

|  |
| --- |
| BSE Code: 500295 | NSE Code: SSLT | ISIN: INE205A01025 |
| Sector: Mining & Mineral products | Meeting Type: Annual General Meeting |
| e-Voting Platform: [NSDL](https://www.evoting.nsdl.com/) |
| e-Voting Period: From 29th June, 2015 to 29th June, 2015 |
| Meeting Date: 29th June, 2015 at 4:20 PM |
| Meeting Venue: Meeting venue |
| Notice: [Click here](http://www.google.co.in) | Annual Report: [Report Name](https://www.evoting.nsdl.com/) |
| Company Email: [c.chitnis@vedanta.co.in](mailto:c.chitnis@vedanta.co.in) |
| Company Phone: 91-832-2460601 | Company Fax: 91-832-2460721 |
| Company Registered Office: Sesa Ghor 20 EDC Complex Patto, Panaji, Goa - 403001 |

Proxy Advisory

Corporate Governance Research

Corporate Governance Scores

Stakeholders’ Education

Proxy Advisory Report

Sesa Sterlite Ltd

SES RECOMMENDATIONS

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **TABLE 1 - AGENDA ITEMS AND RECOMMENDATIONS** | | | | | | | |
|  | | | | | | | |
| **S. No.** | **Resolution** | **Type** | **Recommendation** | **Focus** |
| 1 | Adoption of Standalone Accounts |  |  |  |
| 2 | Declaration of Dividend |  |  |  |
| *O - Ordinary Resolution; S - Special Resolution* | | | | |
| RESEARCH ANALYST: | | | | |

***C - Compliance:*** *The Company has not met statutory compliance requirements*

***F - Fairness:*** *The Company has proposed steps which may lead to undue advantage of a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*

***G - Governance:*** *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*

***T - Disclosures & Transparency:*** *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

COMPANY BACKGROUND

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 2 - MARKET DATA (*As on []*) | | | | | | | |
| Price (`) | 12 | M Cap (` Cr.) | 13 | Shares\* | 14 | PE Ratio" | 15 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Standalone Data ; Source: Capitaline* | | | |  | \* As on [date] | "Based on EPS for FY [] | |
| TABLE 3: FINANCIAL INDICATORS (STANDALONE) | | | |  | TABLE 4: PEER COMPARISON (2015) | |
| **(In ` Crores)** | **2015** | **2014** | **2013** |  | **Coal India Ltd** | **NMDC Ltd** |
| Revenue | 32,502.41 | 28,536.53 | 2,187.92 |  | 387.12 | 12,356.41 |
| Other Income | 2,008.86 | 1,817.06 | 341.99 |  | 14,143.40 | 2,265.40 |
| Total Income | 34,511.27 | 30,353.59 | 2,529.91 |  | 14,143.40 | 2,265.40 |
| PBDT | 2,979.14 | 433.14 | 204.90 |  | 13,659.06 | 9,930.07 |
| Net Profit | 1,927.20 | 1,076.09 | 120.77 |  | 13,383.39 | 6,421.86 |
| EPS (`) | 6.50 | 3.67 | 1.39 |  | 21.19 | 16.20 |
| Dividend per share (`) | 10 | 10 | 10 |  | 10 | 10 |
| Dividend Pay-Out (%) | 178.82 | 316.70 | 836.19 |  | 54.85 | 71.75 |
| OPM (%) | 20.41 | 20.41 | 20.41 |  | 3,591.36 | 80.36 |
| NPM (%) | 5.93 | 5.93 | 5.93 |  | 3,457.17 | 51.97 |
| *Dividend pay-out includes Dividend Distribution Tax. Source: Capitaline* | | | |  |  | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TABLE 5: MAJOR PUBLIC SHAREOLDERS (MAR'15) | |  | TABLE 6: MAJOR PROMOTERS (MAR'15) | |
| Citibank NA New York NYADR Departme | 7.47% |  | Twin Star Holdings Ltd | 43.17% |
| Franklin Templeton Investment Funds | 2.36% |  | Finsider International Company Ltd | 13.54% |
| Life Insurance Corporation Of India | 1.77% |  | Westglobe Ltd | 1.5% |
| Bhadram Janhit Shalika | 1.44% |  | Welter Trading Ltd | 1.29% |
|  |  |  | Ankit Agarwal | 0.01% |
|  |  |  | Pratik Pravin Agarwal | 0% |
|  |  |  | Agarwal Galvanising P Ltd | 0% |
|  | |  |  | |
| SHAREHOLDING PATTERN (%) (MARCH) | |  | DISCUSSION | |

|  |  |  |
| --- | --- | --- |
|  |  | Discussion |

BOARD OF DIRECTORS

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 7 - BOARD PROFILE | | | | | | | | |
| **Director** |  | **Classification** | | **Expertise/Specialization** | **Tenure (Year)** | **[1]Directorship** | **[2]Committee Membership** | **Pay(` Lakh)** |
| **Company** | **SES** |
| Navin Kumar Agarwal |  | EDP | EDP | General Management | 2 | 4(5) | 0(0) | 1412 |
| Thomas Albanese |  | ED(R) | ED(R) | General Management | 1 | 1(1) | 0(0) | 580 |
| Tarun Chandmal Jain |  | ED(R) | ED(R) | Finance | 1 | 3(5) | 3(0) | 903 |
| Dindayal Jalan | N | ED | ED | Finance | 1 | 5(8) | 3(1) | 413 |
| Naresh Chandra |  | ID | NID | Administration | 1 | 9(10) | 9(0) | 60.4 |
| Ravi Kant |  | ID | ID | Operations | 1 | 1(3) | 1(0) | 59.9 |
| Lalita Dileep Gupte |  | ID | ID | Finance | 1 | 6(6) | 5(1) | 59.8 |
| Anuradha Dutt |  | ID | ID | Legal | 0 | 1(5) | 0(0) | 0 |
| *Reference: ED - Executive Director, NED- Non-Executive Director, ID - Independent Director, NID- Non-Independent Director, P- Promoter, W - Woman Director, R- Liable to retire by Rotation, U- Up for Re-appointment, N- New Appointment, MD- Managing Director, C- Chairman, CMD- Chairman and Managing Director*  ***[1]*** *Directorships show Directorships in Public Companies (Total Directorships which include Directorships in both Public and Private Companies)*  ***[2]*** *Committee memberships include committee chairmanships Note: Directorships, committee membership and committee chairmanship includes such positions in Sesa Sterlite Ltd* | | | | | | | | |
| Discuss board | | | | | | | | |
| GRAPH 2 - BOARD PROFILE | | | | | | | | |

|  |  |
| --- | --- |
|  |  |
| As per provisions of Section 149 and 152 of the Companies Act, 2013 Independent Directors shall not be liable to retire by rotation and unless provided by the Articles of the Company at least 2/3rd of the Non-Independent Directors should be liable to retire by rotation.  iscuss liable to retire by rotation | As per Clause 49(ii)(A) of the Listing Agreement, the Company should have at least 33% Independent Directors if the Chairman of the Board is a Non-Executive Director and should have at least 50% independent directors if the Board Chairman is a promoter or an executive director.  Discuss independence |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 8 - BOARD COMMITTEE PERFORMANCE | | | | | | | |
| **Committees** | **#** | **Chairman's Classification** | | **Overall Independence** | | **Number of Meetings** | **Attendance < 75%** |
| **Company** | **SES** | **Company** | **SES** |
| Audit | 3 | ID | ID | 100% | 66.67% | 5 | 0 |
| Investors' Grievance | 2 |  |  | 50% | 50% | 3 | 0 |
| Nomination & Remuneration | 3 | ID | NID | 66.67% | 33.33% | 5 | 0 |
| CSR | 4 | ID | NID | 50% | 25% | 1 | 0 |
| Risk Committee | 3 |  |  | 0% | 0% | 1 | 0 |
| *Reference: ED - Executive Director, NED- Non-Executive Director, ID - Independent Director, NID- Non-Independent Director, P- Promoter, C- Chairman, #- Number of Members* | | | | | | | |
| Discuss chairmanships | | | | | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 9 - BOARD GOVERNANCE SCORE | | | | | | | |
| **Criteria** | **Response** | **Score** | **Maximum** |
| What is the percentage of Independent Directors on the Board? | 37.5% | 0 | 10 |
| How many Independent Directors have tenure greater than 10 years? | 0 | 10 | 10 |
| How many Independent Directors have Shareholdings > ` 1 Cr? | 0 | 5 | 5 |
| Is the Chairman Independent? | No | 0 | 10 |
| Is there a Lead Independent Director? | Yes | 10 | 10 |
| How many Independent Directors are ex-executive of the Company? | 0 | 10 | 10 |
| Have all directors been elected by the Company's shareholders? | Yes | 10 | 10 |
| Are any directors on the Board related to each other? | Yes | 0 | 10 |
| How many promoter directors are on the Board? | 1 | 13 | 15 |
| Did Independent Directors meet atleast once without management? | Yes | 10 | 10 |
| **Score** | | **68** | **100** |

