Clauses (i) (a), (i) (b) and (i) (c) are not applicable.</p> <p>(ii) Since the Company does not have inventory Clause (ii) is not applicable.</p> <p>(iii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.</p> <p>(iv) In our opinion and according to the information and explanations given to us, since during the year there are no transactions of loans, investments, guarantees, and security, compliance of the provisions of section 185 and 186 of the Companies Act, 2013 do not arise.</p> <p>(v) In our opinion and according to the information and explanations given to us, during the year the Company has not accepted any deposits from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.</p> <p>(vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.</p> <p>(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues of provident fund, however, there were delays in deposit of income-tax and service tax with the appropriate authorities. According to the records of the Company, the Company does not have undisputed statutory dues of employees' state insurance, sales-tax, duty of customs, duty of excise, value added tax and cess. There were no arrears of statutory dues as at March 31, 2016 outstanding for a period of more than six months from the date they became payable.</p> <p>(b) According to the records of the Company, there are no dues of Income Tax or Sales Tax or Service Tax or duty of customs or duty of excise or Value Added Tax have not been deposited on account of any dispute.</p> <p>(viii) As the Company has not borrowed any amount from Bank or Financial Institution or debenture holders, the reporting under this clause do not arise.</p> | <p>(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).</p> <p>(x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.</p> <p>(xi) Since the Company has not paid / provided managerial remuneration Clause (xi) is not applicable.</p> <p>(xii) Since the Company is a not Nidhi Company, Clause (xii) is not applicable.</p> <p>(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.</p> <p>(xiv) According to the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.</p> <p>(xv) According to the records of the Company and in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, compliance with the provisions of Section 192 of Companies Act, 2013 does not arise.</p> <p>(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.</p> |
|--|--|

For **Nisar & Kumar**  
*Chartered Accountants*  
(Firm Registration No. 127820 W)

**K. M. Mahadik**  
*Partner*  
(Membership No.48453)

Place : Mumbai  
Date : May 27, 2016

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ESSAR SECURITIES LIMITED

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Essar Securities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Nisar & Kumar**  
*Chartered Accountants*  
(Firm Registration No. 127820 W)

**K. M. Mahadik**  
*Partner*  
(Membership No.48453)

Place : Mumbai  
Date : May 27, 2016

**BALANCE SHEET AS AT MARCH 31, 2016**

	Note No.	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	142,877,540	142,877,540
Reserves and Surplus	3	342,150,882	341,286,832
		<u>485,028,422</u>	<u>484,164,372</u>
<b>Non Current Liabilities</b>			
Long Term Provisions	4	212,507	173,233
<b>Current Liabilities</b>			
Trade Payables	5		
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,44,859	6,53,221
Other Current Liabilities	6	1,416,161	1,339,820
Short Term Provisions	7	8,696	4,722
		<u>1,969,716</u>	<u>1,997,763</u>
<b>TOTAL</b>		<u><u>487,210,645</u></u>	<u><u>486,335,368</u></u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Non Current Investments	8	482,036,288	482,036,288
Long Term Loans and Advances	9	918,330	497,552
		<u>482,954,618</u>	<u>482,533,840</u>
<b>Current Assets</b>			
Trade Receivables	10	1,785,277	2,566,885
Cash and Cash Equivalents	11	2,466,208	1,228,483
Short Term Loans and Advances	12	4,542	6,160
		<u>4,256,027</u>	<u>3,801,528</u>
<b>TOTAL</b>		<u><u>487,210,645</u></u>	<u><u>486,335,368</u></u>

Significant Accounting Policies 1

(Notes forms integral part of Accounts)

For **Nisar & Kumar**  
Chartered Accountants

For and behalf of the Board

Director

Director

Chief Financial Officer

**K. M. Mahadik**  
Partner

Company Secretary

Place : Mumbai  
Date : May 27, 2016Place : Mumbai  
Date : May 27, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

