

Proxy Advisory Report (Addendum)

IDBI Bank 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

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](#)

BANK INFORMATION

BSE CODE: 500116

NSE SYMBOL: IDBI

ISIN: INE008A01015

Industry: Private Sector Bank

Email: idbiequity@idbi.co.in

Phone: +91 22 6655 2711/ 3147

Registered Office: IDBI Tower, WTC Complex, Cuffe Parade, Mumbai - 400 005

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 13th July, 2023 at 11:00 AM

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

Notice Date: 15th June, 2023

Notice: [Click here](#)

Annual Report: [FY 2022-23](#)

SES PA Report (Last AGM): [Report](#)

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 6th July, 2023

Remote E-voting:

- **Start:** 8th July, 2023
- **Ends:** 12th July, 2023

ADDENDUM REPORT RELEASE DATE: 4th July, 2023

Research Analyst: Amit Panchal

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



ADDENDUM

This Addendum is being issued based on the e-mail dated 4th July 2023 sent by IDBI Bank Ltd ('the Bank') w.r.t Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the upcoming AGM of the Bank.

There is a change in SES recommendation on Resolution No. 1 from '**AGAINST**' to '**FOR**' on the basis of Bank clarification.

No Change in Recommendation other than resolution #1

S. No	Resolution	Type	SES Observation [#]	Rec.	Rationale
Existing Recommendations					
1	Adoption of Standalone and Consolidated Financial Statements.	O	NC	AGAINST	<i>Non-disclosure of financial of subsidiaries on website.</i>
Revised Recommendations					
1	Adoption of Standalone and Consolidated Financial Statements.	O	LC	FOR	<i>Unqualified statements. No concern identified</i>

O- Ordinary Resolution; Rec. - Recommendation

LC - Legally Compliant, NC - Legally Non-Compliant, FC - Fairness Concern, TC - Disclosures & Transparency Concern, GC - Governance Concern

BACKGROUND

SES, as per its policy, had e-mailed its [PA Report](#) to the Bank on 3rd July 2023, in regard to the ensuing AGM dated 13th July, 2023.

Post release of PA Report, SES received an email from the Bank on 4th July 2023. The Bank, 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 Bank (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 4th July 2023. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS ON THE BANK RESPONSE

Resolution no. 1 : Adoption of Standalone and Consolidated Financial Statements.

Company's Response:

Item No. 1- Adoption of Standalone and Consolidated Financial Statements: The Bank placed the Audited Financial Statements of the subsidiaries for FY 2022-23 on its website along with its Annual Report. However, due to some technical error, the same were not visible. The technical issue has now been resolved and the Financial Statements of the subsidiaries for FY 2022-23 can be accessed through the following link: [Weblink](#)

SES comment:

At the time of report making/release, SES could not locate the Audited financial statements of the Subsidiaries on the website of the Company. Therefore, SES in its report had raised concern for non-disclosure of the same.

Since the Company has now uploaded ([Weblink](#)) the Audited financial statements of the Subsidiary on the website, the compliance concern raised by SES stands addressed. Hence, SES is changing its recommendation from '**AGAINST**' to '**FOR**' for resolution no. 1.

Resolution no. 4: Re-appointment of Mr. Sushil Kumar Singh as GOI Nominee Director, liable to retire by rotation

Company's Response:

Item No. 4- Re-appointment of Mr. Sushil Kumar Singh as GOI Nominee Director, liable to retire by rotation: All the Board Members strive to and attend all the Board and Committee meetings. Shri Sushil Kumar Singh is the Director nominated by the Government of India and is also posted in critical position in the Ministry of Finance. He always strives to attend the meetings, however due to last minute work



exigencies he was not able to attend the Board Meetings and sought leave of absence for those meetings. The Board has given Leave of Absence for the Meetings that he was not able to attend.

SES comment:

SES would like to re-iterate its concern raised regarding low attendance. Mr. Sushil Kumar Singh has attended only 3 out of total 12 board meetings i.e. 25% held during the year FY 2022-23 and 3 out of 6 Nomination and remuneration committee meetings i.e. 50% held during the year FY 2022-23. Further, the Company in its Annual Report, has not provided any compelling reason for his absence at the Board meetings of the Company.

However, the company has now stated that, “*Shri Sushil Kumar Singh is the Director nominated by the Government of India and is also posted in critical position in the Ministry of Finance. He always strives to attend the meetings, however due to last minute work exigencies he was not able to attend the Board Meetings and sought leave of absence for those meetings. The Board has given Leave of Absence for the Meetings that he was not able to attend.*”

SES would like to re-iterate that, the Companies Act, 2013 recognises the Board meeting **attendance through electronic means as well**. Further, SES is of the opinion that the director should strive to attend at least 75% of the Board meetings held in a financial year.

However, Shareholders may take note of the Company’s clarification and take an informed decision.

BANK'S EMAIL

Sir,

Request you to kindly review your recommendations for item No.1 and 4 in the light of the following explanations:

1. **Item No. 1- Adoption of Standalone and Consolidated Financial Statements:** *The Bank placed the Audited Financial Statements of the subsidiaries for FY 2022-23 on its website along with its Annual Report. However, due to some technical error, the same were not visible. The technical issue has now been resolved and the Financial Statements of the subsidiaries for FY 2022-23 can be accessed through the following link: <https://www.idbibank.in/idbi-bank-annual-reports-of-subsiidiary-companies.aspx>*
2. **Item No. 4- Re-appointment of Mr. Sushil Kumar Singh as GOI Nominee Director, liable to retire by rotation:**
All the Board Members strive to and attend all the Board and Committee meetings. Shri Sushil Kumar Singh is the Director nominated by the Government of India and is also posted in critical position in the Ministry of Finance. He always strives to attend the meetings, however due to last minute work exigencies he was not able to attend the Board Meetings and sought leave of absence for those meetings. The Board has given Leave of Absence for the Meetings that he was not able to attend.

Thanks & 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, Sustainability 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 with 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

SEBI Reg. No. INH000000016

CIN No. -

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Warning

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

