Directors' Report

BUSINESS:

The Company is in the business of Stock Broking and is a member of BSE- Cash Segment and Derivatives Segment and NSE-Cash, Future & Option and Currency derivatives Segments. The Stock Broking services are offered to both retail investors and institutional clients.

FINANCIAL RESULTS:

During the year ended March 31, 2016, your company earned gross income of Rs.3847 lakhs. The profit after tax was Rs. 601 lakhs. The financial results are summarized below:

(Rs. In lacs)

Particulars	2015-16	2014-15
Total Income	3847	4727
Profit/ (Loss) Before Tax	895	1357
Profit/ (Loss) After Tax	601	901
Net Worth	4631	4030
Book Value per Equity Share (Rs.)	76.05	66.57
Earning per share (Rs.)	10.33	15.62

FUTURE OUTLOOK:

GDP Growth is projected to remain strong at around 7.5%. Investment is expected to pick up steadily. Declining inflation and higher public wages will boost private consumption. Government investment and consumption will continue to remain strong. Demand in rural sector is expected to pick up very well due to good and well distributed monsoon. Unified value added tax i.e. GST will transform the economy and help boost GDP further.

All this will augur well for the equity markets and uptrend in the market is expected to continue going forward. Foreign investors will continue to invest in Indian markets. This will increase the retail participation further. Your Company is also expected to grow well in the coming years with increasingly higher profits.

NEW INITIATIVES:

Your Company has invested further in technology to upgrade the on-line and mobile trading platform, to enhance the investors' experience. With stable and robust on-line platform your Company is actively looking to enhance the business by appointing franchisees, sub-brokers and remisiers across the country.

DIVIDEND:

With a view to conserving resources for business expansion, your Directors do not recommend any dividend for financial year 2015-16.

TRANFER TO RESERVES

The Company proposes to transfer Rs. Nil to the general reserve. An amount of Rs.60, 136,031/- is proposed to be retained in the statement of Profit & Loss.

DIRECTORS

The present Board of Directors comprises of the following:

Name of Director	Category
1. Shri Ramesh N.G.S.	Non Executive Chairman (Nominee of SHCIL)
2. G. Anantharaman	Independent Director
3. Shri P H Kutumbe	Independent Director
4. Shri Vineet Potnis	Nominee of SHCIL
5. Ms. Kalpana Joshi	Nominee of SHCIL
6. Shri Nitin Jog	Managing Director & CEO (Nominee of SHCIL)

Changes During the year:

Appointment:

At the Annual General Meeting of the Company held on September 1, 2015:

Shri G. Anantharaman was appointed as an Independent Director.

Shri P H Kutumbe who was on the Board of Directors of the Company since June 21, 2007 was appointed as an Independent Director under Companies Act, 2013,

Ms. Kalpana Joshi, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Resignation/Retirement: Nil

NUMBER OF MEETINGS OF THE BOARD

Regular meetings of the Board and its committees are held to discuss and decide on various business policies, strategies, etc.

The Board of Directors of your Company had seven meetings during the year. The details of meetings of the Board and various Committees of the Board are given in the Corporate Governance Report.

DIRECTOR'S REPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

(a) In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

(b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2016 and of the profit and loss of the Company for the financial year ended March 31, 2016;

(c) Proper and sufficient care has been taken 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;

(d) The annual accounts have been prepared on a 'going concern' basis;

(e) Proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. The internal audit, in addition to ensuring compliance to policies, regulations, processes etc., also test and report adequacy of internal financial controls with reference to financial reporting/statements.

DECLARATION OF INDEPENDENCE

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder.

EVALUATION OF PERFORMANCE OF THE BOARD

The Board of Directors are the cornerstone of the corporate governance framework of the Company. An effective Board ensures that the long term strategic objectives of the Organisation are being achieved, and are in line with the interests of multiple stake holders.

In line with the above philosophy and pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Company has put in place a mechanism to facilitate evaluation of performance of Board as a whole, which includes evaluation of the performance of each of the Directors, including Independent Directors, Chairperson, and Board as a whole.

For the purpose, responses were sought from Directors through questionnaires on various aspects of the Board's functioning in close alignment with the stated objectives of the Company. On the basis the response received from the Directors, evaluation, review was conducted at multiple levels as follows:

The Independent Directors met separately without the attendance of non-independent directors and members of management, where they discussed and reviewed the performance of non-independent directors, and Board as a whole; and also performance of the Chairperson. They further assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. Overall, the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board as well as Chairman of the Board.

The Nomination & Remuneration Committee undertook an evaluation of each Director's performance.

There has been no material adverse observation or conclusion consequent to such evaluation and review. However a keener, active participation was expected from Directors in Committee/ Board meeting.

KEY MANAGERIAL PERSONNEL

Shri. Nitin Jog, Managing Director and CEO; Shri. Manoj Kabra, Chief Financial Officer; and Shri Mitul Palankar, Company Secretary are the Key Managerial Personnel of the Company.

Changes during the year:

The term of Shri Nitin Jog as the Managing Director and CEO had expired on November 30, 2014. He was re-appointed as the Managing Director and CEO of the Company for the period commencing from December 1, 2014 till March 31, 2015.