	Note No.	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
<b>Income:</b>			
Revenue from Operations	13	6,595,000	4,939,100
<b>Total Income</b>		<u>6,595,000</u>	<u>4,939,100</u>
<b>Expenses:</b>			
Employee Benefits Expense	14	3,481,209	2,509,932
Other Expenses	15	2,011,017	1,502,627
<b>Total Expenses</b>		<u>5,492,226</u>	<u>4,012,559</u>
<b>Profit/(Loss) before tax</b>		<u>1,102,774</u>	<u>926,541</u>
<b>Tax expense:</b>			
Current tax		(341,000)	(287,000)
Tax Adjustments (Earlier years)		102,276	-
<b>Profit/(Loss) after tax</b>		<u>864,050</u>	<u>639,541</u>
Basic & Diluted Earnings per Share of ₹ 10 each	16	<u>0.06</u>	0.04

Significant Accounting Policies 1

(Notes forms integral part of Accounts)

For **Nisar & Kumar**  
Chartered Accountants

For and behalf of the Board

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : May 27, 2016

Director

Company Secretary

Place : Mumbai  
Date : May 27, 2016

Director

Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	Year ended March 31, 2016 ₹	Year ended March 31, 2015 ₹
<b>Cash Flow From Operating Activities</b>		
Profit/(Loss) before taxation	1,102,774	926,541
Adjustment for:		
<b>Operating Cash Flow before working capital changes</b>	<u>1,102,774</u>	<u>926,541</u>
Adjustment for:		
(Increase)/Decrease in Receivables	783,226	(123,014)
Increase / (Decrease) in Liabilities & Provisions	<u>12,046</u>	<u>(356,595)</u>
<b>Cash generated from operations</b>	<u>1,898,046</u>	<u>446,932</u>
Less: Taxes on Income Paid	<u>(659,502)</u>	<u>(493,910)</u>
<b>Net Cash generated from / (used in) Operating Activities</b>	<u>1,238,544</u>	<u>(46,978)</u>
<b>Cash Flow From Financing Activities</b>		
Unclaimed Dividend paid	<u>(819)</u>	<u>(2,009)</u>
<b>Net Cash used in Financing Activities</b>	<u>(819)</u>	<u>(2,009)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>1,237,725</u>	<u>(48,987)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>1,228,483</u>	<u>1,277,470</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>2,466,208</u>	<u>1,228,483</u>

**Note:** The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement.

For **Nisar & Kumar**  
Chartered Accountants

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : May 27, 2016

For and behalf of the Board

Director

Company Secretary

Place : Mumbai  
Date : May 27, 2016

Director

Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

**a) Basis of Accounting :**

The accounts of the Company have been prepared on historical cost convention using the accrual basis of accounting on consistent basis.

**b) Investments :**

Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Statement of Profit and Loss .

**c) Revenue Recognition :**

Consultancy / Service charges income is recognised on accrual basis as per the terms of agreements.

**d) Retirement Benefits:**

Long term / short term compensated absences and Gratuity liability are recognized on actuarial valuation basis.

**e) Taxation:**

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on "Accounting for Taxes on Income". Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

**f) Provisions and Contingent Liabilities:**

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

### 2. SHARE CAPITAL

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Authorized Capital</b>		
15,000,000 (P.Y. 15,000,000) Equity Shares of ₹ 10 each	<u>150,000,000</u>	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, Subscribed &amp; Fully Paid up Capital</b>		
14,287,754 (P.Y. 14,287,754) Equity Shares of ₹ 10 each	<u>142,877,540</u>	142,877,540
<b>TOTAL</b>	<u>142,877,540</u>	<u>142,877,540</u>

**Notes:**

- a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	March 31, 2016		March 31, 2015	
	Number	Amount (₹)	Number	Amount (₹)
<b>Equity Shares</b>				
Balance at the beginning of the Year	14,287,754	142,877,540	14,287,754	142,877,540
Issued during the year	-	-	-	-
Balance at the end of the year	14,287,754	142,877,540	14,287,754	142,877,540

- b. Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates :

Particulars	March 31, 2016		March 31, 2015	
	Number	Amount (₹)	Number	Amount (₹)
Essar Capital Limited (Holding Company)	10,704,557	107,045,570	10,704,557	107,045,570

- c. Details of shareholders holding more than 5% shares in the Company :

Particulars	March 31, 2016		March 31, 2015	
	Number	%	Number	%
Essar Capital Limited (Holding Company)	10,704,557	74.92	10,704,557	74.92

- d. Rights, preferences and restrictions attached to shares: The Company has one class of equity shares of face vale of ₹10 each. Every shareholder is entitled to one vote for every shares held. In the event of liquidation the equity shareholders shall be entitled to receive remaining assets of the Company after distribution of all dues in proportion of their holdings.
- e. In preceding five years the Company has not allotted any shares without payment being received in cash and it has not issued bonus shares or bought back any shares.

