

# Corporate Governance Report

## 1. Company's philosophy on corporate governance

Good Corporate Governance is essentially an integral part of values, ethics and the best business practices followed by your Company. Your Company stresses upon the following core values:

- **Transparency:** We believe in dissemination of information on time and in transparent manner.
- **Protecting Stakeholders' interest:** As a trustee for various stakeholders, we believe in safeguarding of and balancing the interest of all stake holders
- **Integrity and ethics:** We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibilities:** We believe in caring for environment and surrounding communities.

Your Company would constantly endeavor to improve these aspects.

## 2. Board of directors

### 2.1. Composition

The Board of Directors comprises of nine directors, including six non-executive independent directors and one executive professional director. The non-executive independent directors are eminent professionals having rich and sound experience in diverse fields related to the business of your Company.

The names and categories of the directors on the board and other relevant information are as under:

Names of the Directors	Category	No. of other Directorships held*	No. of other Board committees member/Chairman	No. of Board Meetings attended	Last AGM attended	No. of shares held in the Company
Mr. K.K. Sarda	Promoter Executive	6	-	4	No	1309149
Mr. Pankaj Sarda	Promoter/Wholetime	4	-	3	No	691107
Mr. G.D. Mundra	Wholetime	3	3	4	No	5820
Mr. Rakesh Mehra	Independent Non-Executive	2	3	3	No	137
Mr. A.K. Basu	Independent Non-Executive	3	2	4	Yes	Nil
Mr. P.R. Tripathi	Independent Non-Executive	5	1	4	No	Nil
Mr. G.S. Sahni	Independent Non-Executive	2	1	4	No	Nil
Mr. C.K. Lakshminarayanan	Independent Non-Executive	3	2	4	No	6000
Mr. Jitender Balakrishnan	Independent Non-Executive	12	9	4	No	Nil

\* excluding pvt. ltd. companies, foreign companies, Limited Liability Partnerships and casual directorships as on 31.03.2014

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the directors hold directorship in more than 15 public limited companies, membership of board committees (Audit/Investors' Grievance Committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

Your Company has adopted Code of Conduct for board of directors and senior executives. Your Company has also implemented Code of Conduct for Prevention of Insider Trading. Both the codes are placed on the website of your Company. A declaration signed by the Chairman and Managing Director of your Company confirming the compliance of the Code by the board members and the senior executives is given below:

"I hereby confirm that the company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors and Senior Executives in respect of the financial year 2013-14.

K.K. Sarda  
Chairman and Managing Director"

## 2.2. Number of board meetings held

Four meetings of the Board of Directors were held during the year ended 31st March, 2014 as given hereunder:

Date of meeting	No. of Directors present
25th May, 2013	8
10th August, 2013	8
26th October, 2013	9
1st February, 2014	9

## 2.3. Particulars of directors seeking appointment / reappointment

Particulars of directors seeking appointment / reappointment at the ensuing Annual General Meeting to be held on 29th September, 2014 are given as under:

1	Name	Mr. G.D. Mundra	Mr. P.R. Tripathi	Mr. G.S. Sahni	Mr. A.K. Basu
2	i) Age	53 years	70 years	67 years	64 years
	ii) Qualification	Chartered Accountant	Mining Engineer	Post Graduate diploma in Public Administration, Cardiff University, UK	BME
	iii) Date of appointment	30.12.2000	30.10.2003	04.03.2008	31.01.2003
3	Experience	More than 30 years in the field of finance and accounting	He is Ex-CMD, NMDC. He has more than 50 years of experience in the mining and related activities.	A retired IAS officer of Madhya Pradesh Cadre belonging to 1971 batch is experienced in toning up administrative mechanism for operational efficiency, creation of effective delivery systems of public service having in-depth exposure to multi-sectoral areas of policy formulation, planning and administration	More than 40 years of experience in the field of finance.

