

## 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 HUL, Maruti, TVS Motors, Kansai Nerolac, CDSL, Hero, L&T, Wipro, Bharat Forge, Reliance Group and many others. [Read More](#)

**Contact for Demo –** [esgdata@sesgovernance.com](mailto:esgdata@sesgovernance.com)

### SES AIMS:

Designed primarily for Institutional Investors to carry out their stewardship activities in an efficient manner.

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### Proxy Advisory:

Advises Investors on the matters that require shareholder approval at Listed Entities and identify Governance Issues.

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### ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors.

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### 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:

A web-based, one-stop vote management system to cater to the requirements of Institutional Investors.

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# Proxy Advisory Report (Addendum)

## Mahanagar Gas Ltd.

## COMPANY INFORMATION

**BSE CODE:** 539957

**NSE SYMBOL:** MGL

**ISIN:** INE002S01010

**Industry:** LPG/CNG/PNG/LNG Supplier

**Email:** [agm@mahanagargas.com](mailto:agm@mahanagargas.com),  
[investorrelations@mahanagargas.com](mailto:investorrelations@mahanagargas.com)

**Phone:** +91 22 6678 5000

**Registered Office:** MGL House, Block No. G-33, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

## MEETING DETAILS

**Meeting Type:** AGM

**Meeting Date:** 22<sup>nd</sup> August, 2025 at 3:00 PM

**Venue / Mode of Meeting:** Video Conferencing (VC) facility or other audio visual means (OAVM)

**Notice Date:** 3<sup>rd</sup> June, 2025

**Notice:** [Click here](#)

**Annual Report:** [FY 2024-25](#)

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

## E-VOTING DETAILS

**e-Voting Platform:** [CDSL](#)

**Cut-off Date:** 14<sup>th</sup> August, 2025

**Remote E-voting:**

- **Start:** 19<sup>th</sup> August, 2025
- **Ends:** 21<sup>st</sup> August, 2025

**ADDENDUM REPORT RELEASE DATE:** 17<sup>th</sup> August, 2025

**Research Analyst:** Rajesh Surve

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



## ADDENDUM

There is a change in the SES recommendation on Resolution #4 & #6 from '**AGAINST**' to '**FOR**' based on the Company's clarification and additional disclosures. There are no other changes apart from the above.

EXISTING RECOMMENDATION					
S. No	Resolution	Type	SES Observation #	Rec.	Rationale
4	Appointment of M/s. M P Sanghavi and Associates LLP, Company Secretaries as Secretarial Auditors of the Company and to approve remuneration.	O	<b>LC + TC</b>	AGAINST	<del>Previous auditors' remuneration not disclosed to ascertain any material change in the Audit fee.</del>
6	Approval of Material Related Party Transactions of the Company with GAIL (India) Limited.	O	<b>LC + GC + TC</b>	AGAINST	<del>Inadequate disclosures.</del>
REVISED RECOMMENDATIONS					
4	Appointment of M/s. M P Sanghavi and Associates LLP, Company Secretaries as Secretarial Auditors of the Company and to approve remuneration.	O	<b>LC</b>	FOR	No concern identified.
6	Approval of Material Related Party Transactions of the Company with GAIL (India) Limited.	O	<b>LC</b>	FOR	No concern identified.

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 emailed its PA Report ([weblink](#)) to the Company on 14<sup>th</sup> August, 2025 in respect of the AGM of the Company.

Post release of PA Report, SES received an email from the Company on 15<sup>th</sup> August, 2025. The Company, 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 Company dated 15<sup>th</sup> August 2025 (as per SES policy framed to comply with SEBI Circular dated 3<sup>rd</sup> 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.

This Addendum provides appropriate responses of SES, wherever required.

### SES COMMENTS TO COMPANY'S RESPONSE

#### Company's Views:

#### Resolution 4: Appointment of Secretarial Auditors

We note that your recommendation of AGAINST is based on the view that the Company should ideally:

- Disclose the estimated amount of fees to be paid to the Secretarial Auditor for services other than audit, and
- Disclose any material change in remuneration of the outgoing and incoming Secretarial Auditor.

