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| BSE Code: 500295 | NSE Code: SSLT | ISIN: INE205A01025 |
| Sector: Mining & Mineral products | Meeting Type: Annual General Meeting |
| e-Voting Platform: [CDSL](https://www.evotingindia.com/) |
| e-Voting Period: From 01st June, 2015 to 11th July, 2015 |
| Meeting Date: 11th July, 2015 at 10:00 AM |
| Meeting Venue: Sesa Ghor, 20 EDC Complex, Patto, Panaji – 403001, Goa |
| Notice: [Click here](http://corporates.bseindia.com/xml-data/corpfiling/AttachHis/5B2D760B_68A7_4076_951B_498BFEA3C9CE_094906.pdf) | Annual Report: [FY 2013-14](http://www.bseindia.com/bseplus/AnnualReport/500295/5002950315.pdf) |
| 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 | O |  |  |
| 2 | Declaration of Dividend | O |  |  |
| 3 | Reappointment of Mr. Atul who retires by rotation | S |  |  |
| 4 | Appointment of Mr. Jamal as an Indpendent Director | O |  |  |
| *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 (`) | 230.45 | M Cap (` Cr.) | 2301.34 | Shares\* | 13,00,234 | PE Ratio" | 3.45 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *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 (`) | 3 | 3 | 1.5 |  | 3 | 4 |
| Dividend Pay-Out (%) | 53.64 | 95.01 | 125.43 |  | 16.46 | 28.70 |
| OPM (%) | 20.41 | 14.01 | 30.81 |  | 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 | N | ED(R) | ED(R) | General Management | 1 | 1(1) | 0(0) | 580 |
| Tarun Chandmal Jain | U | ED(R) | ED(R) | Finance | 1 | 3(5) | 3(0) | 903 |
| Dindayal Jalan |  | 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 (W) | 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* | | | | | | | | |
| \*Ms. Anuradha is the only woman Director on the Board.  ^Mr. Naresh is not considere as an ID as his tenure is more than 10 years and he was an Independent Director of the Board of Cairn India the group company. | | | | | | | | |
| 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.  There are 4 NIDs out of which 2 are liable to retire by rotation. Hence, the Board is complaint with the law. | 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.  The Board has more than 50% IDs hence, it is compliant with the law. |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 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% | 5 | 0 |
| Investors' Grievance | 2 |  |  | 50% | 50% | 3 | 0 |
| Nomination & Remuneration | 3 | ID | NID | 66% | 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* | | | | | | | |
| The nomination and Remuneration Committee chaged its name from Remuneration Committee. | | | | | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 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* | | | | | | | | |
| The remuneration paid to the Directors is good. | | | | | | | | |
| 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 | Vishal | VIkas |
| Promoter Group | Yes | Yes | No |
| Remuneration (` Crore) (A) | 14.12 | 12.45 | 12 |
| Net Profits (` Crore) (B) | 1927.2 | 123.09 | 342.19 |
| Rem. Percentage (A/B \* 100) | 0.73% | 10.11% | 3.51% |

The peers are given remuneration equal to other peers.

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 |  | unchecked.png | Related Party Transactions as per Form No. AOC.2 |
| na.png | Company's policy on appointment of directors and criteria for determining qualifications, positive attributes, director’s independence |  | unchecked.png | Ratio of the remuneration of executive director to the median employees remuneration |
| checked.png | Policy on remuneration of Directors, KMP and other employees |  | checked.png | Secretarial Audit Report |
| unchecked.png | Statement on declaration by Independent Directors |  | unchecked.png | Directors’ Responsibility Statement |
| checked.png | Particulars of loans, guarantees or investments |  | na.png | Details of establishment of Vigil Mechanism |
| na.png | Statement indicating development and implementation of a risk management policy |  | checked.png | Comments on qualifications made by Statutory Auditors/ CS |

*\* Not applicable*

The Company has not disclosed statutory auditors report.

RESOLUTION ANALYSIS

**RESOLUTION []: ADOPTION OF ACCOUNTS**

To adopt accounts for the year ended 31st March, 2015

**SES RECOMMENDATION**

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.

**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**

The Auditor have not made any qualifications in the report.

**AUDITORS' COMMENTS ON STANDALONE ACCOUNTS**

The auditors have not made any comments on the standalone accounts.

**AUDITORS' COMMENTS ON CONSOLIDATED ACCOUNTS**

The Auditors have raised concerns regarding the Note No 5 and Note No. 6 to the notes of the accounts.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Consolidated Entity (all figures in ` Cr.)** | **Total Assets** | **Total Revenue** | **Net Profit** | **Net Cash Flow** |
| Subsidiaries | 23.23 | 12.23 | N.D. | 10.23 |
| Joint Ventures |  |  |  |  |
| Associates |  |  |  |  |

The unauited finacial statements have non-material financials in coparison to the consolidated accounts.