REMUNERATION ANALYSIS

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 10 - EXECUTIVE DIRECTORS' REMUNERATION | | | | | | | | |
| **In ` Crore** | | **2015** | | **2014** | | **2013** | | **Ratio** |
|  | | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** |  |
| Navin Kumar Agarwal | P | 10.37 | 14.12 | 6.25 | 6.25 | 0 | 0 |  |
| Tarun Chandmal Jain | NP | 7.28 | 9.03 | 0 | 0 | 0 | 0 |  |
| Thomas Albanese | NP | 5.8 | 5.8 | 0 | 0 | 0 | 0 |  |
| Dindayal Jalan | NP | 3.28 | 4.13 | 0 | 0 | 0 | 0 |  |
| *Note: Fixed pay includes basic pay, perquisites & allowances. P- Promoter, NP- Non- Promoter, Ratio- Ratio of ED's remuneration to Median Remuneration of Employees, ND- Not Disclosed* | | | | | | | | |
| Reuneration Analysis | | | | | | | | |
| DISCUSSION - INDEXED TSR vs. EXECUTIVE REMUNERATION | | | | | | | | |

|  |  |
| --- | --- |
|  |  |

*Note: Indexed TSR (Total Shareholders Return) represents the value of ` 100 invested in the Company at beginning of a 5-year period starting 1st April, 2011. One period return is calculated as (Final Price - Initial Price + Dividend) / Initial Price.*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE 11- EXECUTIVE REMUNERATION - PEER COMPARISON | | | | | | | |
|  | **Sesa Sterlite Ltd** | **Coal India Ltd** | **NMDC Ltd** |
| Director Name | Navin Kumar Agarwal | Vikas | Vishal |
| Promoter Group | Yes | Yes | No |
| Remuneration (` Crore) (A) | 14.12 | 12 | 14 |
| Net Profits (` Crore) (B) | 1927.2 | 76 | 123 |
| Rem. Percentage (A/B \* 100) | 0.73% | 15.79% | 11.38% |

No analysis about remuneration

DISCLOSURES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DISCLOSURE REQUIRED IN DIRECTOR'S REPORT** | | | | |
| The Companies Act, 2013 requires the listed companies to make certain disclosures in Board's Report. The table below shows the status of compliance of such some important requirements, by the Company | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| checked.png | Content of Corporate Social Responsibility Policy in prescribed format (if applicable) |  | unchecked.png | Statement on performance evaluation of Board, Committees and Directors |
| checked.png | Extract of the Annual Return as per Form No. MGT 9 |  | checked.png | Related Party Transactions as per Form No. AOC.2 |
| unchecked.png | Company's policy on appointment of directors and criteria for determining qualifications, positive attributes, director’s independence |  | na.png | Ratio of the remuneration of executive director to the median employees remuneration |
| checked.png | Policy on remuneration of Directors, KMP and other employees |  | unchecked.png | Secretarial Audit Report |
| unchecked.png | Statement on declaration by Independent Directors |  | na.png | Directors’ Responsibility Statement |
| checked.png | Particulars of loans, guarantees or investments |  | na.png | Details of establishment of Vigil Mechanism |
| checked.png | Statement indicating development and implementation of a risk management policy |  | unchecked.png | Comments on qualifications made by Statutory Auditors/ CS |

*\* Not applicable*

Secretarial audit reortt not atavhed

RESOLUTION ANALYSIS

**RESOLUTION []: ADOPTION OF ACCOUNTS**

Adoption of Accounts

**SES RECOMMENDATION**

The Auditors have raised/made [qualifications/ adverse comments] on the Company's going concern status, in their Report. SES is of the opinion that such qualifications/adverse comments may have a material impact on the financial position of the Company and its survival. Therefore, SES recommends that shareholders vote AGAINST the resolution.

The Auditors have mentioned in their Report that funds worth [] crore, raised on short term basis, have been used during the year for long-term investment. SES recommends that shareholders discuss the steps being taken by the Company to rectify the situation and vote on the resolution based on their analysis of the Company's response.

The Company had a negative net-worth as on [date]. SES recommends that shareholders seek details from the Company on steps the Company is taking to rectify the situation and vote on the resolution based on the management's response.

No concern has been identified regarding the adoption of accounts of the Company and SES recommends that shareholders vote FOR the resolution. However, shareholders may note that [] is the Internal Auditors and the Statutory Auditors of the Company. SES is of the opinion that Internal Auditors are first line of defence against mis-appropriation by the management. The statutory Auditors comment on the adequacy of internal control system of the Company. In case the Internal and statutory Auditors are same, this may lead to conflict of interest and therefore, as a good governance practice, there should be separate Internal and statutory Auditors of the Company.

**SES ANALYSIS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Note: Detailed analysis of the accounts is not within the scope of SES' activities. SES accepts the Report of the Directors and the Auditors to be true and fair representation of the company's financial position. The analysis below is aimed at enabling shareholders engage in discussions with the Board/ Management during the AGM.* | | | | | | | |

**AUDIT QUALIFICATIONS**

**Qualifications: Adoption of Accounts**

**Company's Comments: Compay made comments**

**SES Opinion: SES has the opinion**

**AUDITORS' COMMENTS ON STANDALONE ACCOUNTS**

No comments o standalone accounnt

**AUDITORS' COMMENTS ON CONSOLIDATED ACCOUNTS**

COmpany made comments on consolidated accounts

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Consolidated Entity (all figures in ` Cr.)** | **Total Assets** | **Total Revenue** | **Net Profit** | **Net Cash Flow** |
| Subsidiaries | 12 | 127 | 192 | 12i |
| Joint Ventures |  |  |  |  |
| Associates |  | N.D. | N.A. | N.D.12.34 |

It is immmaterail.

**ACCOUNTING POLICIES**

no changes in accounting policies/

**FINANCIAL INDICATORS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Mar' 15** | **Mar' 14** | **Shift** | **Company's Discussion** |
| Debtors Turnover | 12 | 123 | -90.24% |  |
| Inventory Turnover | 1 |  | Infinity% |  |
| Interest Coverage Ratio |  |  | 0% |  |
| Current Ratio |  |  | 0% |  |
| Debt Equity Ratio |  |  | 0% |  |
| Operating Profit Margin(%) | 124 |  | Infinity% |  |
| Net Profit Margin(%) | 123 | 186 | -33.87% |  |
|  |  |  | 0% |  |
|  |  |  | 0% |  |
| *Source: Company's Annual Reports / Capitaline/ Moneycontrol* | | | | |

SES is of the opinion that board should take note of structural shift (positive and negative both) in various financial parameters which have a bearing on company's future performance and positioning in market place and disclose an analysis of the same to shareholders. SES believes that 25% change either way should be the threshold for triggering analysis and disclosure requirements.

