Stakeholders Empowerment Services

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Proxy Advisory Report

Balkrishna Industries 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

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

COMPANY INFORMATION

BSE CODE: 502355

NSE SYMBOL: BALKRISIND

ISIN: INE787D01026

Industry: Tyres & Rubber Products

Email: shares@bkt-tires.com

Phone: +91 22 6666 3800

Registered Office: B-66, Waluj MIDC, Waluj Industrial Area, Aurangabad 431136, Maharashtra

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 7th July, 2022 at 11:00 AM

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

Notice Date: 13th May, 2022

Notice: Click here

Annual Report: FY 2021-22

E-VOTING DETAILS

e-Voting Platform: KFintech

Cut-off Date: 30th June, 2022

Remote E-voting:

Start: 4th July, 2022

Ends: 6th July, 2022

REPORT RELEASE DATE: 28th June, 2022

RESEARCH ANALYST: Kirti Dhokiya

CONFLICT DISCLOSURE: SES - No Conflict | Analyst - No Conflict

INTERACTION WITH THE COMPANY - No Interaction

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

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TABLE 1 - AGENDA ITEMS AND RECOMMENDATIONS

S. No.	Resolution	Type	SES Observation#	Rec.	Rationale
1	Adoption of Financial Statements. a) Standalone Financial Statements b) Consolidated Financial Statements	O	LC	FOR	*Unqualified financial statements*
2	Declaration of dividend.	O	LC	FOR	*Sufficient funds available*
3	Re-appointment of Mrs. Vijaylaxmi Poddar as a Non-Executive Non-Independent Director liable to retire by rotation.	O	LC	FOR	*No Governance Concern*
4	Appointment of M/s. Jayantilal Thakkar & Co., Chartered Accountants as the Statutory Auditors of the Company.	O	LC	FOR	*No Governance Concern*
5	Re-appointment of Mr. Pannkaj Ghadiali as an Independent Director for a second term of five years.	S	LC I GC	AGAINST	*Governance Concern (Read More)*
6	Amendment in Borrowing Powers of the Company.	S	LC	FOR	*No Governance Concern*

O - Ordinary Resolution; S - Special Resolution, Rec. - Recommendation

LC - Legally Compliant, NC -Legally Non-Compliant, FC - Fairness Concern, TC - Disclosures & Transparency Concern, GC - Governance Concern

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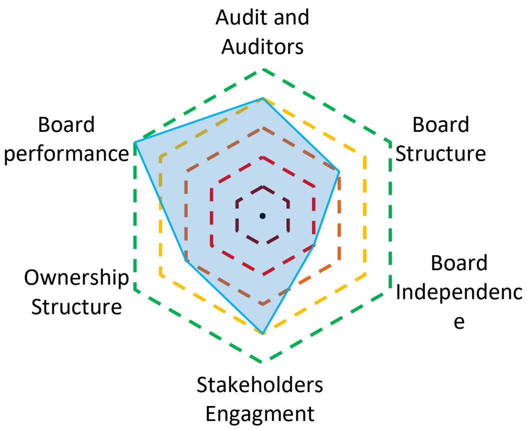
GOVERNANCE SNAPSHOT

SES GOVERNANCE RADAR



SES Governance Radar depicts the strength of a company's governance practices and standards. This Radar attempts to summarize a company's governance practices on the basis of 30 key governance parameters created by SES which are based on best practices.

*(**Note**: The farther the distance of each vertex of the blue shaded hexagon from the centre, the better the performance on such parameter. For more information on the SES Governance Radar - Click Here)*

GOVERNANCE PARAMETERS (AS PER SES)

👍	No ID holds shares worth > ₹ 20 Cr	👍	No IDs having pecuniary relationship
👍	No ID having >10 years association	👍	No Ex-executive / Ex-Promoter as ID
👍	No Director on the Board of Competitors	👎	The company has not Designated Lead ID
👎	Chairman of the Board is not Independent	👎	Chairman of the Board is related to ED
👎	Audit Partner is associated for >3 years	👍	Non-Audit fee comprises of <25% of total auditors' remuneration
👎	DDP disclosed by the Company is not Objective	👎	AC & NRC, Chaired by same individual

👍 Positive 👎 Negative * NA

KEY OBSERVATIONS

- The Board is **non-compliant** with the provisions relating to retirement of directors by rotation u/s 152 of the Companies Act, 2013. (Read More)
- Mr. Arvind Poddar is the Executive Chairman of the Company. (Read More)
- Skewed Remuneration in favour of Promoter Executive Directors. (Read More)

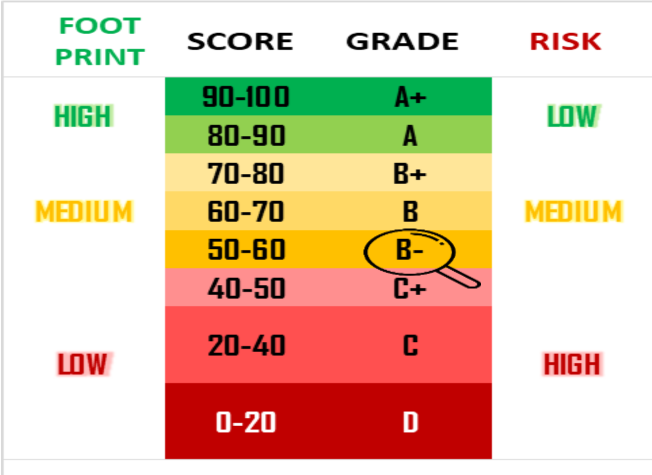
Meeting Type: 60th AGM | Meeting Date: 7th July, 2022

ESG SNAPSHOT

COMPANY'S ESG PROFILE FY 2020-21 (TO BE MODIFIED)

SES ESG SNAPSHOT (AS PER SES PROPRIETARY MODEL)

CATEGORIES	GRADE
OVERALL ESG	B-
POLICY DISCLOSURES	A
ENVIRONMENT	C
SOCIAL	B-
GOVERNANCE	B+



Based on FY 2020-21 | For Scoring explanation - Click here

ESG DISCLOSURES

☐ Business Responsibility and Sustainability Report*	☐ Disclosure as per Global Reporting Initiative*
☐ Disclosure on Sustainable Development Goals*	☐ Disclosure as per International Integrated Reporting Council (IIRC)*
☐ Science based GHG emissions reduction targets (as per SBTi Website)	☐ Supporter of TCFD (as per TCFD Website)

**For 2021-22 |Note: Above-mentioned disclosures requirement is based on voluntary frameworks - not requirement of law.*

☑ *- Disclosed;* ☐ *- Not disclosed*

COMPANY BACKGROUND

COMPANY OVERVIEW

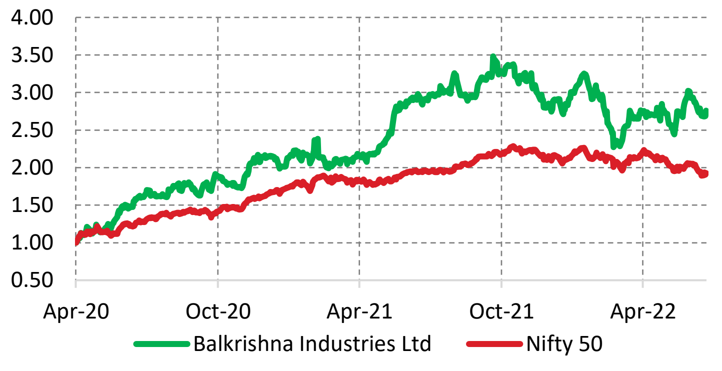
Balkrishna Industries Limited ('the Company') is engaged in the business of manufacturing and selling of "Off-Highway Tyres" (OHT) in the specialist segments such as Agricultural, Industrial & Construction, Earthmovers & Port, Mining, Forestry, Lawn & Garden and All-Terrain Vehicles (ATV).

