

## Proxy Advisory Report (Addendum)

# RPSG Ventures 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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#### 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](#)

### COMPANY INFORMATION

**BSE CODE:** 542333

**NSE SYMBOL:** RPSGVENT

**ISIN:** INE425Y01011

**Industry:** Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO)

**Email:** [rpsgventures@rpsg.in](mailto:rpsgventures@rpsg.in)

**Phone:** +91 33 2225 6040

**Registered Office:** CESC House, Chowringhee Square, Kolkata- 700001, India

### MEETING DETAILS

**Meeting Type:** AGM

**Meeting Date:** 4<sup>th</sup> August, 2023 at 12:30 P.M

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

**Notice Date:** 19<sup>th</sup> May, 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:** 28<sup>th</sup> July, 2023

**Remote E-voting:**

- **Start:** 1<sup>st</sup> August, 2023
- **Ends:** 3<sup>rd</sup> August, 2023

**ADDENDUM REPORT RELEASE DATE:** 1<sup>st</sup> August, 2023

**Research Analyst:** Amit Panchal

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



## ADDENDUM

This Addendum is being issued based on e-mail dated 30<sup>th</sup> July, 2023 sent by RPSG Ventures Ltd. ('the Company') w.r.t Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the 6<sup>th</sup> AGM of the Company to be held on 4<sup>th</sup> August 2023.

**There is no change in SES recommendation in any resolution. However, shareholder may take note of the Company's clarifications.**

### BACKGROUND

SES, as per its policy, had e-mailed its PA Report to the Company on 28<sup>th</sup> July, 2023 in respect of ensuing AGM of the Company to be held on 4<sup>th</sup> August 2023.

Post release of the PA Report, the Company sent an email to SES on 30<sup>th</sup> July, 2023. SES has also analysed the information provided by the Company and has provided appropriate response.

SES has reproduced the Company's response (*in blue italics*) and SES comments thereon (in black text).

### SES COMMENTS ON COMPANY'S RESPONSE

#### Resolution no. 2 & 6

**#2.** Re-appointment of Mr. Rajeev Ramesh Chand Khandelwal as a Director liable to retire by rotation.

**#6.** Re-appointment of Mr. Rajeev Ramesh Chand Khandelwal as a Whole-time Director of the Company including remuneration.

#### ***Company's Response:***

*RPSG Ventures, alongwith its subsidiaries, is involved in multiple businesses. While its core business comprises of Information Technology (IT) services, its subsidiaries are involved in various diversified businesses such as Business Process Management Services, FMCG, Ayurveda, Real Estates and Sports.*

*Mr. Rajeev Khandelwal (DIN:08763979), the Whole-time Director of the Company, apart from looking after the Company's core business, is also responsible to oversee the businesses of its subsidiaries specifically the FMCG (including Ayurveda) business.*

*Mr. Khandelwal, holds a Bachelor's degree in Engineering and a Master degree in Marketing. He has extensive experience in FMCG sales, marketing and P&L leadership roles with leading companies such as Gillette, P&G and Reckitt Benckiser. In his immediate past role, he was Regional Director-Sub Saharan Africa and Sales Director India with Reckitt Benckiser.*

*Considering the fact that the FMCG business of the Company is at a very nascent stage, it is imperative that the Company is led by a person who has significant experience in running FMCG business. Hence Mr. Khandelwal was hired as the Whole-time Director of the Company in 2020. Under his leadership the FMCG business has had a steady growth over the last few years notwithstanding the fact that it had to face COVID-19 headwinds. During this period new brands such as "Too Yum Namkeen" in snacks food category and "Naturali" in personal care category were launched. It may be appreciated that in order to attract the right talent, the Company has to offer remuneration commensurate with his experience, expertise, leadership and business acumen etc. Further in view of the business outlook, growth strategy and huge potential of the FMCG business, the Company considers the remuneration being paid to Mr. Khandelwal is justified in order to ensure his leadership during the Company's journey in the critical path for future growth. In view of the above, the Board of Directors, on recommendation of its Nomination and Remuneration Committee, strongly feels that Mr. Khandelwal's remuneration is fully commensurate with remuneration of business leaders of different mid-sized and large companies engaged in FMCG business and therefore recommended his re-appointment/remuneration for approval of Members.*

***Further please note that a significant portion of his remuneration is linked to performance and is variable in nature. Please also note that in terms of Section II of Schedule V to the Companies Act 2013 ('the Act'), a managerial person who is functioning in a professional capacity may be paid remuneration in excess of specified limits mentioned therein if such payment of remuneration is approved by a Special Resolution by the Members of the Company.***



*In view of the above, the Company has sought Members' approval by way of a Special Resolution and accordingly, we would humbly request you to re-consider your views and modify your recommendation from "Against" To "For" the resolution and oblige.*

#### SES Comment:

SES has raised Governance concern regarding the significant increase in the remuneration of Mr. Rajeev Khandelwal. As the remuneration paid in FY 2022-23 to Mr. Rajeev Khandelwal has almost increased ~2 times as compared to the remuneration paid in FY 2021-22.

The remuneration proposed in the ensuing notice when compared to the last approval taken in AGM 2020 has increased by ~**2,796%**.