**CONTINGENT LIABILITIES**

|  |  |  |
| --- | --- | --- |
| **(All figures in ` Crore)** | **Mar' 15** | **Mar' 14** |
| Total contingent liabilities | 123 | 123 |
| Net worth of the Company | 12 | 123 |
| Contingent liabilities as a percentage of net worth | 1025.00 | 100.00 |
| *Source: Company's Annual Reports/ Capitaline* | | | | |

no contingent liabilities

**RELATED PARTY TRANSACTIONS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Outstanding (` Crore)** | **Mar' 15** | **Mar' 14** | **Shift** | **Comments** |
| Loans and Advances | 13 | 12 | 8.33 | Yes there is a comment |
| Bad & Doubtful Advances | 123 | 2 | 6050.00 | No commnet is there |
| Receivables | 12 | 23 | -47.83 |  |
| Payables | 1 | 13 | -92.31 |  |
| Royalty payments | 87 | 20 | 335.00 |  |
| *Source: Company's Annual Reports* | | | | |

Related party transaction text area

**STANDALONE VS CONSOLIDATED ACCOUNTS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **(In ` Crore)** | **Standalone Accounts** | | | **Consolidated Accounts** | | |
| **Mar' 15** | **Mar' 14** | **Mar' 13** | **Mar' 15** | **Mar' 14** | **Mar' 13** |
| Revenue | 12 | 123 | 123 | 298 | 1282 | 22 |
| Net Profit | 22 | 79 | 98 | 80 | 80 | 88 |
| Total Assets | 80 | 80 | 880 | 8080 | 800 | 880 |
| Net Worth | 808 | 808 | 808 | 808 | 0 | 808 |

tadaloe vs consolidated accounts

**RESOLUTION []: DECLARATION OF DIVIDEND**

Declaration of Dividends

**SES RECOMMENDATION**

No Recommendation for due to an explained event

Current ratio of the Company is less than 1.00. The Company's cash position would be further impacted by the payment of the dividend. Therefore, SES recommends that shareholders discuss the prudence of paying dividend in light of the Company's liquidity position and vote on the resolution based on the Company's response and their own judgement.

The Company is currently in default of servicing of its debt obligations. SES does not find it prudent that a Company is paying dividend despite defaulting in its debt obligations and therefore recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

|  |  |
| --- | --- |
|  |  |

The Company had negative net operational cash flows in the last financial year. SES recommends that shareholders should seek clarifications from the management over the Company's current/future operational performance and vote on the resolution based on the company's response and their own judgement of the impact of the proposed dividend on the Company's financial performance.

Current ratio of the Company is less than 1.00. In light of such disclosures, SES is of the opinion that the board has a duty to explain to the shareholders the reasons behind deterioration in liquidity position as reflected by current ratio, the efforts made to correct the situation and the impact on liquidity position due to payment of dividends. RBI guidelines on wilful defaulters defines 'Wilful default' in case the unit has defaulted in meeting its payment/ repayment obligations to the lender and has siphoned off the funds so that the funds have not been utilised for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets. And siphoning off funds means utilisation of short-term working capital funds for long-term purposes not in conformity with the terms of sanction.

**RESOLUTION []: APPOINTMENT OF AUDITORS**

Appontment of Auditors

**SES RECOMMENDATION**

In line with the ICAI guidelines, SES recommends that to reduce conflict of interest situations, non-audit fee paid to the Auditors should not exceed 50% of the total Auditors' remuneration. Since the non-audit fee paid to the Auditors has been more than 50% of the total Auditors' remuneration in [two/three] of the last three years, SES recommends that shareholders vote AGAINST the resolution.

Section 139 of the Companies Act, 2013 provides that the appointment of Auditors has to be for a period of 5 years with ratification of appointment at each subsequent AGM. However, the Company proposes to appoint the current Auditors for [less than 5 years] even though the total tenure as on [Date] is less than 5 years, which is in violation of the Act. Therefore, SES recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**DISCLOSURES**

|  |  |
| --- | --- |
| Name of the auditor up for appointment | Select |
| Auditors' eligibility for appointment |  |
| Auditors' independence certificate |  |

**AUDITORS' INDEPENDENCE**

|  |  |  |  |
| --- | --- | --- | --- |
| **Auditors** | | **Audit Partners** | |
| Deloitte Haskins & Sells LLP | 7 years | Jitendra Agarwal | 2 years |
| Auditor's Network | |  | |

**AUDITORS' REMUNERATION**

|  |  |
| --- | --- |
|  |  |

**TERM OF APPOINTMENT**

The percentage of non-audit fee has been >50% of the total Auditors' remuneration in [two/three] of the last 3 years. ICAI guidelines state that statutory Auditors should not accept assignments if fee earned from these non-audit assignments is more than the total statutory audit fee. SES is of the opinion that high non-audit fee may impact the Auditors' independence and should be avoided.

**RESOLUTION []: APPOINTMENT/REAPPOINTMENT OF EXECUTIVE DIRECTORS**

ED 1

ED- 2

**SES RECOMMENDATION**

A Nomination & Remuneration Committee is essential to implement an independent and transparent director appointment and evaluation process. [Company] does not have a Nomination & Remuneration committee, which is in violation of the provisions of the Companies Act, 2013. Absence of a Nomination & Remuneration Committee, even though it is mandated by law, raises question mark over the director appointment process at the Company, and therefore, SES recommends that shareholders vote AGAINST the reappointment of [director].

The Company has not disclosed the remuneration paid to [director] in FY[]. SES is of the opinion that the remuneration disclosures made by the Company are not transparent and recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**DIRECTOR'S PROFILE**

|  |  |  |
| --- | --- | --- |
|  | **Navin Kumar Agarwal** | **Tarun Chandmal Jain** |
| Current full time position | ED 1 | ED- 2 |
| Functional Area | General Management | Finance |
| Education | B.Com, OPM | CWA, CA and CS |
| Part of promoter group? | Yes | Yes |
| Past Experience | He is the Chairman of Vedanta Limited (erstwhile Sesa Sterlite Limited) Mr. Agarwal plays a key role in developing the strategic thinking and governance framework of the Vedanta Group, and provides | Mr. Jain has over 36 yearsâ experience in corporate finance, accounts, audit, taxation, secretarial and legal matters. He is responsible for Vedantaâs strategic financial matters, including corpor |
| Committee positions in the Company | NR(M) | CSR(M) |
| Retirement by rotation | Non Retiring | Retiring |
| **SES Recommendation** | **FOR** | **FOR** |

*A - Audit Committee, SR - Stakeholders' Relationship Committee, NR - Nomination & Remuneration Committee, CSR - Corporate Social Responsibility Committee, M - Member, C - Chairman*

ED 1

ED- 2

**PAST REMUNERATION OF THE DIRECTOR**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In ` Crore** | **FY 14/15** | | **FY 13/14** | | **FY 12/13** | |
| **Executive Director** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** |
| Navin Kumar Agarwal | 6.25 | 6.25 | 0 | 0 | 0 | 0 |
| Tarun Chandmal Jain | 7.28 | 9.03 | 0 | 0 | 0 | 0 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Executive Remuneration - Peer Comparison** | | | | Director | Navin Kumar Agarwal |  | | Company | Sesa Sterlite Ltd | Coal India Ltd | | Promoter | yes |  | | Remuneration (` Cr) (A) | 14.12 |  | | Net Profits (` Cr) (B) | 1927.2 |  | | Ratio (A/B) | 0.73 | NaN | |  |

**DIRECTORS' TIME COMMITMENTS**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Navin Kumar Agarwal** | **Tarun Chandmal Jain** |
| Total Directorships | 5 | 5 |
| Total Committee memberships | 0 | 3 |
| Total Committee Chairmanship | 0 | 0 |
| Full time role/ executive position | ED 1 | ED- 2 |