<b>4</b>	<b>Other directorships/ partnerships</b>	Chhattisgarh Investments Ltd.	Hindustan Dorr Oliver Ltd.	MDL Energy Pvt. Ltd.	ICRA online Ltd.
		Orient Press Ltd.	IVRCL Ltd.	Sarda Metals & Alloys Ltd.	Pratibha Syntex Ltd.
		Prayag Thermoplast Pvt. Ltd.	HDO Technologies Ltd.	MDL Energy Services Pvt. Ltd.	Simplex Prefab Infrastructure (India) Pvt. Ltd.
		Good Minerals Development Pvt. Ltd.	Premier Explosives Ltd.	Vik-Sandwik Design India Pvt. Ltd.	
		Fair Energy & Minerals Ltd.	Minman Consultancy Services Pvt. Ltd.		
		Jaichandi Energy & Natural Resources Development Pvt. Ltd.			
		Minmet International Resources Pvt. Ltd.			
		Regular Trading Pvt. Ltd.			
		Revenue Trading Pvt. Ltd.			
		Clifford Multitrading Pvt. Ltd.			
<b>5</b>	<b>Chairman/ member of committees</b>	Sarda Energy & Minerals Ltd. (Member of Audit, Shareholders'/ Investors' Grievance Committee and Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Chairman of Appointment & Compensation Committee )	Sarda Energy & Minerals Ltd. (Member of Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Chairman of Audit Committee & Member of Shareholders'/ Investors' Grievance Committee )
<b>6</b>	<b>Shareholding in the company</b>	5820 Equity Shares	NIL Equity Shares	NIL Equity Shares	NIL Equity Shares
<b>7</b>	<b>Relationship with directors</b>	No relationship with Directors	No relationship with Directors	No relationship with Directors	No relationship with Directors

1	Name	Mr. C.K. Lakshminarayan	Mr. Jitender Balakrishnan	Mr. Rakesh Mehra	Mrs. Uma Sarda
2	i) Age	65 years	65 years	62 years	55 years
	ii) Qualification	B. Tech.	B.E (Mech) National Institute of Technology (NIT) Madras University & Post Graduate Diploma in Industrial Management, Bombay University	Cost Accountant	Bachelor of Arts in Home Science
	iii) Date of appointment	28.01.2009	30.07.2010	18.07.1986	
3	Experience	He worked as a Plant Engineer for 8 years with Madras Petrochem Ltd. Thereafter, he worked with Industrial Development Bank of India, firstly in Project finance and then in Investment Banking. Lastly, he worked as President and CEO of STCMS Electric Company Pvt. Ltd., which is operating a 250 MW IPP.	He had a long association with IDBI group wherein he has served on various posts upto the level of Dy. MD & Group Head Corporate Banking before retiring. He has wide experience of corporate finance in sectors like, Oil and Gas, Telecom, Airports, Roads, Ports, Steel, Cement, Fertilizers, Petrochemicals, Hotel, Pharmaceuticals, Paper, etc.	35 years experience in the field of finance.	She is attached with an NGO named Friends of Tribals Society which works for the primary education of the tribal children and health care of tribal people of Chhattisgarh.  Apart from the above, she is associated with various social organizations in and around Raipur.
4	Other directorships/ partnerships	Shri Kailash Logistics Ltd.	Bharti Axa General Insurance Co. Ltd.	Econotech Services Pvt. Ltd.	Rishabh Mining & Transport Co. Pvt. Ltd.
		Madhya Bharat Power Corporation Ltd.	Bharti Axa life Insurance Co. Ltd.	Minwool Rock Fibres Ltd.	Prachi Agriculture & Properties Pvt. Ltd.
			Usha Martin Ltd.		Sarda Family Investments - Partner

			Bhoruka Power Corporation Ltd.	
			Aditya Birla Finance Ltd.	
			Ployplex Corporation Ltd.	
			IL & FS Investment Managers Ltd.	
			India Glycols Limited	
			Magus Estates and Hotels Pvt. Ltd.	
			Essar Services India Ltd.	
			Equinox Realty & Infrastructure Pvt. Ltd.	
			Bharti Infratel Ltd.	
			Essar Projects (India) Ltd.	
<b>5</b>	<b>Chairman/ member of committees</b>	Sarda Energy & Minerals Ltd. (Member - Audit & Chairman - Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Member - Investors' Grievance Committee & Appointment & Compensation Committee )	Sarda Energy & Minerals Ltd. (Member - Audit, Appointment and Compensation & Corporate Governance Committee )
			Bharti Axa Life Insurance Co. Ltd. ( Chairman-Policy holders Protection Committee Member - With Profit Committee)	
			Usha Martin Ltd. (Chairman Audit Committee)	
			Aditya Birla Finance Ltd.(Chairman - Risk Committee)	

			Ployplex Corporation Ltd. (Member - Remuneration Committee)		
			IL & FS Investment Managers Ltd. (Member - Audit Committee)		
			Bharti Infratel Ltd. (Member-Audit Committee)		
			Magus Estates and Hotels Pvt. Ltd. (Member- Audit & Remuneration Committee)		
<b>6</b>	<b>Shareholding in the company</b>	6000 Equity Shares	NIL Equity Shares	137 Equity Shares	489425 Equity Shares
<b>7</b>	<b>Relationship with directors</b>	No relationship with Directors	No relationship with Directors	No relationship with Directors	Related to CMD and DMD

### 3. Audit committee

The Audit Committee of your Company comprises of four Directors. Mr. A.K. Basu is the Chairman of the Committee and Mr. Rakesh Mehra, Mr. C. K. Lakshminarayanan and Mr. G.D. Mundra are the members of the Committee. The terms of reference of the committee are as per the provisions of Section 292 (A) of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Company Secretary acts as the secretary to the Audit Committee. The invitees to the Audit Committee include the Statutory Auditors, the Internal Auditors and the respective departmental heads.