**ACCOUNTING POLICIES**

No changes have been made to the accounting policies.

**FINANCIAL INDICATORS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Mar' 15** | **Mar' 14** | **Shift** | **Company's Discussion** |
| Debtors Turnover | 1.34 | 2.37 | -43.46% |  |
| Inventory Turnover | 1.28 | 8.34 | -84.65% |  |
| Interest Coverage Ratio | 12.34 | 19.32 | -36.13% |  |
| Current Ratio | 1.3 | 1.7 | -23.53% |  |
| Debt Equity Ratio | 0.45 | 0.54 | -16.67% |  |
| Operating Profit Margin(%) | 20.41 | 14.01 | 45.68% |  |
| Net Profit Margin(%) | 5.93 | 3.77 | 57.29% |  |
| *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 | 23.45 | 19.67 |
| Net worth of the Company | 120.34 | 160.78 |
| Contingent liabilities as a percentage of net worth | 19.49 | 12.23 |
| *Source: Company's Annual Reports/ Capitaline* | | | | |

The contingent liabiliites are les than 10% of the net worth.

**RELATED PARTY TRANSACTIONS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Outstanding (` Crore)** | **Mar' 15** | **Mar' 14** | **Shift** | **Comments** |
| Loans and Advances | 12.34 | 12.65 | -2.45 |  |
| Bad & Doubtful Advances | 23.45 | 29.87 | -21.49 |  |
| Receivables | 2.34 | 3.45 | -32.17 |  |
| Payables | 3.48 | 10.45 | -66.70 |  |
| Royalty payments | 12.43 | 12.98 | -4.24 |  |
| *Source: Company's Annual Reports* | | | | |

Related party transactons are

**STANDALONE VS CONSOLIDATED ACCOUNTS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **(In ` Crore)** | **Standalone Accounts** | | | **Consolidated Accounts** | | |
| **Mar' 15** | **Mar' 14** | **Mar' 13** | **Mar' 15** | **Mar' 14** | **Mar' 13** |
| Revenue | 10.56 | 18.67 | 12.24 | 15.45 | 13.45 | 14.56 |
| Net Profit | 9.87 | 7.65 | 2.34 | 10.87 | 12.34 | 16.75 |
| Total Assets | 20.87 | 17.67 | 10.98 | 23.98 | 23.45 | 21.87 |
| Net Worth | 12.87 | 190.78 | 200.34 | 210.54 | 123.45 | 220.34 |

Standalone vs Consolidated accounts have finanicial data taken from the annuall reports of the company.

Unaudited statements used in the consolidated accounts are [material/non-material] with respect to the consolidated accounts of the Company.

**RESOLUTION []: DECLARATION OF DIVIDEND**

To declare dividend for the year ended 31st March, 2015

**SES RECOMMENDATION**

No concern has been identified. SES recommends that shareholders vote **FOR** the resolution.

**SES ANALYSIS**

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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.

Text if yes

The company has enough cash to pay the dividends.

**RESOLUTION []: APPOINTMENT OF AUDITORS**

**SES RECOMMENDATION**

The Audit Committee is entrusted with the task of recommending appointment, remuneration and terms of appointment of Auditors; however, the composition of the Audit Committee is non-compliant with the Companies Act, 2013/ Clause 49 of Listing Agreement. This raises a question on appointment of independent Auditors. Therefore, 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 | Disclosed in both Notice and Annual Report |
| Auditors' eligibility for appointment | Disclosed |
| Auditors' independence certificate | Disclosed |

**AUDITORS' INDEPENDENCE**

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

**AUDITORS' REMUNERATION**

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

**TERM OF APPOINTMENT**

The Auditors have not been appointed for a requisite number of years.

The consolidated accounts include unaudited financial statements of [] subsidiaries - Total assets: '[]crore, total revenue: '[]crore, net profit/loss: '[]crore and net cash flows: '[]crore []joint ventures - Total assets: '[]crore, total revenue: '[]crore, net profit/loss: '[]crore and net cash flows: '[]crore []associate companies - net profit/loss: '[]crore

The Audit Committee consists [number of ED/NED/ID]. As per the Companies Act, 2013, the Audit Committee should consist of a minimum of 3 Directors with Independent Directors forming the majority, however, the Independent Directors form only []% of the Committee and is therefore non-compliant with the provisions of the Companies Act, 2013. Section 177(4)(i) states that the Audit Committee shall recommend the appointment, remuneration of Auditors. A compliant Audit Committee is essential to appoint independent Auditors. [Company] does not have a compliant Audit Committee, which is in violation of the provisions of the Companies Act, 2013. Non-compliant Audit Committee raises question mark over the Auditors appointment process at the Company.

