

Proxy Advisory Report (Addendum)

DCB 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

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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](#)

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CGS model measures the Company's compliance and also evaluates the governance practices with respect to global benchmarks. [Read More](#)

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

BANK INFORMATION

BSE CODE: 532772

NSE SYMBOL: DCBBANK

ISIN: INE503A01015

Industry: Private Sector Bank

Email: investorgrievance@dcbbank.com

Phone: +91 22 6618 7000

Registered Office: 6th Floor, Peninsula Business Park, 601 & 602, Tower A, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 22nd June, 2023 at 2:30 PM

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

Notice Date: 5th May, 2023

Notice: [Click here](#)

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

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

E-VOTING DETAILS

e-Voting Platform: [CDSL](#)

Cut-off Date: 15th June, 2023

Remote E-voting:

- **Start:** 19th June, 2023
- **Ends:** 21st June, 2023

ADDENDUM REPORT RELEASE DATE: 14th June, 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 13th June, 2023 sent by DCB 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 recommendations on Resolution No. 8 from '**AGAINST**' to '**FOR**' on the basis of Bank clarification.

S. No	Resolution	Type	SES Observation [#]	Rec.	Rationale
Existing Recommendations					
8	Appointment of Mr. Farokh Nariman Subedar as Non-executive Part-Time Chairman of the Bank and payment of remuneration.	S	LC + GC	AGAINST	<i>Disparity in terms of Chairman and ID</i>
Revised Recommendations					
8	Appointment of Mr. Farokh Nariman Subedar as Non-executive Part-Time Chairman of the Bank and payment of remuneration	S	LC	FOR	No Concern identified

S - Special 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 10th June, 2023, in regard to the ensuing AGM dated 22nd June, 2023.

Post release of PA Report, SES received an email from the Bank on 13th June, 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 13th June, 2023. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS ON THE BANK RESPONSE

Bank's Views: (in Blue colour) & SES Comment: (in Black colour)

Sl. No.	Observations	Bank's response	SES Comment
1	<i>Waiving of remuneration by Mr. Somasundaram PR</i>	<i>Please note that Mr. Somasundaram PR had requested to waive off his sitting fees as he is employed with World Gold Council, India and also requested to reimburse him only the travel costs if it arises, for meetings held outside Mumbai.</i>	SES in its PA report Page no. 7 had raised concern regarding waiving of remuneration by Mr. Somasundaram PR (ID). However, the bank through its email has now clarified. As a good governance practice such information should be available in the Annual report.
2	<i>Low attendance of PR Somasundaram in ACB and Shaffiq/Rupa in NRC</i>	<i>Please note that Mr. Somasundaram PR was appointed as a member of the Audit Committee with effect from January 29, 2023.</i> <i>Further, Mr. Shaffiq Dharamshi, Non-Executive Director and Ms. Rupa Devi Singh, Independent Director have ceased to be the Directors of the Bank on January 12, 2023 and January 21, 2023 respectively, after completing their term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949</i>	After the appointment of Mr. Somasundaram PR as a member of Audit committee on 29 th January, 2023 two meeting were held i.e. on 31 st Jan, 2023 and 25 th March, 2023. Mr. Somasundaram PR attended only 1 meeting out of 2 meetings (50%) which is less than SES Benchmark. Mr. Shaffiq Dharamshi attended only 2 meetings out of 6 meetings held during his tenure i.e. till 12 th January 2023. Ms. Rupa Devi attended 4 meetings out of 6 meetings held during her tenure i.e. till 21 st January 2023.



Response from the Bank.:**Resolution no. 8**

To take note of the appointment of Mr. Farokh N Subedar as Non-Executive Part-Time Chairman of the Bank and to approve payment of remuneration.

