

# Proxy Advisory Report (Addendum)

## TCNS Clothing Co. Limited

COMPANY INFORMATION	MEETING DETAILS	E-VOTING DETAILS
<b>BSE CODE:</b> 541700 <b>NSE SYMBOL:</b> TCNSBRANDS <b>ISIN:</b> INE778U01029 <b>Industry:</b> Apparels & Accessories <b>Email:</b> <a href="mailto:investors@tcnsclothing.com">investors@tcnsclothing.com</a> <b>Phone:</b> 011 - 42193194 <b>Registered Office:</b> 1119, New Manglapuri, W House, Mandi Road, Sultanpur, Mehrauli, New Delhi - 110030	<b>Meeting Type:</b> AGM <b>Meeting Date:</b> 17 <sup>th</sup> September, 2021 at 2:30 PM <b>Venue:</b> Video Conferencing (VC) / Other Audio Visual Means (OAVM) <b>Notice Date:</b> 13 <sup>th</sup> August, 2021 <b>Notice:</b> <a href="#">Click here</a> <b>Annual Report:</b> <a href="#">FY 2020-21</a> <b>SES PA Report:</b> <a href="#">Report</a>	<b>e-Voting Platform:</b> <a href="#">KFintech</a> <b>Cutoff Date:</b> 10 <sup>th</sup> September, 2021 <b>Remote E-voting</b> <b>Start:</b> 14 <sup>th</sup> September, 2021 <b>Ends:</b> 16 <sup>th</sup> September, 2021

### RESEARCH ANALYST - RAJORSHI PALIT

This Addendum is issued based on the email dated 4<sup>th</sup> September 2021 by TCNS Clothing Co Ltd ('the Company') w.r.t to Proxy Advisory Report ('PA Report') issued by SES in relation to the ensuing Annual General Meeting (AGM) to be held on 17<sup>th</sup> September 2021.

**There is no change in any of the SES recommendations.**

### BACKGROUND

SES as per its policy, had emailed its PA Report to the Company on 2<sup>nd</sup> September 2021 in respect of the AGM of the Company. Post release of PA Report, The Company had a telephonic conversation with SES on 3<sup>rd</sup> September 2021. Thereafter, SES received an email from the Company on 4<sup>th</sup> September 2021.

It may be noted that the email of the Company (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 on 4<sup>th</sup> September, 2021. This Addendum provides appropriate responses of SES, wherever required.

The Company's viewpoint, provided by email is reproduced at the last in *blue text*.

The email dated 4<sup>th</sup> September 2021 containing the Company's response (*blue text*) and SES Comments



**ADDENDUM****SES COMMENTS ON COMPANY'S RESPONSE****Resolution #2: To appoint Mr. Onkar Singh Pasricha as a director liable to retire by rotation.**

*We would like to state that the resolution is moved to seek re- appointment (retirement by rotation) of Mr. Onkar Singh Pasricha under Section 152 of the Companies which requires rotation of directors.*

*We have a compact Board of 6 Members including 3 independent directors, 1 non-executive (non - rotational) and only two directors( executive) who are liable to retire by rotation.*

*Mr. Onkar Singh Pasricha being eligible has offered his candidature for reappointment as the Director of the Company since the retirement by rotation is a mandatory requirement even though his currency of the appointment is valid till December 2022.*

*Further with respect to the Regulation 17(1) (1B) of SEBI LODR regulations, please take note that the compliance requirement outlined therein is applicable w.e.f April 1, 2022, for top 500 listed entities and there still remains significant time gap between the date of the forthcoming AGM and April 01, 2022.*

*Further Mr. Onkar Singh Pasricha being the Executive Chairman of the Company, any change in the said position to meet the compliance of Regulation 17(1) (1B) will not require the approval of the shareholders and the same can be done by the Board of Directors. Therefore compliance of Regulation 17(1) (1B) has nothing to do with his appointment as Director liable to retire by rotation.*

*The Company is cognizant of the regulation regarding the separation of Executive and Chairperson role and will take necessary steps prior to the stipulated deadline. Further there is already a separation of role of CEO/ Managing Director and Chairperson in the Company. The Company is a law abiding entity and has endeavoured to comply with law in letter and spirit and has maintained highest standards of Governance practices.*

*Hence considering the above, the resolution moved for his reappointment as a Director (liable to retire by rotation) and to hold office till the next Annual General meeting is a mandatory requirement to maintain the valid structure of the Board in compliance with the applicable law and regulations. We request you to reconsider and preferably revise the recommendation or issue clarification/addendum on the same to the shareholders so that they can take an informed decision.*

**SES Comment:** SES in its PA Report had raised governance concern on the reappointment of Mr. Onkar Parischa since he holds the position of Executive Chairman in the Company. While, being compliant with the law, SES is of the view that a person holding position of Executive Director (Head of Management) and Chairman (Head of Board) blurs the demarcation between Board and Management (layers of the Company). As per SES, holding such a position results in concentration of powers in the hands of a single person.

The concern raised is not based on any compliance issue, rather adoption of good governance practices.

Shareholders may take into account the justification provided by the Company and also SES comments thereon and take an informed decision.

**Resolution #3: Approval for Remuneration of Mr. Onkar Singh Pasricha Chairman and Executive Director**

*Mr. Onkar Singh Pasricha is the Executive Chairperson of the Company and has been on the Board since the incorporation of the Company.....During his current tenure as the Whole time (Executive) Director, the resolution is moved to seek approval for paying compensation for the FY 21-22 to the maximum amount of Rs.3 Million per annum.*

*The Company is cognizant of the fact that the remuneration of executive directors should be used to align their focus with the company's goals and performance so as to promote greater accountability and discipline, companies must ensure that the growth in remuneration for its executive director is in line with growth in profits and revenues.*



In FY21, he was paid Rs.0.6 Mn (3x the median employee remuneration) though the maximum cap approved was Rs. 3 Million. Mr. Pasricha had taken a pay cut of more than 80 percent last year owing to the affected performance of the company due to Covid -19 induced restrictions.

His maximum proposed remuneration of Rs. 3.0 Million for FY 22 is commensurate with the size and complexity of the business and in line with that of industry peers. Therefore basis the above clarification we request you to revise the recommendation/ issue clarification or addendum on the same to the shareholders so that they can take an informed decision.

**SES Comment:** SES has no concern with respect to either past remuneration paid to Mr. Pasricha or his proposed remuneration. However, governance concern has been raised by SES on the ground that he holds position of Executive Chairman in the Company.

Also regarding the other clarifications sought on disclosures, we would like to state that:

1. Mr. Naresh Patwari is a Non-Executive Non- Independent (Nominee) Director of the Company appointed since 18<sup>th</sup> August 2016 on behalf of the investor Wagner Limited as disclosed in the Prospectus of the Company and Corporate Governance Report of the Company.