Four meetings of the committee were held during the year 2013-14 on 25th May, 2013, 10th August, 2013, 26th October, 2013 and 1st February, 2014. The attendance particulars are as under:

Name of Chairman/member	Meetings	
	Held	Attended
1. Mr. A.K. Basu – Chairman	4	4
2. Mr. Rakesh Mehra – Member	4	3
3. Mr. G.D. Mundra – Member	4	4
4. Mr. C. K. Lakshminarayanan - Member	4	4

### 4. Appointment & compensation committee

The Appointment & Compensation Committee comprises of 3 directors with Mr. P.R. Tripathi as Chairman and Mr. J. Balakrishnan and Mr. Rakesh Mehra as the members.

The Appointment & Compensation Committee has the following activities in its scope:

- i) Approval of appointment of senior executives, one level below the Board.

- ii) Selection and appointment of persons covered by section 314 of the Companies Act, 1956.
- iii) Consideration and approval of the Employee Compensation Schemes including Employee Stock Options
- iv) Remuneration including commission, if any, to the Whole-time Directors.
- v) Any other matter related with any of the above.

During the year two meetings of the Committee were held on 25th May, 2013 and 10th August, 2013. The attendance particulars are as under:

Name of Chairman/member	Meetings	
	Held	Attended
1. Mr. P.R. Tripathi – Chairman	2	2
2. Mr. J. Balakrishnan – Member	2	2
3. Mr. Rakesh Mehra – Member	2	1

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors of your Company have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, Non-Executive Independent Directors have been paid Commission on the net profits of your company for the year 2013-14, which is within the ceiling specified under the Companies Act, 1956.

Details of remuneration to Executive Directors and Non-Executive Directors are as under:

(₹ in lac)

	2013-14	2012-13
i) Salary, allowances etc. to managing director & whole time director	116.94	143.94
ii) Perquisites	8.01	14.25
iii) Contribution to provident fund	10.87	12.30
iv) Commission to chairman & managing director	200.00	275.00
v) Commission to non executive directors	12.00	12.00
vi) Sitting fees	7.20	12.10
<b>Total</b>	<b>355.03</b>	<b>469.59</b>

**Note:**

The above amount does not include contribution to gratuity fund, as separate figures are not available for the Managing Director and Whole Time Directors.

## 5. Corporate governance committee

The -committee on Corporate Governance has the specific task of looking into matters related with Corporate Governance with Mr. C.K. Lakshminarayanan as Chairman & Mr. G.S. Sahni, Mr. Rakesh Mehra and Mr. G.D. Mundra as members. The scope of the committee's functioning includes:

- i. Compliance of the Corporate Governance requirements under the Listing Agreement and Companies Act.
- ii. Disclosure of information to the Board.
- iii. Frequency and number of the Audit Committee and Board meetings.
- iv. Finalisation of the Report on Management Discussions & Analysis and Corporate Governance.
- v. Benchmarking of Company's Corporate Governance practices with best practices and drawing a time frame for improvement.

The committee monitors the Corporate Governance practices implemented by your Company and gives its suggestions and instructions for improving the same.

## 6. Shareholders'/investors' grievance committee

The Shareholders'/Investors' Grievance Committee, consisting of Mr. A.K. Basu (Chairman), Mr. J.Balakrishnan and Mr. G.D. Mundra as members, has the specific task of looking into share transfers and resolving the shareholders'/investors' grievances. The Chairman is a Non-Executive and Independent Director.

Name and designation of the Compliance Officer : Mr. P. K. Jain, Company Secretary

The number of complaints received during the year : 12 complaints were received which were attended in time.

Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

The number of complaints not redressed at the end of the year : All the complaints have been attended satisfactorily and no complaints were pending at the end of the year.

Number of pending share transfers : All the requests for transfer received during the year were duly attended.