MARKET DATA (*As on 23rd June, 2022*)

Price ₹	2,131.10
52 Weeks High/Low (₹)	2,724.40/1,681.95
M Cap (₹ Cr.)	41,186.23
P/E	28.70
P/B	5.94

Source: BSE & Annual Report

Price Trend (Normalised)



NUMBER OF SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES (AS ON 31ST MARCH, 2022)

SUBSIDIARIES	ASSOCIATES	JOINT VENTURES
6	0	0

Source: MGT-7

Benchmark Index	
INDEX	Nifty Mid Cap
INDEX RANK	20/150

FINANCIAL INDICATORS (CONSOLIDATED)

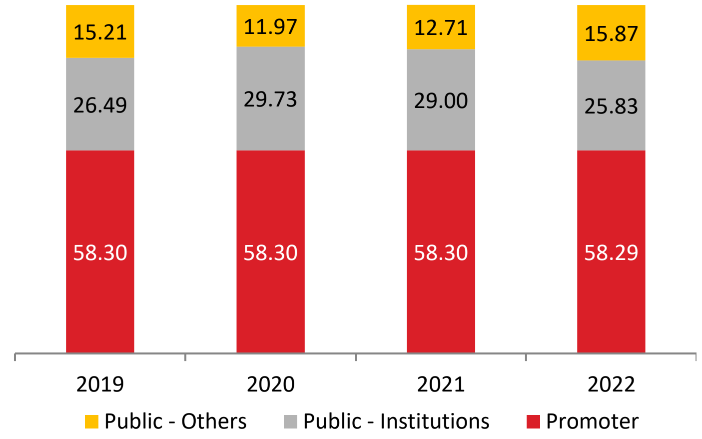
PEER COMPARISON (2022)

(In ₹ Crores)	2020	2021	2022	JK Tyre & Industries Ltd.
Net Worth	5,008.28	5,999.82	**6,933.01**	2,947.47
Total Assets	6,806.35	8,166.49	**10,978.98**	12,247.65
Total Debt	930.99	1,001.47	**2,528.96**	5,115.20
Loan & Advances	4.49	4.31	**3.52**	-
Trade Receivables	589.86	753.59	**1,096.15**	1,979.86
Operating Revenue	4,811.24	5,783.19	**8,295.12**	11,982.96
Total Revenue	5,062.02	5,955.35	**8,733.04**	12,019.52
Operating Profit	1,271.25	1,810.44	**2,008.75**	1,073.30
Net Profit	959.65	1,177.53	**1,435.38**	200.30
OPM (%)	26.42	31.31	**24.22**	8.96
NPM (%)	18.96	19.77	**16.44**	1.67
EPS (₹)	49.64	60.91	**74.25**	8.53
Face Value (₹ Per Share)	2.00	2.00	**2.00**	2.00
ROE	0.19	0.20	**0.21**	0.07
Debt Equity Ratio	0.19	0.17	**0.36**	1.74

Source: Capitaline | # Share price as on 23rd June, 2022 | Kindly Click here to view list of abbreviations and formulas used in above table

OWNERSHIP STRUCTURE

SHAREHOLDING PATTERN (%) (MARCH)



DISCUSSION (1st April, 2021 to 31st March, 2022)

Shares at the start of period: 19,33,17,190

New Shares issued: None

CHANGE IN SHAREHOLDING:

CATEGORY	% CHANGES	REASONS
Promoter	(-) by 0.01%	Market Sale
Public Institution	(-) by 3.17%	-
Public Others	(+) by 3.16%	-

Pledge: The Promoters have not pledged or encumbered any part of their shareholding.

MAJOR PUBLIC SHAREHOLDERS (MAR' 22)

Life Insurance Corporation of India	3.87%
HDFC Trustee Company Ltd	3.12%
Kotak Equity Opportunities Fund	2.31%
Government Pension Fund Global	1.88%
Mirae Asset Large Cap Fund	1.57%

MAJOR PROMOTER SHAREHOLDERS (MAR' 22)

Rajiv Poddar	27.71%
Vkp Enterprises LLP	24.95%
Khushboo Rajiv Poddar	3.93%
Rishabh Sureshkumar Poddar	1.44%

PROMOTER OWNERSHIP VS THEIR BOARD POSITIONS	
% Promoter Directors as per SES, (Excluding IDs)	75%
Ratio of Promoter Directors Compared to Promoter unencumbered Ownership (75% /58.29%)	**1.29:1**

INSTITUTION SHAREHOLDING VS FREE FLOAT

Particulars	MAR' 21	MAR' 22
Total Shares	19.33	19.33
Promoter Shares	11.27	11.27
Non-Promoter Non-Public	-	-
Free Float (FF)	8.06	8.06
Public Institution	5.61	4.99
Institution vs FF	69.53%	61.94%
SES Institutional Grade	B	B

No. of shares in Crore

Institutional Holding	GRADE*
More than 75%	A
>50% to 75%	B
>25% to 50%	C
0% to 25%	D

**Percentage is proportion of Public Institutional shareholding vs Free float. Free Float is total shareholding reduced by Promoter and Non-Promoter Non-Public shareholding.*

***Explanation**: Generally, it is expected that a higher Institutional shareholding would result in better Corporate Governance Practices due to stewardship activities of investors. To analyse the entry and exit of Institutional shareholders in a Company and to capture such triggers, SES has come up with Institutional grading criteria as given in the table. The grading criteria provides a higher grade in case the percentage of Institutional shareholding vs free float is higher and vice versa.*

Meeting Type: 60th AGM | Meeting Date: 7th July, 2022

BOARD OF DIRECTORS

BOARD PROFILE

Director	Rec.	Age	M/W	Expertise	Classification		[1]Tenure (Association) in Year	Attendance for last year		[2]Directorship			Committee Membership				FY 2020-21 Pay (₹Lakh)
					Company	SES		Board	AGM	TD	PD	LD	Overall [3]Member (Chair)	Company AC	NRC	RMC	
EXECUTIVE DIRECTORS																	
Arvind Poddar @		64	M	IEX	CMDP	🚩 **CMDP**	18	6/6	Yes	3	1	1	0(0)			M	**4,553.89**
Rajiv Poddar @		37	M	IEX	JMDP	JMDP	13(16)	6/6	Yes	2	1	1	0(0)				**4,441.69**
Vipul Shah		59	M	FIN	ED(R)	ED(R)	10(27)	6/6	Yes	1	1	1	1(0)			M	77.81
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR																	
Vijaylaxmi Poddar @	✓	61	**W**	IEX	NEDP(R)	NEDP(R)	10	6/6	Yes	5	1	1	0(0)				4.00
INDEPENDENT DIRECTORS																	
Sandeep Junnarkar		70	M	Legal	ID	ID	3	6/6	Yes	3	3	2	4(0)	M	M		7.50
Pannkaj Ghadiali	✗	66	M	FIN	ID	ID	5	6/6	Yes	3	2	2	3(2)	C	C	C	8.25
Rajendra Hingwala		69	M	FIN	ID	ID	3	6/6	Yes	3	3	2	1(0)	M	M		6.25
Shruti Shah		42	**W**	TAX	ID	ID	3	6/6	Yes	15	5	4	3(0)	M	M		8.25

