



Essar Ports Limited

Annual Report 2015 - 16

CORPORATE INFORMATION

BOARD OF DIRECTORS

P. K. Srivastava
Chairman

Dilip J. Thakkar
Independent Director

T. S. Narayanasami
Independent Director

V. G. Raghavan
Independent Director

Rajiv Agarwal
CEO & Managing Director

K. K. Sinha
Wholetime Director

S. Gayathri
Director

COMPANY SECRETARY

Manoj Contractor

AUDITORS

Deloitte Haskins & Sells

AUDIT COMMITTEE

T. S. Narayanasami

Dilip J. Thakkar

V. G. Raghavan

S. Gayathri

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Rajiv Agarwal

V. G. Raghavan

S. Gayathri

NOMINATION AND REMUNERATION COMMITTEE

Dilip J. Thakkar

P. K. Srivastava

V. G. Raghavan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

P. K. Srivastava

Rajiv Agarwal

V. G. Raghavan

SHARE TRANSFER AGENTS

Data Software Research Company Private Limited

19, Pycrofts Garden Road

Off Haddows Road

Nungambakkam

Chennai 600006

Tel: (044) 2821 3738, 2821 4487 Fax: (044) 2821 4636

e-mail: essar.ports@dsr-cid.in

REGISTERED OFFICE

Administration Building

Essar Refinery Complex

Okha Highway (SH-25)

Taluka Khambhalia

District Jamnagar, Gujarat 361 305

Tel: 02833 661449 - Fax: 02833 662929

e-mail: epl.secretarial@essar.com

CORPORATE OFFICE

Essar House

11, K. K. Marg

Mahalaxmi

Mumbai 400 034

Tel: (022) 6660 1100 / 4001 1100

Fax: (022) 2354 4330

e-mail: epl.secretarial@essar.com

NOTICE TO MEMBERS

Notice is hereby given that the Fortieth Annual General Meeting of Essar Ports Limited will be held at the Registered Office of the Company at Administration Building, Essar Refinery Site, Okha Highway (SH – 25), Taluka Khambhalia, Dist. - Jamnagar, Gujarat 361305 on Thursday, December 22, 2016 at 2.45 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt :
 - a. the Audited Standalone Profit and Loss Account for the year ended March 31, 2016 and the Audited Balance Sheet and Cash Flow Statement as on that date together with the schedules and notes thereto and the Reports of the Board of Directors and Auditors thereon.
 - b. the Audited Consolidated Profit and Loss Account for the year ended March 31, 2016 and the Audited Balance Sheet and Cash Flow Statement as on that date together with the schedules and notes thereto.
2. To appoint a Director in place of Shri. K. K. Sinha (DIN 00009113), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the forty-first AGM of the Company to be held in the year 2017 to examine and audit the accounts of the Company at such remuneration 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 with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the rules made thereunder Shri. V. G. Raghavan (DIN 00008683) who was appointed as an Additional Director of the Company by the Board of Directors with effect from June 27, 2016 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a consecutive term of five years commencing from December 22, 2016."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 and subject to the approval of the Central Government, if

required, approval of the Company be and is hereby accorded for the re-appointment of Shri. Rajiv Agarwal (DIN 00903635), as the Managing Director of the Company for a period of three years with effect from July 24, 2016 on a remuneration and such other terms and conditions as set out in the Explanatory Statement annexed to the notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include the Nomination and Remuneration Committee or any other Committee of the Board formed for the purpose)."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year during the tenure of Shri. Agarwal as the Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri. Agarwal the remuneration as set out in the Explanatory Statement by way of salary, bonus and other allowances as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 41, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, and in accordance with the applicable guidelines issued by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and/or any other competent authorities and clarifications thereof, issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, Companies (Issue of global Depository Receipts) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such approvals, permissions, consents and sanctions, as may be necessary from the GOI, RBI, SEBI and / or other competent authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and / or competitive basis, for such part of issue and for such categories of persons including employees of the Company as may be permitted), in one or more tranches, Equity Shares and / or Equity Shares through Global Depository Securities (GDSs) / Receipts (GDRs) and / or American Depository Receipts (ADRs) and / or Optionally / Compulsorily Convertible / Foreign Currency Convertible Bonds (FCCBs) and / or Convertible Bonds, Convertible Debentures, fully or partly and / or any other instruments / securities, convertible into or exchangeable with Equity Shares and / or securities convertible into Equity Shares at the option of the Company and / or the holder(s) of such securities and / or securities linked to Equity Shares and / or securities with or without detachable / non detachable warrants and / or warrants with a right exercisable by the warrant holders to subscribe to Equity Shares and / or any instruments (hereinafter referred to as 'Securities' which terms shall inter alia include Equity Shares) or combination of Securities, with or without premium as the Board may, at its sole discretion decide

