

KALYANI INVESTMENT

C.I.N.: L65993PN2009PLC134196

KICL:SEC:

September 22, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001
Scrip Code : 533302

National Stock Exchange of India
Limited Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Scrip Symbol : KICL

Dear Sir

Sub: Reply submitted to Institutional Investors Advisory Services (“IIAS”) in relation to resolution for appointment of Mr Amit Kalyani as non-executive Director of Hikal Limited (“Hikal”) at its annual general meeting to be held on 23 September 2025 (“AGM”)

This is in relation to the captioned subject.

The board of directors of Hikal has recommended for appointment of Mr Amit Kalyani as non-executive director of the Company and the Company has proposed a resolution for his appointment at the AGM. IIAS has advised that shareholders to vote against the resolution for appointment of Mr Amit Kalyani as non-executive Director of Hikal.

In this regard, we have submitted our response to IIAS. A copy of the response is attached.

It is pertinent to note that Stakeholders Empowerment Services (“SES”), has recommended voting for the appointment of Mr Amit Kalyani.

We request you to disseminate the same through your website.

Thanking you,
Yours faithfully,
For KALYANI INVESTMENT COMPANY LIMITED

NIHAL GUPTA
COMPANY SECRETARY & COMPLIANCE OFFICER
E-mail: nihal.gupta@kalyani-investment.com

Encl : a/a



KALYANI
GROUP COMPANY

KALYANI INVESTMENT COMPANY LIMITED, CORPORATE BUILDING, 2ND FLOOR, MUNDHWA,
PUNE-411 036, INDIA. Phone : +91 20 6621 5000

Website : www.kalyani-investment.com Email : investor@kalyani-investment.com

KALYANI INVESTMENT

C.I.N.: L65993PN2009PLC134196

September 13, 2025

To

Institutional Investor Advisory Services

Ground Floor, DGP House 88-C,
Old Prabhadevi Road, Mumbai - 400 025

Dear Sir / Madam

We refer to your Voting Recommendation in the Institutional Investor Advisory Services ('IIAS') Report dated 11 September 2025 ('IIAS Report') for the Resolutions proposed in the 37th Annual General Meeting of Hikal Limited ('Hikal') - in particular your negative recommendation for Agenda Item No. 3 i.e. reappointment of Mr Amit Kalyani as Non-Executive Non-Independent Director of Hikal. Your negative recommendation seems to be based on your interpretation of a dispute between two Promoter groups over specific performance of obligations under an alleged family arrangement of 1994 ('said Dispute'). In this regard, you are requested to note our response as under:

1. At the outset, we wish to bring to your attention that we own 31.36% shareholding of Hikal and have nominated Mr Amit Kalyani (being our Chairman) on the Board of Hikal to represent us and our 26,041 shareholders. Before dealing with your current recommendation, we would further like to draw your attention to your September 2023 Report wherein the resolution for re-appointment of Mr. Amit Kalyani, liable to then retire by rotation as well (Non-Executive, Non-Independent Director) was supported by IIAS. The said Dispute was pending at that point in time as well (with Mr Amit Kalyani being a party), however the same did not dissuade IIAS from supporting the re-appointment resolution and giving a positive recommendation. The status of the said Dispute remains the same even today and there has been no development/change therein since the September 2023 Report recommendation. Therefore, it is clear that the said Dispute cannot be a material factor in arriving at any voting recommendation on the resolution for re-appointment of Mr. Amit Kalyani.
2. In any event, we clarify that the said Dispute pertains to seeking specific performance of a purported family arrangement of 1994 between two Promoter groups. Mr Amit Kalyani is not a signatory or a party to such purported family arrangement. Mr Amit Kalyani has been made a party to the said Dispute solely in capacity as Chairman of (a) Kalyani Investment Company Limited and (b) BF Investment Limited; and Director of Hikal. No reliefs are sought against Mr Amit Kalyani. No orders have been passed in the said Dispute and there is no next date of listing reflecting on the court's portal as well.
3. Mr Amit Kalyani has been a Non-Executive Director of Hikal since 2012 and has no role to play in the day-to-day affairs of Hikal. Further, he is not on any of the committees of Hikal. Mr Amit Kalyani's appointment was recommended by the Nomination and Remuneration Committee and Board of Directors of Hikal. Hikal is



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a professionally managed company. All Board decisions are taken in a professional manner and the continuation of Mr Amit Kalyani as Non-Executive Non-Independent Director of Hikal cannot be said to impact the overall Board functioning and decision making as mentioned in the IAS Report, on account of him simply being a party respondent to the said Dispute in his fiduciary capacity.