Note: Committee memberships include Committee chairmanships, Total Directorships include Directorships in Public as well Private Companies

ED 1

ED- 2

**DIRECTORS’ PERFORMANCE**

|  |  |  |
| --- | --- | --- |
| **Attendance record** | **Navin Kumar Agarwal** | **Tarun Chandmal Jain** |
| Last 3 AGMs | 1/1 | 1/1 |
| Board meetings held last year | 100% | 84% |
| Board meetings in last 3 years (avg.) | 100% | 84% |
| Audit Committee meetings | na% | na% |
| Nomination & Remuneration Committee meetings | 50% | na% |
| CSR Committee meetings | na% | 100% |
| Stakeholders' Relationship Committee meetings | na% | na% |

ED 1

ED- 2

**REMUNERATION PACKAGE OF NAVIN KUMAR AGARWAL**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: `ED 1 | Increase in remuneration: ED 1 |
| Annual increment: ED 1 |
| Perquisites/ Allowances | All perquisites clearly defined: yes | Cap placed on perquisites: yes |
| Total allowances: `ED 1 |
| Variable Pay | Yes | Performance criteria disclosed: Yes |
| Cap placed on variable pay: Yes |
| Notice Period | ED 1 months | ED 1 |
| Severance Pay | ED 1 months |
| Minimum Remuneration | ED 1 | Within limits prescribed: yes |
| Includes variable pay: yes |

**REMUNERATION PACKAGE OF TARUN CHANDMAL JAIN**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: ` | Increase in remuneration: ED- 2 |
| Annual increment: ED- 2 |
| Perquisites/ Allowances | All perquisites clearly defined: yes | Cap placed on perquisites: yes |
| Total allowances: `ED- 2 |
| Variable Pay | Yes | Performance criteria disclosed: Yes |
| Cap placed on variable pay: Yes |
| Notice Period | ED- 2 months | ED- 2 |
| Severance Pay | ED- 2 months |
| Minimum Remuneration | ED- 2 | Within limits prescribed: yes |
| Includes variable pay: yes |

ED 1

ED- 2

ED 1

ED- 2

ED 1

ED- 2

The Companies Act, 2013 provides that every listed company must form a Nomination and Remuneration Committee comprising of non-executive directors, a majority of whom should be independent directors. SES is of the opinion that having an independent Nomination & Remuneration Committee increases the independence and transparency of the directors' appointment and evaluation process, and is important for minority shareholders' protection. The fact that the Company has not formed such a committee, even though it is mandated by law, reflects poorly on the Company and raises question mark over its director appointment process.

The Company has disclosed consolidated remuneration paid to Executive Directors and not disclosed individual remuneration paid/ The Company has not disclosed the remuneration paid to [director]. SES is of the opinion that such non-disclosures lack transparency and is non-compliance with the listing agreement which requires disclosure of remuneration package of individual directors summarized under major groups

**RESOLUTION []: APPOINTMENT/REAPPOINTMENT OF NON-EXECUTIVE DIRECTORS**

Ned - 1

NEED- 2

**SES RECOMMENDATION**

In FY[], the remuneration paid to [director] was more than [] times the average remuneration paid to the other non-executive non-independent directors of the Company. The Company has not made a clear disclosure on the reason for skewed distribution of remuneration amongst the non-executive directors of the Company. SES is of the opinion that the remuneration paid to [director] is excessive compared to that of other non-executive directors of the Company and therefore, recommends that shareholders vote AGAINST the resolution. The Company has not provided adequate justification over [director]'s remuneration.

The Company has [] independent and [] non-independent directors. Chairman being [executive/non-executive/promoter] requires minimum 50% IDs as per listing agreement and therefore, board composition is not in accordance with the listing agreement. The Company has been non-compliant with the listing agreement for [] months/ days. Further, appointment of additional non-independent non-executive director would further reduce board independence. Therefore, SES recommends that shareholders should vote AGAINST the resolution. As a good governance practice, the Company should appoint an independent Chairman and appoint an Independent Director within the prescribed limits days to comply with the listing agreements.

**SES ANALYSIS**

**DIRECTOR'S PROFILE**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Current full time position | Ned - 1 | NEED- 2 |
| Functional Area | Ned - 1 | NEED- 2 |
| Education | Ned - 1 | NEED- 2 |
| Impact on diversity | Ned - 1 | NEED- 2 |
| Past Experience | Ned - 1 | NEED- 2 |
| Committee positions in the Company | Ned - 1 | NEED- 2 |
| Retirement by rotation | Ned - 1 | NEED- 2 |
| Part of promoter group? | Ned - 1 | NEED- 2 |
| **SES Recommendation** | **FOR** | **FOR** |

*A - Audit Committee, SR - Stakeholders' Relationship Committee, NR - Nomination & Remuneration Committee, CSR - Corporate Social Responsibility Committee, M - Member, C - Chairman*

Ned - 1

NEED- 2

**DIRECTORS' TIME COMMITMENTS**

|  |  |  |
| --- | --- | --- |
| **Criteria** |  |  |
| Total Directorships | Ned - 1 | NEED- 2 |
| Total Committee memberships | Ned - 1 | v |
| Total Committee Chairmanship | Ned - 1 | NEED- 2 |
| Full time role/ executive position | Ned - 1 | NEED- 2 |

Note: Committee memberships include Committee chairmanships, Total Directorships include Directorships in Public as well Private Companies

Ned - 1

NEED- 2

**DIRECTORS’ PERFORMANCE**

|  |  |  |
| --- | --- | --- |
| **Attendance record** |  |  |
| Last 3 AGMs | Ned - 1 | NEED- 2 |
| Board meetings held last year | Ned - 1 | NEED- 2 |
| Board meetings in last 3 years (avg.) | Ned - 1 | NEED- 2 |
| Audit Committee meetings | Ned - 1 | NEED- 2 |
| Nomination & Remuneration Committee meetings | Ned - 1 | NEED- 2 |
| CSR Committee meetings | Ned - 1 | NEED- 2 |
| Stakeholders' Relationship Committee meetings | Ned - 1 | NEED- 2 |

Ned - 1

NEED- 2

**DIRECTOR'S REMUNERATION**

Ned - 1Ned - 1

NEED- 2NEED- 2

[NED director] received a total remuneration of [] lakhs in FY[]. In contrast to this, the combined remuneration of the other non-executive directors on the Board was [] lakhs. The Company has not provided any justification on why [director]'s remuneration is disproportionate to remuneration paid to the other non-executive directors. In conclusion, SES is of the opinion that the remuneration policy followed by the Company is non-transparent and may not be fair. SES recommends that shareholders should seek clarifications on the non-executive directors' remuneration policy, from the Chairman of the Remuneration Committee of the Company.

The Company has [] independent and [] non-independent directors. It has [executive/non-executive/promoter] Chairman. Independent Directors are []% of the total board strength. The same is less than what is prescribed under listing agreement and therefore, board composition is not in accordance with the listing agreement. The Board has been non-compliant since [date]. A non-compliant board indicates high governance risk at the Company and raises question over board oversight mechanism and the independence of decision making on the Board.

The Company has [] independent and [] non-independent directors. It has [executive/non-executive/promoter] Chairman. Independent Directors are []% of the total board strength. The same is less than what is prescribed under listing agreement and therefore, board composition is not in accordance with the listing agreement. The Board has been non-compliant since [date]. A non-compliant board indicates high governance risk at the Company and raises question over board oversight mechanism and the independence of decision making on the Board.

**RESOLUTION []: APPOINTMENT/REAPPOINTMENT OF INDEPENDENT DIRECTORS**

ID - 1

ID -2

**SES RECOMMENDATION**

[Failure]. SES is of the opinion that in case of material failure of [governance/ stewardship/ risk oversight/ fiduciary responsibility] shareholders should vote AGAINST the entire board of directors, who are culpable/ answerable for the said failure.