by way of one or more public and / or private offerings in domestic and / or one or more international markets(s), with or without green shoe option, and / or private placement or issue through Prospectus, Institutional Placement Programme, Qualified Institutions Placement in accordance with the Guidelines for Qualified Institutions Placement prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended or by any one or more or a combination of the above modes / methods or otherwise and at such time or kinds, with or without an over allotment offer, and in one or more tranches, aggregating to an amount not exceeding US\$ 1,000,000,000.00 (United States Dollars One Billion only) or in equivalent Indian Rupees or any other currency to Domestic / Foreign Investors / Qualified Institutional Buyers / Institutional Investors / Foreign Institutional Investors / Members / Employees / Non-Resident Indians / Companies / Bodies Corporate / Trusts / Mutual Funds / Banks / Financial Institutions / Insurance Companies / Pension Funds / Individuals or otherwise, whether shareholders of the Company or not and on such terms and conditions, as the Board may, at its sole discretion, at any time hereinafter decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with Lead Managers, Underwriters, Advisors, Merchant Bankers and / or other persons as appointed by the Company be and is hereby authorised to finalise the timing of the issue(s) / offering(s), including the investors to whom the Securities are to be allotted and accept any modifications to the terms of the issue as may be required and any other matter in connection with or incidental to the issue."

"RESOLVED FURTHER THAT the Company and / or any entity, agency or body, authorised and / or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in domestic / international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the domestic / international markets."

"RESOLVED FURTHER THAT:

- i. The equity shares issued and allotted directly or upon conversion, exchange, redemption or cancellation of other Securities when fully paid up, shall rank pari-passu with the existing equity shares of the Company;
- ii. The Relevant Date for determining the pricing of the Securities or issue of equity shares underlying the GDSs / GDRs / ADRs or securities issued on conversion of FCCB(s) shall be the date of the meeting in which the Board decides to open the proposed issue or such date as may be notified by any authority from time to time; and
- iii. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such person(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company."

"RESOLVED FURTHER THAT such of these Securities to be issued, which are not subscribed, may be disposed off by the Board in such manner and on such terms including offering / placing them with Banks/ Financial Institutions / Mutual Funds or otherwise as the Board may deem fit and proper in its absolute discretion."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution on it, to any Committee or Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution."

Mumbai
November 25, 2016

By Order of the Board

Manoj Contractor
Company Secretary

Registered Office:

Administration Building, Essar Refinery Complex
Okha Highway (SH – 25)
Taluka Khambhalia, District Jamnagar
Gujarat 361 305

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy forms in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Company has fixed Thursday, December 15, 2016 as the Record Date for the purpose of identifying the eligible members of the Company for the purpose of AGM.
4. The Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 relating to the Special Business at item Nos. 4 to 6 of the accompanying Notice is annexed.
5. Members desiring any information regarding the accounts are requested to write to the Company at "Essar House", 11, K. K. Marg, Mahalaxmi, Mumbai 400 034 at least 7 days before the date of the meeting to enable the Company to keep the information ready.
6. The Notice of AGM and Annual Report are being sent in electronic mode to members whose email address is registered with the Company or the Depository Participant(s), unless the members have registered their request for the hard copy of the same. Physical copy of the notice of AGM and Annual Report are being sent by permitted mode to those members who have not registered their email address with the Company or Depository Participant(s).
7. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide the facility to members to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means through the e-voting platform of Central Depository Services (India) Limited (CDSL). The Members, whose names appear in the Register of Members / list of Beneficial Owners as on December 15, 2016, i.e. the Record Date fixed by the Company for the purpose of AGM are entitled to vote on the Resolutions set forth in this Notice. The members may cast

their votes on electronic voting system from place other than the venue of the meeting. The e-voting period will commence at 9.00 a.m. on December 17, 2016 and will end at 5.00 p.m. on December 21, 2016. The members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Martinho Ferrao of M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.