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

To Appoint Mr. Navin Aggarwal as the Executive Director of the Company.

To appoint Mr. Dindyal Jain who is liable to retire by rotation

**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].

SES is of the opinion that since [director] is a director in more than 10 public companies, he cannot be appointed as a director of the Company. Therefore, SES recommends shareholders to vote AGAINST the resolution.

**SES ANALYSIS**

**DIRECTOR'S PROFILE**

|  |  |  |
| --- | --- | --- |
|  | **Navin Kumar Agarwal** | **Dindayal Jalan** |
| Current full time position | ED, Vedanta | nil |
| Functional Area | General Management | Finance |
| Education | B.Com, OPM | B.Com, CA |
| 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 | No experience |
| Committee positions in the Company | NR(M) | SH(M) |
| Retirement by rotation | Non Retiring | Non 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*

Mr. Navi has a good profile.

SES is not raising any concern over hs appoinment.

**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 |
| Dindayal Jalan | 3.28 | 4.13 | 0 | 0 | 0 | 0 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Executive Remuneration - Peer Comparison** | | | | Director | Navin Kumar Agarwal | Vishal | | Company | Sesa Sterlite Ltd | Coal India Ltd | | Promoter | yes | Yes | | Remuneration (` Cr) (A) | 14.12 | 12.45 | | Net Profits (` Cr) (B) | 1927.2 | 123.09 | | Ratio (A/B) | 0.73 | 10.11 | |  |

**DIRECTORS' TIME COMMITMENTS**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Navin Kumar Agarwal** | **Dindayal Jalan** |
| Total Directorships | 5 | 8 |
| Total Committee memberships | 0 | 3 |
| Total Committee Chairmanship | 0 | 1 |
| Full time role/ executive position | 1 | 1 |

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

Mr. Navin is committed to the affairs of the Company.

Time commitment.s

**DIRECTORS’ PERFORMANCE**

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

Mr. Navin has attended all the meetings of the Company.

performance is good.

**REMUNERATION PACKAGE OF NAVIN KUMAR AGARWAL**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: `12.34 | Increase in remuneration: |
| Annual increment: 50% |
| Perquisites/ Allowances | All perquisites clearly defined: yes | Cap placed on perquisites: yes |
| Total allowances: `120 Crores |
| Variable Pay | Yes | Performance criteria disclosed: Yes |
| Cap placed on variable pay: Yes |
| Notice Period | 6 Months months |  |
| Severance Pay | 7 Months months |
| Minimum Remuneration | 12.34 crore | Within limits prescribed: yes |
| Includes variable pay: yes |

**REMUNERATION PACKAGE OF DINDAYAL JALAN**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: `3.4 | Increase in remuneration: |
| Annual increment: 12.34 |
| Perquisites/ Allowances | All perquisites clearly defined: no | Cap placed on perquisites: yes |
| Total allowances: `112.98 |
| Variable Pay | Yes | Performance criteria disclosed: |
| Cap placed on variable pay: |
| Notice Period | 6 Months months |  |
| Severance Pay | 10 Months months |
| Minimum Remuneration | 100.34 | Within limits prescribed: yes |
| Includes variable pay: yes |

No Variable Pay

No Skewness in remuneration

No  comments

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.

[Director] is a director of [directorships] public companies (including directorship at [Company]). Duty of care requires directors to devote significant time on company's affairs to ensure that rights of all stakeholders are protected. Section 165(1) of the Companies Act, 2013 provides that: 165. (1) No person, after the commencement of this Act, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten. Section 165(3) has provided a transition period of up-to one year for any director who exceeds the maximum limit of directorship at the commencement of the Act. The provisions of the Act have come into force effective 1st April, 2014. Therefore, [director] had one year time to reduce number of companies in which he is a director. Additionally, in line with the new listing agreement (applicable from Oct'14), SES recommends that executive directors should reduce their board membership to not more than 3 listed companies.

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

To Appoint Mr. Naresh as Independent Director of the Baord.

Appointment of Ms. Lalita Deepak Gupte as an INdependent Director of the Baord.

**SES RECOMMENDATION**

[Director] has been associated with the Company for [] years. SES as a policy, takes into account, the tenure of the director prior to Companies the Act, 2013 coming into effect, as the spirit behind the provision of law recognizes that long tenure does impact independence. Therefore, SES does not consider directors associated with the Company for more than 10 years to be independent. Thus, SES recommends that shareholders vote AGAINST the appointments.

