



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)

Ambuja Cements Ltd

COMPANY INFORMATION

BSE CODE: 500425

NSE SYMBOL: AMBUJACEM

ISIN: INE079A01024

Industry: Cement & Cement Products

Email: investors.relation@ambujacement.com

Phone: +91 22 40667000

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715

MEETING DETAILS

Meeting Type: EGM

Meeting Date: 8th October, 2022 at 10:00 AM

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

Notice Date: 16th September, 2022

Notice: [Click here](#) | [Corrigendum](#)

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

SES PA Report (EGM): [Report](#)

E-VOTING DETAILS

e-Voting Platform: [LINKINTIME](#)

Cut-off Date: 1st October, 2022

Remote E-voting:

- **Start:** 4th October, 2022
- **Ends:** 7th October, 2022

ADDENDUM REPORT RELEASE DATE: 2nd October, 2022

RESEARCH ANALYST: BHAVARAM KALBI

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



ADDENDUM

This Addendum is being issued based on the e-mail dated 30th September, 2022 sent by Ambuja Cement Limited ('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 8th October, 2022.

There is no change in SES recommendation. However, Shareholders may take note of the Company's clarification.

BACKGROUND

SES, as per its policy, had e-mailed its Proxy Advisory Report ('[PA Report](#)') to the Company on 29th September, 2022 in respect of upcoming EGM of the Company.

Post release of the PA Report, SES received an email from the Company providing its view point, which is reproduced 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' on 1st October, 2022, without any inputs from SES. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS TO COMPANY'S RESPONSE

Company's response:

1. Appointment of Shri Gautam S. Adani as a Non-Executive Non-Independent Director:

Mr. Gautam Adani holds executive positions in Adani Enterprises Limited (Executive Chairman) and in Adani Ports and Special Economic Zone Limited (Chairman and MD). He draws salary/ commission from these two entities. Additionally, he has been classified as Director (Category – Executive) and Chairman of Adani Transmission Limited (AT L) since 17th June, 2015, however he does not draw any remuneration from ATL. He does not possess or exercise any executive powers in ATL. The day-to-day affairs of ATL are run by its MD & CEO. As such, it would be incorrect to say that he is holding three executive positions.

SES Comment: While SES acknowledges Mr. Adani's role as the Chairman and Founder of the Adani Group.

However, SES would like to reiterate that Mr. Gautam S. Adani holds 3 full time positions, in the Group. He may not be receiving any remuneration from ATL, however, as stated by the Company, his category of directorship as Executive, therefore, he holds three executive positions, and as per SES, this is non-compliance of Section 203 of the Companies Act, 2013.

As a result, regardless of the fact that no governance concern was identified with respect to his profile or performance, Mr. Adani's re-appointment is still in contravention with the law.

Furthermore, 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.

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

Company's response:

2. Appointment of Shri Ameet Desai as an Independent Director:

Shri Ameet Desai fulfils all the stipulated criterion under the applicable laws for his appointment as an Independent Director. Mr. Desai is a seasoned finance professional. Apart from his association with Adani Group, Mr. Desai had worked with reputed pharmaceutical companies such as Ranbaxy Laboratories Ltd. and Core Healthcare Ltd. where he played pivotal role as an Executive Committee member, P&L Leader, Cross Boarder M&A and domestic & international fund raising transactions. He has not been associated with Adani Group since several years and hence his past association with Adani Group shall have no impact on his independence.

SES Comment: SES reiterates that the concern raised in appointment of Mr. Desai was a governance concern and not a compliance concern.



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Further, with respect to SES policy on raising governance concern against appointment of past employees as Independent Directors, SES reiterates that it is of the view that past association, especially in senior positions, may lead to conflict of interest issues. Without questioning the integrity of such employees, SES is of the opinion that such individuals may still wield significant influence of the Company without them realizing it and also may not always be objective in their judgment, given past experiences. Therefore, SES would not favour such appointments on the Board as Independent Director.

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

Company's response:

3. Issue of Securities / Warrants on preferential basis

As rightly mentioned by you, the proposed issue of Warrants on preferential basis is in due compliance of the applicable laws, including the determination of price per Warrant. The objects of the issue are very well narrated in the EGM Notice as well as Press Release and need no further explanation. The proposed allottee shall be paying 25% as advance amount, which runs the risk of being forfeited, if warrants are not converted in the given time frame. This shows a firm and time bound commitment from the proposed allottee, and with this backing, the Company can plan its growth trajectory with profound confidence.

SES Comment: SES, as a policy, raises concern in case of issuance of warrant as the Company will not receive entire capital upfront.

SES would like to re-iterate that, by issuing warrants, the Company will receive only 25% of capital upfront and the remaining balance 75% will be received at the time of conversion of warrants within 18 months. Therefore, the holder of the warrants has an upside advantage of the share price during the 18 months.

Further, the Company has priced the warrants at ₹ 418.87/- per warrant which is the floor price determined as per SEBI ICDR norms. SES as a matter of principle, believes that Equity shares and warrant convertible into equity are two different species of security and they cannot be priced with one pricing formula given in SEBI ICDR Regulations. SES is of the opinion that warrants must be priced using such pricing models (such as Black Scholes model), which also considers premium for the 18 months period, although legally not required. Warrants are effectively Call Options where the subscriber can enjoy the upside for 18 months by paying only 25% upfront.

Therefore, SES is of the opinion that warrants cannot be priced at par with equity shares, since both are 2 different instruments.

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



COMPANY'S E-MAIL DATED 30TH SEPTEMBER, 2022

Dear Xxxxx,

With reference to your trailing mail report, please find [attached](#) our response/clarification in this regards.

Regards

Xxxxx

[Click here](#) to excess the Company's response to SES.



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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



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