4. In fact, Hikal in an exchange filing has also maintained that the said Dispute is not expected to cause any negative impact or have any contagion effect on the performance and operations of Hikal, as quoted in a media article of Economic Times in May 2023. The relevant portion of the media article is reproduced below for your ready reference:

“The dispute is between the Hiremath Family and BNK Family, and there are no monetary claims against the company. The management of the company strongly believes that this dispute between the shareholders, as private parties, is not expected to cause any negative impact or have any contagion effect on the performance and operations of the company,”

5. Lastly, with respect to Item No. 2 under ‘Company Updates’ at page 3 of the IAS Report, we would like to apprise you that the Pune sessions court order directing a reinvestigation into a 2017 suicide case involving Mr Amit Kalyani has been stayed by the Hon’ble Bombay High Court on 12 August 2025, which stay continues to remain in operation. Further, as you might be aware, criminal matters are also sub-judice qua the Managing Director of Hikal as well.

In light of the above, we request you to (i) re-consider your voting recommendation with respect to the re-appointment of Mr Amit Kalyani as Non-Executive Non-Independent Director of Hikal; and (ii) bring the above facts to the attention of your subscribers.

Thanking you,

Yours faithfully,

For KALYANI INVESTMENT COMPANY LIMITED

NIHAL GUPTA

COMPANY SECRETARY & COMPLIANCE OFFICER

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Proxy Advisory Report

Hikal Limited

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance Research and Advisory Firm. SES assists Investors to analyze Governance Practices including matters relating to sustainability, prevalent at Listed Entities and empower Investors to undertake meaningful engagement with Investee Entities.

SES SERVICES

E-BRSR Tool: Online web-based platform to create **BRSR Report** by the Company and generate **XBRL** in seamless, cost and time effective manner

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

Contact for Demo – esgdata@sese-governance.com

SES AIMS:

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

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Proxy Advisory:

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

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ESG Scores:

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

[Read More](#)

Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the Governance Practices with respect To Global Benchmarks. [Read More](#)

E-Ballot:

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

[Read More](#)

COMPANY INFORMATION

BSE CODE: 524735

NSE SYMBOL: HIKAL

ISIN: INE475B01022

Industry: Pharmaceuticals

Email: secretarial@hikal.com, info@hikal.com

Phone: +91 22 6277 0477

Registered Office: 717, Maker Chambers - 5, Nariman Point, Mumbai - 400 021, India

MEETING DETAILS

Meeting Type: AGM

Meeting Date: 23rd September, 2025 at 11:30 A.M

Venue / Mode of Meeting: Video Conference (VC) or Other Audio-Visual Means (OAVM)

Notice Date: 7th August, 2025

Notice: [Click here](#)

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

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

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 16th September, 2025

Remote E-voting:

- **Start:** 19th September, 2025
- **Ends:** 22nd September, 2025

REPORT RELEASE DATE: 15th September, 2025

Research Analyst: Vinod Kalbi

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

Interaction with the Company - No Interaction



AGENDA ITEMS AND RECOMMENDATIONS

S. No	Resolution	Type	SES Observation #	Rec.	Rationale
1	Adoption of Standalone and Consolidated Financial Statements.	O	LC	FOR	Unqualified financial statements.
2	To confirm the interim dividend and to declare a final dividend for the Financial Year 2024 - 25.	O	LC	FOR	Sufficient funds available.
3	Re-appointment of Mr. Amit Kalyani as a Director liable to retire by rotation.	O	LC	FOR	No governance concerns identified.
4	Appointment of M/s Dhrumil M. Shah and Co. LLP, Company Secretaries in Practice as the Secretarial Auditor of the Company from the financial year 2025-26 till the financial year 2029-30 and to fix their remuneration.	O	LC	FOR	No governance concerns identified
5	Ratification of remuneration payable to M/s. V. J. Talati and Co., Cost Auditor of the Company for the financial year 2025-26.	O	LC	FOR	No major concerns identified.