We respectfully submit the following clarifications and justifications from the Company's perspective:

- Regulatory Compliance:** The Companies Act, 2013, Secretarial Standards, and applicable SEBI Listing Regulations do not mandate disclosure of fees paid to the previous Secretarial Auditor, nor do they require prior disclosure of estimated non-audit fees for the current year. The Company has fully complied with all statutory requirements in this regard.
- Practice Followed in the Industry:** In line with common industry practice, Secretarial Auditor remuneration is placed for shareholders' approval in a manner consistent with legal requirements. The disclosure format adopted by the Company is aligned with standard practices followed by other listed companies.
- Appointment through Competitive Bidding Process in adherence to the MGL's Policy, Confidentiality and Negotiation Considerations:** The proposed remuneration reflects a routine, market-aligned adjustment determined through a transparent



competitive process, with no material change affecting shareholder interests. The proposed Secretarial Auditor was appointed through a transparent competitive tender, with selection on L1 basis. The proposed remuneration is in line with the remuneration paid to the outgoing auditor for an identical scope of work, well within normal industry practice and the most competitive bid received. The Audit Committee and Board have also reviewed the matter and noted that there is no material change in fee structure that would affect shareholders' interests. The disclosure in the Notice was made in good faith to provide this assurance, while respecting confidentiality of past contractual terms.

- d. **Material Change in Remuneration:** There has been no material change in the overall remuneration for the Secretarial Auditor compared to the previous year that would warrant a specific disclosure. The change, if any, is within normal inflationary/market adjustments
- e. **Commitment to Transparency:** While the Company has complied with the legal requirements, we take note of SES's expectations on enhanced disclosures. We are committed to evaluating these suggestions for incorporation in future disclosures, in the spirit of continuous improvement.

In view of the above, we submit that the resolution is in full compliance with the applicable laws and governance practices, and no adverse implication arises from the disclosures made.

To address the spirit of SES's policy, we commit to including prior vs. proposed auditor remuneration in future AGM notices for complete transparency.

We respectfully request SES to kindly review and reconsider its recommendation and change it from AGAINST to FOR in light of the above clarifications. We remain committed to maintaining the highest standards of governance and appreciate your engagement in this process.

**SES comment:** SES has raised concern for resolution #4 w.r.t. Appointment of Secretarial Auditors as Previous auditors' remuneration not disclosed to ascertain any material change in the Audit fee.

The Company in its reply has stated that, "The proposed Secretarial Auditor was appointed through a **transparent competitive tender**, with selection on **L1 basis**. The proposed remuneration is in line with the remuneration paid to the outgoing auditor for an identical scope of work, well within normal industry practice and **the most competitive bid received**."

Therefore, concern raised by SES stand addressed.

Thus, SES is changing its recommendation from "**AGAINST**" to "**FOR**" with regards to **resolution #4**.

## 2) Resolution 6: Related party Transactions

We acknowledge receipt of your recommendation in respect of the resolution seeking members' approval for related party transactions (RPTs) with GAIL (India) Limited. We value SES's role in promoting corporate governance best practices and appreciate your observations.

Your AGAINST recommendation is based on the view that the disclosure in the resolution is "open-ended" and does not specify the scope or monetary cap for "any other transactions" beyond those explicitly listed. We respectfully submit the following clarifications:

- a. **Regulatory Compliance:** The resolution and explanatory statement have been drafted strictly in line with the requirements of the Companies Act, 2013, the SEBI Listing Regulations and applicable accounting standards. All known and material transactions with GAIL for the financial year, along with their monetary values, have been clearly disclosed.
- b. **Rationale for the Additional Clause:** The clause — "in addition to the transactions listed above..." has been included as a matter of prudence to cover incidental or ancillary transactions with GAIL that may arise in the ordinary course of business during the year, which are not significant enough at the time of drafting the notice to be listed individually. This is intended to avoid repetitive shareholder approvals for minor operational transactions, thereby ensuring business continuity.
- c. **Safeguards in Place**
  - All such transactions, whether specifically listed or covered under the general clause, are subject to review and prior approval by the Audit Committee (where independent directors form the majority), as per SEBI Listing Regulations requirements.
  - Any material RPT, as defined under Regulation 23 of SEBI Listing Regulations, will mandatorily require prior shareholders' approval before execution, regardless of this enabling clause.
  - No transaction outside the ordinary course of business or not on an arm's length basis will be entered into without requisite approvals.



- d. *Monetary Cap Consideration: The Company has already disclosed the monetary limits for all significant transactions envisaged with GAIL. For incidental transactions falling under the general clause, the value is expected to be minimal relative to total RPTs, and well within the overall limits approved by shareholders. In practice, such transactions are rare and immaterial.*
- e. *Commitment to Transparency: While we believe the disclosures made are adequate and compliant, we take note of SES's suggestion for additional clarity. Going forward, the Company will consider providing an indicative monetary limit for such incidental transactions to further enhance transparency.*

*In view of the above, we submit that the resolution is compliant with applicable laws, contains adequate safeguards and does not in any way circumvent shareholder rights. We therefore respectfully request SES to reconsider its recommendation and change it from AGAINST to FOR in light of these clarifications. We remain committed to upholding the highest standards of corporate governance and look forward to your continued engagement.*

**SES Comment:** SES has raised governance & transparency concern for resolution #6 on account of inadequate disclosure for related party transaction.

The Company in its reply has stated that, “The clause — “in addition to the transactions listed above...” has been included as a matter of prudence to cover **incidental or ancillary transactions with GAIL** that may arise in the ordinary course of business during the year, which are not significant enough at the time of drafting the notice to be listed individually. This is intended to avoid repetitive shareholder approvals for **minor operational transactions**, thereby ensuring business continuity.”

Therefore, as per the above disclosure, the additional transaction mentioned in the notice appears to be minor in nature and is not expected to have any significant impact. Therefore, concern raised by SES stand addressed.

In view of the above, SES is changing its recommendation from “**AGAINST**” to “**FOR**” with regards to **resolution #6**.

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**COMPANY'S EMAIL**

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We acknowledge receipt of your recommendation in respect of the following resolutions put up for Shareholders approval during **30<sup>th</sup> Annual General Meeting of Mahanagar Gas Limited**:

**1) Resolution 4: Appointment of Secretarial Auditors****2) Resolution 6: Related party Transactions**

We value the role played by proxy advisory firms in promoting high standards of corporate governance and transparency and we appreciate the feedback provided. We humbly give our clarifications / justifications on the above Resolutions:

**1) Resolution 4: Appointment of Secretarial Auditors**

We note that your recommendation of **AGAINST** is based on the view that the Company should ideally:

- i. Disclose the estimated amount of fees to be paid to the Secretarial Auditor for services other than audit, and
- ii. Disclose any material change in remuneration of the outgoing and incoming Secretarial Auditor.

We respectfully submit the following clarifications and justifications from the Company's perspective:

a) **Regulatory Compliance:** The Companies Act, 2013, Secretarial Standards, and applicable SEBI Listing Regulations do not mandate disclosure of fees paid to the previous Secretarial Auditor, nor do they require prior disclosure of estimated non-audit fees for the current year. The Company has fully complied with all statutory requirements in this regard.

b. **Practice Followed in the Industry:** In line with common industry practice, Secretarial Auditor remuneration is placed for shareholders' approval in a manner consistent with legal requirements. The disclosure format adopted by the Company is aligned with standard practices followed by other listed companies.