8. The instructions for members voting electronically are as under:

- (i) The voting period begins on December 17, 2016 at 9.00 a.m. and ends on December 21, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of December 15, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
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"> 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. 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 RA000000001 in the PAN field.

Dividend Bank Details OR 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"> 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 (iv).
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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xviii) **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.**

(xix) **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 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.
- 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 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.

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, under help section or write an email to helpdesk.evoting@cdslindia.com

ANNEXURE TO NOTICE:

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

The Board of Directors of your Company have appointed Shri. V. G. Raghavan (DIN No. 00008683) as an Additional Independent Director on the Board of the Company with effect from June 27, 2016.

Shri. Raghavan is a Commerce Graduate from Loyola College, Chennai. He is also a member of the Institute of Chartered Accountants of India.

Shri. Raghavan brings a wealth of experience in Indian and global financial markets. He was associated with the State Bank of India, Chennai, as Credit Officer in charge of Corporate Finance, for seven years.

He has considerable experience in domestic banking and the international syndicated loan market.

Shri. Raghavan is also a Director on the Board of various other public limited companies.

In terms of Section 149 of the Companies Act, 2013 and Articles of Association of the Company, Shri. Raghavan will hold the office as an Additional Director upto the date of the ensuing Annual General Meeting of the Company.

The Company has received a notice from a member under Section 160 of the Companies Act, 2013, with requisite deposit proposing the name of Shri. Raghavan as a candidate for the office of Director as an Independent Director of the Company.

The Board is of the opinion that the appointment of Shri. Raghavan would be in the best interest of the Company. The Board accordingly recommends the resolution at item no. 4 of the accompanying notice for your approval.

None of the Directors other than Shri. Raghavan is concerned or interested in the above resolution.

Item No. 5

The Board of Directors at their meeting held on April 18, 2013 had appointed Shri. Rajiv Agarwal as the Managing Director of the Company for a period of three years with effect from July 24, 2013. Subsequently, the members of the Company at their thirty-seventh Annual General Meeting held on September 26, 2013 had approved the appointment and the remuneration payable to Shri. Agarwal. The present term of Shri. Agarwal as the Managing Director ended on July 23, 2016.

The Nomination and Remuneration Committee of the Company and thereafter the Board of Directors have recommended and approved that Shri. Agarwal be re-appointed as the Managing Director of the Company for a period of three years from July 24, 2016.

Shri. Rajiv Agarwal is a Chartered Accountant, Cost and Works Accountant and Company Secretary by qualification with over 28 years of rich and varied

experience in industries like Retail, BPO, telecom, manmade fibres, shipping, logistics and ports and has successfully led businesses as CEO since 1992, mainly in telecom services and shipping, logistics and ports sectors.

Shri. Agarwal was the Chief Executive Officer of Modi Champion during 1992-94 and Joint Managing Director of Modi Korea Telecom during 1994-97. He joined the Essar Group in 1997 as Chief Operating Officer in Essar Telecom. Shri. Agarwal served on the Board of public listed companies in India and United States of America. Shri. Agarwal has held the position of Chief Financial Officer and Executive Director on the Board of this Company during 1998-2002.

Shri. Agarwal was the President of IndoRama Synthetics Limited during 2002-2004. Shri. Agarwal held the position of CEO and Director of The Mobile Store Limited and created a well recognised and strong Indian telecom brand in just 2 years.

Shri. Agarwal has won a series of accolades and awards including CEO of the Year Award – 2009 Asia Retail Congress, Retail Professional of the Year: 2008 at Franchise India and Best Retailer in Telecom Segment – over 2 years in India Retail Forum.

Shri. Agarwal is also a Director on the Board of various other Indian public limited companies.

Shri. Agarwal does not hold any shares in the Company.