**SES Comment-** SES is of the view that such information should be made available by the Company in the Annual Report. Shareholders may take note of the clarification issued by the Company and take an informed decision.

2. Form MGT-7 for FY 2020-21 is required to be filed within 60 days from the date of AGM for FY 2020-21. Extracts of Annual Return for FY 2020-21 in Form MGT-9 which are more descriptive than Annual Return for FY 2020-21 in Form MGT-7 are disclosed in the Annual Report for FY 2020-21. MGT-7 is displayed on website of the Company (Link- <https://wforwoman.com/content/report/other-general-meeting-disclosures>) and corresponding link is there on page no 116 (point no 22 of the Board Report).

**SES Comment-** SES is unable to locate Form MGT-7 on the above-mentioned link. The Company may update the web page and make the same available.

Form MGT-7 is required to be filed with ROC within 60 days, however, that does not prohibit the Company from uploading the same for the information of shareholders along with the Board's Report as required under section 134 read with Section 92 of the Companies Act, 2013. Important to note that information under Form MGT-7 is as on 31<sup>st</sup> March, 2021 and as per SES, the Company need not wait for its filing, to be shared with shareholders. Shareholders may take note of the clarification issued by the Company and take an informed decision.

3. Reference the observation on CSR expenditure, see the table below explaining the CSR spends:

Rs in Million

Particulars/FY	17-18	18-19	19-20	20-21
Average Net profit	NA	117.16	138.37	124.17
Prescribed 2%	NA	2.34	2.76	2.48
Actual	NA	0.89	2.58	4.34
Balance Carry forward from Previous Years	NA	1.45	0.18	-1.86
Cumulative Balance Carry Forward	0.23	1.68	1.86	0

Please note that the permissible carry forward of the Unspent CSR for previous FYs has been spent in FY 20-21, hence the CSR expenditure is not beyond the mandatory requirement.

**SES Comment-** Shareholders may take note of the clarification issued by the Company and take an informed decision.



**COMPANY'S EMAIL DATED 4<sup>TH</sup> SEPTEMBER 2021**

Dear XXX

Thank you for the report and observations mentioning that all the resolutions moved meet the legal requirements and are in compliance with the applicable laws with appropriate disclosures being made.

On the Governance concerns raised and corresponding unfavourable recommendations on the resolutions, we would like to make the following submissions:

*Resolution No. 2- (Appointment of Mr. Onkar Singh Pasricha as a director liable to retire by rotation)*

We would like to state that the resolution is moved to seek re- appointment (retirement by rotation) of Mr. Onkar Singh Pasricha under Section 152 of the Companies which requires rotation of directors.

We have a compact Board of 6 Members including 3 independent directors, 1 non-executive (non - rotational) and only two directors( executive) who are liable to retire by rotation.

Mr. Onkar Singh Pasricha being eligible has offered his candidature for reappointment as the Director of the Company since the retirement by rotation is a mandatory requirement even though his currency of the appointment is valid till December 2022.

Further with respect to the Regulation 17(1) (1B) of SEBI LODR regulations, please take note that the compliance requirement outlined therein is applicable w.e.f April 1, 2022, for top 500 listed entities and there still remains significant time gap between the date of the forthcoming AGM and April 01, 2022.

Further Mr. Onkar Singh Pasricha being the Executive Chairman of the Company, any change in the said position to meet the compliance of Regulation 17(1) (1B) will not require the approval of the shareholders and the same can be done by the Board of Directors. Therefore compliance of Regulation 17(1) (1B) has nothing to do with his appointment as Director liable to retire by rotation.

The Company is cognizant of the regulation regarding the separation of Executive and Chairperson role and will take necessary steps prior to the stipulated deadline. Further there is already a separation of role of CEO/ Managing Director and Chairperson in the Company. The Company is a law abiding entity and has endeavoured to comply with law in letter and spirit and has maintained highest standards of Governance practices.

Hence considering the above, the resolution moved for his reappointment as a Director (liable to retire by rotation) and to hold office till the next Annual General meeting is a mandatory requirement to maintain the valid structure of the Board in compliance with the applicable law and regulations. We request you to reconsider and preferably revise the recommendation or issue clarification/addendum on the same to the shareholders so that they can take an informed decision.

*Resolution No 3 (Approval of remuneration of Mr. Onkar Singh Pasricha, Chairman and Executive Director)*

Mr. Onkar Singh Pasricha is the Executive Chairperson of the Company and has been on the Board since the incorporation of the Company. He was appointed as a Whole-Time Director (WTD) of the Company in terms of Section 196 and 203 of Companies Act, 2013 for a period of 5 years in the Board in December 2017 to hold the office of WTD upto December 2022, which was approved by the by shareholders by way of Special resolution in their extra-ordinary general meeting held on 05th January, 2018. During his current tenure as the Whole time (Executive) Director, the resolution is moved to seek approval for paying compensation for the FY 21-22 to the maximum amount of Rs.3 Million per annum.

The Company is cognizant of the fact that the remuneration of executive directors should be used to align their focus with the company's goals and performance so as to promote greater accountability and discipline, companies must ensure that the growth in remuneration for its executive director is in line with growth in profits and revenues.

In FY21, he was paid Rs.0.6 Mn (3x the median employee remuneration) though the maximum cap approved was Rs. 3 Million. Mr. Pasricha had taken a pay cut of more than 80 percent last year owing to the affected performance of the company due to Covid -19 induced restrictions.

His maximum proposed remuneration of Rs. 3.0 Million for FY 22 is commensurate with the size and complexity of the business and in line with that of industry peers. Therefore basis the above clarification we request you to revise the recommendation/ issue clarification or addendum on the same to the shareholders so that they can take an informed decision.



Also regarding the other clarifications sought on disclosures, we would like to state that:

1. Mr. Naresh Patwari is a Non-Executive Non- Independent (Nominee) Director of the Company appointed since 18<sup>th</sup> August 2016 on behalf of the investor Wagner Limited as disclosed in the Prospectus of the Company and Corporate Governance Report of the Company.
2. Form MGT-7 for FY 2020-21 is required to be filed within 60 days from the date of AGM for FY 2020-21. Extracts of Annual Return for FY 2020-21 in Form MGT-9 which are more descriptive than Annual Return for FY 2020-21 in Form MGT-7 are disclosed in the Annual Report for FY 2020-21. MGT-7 is displayed on website of the Company (Link- <https://wforwoman.com/content/report/other-general-meeting-disclosures>) and corresponding link is there on page no 116 (point no 22 of the Board Report).
3. Reference the observation on CSR expenditure, see the table below explaining the CSR spends:

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Please note that the permissible carry forward of the Unspent CSR for previous FYs has been spent in FY 20-21, hence the CSR expenditure is not beyond the mandatory requirement.

