



Stakeholders Empowerment Services

Analyze >>> Educate >>> Empower

#### ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance research and advisory firm. SES assists investors to analyze governance practices including matters relating to sustainability, prevalent at listed entities and empower Investors to undertake meaningful engagement with Investee entities.

#### SES SERVICES

##### Proxy Advisory:

Advises investors on the matters that require shareholder approval at listed entities and identify Governance issues. [Read More](#)

##### ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors. [Read More](#)

##### Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the governance practices with respect to global benchmarks. [Read More](#)

##### Governance Research:

In-depth and robust analysis on various topic to identify governance issues relating to companies, transactions, sectors and even the broader markets. [Read More](#)

##### E-Ballot:

Online Vote Management System to cater to requirements of Institutional Investors. One stop solution for investors – from accessing proxy reports and voting advice to recording votes and generating customized MIS reports. [Read More](#)

##### SES AIMS:

Designed primarily for Institutional investors to carry out their stewardship activities in an efficient manner. [Read More](#)

**BRSR:** SES has developed an Online web-based platform where in the Company can fill all its BRSR related data and generate its BRSR Report seamlessly online. [Read More](#)

BRSR Guide on relevant sector: [Read more](#)

## Proxy Advisory Report (Addendum)

# Adani Power Ltd

#### COMPANY INFORMATION

**BSE CODE:** 533096

**NSE SYMBOL:** ADANIPOWER

**ISIN:** INE814H01011

**Industry:** Power Generation & Distribution

**Email:** [deepak.pandya@adani.com](mailto:deepak.pandya@adani.com) | [investor.apl@adani.com](mailto:investor.apl@adani.com)

**Phone:** +91 79 2656 7555

**Registered Office:** "Adani Corporate House", Shantigram, Near Vaishnodevi Circle, S. G. Highway, Khodiyar, Ahmedabad - 382 421 Gujarat, India.

#### MEETING DETAILS

**Meeting Type:** AGM

**Meeting Date:** 27<sup>th</sup> July, 2022 at 12:00 Noon

**Venue:** Video Conferencing (VC) facility or other audio visual means (OAVM)

**Notice Date:** 5<sup>th</sup> May, 2022

**Notice:** [Click here](#)

**Annual Report:** [FY 2021-22](#)

#### E-VOTING DETAILS

**e-Voting Platform:** [CDSL](#)

**Cut-off Date:** 20<sup>th</sup> July, 2022

**Remote E-voting:**

- **Start:** 23<sup>rd</sup> July, 2022
- **Ends:** 26<sup>th</sup> July, 2022

**ADDENDUM RELEASE DATE:** 19<sup>th</sup> JULY, 2022

**RESEARCH ANALYST:** KIRTI DHOKIYA

**CONFLICT DISCLOSURE:** SES - NO CONFLICT | ANALYST - NO CONFLICT

**INTERACTION WITH THE COMPANY - NO INTERACTION**

## ADDENDUM

This Addendum is issued based on email dated 18<sup>th</sup> July, 2022 received by SES from Adani Power Ltd. ('the Company'), (reproduced in *verbatim* at the end of this addendum) w.r.t. Proxy Advisory Report ([PA report](#)) issued by SES on 16<sup>th</sup> July, 2022 in relation to the upcoming AGM of the Company to be held on 27<sup>th</sup> July, 2022.

**There is no change in SES recommendation**

### BACKGROUND

SES as per its policy, had emailed its PA Report to the Company on 16<sup>th</sup> July, 2022 in respect of the AGM of the Company.

Post release of PA Report, SES received an email from the Company on 18<sup>th</sup> July, 2022. The Company, through the email, provided its view point, which is reproduced at the last in *blue text*.

It may be noted that the email of the Company dated 18<sup>th</sup> July, 2022 (as per SES policy framed to comply with SEBI Circular dated 3<sup>rd</sup> August, 2020 [SEBI/HO/IMD/DF1/CIR/P/2020/147](#)) has already been forwarded to SES clients as it is, without any inputs from SES.

This Addendum provides appropriate responses of SES, wherever required.

### SES COMMENTS TO COMPANY'S RESPONSE

*Company's Views: (in Blue colour) & SES Reply: (in Black colour)*

#	Observation	Adani Power Ltd. – Response	SES Reply
2	<p><b>Re-appointment of Mr. Gautam S. Adani as a Director, liable to retire by rotation.</b></p> <ul style="list-style-type: none"> <li>Holds 3 full-time positions.</li> </ul>	<p><i>Mr. Gautam S. Adani is the founder/key promoter of the Adani Group and has been associated with APL since inception.</i></p> <p><i>He has guided various strategic initiatives of the Group, from setting up new businesses to taking them on the path of fast growth, leading them to maturity and following professional management practices, and listing their equity on the stock exchanges.</i></p> <p><i>He continues to provide his visionary guidance for the growth and successful business operations of APL and leads various strategic initiatives to make the organization a key part of India's power sector.</i></p> <p><i>In this way, he is closely associated with all businesses in the Group since inception, including various listed entities, and leads their development through the entire lifecycle.</i></p> <p><i>Hence, his presence on the Board of Directors is a crucial requirement of various businesses. His re-appointment will boost the journey of growth for APL's shareholders. Hence, it is recommended to support resolution in the interest of the company and its shareholders.</i></p>	<p>SES in its Report has not raised any concern on the merits and capability of Mr. Gautam S. Adani. SES also acknowledges his critical role in building up businesses.</p> <p>However, SES would like to reiterate that Gautam S. Adani holds 3 full time positions which is against the provisions of Section 203 of the Companies Act, 2013.</p> <p>As a result, despite all positives for Mr. Adani, provisions of law cannot be overlooked.</p> <p>Further, SES is of the opinion that to fulfil one's responsibilities as a director with diligence, an individual should not hold more than one full-time position.</p> <p>It may also be noted that, SES has been raising this issue in its Reports for last 5 years since 2017.</p>