BOARD SUMMARY

CRITERIA	Age		Women			ID Classification		ID		Attendance		Time Commitments		
	ED	NED	WD/Board	Nifty Benchmark	WID/ID	Company	SES	Tenure	Association	Board	AGM	LD	Member	Chair
	>70	>75						>10 years		<50%	No	>7	>10	>5
# Directors	0/3	0/5	2/8	1.6	1/4	4/8	4/8	0/4	0/4	0/8	0/8	0/8	0/8	0/8
Percentage	0%	0%	25%	18%	25%	50%	50%	0%	0%	0%	0%	0%	0%	0%

Criteria	Company's data	Nifty Benchmark [1]	Criteria	Company's data	Nifty Benchmark [1]
Youngest/Eldest director (years)	37/70	-	Avg. Time Commitment (Board)	1.8 LD	2.2 LD
Average Age of Board (years)	58.5	60.4	No. of Nominee director(s)		-
Board Size	8	9.1	*[1] Benchmarks are computed by SES, using FY 2019-20 average data. Please click here to know more*		

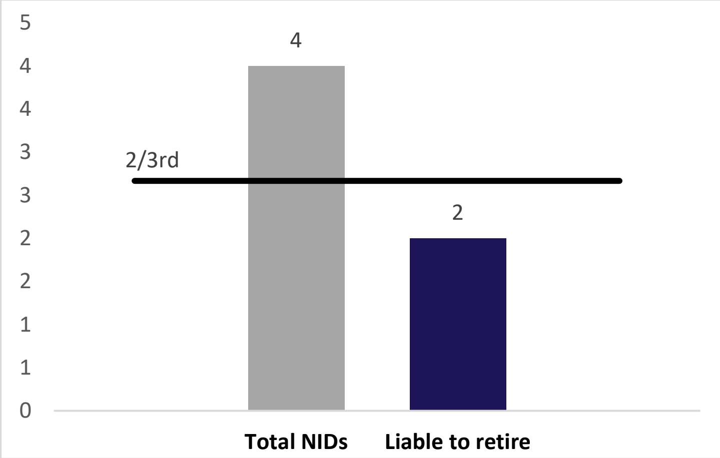
🚩*Items deserving attention due to governance or contentious issues.*
[1] Figures in bracket indicate total association of the Director with the Company/ Group
[2] Directorship as per MCA website as on 18th June, 2022
[3] Committee memberships include committee chairmanships (Includes only Audit Committee and SRC) (As Per Notice/Annual Report)
*@ **Mr. Arvind Poddar, Mrs. Vijaylaxmi Poddar and Mr. Rajiv Poddar are relatives.***
Note: Directorships, committee membership and committee chairmanship include such positions in Balkrishna Industries Ltd
Expertise: IEX-Industry Expert, **FIN**-Finance, **MGT**-Management, **MKT**-Marketing, **HRM**-Human Resource Management, **BNK**-Banking, **TAX**- Taxation
✓- FOR, ✗- AGAINST. Kindly Click here to view list of abbreviations.

Executive Chairman: Mr. Arvind Poddar is the Executive Chairman of the Company.

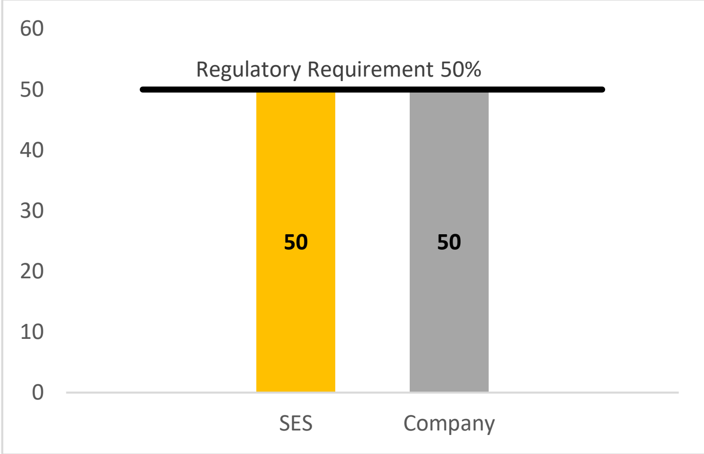
SES View: Governance Concern - Although, there is no legal bar on the Chairman of the Company from holding Executive position, SES is of the view as a good governance practice the Company should have separated the position of chairman from the executive position as holding both the positions of Chairman and Managing Director by the same person may lead to concentration of powers in the hands of single person.

Rationale: *Corporate democracy and management structure envisage three layers, at the top is General Body of shareholders, which guides and approves proposal of the Board, second in line is the Board, which is directed by General body, AoA and MoA and which sets agenda for Management. The Board is headed by Chairman. The Management which is at the bottom of pyramid is headed by Executive Director(s), who are responsible for day to day management and operational issues. Combining the* *position of ED and Chairman blurs the demarcation between Board and Management. Therefore, SES is of the opinion that the Company should segregate the position of Chairman and Executive Director.*

LIABLE TO RETIRE BY ROTATION



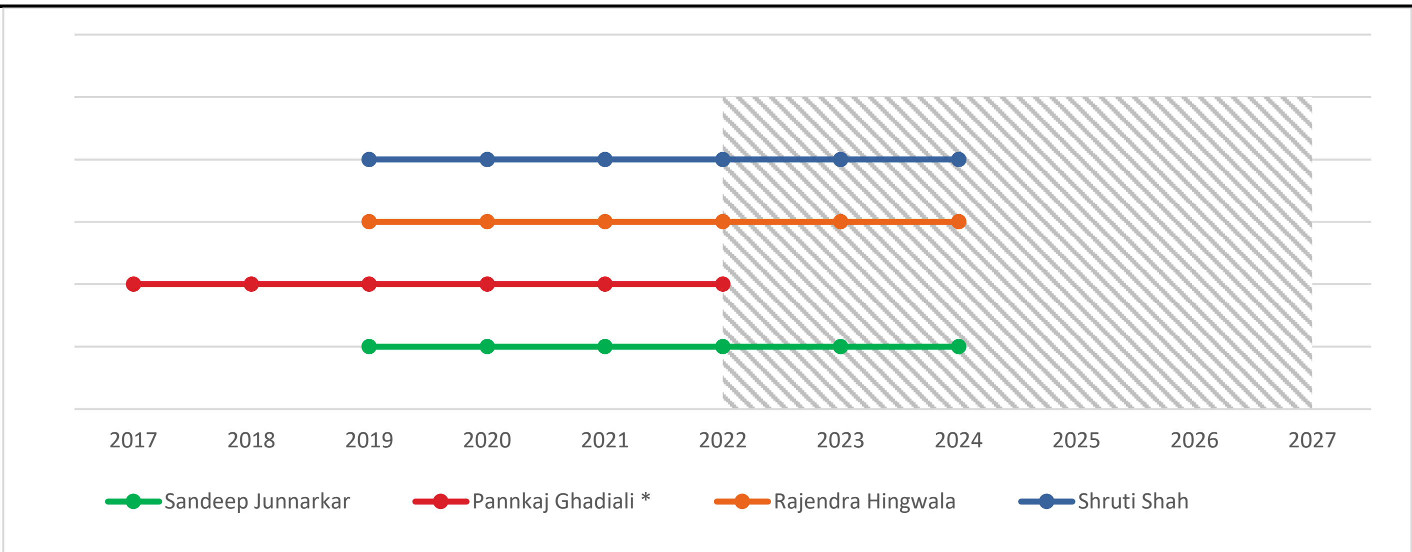
BOARD INDEPENDENCE (%) CLASSIFICATION



The Company has 4 Non-Independent Directors out of which 2 are liable to retire by rotation. From the past 5 years, only Mrs. Vijaylaxmi Poddar and Mr. Vipul Shah are coming for re-election u/s 152 despite other 2 NIDs being longest in the office. This confirms that other 2 directors are indeed non-retiring directors.