Hence basis the above clarifications request you to reconsider and revise the recommendations in the report or issue addendum to shareholders so that they can take that informed decisions on the resolutions as there is no legal concern involved in the above resolutions.

Hence basis the above clarifications request you to reconsider and revise the recommendations in the report or issue addendum to shareholders so that they can take that informed decisions on the resolutions as there is no legal concern involved in the above resolutions.

Thanks

XXX

**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**

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 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

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**Contact Information****Stakeholders Empowerment Services**

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# Proxy Advisory Report

## TCNS Clothing Co. Limited

COMPANY INFORMATION	MEETING DETAILS	E-VOTING DETAILS
<b>BSE CODE:</b> 541700 <b>NSE SYMBOL:</b> TCNSBRANDS <b>ISIN:</b> INE778U01029 <b>Industry:</b> Apparels & Accessories <b>Email:</b> <a href="mailto:investors@tcnsclothing.com">investors@tcnsclothing.com</a> <b>Phone:</b> 011 - 42193194 <b>Registered Office:</b> 1119, New Manglapuri, W House, Mandi Road, Sultanpur, Mehrauli, New Delhi - 110030	<b>Meeting Type:</b> AGM <b>Meeting Date:</b> 17 <sup>th</sup> September, 2021 at 2:30 PM <b>Venue:</b> Video Conferencing (VC) / Other Audio Visual Means (OAVM) <b>Notice Date:</b> 13 <sup>th</sup> August, 2021 <b>Notice:</b> <a href="#">Click here</a> <b>Annual Report:</b> <a href="#">FY 2020-21</a> <b>SES PA Report (Last AGM):</b> <a href="#">Report</a>	<b>e-Voting Platform:</b> <a href="#">KFintech</a> <b>Cutoff Date:</b> 10 <sup>th</sup> September, 2021 <b>Remote E-voting</b> <b>Start:</b> 14 <sup>th</sup> September, 2021 <b>Ends:</b> 16 <sup>th</sup> September, 2021

**TABLE 1 - AGENDA ITEMS AND RECOMMENDATIONS**

S. No.	Resolution	Type	SES Observation #	Rec.	Rationale
1	Adoption of financial statements.	O	LC	<a href="#">FOR</a>	Unqualified Statements
2	To appoint Mr. Onkar Singh Pasricha as a director liable to retire by rotation.	O	LC   GC	<a href="#">AGAINST</a>	Holds position Executive Chairman
3	Approval for Remuneration of Mr. Onkar Singh Pasricha Chairman and Executive Director.	S	LC   GC	<a href="#">AGAINST</a>	Holds position Executive Chairman
4	Re-Appointment of Mr. Anant Kumar Daga as the Managing Director of Company and fixation of his remuneration.	S	LC	<a href="#">FOR</a>	No major 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


RESEARCH ANALYST: RAJORSHI PALIT

CONFLICT DISCLOSURE: SES - NO CONFLICT | ANALYST - NO CONFLICT

INTERACTION WITH THE COMPANY - NO INTERACTION

### KEY ISSUES

 Mr. Onkar Singh Pasricha is the Executive Chairman of the Company ([Read more](#))

 Mr. Satpal Singh Arora has been associated with the Company for 4 years as an Audit Partner ([Read more](#)).



## COMPANY BACKGROUND

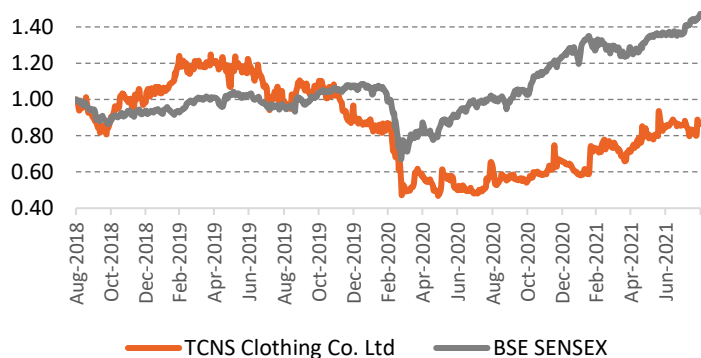
### COMPANY OVERVIEW

TCNS Clothing Co. Ltd is primarily engaged in the business of women apparels and accessories under the brand name “W”, “Aurelia”, “Wishful” and “Elleven”.

### MARKET DATA (As on 30<sup>th</sup> August, 2021)

Price ₹	588.45
52 Weeks High/Low	651.60/351.20
M Cap (₹ Cr.)	3,620.29
Source: BSE	
<b>Benchmark Index (Dec 2020) (Read more)</b>	
INDEX	Nifty Small Cap
INDEX RANK	187/250

### Stock Price Trend (Normalised)



Source: Capitaline

### NUMBER OF SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES (AS ON 31<sup>ST</sup> MARCH, 2021)

SUBSIDIARIES	ASSOCIATES	JOINT VENTURES
0	0	0

Source: Form MGT-9

### FINANCIAL INDICATORS (STANDALONE)

(In ₹ Crores)	2019	2020	2021
Net Worth	618.56	660.00	<b>611.98</b>
Total Assets	785.89	1,197.58	<b>1,074.14</b>
Total Debt	0.00	0.00	<b>5.36</b>
Loan & Advances	0.00	0.00	<b>0.00</b>
Trade Receivables	180.73	175.62	<b>164.84</b>
Operating Revenue	1,147.95	1,148.67	<b>635.54</b>
Total Revenue	1,155.47	1,169.81	<b>684.53</b>
Operating Profit	1,140.48	186.27	<b>2.44</b>
Net Profit	131.43	62.71	<b>-56.38</b>
OPM (%)	99.35	16.22	<b>0.38</b>
NPM (%)	11.37	5.36	<b>-8.24</b>
EPS (₹)	20.60	10.84	<b>-8.85</b>
Face Value (₹)	2.00	2.00	<b>2.00</b>
P/E Ratio <sup>#</sup>			<b>NA</b>
P/B Ratio <sup>#</sup>			<b>5.92</b>

### PEER COMPARISON (2021)

	Aditya Birla Fashion and Retail Ltd	Shoppers Stop Ltd
	2,684.58	181.67
	9,762.66	3,574.05
	1,117.92	150.09
	9.08	26.54
	722.40	34.79
	5,181.14	1,725.09
	5,253.78	1,943.86
	594.31	53.36
	-649.64	-275.22
	11.47	3.09
	-12.37	-14.16
	-7.95	-29.24
	10.00	5.00
	NA	NA
	7.09	14.46