The terms of appointment of Shri. Agarwal are:

1. Period of Appointment : three years from July 24, 2016.
2. In consideration of his duties, Shri. Agarwal shall be paid the following remuneration:
1. Remuneration :

Basic salary in the range of ₹ 6,00,000/- to ₹ 15,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.

In addition to the Basic Salary, Shri. Agarwal shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time up to the limit of ₹ 30,00,000/- per month.

As per the rules of the Company, Shri. Agarwal will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

2. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Shri. Agarwal, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule V to the Act, if and to the extent necessary, with the approval of the Central Government.

3. Shri. Agarwal shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.
4. Shri. Agarwal shall be bound by the non-compete and confidentiality provisions as applicable to the members of the Board.
5. Shri. Agarwal shall cease to be a Director if he ceases to be an employee.
6. Either party shall be entitled to terminate the employment by giving not less than three calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Shri. Agarwal's employment at any time by payment to him of three months basic salary in lieu of such notice.

The Company is in the process of expanding the business it operates in and expects to see better results in the coming years. The remuneration paid to the Managing Director is in line with industry practice. Shri. Agarwal does not have any pecuniary relationship directly or indirectly with the Company nor is he related to any other managerial personnel of the Company.

The above may be treated as an abstract of the agreement between the Company and Shri. Agarwal pursuant to the provisions of the Companies Act, 2013.

The Board accordingly recommends the resolutions at Item No. 5 of the accompanying notice for your approval.

None of the Directors other than Shri. Agarwal is deemed to be concerned or interested in the above resolution.

Shri. Agarwal does not hold any shares in the Company.

Item No. 6

Your Company develops and operates ports and terminals and is one of India's largest private-sector port company by capacity and throughput. Your Company provides these services through its subsidiaries which provide port and terminal services for liquid, dry bulk, break bulk, general cargo and small volumes of container cargo for specialised project equipment, with an existing aggregate capacity of 104 million metric tons per annum (MMTPA) across facilities located at Vadinar and Hazira in the State of Gujarat and Paradip in the State of Odisha and Visakhapatnam in the State of Andhra Pradesh and which capacity is planned to be increased to 194 MMTPA. Your Company also has projects under implementation at Salaya in Gujarat and Paradip in Odisha.

Execution of various projects of the subsidiary companies require considerable amount of equity.

In order to meet the funding needs for the expansions plans mentioned

above, including but not limited to meeting the equity needs of the Company for further organic and inorganic expansions and reducing the debt, the Company is exploring various options to raise fresh capital by issuance of either Equity Shares and / or Global Depository Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs) or any other security ("Securities") of the Company either by way of a public issue or a private placement (including a Qualified Institutional Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Institutional Placement Programme or such other mode / methods as may be permitted.

The detailed terms and conditions for the issue / offering will be determined in consultation with the lead managers, consultants, advisors and / or such other intermediaries as may be appointed for the issue / offer. Wherever necessary and applicable, the pricing of the issue / offer will be finalised in accordance with applicable guidelines in force, of the Government of India, Securities and Exchange Board of India, Reserve Bank of India and other appropriate authorities.

The size of any of the above issue / offering of Securities is proposed to be upto an aggregate amount not exceeding US\$ 1,000,000,000 (United States Dollars One Billion only) or equivalent amount in Indian or any other currency (inclusive of such premium as may be determined) to be issued in one or more tranches.

The Securities issued pursuant to the issue / offering may be listed on the Indian stock exchange(s) and / or internationally recognised stock exchange(s).

Section 42 of the Companies Act, 2013 provides, inter alia, that whenever the Company proposes to increase its subscribed capital by further issue / offer and allotment of shares, such shares shall be offered to the existing members of the Company in the manner laid down in the said Section, unless the members decide otherwise by a special resolution.

Accordingly, the consent of the members is being sought pursuant to the provisions of Section 42 and all other applicable provisions of the Companies Act, 2013 authorising the Board of Directors and / or a Committee thereof to issue the Securities, as stated in the resolution, which would result in issuance of shares of the Company to persons other than the existing members of the Company.

The Board recommends the Special Resolution at item No. 6 of the accompanying notice for approval by the members.