### 3. RESERVES AND SURPLUS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Securities Premium</b>		
Balance as per last balance sheet	96,000,000	96,000,000
<b>General Reserve</b>		
Balance as per last balance sheet	13,100,000	13,100,000
<b>Statutory Reserve</b>		
Balance as per last balance sheet	10,000,000	10,000,000
<b>Surplus in the statement of Profit and Loss</b>		
Balance at the beginning of the year	222,186,832	221,547,291
Add: Profit/(Loss) for the year	864,050	639,541
Balance at the end of the year	223,050,882	222,186,832
<b>TOTAL</b>	<b>342,150,882</b>	<b>341,286,832</b>

### 4. LONG TERM PROVISIONS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Provision for compensated absences	31,486	51,130
Provision for gratuity	181,021	122,103
	<b>212,507</b>	<b>173,233</b>

### 5. TRADE PAYABLES

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade payables	544,859	653,221
<b>TOTAL</b>	<b>544,859</b>	<b>653,221</b>



**6. OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Statutory liabilities	397,997	320,837
Unclaimed Dividend	1,018,164	1,018,983
<b>TOTAL</b>	<b>1,416,161</b>	<b>1,339,820</b>

**7. SHORT TERM PROVISIONS**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Provision for compensated absences	3,148	2,338
Provision for gratuity	5,548	2,384
<b>TOTAL</b>	<b>8,696</b>	<b>4,722</b>

**8. NON CURRENT INVESTMENTS**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Non Trade, Long Term (fully paid up, at cost)</b>		
Investments in Equity Shares (Unquoted) 10,050,706 (P.Y. 10,050,706) Equity Shares of ₹ 10 each of Essar Steel India Limited	482,036,288	482,036,288
<b>TOTAL</b>	<b>482,036,288</b>	<b>482,036,288</b>

**9. LONG TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>(Unsecured, Considered Good)</b>		
Advance Tax / Tax Deducted at Source (Net of Provision for taxes)	918,330	497,552
<b>TOTAL</b>	<b>918,330</b>	<b>497,552</b>

**10. TRADE RECEIVABLES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>(Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	-	1,333,434
Other debts	1,785,277	1,233,451
<b>TOTAL</b>	<b>1,785,277</b>	<b>2,566,885</b>

**11. CASH AND CASH EQUIVALENTS**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Balances with Bank in Current Accounts	1,448,044	209,500
Balances with Bank in Current Accounts (Unclaimed Dividend)	1,018,164	1,018,983
<b>TOTAL</b>	<b>2,466,208</b>	<b>1,228,483</b>

**12. SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
(Unsecured, considered good)		
Prepaid expenses	4,542	6,160
<b>TOTAL</b>	<b>4,542</b>	<b>6,160</b>

**13. REVENUE FROM OPERATIONS**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Consultancy / Service Charges income	6,595,000	4,939,100
<b>TOTAL</b>	<b>6,595,000</b>	<b>4,939,100</b>

**14. EMPLOYEE BENEFITS EXPENSE**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Salaries and Allowances	2,928,556	2,062,730
Contribution to Provident Fund and Other Funds	204,196	158,089
Staff Welfare Expenses	348,457	289,113
<b>TOTAL</b>	<b>3,481,209</b>	<b>2,509,932</b>