O - Ordinary Resolution; Rec. - Recommendation

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

KEY ISSUES

Executive Chairman: Mr. Jai Hiremath 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, however, SES is of the view that as a good governance practice the Company should have separated the position of chairman from the executive position as holding such positions by any 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/Managing Director(s), who are responsible for day to day management and operational issues. Combining the position of Chairman with executive positions blurs the demarcation between Board and Management. Therefore, SES is of the opinion that the Company should segregate the position of Chairman from Executive position.

Chairman of the Audit Committee and Nomination & Remuneration Committee is same person:

Mr. V Ramachandra Kaundinya is Chairman of AC & NRC committees

SES is of the opinion that the Audit and NRC are pillars of the Company ensuring corporate democracy therefore, a common director acting Chairperson of both the Committees may not be in the best interest of Corporate governance since it might lead to concentration of power in the hands of a single individual. Further, this is also confirmed by the RBI in its Direction to banks, where the Banking Regulator has specifically directed that chairpersons of Board committees such as AC and NRC, shall be different directors. As a result, SES does not view the appointment of the same individual for both positions as a good governance practice.

The Board has 3 Executive Directors (Promoter); Mr. Jai Hiremath, Mr. Sameer Hiremath (Promoter) and Mr. Sarangan Suresh (Non-Promoter). Prima facie, there appears to be significant gap between the remuneration payment of executive directors on the Board, where remuneration appears to be inclined in favour of promoter executive directors whereas Mr. Sarangan Suresh despite having comparable experience, is paid significantly lower remuneration. SES understands that Mr. Sarangan Suresh has been recently appointed on the Board (1st April, 2024), however, the difference appears to be on the higher side even after accounting for the said factor. Shareholders may seek clarification in this regard.

Director Name	Age	Board (Company) Association	Remuneration
Mr. Jai Hiremath	77 years	34(36) years	₹ 6.59 crores



Mr. Sameer Hiremath	51 years	26 years	₹ 6.04 crores
Mr. Sarangan Suresh	61 years	1(10) years	₹ 0.52 crores

- 📌 The Company had submitted a settlement application to SEBI in connection with a Show Cause Notice dated 22nd August 2023, regarding alleged non-compliance with disclosure obligations under the SEBI (LODR) Regulations, 2015. The application was reviewed and approved by SEBI's High Powered Advisory Committee and the Panel of Whole Time Members. In line with the settlement terms, the Company remitted a settlement amount of ₹43,97,250/- and disclosed the same to the stock exchanges on 29th November, 2024.

KEY OBSERVATIONS

- Hikal Limited's CIN uses "PTC" instead of "PLC" because of either a historical error or outdated classification in government records, technically, "PTC" should not be used by a listed company. Hikal Limited is a publicly traded company listed on both NSE and BSE in India, so its CIN should use "PLC" Shareholder may seek a clarification from the company in this regard.
- Technical Non-Compliance with Section 152(6) of Companies Act, 2013:** Section 152(6) of the Companies Act, 2013 mandates that at least two-third of the total number of directors on the Board must be liable to retire by rotation. Currently, the Company has 5 (NIDs), out of which only 3 are liable to retire by rotation, ($5 \times 2/3 = 3.33$, rounded up to 4). Therefore, to fully comply with statutory requirements, the Company should maintain at least 4 directors who shall be liable to retire by rotation. Consequently, as per SES, the Company is not compliant with the provision of section 152 of the Companies Act, 2013. SES, presently, is not raising major concern. However, moving forward, SES will adopt a suitable stance in this regard.
- Non-Compliance:** The Company has neither disclosed the average percentile increase in the salaries of the employees other than the managerial personal and that of the managerial remuneration in last 2 FYs nor has provided the comparison in the said increases.

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 states that:

5 Disclosure in Board's Report

Every listed company shall disclose in the Board's report-

(viii) **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

As the Company has not disclosed the above information as required, therefore, the Company is **non-compliant** with the above-mentioned law.