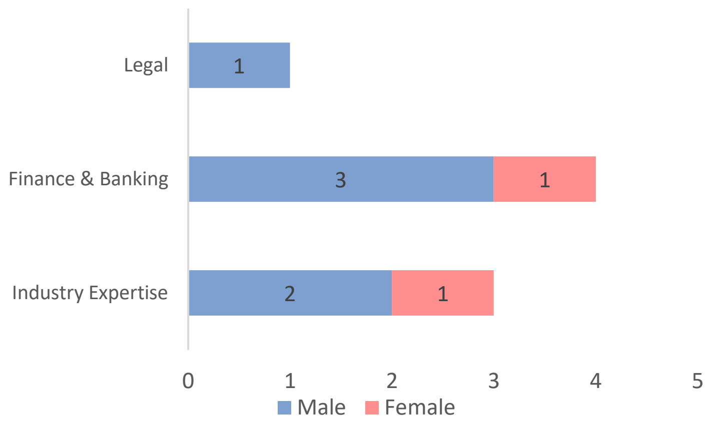
Therefore, the Board is **non-compliant with the provision of retirement of directors by rotation.**

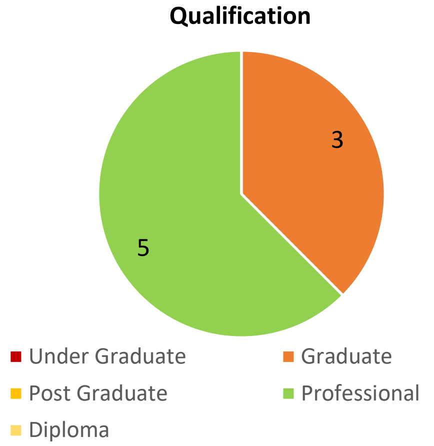
TENURE OF INDEPENDENT DIRECTORS



@ *Re-appointment for 2nd Term of 5 years proposed in ensuing AGM.*

BOARD EXPERTISE & QUALIFICATIONS





Board Diversity: The Board consists of directors having experience in diverse fields which *inter alia* include Legal, Accountancy, Taxation, Finance and Industry Experts. The directors are duly qualified with majority of board comprising of Professional.

The Company has 2 women directors including 1 Independent Director viz. Mrs. Shruti Shah ensuring gender diversity at the Board level.

> ***Law:*** *SEBI Listing Regulations- Top 1000 Companies (by market capitalization) to have an Independent woman director.*

The Company is compliant with the requirement of Independent woman director.

BOARD POWER QUOTIENT *(Please click here to know more)*

EX-BUREAUCRATS	EX- REGULATORS	RETIRED JUDGES	FORMER BANKERS	POLITICALLY EXPOSED PERSONS (PEP)	RETIRED HEADS OF PUBLIC FINANCIAL INST
0	0	0	0	0	0

BOARD POWER QUOTIENT 0%

REGULATORY HEALTH CHECK

✓	All directors elected by the shareholders	*	Special Resolution for NEDs above 75 years
*	Special Resolution EDs above 70 years	✓	No Board Interlock situation
✓	Separate meeting of IDs held on **30th March 2022**	✓	No Director Disqualified
✓	No Regulatory Action against the Directors	✓	No Regulatory Action against the Company

BOARD COMMITTEE CONSTITUTION

Committees	No. of members		Chairman's Classification			Overall Independence		
	LR	Company	LR	Company	SES	LR	Company	SES
Audit	3	4	ID	ID	ID	67%	100%	100%
Stakeholders' Relationship	3	4	NED	ID	ID	1 ID	3 ID	3 ID
Nomination & Remuneration	3	4	ID	ID	ID	67%	100%	100%
CSR	3	4	-	NEDP	NEDP	1 ID	1 ID	1 ID
Risk Management*	3	3	-	ID	ID	-	1ID	1ID

*Kindly Click here to view details of abbreviations used in this table. | *Legal considered Board Membership*

BOARD COMMITTEE PERFORMANCE

Committees	Frequency of Meetings			Attendance < 75%
	LR	SES Benchmark	Held	
AC	4	8#	4	-
SRC	1	2	4	-
NRC	1	2	3	-
CSR	-	1	4	-
RMC	2	2	3	-

#Audit Committee: 4 times for review of quarterly results and 4 times for review of other matters.

Discussion: During the year, all the members attended 75% or more committee meetings of all the board committees.

The Company has met SES Benchmark for all committee meetings except for AC meetings.

Kindly Click here to view details of abbreviations used in this table.

REMUNERATION ANALYSIS

BOARD REMUNERATION

Director	2021			
	Fixed	Variable	Total	%
EDPs	**9.96**	**80**	**89.96**	**98.77**
Arvind Poddar	5.54	40	45.54	50.00
Rajiv Poddar	4.42	40	44.42	48.77
EDs	**0.78**	**0**	**0.78**	**0.85**
Vipul Shah	0.78	0	0.78	0.85
NEDPs	**0.04**	**0**	**0.04**	**0.04**
Vijaylaxmi Poddar	0.04	0	0.04	0.04
IDs	**0.30**	**0**	**0.30**	**0.33**
Pannkaj Ghadiali	0.08	0	0.08	0.09
Sandeep Junnarkar	0.08	0	0.08	0.08
Rajendra Hingwala	0.06	0	0.06	0.07
Shruti Shah	0.08	0	0.08	0.09
Total Board Remuneration	**11.08**	**80**	**91.08**	**100**

Skewed Remuneration:

Mr Arvind Poddar, Promoter CMD & Mr. Rajiv Poddar, Promoter Executive Director, both, individually received a remuneration of more than ₹ 44 crores for FY 2021-22, which is more than **57 times**, the remuneration received by Mr. Vipul Shah, Non-Promoter ED. Total remuneration paid to the EDPs amounts to ₹ 89.96 crores, which is 98.77% of the total board remuneration.

Also, it is very important to note that Mr. Vipul Shah is 59 years of age and is associated with the Company for ~27 years, on the other hand, Mr. Rajiv Poddar is 37 years old with hardly 16 years of experience. Such a remuneration practice raises question over the fairness in the Remuneration Policy of the Company.

Further, both Promoter Executive Directors have variable component in their remuneration, however, no such variable component is paid to Mr. Vipul Shah at least for past 3 years. SES is of the opinion that, **the remuneration of the Executive Directors is skewed in favour of Promoters and shareholders must seek clarification from the NRC chairman regarding the same**.

EXECUTIVE DIRECTORS' REMUNERATION ANALYSIS

In ₹ Crore	PF/NP	2020		2021		2022				Nifty Mid cap Benchmarks[1]	
		FP	TP	FP	TP	FP	TP	RMER	Ratio	ED Pay	RMER
Arvind Kumar Poddar	PF	5.26	27.76	5.42	37.42	5.54	45.54	819.00x	58.38:1	8.05	167.7x
Rajiv Arvind Poddar	PF	4.19	27.69	4.32	37.32	4.42	44.42	798.00x	56.95:1	8.05	167.7x
Vipul Shah	NP	0.68	0.68	0.71	0.71	0.78	0.78	14.00x	1:1	4.06	71.1x

Note: Fixed pay includes basic pay, perquisites & allowances. Kindly Click here to view details of abbreviations used in this table. | [1] Benchmarks are computed by SES, using FY 2019-20 average data. Please click here to know more. / Ratio to the lowest paid ED FP- Fixed pay, TP- Total Pay, RMER- Ratio to Median remuneration of employees