		<p><i>It is emphasised that Mr. Gautam S. Adani's roles and responsibilities and number of directorships are in compliance with the statutory provisions.</i></p>	
3	<p><b>Re-appointment of M/s. S R B C &amp; CO LLP Chartered Accountants, as a Statutory Auditors of the Company.</b></p> <ul style="list-style-type: none"> <li>Inadequate disclosure in terms of SEBI LODR 2015.</li> </ul>	<p><i>The resolution is proposed for re-appointment of the auditors M/s. S R B C &amp; CO LLP, who have already completed their first term of 5 years as statutory auditors of the company. Since this proposal is for re-appointment, their credentials are well known to shareholders. Pl refer below snapshot of audit firm for your consideration.</i></p> <p><i>M/s S R B C &amp; CO LLP has been a Chartered Accountancy firm registered with the Institute of Chartered Accountants of India since long with very wide experience as statutory auditor. The Firm has also got its Peer Review Certificate in terms of ICAI and has received a clean report.</i></p> <p><i>Regarding audit fees, power has been delegated to the Board for discussion basis audit efforts which are deployed during the year, considering APL is continuously progressing organically through development of new power plants and inorganically by various acquisitions. Also, audit fees have been reasonable. In view of above, resolution may be proposed for support.</i></p> <p><b>All details required as per acts and regulations are already informed. If any further details are required, we would be ready to share.</b></p>	<p>SES in its Report has not raised any concern on merit &amp; eligibility of proposed Auditors.</p> <p>However, SES would like to reiterate that in case of appointment and re-appointment of Statutory Auditors, the Company has to disclose the proposed fees and credentials of the Statutory Auditors as required under Regulation 36(5) of SEBI LODR Regulations, 2015.</p> <p>Although the Company has now provided the profile (credentials) of the Statutory Auditors, <b>however, the remuneration to be paid to Statutory Auditors has been delegated to Board.</b></p> <p>SES is of the opinion that the Company should also disclose the proposed remuneration to Statutory Auditors, so that the shareholders can take an informed voting decision. This is requirement of law.</p> <p>SES has nowhere raised any issue of reasonableness or otherwise of remuneration.</p>
4	<p><b>Ratification of remuneration payable to Cost Auditors.</b></p> <ul style="list-style-type: none"> <li>Cost Audit fee significantly lower than the minimum suggested fee by ICAI.</li> </ul>	<p><i>APL as an entity operates its power generation business through its wholly owned subsidiary companies, which together own and operate 13,610 MW of thermal power plants. On its standalone basis, APL has only a 40 MW solar power generation facility at Kutch, Gujarat. In view of this, the cost audit activities and efforts are negligible compared to the installed capacity of its wholly owned subsidiaries.</i></p> <p><i>Thus, the fees are in commensurate with the volume of cost audit activities. It is therefore recommended that resolution may be supported positively.</i></p>	<p>As per the information provided by the Company only Solar Power Plant falls under cost audit requirement stipulated under the Companies Act.</p> <p>However, the Company has not provided Turnover of the Solar Power plant out of Total turnover.</p> <p>SES has raised concern w.r.t. governance issues regarding the <b>non-disclosure of scope of turnover</b> subject to cost audit and inadequate remuneration proposed to be paid to the cost auditors vis-à-vis ICAI suggested fee.</p> <p>However, shareholder may take note of the Company's clarification and take adequate decision.</p>
Key issue #3	<p><b>Ms. Gauri Surendra Trivedi is also on the</b></p>	<p><i>APL and Bajaj Energy Limited are not direct competitors in their respective businesses as both</i></p>	<p>APL and Bajaj Energy Ltd, both the Company are in same line of business and as per <a href="#">DRHP</a></p>



Meeting Type: 26<sup>th</sup> AGM

 Meeting Date: 27<sup>th</sup> July, 2022

	<p><b>Board of a competitor company.</b></p>	<p><i>companies operate in different geographical areas.</i></p> <p><i>APL has experienced highest standards of ethical behaviour and corporate governance from its Board Members, who have been selected after careful evaluation.</i></p>	<p>of Bajaj Energy Ltd, therefore, SES considered Bajaj Energy Ltd. as Competitor of the Company.</p> <p>However, the Company has clarified that APL and Bajaj Energy Limited are not direct competitors in their respective businesses as both companies operate in different geographical areas.</p> <p>Shareholder may take note of the Company's clarification and take adequate decision.</p>
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**COMPANY'S EMAIL DATED 18<sup>TH</sup> JULY, 2022**

*Dear Sir / Madam,*

*With respect to your trailing mail, our response, containing the clarification on the SES - Proxy Advisory (PA) Report, is attached ([Weblink](#)) herewith.*

*We request you to take the same on your record and may pl. release the revised report considering our attached response.*

*Thanks & Regards,*

*XXXXXXX*



## Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, IPO Documents and Company Website.

## Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

## CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

## Disclaimer

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This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit Initiative or its staff, has no financial interest in the companies covered in this report except what is disclosed on its website. The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

## Concern terminology

**NC – Compliance Concern:** The Company has not met statutory compliance requirements

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

**GC – Governance Concern:** 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.

**TC - Disclosures & Transparency Concern:** 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 Information



Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

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