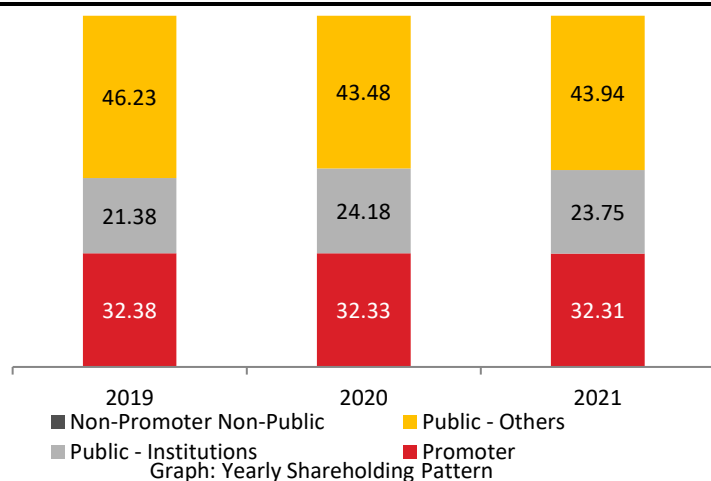
Source: Capitaline | # Share price as on 30<sup>th</sup> August, 2021 | Kindly [Click here](#) to view list of abbreviations and formulas used in above table





## OWNERSHIP STRUCTURE

### SHAREHOLDING PATTERN (%) (JUNE)



Source: Capitaline

### MAJOR PUBLIC SHAREHOLDERS (JUN' 21)

Wagner Limited	29.29%
Nalanda India Equity Fund Ltd	7.02%
Anant Kumar Daga	5.86%
Elevation Capital Vi Fii Holdings Limited	5.39%
Axis Mutual Fund Trustee Ltd	3.02%

### DISCUSSION (1<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2021)

Shares at the start of period: 6,14,74,874

- 47,625 equity shares issued under ESOP scheme

Shares at the end of period: 6,15,22,499

#### CHANGE IN SHAREHOLDING:

CATEGORY	% CHANGES	REASONS
Promoter	(-) 0.02%	Effect of Issue of shares under ESOP
Public Institution	(-) 0.43%	-
Public Others	(+) 0.46%	-

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

### MAJOR PROMOTER SHAREHOLDERS (JUN' 21)

Arvinder Singh Pasricha	15.39%
Onkar Singh Pasricha	10.98%
Parmeet Pasricha	5.21%
Saranpreet Pasricha	0.73%

### PROMOTER OWNERSHIP VS THEIR BOARD POSITIONS

% Promoter Directors as per SES, (Excluding IDs)	33.33%
Ratio of Promoter Directors Compared to Promoter unencumbered Ownership (33.33%/32.31%)	1.03:1

### INSTITUTION SHAREHOLDING VS FREE FLOAT

Particulars	JUN' 20	JUN' 21
Total Shares	6.15	6.15
Promoter Shares	1.99	1.99
Non-Promoter Non-Public	-	-
Free Float (FF)	4.16	4.16
Public Institution	1.49	1.46
Institution vs FF	35.74%	35.08%
SES Institutional Grade	C	C

#### No. of shares in Crore

**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.

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.



# BOARD OF DIRECTORS

**BOARD PROFILE**

Director	R e c.	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		Company		
													[3] Member (Chair)	AC	NRC		RMC
<b>EXECUTIVE DIRECTORS</b>																	
Onkar Singh Pasricha	✘	70	M	IEX	EDP(C)(R)	EDP(C)(R)	24	6/6	Yes	4	2	1	0(0)		M	C	5.98
Anant Kumar Daga	✔	44	M	MGT	MD(R)	MD(R)	5(11)	6/6	Yes	1	1	1	1(0)			M	44.07
<b>NON-EXECUTIVE NON-INDEPENDENT DIRECTOR</b>																	
Naresh Patwari		43	M	MGT	NED(N)*	NED(N)	5	5/6	No	4	3	2	2(0)	M	M		0.00
<b>INDEPENDENT DIRECTORS</b>																	
Sangeeta Talwar		65	W	MKT	ID	ID	4	6/6	Yes	9	7	4	8(2)	M		M	13.00
Neeru Abrol		66	W	MGT	ID	ID	4	6/6	Yes	7	5	4	7(3)	C	M	M	16.75
Bhaskar Pramanik		70	M	IT	ID	ID	4	6/6	Yes	4	2	1	1(0)	M	C	M	12.75

**BOARD SUMMARY**

CRITERIA	Age		Women		ID Classification		ID		Attendance		Time Commitments		
	ED	NED	WD/ Board	WID/ ID	Company	SES	Tenure	Association	Board	AGM	LD	Member	Chair
	>70	>75					>10 years		<50%	No	>7	>10	>5
No. of Directors	1/2	0/4	2/6	2/3	3/6	3/6	0/3	0/3	0/6	1/6	0/6	0/6	0/6
Percentage	50%	0%	33%	67%	50%	50%	0%	0%	0%	17%	0%	0%	0%

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 23<sup>rd</sup> August, 2021

[3] Committee memberships include committee chairmanships (Includes only Audit Committee and SRC)(As on 31st March, 2021)

Note: Directorships, committee membership and committee chairmanship include such positions in TCNS Clothing Co. Limited

Expertise: IEX-Industry Expert, MGT-Management, MKT-Marketing, IT- Information Technology

**\*The Company has stated in the Profile of Directors on its website ([Link](#)) that the Mr. Naresh Patwari is a nominee director. However, the Company has not mentioned the nominating company.**

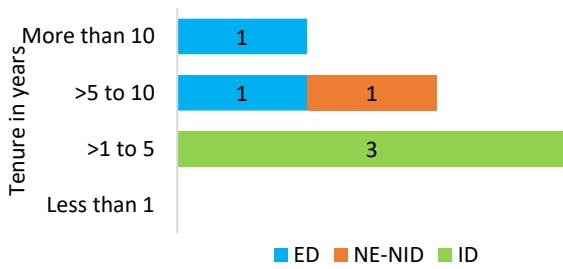
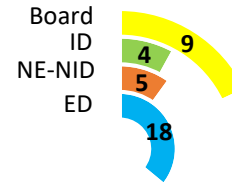
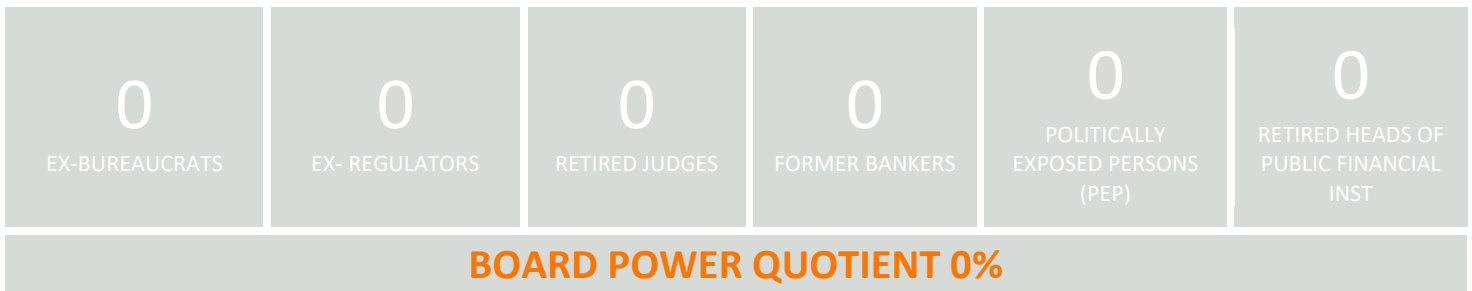
Kindly [Click here](#) to view list of abbreviations.