The Company has [] independent and [] non-independent directors. Chairman is [executive/non-executive/promoter] Chairman and therefore, appointment of [director] (a non-independent non-executive director) on the Board would result in board independence breaching the listing agreement requirements. 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 timeline, to comply with the listing agreements

Not Added , Against Recommendation

**SES ANALYSIS**

**COMPLIANCE**

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

**DIRECTOR'S PROFILE**

|  |  |  |
| --- | --- | --- |
|  | **Naresh Chandra** | **Lalita Dileep Gupte** |
| Current full time position | Not Disclosed | No full time position |
| Functional Area | Administration | Finance |
| Education | Masters Degree in Mathematics, IAS | B.A. (Economics), MBA, AMP |
| Impact on diversity | No impact on diversity | Only woman Director on the Board |
| Past Experience | A former civil servant, he joined the Indian Administrative Services in 1956 | Was former Joint Managing Director of ICICI Bank, and currently the Chairperson of ICICI Venture Funds Management Company Limited. She joined the board of ICICI Limited in 1994 as the Executive |
| Committee positions in the Company | A(M),NR(C),CSR(C) | A(C),SH(M) |
| **SES Recommendation** | **FOR** | **FOR** |

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

The comany has disclosed the profile of the Director.

No discussion on Director's Profile.

**DIRECTORS' INDEPENDENCE**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Naresh Chandra** | **Lalita Dileep Gupte** |
| Current tenure/association | 10 | 1 |
| Directorships at group companies | No | 3 |
| Relationships with the Company | No | Yes |
| Nominee director | No | No |
| Shareholding / ESOPs | 0 | 0 |
| Remuneration ( ` Lakhs) | 60.40 | 59.80 |
| **SES Classification** | **INEPENDENT** | **NON INEPENDENT** |

The Diretor of the board is independent.

According to SES, Ms. Lalita Deepak is an NID because she holds 3 diectorships in the group company.

**DIRECTORS' TIME COMMITMENTS**

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Naresh Chandra** | **Lalita Dileep Gupte** |
| Total Directorships | 10 | 6 |
| Total Committee memberships | 9 | 5 |
| Total Committee Chairmanship | 0 | 1 |
| Full time role/ executive position | Nil | 0 |

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

The Director is not having any full time role in the company.

No full time role.

**DIRECTORS’ PERFORMANCE**

|  |  |  |
| --- | --- | --- |
| **Attendance record** | **Naresh Chandra** | **Lalita Dileep Gupte** |
| Last 3 AGMs | 1/1 | 1/1 |
| Board meetings held last year | 100% | 100% |
| Board meetings in last 3 years (avg.) | 100% | 100% |
| Audit Committee meetings | 100% | 100% |
| Nomination & Remuneration Committee meetings | 100% | 0% |
| CSR Committee meetings | 100% | na% |
| Stakeholders' Relationship Committee meetings | na% | 100% |

The director has good performance in the meetings.

No discussion on committee meetings.

**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 |

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

Revision in Executive Director's Remuneration

**SES RECOMMENDATION**

The Company proposes to increase [director]'s remuneration by []%. SES is of the opinion that the proposed increase in remuneration is excessive given the performance of the Company as well as remuneration paid to [Director]'s peers and recommends that shareholders vote AGAINST the resolution. As a good governance practice the Company should seek approval of the shareholders proposing a more modest increase in remuneration, backed with adequate justification for the increase.

**SES ANALYSIS**

**REASON FOR REVISION**

No reason for revision of Executive Director remuneration

**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 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Executive Remuneration - Peer Comparison** | | | | Director | Navin Kumar Agarwal | Vishal | | Company | Sesa Sterlite Ltd | Coal India Ltd | | Promoter | yes | Yes | | Remuneration (` Cr) (A) | 14.12 | 12.45 | | Net Profits (` Cr) (B) | 1927.2 | 123.09 | | Ratio (A/B) | 0.73 | 10.11 |   Has the Company disclosed its Remuneration Policy:  The COmpan has stated its remuneration policy. |  |

**REMUNERATION PACKAGE**

|  |  |  |
| --- | --- | --- |
| **Component** | **Proposed Remuneration** | **Comments** |
| Basic Pay | Proposed Salary: 12.34 | Increase in remuneration: No increase |
| Annual increment: 50% |
| Perquisites/ Allowances | All perquisites clearly defined: Yes | Cap placed on perquisites: Yes |
| Total allowances: 109.89 |
| Variable Pay | No | Performance criteria disclosed: Yes |
| Cap placed on variable pay: No |
| Notice Period | 8 months |  |
| Severance Pay | 8 months |
| Minimum Remuneration |  | Within limits prescribed: Yes |
| Includes variable pay: No |

**Comments on Variable Pay:**No Comments on variable pay

**Comments on Minimum Remuneration:**No coments on minimum remueration

**Comments on skewness of remuneration:**No comment on skewness

Is the increase in remuneration more than 50% of the existing salary? Not added (Against Recommendation)