He was again re-appointed as the Managing Director and CEO of the Company for the period of three year commencing from April 1, 2015.

PARTICULARS OF EMPLOYEES

Since none of the employees of your Company earned income in excess of the amount specified under the provisions of Section 197 of the Companies Act, 2013

read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the relevant provisions are not applicable.

NOMINATION AND REMUNERATION POLICY

In terms of the requirements under the Companies Act, 2013, the Company has put in place a Policy on remuneration of Directors, Key Managerial Personnel and other employees.

The said Policy is guided by the set of principles and objectives as particularly envisaged under Section 178 of the Companies Act, 2013. The Policy outlines attributes and criteria to be taken into account while appointing a Director, which includes academic and professional qualifications, experience, skill sets, etc. Appointment of Directors are considered and recommended by the Nomination & Remuneration Committee in the first instance, and thereafter approved by the Board and Shareholders, as necessary or required.

The Remuneration of Non-Executive Directors comprise sitting fees for attending the meetings of Board/ Committees of the Board. None of the Directors are not entitled to Stock Options.

The Managing Director is entitled to fixed pay as well as variable pay linked to performance. The payment of remuneration to the Managing Director is subject to approval by Nomination & Remuneration Committee, Board and Shareholders.

The NRC Policy of the Company is attached as **Annexure A**

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s. Chokshi & Chokshi, LLP were the Statutory Auditors of the Company for financial year 2015-16.

RELATED PARTY TRANSACTIONS

All the Related Party Transactions that were entered into during the financial year were on arms' length and were in compliance with the applicable provisions of the Companies Act, 2013 as well as the Policy on Related Party Transaction adopted by the Company.

All the Related Party Transactions have been approved by the Audit Committee of the Board on the strength of Management representation that they are in the ordinary course of business at arm's length price.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies Act, (Accounts) Rules, 2014 is mentioned in **Annexure B** to this Report.

RISK MANAGEMENT

The Company recognises that risk is an integral part of business and is committed to managing the risk in a proactive and efficient manner. The Company periodically assesses risk in the internal and external environment

There is a Risk Management Department with various levels of accountability. The Company has in place Risk Management Policy.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture company or associate company.

PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS

The details of loans, guarantees and investment under Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rule, 2014 are as follows:

A. Details of Investment made by the Company as on March 31, 2016 (including investment made in previous year): Nil

B. Details of Guarantee given by the Company as on March 31, 2016 : Nil

C. Details of Loan given by the Company as on March 31, 2016 : Nil

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public during the financial year 2015-16.

CONVERSION OF PREFERENCE SHARES

During the financial year 2015-16 your Company has converted 18,86,250 7% non cumulative convertible preference shares of Rs.10 each divided into 3,19,703 Equity Shares of Rs.10 each at a premium of Rs.49.

COMMITTEE ON PREVENTION OF SEXUAL HARASSMENT

Your Company has constituted an Anti Sexual Harassment Committee as required under "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." The Committee includes an external Independent Member viz., Ms. Sneha Khandekar.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT.9 is annexed at **Annexure C.**

CORPORATE GOVERNANCE

Your Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms as specified under SEBI Listing and Disclosure Regulation 2015. A report thereof is as per details at **Annexure D.**

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

Conservation of energy & technology absorption

Your Company does not carry any manufacturing activities. However, it has taken steps towards conservation of energy and continues to use latest technologies for improving the productivity and quality of its services.

Foreign exchange earnings and outgo

Foreign exchange earnings and outgo during the year under review:

Foreign Exchange earnings - Nil

Foreign Exchange outgo – Nil

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:

Company Law Board:

SSL had filed the compounding applications with Company Law Board for compounding of violations of the provisions of the Companies Act, 1956 which took place prior to financial year 2008-09. The Company Law Board vide Order dated April 25, 2016 read with the Corrigendum Order dated May 20, 2016 had imposed compounding fees of Rs.13,00,000/- on SSL. SSL has deposited the said compounding fees with National Company Law Tribunal on June 17, 2016. The details of the Compounding fees are mentioned in Form MGT-9.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has constituted a Corporate Social Responsibility Committee headed by Shri. Vineet Potnis as Chairman, with Shri P. H. Kutumbe and Smt. Kalpana Joshi as Members.

The Board of Directors has approved the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, on the recommendations of the CSR Committee.

Pursuant to CSR policy and recommendation of CSR Committee, the Company has contributed Rs.18 lacs towards CSR contribution to SHCIL Foundation, a Trust established by Stock Holding Corporation of India Limited i.e. Holding Company of your Company.

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as **Annexure E** to this Report.

ACKNOWLEDGEMENTS:

The Board places on record its deep appreciation for the valuable support, patronage and co-operation extended by Securities and Exchange Board of India, BSE Ltd., National Stock Exchange of India Ltd., Clients, Banks, IFCI Ltd., and Stock Holding Corporation of India Ltd. The Board also wishes to express its sincere gratitude for the valuable contribution made by staff and officers of the Company.

For and on behalf of the
Board of Directors

Place: Mumbai
Date: August 12, 2016

Ramesh N.G.S.
Non Executive Chairman