RESOLUTION ANALYSIS

RESOLUTION 1: ADOPTION OF FINANCIAL STATEMENTS

To consider and adopt the audited standalone and consolidated Financial Statements of the Company for the year ended 31st March 2025 together with the Reports of the Board of Directors and Auditors thereon.

O

FOR

SES RATIONALE

Unqualified financial statements except minor non-material observations in CARO. Compliant with Indian accounting standards. 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	M/s. S R B C & CO LLP #
Auditor's Network	EY Group
Auditor Tenure(Year)	6 Years
Term	2 nd term
Name of Audit Partner	Vinayak Pujare
Partner tenure (Year)	6 Years*
Shareholders' approval	Approved for 2 nd term of 5 years until the conclusion of 41 st AGM to be held in the year 2029.
Resignation/Removal of Auditors during FY 2024-25	No
Appointment of New Auditors Proposed	No

#NFRA has published an inspection report on M/s. S R B C & CO LLP, highlighting deficiencies observed in the audit processes followed by the auditor. Shareholders may refer to the report for detailed observations. It is important to note that NFRA has not imposed any debarring order, fine, or penalty in this regard. ([Weblink](#))

***Tenure of Audit Partner:** Mr. Vinayak Pujare has been associated with the Company for **6 years** as Audit Partner. As per Section 139(3) of the Companies Act, 2013, shareholders may resolve to provide that the auditing partner and their 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 3 years**.

AUDIT QUALIFICATIONS, KEY AUDIT MATTERS & OTHER COMMENTS

AUDITORS REPORT FOR FY 2024-25	STANDALONE	CONSOLIDATED
Any Qualification, Reservation, Adverse Remark or Disclaimer of Opinion	No	No
Key Audit Matters	Yes - Page#200	Yes - Page#268
Emphasis of Matters	Yes - Page#200	Yes - Page#268



Page References: Company's Annual Report for FY 2024-25


















Emphasis of Matters: Standalone and Consolidate Financial Statements

...as regards the uncertainty regarding outcome of ongoing investigations / actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations. As the matter is currently pending with the Hon'ble Supreme Court of India, no further adjustments including consequential effects thereof are considered necessary in this Consolidated Financial Statements. Our opinion is not modified in respect of the aforesaid matter.

SES Comment: SES View has been discussed below ([Read More](#))

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

CARO 2020 & SCHEDULE III OBSERVATIONS

Title deeds of all immovable properties held in the name of the Company	
No proceedings initiated or pending against the company under Benami Transactions Act	
Quarterly Statements filed with the Banks are in agreement with the books of the Company	
Terms and conditions of the loans & guarantees extended are not prejudicial to the Company's interest	
Any loans or advances granted are not overdue for more than 90 days	
Existing dues are not renewed, extended or settled by granting fresh loans during the year	
No loans granted to Promoters, Related Parties that are repayable on demand or without specifying terms	
No undisputed statutory dues are outstanding for more than 6 months from due date	
No default in repayment of loans or other borrowings to any lender	
Not declared as a wilful defaulter by any bank or financial institution or any Lender	
Term Loans raised are applied for the purposes for which they were obtained	
No funds obtained to meet the obligations of its subsidiaries, JVs or associates	
No loans raised through pledge of securities held in its subsidiaries, joint ventures or associate companies	
No fraud has been noticed or reported during the year	
No non-cash transactions entered with its directors or persons connected with its directors	
The Company has not incurred Cash losses	
No qualifications or adverse remark by Auditors of other Companies, if any included in Consolidated financials ^[Note -1]	

Notes to CARO/Schedule III Observations:

Note -1: No remark in the CARO report of the Companies which are included in the Consolidated Financial Statements except for the observation highlighted in the CARO report of the Company itself.