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

Non executive Director Commission

**SES RECOMMENDATION**

In accordance with the Companies Act, 2013, SES recommends that all companies should have an independent Nomination & Remuneration Committee to oversee the directors' remuneration process. The committee is entrusted with the task of recommending to the Board a policy relating to the remuneration of directors. A non-compliant committee is almost equivalent to a non-existing committee. Therefore, SES recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**COMMISSION PAYABLE**

**Remuneration Limits:**remuneration limits

**Commission distribution criteria:** decided by the board

**Directors' covered under the resolution:** all NEDs

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% 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**

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

total commission in year 2015 is more

Shareholders should note that the Companies Act, 2013 places a limit of up to [1%/3%] of net profits of the Company, on the commission payable to NEDs, in case the Company [has/ does not have] a [Managing Director/Managing Director or whole-time director] , unless the Company takes Central Government's approval to pay any higher amount. SES is of the opinion that in case, as the Company proposes to pay commission exceeding the above limit, it should provide adequate and rational/ justification for doing so. SES is of the opinion that the justification provided by the Company is vague/ inadequate and does not justify the need to exceed the [1%/3%] limit.

Section 178 of the Companies Act, 2013 provides that the Nomination & Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for Directors, key managerial personnel and other employees. A non-compliant committee defeats the entire purpose of good governance in the Company.

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

remunertion to non independect deirectors

**SES RECOMMENDATION**

recommendation of NEIDs

**SES ANALYSIS**

analysis of non independnet directors

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

remuneration to IDs- resolutn

**SES RECOMMENDATION**

remuneration to IDs- recommedation

**SES ANALYSIS**

analysis of non independnet directors

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

waiver of excess remuneration-

**SES RECOMMENDATION**

waiver of excess remuneration - recommenation

**SES ANALYSIS**

analysis of non independnet directors

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

ESOP Scheme to be approved

**SES RECOMMENDATION**

The resolution provides the Board with the full/ absolute discretion to modify the scheme as it may deem fit. SES is of the opinion that such unfettered powers may lead to conflict of interest issues and undermine the strength/ supremacy of shareholders. Therefore, SES recommends that the shareholders vote AGAINST the resolution. As a good governance practice the Company should place adequate restrictions on such discretionary powers.

The Company has disclosed that the options may be granted to all directors of the Company, including independent directors. Since the Companies Act, 2013 forbids grant of options to independent directors, such action would make the Company non-compliant with the Companies Act, 2013. Therefore, SES recommends that the shareholders vote AGAINST the resolution. As a good governance practice, the Company should state that the scheme does not include independent directors as eligible employees.

**SES ANALYSIS**

**ESOP DISCLOSURES**

|  |  |
| --- | --- |
| **Disclosure requirement** | **Disclosure** |
| Total options in ESOS | 132 Crores |
| Employee eligibility | Yes Employee is eligible |
| Vesting period | 4 years of vesting period |
| Exercise period | 4 years of exercise period |
| Exercise price | 12 s per equity shares of exercise price |
| Appraisal process | No appraisal |
| Max options/employee | 23 crores of maximum |
| Conformity with accounting policies | Total confirmed with accounting policies |
| Valuation methodology | No method used to vaue |
| Transferability of options | Transfer the stocks to new employee |
| 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 | By tender route |

**SCHEME ADMINISTRATION**

|  |  |
| --- | --- |
| **Criteria** | **Comments** |
| Compensation committee independence | Yes it is independent. |
| Accelerated vesting | No accelrated vesting |
| Discretion to board to modify scheme | Baor can mify the scheme as and when it likes |

No outstanding

The resolution provides discretionary powers to the Board to modify the scheme as they may deem fit. SES is of the opinion that such provisions defeat the entire purpose of having the scheme approved by the shareholders, and are against the principles of corporate governance. While SES agrees that certain powers to modify scheme is required for administering the scheme, the Board must disclose the extent and conditions under which the board shall exercise such powers.

Does the scheme explicitly restrict grant of ESOPs to independent directors? Not Added Against Recommendation

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

ESOP repricing

**SES RECOMMENDATION**

No concern has been identified. SES recommends that shareholders' vote **FOR** the resolution.

**SES ANALYSIS**

**OPTIONS BEING RE-PRICED**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ESOP Scheme** | **Options outstanding** | **Current Option Price** | **Current Market Price** | **Proposed Option Price** |
| 1 | 23 | 12 | 23 | 12 |
| 2 | 134 | 10 | 138 | 10 |
| 3 | 1099 | 10 | 1098 | 12 |

**COMPANY'S JUSTIFICATION**

No justificaion for repricing of stocks

**STOCK PERFORMANCE VERSUS BENCHMARKS**

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

Due to  global conitions the stock prices fell.