The Company has not disclosed remuneration paid to [director] in FY[]. SES is of the opinion that disclosures made by the Company relating to remuneration are not transparent and recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**COMPLIANCE**

|  |  |  |
| --- | --- | --- |
| Is Company complying with the retirement policy? | No | ID - 1 |
| Has the Company disclosed the Independence Certificate provided by the Independent Directors? | Yes | ID - 1 |
| Has the Company disclosed the terms of appointment of Independent Directors? | No | ID - 1 |
| Has the Company disclosed Board evaluation and Directors' Evaluation Policy? | Yes | ID - 1 |
| Did Independent Directors meet atleast once without the Management? | No | ID - 1 |
| Does the Company has a Lead independent Director? | Yes | ID - 1 |

**DIRECTOR'S PROFILE**

|  |  |  |
| --- | --- | --- |
|  | **Naresh Chandra** | **Ravi Kant** |
| Current full time position | ID - 1 | ID -2 |
| Functional Area | Administration | Operations |
| Education | Masters Degree in Mathematics, IAS | B.Tech, Masters in Management in Industry |
| Impact on diversity | ID - 1 | ID -2 |
| Past Experience | A former civil servant, he joined the Indian Administrative Services in 1956 | He is currently the Vice Chairman of Tata Motors and has been with them since February 1999, joining as Senior Vice President (Commercial Vehicles), and was inducted on their Board as an Executive Di |
| Committee positions in the Company | A(M),NR(C),CSR(C) | A(M),NR(M),CSR(M) |
| **SES Recommendation** | **FOR** | **&NBSP;** |

*A - Audit Committee, SR - Stakeholders' Relationship Committee, NR - Nomination & Remuneration Committee, CSR - Corporate Social Responsibility Committee, M - Member, C - Chairman*

ID - 1

ID -2

**DIRECTORS' INDEPENDENCE**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Naresh Chandra** | **Ravi Kant** |
| Current tenure/association | 10 | 1 |
| Directorships at group companies | ID - 1 | ID -2 |
| Relationships with the Company | ID - 1 | ID -2 |
| Nominee director | ID - 1 | ID -2 |
| Shareholding / ESOPs | 0 | 0 |
| Remuneration ( ` Lakhs) | 60.40 | 59.90 |
| **SES Classification** | **NON INEPENDENT** | **INEPENDENT** |

ID - 1

ID -2

**DIRECTORS' TIME COMMITMENTS**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Naresh Chandra** | **Ravi Kant** |
| Total Directorships | 10 | 3 |
| Total Committee memberships | 9 | 1 |
| Total Committee Chairmanship | 0 | 0 |
| Full time role/ executive position | ID - 1 | ID -2 |

Note: Committee memberships include Committee chairmanships, Total Directorships include Directorships in Public as well Private Companies.

ID - 1

ID -2

**DIRECTORS’ PERFORMANCE**

|  |  |  |
| --- | --- | --- |
| **Attendance record** | **Naresh Chandra** | **Ravi Kant** |
| Last 3 AGMs | 1/1 | 1/1 |
| Board meetings held last year | 100% | 84% |
| Board meetings in last 3 years (avg.) | 100% | 86% |
| Audit Committee meetings | 100% | 80% |
| Nomination & Remuneration Committee meetings | 100% | 100% |
| CSR Committee meetings | 100% | 100% |
| Stakeholders' Relationship Committee meetings | na% | na% |

ID - 1

ID -2

**DIRECTOR PERFORMANCE INDEX ADD DRAWS SKEWED REMUNERATION DISCUSS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Criteria** | **Response** | **Score** | **Maximum** |
| Board Meetings Attendance held in the last year |  |  | 5 |
| Board Meetings Attendance held in the last 3 years |  |  | 15 |
| Audit Committee Meetings Attendance |  |  | 10 |
| Nomination & Remuneration Committee Meetings Attendance |  |  | 10 |
| Total Directorships |  |  | 15 |
| Total Committee memberships |  |  | 15 |
| Total Committee Chairmanships |  |  | 15 |
| Full Time Role/Executive Position |  |  | 15 |
| Total | | 0 | 100 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Criteria** | **Response** | **Score** | **Maximum** |
| Board Meetings Attendance held in the last year |  |  | 5 |
| Board Meetings Attendance held in the last 3 years |  |  | 15 |
| Audit Committee Meetings Attendance |  |  | 10 |
| Nomination & Remuneration Committee Meetings Attendance |  |  | 10 |
| Total Directorships |  |  | 15 |
| Total Committee memberships |  |  | 15 |
| Total Committee Chairmanships |  |  | 15 |
| Full Time Role/Executive Position |  |  | 15 |
| Total | | 0 | 100 |

Not added (AGAINST Recommendation)

The Company has not disclosed the remuneration paid to [director]. SES is of the opinion that such non-disclosures indicates lack of transparency and are in non-compliance with the listing agreement which requires disclosure of remuneration package of individual directors summarized under major groups.

The Company has not disclosed the remuneration paid to [director]. SES is of the opinion that such non-disclosures indicates lack of transparency and are in non-compliance with the listing agreement which requires disclosure of remuneration package of individual directors summarized under major groups.

**RESOLUTION []: CESSATION OF DIRECTORSHIP**

Cessation

**SES RECOMMENDATION**

Not added of Does the retirement of the executive director leads to violation of any regulation?

**SES ANALYSIS**

**COMPANY JUSTIFICATION**

Cessation

Write down the issue (case by case basis) Not added

**RESOLUTION []: ALTERNATE DIRECTORS**

Alternate Directors

**SES RECOMMENDATION**

Alternate Directors

**SES ANALYSIS**

**COMPANY JUSTIFICATION**

Alternate Directors

Alternate Directors

**RESOLUTION []: REVISION IN EXECUTIVE REMUNERATION**

Resolution

**SES RECOMMENDATION**

**SES ANALYSIS**

**REASON FOR REVISION**

reason for resolution

**PAST REMUNERATION OF THE DIRECTOR**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In `Crore** | **FY 14/15** | | **FY 13/14** | | **FY 12/13** | |
| **Executive Director** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** | **Fixed Pay** | **Total Pay** |
| Navin Kumar Agarwal | 10.37 | 14.12 | 6.25 | 6.25 | 0 | 0.00 |
| Tarun Chandmal Jain | 7.28 | 9.03 | 0 | 0.00 | 0 | 0.00 |
| Thomas Albanese | 5.8 | 5.80 | 0 | 0.00 | 0 | 0.00 |
| Dindayal Jalan | 3.28 | 4.13 | 0 | 0.00 | 0 | 0.00 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Executive Remuneration - Peer Comparison** | | | | Director | Navin Kumar Agarwal | Vikas | | Company | Sesa Sterlite Ltd | Coal India Ltd | | Promoter | yes | Yes | | Remuneration (` Cr) (A) | 14.12 | 12 | | Net Profits (` Cr) (B) | 1927.2 | 76 | | Ratio (A/B) | 0.73 | 0 |   Has the Company disclosed its Remuneration Policy:  Remuneration policy |  |

**REMUNERATION PACKAGE**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: | Increase in remuneration: |
| Annual increment: |
| Perquisites/ Allowances | All perquisites clearly defined: Select | Cap placed on perquisites: Select |
| Total allowances: |
| Variable Pay | Select | Performance criteria disclosed: Select |
| Cap placed on variable pay: Select |
| Notice Period | months |  |
| Severance Pay | months |
| Minimum Remuneration |  | Within limits prescribed: Select |
| Includes variable pay: Select |

**Comments on Variable Pay:**

**Comments on Minimum Remuneration:**

**Comments on skewness of remuneration:**

**RESOLUTION []: PAYMENT OF COMMISSIONS TO NON-EXECUTIVE DIRECTORS**

**SES RECOMMENDATION**

**SES ANALYSIS**

**COMMISSION PAYABLE**

**Remuneration Limits:**

**Commission distribution criteria:**

**Directors' covered under the resolution:**

As per the resolution, the Board (including the NEDs) will have the discretion to determine the amount of commission to be paid for each financial year to each NED within the limit of [1%/3%] of the net profits. Objective criteria for determining the quantum of commission payable to individual NEDs has not been disclosed by the Company. SES is of the opinion that in absence of disclosure on commission distribution criteria, conflict of interest situations may arise. SES is of the opinion that to remove conflict of interest situations and to maintain the independence and objectivity of the independent NEDs, the Company should disclose the objective criteria to be used to distribute commission amongst IDs and place an absolute cap on commission payable to each NED. As a best practice, the Company should not pay any fee other than sitting fee, and profit based commission calculated on pre disclosed performance criteria. Further, SES recommends that the company should take shareholders’ approval of exact commission payable to NEDs.

