

Proxy Advisory Report (Addendum) Zensar Technologies Ltd

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](#)

COMPANY INFORMATION

BSE CODE: 504067

NSE SYMBOL: ZENSARTECH

ISIN: INE520A01027

Industry: IT - Software

Email: investor@zensar.com

Phone: +91 20 6607 4000

Registered Office: Zensar Knowledge Park, Plot#4, MIDC, Kharadi, Off Nagar Road, Pune - 411 014

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 27th July, 2022 at 3.30 P.M

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

Notice Date: 27th June, 2022

Notice: [Click here](#)

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

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 20th July, 2022

Remote E-voting:

- **Start:** 24th July, 2022
- **Ends:** 26th July, 2022

ADDENDUM RELEASE DATE: 24th JULY, 2022

RESEARCH ANALYST: SHAMBHAVI JHA

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

INTERACTION WITH THE COMPANY - NO INTERACTION



ADDENDUM

This Addendum is being issued based on the e-mail dated 22nd July, 2022 sent by Zensar Technologies Ltd ('the Company') w.r.t. Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the upcoming Annual General Meeting of the Company.

SES has revised its recommendation, in resolution #4 from **AGAINST to **FOR**.**

Apart from the above, there is no change in any of SES recommendation.

BACKGROUND

SES, as per its policy, had e-mailed its PA Report to the Company on 19th July, 2022 in respect of upcoming AGM of the Company to be held on 27th July, 2022.

Post the release of the PA Report, SES received a call from the Company and as advised by SES the Company subsequently sent an email providing its view point, which is reproduced in **blue text** along with the SES Response (**in black**) and full mail is appended at the end.

It may be noted that the email of the Company (as per SES policy framed to comply with SEBI Circular dated 3rd 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 on 22nd July, 2022. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS ON COMPANY'S RESPONSE

Resolution No. 3 & 8: Re-appointment of Mr. H. V. Goenka as a Non-Executive Director retiring by rotation and payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman.

In the case of resolutions proposed in item number 3 and 8 for approval for re-appointment of Mr. H. V. Goenka as a Non-Executive Director retiring by rotation and payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman, we would like to substantiate the proposal on the following grounds:

- Company recorded highest ever consolidated revenue of INR 4,244 Crores, registering a growth of about 12% over FY 2020-21, and highest ever PAT of INR 422 Crores, growth of 37% over FY 2020-21. The Company has also seen a net addition of about 29% (2,455) permanent employees in FY 2021-22.*
- As per the expertise and valuable contributions provided by Mr. Goenka in running the business affairs of the Company, the Board, based on the recommendation of the Nomination and Remuneration Committee (NRC) has recommended payment of commission to Mr. Goenka to the tune of about 0.56% of consolidated Profit before tax (PBT) as against 0.68% of PBT in FY 2020-21. There is no increase as such in the pay-out percentage, even though the shareholders had accorded approval for payment of commission of up to 3% of the net profits.*
- Growth in terms of consolidated revenue is higher than the change in the commission percentage from FY 2020-21 to FY 2021-22. You may also please note that the total commission proposed to Mr. Goenka works out to about 0.56% of consolidated PBT and compares favourably with the range of 1% as paid by some other entities to Non-Executive Directors in India.*
- Proposed commission is 29x of median remuneration v/s 29.2x for FY2020-21 (on an accrual basis). Further, the percentage increase in Commission is lower than the percentage increase in the median remuneration of employees of the Company in India (8.9%).*
- Commission is also lower than remuneration of CEO & MD.*
- Mr. Goenka was not paid any commission for the FY 2019-20 which saw an onset of COVID-19 pandemic.*
- Mr. Goenka's commission is very much in line with Indian standards wherein the promoter undertakes a non-managerial guiding role while the professionals manage the day-to-day operations.*
- NRC and the Board has recommended a commission of Rs. 3.19 crores to Mr. Goenka taking into consideration his overall contribution, vision, and thought leadership in achieving short-term growth, and long-term sustainability.*



Meeting Type: 59th AGMMeeting Date: 27th July, 2022

- *Mr. Goenka is a Promoter of the Company with more than four decades of experience of diverse experience. As the Chairman of the Board, he provides vision and thought leadership which has helped the Company achieve high standards of corporate governance, innovation, brand visibility, and overall growth.*
- *He invests considerable time reviewing the operations and performance of the Company and his interactions with the senior leaders and his role in building a talent pool in the Company has been significant in maximising stakeholder value.*
- *Over these years, he has been a catalyst in the success of the Company, despite challenging macro environment with multiple disruptions and headwinds.*

SES Comment: SES in its Report has not raised any concern on the merits and capability of Mr. H. V. Goenka. SES also acknowledges his valuable contribution.

However, SES would like to reiterate that, SES has assessed the amount of commission recommended to Mr. Goenka, taking into consideration the commission paid to the rest of Non-Executive Directors. When such a comparison is made, the commission proposed to be paid to Mr. Goenka appears significantly higher and relatively excessive, giving an impression that other NEDs are contributing not even 10% of that contributed by Mr. Goenka.

However, shareholders may take note of the Company's response along with SES Comments thereon, and take an informed decision.

Resolution No. 4: Appointment of M/s. S R B C & CO LLP as a Statutory Auditors of the Company.

As regards, item no. 4, Board of Directors of the Company upon recommendation by the Audit Committee, recommended for approval of shareholders, appointment of M/s. S R B C & CO LLP, Chartered Accountants. The proposed Statutory Audit fees for them for FY 2022 23 shall be up to INR 75 Lakhs in addition to reimbursement of out-of-pocket expenses, as may be incurred for the said purpose.

SES Comment: SES in its Report, had raised concern solely on the basis of the non-compliance with respect to the non-disclosure of the statutory audit fee for the proposed auditors.

However, in view of the above clarification and as per the [announcement](#) dated 21st July, 2022, the Company has disclosed that proposed audit fee for the incoming auditors which shall be up to ₹ 75.00 lakhs. In view of the same, since SES concern has been addressed, therefore, SES is revising its recommendation from **AGAINST** to **FOR** w.r.t Resolution No. 4.

Shareholders may take note of the Company's response along with SES Comments thereon, and take an informed decision.



COMPANY'S E-MAIL DATED 22ND JULY, 2022

Dear Sir/Madam,

With reference to your email below, please find attached our response.

This is for your kind information.

Regards,

Attachment- [Link](#)



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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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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