**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.

**RESOLUTION []: RELATED PARTY TRANSACTION**

Related party transactions between the company and its related party.

**SES RECOMMENDATION**

During the last financial year, the Company did not have a legally compliant audit committee to review the Company's related party transactions. Since the Audit Committee is tasked with reviewing the related party transactions, absence of an Audit Committee casts serious doubts over the integrity/ requirement/ necessity of such transactions. Therefore, SES recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**PROPOSED RELATED PARTY TRANSACTIONS**

|  |  |
| --- | --- |
| **Disclosures** | **Details of disclosure** |
| Name of the Related Party | Sesa sterlite |
| Relationship with the Company | Subsidiary |
| Consideration for Transaction | 190 Crore |
| Ordinary Course of business | Yes |
| Arm's length | Yes |
| Nature of Transaction | Trade payables |
| Audit Committee Approval | Yes |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Disclosures (` in Crores)** | **FY 2015** | **FY 2014** | **FY 2013** | **FY 2012** | **FY 2011** |
| Royalty Payments | 12 | 123 | 65 | 117 | 98 |
| Intercorporate Loans | 123 | 32 | 123 | 211 | 89 |
| Total RPTs' Value | 135 | 155 | 188 | 328 | 187 |
| Turnover of the Company | 200 | 210 | 230 | 350 | 200 |
| RPTs as a % of Turnover | 67.50 | 73.81 | 81.74 | 93.71 | 93.50 |
| Net Profits of the company | 1927.2 | 1076.09 | 120.77 | 1679.94 | 3432.8 |
| Net Profits as a % of Turnover | 963.60 | 512.42 | 52.51 | 479.98 | 1716.40 |

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

No purpose for the resolution.

**RELATED DIRECTORS/ KMPS**

No director is related or concerned in the resolution.

**SES VIEWS**

The urpose of the resolution is generic.

Does the Company have an Audit Committee? Not added (Against Recommendation)

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

The company is proposing intercorporate loans to a joint venture.

**SES RECOMMENDATION**

The Company has [defaulted on its existing debt obligations/undergone debt restructuring/has been declared a sick company]. Under such circumstances, it may not be prudent that the Company makes additional inter-corporate transactions. Therefore, SES recommends that the shareholders vote AGAINST the resolution.

Does the Company seeks approval by way of omnibus resolution? Not Added Against recommendation

**SES ANALYSIS**

**THE RECIPIENT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In ` crore** | **Lender Company** | | **Recipient Copany** | |
| **30 Jun 2015** | **30 Jun 2014** | **30 Jun 2015** | **30 Jun 2014** |
| Share Capital | 100 | 90 | 80 | 70 |
| Reserves and Surplus | 10 | 9 | 8 | 7 |
| Total Assets | 100 | 8 | 9 | 108 |
| Total Liabilities | 70 | 7 | 8 | 100 |
| Revenues | 176 | 154 | 145 | 123 |
| Profit After Tax | 76 | 12 | 140 | 120 |

**About Recipient Company:** The recepient company is a wholly wne subsidiary of the lender company.

**Relationship with the Company:**  Wholly owned subsidiary

**Effect on balance sheet of Lender Company:**No effect on the balance sheet

**EXISTING TRANSACTIONS WITH THE RECIPIENT**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Transaction Details** | **Date 1** | **Date 2** |
|  |  |  |  |
|  |  |  |
|  |  |  |  |
|  |  |  |

**PURPOSE OF THE TRANSACTION**

Just for the sake of giving some funds

**TERMS AND CONDITIONS OF THE TRANSACTION**

terms and conditions of the transaction are disclosed

**Source of Funds:**The funds are given by the promoters

**FAIRNESS OF THE TRANSACTION**

The transaction is fair and valuable.

**DIRECTORS' INTERESTS**

**Common Directors:**No common Director is invloved.

**Directors' Shareholdings:**Director's shareholing increased from 1 cr to 40 cr.

The loans is given by a sik company.

Does the Company seeks approval by way of omnibus resolution? Not Added, Against Recommendation

**RESOLUTION []: STOCK SPLIT**

Stock split- Resolution

**SES RECOMMENDATION**

stock split- recommendation

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

Stock split - compny justification

**TRENDS IN COMPANY'S STOCK PRICE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **Sesa Sterlite Ltd** | | | Current Price (30th Jun, 2015) | ` 12.34 | | 52 week high | 12.76 | | 52 week low | 10.89 | | Price appreciation in last year | 100%  % | | * 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 | | |  |