**DISTRIBUTION OF COMMISSION**

|  |  |
| --- | --- |
|  |  |

**RESOLUTION []: REMUNERATION TO NON-INDEPENDENT NON-EXECUTIVE DIRECTORS**

**SES RECOMMENDATION**

**SES ANALYSIS**

**RESOLUTION []: REMUNERATION TO INDEPENDENT DIRECTORS**

**SES RECOMMENDATION**

**SES ANALYSIS**

**RESOLUTION []: WAIVER OF EXCESS REMUNERATION**

**SES RECOMMENDATION**

**SES ANALYSIS**

**RESOLUTION []: APPROVAL OF ESOP SCHEME**

Approval of ESOP Scheme

**SES RECOMMENDATION**

If the proposed scheme is approved, the total outstanding options would be [], which would result in grant of [] shares or []% of paid-up capital of the Company. Since the potential dilution to shareholders is >5%, SES recommends that the shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**ESOP DISCLOSURES**

|  |  |
| --- | --- |
| **Disclosure requirement** | **Disclosure** |
| Total options in ESOS | approval hai ye |
| Employee eligibility | Approval of ESOP Scheme- EMployee Eligibility |
| Vesting period | Approval of ESOP Scheme- Vesting |
| Exercise period | Approval of ESOP Scheme- Time perd |
| Exercise price | Approval of ESOP Scheme - prce |
| Appraisal process | Approval of ESOP Scheme- Araisal |
| Max options/employee | Approval of ESOP Scheme - maximum |
| Conformity with accounting policies | Approval of ESOP Scheme - gaap |
| Valuation methodology | Approval of ESOP Scheme- valuation |
| Transferability of options | Approval of ESOP Scheme - transfer |
| Dilution | []% due to the proposed Scheme and []% due to unutilized options of existing [Scheme Name] which will lead to a total dilution of []% of existing shareholders |
| Route of issue | Approval of ESOP Scheme - route |

**SCHEME ADMINISTRATION**

|  |  |
| --- | --- |
| **Criteria** | **Comments** |
| Compensation committee independence | Approval of ESOP Scheme - independence |
| Accelerated vesting | Approval of ESOP Scheme - accelerated |
| Discretion to board to modify scheme | Approval of ESOP Scheme- directions |

**Total outstanding options across all schemes**

The Company proposes to grant [] options to its employees under the proposed ESOP scheme. In addition, the Company has [] outstanding options under its other ESOP schemes. If the proposed scheme is approved, the total outstanding options would be [], which would result in grant of [] shares or []% of paid-up capital of the Company.

**RESOLUTION []: ESOP RE-PRICING**

ESOP Repricing

**SES RECOMMENDATION**

ESOP 1

**SES ANALYSIS**

**OPTIONS BEING RE-PRICED**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ESOP Scheme** | **Options outstanding** | **Current Option Price** | **Current Market Price** | **Proposed Option Price** |
| ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 |
| ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 |
| ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 | ESOP 1 |

**COMPANY'S JUSTIFICATION**

Approval of ESOP Scheme- COmpay' justification

**STOCK PERFORMANCE VERSUS BENCHMARKS**

|  |  |
| --- | --- |
|  | Comments |

ESOP 1

**SES' OPINION ON RE-PRICING**

Shareholders take substantial market risk in owning stocks and SES believes that the employees’ remuneration package should be designed in a way that aligns their interests with shareholder interests. Therefore, Companies grant ESOPs to employees in addition to the existing market determined cash compensation to retain them and reward them for good performance of the Company. SES believes that re-pricing of options defeats the entire objective behind equity based payment by eliminating the downside of options. Re-pricing of stock options removes the investment risk attached to such options and may incentivize management to take unjustifiable risks. In effect, re-pricing ensures that employees receive returns without taking any risk and therefore, removes the element of performance based pay from such remuneration. SES believes that out of money options should not be re-priced and should be allowed to lapse. Shareholders of the Company have no means to recover their actual losses due to poor performance of the Company in the markets. Similarly, employees and management of the Company should not be able to recoup their losses through the option re-pricing.

ESOP 1

**RESOLUTION []: RELATED PARTY TRANSACTION**

Relate Party

**SES RECOMMENDATION**

Relate Party

**SES ANALYSIS**

**PROPOSED RELATED PARTY TRANSACTIONS**

|  |  |
| --- | --- |
| **Disclosures** | **Details of disclosure** |
| Name of the Related Party | Relate Party |
| Relationship with the Company | Relate Party |
| Consideration for Transaction | Relate Party |
| Ordinary Course of business | Relate Party |
| Arm's length | Relate Party |
| Nature of Transaction | Relate Party |
| Audit Committee Approval | Relate Party |

**DETAILS OF TRANSACTION WITH [RELATED PARTY] IN THE PAST**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Disclosures (` in Crores)** | **FY 2015** | **FY 2014** | **FY 2013** | **FY 2012** | **FY 2011** |
| Relate Party | 12 | 13 | 14 | 14 | 15 |
| Relate Party | 12 | 14 | 17 | 19 | 20 |
| Total RPTs' Value | 24 | 27 | 31 | 33 | 35 |
| Turnover of the Company | Relate Party | Relate Party | Relate Party | Relate Party | Relate Party |
| RPTs as a % of Turnover | NaN | NaN | NaN | NaN | NaN |
| Net Profits of the company | 1076.09 | 120.77 | 1679.94 | 3432.8 | 2188.09 |
| Net Profits as a % of Turnover | NaN | 0 | 0 | 0 | 0 |

**PURPOSE OF THE RESOLUTION (AS STATED BY THE COMPANY)**

Relate Party

**RELATED DIRECTORS/ KMPS**

Relate Party

**SES VIEWS**

Relate Party

Not added (Against Recommendation).....Relate Party

**RESOLUTION []: INTERCORPORATE LOANS/GUARANTEES/INVESTMENTS**

loans

**SES RECOMMENDATION**

mclcmlcmscls

**SES ANALYSIS**

**THE RECIPIENT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In ` crore** | **Lender Company** | | **Recipient Copany** | |
| **19 Jun 2015** | **24 Jun 2015** | **31 May 2015** | **02 Jun 2015** |
| Share Capital | 1 | 2 | 3 | 4 |
| Reserves and Surplus | 3 | 4 |  | 3 |
| Total Assets | 3 | 3 | 3 | 3 |
| Total Liabilities | 3 | 3 | 3 | 3 |
| Revenues | 3 | 3 | 3 | 3 |
| Profit After Tax | 3 | 3 |  | 3 |

**3About Recipient Company:**

**Relationship with the Company:none**

**Effect on balance sheet of Lender Company: yes**

**EXISTING TRANSACTIONS WITH THE RECIPIENT**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Transaction Details** | **Date 1** | **Date 2** |
| 1 | sjw | 2w | snk |
| nk | sw | sw |
| 13 | nkene | nn | nen |
| nwn | nn | nwn |

**PURPOSE OF THE TRANSACTION**

hasiinn

**TERMS AND CONDITIONS OF THE TRANSACTION**

nnx

**Source of Funds:**

**FAIRNESS OF THE TRANSACTION**

no fairness

**DIRECTORS' INTERESTS**

**Common Directors: no common irector**

**Directors' Shareholdings: no shareholding**

Is the loan being made to a material operating subsidiary which is giving positive cash flow? Not added, Against Recommendation

**RESOLUTION []: SCHEME OF ARRANGEMENT/AMALGAMATION**

arrange

**SES RECOMMENDATION**

No recommenation. Ses raised aa hgh concern.