**Executive Chairman:** Mr. Onkar Singh Pasricha is the Executive Chairman of the Company. SEBI Listing Regulations (effective 1<sup>st</sup> April, 2022) mandates that Chairperson for top 500 Listed Entities (other than professionally managed entities) shall be a Non-Executive director.

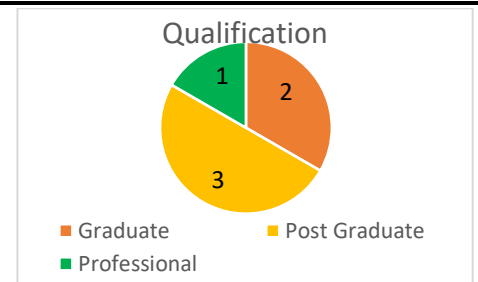
**SES View:** Governance Concern- Although, presently there is no legal bar on the Chairman of the Company from holding Executive position, good governance measures must not wait for effective date and must be embraced immediately.

**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, keeping in view the spirit behind the aforesaid amendment, SES is of the opinion that the Company should segregate the position of Chairman and Executive Director. SES is of the opinion, good governance demands initiating right practices even before the same are translated into law.



**TENURE OF DIRECTORS**
**Directors Tenure with the Company - Distribution**

**Average Association in Group (In Years)**

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

**BOARD DIVERSITY**

Skills/Expertise/Competence	Existing Directors	Skill/Board
Management		3/6
Marketing		1/6
Information Technology		1/6
Industry Expert		1/6



**Board Diversity:** The Board consists of directors having experience in diverse fields which *inter alia* include Management, Marketing, Information Technology and Industry Expert. The directors are duly qualified with majority of board comprising of Post Graduates.

The Company has two Women Independent Directors viz Ms. Sangeeta Talwar and Ms. Neeru Abrol ensuring gender diversity at the Board level.

**Law:** SEBI Listing Regulations- Top 1000 Companies (by market capitalization) to have an Independent woman director by 1<sup>st</sup> April, 2020.

The Company is compliant with the requirement of Woman ID.

**BOARD COMPOSITION**

Criteria	Company's data	Nifty Small Cap Benchmark <sup>[1]</sup>	
No. of Director liable to retire by rotation out of total NID	2/3	-	The Company has 3 Non-Independent Directors out of which 2 are liable to retire by rotation.  <b>Hence, the Company is compliant with Section 152 of the Companies Act 2013.</b>  * The Company has stated in the Profile of Directors on its website ( <a href="#">Link</a> ) that the Mr. Naresh Patwari is a nominee director. However, the Company has not mentioned the nominating company.
Inter-se relation of Board members	No	-	
Youngest/Eldest director(years)	43/70	-	
Average Age of Board(years)	60	60.4	
Board Size	6	8.7	
% of IDs on Board (LR - 50%)	50%	54.5%	
Women Director (%) & Number	33% (2)	17.8% (1.5)	
Avg. Time Commitment of the Board (Listed Directorship)	2.2 LD	1.9 LD	
No. of Nominee director(s)	1*	-	

<sup>[1]</sup> Benchmarks are computed by SES, using FY 2019-20 average data. Please [click here](#) to know more.

**BOARD REGULATORY / GOVERNANCE POSITION**
**REGULATORY PARAMETERS**

All directors elected by the shareholders	Special Resolution for NEDs above 75 years	Special Resolution EDs above 70 years <sup>[1]</sup>	No Board Interlock situation
Separate meetings of IDs held on 31 <sup>st</sup> March 2021	No Director Disqualified	No Regulatory Action against the Directors	No Regulatory Action against the Company

Complied   
  Not Complied   
  NA

**GOVERNANCE PARAMETERS (AS PER SES)**

No ID holds shares worth > 5 Cr	No ID has pecuniary relationship	No ID has >10 years association	No Ex-executive / Ex-Promoter as ID
No Director on the Board of Competitors	No Lead ID	Chairman not Independent	ED holds position of Chairman

Positive   
  Negative   
  NA

**DISCUSSION**

<sup>[1]</sup> Onkar Singh Pasricha is aged above 70 years. As per DRHP of the Company, he was last reappointed w.e.f. 3<sup>rd</sup> December 2017. Since, the Company was an unlisted entity at the time of his reappointment, SES cannot confirm whether special approval was sought at the time of his reappointment. However, the proposed resolution for re-appointment at ensuing AGM is by way of Special Resolution (#3).



**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%	75%	75%
Stakeholders' Relationship	3	3	NED	ID	ID	1 ID	2 ID	2 ID
Nomination & Remuneration	3	4	ID	ID	ID	50%	50%	50%
CSR	3	4	-	ID	ID	1 ID	3 ID	3 ID
Risk Management	*	5	-	EDP	EDP	-	60%	60%

Kindly [Click here](#) to view details of abbreviations used in this table. | \*Legal Requirement: Pursuant to amendments in SEBI LODR w.e.f. 5<sup>th</sup> May 2021, RMC shall have minimum 3 members with majority being Board of Directors, including at least one independent director.

**BOARD COMMITTEE PERFORMANCE**

Committees	Number of Meetings			Attendance < 75%
	LR	SES Benchmark	Held	
AC	4	8#	4	-
SRC	1	2	4	-
NRC	1	2	5	-
CSR	-	1	2	-
RMC	1	1	1	-

#Audit Committee: 4 times for review of quarterly results and 4 times for review of other matters. | Note: Pursuant to amendments in SEBI LODR w.e.f. 5<sup>th</sup> May 2021, 2 meetings of RMC shall be held in a financial year. Kindly [Click here](#) to view details of abbreviations used in this table.

The Company has conducted committees which have met / exceeded SES benchmarks (except for AC meetings). Further, all the directors have attended at least 75% of the meetings.

