

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 decisions and engage 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 with respect to global benchmarks developed by researching Corporate Governance regulations. [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](#)

Proxy Advisory Report (Addendum)

Eureka Forbes Ltd

COMPANY INFORMATION

BSE CODE: 543482

ISIN: INE0KCE01017

Industry: Household Appliances

Email: compliance@eurekaforbes.com

Phone: +91 22 4882 1700

Registered Office: B1/B2, 701, Marathon Innova, 7th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013, Maharashtra

MEETING DETAILS

Meeting Type: EGM

Meeting Date: 19th April, 2023 at 10:00 AM

Venue: Video Conferencing (VC) facility or Other Audio-Visual Means (OAVM)

Notice Date: 14th March, 2023

Notice: [Click here](#)

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

Main Report: [Link](#)

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 12th April, 2023

Remote E-voting:

- **Start:** 16th April, 2023
- **Ends:** 18th April, 2023

ADDENDUM REPORT RELEASE DATE: 12th April, 2023

Research Analyst: Sonal Biyani

Conflict Disclosure: SES - No Conflict | Analyst - No Conflict

ADDENDUM

This Addendum is being issued based on the e-mail dated 10th April, 2023 sent by Eureka Forbes Ltd ('the Company') w.r.t. Proxy Advisory Report ('PA Report') issued by SES in relation to the upcoming EGM of the Company to be held on 19th April, 2023.

There is no change in SES recommendation.

BACKGROUND

SES, as per its policy, had e-mailed its PA Report to the Company on 6th April, 2023 in respect of in respect of upcoming EGM of the Company with e-voting deadline 18th April, 2023.

Post release of PA Report, SES received an email from the Company providing its view point, which is reproduced at the last in **blue text** along with the SES Response (**in black**).

SES COMMENTS ON COMPANY'S RESPONSE

Excerpt of Company Response:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Equity based compensation plans are an effective tool to reward the employees and key talents working with the Company and/or subsidiary company(ies) or group company(ies) including associate company(ies).

ESOP 2022 (Employee Stock Option Scheme of Eureka Forbes Ltd.) was conceptualised with a view to motivate the key work force seeking their contribution to the corporate growth, to create an employee ownership culture, to attract, retain, incentivize, and motivate its eligible employees for ensuring sustained growth.

Consistent with the above principles and the critical role of Mr. Pratik Pota, Managing Director & CEO, the scale of business of the Company led by him and the responsibilities, contribution and his on-going efforts towards corporate growth and profitability, the Board/Nomination and Remuneration Committee of the Company will grant stock options to Mr. Pratik Pota.

We would like to reiterate that the grant and vesting of stock options are largely linked to certain performance indicators like creation of shareholders' value, growth and profitability. The options will be granted by the Board/Nomination and Remuneration Committee and will vest depending on the performance criteria being met.

Further we would like to submit that the remuneration of Mr. Prateek Pota, MD of Eureka Forbes Ltd. and the stock options proposed to be granted are commensurate with the responsibilities, contribution and his on-going efforts towards corporate growth and profitability and hence is reasonable as per the Company's stance.

SES Comment: The company has stated that the grant and vesting of stock options are largely linked to certain performance indicators like creation of shareholders' value, growth and profitability. The options will be granted by the Board/Nomination and Remuneration Committee and will vest depending on the performance criteria being met.

SES reiterates that the Company has not disclosed the number of options to be issued to Mr. Pratik Rashmikan Pota. Thus, assuming maximum number stock options to be granted to a single employee, Mr. Pratik Rashmika Pota can be entitled for grant of 1,75,21,597 equity shares which is further economic benefit of approx. ₹347 crore. Though it may not be the intention of the company to grant such significant portion to a single employee, however SES is highlighting a possibility which cannot be ruled out.

SES has raised **governance concern** on the probable excessive benefit to single employee of the company. SES is of the view that not capping the stock options to be granted to a single employee may be prejudicial to other employees within the organisation. SES is of the opinion that disclosures made in the Notice must enable shareholders of the Company to take an informed decision.

Basis above observations, SES stand remains unchanged due to lack of disclosures and transparency. However, shareholders may take note of the Company's clarification and take an informed decision.



COMPANY'S EMAIL

Dear SES Team,

Greetings for the day!

We acknowledge the receipt of your email in relation to the Voting Advisory Report dated April 06, 2023. In furtherance to the afore-said email, please find our below-mentioned submission for your perusal and necessary further action:

Observation: The rationale for voting against the resolution proposed to be passed in the Extra-Ordinary General Meeting (EGM) states the following:

Number of options to be issued not disclosed, Potential excessive benefits to single employee. (Page 2)

We would like to submit the following:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Equity based compensation plans are an effective tool to reward the employees and key talents working with the Company and/or subsidiary company(ies) or group company(ies) including associate company(ies).

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Consistent with the above principles and the critical role of Mr. Pratik Pota, Managing Director & CEO, the scale of business of the Company led by him and the responsibilities, contribution and his on-going efforts towards corporate growth and profitability, the Board/Nomination and Remuneration Committee of the Company will grant stock options to Mr. Pratik Pota.

We would like to reiterate that the grant and vesting of stock options are largely linked to certain performance indicators like creation of shareholders' value, growth and profitability. The options will be granted by the Board/Nomination and Remuneration Committee and will vest depending on the performance criteria being met.

Further we would like to submit that the remuneration of Mr. Prateek Pota, MD of Eureka Forbes Ltd. and the stock options proposed to be granted are commensurate with the responsibilities, contribution and his on-going efforts towards corporate growth and profitability and hence is reasonable as per the Company's stance.

Thanks and regards

**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

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

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

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