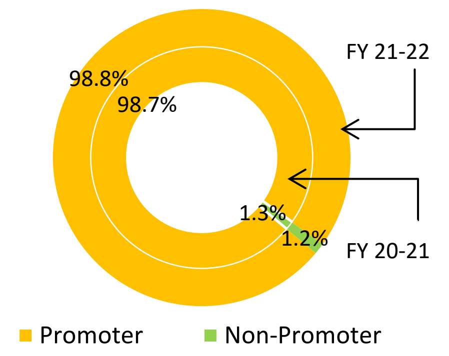
EXECUTIVE REMUNERATION - PEER COMPARISON VS RELEVANT NIFTY INDEX (MEAN)

Amount (in ₹ Crores)	Arvind Kumar Poddar (2021-22)	Raghupati Singhania (2020-21)	Shobhana Ramachandhran (2020-21)	Benchmarks[1]
Company Name	Balkrishna Industries Ltd	JK Tyre & Industries Ltd.	TVS Srichakra Ltd	Nifty Mid Cap
Promoter Family	Yes	Yes	Yes	Promoter ED
Director's Remuneration (Rem.)	45.54	14.91	4.38	8.05
Total Board Remuneration (TBR)	91.08	44.8	9.4986	16.22
Rem./TBR (%)	50%	33.28%	46.09%	33.70%
Net Profit	1,410.69	256.45	72.76	570.78
Rem. / Net Profits (%)	3.23%	5.81%	6.02%	2.10%

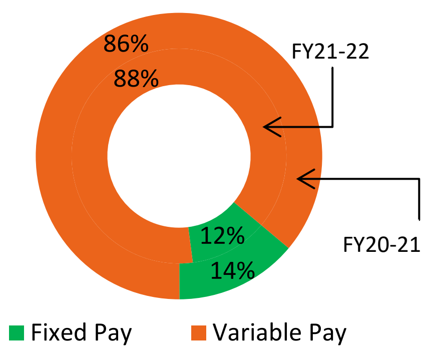
[1] Benchmarks are computed by SES, using FY 2019-20 average data. Please click here to know more.

DIRECTORS REMUNERATION COMPARISON

PROMOTER DIRECTORS PAY DISTRIBUTION

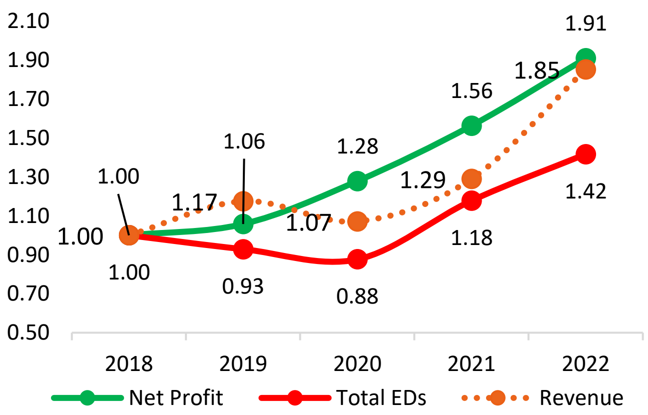


ED'S PAY DISTRIBUTION



Note: *Remuneration paid to all directors (including those ceased) during FY 2021-22 have been considered.*

TOTAL EDs REMUNERATION VS PAT (NORMALISED)



DISCUSSION

- Net Profits have grown at a higher pace as compared to ED remuneration.

Employees Count and Remuneration	2020-21	2021-22
Total Permanent Employees	2,861	3,229
Percentage increase in Median Salaries of All Employees	9%	1.76%
Average percentage increase already made in the salaries of employees other than the managerial personnel	9%	11%

STAKEHOLDERS ENGAGEMENT

MAJOR DISCLOSURES

✓	Statement on Compliance with applicable Secretarial Standards	✓	Form No. MGT 7 for FY 2021-22 disclosed
*	Related Party Transactions as per Form No. AOC.2	✓	Chart or Matrix of setting out the skills/ expertise/ competence of the board of directors
*	Secretarial Audit Report of Indian Unlisted Material Subsidiary, if any	✓	Details of establishment of Vigil Mechanism
*	Comments on qualifications made by Statutory Auditors/ Secretarial Auditor	✓	Constitution of Risk Management Committee (If applicable)
✓	Constitution of Sexual harassment Committee/ Internal Complaints Committee	✓	Succession Planning
✓	Review and monitoring of Cyber Security	☐	Disclosure on appointment of a **Chief Risk Officer** in Annual Report [1]

DISCLOSURE OF MAJOR POLICIES

✓	Whistle Blower Policy	✓	CSR Policy
✓	Dividend Distribution Policy	✓	Policy/Code of Conduct on insider trading disclosed
✓	Related Party Policy	✓	Material subsidiary policy disclosed.
✓	Policy on remuneration of Directors, KMP and other employees	✓	BRR or Sustainability Report or Integrated Reporting

✓ *- Disclosed;* ☐ *- Not disclosed;* * *- Not applicable*

[1] **Chief Risk Officer**

SES is of the opinion that every Company must appoint a Chief Risk Officer (CRO) who shall report to the Risk Management Committee (RMC). SEBI Listing Regulations provides the RMC with the power to decide on appointment, removal and terms of remuneration of CRO.

A CRO is an executive responsible for identifying, analyzing, and mitigating internal and external risks of a Company. Given the key responsibility of risk oversight undertaken by CRO, SES is of the view as a matter of good governance practice, inclusion of such personnel shall assist in timely risk management.

Further, such disclosure must be made in the Annual Report for the information of the shareholders.

PAST VOTING RESULTS

Past Year Data Observation: The table below depicts Resolutions in which more than 20% Against votes were cast by public shareholders who participated in voting.

Year	Type	Agenda Item No.	Brief description of Resolution	Public Inst Against / Public Inst Polled	Total Public Against / Total Public Polled	Approved/ Rejected
2021	**AGM**	**4***	Re-appointment of Mr. Arvind Poddar, as Chairman & Managing Director of the Company	63.18	62.15	Approved

***SES Recommended AGAINST for this resolution.**

***SES view**: Investors have shown significant dissent. The Company should take note of dissent by shareholders and engage to find out what are the reasons for dissent and take steps to reduce chances of such dissent.*

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars (in ₹ Crores)	2019 - 20	2020 - 21	2021 - 22
Average Net Profit for last three years	1,061.61	1,115.90	1,239.11
Prescribed CSR Expenditure (2% of average net profit)	21.23	22.32	24.78
Actual CSR expenditure	15.76	18.11	24.89
Expenditure Performance (Actual/ Prescribed)	74.23%	81.14%	100.44%

Discussion: The Company has spent the prescribed amount towards its CSR activities in the FY 2021-22.

STAKEHOLDERS ENGAGEMENT

Criteria	Response*
No. of Investors presentation during year	4
No. Investors conference call during the year	5
Call transcripts disclosed	4

Discussion: The Company has disclosed Call Transcripts and Investor Presentation on its website

*** Figures indicates announcements which could be located by SES**

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

RESOLUTION ANALYSIS

RESOLUTION 1: ADOPTION OF FINANCIAL STATEMENTS

1. To consider and adopt: (i) The Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Reports of the Board of Directors and Auditors' thereon; and (ii) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Report of the Auditors' thereon.	**FOR**

SES RATIONALE

Unqualified financial statements. No governance concerns.

SES ANALYSIS

Note: Detailed analysis of the accounts is not within the scope of SES' activities. SES accepts the Report of the Directors and the Auditors to be true and fair representation of the company's financial position. The analysis below is aimed at enabling shareholders to engage in discussions with the Board/ Management during the AGM.