**EXCESSIVE TIME COMMITMENTS:**

Director	Listed Directorship	Committee Membership	Committee Chairmanship
<b>Legal Requirement</b>	<b>7</b>	<b>10</b>	<b>5</b>
<b>SES Limit</b>	<b>&lt;=5</b>	<b>&lt;=6</b>	<b>&lt;=3</b>
Sangeeta Talwar	-	8	-
Neeru Abrol	-	7	-

Reasonable time commitments of Directors is a good governance practice as they can devote sufficient time to the affairs of the Company.

The time commitments of Ms. Sangeeta Talwar and Ms. Neeru Abrol is stretched as per SES limit mentioned in the table.



## REMUNERATION ANALYSIS

### EXECUTIVE DIRECTORS' REMUNERATION ANALYSIS

In ₹ Crore	PF/ NP	2019		2020		2021			Nifty Small Cap Benchmarks <sup>[1]</sup>	
		Fixed Pay	Total Pay	Fixed Pay	Total Pay	Fixed Pay	Total Pay	RMER	ED Pay	RMER
Anant Kumar Daga	NP	2.41	61.98*	2.55	2.55	0.44	0.44	22x	2.5	73.1x
Onkar Singh Pasricha	PF	0.28	0.28	0.30	0.30	0.06	0.06	3x	4.2	354.9x

Note: Fixed pay includes basic pay, perquisites & allowances. Kindly [Click here](#) to view details of abbreviations used in this table. | <sup>[1]</sup> Benchmarks are computed by SES, using FY 2019-20 average data. Please [click here](#) to know more. |

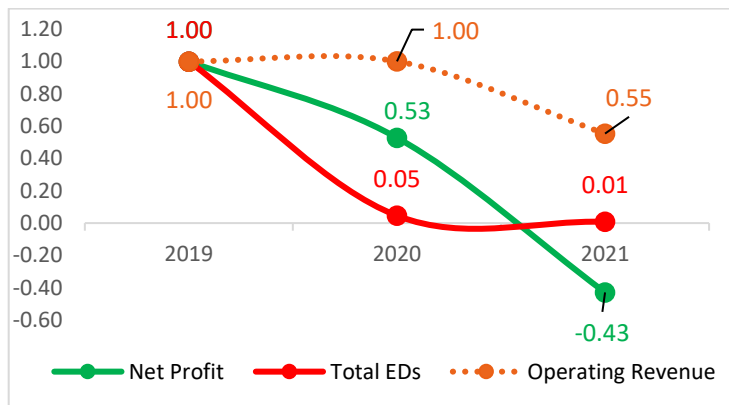
\*Higher total pay on account of exercise of stock options worth ₹ 59.57 crores

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

Amount (in ₹ Crores)	Anant Kumar Daga	Ashish Dikshit	Benchmarks <sup>[1]</sup>
Company Name	TCNS Clothing Co. Limited	Aditya Birla Fashion and Retail Ltd	Nifty Small Cap
Promoter Family	No	No	Professional EDs
Director's Remuneration (Rem.)	0.44	3.07	2.5
Total Board Remuneration (TBR)	0.93	4.32	9.3
Rem./TBR (%)	47.31%	71.09%	33%
Standalone Net Profit	-56.38	-649.64	211
Rem. / Standalone Net Profits (%)	NA	NA	2.9%

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

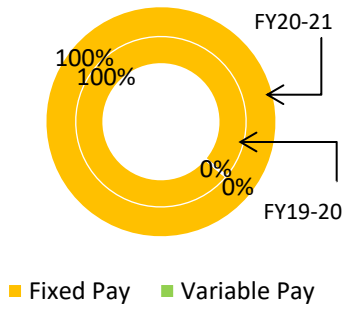
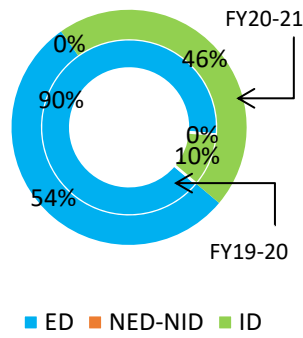
### TOTAL EDs REMUNERATION VS PAT (NORMALISED)



### DISCUSSION

- The net profit of the Company has declined during the period and the Company has registered losses in 2021.
- The ED Pay has largely been in line with the profits of the Company.

Employees Count and Remuneration	2019-20	2020-21
Total Permanent Employees	3,947	3,578
Growth in median remuneration of employees	8.39%	12.38%

**DIRECTORS REMUNERATION COMPARISON**
**ED'S PAY DISTRIBUTION**

**BOARD PAY DISTRIBUTION**


FY 2020-21			
BOARD REMUNERATION			
Category (As per Company)	No. of Directors	₹ in crores	%
ED	2	0.50	53.76
-P	1	0.06	6.45
-NP	1	0.44	47.31
NED-NID	1	0.00	0.00
-P	0	0.00	0.00
-NP	1	0.00	0.00
ID	3	0.43	46.24
<b>TOTAL</b>	<b>6</b>	<b>0.93</b>	<b>100.00</b>



## STAKEHOLDERS ENGAGEMENT

### MAJOR DISCLOSURES

<input checked="" type="checkbox"/> Statement on Compliance with applicable Secretarial Standards	<input type="checkbox"/> Form No. MGT 7 for FY 2020-21 not disclosed <sup>[1]</sup>
<input checked="" type="checkbox"/> Related Party Transactions as per Form No. AOC.2	<input checked="" type="checkbox"/> Chart or Matrix of setting out the skills/ expertise/ competence of the board of directors
<input type="checkbox"/> Secretarial Audit Report of Indian Unlisted Material Subsidiary, if any	<input checked="" type="checkbox"/> Details of establishment of Vigil Mechanism
<input type="checkbox"/> Comments on qualifications made by Statutory Auditors/ Secretarial Auditor	<input checked="" type="checkbox"/> Constitution of Risk Management Committee (If applicable)
<input checked="" type="checkbox"/> Constitution of Sexual harassment Committee/ Internal Complaints Committee	<input type="checkbox"/> Succession Planning <sup>[2]</sup>
<input checked="" type="checkbox"/> Review and monitoring of Cyber Security	

### DISCLOSURE OF MAJOR POLICIES

<input checked="" type="checkbox"/> Whistle Blower Policy	<input checked="" type="checkbox"/> CSR Policy
<input checked="" type="checkbox"/> Material subsidiary policy disclosed.	<input checked="" type="checkbox"/> Related Party Policy
<input checked="" type="checkbox"/> Policy/Code of Conduct on insider trading disclosed	<input checked="" type="checkbox"/> Dividend Distribution Policy
<input checked="" type="checkbox"/> Policy on remuneration of Directors, KMP and other employees	<input checked="" type="checkbox"/> BRR or Sustainability Report or Integrated Reporting

- Disclosed ;  - Not disclosed;  - Not applicable

<sup>[1]</sup> **Annual Return as per Form No. MGT 7:** The Company has not disclosed its Annual Return as per Form No. MGT 7 for FY 2020-21 on its website, as required under Section 92 read with Section 134 of the Companies Act.