*Bank's Response:**Sequence of event for Mr. Farokh's appointment:*

- 1. Appointment as Additional ID on October 5, 2022 till October 14, 2025 which was approved by the shareholders of the Bank through postal ballot on December 20, 2022.*
- 2. On October 15, 2022, he was also nominated for the position of the Chairman of the Board for a period of three years*
- 3. RBI has given approval to appoint him as Chairman for a period of three years from January 31, 2023*
- 4. The Board of the Bank appointed him as the Chairman for a period of three years from January 31, 2023 basis the RBI approval.*
- 5. As his first tenure as ID would get over on October 14, 2025, he would be eligible for re-appointment for second tenure of 5 years (maximum permissible tenure of 8 years as per RBI Circular dated April 26, 2021).*
- 6. Also note that for re-appointing him as Chairman of the Bank, the application to the RBI would require to be submitted 6 months prior to January 31, 2026.*
- 7. The Bank would complete the process of re-appointment/appointment of the Chairman by July 2025.*
- 8. In case and subject to the eligibility criteria, if Mr. Farokh Subedar will get re-appointed as ID and Chairman of the Board, his tenure will continue for a period of 8 years i.e., from October 15, 2022 till October 14, 2030. (maximum permissible tenure of 8 years as per RBI Circular dated April 26, 2021).*

SES comment:

The Bank in its Notice had not disclosed the sequence of event of Mr. Farokh's appointment. SES had raised concerned regarding Disparity in terms of appointment as Mr. Farokh N. Subedar will cease to be director on the board on 14th October 2025. After 14th October 2025 it is unclear how, the Bank intends to continue the chairmanship and payment of remuneration to the director till 30th January 2026 if he has already ceased to be director on the board on 14th October 2025.

In light of the clarification provided by the Bank, the concern raised by SES is now addressed.

Therefore, SES is changing its recommendation from **AGAINST** to **FOR**. Shareholders may take note of the same.

Further, SES as a policy does not share its draft report. The report received by the company was Final report and was released to clients and company at the same time.



BANK'S EMAIL

Dear Mr. ***,

Thanks for our call yesterday.

Please find below the clarification on few draft observations:

Response to SES		
Sl. No.	Observations	Bank's response
1	Waiving of remuneration by Mr. Somasundaram PR	Please note that Mr. Somasundaram PR had requested to waive off his sitting fees as he is employed with World Gold Council, India and also requested to reimburse him only the travel costs if it arises, for meetings held outside Mumbai.
2	Low attendance of PR Somasundaram in ACB and Shaffiq /Rupa in NRC	Please note that Mr. Somasundaram PR was appointed as a member of the Audit Committee with effect from January 29, 2023. Further, Mr. Shaffiq Dharamshi, Non-Executive Director and Ms. Rupa Devi Singh, Independent Director have ceased to be the Directors of the Bank on January 12, 2023 and January 21, 2023 respectively, after completing their term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949
8	initially the Bank has appointed Mr. Farokh N Subedar as Independent Director, for a term of 3 years w.e.f. 15th October, 2022 up to 14th October, 2025 and now it is proposing to take note of appointing him as the Non-executive chairman and payment of remuneration till 30th January 2026. Legally Mr. Farokh N. Subedar will cease to be director on the board on 14th October 2025. After 14th October 2025 it is unclear how, the Bank intends to continue the chairmanship and payment of remuneration to the director till 30th January 2026 if he has already ceased to be director on the board on 14th October 2025.	Sequence of event for Mr. Farokh's appointment: 1. Appointment as Additional ID on October 5, 2022 till October 14, 2025 which was approved by the shareholders of the Bank through postal ballot on December 20, 2022. 2. On October 15, 2022, he was also nominated for the position of the Chairman of the Board for a period of three years 3. RBI has given approval to appoint him as Chairman for a period of three years from January 31, 2023 4. The Board of the Bank appointed him as the Chairman for a period of three years from January 31, 2023 basis the RBI approval. 5. As his first tenure as ID would get over on October 14, 2025, he would be eligible for re-appointment for second tenure of 5 years (maximum permissible tenure of 8 years as per RBI Circular dated April 26, 2021). 6. Also note that for re-appointing him as Chairman of the Bank, the application to the RBI would require to be submitted 6 months prior to January 31, 2026. 7. The Bank would complete the process of re-appointment/appointment of the Chairman by July 2025. 8. In case and subject to the eligibility criteria, if Mr. Farokh Subedar will get re-appointed as ID and Chairman of the Board, his tenure will continue for a period of 8 years i.e., from October 15, 2022 till October 14, 2030. (maximum permissible tenure of 8 years as per RBI Circular dated April 26, 2021).

Request you to consider the above in your final draft pls.

Happy to provide any other clarification on the same.

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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Contact Information

Stakeholders Empowerment Services

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

research@sesgovernance.com

info@sesgovernance.com

www.sesgovernance.com



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