AUDITORS INFORMATION

Name of Statutory auditor	M/s. N G Thakrar & Co
Auditor's Network	NA
Auditor Tenure (Year)	5
Term	1st Term
Audit Partner	Natwar Thakrar
Partner tenure (Year)	**5** *
Shareholders' approval	Approved at 55th AGM held in 2017 for a period of 5 years.
Resignation/Removal of Auditors during FY 2021-22	1st Term Completed@

*Mr. Natwar Thakrar has been associated with the Company for 5 years as an Audit Partner. As per Section 139(3) of the Companies Act, 2013 shareholders may resolve to provide that the auditing partner and his team should be rotated at regular intervals.

> Section 139(3) of the Act:
>
> *"Subject to the provisions of this Act, members of a company may resolve to provide that*
>
> *(a) in the audit firm appointed by it, the auditing partner and his team shall be rotated at such intervals as may be resolved by members; or*
> *(b) the audit shall be conducted by more than one auditor"*

Furthermore, in line with the MCA voluntary guidelines (Link) on corporate governance, SES is of the opinion that as a good governance practice, the Audit partner should be rotated every three years.

@ The Board of Directors has recommended the appointment of M/s. Jayantilal Thakkar & Co., Chartered Accountants for term of 5 years [in place of M/s. N G Thakrar & Co., Chartered Accountants] as Statutory Auditors for a 1st term of 5 years, from the conclusion of the 60th AGM till the conclusion of 65nd AGM for approval of shareholders of the Company in **ensuing AGM**.

AUDIT QUALIFICATIONS & KEY AUDIT MATTERS

The Statutory Auditors have not made any qualification, reservation, adverse remark or disclaimer in their report for FY 2022. Further, the key audit matters have been explained by the Auditors in their report at **page no.-89** (Standalone Financials) & **page no. - 148** (Consolidated financials) of the Annual report.

AUDITORS' COMMENTS ON CONSOLIDATED FINANCIAL STATEMENTS

Audited financial statements of the following entities **audited by other Auditors** have been included in the consolidated financial statements.

Consolidated Entity (all figures in ₹ Cr.)	5 Foreign Subsidiaries	Consolidated Financials	% of total Consolidated financials (Subsidiaries)
Total Assets	216.85*	10,978.98	1.98%
Total Revenue	478.04*	8,733.04	5.47%
Net Profit	19.00*	1,435.38	1.32%
Net Cash Flow	4.38*	-9.01	-48.61%

**before consolidation adjustments*

COMPANY AUDITOR'S REPORT ORDER (CARO 2020) AND SCHEDULED III DISCLOSURES

Trade receivables and payables outstanding from due date of payment

Term (in ₹ crores)	Undisputed Trade Receivables	
	2021-22	2020-21
Less than 6 months	1,093.41	728.99
6 months - 1 year	4.20	0.33
1-2 years	0.07	0.64
2-3 years	-	0.17
More than 3 years	-	-
Total	**1,097.68**	**730.13**

Term (in ₹ crores)	Undisputed Trade Payables (Others)			
	2021-22		2020-21	
	MSME	Others	MSME	Others
Less than 1 Year	16.18	776.58	16.06	597.82
1-2 years	-	2.38	-	38.4
2-3 years	-	0.33	-	1.82
More than 3 years	-	0.93	-	3.37
Total	**16.18**	**780.22**	**16.06**	**606.85**

A. **Loans/ Advances/ Guarantees/ Securities provided during FY 2022:**

The Company has not provided any loans(other than loan to employees) or advances in the nature of loans during the year, however during the year, the Company has given guarantee to its wholly owned subsidiaries as under-

Aggregate amount of guarantee given during the year Rs.6,773 lakhs

Aggregate amount of guarantee outstanding at the balance sheet date Rs.8,873 lakhs

In respect of loans to employees granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

The Company has not granted any loans to employees, either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

Auditor Affirmation:

Loans granted which are overdue for more than ninety days: No

CARO 2020 & SCHEDULE III PARAMETERS

COMPANY INTEGRITY	Terms and conditions of the loans & guarantees extended were not **prejudicial** to the Company's interest	👍
	Not been declared as a wilful **defaulter** by any bank or financial institution or any Lender	👍
	No **Qualifications** or adverse remark by Auditors of other Companies, if any included in Consolidated financials	👍
	No **non-cash** transactions with its directors or persons connected with its directors	NA
	No proceedings initiated or pending against the company under **Benami** Transactions Act	👍
SOLVENCY/ INTERNAL CONTROLS	No **default** in repayment of loans or other borrowings to any lender	👍
	The Company has not incurred **Cash losses**	👍
	No outstanding **undisputed** statutory dues for more than 6 months from due date	👍
	No **fraud** has been noticed or reported during the year	👍

	No existing dues were renewed, **extended** or settled by granting fresh loans	👍
	Internal Audit systems are **commensurate** with the size and nature of business	👍
MATTERS IMPACTING CONSISTENCY	**Title deeds** of all immovable properties held in the name of the Company	👍
	No **discrepancy** (more than 10%) in revaluation of Tangible Assets	**NA**
	Equity raised or monies borrowed were applied for the purpose for which they were obtained	**NA**
	The Company has maintained proper records showing full particulars of **Intangible** Assets	👍
	No transactions which were **unrecorded** in Books, recorded in tax Assessments under IT Act	👍
OTHERS	Details of funds obtained to meet the **obligations** of its subsidiaries, JVs or associates, if any.	**NA**
	All RPTs are compliant with section **177** and section 188 of the Companies Act, 2013	👍
	The Auditor has taken into consideration the **whistle-blower** complaints received by the Company	**NA**
	Disclosure of transactions with **struck off** companies/ NA if no transaction with Struck off Co.	**NA**
	Financial ratios as required under schedule III disclosed	👍

FINANCIAL INDICATORS

	Mar' 21	Mar' 22	Variance %	Company Discussion
Current Ratio (In times)	1.35	1.22	(9.80)	-
Debt-Equity Ratio (In times)	0.15	0.35	137.05	*There has been increase in working capital and issuance of NCD*
Debt Service Coverage Ratio (In times)	510.38	384.78	(24.61)	
Return on Equity (ROE) (%)	19.23	21.82	13.44	-
Inventory Turnover (In times)	11.17	10.14	(9.17)	-
Trade receivables Turnover (In times)	8.19	8.95	9.27	-
Trade Payables Turnover Ratio (In times)	8.24	9.05	9.79	-
Net capital turnover ratio (In times)	10.97	12.63	15.13	-
Net profit ratio (%)	20.45	17.24	(15.67)	-
Return on capital employed (ROCE) (%)	21.69	20.41	(5.91)	-
Return on investment (%)	8.37	10.25	22.56	-

Source: Company's Annual Reports

Law: *SEBI (LODR) Amendment Regulations, 2018, requires disclosure of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor in Management Discussion and Analysis.*

SES Analysis: The Company has disclosed key financial ratios and stated the reasons for material change wherever required.

CONTINGENT LIABILITIES

(All figures in ₹ Crore)	Mar' 21	Mar' 22
Total contingent liabilities	678.96	**355.05**
Net worth of the Company	5,999.82	**6,933.01**
Contingent liabilities as a percentage of net worth	11.32%	**5.12%**

Source: Company's Annual Reports

Major portion of contingent liabilities is constituted by Corporate Guarantee / Bonds given by the group: To the President of India through commissioner / Dy. commissioner of Custom.

STANDALONE VS CONSOLIDATED FINANCIAL STATEMENTS

The Company has disclosed key financial ratios and stated the reasons for material change wherever required.

Financials Statements of Subsidiaries on website: Yes

Separate approval for Standalone and Consolidated Financial Statements: No

Although, the Company has rightly segregated the resolution for approval of standalone and consolidated financial statements in the Notice as item nos. 1(i) and 1 (ii), still both are forming part of a single resolution. Such clubbing of items in a single, defeats the purpose of seeking separate approvals from shareholders with respect to the standalone accounts of the Company on one part and consolidated accounts on the other. SES is of the opinion that these are independent matters, and the Company should have proposed them as different resolutions to facilitate shareholders to vote separately.