However, the Company has disclosed MGT 9 (extract of Annual return) for FY 2020-21 under Page #145 of the Annual Report. MGT 9 also contains similar and relevant information therefore, no major concern is being raised. (Kindly [click here](#) to SES view on disclosure of MGT-7)

<sup>[2]</sup> **Succession Planning:**

- No disclosures made by the Company in Annual Report for FY 2020-21
- SEBI Listing Regulations requirement:** Board must satisfy itself that there are plans for orderly succession at Board and senior management.
- Presently, no legal requirement to make such disclosure.

**SES View:** As a good governance practice, every Company's should disclose the same in its Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars (in ₹ Crores)	2018 - 19	2019 - 20	2020 - 21	
Average Net Profit for last three years	117.16	138.37	124.17	The Company has spent more than the prescribed amount on CSR activities during FY 2020-21.
Prescribed CSR Expenditure (2% of average net profit)	2.34	2.76	2.48	
Actual CSR expenditure	0.89	2.58	4.34	
Expenditure Performance (Actual/ Prescribed)	<b>38.03%</b>	<b>93.48%</b>	<b>175.00%</b>	





**STAKEHOLDERS ENGAGEMENT**

Criteria	Response*
No. of Investors presentation during year	4 ( <a href="#">Link</a> )
No. Investors conference call during the year	4 ( <a href="#">Link</a> )
Call transcripts disclosed	<a href="#">Yes</a>

The Company has disclosed the investor presentations and investor conferences held during the year.

\* Figures indicates announcements which could be located by SES



## RESOLUTION ANALYSIS

### RESOLUTION 1: ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.

FOR

#### SES RATIONALE

Unqualified Statements. No governance concern identified.

#### 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	Deloitte Haskins & Sells LLP
Auditor's Network	Deloitte Group
Auditor Tenure(Year)	4 years
Term	1 <sup>st</sup> Term
Audit Partner	Satpal Singh Arora
Partner tenure (Year)	<b>4 years*</b>
Shareholders' approval	Appointed in 20 <sup>th</sup> AGM held on 27 <sup>th</sup> August 2017 for a period of five years
Resignation/Removal of Auditors during FY 2020-21	No

**\*Mr. Satpal Singh Arora has been associated with the Company for 4 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 terms should be rotated at regular intervals.

#### Section 139(3)

*"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.

#### AUDIT QUALIFICATIONS & KEY AUDIT MATTERS

**Audit Qualifications-** The Auditors have not made any qualifications in their Report for FY 2020-21.

**Key Audit Matters-** Detailed disclosure on key audit matters is available on Page #186 of the Annual Report for Standalone Financial Statements.

#### EMPHASIS OF MATTER

The Statutory Auditors have raised emphasis on the following matter-



“We draw attention to Note 42 of the financial statements, which describes the **possible effects of uncertainties relating to COVID-19 pandemic on the Company’s operations** and financial results for the year ended March 31, 2021. Our report on the financial statements is **not modified** in respect of this matter.”

**Note 42-** “The Company’s operations and financial results for the year ended March 31, 2021 have been adversely impacted by the outbreak of COVID-19 pandemic and the consequent lockdown announced by the Government authorities due to which the operations were suspended for substantial part of the first half of the year. COVID-19 pandemic hit the country towards the end of the financial year again resulting into disruptions to our business. Subsequent to the year end, several cities and towns have announced restrictions/lockdown. With easing of lockdown and opening of economic activities, the Company has reopened stores on a gradual basis in line with the guidelines issued by Government authorities.

The Company has assessed the impact of COVID-19 pandemic on its business operations and has considered relevant internal and external information available upto the date of approval of these financial statements, in determination of the recoverability and carrying values of its assets, including trade receivables and more particularly inventories and believes that the pandemic is not likely to materially impact the recoverability of the carrying value of these assets. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly actual results may differ from these estimates as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions and will recognise the impact, if any, prospectively in future periods.”

### ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

### FINANCIAL INDICATORS (AS PER COMPANY)

	Mar' 20	Mar' 21	Shift	Company Discussion
Debtor Turnover Ratio	6.45	3.73	-42.17%	Sales and profitability were impacted in FY21 due to COVID-19 related closures and disruptions with resultant impact in the key ratios
Inventory Turnover Ratio	1.33	0.90	-47.78%	
Interest Service Coverage Ratio	1.73	-2.11	-221.96%	
Operating Profit (% to Sales)	7%	-14%	-300%	
Net Profit (% to Sales)	9%	-6%	-166.67%	
RONW	11%	-9%	-181.82%	
Current Ratio	3.26	3.65	11.96%	-

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.

The Company has mentioned the Key Financial Ratios on Page #86 of Annual Report and discussed the reason for shift in the ratios, wherever applicable.

### CONTINGENT LIABILITIES

(All figures in ₹ Crore)	Mar' 20	Mar' 21
Total contingent liabilities	1.07	1.73
Net worth of the Company	660.00	611.98
Contingent liabilities as a percentage of net worth	0.16%	0.28%

Source: Company's Annual Reports

Major portion of contingent liabilities is constituted by Demand raised by sales tax authorities



**RELATED PARTY TRANSACTIONS**

The Company did not have material related party transactions during year.

**STANDALONE VS CONSOLIDATED FINANCIAL STATEMENTS**

The Company does not have a subsidiary.

**SES VIEW**

The Auditors have not made any qualifications with respect to the standalone financial statements. No governance concern identified.



**RESOLUTION 2- 4: REAPPOINTMENT OF EXECUTIVE DIRECTORS**

#2: To appoint Mr. Onkar Singh Pasricha as a Director, who retires by rotation and being eligible, offers himself for reappointment.	<b>AGAINST</b>
#3: Approval for Remuneration of Mr. Onkar Singh Pasricha, Chairman and Executive Director.	<b>AGAINST</b>
#4: Re-Appointment of Mr. Anant Kumar Daga as the Managing Director of Company and fixation of his remuneration.	<b>FOR</b>

**SES RATIONALE**

#2 & #3: Compliant with law. **Governance Concern:** Holds position of Executive Chairman.

#4: Compliant with law. No major governance concern identified.