The Company in its Email has stated that, *"Hence Mr. Khandelwal was hired as the Whole-time Director of the Company in 2020. Under his leadership the FMCG business has had a steady growth over the last few years notwithstanding the fact that it had to face COVID-19 headwinds."*

The Company from past 3 years has not provided any variable pay to Mr. Rajeev Khandelwal. The company is paying only fixed pay & Perquisites/others from past 3 years. However, the Company has mentioned in the email that, *"Further please note that a significant portion of his remuneration is linked to performance and is variable in nature"* There is no such bifurcation of remuneration found in the Annual report. The company mentioned in the annual report that, *"Mr. Rajeev Ramesh Chand Khandelwal, Wholetime Director, was: Salary – Rs.3.62 crore, Perquisites Rs. 6.67 crore, Contribution to Pension and Provident Fund and Gratuity – Rs.0.36 crore, Total Rs. 10.65 crore."*

Further, the net profit of the company has decreased by almost 47% but the remuneration of Mr. Rajeev Khandelwal has increased significantly. Mr. Rajeev Khandelwal has drawn ~14% of net profit as remuneration for FY 2022- 23.

The Company should pay remuneration interlinked with the performance of the company. But, here the company is paying only fixed pay which is excessive when compared to the performance of the company. Hence, SES recommendation remains unchanged in this regard.

#### Resolution no. 3

#### Re-Appointment of the Auditors.

#### Company's Response:

*M/s. Batliboi, Purohit and Darbari, Chartered Accountants, were appointed for a period of five years in the first AGM of the Company. The Audit Committee and the Board of Directors have duly recommended their re-appointment for a second term of five years. Necessary disclosures under Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations'), as amended, were made in the Notice convening the AGM (may pl see Page 21 of Annual Report and Accounts). Auditors' Remuneration is disclosed in Note 33 of Financial Statements (Page 131 of Annual Report and Accounts).*

*In view of the above, we would humbly request you to re-consider your views and modify your recommendation from "Against" To "For" the resolution and oblige.*

#### SES Comment:

SES in its Report has raised non-compliance concern based on the non-disclosures of proposed audit fee and credentials of the statutory auditors.

The company in its Email has stated that, *"Necessary disclosures under Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations'), as amended, were made in the Notice convening the AGM (may pl see Page 21 of Annual Report and Accounts). Auditors' Remuneration is disclosed in Note 33 of Financial Statements (Page 131 of Annual Report and Accounts)."*

SES could not find any information related to the **proposed** Audit Fees on Page 21 of Annual report and Accounts. The company on Page 21 has stated that, *"at such remuneration (plus goods and services tax and reimbursement of out-of-pocket expenses) as may be decided by the Board of Directors from time to time"*.



As per the Regulation 36 (5) of SEBI (LODR) Regulations, 2015, the Company is required to disclose the **proposed** audit fee payable to the statutory auditors and credentials of the auditor **in both the cases of appointment as well as re-appointment**.

In absence of the said data, shareholders have neither the basis to evaluate the proposal for re-appointment of auditors nor the remuneration to paid. Hence, SES recommendation remains unchanged in this regard.

#### Resolution No. 4

##### #4. Re-Appointment of Mr. Arjun Kumar as an Independent Director.

##### *Company's Response:*

*Mr. Arjun Kumar was appointed for the first time as an Independent Director in 2018 and his current term is expiring on November 13, 2023. The Nomination and Remuneration Committee (NRC) and the Board of Directors have duly recommended his reappointment for a second term of five years.*

*As an Independent Director on the Company's Board, he was appointed Chairman of both NRC and Audit Committee in compliance with the Act and Listing Regulations and there was no non-compliance.*

*In view of the above, we would humbly request you to re-consider your views and modify your recommendation from "Against" To "For" the resolution and oblige*

##### **SES Comment:**

Concern raised by SES in its report is purely on the Governance basis and **not Compliance** regarding the re-appointment of Mr. Arjun Kumar.

As Mr. Arjun Kumar is presently Chairman of Audit Committee and Nomination & Remuneration Committee.

SES is of the opinion that the Audit and NRC are pillars of the Company ensuring corporate democracy therefore, a common director acting Chairperson of both the Committees may not be in the best interest of Corporate governance since it might lead to concentration of power in the hands of a single individual. Hence, SES recommendation remains unchanged in this regard.

#### Resolution No. 5

##### Re-Appointment of Mr. Kalaikuruchi Jairaj as an Independent Director.

*Mr. Kalaikuruchi Jairaj was appointed for the first time as an Independent Director in 2018 and his current term is expiring on November 13, 2023. The Nomination and Remuneration Committee (NRC) and the Board of Directors have duly recommended his reappointment for a second term of five years.*

*Accordingly, Mr. Jairaj's association with the Company is from November 2018 only and his reappointment is fully compliant with law as mentioned in SES analysis only.*

*In view of the above, we would humbly request you to re-consider your views and modify your recommendation from "Against" To "For" the resolution and oblige.*

##### **SES Comment:**

SES in its Report has raised concern regarding the re-appointment Mr. Kalaikuruchi Jairaj as an Independent Director on account of prolonged association.

SES emphasizes that the concern identified with the proposed appointment is a governance concern and **not a compliance concern**. SES is of the view that the spirit behind the intended law of not more than 2 terms of five consecutive years for an independent Director, clearly indicates that any association of more than 10 years with the Company or a group, casts a doubt on the independence of the candidate. Hence, SES recommendation remains unchanged in this regard.

However, shareholders may take note of Company's Email.



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**COMPANY'S EMAIL**

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*Dear Sir/Madam,*

*Attached please find our reply/justification for your kind consideration please.*

*It is earnestly request to reconsider your view and modify your recommendation from "Against" to "For" and oblige.*

[Attachment](#)

*Best 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

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.

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## 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.