c. **Appointment through Competitive Bidding Process in adherence to the MGL's Policy, Confidentiality and Negotiation Considerations:** The proposed remuneration reflects a routine, market-aligned adjustment determined through a transparent competitive process, with no material change affecting shareholder interests. The proposed Secretarial Auditor was appointed through a **transparent competitive tender**, with selection on **L1 basis**. The proposed remuneration is in line with the remuneration paid to the outgoing auditor for an identical scope of work, well within normal industry practice and **the most competitive bid received**. The Audit Committee and Board have also reviewed the matter and noted that there is **no material change** in fee structure that would affect shareholders' interests. The disclosure in the Notice was made in good faith to provide this assurance, while respecting confidentiality of past contractual terms.

d. **Material Change in Remuneration:** There has been no material change in the overall remuneration for the Secretarial Auditor compared to the previous year that would warrant a specific disclosure. The change, if any, is within normal inflationary/market adjustments

e. **Commitment to Transparency:** While the Company has complied with the legal requirements, we take note of SES's expectations on enhanced disclosures. We are committed to evaluating these suggestions for incorporation in future disclosures, in the spirit of continuous improvement.

In view of the above, we submit that the resolution is in full compliance with the applicable laws and governance practices, and no adverse implication arises from the disclosures made.

**To address the spirit of SES's policy, we commit to including prior vs. proposed auditor remuneration in future AGM notices for complete transparency.**

We respectfully request SES to kindly review and reconsider its recommendation and change it from **AGAINST** to **FOR** in light of the above clarifications. We remain committed to maintaining the highest standards of governance and appreciate your engagement in this process.





**2) Resolution 6: Related party Transactions**

We acknowledge receipt of your recommendation in respect of the resolution seeking members' approval for related party transactions (RPTs) with GAIL (India) Limited. We value SES's role in promoting corporate governance best practices and appreciate your observations.

Your **AGAINST** recommendation is based on the view that the disclosure in the resolution is "open-ended" and does not specify the scope or monetary cap for "any other transactions" beyond those explicitly listed. We respectfully submit the following clarifications:

- a. **Regulatory Compliance:** The resolution and explanatory statement have been drafted strictly in line with the requirements of the Companies Act, 2013, the SEBI Listing Regulations and applicable accounting standards. All known and material transactions with GAIL for the financial year, along with their monetary values, have been clearly disclosed.
- b. **Rationale for the Additional Clause:** The clause — "in addition to the transactions listed above..." has been included as a matter of prudence to cover incidental or ancillary transactions with GAIL that may arise in the ordinary course of business during the year, which are not significant enough at the time of drafting the notice to be listed individually. This is intended to avoid repetitive shareholder approvals for minor operational transactions, thereby ensuring business continuity.
- c. **Safeguards in Place**

All such transactions, whether specifically listed or covered under the general clause, are subject to review and prior approval by the Audit Committee (where independent directors form the majority), as per SEBI Listing Regulations requirements.

Any material RPT, as defined under Regulation 23 of SEBI Listing Regulations, will mandatorily require prior shareholders' approval before execution, regardless of this enabling clause.

No transaction outside the ordinary course of business or not on an arm's length basis will be entered into without requisite approvals.

- d. **Monetary Cap Consideration:** The Company has already disclosed the monetary limits for all significant transactions envisaged with GAIL. For incidental transactions falling under the general clause, the value is expected to be minimal relative to total RPTs, and well within the overall limits approved by shareholders. In practice, such transactions are rare and immaterial.
- e. **Commitment to Transparency:** While we believe the disclosures made are adequate and compliant, we take note of SES's suggestion for additional clarity. Going forward, the Company will consider providing an indicative monetary limit for such incidental transactions to further enhance transparency.

In view of the above, we submit that the resolution is compliant with applicable laws, contains adequate safeguards and does not in any way circumvent shareholder rights. We therefore respectfully request SES to reconsider its recommendation and change it from **AGAINST** to **FOR** in light of these clarifications. We remain committed to upholding the highest standards of corporate governance and look forward to your continued engagement.

Regards,

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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, 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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