Your Company has taken necessary steps to re-organise / re-constitute / regularise the Board/Committees as per the requirements of the Companies Act, 2013 and is also in the process of redefining the scope of activities of various committees.

## 7. General body meetings

The venue, date and time of the last three Annual General Meetings are as under:

<u>Date</u>	<u>Time</u>	<u>Location</u>
30 <sup>th</sup> September, 2011	2.30 p.m.	73-A, Central Avenue, Nagpur (M.H.)
29 <sup>th</sup> September, 2012	2.30 p.m.	Same as above
28 <sup>th</sup> September, 2013	2.30 p.m.	Same as above

The following special resolutions were passed in the last three Annual General Meetings:

- Resolution for increasing the remuneration of Dr. K.K Rathi- Section 314(1)(b) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. G.S Sahni, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. C.K Lakshminarayanan, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011

No special resolution was passed through postal ballot in the AGM held on 28th September, 2013. No special resolution is proposed to be passed through postal ballot in the AGM to be held on 29th September, 2014.

## 8. Disclosure

Related-party transactions during the year have been disclosed in detail in note no.34 to the annual accounts, as required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India. These transactions are not likely to have any conflict with your Company's interest.

*Compliance of SEBI, stock exchange requirements:* Your Company has complied with all the requirements of Companies Act, 1956, applicable provisions of Companies Act, 2013 and the Regulations of the Securities and Exchange Board



of India (SEBI). Your Company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to SEBI. In view of the pendency of delisting application with the Calcutta Stock Exchange, your Company has stopped sending the information to the Calcutta Stock Exchange.

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and has also adopted the non-mandatory clause of having appointment & compensation committee for deciding the remuneration of the executive directors.

## 9. Means of communication

*Half-yearly report/quarterly results:* Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Agreement and published in English and vernacular newspapers. The financial results and other relevant information including operational data are placed simultaneously on your Company's website—www.seml.co.in. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

## 10. General shareholder information

Annual General Meeting	: Date: 29th September, 2014 Time: 11.00 a.m. Venue: Hotel Pride, Opp. Airport, Wardha Road, Nagpur (M.H.), 440025
<b>Financial calendar for 2013-14 (tentative) :</b>	
Financial results for the quarters ended	
30th June, 2014	: 2nd week of August, 2014
30th September, 2014	: 4th week of October, 2014
31st December, 2014	: 4th week of January, 2014
31st March, 2015	: 4th week of May, 2015 (audited)
Annual general meeting	: September, 2015
Book closure date	: 1st September 2014 to 6th September, 2014 (both days inclusive)
Dividend payment date	: Within 5 days from 29th September, 2014
Listing on stock exchanges	:
Equity shares	The shares of your Company are listed on the following exchanges: i. BSE Ltd., Mumbai (504614) ii. The National Stock Exchange of India Ltd., Mumbai (SARDAEN) iii. The Calcutta Stock Exchange Association Ltd.* ISIN no. NSDL & CDSL - INE385C01013
	*The Company's application for delisting of its shares from the Calcutta Stock Exchange Association Ltd is pending and the matter has been reported to SEBI.
Non-convertible debentures	: The 9.55% non-convertible debentures of your Company are listed on the BSE Limited, Mumbai.

Particulars	9.55% NCDs
Market Lot	1
Scrip Code	946886
Scrip ID on Bolt System	SEML26JUL10
ISIN Number	INE385C07028
Credit Rating	CARE A+
Your company has paid annual listing fees to the BSE Ltd. for equity shares and the NCD's and to The National Stock Exchange of India Ltd., Mumbai, for the equity shares for the financial year 2014-15.	

Trustees for NCDs (9.55%)	: Axis Trustee Services Ltd. Axis House, 2 <sup>nd</sup> Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai 400025
Registrar and share transfer agents (for physical and electronic) (for equity shares and NCD)	: Sharepro Services (India) Pvt. Ltd. 13 A-B, Sam Hita Warehousing Complex Warehouse No. 52 & 53, Plot No.13AB 2 <sup>nd</sup> Floor, Sakinaka Mumbai 400 072
Share transfer system	: Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the Shareholders' / Investors' Grievance Committee or the persons authorised by the Board.