Stock split - analysis

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

Share buy back - resolution

**SES RECOMMENDATION**

recommendation for buy back

**SES ANALYSIS**

**RATIONALE FOR THE BUY-BACK**

share bu back - rationale

**ELIGIBILITY FOR BUY-BACK**

share by back - eligiiity

**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 price | Average Closing price in the last two weeks | 120.78 |
| Closing Price as on [] | closing pce as on 34 | Average Closing price in the last six months | 189.76 |

**PARTICIPATION OF THE PROMOTER GROUP**

Yes, promoters are participating

**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 | 167 | 100 | 18 | 98 | 187 | 100 |
| Promoter Group | 150 | 99 | 76 | 97 | 16 | 100 |

**IMPACT**

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

**Impact on EPS: eps impacted**

**DISCLOSURES**

**Mode of buyback: mode of buy back**

**Source of funds: no source of funds**

**Compliance with SEBI Regulations: Yes**

**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: 12 months**

**Auditors' certificate: yes**

**Accounting treatment: done**

**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.

Stock split - analysis

**RESOLUTION []: CAPITAL REDUCTION**

capita reduction

**SES RECOMMENDATION**

capital reduction - recommendation

**SES ANALYSIS**

**Company's Justification**

capital reduction- company

capital reuction analysis

**RESOLUTION []: DEBT RESTRUCTURING**

debt retruturing - resolution

**SES RECOMMENDATION**

debt restrcturng recommendation

**SES ANALYSIS**

**Company's Justification**

debt restructuring analysis

debt restucturing analysis

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

IPO resoution

**SES RECOMMENDATION**

IPO recommendation

**SES ANALYSIS**

**Company's Justification**

IPO justificatio

IPO analysis

**RESOLUTION []: CREATION OF CHARGE**

Creation of charge - resolution

**SES RECOMMENDATION**

- The Company has not disclosed the asset it proposes to mortgage to secure its existing borrowings. SES is of the opinion that the disclosures made by the Company are not transparent, and recommends that the shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**Company's Justification**

creation of charge - justification

**Details of the assets being mortgaged: asets are 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 assets resolution

**SES RECOMMENDATION**

The Company has not disclosed the consideration for which the [asset/ business/ Undertaking] would be sold/transferred to the third party. 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 made at a fair value. In absence of full details, shareholders cannot form an opinion whether the proposal is in their interest or not, and therefore, SES recommends that the shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**DETAILS OF THE PROPOSED SALE**

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

**Valuation: isclosed**

**Price: 56 rs**

**Buyer: COmpany is the buyer**

**Relationship of Company with buyer: no relationshp with the buyer**

**RATIONALE FOR THE SALE**

rationale for the sale isclosed

**IMPACT OF THE SALE**

**On income statement: 60 crore impact**

**On balance sheet: 76 crore impact**

**Materiality: not material**

**USE OF FUNDS**

to acquire business

**FAIRNESS OF SALE**

fair sale

**CONFLICT OF INTEREST ISSUES**

no conflict of interest

Has the Company fully disclosed the assets/ undertaking/ business being sold? Analysis text

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

Increase in borrowing limits

**SES RECOMMENDATION**

The Company seeks approval for increasing the borrowing limit from x times the net worth to y times the net worth. Shareholders may note that in case the net worth becomes negative, then the total borrowing limit of the Company will turn out to be negative, which is not possible. However, the net-worth of the Company has increased gradually over the period and chances of negative net-worth is minimum, therefore, SES recommends that shareholders vote FOR the resolution. However, as a good governance practice, the Company should seek approval for borrowing an absolute amount over and above the net worth of the Company.

**SES ANALYSIS**

**PURPOSE OF THE INCREASED BORROWING LIMITS**

Purpose of borrowing limits

**CHANGES IN REMAINING BORROWING CAPACITY**

|  |  |
| --- | --- |
|  | **Capacity to sustain borrowings: lot of borowings** |

Does the Company has high cash balance and it is debt free and has not disclosed any usage of borrowings? Analysis text

Is the borrowing limit proposed to be directly linked to the Net Worth of the Company? (i.e., x times the Net Worth) Analysis text

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

rights issue - resolution

**SES RECOMMENDATION**

rights issue recommendation

**SES ANALYSIS**

**COMPANY JUSTIFICATION**

rights  issue - justification

rights issue - analysis

**RESOLUTION []: PREFERENTIAL ISSUE**

preferentail issue - resolution

**SES RECOMMENDATION**

SES is of the opinion that existing shareholders should have first right to participate in any capital issue. Any other mode of capital issue should only be undertaken if the Company is in urgent need of funds. The Company has not given any justification as to why it is going for a preferential issue instead of a rights issue. As the preferential issue would have a negative dilution effect of []% on public shareholding, SES recommends that the shareholders vote **AGAINST** the resolution. SES recommends that the Company should go for rights issue with renunciation.

