



Stakeholders Empowerment Services

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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)

Laurus Labs Ltd

COMPANY INFORMATION

BSE CODE: 540222

NSE SYMBOL: LAURUSLABS

ISIN: INE947Q01028

Industry: Pharmaceuticals

Email: secretarial@lauruslabs.com

Phone: +91 891 682 1101

Registered Office: Laurus Enclave, Plot Office 01, E.Bonangi Village, Parawada Mandal, Anakapalli District - 531 021, Andhra Pradesh, India

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 14th July, 2023 at 03:00 PM

Venue: Video Conferencing (VC) facility

Notice Date: 27th April, 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: 7th July, 2023

Remote E-voting:

- **Start:** 11th July, 2023
- **Ends:** 13th July, 2023

ADDENDUM REPORT RELEASE DATE: 8th July, 2023

Research Analyst: Rajesh Surve

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



ADDENDUM

This Addendum is being issued based on the e-mail dated 6th July 2023 sent by Laurus Labs Ltd ('the Company') w.r.t. Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the ensuing AGM of the Company to be held on 14th July 2023.

There is no change in any of the SES recommendations.

BACKGROUND

SES, as per its policy, had e-mailed its PA Report to the Company on 3rd July 2023 in respect of upcoming AGM of the Company to be held on 14th July 2023.

Post the release of the PA Report, SES received as an email providing its view point, which is reproduced in **blue text** along with the SES Response (**in black**) and full mail is appended at the end.

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 6th July 2023. This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS ON COMPANY'S RESPONSE

Resolution No. 5: Re-appointment of Dr. Satyanarayana Chava as a director liable to retire by rotation.

Our CEO Dr.Satyanarayana Chava's salary is not fixed now and his appointment as Executive Director and CEO and his salary for this position was fixed during AGM held on 9th July 2020 with 10% increase every year beginning 1st April of next year. Now he is only proposed to be reappointed as Director liable to retire by rotation.

In any case, the remuneration of CEO cannot be compared with another executive director of the same company who is looking after a specific function. The remuneration of a CEO of a company needs to be compared with the remuneration of other CEOs/Managing Directors of other companies in the same industry. His remuneration is very much comparable with the CEOs/Managing Directors of the other companies in the industry like Divis, Granules etc.

SES Comment: SES has raised concern on appointment of Dr. Satyanarayana Chava, Executive Director as practice of remuneration is skewed towards him. Mr. Chava, EDP received 5 times higher remuneration than Mr. Lakshmana Rao C V, EDP. SES understands that the resolution seeks by the Company only for appointment, however SES raises questions remuneration practice of the appointee.

The Company has stated in its response that, the remuneration of Dr. Chava is comparable with CEOs and Managing Directors of other companies in the industry.

SES is of the opinion that remuneration practices of a Company will be considered to be skewed if it is inclined towards a particular director or set of directors on the Board and no compelling justification has been provided for such differential treatment towards such director.

In present case SES finds that, major portion of the board remuneration received by Dr. chava despite he has similar association with the Company as compare to other Executive Directors.

Shareholder may take note of the Company's clarification and take an informed decision.



COMPANY'S E-MAIL DATED 6TH JULY 2023

Dear ***,

Thank you for your report on the resolutions proposed to be approved by the shareholders in the forthcoming Annual General Meeting of the Company.

Regarding Resolution No.5, our clarification is as follows:

Our CEO Dr.Satyanarayana Chava's salary is not fixed now and his appointment as Executive Director and CEO and his salary for this position was fixed during AGM held on 9th July 2020 with 10% increase every year beginning 1st April of next year. Now he is only proposed to be reappointed as Director liable to retire by rotation.

In any case, the remuneration of CEO cannot be compared with another executive director of the same company who is looking after a specific function. The remuneration of a CEO of a company needs to be compared with the remuneration of other CEOs/Managing Directors of other companies in the same industry. His remuneration is very much comparable with the CEOs/Managing Directors of the other companies in the industry like Divis, Granules etc.

Thanks n 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

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 for 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

CIN No. -

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Warning

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