**15. OTHER EXPENSES**

Particulars	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Communication Expenses	262,207	247,908
Travelling and Conveyance Expenses	152,644	37,773
AGM expenses	48,399	47,122
Advertisement Expenses	208,278	240,074
Bank Charges	693	168
Directors Sitting Fees [net of Service Tax of ₹ 46,350 of previous year claimed as input credit]	85,073	36,150
Rates and Taxes, filing Fees	9,444	34,300
Interest on delayed payment of taxes	110,116	12,637
Miscellaneous expenses	7,406	4,240
Printing and Stationary	227,925	164,998
Professional Fees	607,232	406,201
Listing and Custodial Fees	200,000	191,056
Audit fee	91,600	80,000
<b>TOTAL</b>	<b>2,011,017</b>	<b>1,502,627</b>

**16. EARNING PER SHARE**

There are no potential equity shares and hence the basic and diluted earnings per share are same. The calculation of the basic and diluted earnings per share is based on following data.

Particulars	March 31, 2016	March 31, 2015
Earnings [Net profit / (loss) for the year after tax (₹)]	864,050	639,541
Weighted average number of equity shares for the purpose of calculating earnings per share	14,287,754	14,287,754
Basic & Diluted Earnings per share of face value of ₹ 10 each (₹)	0.06	0.04

17. The Company does not have any commitment and contingent liabilities.

18. The Company does not have any dues to micro, small and medium enterprises.

Related Party Disclosures :

a) Related parties where control exists:

i. Holding Companies:

Essar Capital Limited

Essar Satvision Limited (Holding company of Essar Capital Limited)

Essar Capital Holdings (India) Limited [Holding company of Essar Satvision Limited]

ii. Individual owning indirectly an interest in the voting power that gives control:

Smt. Manju S Ruia

iii. Key Management Personnel:

Mr. Ashish Vyas - Manager & Company Secretary, Girish Vyas - Chief Financial Officer

b) Other related parties, where there have been transactions:

Enterprises controlled or significantly influenced by individual or relatives:

Essar Investments Limited

Upto March 22, 2016 - Essar Properties Pvt Limited, Imperial Consultants & Securities Pvt Limited, Futura Travels Limited, Imperial Procurement Services Pvt Limited, Girishan Investment Pvt Limited, Essar Teleholdings Limited.

c) Transactions with related parties are summarised as under:

Particulars	Holding Company	Key Management Personnel	Enterprises controlled or significantly influenced by individual or relatives	Total March 31, 2016
	₹	₹	₹	₹
<b>Travelling and Conveyance Expenses (Futura Travels Limited)</b>			<b>118,823</b>	<b>118,823</b>
			(21,233)	(21,233)
<b>Salaries and Allowances</b>		<b>2,264,539</b>		<b>2,264,539</b>
		(2,051,448)		(2,051,448)
Mr. Ashish Vyas		<b>717,564</b>		
		(654,024)		
Mr. Girish Vyas		<b>1,546,975</b>		
		(1,397,424)		
<b>Consultancy / Service charges income (excluding service tax)</b>	<b>809,487</b>		<b>4,851,764</b>	<b>5,661,251</b>
	(268,320)		(4,670,780)	(4,939,100)
Imperial Consultants and Securities Pvt Limited			<b>2,231,835</b>	
			(2,537,400)	
Imperial Procurement Services Pvt Limited			<b>515,815</b>	
			(454,160)	
Girishan Investment Pvt Limited			<b>329,812</b>	
			(165,760)	
Essar Investments Limited			<b>1,048,533</b>	
			(765,250)	
Essar Capital Limited	<b>809,487</b>			
	(268,320)			
Essar Teleholdings Limited			<b>725,769</b>	
			(748,210)	
d) Balances outstanding at the end of the year:				
<b>Debit balances</b>	<b>371,065</b>		<b>459,409</b>	<b>830,474</b>
	(-)		(2,566,885)	(2,566,885)
<b>Credit balances</b>			-	-
			(43,460)	(43,460)

Notes:

- i) Figures in brackets relates to the previous year.
- ii) The names of the related parties are disclosed under each nature of transaction where the transaction with single party is 10% or more of relevant nature of transactions.