SES VIEW

The Statutory Auditors have not made any qualifications with respect to the standalone or consolidated financial statements of the Company.

No concern has been identified.

RESOLUTION 2: DECLARATION OF DIVIDEND

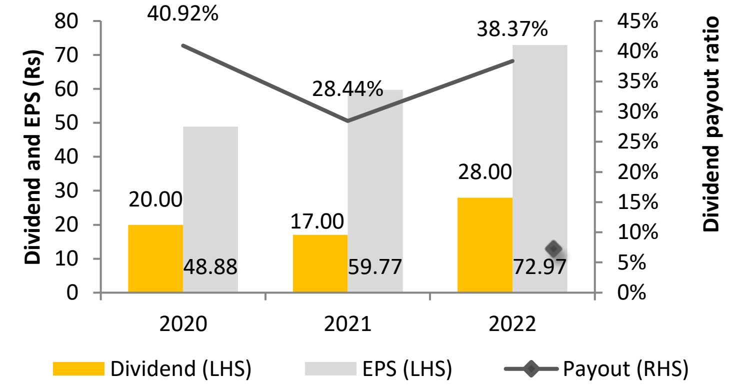
To confirm the payment of Interim Dividends on Equity Shares and to declare a Final Dividend of ₹ 4.00 on Equity Shares, if any, for the financial year 2021-22.	**FOR**

SES RATIONALE

Sufficient funds available, no concern identified.

SES ANALYSIS

Dividend and Earnings



Graph : Dividend Payout and EPS

SES View on Proposed Dividend

- The board declare and paid **3 interim** dividends of ₹ 4 each per equity share aggregating to ₹ 12 per equity share and a **special** Diamond Jubilee **Dividend** of ₹12 per equity share.
- Further, the board has recommended a **final dividend** of ₹ 4/- per equity share for financial year ended 31st March, 2022.
- Aggregate dividend cash outflow for FY 2022 shall be ~₹542 crores.

The Company has sufficient liquid funds to pay the proposed final dividend. No concern has been identified.

DISCLOSURE OF DIVIDEND DISTRIBUTION POLICY

Has the Company disclosed the Dividend Distribution Policy ('DDP')?	Yes
Is the DDP objective and enables the shareholder to estimate the likely dividend?	Yes
Has the Company paid dividend in line with its DDP?	Yes@

@ *During the year the Company has paid Special Dividend occasion of Diamond Jubliee Year i.e. 60th year of the Company*

SES VIEW ON DIVIDEND DISTRIBUTION POLICY

The Company has disclosed its Dividend Distribution Policy on its website as per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company in its policy has provided ***"On 17th May, 2019, percentage of Dividend payout was amended from 5% to 20% to 10% to 30%".*** Thus, the Company has given a tool in the hand of investor to estimate likely dividend based on available and disclosed financial performance and to question the management in case policy is not followed, which ultimately fulfils the objective of having a policy.

Meeting Type: 60th AGM | Meeting Date: 7th July, 2022

RESOLUTION 3: REAPPOINTMENT OF NON-EXECUTIVE DIRECTOR

To appoint a Director in place of Mrs. Vijaylaxmi Poddar (DIN: 00160484), who retires by rotation and being eligible, offers herself for re-appointment.	**FOR**

SES RATIONALE

Complaint with law, no governance concern identified in the proposed appointment.

SES ANALYSIS

DIRECTOR'S PROFILE

Vijayalaxmi Poddar

Age: 61 years
Full time positions: ED- Clothing Culture Private Limited
Education: B.Com.
Functional Area: Industrialist
Past Experience: She has experience of over 29 years, in textile / tire industry
Committee positions in the Company: CSRC(C)
Retirement by rotation: Retiring
Director Category (As per SES): Promoter
Date of original Appointment: 30th May, 2012
Total Association (Including Group): 10 years
Proposed approval: Re-appointment as a director liable to retire by rotation.

DIRECTORS' TIME COMMITMENTS

Name	Full time role/ executive position	Directorships			Total Committee	
		Total	In listed entities	As ID in listed entities	Member	Chairman
Statutory Limit	2	20	7	7#/3*	10	5
SES Limit	1**	20	5	5#/3*	6	3
Vijayalaxmi Poddar	1	5	1	0	0	0

Note: Committee memberships include Committee chairmanships (includes only Audit Committee and Stakeholders Relationship Committee), Total Directorships include Directorships in Public as well Private Companies | **2 full-time positions, in case of subsidiary and related business

*# If Director is Non-Executive Director across all listed entities. | * If Director is Executive Director in any listed entity*

DIRECTORS' PERFORMANCE

Attendance Record	Last 3 AGMs	BM Last year	BM during 2 FYs (Prior to FY2022)	CSRC
SES Benchmark		At least 50%	At least 50%	-
Vijayalaxmi Poddar	2/3	100% (6/6)	100% (10/10)	100% (4/4)

SES VIEW

The Company is seeking shareholders' approval to appoint Mrs. Vijayalaxmi Poddar as a Director, who retires by rotation and being eligible offers herself for reappointment.

No concern has been identified regarding the profile, time commitments and attendance of Mrs. Vijayalaxmi Poddar.

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RESOLUTION 4: APPOINTMENT OF AUDITORS

Appointment of M/s. Jayantilal Thakkar & Co., Chartered Accountants as Statutory Auditors of the Company.	**FOR**

SES RATIONALE

Compliant with law. No governance Concern has been identified.

SES ANALYSIS

DISCLOSURES

Name of the auditor up for appointment	M/s. Jayantilal Thakkar & Co., Chartered Accountants
Auditors' eligibility for appointment	Disclosed
Has Audit Committee reviewed the Independence of the Auditor?	Disclosed
In case of appointment of new Auditors: Status of outgoing Auditors	Completion of one term by the outgoing Auditors
Basis of recommendation of appointment	Disclosed
Proposed Audit Fee Payable	**₹60 Lakhs**, plus reimbursement of out-of-pocket expenses plus taxes as applicable.

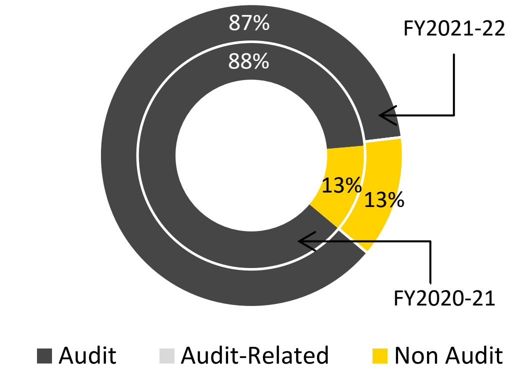
AUDITORS' INDEPENDENCE

Auditors	
M/s. Jayantilal Thakkar & Co	Fresh Appointment
Auditor's Network	NA

Financial interests in or association with the company: None

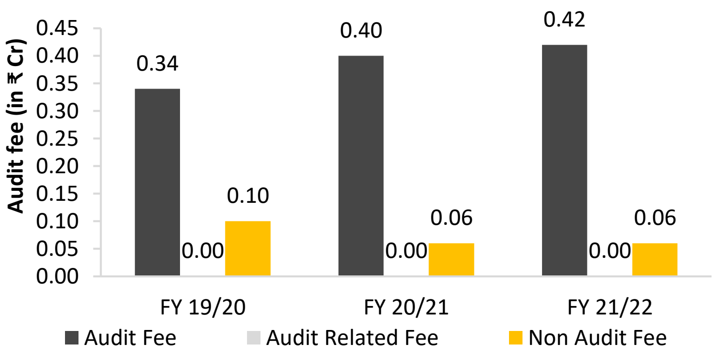
AUDITORS' REMUNERATION

Remuneration components



Graph: Remuneration Components

Standalone Auditors' Remuneration



Graph : Historical Trends in Auditors' Remuneration

TERM OF APPOINTMENT- 5 Years

Based on the recommendation of the Audit Committee, the Board of Directors at its Meeting held on 13th May, 2022 had approved appointment of M/s. Jayantilal Thakkar & Co., Chartered Accountants (Registration No. 104133W), as Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the 60th AGM till the conclusion of the 65th AGM, in place of retiring Auditors M/s. N G Thakrar & Co., Chartered Accountants (Firm Registration No. 110907W), subject to the approval of the Members of the Company in ensuing AGM.