**SES ANALYSIS**
**DIRECTOR'S PROFILE**
**Onkar Singh Pasricha**

**Age:** 70 years

**Full time positions:** Executive Chairman of TCNS Clothing Co. Ltd

**Education:** Bachelor's in Electrical Engineering

**Functional Area:** Industry Expert

**Past Experience (As per Notice):** "He has more than 42 years of experience in the apparel industry."

**Committee positions in the Company:** NRC(M), CSRC(M), RMC(C)

**Retirement by rotation:** Retiring

**Director Category (As per SES):** Promoter

**Date of original Appointment:** 3<sup>rd</sup> December, 1997

**Total Association (Including Group):** 24 years

**Proposed approval:** Reappointment as a director liable to retire by rotation and fixation of remuneration

**Anant Kumar Daga**

**Age:** 44 years

**Full time positions:** Managing Director of TCNS Clothing Co. Ltd

**Education:** B.Com & PGDM

**Functional Area:** Management

**Past Experience (As per Notice):** "Prior to joining TCNS, Mr. Daga has worked with Reebok India and ICICI Bank."

**Committee positions in the Company:** SRC(M), RMC(M)

**Retirement by rotation:** Not Disclosed

**Director Category (As per SES):** Non-Promoter

**Date of original Appointment:** 7<sup>th</sup> September, 2016

**Total Association (Including Group):** 11 years

**Proposed approval:** Reappointment as Managing Director and fixation of remuneration

**PAST REMUNERATION OF THE DIRECTOR**

In ₹ Crore	FY 18/19		FY 19/20		FY 20/21	
	Fixed Pay	Total Pay	Fixed Pay	Total Pay	Fixed Pay	Total Pay
<b>Executive Director</b>						
<b>Onkar Singh Pasricha</b>	0.28	0.28	0.30	0.30	0.06	0.06
<b>Anant Kumar Daga</b>	2.41	61.98	2.55	2.55	0.44	0.44

**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 <sup>#</sup> /3 <sup>*</sup>	10	5
SES Limit	1 <sup>**</sup>	20	5	5 <sup>#</sup> /3 <sup>*</sup>	6	3
<b>Onkar Singh Pasricha</b>	1	4	1	0	0	0
<b>Anant Kumar Daga</b>	1	1	1	0	1	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 | <sup>\*\*</sup>2 full-time positions, in case of subsidiary and related business # If Director is Non-Executive Director across all listed entities. | <sup>\*</sup> 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 FY2021)	SRC	NRC	RM	CSRC
SES Benchmark		At least 75%	At least 75%	-	At least 75%	-	-
<b>Onkar Singh Pasricha</b>	3/3	100% (6/6)	90% (9/10)	NA	100% (5/5)	100% (1/1)	100% (2/2)
<b>Anant Kumar Daga</b>	3/3	100% (6/6)	100% (10/10)	100% (4/4)	NA	100% (1/1)	NA

**REMUNERATION PACKAGE OF ONKAR SINGH PASRICHA FOR FY 2021-22**

Component	Proposed Remuneration	Comments
Remuneration inclusive of Perquisites	Proposed Remuneration: ₹ 30 lacs per annum	Increase in remuneration: No Change
Variable Pay	None	-
Notice Period	Not Disclosed	-
Severance Pay	Not Disclosed	-
Minimum Remuneration	Above Remuneration	Within limits prescribed: Yes Includes variable pay: NA

**REMUNERATION PACKAGE OF ANANT KUMAR DAGA FOR FY 2021-22**

Component	Proposed Remuneration	Comments
Remuneration inclusive of Perquisites	Proposed Remuneration: ₹ 2.55 crore p.a.	Increase in remuneration: No Change
Perquisites/ Allowances	All perquisites/allowances clearly defined: Yes	Cap placed on perquisites/allowances: No, but overall remuneration is capped
Variable Pay	Entitled for Stock Options	Performance criteria disclosed: NA Cap placed on variable pay: NA
Notice Period	Not disclosed	-
Severance Pay	Not disclosed	-
Minimum Remuneration	Above Remuneration	Within limits prescribed: Yes Includes variable pay: NA

**COMPANY'S JUSTIFICATION**

**#3:** The remuneration proposed to be paid to Mr. Onkar Singh Pasricha, Chairman and Executive Director of the Company for FY 2021-22 is equal to the amount as was approved for the FY 2020-21. Due to unprecedented COVID-19 pandemic situation, Mr. Onkar Singh Pasricha had foregone more than 80% (eighty percent) of his approved remuneration for the FY 2020-21.

**#4:** It is submitted that based on the projections, the overall managerial remuneration of Directors may exceed the limits specified in Section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013. The Members are requested to consider the fixation of remuneration of Mr. Anant Kumar Daga, Managing Director of the Company for FY 2021-22 at the same level as was approved for the FY 2020-21. Due to unprecedented COVID-19 pandemic situation, Mr. Anant Kumar Daga had foregone more than 80% (eighty percent) of his approved remuneration for the FY 2020-21



**SES VIEW**

**#2 & #3:** The Company is seeking shareholders' approval for reappointment of Mr. Onkar Singh Pasricha as a director liable to retire by rotation and fixation of his remuneration.

Shareholders may note that-

- There is no concern with respect to the profile, time commitments and past attendance of Mr. Onkar Pasricha.
- The Company has stated that Mr. Onkar Pasricha has forgone more than 80% of his salary for FY 2020-21 due to impact of COVID-19 on the business.
- It may be noted that the proposed remuneration package does not have any performance based pay. SES is of the opinion that a director's performance should be benchmarked against the individual's target as well as company's overall performance.
- The fixed pay to be paid to Mr. Onkar Singh Pasricha is low as compared to remuneration proposed to be paid to Mr. Anant Kumar Daga, Managing Director. Further, the remuneration paid to Mr. Onkar Singh Pasricha is quite nominal as compared to size of the Company. Hence, SES is not observing any concern on remuneration package.
- However, it may be noted that Mr. Onkar Pasricha is the Executive Chairman of the Company. SES is raising concern in this regard as such a position results in concentration of powers in the hands of a single person. ([Read more](#)).

**#4:** The Company is seeking shareholders' approval for reappointment of Mr. Anant Kumar Daga as the Managing Director of Company for a period of five years w.e.f. 7<sup>th</sup> September 2021 to 6<sup>th</sup> September 2026.

Shareholders may note that-

- The Company has stated that *"Nomination and Remuneration Committee be and are hereby authorised to revise the terms and conditions including remuneration of Mr. Anant Kumar Daga from time to time to the extent the Board of Directors may deem appropriate, provided that such revision is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V"*
- SES is of the view that the Company has been given discretion for the alteration of remuneration. Ideally, SES would have raised concern, however since the overall remuneration is reasonable and capped, no concern is being raised in this regard.
- Further, proposed remuneration package of Mr. Daga does not have variable pay. SES is of the opinion that a director's performance should be benchmarked against the individual's target as well as company's overall performance.
- However, since Mr. Anant Kumar Daga participates in the Stock Option plan of the Company therefore, no concern is being raised with respect to no variable pay.
- Further, there is no increment in his remuneration package vis-à-vis his earlier salary entitlement. He had also taken a significant pay-cut during FY 2021.

No major 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.

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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

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