**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**

objective of the 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 (`)** |
| 2015 | 100 | company1 | 189 | 67 |
| 2014 | 1098 | company 2 | 198 | 145 |

Past issue of equity shares

**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 | Promoter | 726 | 80.49 | 2792 | 54.49 |
| 2 | Public | 176 | 19.51 | 2332 | 45.51 |

total sahres increased afte alotment

**OTHER DISCLOSURES**

**Change in control: no change in control**

**Lock-in period: no lock n period**

**Timeline for allotment: 12 mnths**

**Certification from statutory auditors: yes**

**Shareholders' Rights: shareholers right not disclosed**

**Directors' interests: dislcosed**

**Buyback or capital reduction in past: buyback or reduction**

Is the dilution to public shareholders exceeds 5%? Not added, Against Recommendation

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

bonus issue resolution

**SES RECOMMENDATION**

Has the Company undergone debt restructuring? Not added, Against recommendation

**SES ANALYSIS**

**DETAILS OF THE PROPOSED ISSUE**

**Bonus ratio: 2: 1**

**Shares to be issued: 1675**

**Amount Capitalized: 1090**

**Past Changes in Share Capital: past changed in share capital**

**Impact on EPS: no impact on EPS**

**OBJECTIVE OF THE PROPOSED ISSUE**

objective disclosed

**FINANCIAL POSITION OF THE COMPANY**

financial position of te company

Has the Company undergone debt restructuring? Not added, Against Recommendation

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

securities are issued to the public

**SES RECOMMENDATION**

The Company has not specified the maximum number of shares it proposes to issue, nor has it disclosed the maximum size of the issue. In the absence of such disclosures, SES cannot ascertain potential dilution to public shareholders and therefore recommends that shareholders vote AGAINST the resolution.

**SES ANALYSIS**

**OBJECTIVE OF THE ISSUE**

objective of iue is disclosed

**DETAILS OF THE ISSUE**

**Securities to be issued: no securities**

**Issue Type: disclosed**

**Issue Size: 230 crore**

**Issue Price: 23.4 rupees**

**Eligible investors: QIBs and others**

**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 | 22u | 22 | 100.00 | 176 | 100.00 |

**CONFLICT OF INTERESTS**

no conflict

**OTHER DISCLOSURES**

**Compliance with minimum public shareholding norms:**

**Relevant Date:** 30-Jun-2015

**Allotment to promoter group: Yes**

**Reservations (in any): Not given**

**Past changes in share capital: not given**

Is the size of the issue disclosed? Not added (AGAINST recommendation)

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

issue of preference shares- resolution

**SES RECOMMENDATION**

Is redemption period exceeds 20 years? (not Applicable for infra companies) Not added Against recommendation

**SES ANALYSIS**

**OBJECTIVE OF THE ISSUE**

objective disclosed

**TERMS OF THE ISSUE**

**Size of the Issue: 187 crores**

**Price: 23.45 rs**

**Redemption period: 12.387**

**Dividend payable: yes**

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

yes good finacial position

Is redemption period exceeds 20 years? (not Applicable for infra companies) Not added, Against Recommendation

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

DVR issue

**SES RECOMMENDATION**

DVR issues recommenation

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

DV issued

DV issued analysis

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

objects clause - resolution

**SES RECOMMENDATION**

objects clause -justificationobjects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justificationobjects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justification

**SES ANALYSIS**

objects clause -justification**Current Name:**

**Proposed Name:**

**Availability of the proposed name:**

Is the name aligned with the objects of the company? Analysis text

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justificationobjects clause -justificationobjects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

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

objects clause -justification

**SES RECOMMENDATION**

objects clause -justification

**SES ANALYSIS**

**COMPANY'S JUSTIFICATION**

objects clause -justification

objects clause -justification

**RESOLUTION []: FII INVESTMENT LIMITS**

FII limits

**SES RECOMMENDATION**

SES recommends shareholders vote **AGAINST** the resolution.

**SES ANALYSIS**

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

**RESOLUTION []: DELISTING OF SHARES**

delisting f shhares

**SES RECOMMENDATION**

delisting of shares

**SES ANALYSIS**

delising of shrea

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

onations to charitable trust

**SES RECOMMENDATION**

no recommendation

**SES ANALYSIS**

|  |  |
| --- | --- |
|  | CSR conribution increased |

Dummy analysis of Has the Company disclosed the exact amount of contributions it plans to make and the proposed recipients of the said contributions?

**RESOLUTION []: OFFICE OF PROFIT**

ofice of proft

**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**

officeof rofit

**REMUNERATION**

**Annual Remuneration:**

**Is the remuneration comparable to remuneration of other employees in similar position/grade:**

**SELECTION PROCESS**

offic of profit

**Suitability of candidate**

Analysis text