M/s. N G Thakrar & Co., have **expressed their intention not to seek reappointment** as Statutory Auditor of the Company on conclusion of their present term.

SES VIEW

The Company seeking shareholders' approval to appoint M/s. Jayantilal Thakkar & Co., Chartered Accountants, as the Statutory Auditors of the Company for the term of 5 consecutive years, who shall hold office from the conclusion of this AGM till the conclusion of the 65th AGM of the Company.

The proposed remuneration payable to M/s. Jayantilal Thakkar & Co., for statutory audit fees shall be **₹ 60 lacs** plus reimbursement of out-of-pocket expenses plus taxes as applicable.

The Company has provided adequate disclosure regarding the appointment of Statutory auditors. No concern has been identified with regard to the proposed resolution.

Meeting Type: 60th AGM | Meeting Date: 7th July, 2022

RESOLUTION 5: REAPPOINTMENT OF INDEPENDENT DIRECTOR

To re-appoint Mr. Pannkaj Ghadiali as an Independent Director for a second term of five years.	**AGAINST**

SES RATIONALE

Compliant with law. **Governance Concern:** Mr. Ghadiali is the chairperson of NRC, a committee in charge of board remuneration policy that appears to be skewed in favour of promoter EDs.

SES ANALYSIS

DIRECTOR'S PROFILE

Pannkaj Ghadiali

Age: 66 years
Full time positions: Partner at P C Ghadiali And Co. LLP
Education: CA
Functional Area: Accountancy and Auditing
Past Experience: He has more than 40 years of experience in the field of accountancy and auditing.
Committee positions in the Company: **AC(C), SRC(C), NRC(C), RMC(C)**
Date of original Appointment: 8th November, 2017
Total Association (Including Group): 5 Years
Proposed approval: Re-appointment for a second term of 5 consecutive years with effect from 8th November, 2022

DIRECTORS' INDEPENDENCE

Name	Current tenure/ association	Directorships at group companies	Relationships with the Company	Shareholding	Remuneration (₹ Lakhs)	Current SES Classification
Pannkaj Ghadiali	5 years	None	None	0	8.25	Independent

DIRECTORS' TIME COMMITMENTS

Name	Full time role/ executive position	Directorships			Total Committee	
		Total	In listed entities	As ID in listed entities	Member	Chairman
Statutory Limit	2	20	7	7#/3*	10	5
SES Limit	1**	20	5	5#/3*	6	3
Pannkaj Ghadiali	1	3	2	2	3	2

Note: Committee memberships include Committee chairmanships (includes only Audit Committee and Stakeholders Relationship Committee), Total Directorships include Directorships in Public as well Private Companies | **2 full-time positions, in case of subsidiary and related business

*# If Director is Non-Executive Director across all listed entities. | * If Director is Executive Director in any listed entity*

Listed Directorship:

	Mr. Pannkaj Ghadiali	
Sr. No.	Company	Category
1	Balkrishna Industries Ltd	ID
2	Goldiam International Ltd	ID

DIRECTORS' PERFORMANCE

Attendance Record	Last 3 AGMs	BM Last year	BM during 2 FYs (Prior to FY2022)	AC	SRC	NRC	RM
SES Benchmark		At least 75%	At least 75%	At least 75%	-	At least 75%	-
Pannkaj Ghadiali	3/3	100% (6/6)	100% (10/10)	100% (4/4)	100% (4/4)	100% (3/3)	100% (3/3)

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

SES VIEW

Mr. Pannkaj Ghadiali was appointed as Independent Director on the Board of the Company with effect from 8th November, 2017 for the first term of five consecutive years and his current term as an Independent Director of the Company ends on 7th November, 2022.

The Company by way of special resolution is seeking shareholders' approval to re-appoint Mr. Pannkaj Ghadiali as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 8th November, 2022.

No concern has been identified with respect to profile, independence, time commitment and attendance performance of Mr. Pannkaj Ghadiali.

However, shareholders may note that

- Mr. Pannkaj Ghadiali is the Chairman of the Nomination & Remuneration Committee (NRC);
- Board Remuneration Policy appears to be Skewed in favour of Promoter Executive Directors. (Read More)
- No disclosure was provided by the Company is support of such skewed remuneration.
- NRC is tasked with appointment of director and recommending remuneration policy to the Board;
- Furthermore, Mr. Ghadiali is also the chairman of 3 other statutory committees apart from NRC - the Audit Committee, the Stakeholder Relationship committee and the Risk management Committee.
- SES is of the view that chairmanship of 4 such committees in a single company (that perform crucial tasks) may lead to concentration of power.

In case of Board remuneration policy of a company, the buck stops at the NRC chairman. In absence of any disclosure w.r.t. the skewed remuneration policy, SES is raising governance concern against Mr. Ghadiali's re-appointment as ID on account of his failure as NRC chairman in ensuring a fair Board remuneration Policy.

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RESOLUTION 6: AMENDMENT IN BORROWING LIMITS

Amendment in Borrowing Powers of the Company.	**FOR**

SES RATIONALE

No governance Concern has been identified.

SES ANALYSIS

PURPOSE OF AMENDMENT OF BORROWING LIMITS

The members of the Company at their 52nd Annual General Meeting held on 13th September, 2014 approved borrowings of moneys in excess of the company's paid up share capital and free reserves (apart from temporary loans i.e loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature, obtained from the company's bankers in the ordinary course of business), provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹5,00,000 Lakhs.

During the year 2013-14, the Company's Paid Up Capital was ₹1,933 Lakhs and Free Reserves were ₹1,79,243 Lakhs, hence the Company had proposed Special resolution to approve the borrowings of moneys in excess of the company's paid up share capital and free reserves upto ₹5,00,000 Lakhs.

As per the year 2021-22 the Company's Paid Up Capital is ₹3,866 Lakhs and Free Reserves including Securities Premium is ₹6,88,589 Lakhs. The aggregate of the said paid up share capital, free reserves and Securities Premium is in excess of approved borrowings of ₹5,00,000 Lakhs by the Members.

SES VIEW

The Company at their 52nd AGM approved the borrowing limit ₹5,000 crores. During FY 2013-14 the Company's paid up capital was ₹19.33 crores and Free Reserves were ₹1,792.43 crores.

Now, the Paid-Up capital of the Company stood at ₹ 38.66 crore and free reserves including securities premium stood at ₹6,885.89 crores as on March 2022, which is more than approved borrowing limit i.e. ₹ 5,000 crores. Total Consolidated borrowings of the Company stood at ~ ₹ 2,500 crores as on March, 2022.

Therefore, the Company seeking shareholders' approval to amend said approved borrowing limit and propose to borrow money not exceeding aggregate of its paid-up share capital of the Company, free reserves and Securities Premium.

No concern has been identified.

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

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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

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