20. The Company is having two business segments viz. Consultancy & Advisory Services and Investment Activities. Segment wise data for the year is as under:

Particulars	Consultancy / Service Activities ₹	Investment Activities ₹	Total March 31, 2016 ₹
<b>Segment Revenue</b>	<b>6,595,000</b>	-	<b>6,595,000</b>
	(4,939,100)	-	(4,939,100)
<b>Segment Results [Segment Profit / (Loss)]</b>	<b>6,595,000</b>	-	<b>6,595,000</b>
	(4,939,100)	-	(4,939,100)
Unallocable expenses			<b>5,492,226</b>
			(4,012,559)
Provision for taxation (including earlier year adjustments)			<b>238,724</b>
			(287,000)
<b>Net Profit / (Loss)</b>			<b>864,050</b>
			(639,541)
<b>Segment assets</b>	<b>2,703,607</b>	<b>482,036,288</b>	<b>484,739,895</b>
	(3,064,437)	(482,036,288)	(485,100,725)
Unallocable assets			<b>2,470,750</b>
			(1,234,643)
<b>Total Assets</b>			<b>487,210,645</b>
			(486,335,368)
<b>Segment liabilities</b>	-	-	-
	(-)	(-)	(-)
Unallocable liabilities			<b>2,182,223</b>
			(2,170,996)
<b>Total Liabilities</b>			<b>2,182,223</b>
			(2,170,996)

**Note:** Figures in brackets relates to the previous year.

## 21. EMPLOYEE BENEFITS

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement in terms of provision of the Payment of Gratuity Act or as per the Company's scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last salary drawn base salary.

The Company has also agreed to provide certain Compensated Absences.

Gratuity benefits are funded and Compensated Absences are non-funded.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognized in the balance sheet for respective plans.

Particulars	Compensated Absences		Gratuity	
	March 31, 2016		March 31, 2015	
	₹	₹	₹	₹
<b>Statement of Profit and Loss:</b>				
Current Service Cost	11,124	23,801	19,289	17,511
Interest cost on benefit obligation	4,171	9,710	3,872	6,855
Expected return on plan assets				
Net actuarial (gain)/loss recognised in the year	(34,129)	28,571	(11,783)	25,606
Past service cost				
<b>Net benefit Expense / ( Income )</b>	<b>(18,834)</b>	<b>62,082</b>	<b>11,378</b>	<b>49,972</b>
<b>Details of Provision for Employee Benefits:</b>				
Defined benefit Obligation	(34,634)	(186,569)	(53,468)	(124,487)
Less: Fair Value of plan assets	-	-	-	-
Less: Unrecognised past service cost	-	-	-	-
<b>Plan asset / (liability)</b>	<b>(34,634)</b>	<b>(186,569)</b>	<b>(53,468)</b>	<b>(124,487)</b>
<b>Changes in the present value of the defined benefit obligation:</b>				
Opening defined benefit obligation	53,468	124,487	42,090	74,515
Interest Cost	4,171	9,710	3,872	6,855
Current Service cost	11,124	23,801	19,289	17,511
Acquisitions Cost / (Credit )	-	-	-	-
Benefits Payment	-	-	-	-
Actuarial (gains)/losses on obligation	(34,129)	28,571	(11,783)	25,606
<b>Closing defined benefit obligation</b>	<b>34,634</b>	<b>186,569</b>	<b>53,468</b>	<b>124,487</b>
<b>Changes in the fair value of the plan assets:</b>				
Fair value of the plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid / Transfer	-	-	-	-
Actuarial (gains)/losses on plan assets	-	-	-	-
<b>Fair value of the plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The principal assumptions used in determining Compensated Absences &amp; Gratuity benefit obligations for the Companies plans:</b>				
A. Discount rate	8.00%	7.80%	7.80%	7.80%
B. Expected rate of return on assets	N/A	0.00%	N/A	0.00%
C. Salary Escalation Rate	0.00%	6.00%	6.00%	6.00%
D. Employee Turnover	1% to 3 %	1% to 3 %	1% to 3 %	1% to 3 %
E. Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified		Indian Assured Lives Mortality (2006-08) Ult. Modified	