**THE SCHEME**

**OVERVIEW**

arrange

**PROFILES OF THE COMPANIES**

|  |  |  |
| --- | --- | --- |
|  | **arrange** | **bsjbs** |
| Background | arrange | kkww |
| Nature of Business | range | kwnk |
| Authorized Capital | an | wkn |
| Issued, Subscribed and Paid-up Capital | ans | wnkw |

jqjqojjqn

**RATIONALE FOR THE SCHEME**

ncnl

**KEY STEPS IN THE SCHEME**

nnkn

**THE SCHEME OF ARRANGEMENT**

nknnk

|  |  |
| --- | --- |
| Consideration | nqqoj |
| Valuation / Fairness Opinion | nnqo |
| Payment of Consideration | nqqnnn |
| Transfer of Assets/ Liabilities | nnwns |
| Remaining Business | nnwwnnan |
| Type of Transaction | snjjwojj |
| Time Line | **Time Line:nsjwjoo** |

**CHANGE IN SHAREHOLDING PATTERN**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **Pre Arrangement** | | **Post Arrangement** | |
| **Number of shares** | **% shareholding** | **Number of shares** | **% shareholding** |
| Promoter group | 12 | 3.97 | 12 | 3.86 |
| Public (Institutional) | 123 | 40.73 | 176 | 56.59 |
| Other Public | 167 | 55.30 | 123 | 39.55 |
| Total | 302 | 100 | 311 | 100 |

hijwoowko

**CHANGE IN CAPITAL STRUCTURE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Share Capital Structure** | | | | |
|  | **Pre-scheme of arrangement** | | **Post-scheme of arrangement** | |
| Authorized | swwjswoj | snwjojwj | nsosj | nswosj |
| Issued | snwjosj | swoswo | swjso | sjjwo |

nsosjj

**COMPANY'S DECLARATIONS**

**Complaints/investigations against the Company:**

**Approval from Stock Exchange:**

**CONFLICT OF INTERESTS**

**Common Directors:**

**Directors’ Shareholdings:**

**SES ANALYSIS OF THE SCHEME**

Has the Company disclosed the impact the scheme will have on the shareholding pattern of the Company? Analysis text

**RESOLUTION []: STOCK SPLIT**

stock slplit

**SES RECOMMENDATION**

no recommendaton

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

Stock split- justfy

**TRENDS IN COMPANY'S STOCK PRICE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **Sesa Sterlite Ltd** | | | Current Price (29th Jun, 2015) | ` 123.23 | | 52 week high | high | | 52 week low | low | | Price appreciation in last year | 45%  % | | * The subdivision will not have any dilutive impact on investor shareholdings. * The stock price is in a region where a stock split may improve the stock's liquidity | | |  |

no analysis

**RESOLUTION []: BUY-BACK OF EQUITY SHARES**

share buy back

**SES RECOMMENDATION**

no recommednation

**SES ANALYSIS**

**RATIONALE FOR THE BUY-BACK**

no rationale

**ELIGIBILITY FOR BUY-BACK**

no eligible

**SIZE OF THE BUY-BACK**

Any issue of securities/increase in Capital during last 1 year:

**BUY-BACK PRICE**

|  |  |  |  |
| --- | --- | --- | --- |
| Maximum Buy-back price | maximum buy back | Average Closing price in the last two weeks | 78.34 |
| Closing Price as on [] | 123.25 | Average Closing price in the last six months | 190.25 |

**PARTICIPATION OF THE PROMOTER GROUP**

no participation by the promoters

**CHANGE IN SHAREHOLDING PATTERN**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Item** | **Pre-Buyback** | | **Post-Buyback of shares** | | | |
| **Minimum buy-back** | | **Maximum buy-back** | |
| **Quantity** | **Percentage** | **Quantity** | **Percentage** | **Quantity** | **Percentage** |
| Total Shares | 12 | 123 | 123 | 23 | 781 | 100 |
| Promoter Group | 13 | 3321 | 192 | 1893 | 380 | 112% |

**IMPACT**

**Impact on Debt-Equity Ratio: Debt equity**

**Impact on EPS: EPS**

**DISCLOSURES**

**Mode of buyback:**

**Source of funds:**

**Compliance with SEBI Regulations:**

**Financial position:** The Board is of the opinion that post the buy-back there will be no grounds on which the Company could be found unable to pay its debts and that the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year.

**Declaration of defaults:** The Company has confirmed that there are no defaults subsisting in repayment of deposits or redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

**Timeframe for the buy-back:**

**Auditors' certificate:**

**Accounting treatment:**

**Further issue of shares:** The Company would not be allowed to issue fresh equity shares within six months after the completion of the Buyback except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.

no analysis

**RESOLUTION []: CAPITAL REDUCTION**

capital reduction

**SES RECOMMENDATION**

recommednation

**SES ANALYSIS**

**Company's Justification**

captal reducton- jstify

capital - analysis

**RESOLUTION []: DEBT RESTRUCTURING**

debt restructuring

**SES RECOMMENDATION**

capital redu- recommendation

**SES ANALYSIS**

**Company's Justification**

debt rest-just

capital reu- analysis

**RESOLUTION []: VARIATION IN TERMS OF USE OF IPO PROCEEDS**

variation in IPO - reso

**SES RECOMMENDATION**

vara - recomme

**SES ANALYSIS**

**Company's Justification**

variaion in IO - analysis

vaiation in IPO - analyssi

**RESOLUTION []: CREATION OF CHARGE**

creation of charge

**SES RECOMMENDATION**

enabling resolution whichh gives against

**SES ANALYSIS**

**Company's Justification**

creation of charge

**Details of the assets being mortgaged:**

**Details of the borrowings being secured through the assets:**

**Beneficiary of the borrowings:**

Not Added, AGAINST Recommendation

**RESOLUTION []: SALE OF ASSETS/BUSINESS/UNDERTAKING**

sale of asset

**SES RECOMMENDATION**

The Company has not disclosed the potential impact of the sale on the Company's revenues, profits and balance sheet position. SES is of the opinion that disclosures made by the company are incomplete and do not give assurance to the shareholders that the sale would be fair and beneficial for the Company and its shareholders. In absence of full details, shareholders cannot form an opinion whether the proposal is in their interest or not and therefore, SES recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**DETAILS OF THE PROPOSED SALE**

**Assets/undertaking/business being sold:**

**Valuation:**

**Price:**

**Buyer:**

**Relationship of Company with buyer:**

**RATIONALE FOR THE SALE**

**IMPACT OF THE SALE**

**On income statement:**

**On balance sheet:**

**Materiality:**

**USE OF FUNDS**

no use of funs

**FAIRNESS OF SALE**

fairness of sale

**CONFLICT OF INTEREST ISSUES**

no conflict of interest

The Company has not disclosed the details of the entity to which it proposes to sell the [asset/ business/ Undertaking]. Since the details of the buyers have not been disclosed, SES is unable to ascertain the relationship between the Company and the buyer and therefore, cannot comment on the fairness of the proposed transaction.

**RESOLUTION []: INCREASE IN BORROWING LIMITS**

borrwin

**SES RECOMMENDATION**

Is the Company a sick company?

