



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

E-BRSR Tool: Online web-based platform to create BRSR Report by the Company and generate XBRL in seamless, cost and time effective manner

Already Subscribed by HDFC, Hero, M&M, L&T, UPL, Wipro, Reliance group and many others. [Read More](#)

Contact for Demo –

esgdata@sesgovernance.com

SES AIMS:

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

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](#)

E-Ballot:

One stop solution for investors – Online Vote Management System to cater to requirements of Institutional Investors. [Read More](#)

Proxy Advisory Report (Addendum) Aditya Birla Capital Ltd

COMPANY INFORMATION

BSE CODE: 540691

NSE SYMBOL: ABCAPITAL

ISIN: INE674K01013

Industry: Finance

Email: abc.secretarial@adityabirlacapital.com

Phone: +91 22 4356 7000

Registered Office: Indian Rayon Compound, Veraval - 362 266, Gujarat, India

MEETING DETAILS

Meeting Type: EGM

Meeting Date: 24th June, 2023 at 11:00 AM

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

Notice Date: 1st June, 2023

Notice: [Click here](#)

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

SES PA Report: [Report](#)

E-VOTING DETAILS

e-Voting Platform: [KFintech](#)

Cut-off Date: 17th June, 2023

Remote E-voting:

- **Start:** 21st June, 2023
- **Ends:** 23rd June, 2023

ADDENDUM REPORT RELEASE DATE: 22ND June, 2023

Research Analyst: Sonal Biyani

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

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION



ADDENDUM

This Addendum is being issued based on the e-mail dated 21st June, 2023 sent by Aditya Birla Capital Ltd ('the Company') w.r.t Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the upcoming EGM of the Company.

BACKGROUND

SES, as per its policy, had e-mailed its [PA Report](#) to the Company on 12th June, 2023, in regard to the upcoming EGM with e-voting deadline on 23th June, 2023.

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

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 21st June, 2023. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS ON THE COMPANY RESPONSE

Extract of Company's email

[Resolution 1](#)

On May 11, 2023, the board of directors of the Company had approved capital raising up to Rs. 3,000 crores through various capital raising modes in one or more tranches.

The outcome of the aforesaid board meeting clearly indicated that the Company needed funds for meeting its funding requirements and growth objectives and for its businesses.

As on May 11, 2023, the promoter of the Company, Grasim Industries Ltd, held 54.15% of the paid-up capital of the Company and other promoter group, held 16.88% of the paid-up capital of the Company. The Company has received a letter of intent from Grasim Industries Ltd, the Promoter of the Company, indicating its intention to subscribe to the Preferential Issue. Additionally, the Company has also received letter of intent from Surya Kiran Investments Pte Limited, member of the Promoter Group of the Company, indicating its intention to subscribe to the Preferential Issue.

The Board of Directors at the meeting held on 1st June 2023 approved preferential issuance of Rs. 1,250 crores to its Promoter and one of the Promoter Group members, out of the total approved equity fund raise of up to Rs. 3,000 crores at the price of Rs. 165.1 per equity share, basis pricing formula prescribed under the SEBI ICDR Regulations and is subject to shareholder approval. Please note that there will be no change in control due to the aforesaid preferential issue and promoter / promoter group holding will increase by 0.88% post preferential issue.

The extraordinary general meeting of shareholders of the Company ("EOGM") is scheduled to be held on June 24, 2023 for seeking an approval of the aforesaid preferential issue. At the EOGM, approval is also sought for issuance of securities for the remaining capital requirement of Rs. 1,750 crore and the method of such capital raising will be determined by the Company at a subsequent stage.

As disclosed, the funds raised are planned to be used for augmenting the capital base, improving the solvency margin and leverage ratio, meeting the growth and funding requirements and to make investments in one or more subsidiaries/associates/joint ventures of the Company engaged in certain businesses and technology, IT infrastructure and digital offering platforms.

You are requested to kindly consider the same.

SES Response: At the outset, SES would reiterate that the concern being raised by the SES w.r.t. preferential issue is **purely on governance basis** and as per the criteria laid down by SES.



Meeting Type: EGM

Meeting Date: 24th June, 2023

SES understands that the Company needed funds for meeting its funding requirements and growth objectives and for its businesses, however the questions raised by SES in its reports still persists as to why give preferential treatment to the promoters of the Company and why not through any other means and why at floor price.

SES in normal course does not have any issue per se for issue of equity shares to promoters of the Company as long as issue is at some substantial premium as compared to Market Price of the company and **adequate justification** should be provided by the company for allotment through such preferential issue.

The justification provided by the Company is very generic and does not answer the questions raised by SES in its report.

Further, shareholders may take note of the Company's email and take their informed decision.



COMPANY'S EMAIL*Dear Madam**In response to your voting recommendation for Resolution No. 1 for the EOGM scheduled on 24 June 2023, we would like to submit following response / clarification**On May 11, 2023, the board of directors of the Company had approved capital raising up to Rs. 3,000 crore through various capital raising modes in one or more tranches.**The outcome of the aforesaid board meeting clearly indicated that the Company needed funds for meeting its funding requirements and growth objectives and for its businesses.**As on May 11, 2023, the promoter of the Company, Grasim Industries Ltd, held 54.15% of the paid-up capital of the Company and other promoter group, held 16.88% of the paid up capital of the Company. The Company has received a letter of intent from Grasim Industries Ltd, the Promoter of the Company, indicating its intention to subscribe to the Preferential Issue. Additionally, the Company has also received letter of intent from Surya Kiran Investments Pte Limited, member of the Promoter Group of the Company, indicating its intention to subscribe to the Preferential Issue.**The Board of Directors at the meeting held on 1st June 2023 approved preferential issuance of Rs. 1,250 crores to its Promoter and one of the Promoter Group members, out of the total approved equity fund raise of upto Rs. 3,000 crores at the price of Rs. 165.1 per equity share, basis pricing formula prescribed under the SEBI ICDR Regulations and is subject to shareholder approval. Please note that there will be no change in control due to the aforesaid preferential issue and promoter / promoter group holding will increase by 0.88% post preferential issue.**The extraordinary general meeting of shareholders of the Company ("EoGM") is scheduled to be held on June 24, 2023 for seeking an approval of the aforesaid preferential issue. At the EOGM, approval is also sought for issuance of securities for the remaining capital requirement of Rs. 1,750 crore and the method of such capital raising will be determined by the Company at a subsequent stage.**As disclosed, the funds raised are planned to be used for augmenting the capital base, improving the solvency margin and leverage ratio, meeting the growth and funding requirements and to make investments in one or more subsidiaries/associates/joint ventures of the Company engaged in certain businesses and technology, IT infrastructure and digital offering platforms.**You are requested to kindly consider the same.**Thanks & Regard******

Meeting Type: EGM

Meeting Date: 24th June, 2023**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

SEBI Reg. No. INH000000016

This Report or any portion hereof may not be reprinted, sold, reproduced or redistributed without the written consent of Stakeholders Empowerment Services

Contact Information**Stakeholders Empowerment Services**

109, Shyam Baba House,
Upper Govind Nagar,
Malad East,
Mumbai – 400097
Tel +91 22 4022 0322

research@sesgovernance.cominfo@sesgovernance.comwww.sesgovernance.com