22. Previous year figures have been rearranged / regrouped wherever necessary.

For **Nisar & Kumar**  
Chartered Accountants

For and behalf of the Board

**K. M. Mahadik**  
Partner

Place : Mumbai  
Date : May 27, 2016

Director

Company Secretary

Place : Mumbai  
Date : May 27, 2016

Director

Chief Financial Officer

## ESSAR CAPITAL LIMITED

Corporate Identity No. (CIN) -U65923TN2007PLC085016

**Registered Office:** Chennai House, 5<sup>th</sup> Floor, New No.7, Esplanade, Chennai 600 108, Tamil Nadu

**9<sup>th</sup> Annual General Meeting – Friday, September 30, 2016**

### FORM OF PROXY

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
Mail ID:	
Folio No./ Client ID	DP ID:

I/We being the member(s) held \_\_\_\_\_ Shares of Essar Capital Limited, hereby appoint:

1)	Name			
	Address			
	E-mail ID		Signature	
	or failing him / her			
2)	Name			
	Address			
	E-mail ID		Signature	
	or failing him / her			
3)	Name			
	Address			
	E-mail ID		Signature	

as my/our Proxy to attend and vote (on poll) for me/us on my/our behalf at the 9<sup>th</sup> Annual General Meeting of the Company to be held on Friday, September 30, 2016 at 1.00 p.m. at Essar House, 5<sup>th</sup> Floor, 7, Esplanade, Chennai - 600 108 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon		
2.	Re-appointment of Mr. Ramakrishnan Parthasarathy (DIN 01743281), Director retiring by rotation		
3.	To ratify appointment of M/s. Nisar & Kumar, Chartered Accountants, (Firm Registration No. 127820W), as Statutory Auditors of the Company		
<b>Special Business</b>			
4.	Appointment of Mr. Ganesh Pai (DIN 02006127 ) as a Director of the Company		

Signed this ..... day of ..... 2016

AFFIX  
1 RUPEE  
REVENUE  
STAMP

Signature of Shareholder .....

**Note:** This form in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 Hours before the commencement of the Meeting.

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**ESSAR CAPITAL LIMITED**

Corporate Identity No. (CIN) - U65923TN2007PLC085016

**Registered Office:** Chennai House, 5<sup>th</sup> Floor, New No.7, Esplanade, Chennai 600 108, Tamil Nadu

**9<sup>th</sup> Annual General Meeting – Friday, September 30, 2016**

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

DP ID	
Client ID	

Folio Number	
No. of shares	

Name and address of the shareholder:

\_\_\_\_\_  
\_\_\_\_\_

I hereby record my presence at the 9<sup>th</sup> Annual General Meeting of Essar Capital Limited held on Friday, September 30, 2015 at Essar House, 5<sup>th</sup> Floor, 7, Esplanade, Chennai – 600 108.

\_\_\_\_\_  
Signature of Shareholder / Proxy

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**ESSAR CAPITAL LIMITED**

Corporate Identity No. (CIN) -U65923TN2007PLC085016

Registered Office: Chennai House, 5th Floor, New No.7, Esplanade, Chennai 600 108, Tamil Nadu

**E - MAIL REGISTRATION**

To,

**M/s Data Software Research Co. Pvt. Ltd**

19, Pycroft Garden Road,  
Off. Haddows Road,  
Nungambakkam,  
Chennai 600 006, Tamilnadu

Dear Sir/s,

**Re: Registration of e mail ID for receiving communication in electronic form**

I am a shareholder of the Company. I want to receive all communication from the Company including Annual General Meeting and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Directors' Reports, Auditor's Reports etc. through e mail. Please register my e mail ID, set out below, in your records for sending communication through e mail:

Folio No. or DP ID/ Client ID\* :  
Name of 1st Registered Holders\* :  
Name of Joint Holder(s) :  
Address :  
Pin Code :  
E-mail ID (to be registered)\* :  
Contact Nos. : Mobile-  
Landline-

**Date**

**Signature of first holder\***

**Important Notes:**

1. Field marked\* are mandatory for registration of the e-mail ID.
2. On registration, all the communications will be sent to the e-mail ID registered in the folio
3. Any change in email ID, from time to time, may please be registered in the records of the Company.

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