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

Mumbai
November 25, 2016

By Order of the Board

Manoj Contractor
Company Secretary

Registered Office:
Administration Building
Essar Refinery Complex
Okha Highway (SH – 25)
Taluka Khambhalia, District Jamnagar
Gujarat 361 305

DIRECTORS' REPORT

To the Members of Essar Ports Limited

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

1. FINANCIAL RESULTS

The summary of consolidated and standalone financial results of your Company for the year ended March 31, 2016 are furnished below:

(₹ in crore)

Particulars	Consolidated		Standalone	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Revenue	1,706.03	1,776.94	91.06	88.40
Total Expenses	428.11	361.15	43.50	52.14
EBITDA	1,277.92	1,415.79	47.55	36.26
Profit / (Loss) for the year	67.54	391.20	(144.41)	0.60

2. DIVIDEND

Your Directors have not recommended any dividend for the year ended March 31, 2016.

3. MANAGEMENT DISCUSSION & ANALYSIS

The discussion and analysis below covers the financial results and business outlook of Essar Ports Limited and its subsidiaries for the financial year 2015-16. This outlook is based on assessment of the current business environment and Government policies. The change in future economic and other developments are likely to cause variation in this outlook.

Indian Economy and Infrastructure Sector

Economic expansion in India continued to be at a faster pace than other emerging markets. Inflation continued to be on a decline backed by lower global oil prices. The Indian economy grew by 7.6% in financial year FY2016 as compared to 7.2% in the financial year FY2015.

The Reserve Bank of India (RBI) has reduced the repo rate by 125 bps from 7.5% in April 2015 to 6.25% in October 2015, 25 bps in four tranches, given the easing of inflation. There is an expectation of further cuts in interest rates, resulting in a revival of infrastructure investments in the country.

Based on the overall cues of economy growth and improving investment scenario, it is believed that a further pickup in economic growth is expected. GDP is expected to grow at over 7.5% backed by policy initiatives focused on attracting FDI inflows and large investments.

Infrastructure sector in India looks well placed to attract investments and experience high growth. Infrastructure sector is core to the Indian growth story due to massive historic shortfall in physical infrastructure and growing economic activity. The sector is expected to be resilient and continue to attract investor interest.

RBI continued to take measures over the past year under 5/25 financing scheme for elongated maturity, strategic debt restructuring and S4A to facilitate the infrastructure and manufacturing sectors. These initiatives are aimed at easing financing terms for infrastructure and manufacturing projects which will increase the pace of investments in the sector.

Ports Sector

During 2015-16, major and non-major ports in India have accomplished a total cargo throughput of 1072.47 million tonnes reflecting an increase of 1.9% over 2014-15. The growth in cargo handled at major and non-major ports in 2015-16 were 4.3% and -1.0% respectively compared to 4.7% and 12.9% achieved in 2014-15. The share of major port in the total traffic handled at Indian ports increased from 55% in 2014-15 to 57% in 2015-16.

At a broad commodity level, during 2015-16, POL, coal, container and other cargo posted growth of 8.2, 5.5%, 3.1%, and 2.9% respectively. Cargo traffic in food grains, iron ore and fertilizer and FRM was affected during 2015-16 and dropped by 22.2%, 14.7% and 2.4% respectively. The decline in iron ore traffic is mainly attributed to restrictions in mining of iron ore.

Performance Overview

During the year under review, your Company has delivered consistent growth and results were in line with the targets. The Company is now well poised for next level of growth and continues to be the 2nd largest private sector port operator in India by handling 58.27 MMT during FY2015-16 as against 53.1 MMT of cargo during FY 2014-15 across all its ports.

Your Company has delivered another year of consistent growth in financial performance. The emphasis continues to be on development of world class facilities and to complete

the projects under implementation in time. Your Company has received all pending approvals related to environment and land clearances. Your Company is also happy to announce takeover of operations of Vizag outer harbor iron ore terminal which is an existing operational project with no gestation period.