#### Shareholding pattern as on 31<sup>st</sup> March, 2014

Sl. No.	Category	No. of shares	Percentage
1.	Promoters	2,56,20,057	71.46%
2.	Banks/mutual funds/financial institutions	25,99,939	7.25%
3.	Foreign institutional investors/companies	4,05,680	1.13%
4.	Bodies corporate	33,09,725	9.23%
5.	Others	39,14,599	10.93%
	<b>Total</b>	<b>3,58,50,000</b>	<b>100.00%</b>

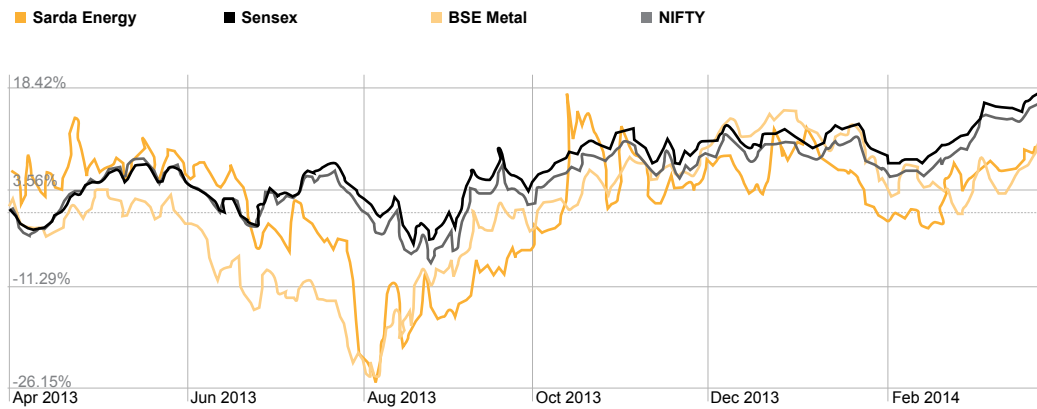
#### Distribution of shareholding as on 31<sup>st</sup> March, 2014

Shareholding of nominal value (₹ )	Shareholders		Share amount	
	Number	% to total	₹	% to total
Up to 5,000	12,639	91.52	1,43,85,200	4.01
5,001 – 10,000	519	3.76	41,37,940	1.15
10,001 – 20,000	282	2.04	42,60,360	1.19
20,001 – 30,000	114	0.83	28,71,320	0.81
30,001 – 40,000	55	0.40	19,50,460	0.54
40,001 – 50,000	36	0.26	16,84,810	0.47
50,001 – 1,00,000	89	0.64	66,74,000	1.86
1,00,001 and above	76	0.55	32,25,35,910	89.97
<b>Total</b>	<b>13,810</b>	<b>100.00</b>	<b>35,85,00,000</b>	<b>100.00</b>

#### Market price data: High/low during the year 2013-14

Month	SEML on the BSE (in ₹ )		SEML on the NSE (in ₹ )	
	High	Low	High	Low
Apr 2013	120.40	93.10	121.00	93.15
May 2013	112.30	102.05	111.95	101.70
Jun 2013	108.75	92.00	111.90	91.65
Jul 2013	103.90	75.05	102.00	75.00
Aug 2013	92.00	72.00	92.00	71.05
Sep 2013	94.75	80.65	94.70	79.00
Oct 2013	120.25	92.00	123.40	91.20
Nov 2013	119.90	95.10	114.90	97.30
Dec 2013	113.50	100.00	113.60	99.10
Jan 2014	117.00	96.30	116.75	95.55
Feb 2014	109.00	94.50	108.00	94.50
Mar 2014	114.00	100.75	114.00	100.55

### Comparison of SEML share price movements with various indices



#### Dematerialisation of securities

: Your Company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares. As on 31st March, 2014, out of the total 3,58,50,000 equity shares held by about 13,810 (PY 14,481) shareholders, approximately 3,53,32,071 (PY 3,53,25,939) equity shares held by 9490 (PY 10003) shareholders representing 98.56% (PY 98.54%) percent of the total paid-up equity capital have been dematerialised.

Debentures are also held in dematerialised form.

#### Plant location

The plant of your Company is located at  
: Industrial Growth Centre, Siltara, Raipur (C.G).

#### Address for correspondence

: Sarda Energy & Minerals Limited  
Regd. Office:  
73-A, Central Avenue, Nagpur (M.H.)  
Ph: +91-771-2722407  
Fax: +91-771-2722107  
e-mail: cs@seml.co.in

#### Works:

Industrial Growth Centre, Siltara  
Raipur [C.G.] 493 111  
Ph: +91-771-2216100  
Fax: +91-771-2216198  
e-mail: cs@seml.co.in



## CERTIFICATE

To the Members of  
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For, M. M. Jain & Associates  
Chartered Accountants  
(FRN:112538W)

(Suraj Khandelwal)  
Partner

Place : Nagpur  
Dated : August 13, 2014

Membership No. 158941