**SES ANALYSIS**

**PURPOSE OF THE INCREASED BORROWING LIMITS**

boro

**CHANGES IN REMAINING BORROWING CAPACITY**

|  |  |
| --- | --- |
|  | **Capacity to sustain borrowings:** |

Is the Company a sick company? Analysis text

**RESOLUTION []: RIGHTS ISSUE/PUBLIC ISSUE**

Rgight

**SES RECOMMENDATION**

right- recom

**SES ANALYSIS**

**COMPANY JUSTIFICATION**

right-just

rigt-anal

**RESOLUTION []: PREFERENTIAL ISSUE**

preferential

**SES RECOMMENDATION**

not added

**SES ANALYSIS**

**DETAILS OF THE PROPOSED ISSUE**

**Securities to be issued:**

**Proposed allottee:**

**Size of the issue:**

**Price of the issue:**

**OBJECTIVE OF THE PROPOSED ISSUE**

SES is of the opinion that existing shareholders should have first right to participate in any capital issue. Preferential issues have a negative dilution effect on the minority shareholders' equity. Therefore, SES is against preferential allotment of shares to a particular shareholder or class of shareholders. SES believes that to raise equity capital, the Company should first go for a rights issue failing which it should look for an alternate source of equity funding. Only in circumstances where there is urgent need for funds or a strategic investor is investing in the Company should the Company go for a preferential issue instead of a rights issue.

**PAST EQUITY ISSUES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Capital Raised (` Crore)** | **Subscriber** | **No of shares** | **Issue price/share (`)** |
| 2016 | dd | ddw | sdwdw | wdwd |
| 2004 | fqf | nfkn | djq | nqdqj |

equilty issue

**DILUTION TO SHAREHOLDING**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Class of Shareholder** | **Pre-allotment of shares** | | **Post-allotment of shares** | |
| **No of shares** | **% of paid up capital** | **No of shares** | **% of paid up capital** |
| 1 | n | 19 | 13.67 | 189 | 70.79 |
| 2 | e2j | 120 | 86.33 | 78 | 29.21 |

chnge

**OTHER DISCLOSURES**

**Change in control:**

**Lock-in period:**

**Timeline for allotment:**

**Certification from statutory auditors:**

**Shareholders' Rights:**

**Directors' interests:**

**Buyback or capital reduction in past:**

Is Preferential issue made without adequate justification? Not added, Against Recommendation

**RESOLUTION []: ISSUE OF BONUS SHARES**

bonus ise

**SES RECOMMENDATION**

Does the Company has sufficient free reserves, securities premium account or capital redemption reserve account for the bonus issue? Not added, Against recommendation

**SES ANALYSIS**

**DETAILS OF THE PROPOSED ISSUE**

**Bonus ratio: 2:1**

**Shares to be issued:**

**Amount Capitalized:**

**Past Changes in Share Capital:**

**Impact on EPS:**

**OBJECTIVE OF THE PROPOSED ISSUE**

no objective

**FINANCIAL POSITION OF THE COMPANY**

finanial posiion

Does the Company has sufficient free reserves, securities premium account or capital redemption reserve account for the bonus issue? Not added, Against Recommendation

**RESOLUTION []: ISSUE OF SECURITIES TO PUBLIC**

securities to public

**SES RECOMMENDATION**

Although this is an enabling resolution that will allow the Company to raise capital, the resolution is all encompassing in nature. The Board of Directors is being given the discretion to decide the mode and the terms of the proposed issue. However, since the Company has disclosed that none of the directors are interested in the resolution, the potential dilution to public shareholders is <5% and the Company has highlighted an urgent need for funds, SES recommends that shareholders vote FOR the proposal.

**SES ANALYSIS**

**OBJECTIVE OF THE ISSUE**

securties to publicc

**DETAILS OF THE ISSUE**

**Securities to be issued:**

**Issue Type:**

**Issue Size:**

**Issue Price:**

**Eligible investors:**

**DILUTION TO SHAREHOLDING**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Class of Shareholder** | **Pre-allotment of shares** | | **Post-allotment of shares** | |
| **No of shares** | **% of paid up capital** | **No of shares** | **% of paid up capital** |
| 1 | s | 123 | 91.11 | 12 | 100.00 |
| 2 | 23 | 12 | 8.89 | 0 | 0.00 |

**CONFLICT OF INTERESTS**

conflict

**OTHER DISCLOSURES**

**Compliance with minimum public shareholding norms:**

**Relevant Date:** 15-Jun-2015

**Allotment to promoter group:**

**Reservations (in any):**

**Past changes in share capital:**

Is the Company seeking blanket approval for issuance of shares but provided adequate justification and dilution to public shareholders is also less than 5%? Not added, FOR recommendation

**RESOLUTION []: ISSUE OF PREFERENCE SHARES**

preference

**SES RECOMMENDATION**

prefernece recome

**SES ANALYSIS**

**OBJECTIVE OF THE ISSUE**

preferenc

**TERMS OF THE ISSUE**

**Size of the Issue:**

**Price:**

**Redemption period:**

**Dividend payable:**

**FINANCIAL POSITION (CAPACITY TO PAY DIVIDENDS TO PREFERENCE SHAREHOLDERS)**

no position

**RESOLUTION []: ISSUE OF SHARES WITH DIFFERENTIAL VOTING RIGHTS**

hi

**SES RECOMMENDATION**

hi

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

hi

hi

**RESOLUTION []: CHANGE IN OBJECT CLAUSE**

objects

**SES RECOMMENDATION**

objects

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects

objects

**RESOLUTION []: CHANGE IN QUORUM REQUIREMENTS**

quorum

**SES RECOMMENDATION**

quorum

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

quorum

quorum

**RESOLUTION []: CHANGE IN NAME OF THE COMPANY**

name of company

**SES RECOMMENDATION**

name of company

**SES ANALYSIS**

**Current Name:**

**Proposed Name:**

**Availability of the proposed name:**

Would the change in name result in loss in brand value? Analysis text

Does the names sounding similar to other successful companies? Analysis text

**RESOLUTION []: CHANGE IN REGISTERED OFFICE OF THE COMPANY**

register

**SES RECOMMENDATION**

register

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

register

register

**RESOLUTION []: CHANGE IN AUTHORIZED CAPITAL**

Authorized

**SES RECOMMENDATION**

Authorized

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

Authorized

**RESOLUTION []: INCREASE IN BOARD STRENGTH**

board strength

**SES RECOMMENDATION**

board strength

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

board strength

board stength

**RESOLUTION []: CHANGES DUE TO SHAREHOLDERS'S AGREEMENTS**

SSa

**SES RECOMMENDATION**

SSA

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

SSA

SSA

**RESOLUTION []: REMOVAL OF CLAUSES DUE TO TERMINATION OF SHAREHOLDERS' AGREEMENT**

termination

**SES RECOMMENDATION**

termination

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

termination

termination

**RESOLUTION []: FII INVESTMENT LIMITS**

FII limits

**SES RECOMMENDATION**

FII recommendation

**SES ANALYSIS**

|  |  |
| --- | --- |
|  |  |

FII analysis

**RESOLUTION []: DELISTING OF SHARES**

Delisting of shares

**SES RECOMMENDATION**

delisting of shares- recommendation

**SES ANALYSIS**

delisting of shhares

**RESOLUTION []: DONATIONS TO CHARITABLE TRUSTS**

donation to chharitable trust

**SES RECOMMENDATION**

no recommendation.

**SES ANALYSIS**

|  |  |
| --- | --- |
|  | CSR contribution increased. |

Dummy analysis of Is the Company making CSR contributions despite losses in the last three years?

**RESOLUTION []: OFFICE OF PROFIT**

office of profit

**SES RECOMMENDATION**

[Relative] is related to [director], a direction of the Company. [Director] was involved in the selection of [relative] as an employee of the Company. Since this is a direct conflict of interest, SES Recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**PROFILE OF APPOINTEE**

office of profit- profile

**REMUNERATION**

**Annual Remuneration:**

annual remuneration 2

**SELECTION PROCESS**

selection process

**Suitability of candidate**

Analysis text