Performance Highlights:

Your Company's capacity as on March 31, 2016 was 120 MMTPA. During the year under review, your Company had four operational port terminals at Hazira, Vadinar, Paradip and Vizag. The Hazira port is an all-weather, deep-draft port with 30 MMTPA of dry bulk and break bulk cargo handling capacity. Vadinar is also an all-weather, deep-draft port with 58 MMTPA of liquid cargo handling capacity. The Paradip dry bulk terminal is also an all-weather, deep-draft port with 16 MMTPA of dry bulk cargo handling capacity. The Vizag terminal is an operational berth taken over on May 14, 2015 having capacity of 16 MMTPA.

Your Company has completed the construction of berth and stockyard for dry bulk terminal at Salaya with a capacity of 20 MMTPA. Your Company expects to complete the bund strengthening and conveyor related works for Salaya project soon. Additionally, plans to expand the Hazira port capacity by 20 MMTPA – taking its capacity at Hazira to 50 MMTPA are underway. Your Company is also undertaking capacity addition by developing additional iron ore berths at Visakhapatnam Port with a total capacity of 8 MMTPA.

Strategic developments / Approvals received during the year

- Your Company's Hazira terminal has received construction approval from Gujarat Maritime Board (GMB) for 1100m berth expansion and berth construction has commenced. Hazira terminal has also received in-principle approval for allotment of 140 ha of backup land from GMB.
- Outer harbour iron ore terminal at Vizag Port was taken over by your Company's subsidiary - Essar Vizag Terminals Limited on May 14, 2015. The terminal is an existing operational terminal with all relevant approvals in place.
- Vadinar Liquid Terminal Limited has signed a Concession Agreement with KandlaPort Trust for 2nd SPM and two product berths on April 16, 2015 for expanding the terminal at Vadinar.

Awards and Accolades

Your Company has been awarded over the year by various institution for best practices in Health, Safety & Environment, Operations and Quality related categories. Below is the list of awards and accolades won by your Company and its subsidiaries:

Essar Ports Limited:

- CII SCALE 2015 Award under Terminal Operator Category.
- Maritime & Logistics Award for CSR Activities.

- Maritime Standard Award, Dubai for CSR Activities.
- Gujarat Star Award 2015 under CSR Category.

Vadinar Oil Terminal Limited:

- "Port / Terminal of the year for Health, Safety and Environment".
- "RUNNER-UP for Port / Terminal of the year for (Non Containerized) – Specific" at Gujarat Star Awards - 4th Edition.
- Lloyd's list Middle East and Indian Subcontinent Safety Award.
- Certificate of Appreciation from KPT as a major contributor for KPT's milestone of 100 MMT for the FY 2015-16 from Hon'ble Union Shipping Minister Shri. Nitin Gadkari.

Essar Bulk Terminal Limited

- Rashtra Vibhushan Award 2015 (Platinum) in Health & Safety of Workers and on outstanding contribution for National Economic & Social Development.

Essar Bulk Terminal Paradip Limited

- 15th Annual Greentech Environment Award 2015 in Silver Category in Service Sector.
- 4th Annual Greentech CSR Award 2015 in Silver Category in Service Sector.

Operational Performance Highlights

- Vadinar terminal handled 38.3 MMT of cargo during FY2015-16 as against 41.25 MMT during FY2014-15.
- Hazira terminal handled 12.66 MMT during FY2015-16 as against 10.63 MMT during FY2014-15.
- Paradip dry bulk terminal handled 2.24 MMT cargo during FY2015-16 as against 1.05 MMT during FY2014-15.
- Vizag iron ore terminal handled 5.07 MMT cargo during FY2015-16 since take over on 14th May 2015.

4. DELISTING AND DEMERGER OF THE COMPANY

Delisting

The shares of your Company, with effect from December 31, 2015, have been delisted from BSE Limited and National Stock Exchange of India Limited pursuant to voluntary delisting of the equity shares by the majority shareholder. The delisting exit offer is open for the members of the Company who may want to tender their shares in the said offer upto December 30, 2016.

All members who may wish to tender their shares in the Delisting Exit Offer may tender their shares after filling the Exit Offer form which has been forwarded to you by the acquirer and send the same to Link Intime India Pvt. Ltd. being the Registrar to the Delisting Exit Offer.

Members can also download the Exit Offer Documents available on the website of the Company i.e.: www.essarports.com under the Investors Section.