GOVERNANCE PRACTICES WITH REGARD TO CONSOLIDATION OF FINANCIALS

% of Consolidated Financials not audited by Principal Auditors			
Particulars	Total Assets	Total Revenue	Net Profits
Consolidated Financials (₹ in Crore)	2,528.90	1,864.80	90.80
% of Consolidated Financials not audited by Principal Auditors			
• Audited by Other Auditors	-	-	-
• Unaudited	0.00% (0.90) Crores	0.40% (7.53) Crores	-

Note: Portion for JVs & Associates have been quantified considering total consolidated financials to convey an estimated size

Other Governance Practices



Whether financials of all Subsidiary Companies uploaded on the Company Website?	Yes
Separate resolutions proposed for adoption of Standalone & Consolidation Financial Statements	No*

***Clubbed Resolution:** SES is of the opinion that adoption of Consolidated Financial Statements and Standalone Financial Statement are two independent matters, and the Company should propose them in different resolutions. SES does not consider, bunching of separate matters in a single resolution as a good governance practice, as it deprives the shareholders of the option of making different voting decisions on these separate matters.

Though not legally required, but as a good governance practice the Company should provide opportunity to the shareholders to vote for such resolutions independently.

FINANCIAL INDICATORS (CONSOLIDATED - AS STATED BY THE COMPANY)

	Mar' 24	Mar' 25	Shift	Company Discussion
Current Ratio	1.28	1.26	-1%	-
Debt Equity Ratio	0.67	0.59	-12%	-
Debt Service Coverage Ratio	1.52	1.45	-5%	-
Return on Equity	6.00%	7.41%	24%	-
Inventory Turnover Ratio	2.66	2.62	-1%	-
Trade Receivable Turnover Ratio	3.59	3.46	-4%	-
Trade Payable Turnover Ratio	2.73	2.97	8%	-
Net Capital Turnover Ratio	8.48	8.96	6%	-
Net Profit Ratio	3.91%	4.90%	26%	<i>Increase in revenue and reduction in expenses.</i>
Return on Capital Employed	7.70%	9.73%	26%	<i>Increase in revenue and reduction in expenses.</i>
Return on Investment	5.50%	5.66%	3%	-

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.

Further, as per Schedule III Division II of Companies Act, 2013:

(xiv) The company shall explain the items included in numerator and denominator for computing the above ratios. Further explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year.

SES Comment: The Company has disclosed the Key Financial Ratios and has explained significant changes thereon.

CONTINGENT LIABILITIES (CONSOLIDATED)

(All figures in ₹ Crore)	Mar' 24	Mar' 25
Total contingent liabilities	55.30	58.60
Net worth of the Company	1,187.70	1,262.30
Contingent liabilities as a percentage of net worth	4.66%	4.64%

Source: Company's Annual Reports

SES Comment: Major portion of contingent liabilities is constituted by Income tax matters.

RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year, were at an arm's length basis and in the ordinary course of business. There were **no materially significant related party transactions made by the Company** with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the Company's interest at large.

STANDALONE VS CONSOLIDATED FINANCIAL STATEMENTS

There is no significant difference between the standalone and consolidated financial statements.



SES VIEW

The Statutory Auditors have not made any qualifications in their report with respect to the standalone or consolidated financial statements of the Company for FY 2024-25.

Shareholders may note the observation below:

Emphasis of Matters:

The below has been highlighted by the auditor in the Standalone and Consolidate Financial Statements;

...as regards the uncertainty regarding outcome of ongoing investigations / actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations. As the matter is currently pending with the Hon'ble Supreme Court of India, no further adjustments including consequential effects thereof are considered necessary in this Consolidated Financial Statements. Our opinion is not modified in respect of the aforesaid matter.

Management View on the above matter has been discussed at page no. 257 of the Annual Report 2025. ([Link](#))

SES View:

The Company is involved in a case relating to alleged improper disposal of by-products in January 2022, for which compensation of ₹ 17.50 crore has been ordered by the National Green Tribunal. While the Gujarat Pollution Control Board directed the Company to pay, the Supreme Court has stayed the payment subject to deposit of ₹ 5 crore, out of which ₹ 1 crore was released for legal expenses of victims' families. The Company has recognised a limited provision of ₹ 1 crore, while maintaining that it has a strong legal case.

Separately, in July 2023, the Karnataka Pollution Control Board issued a demand notice of ₹ 8.30 crore as environmental compensation without clearly stating specific grounds of non-compliance. The Company has contested the demand before the Karnataka High Court and, based on legal advice, believes it has good merits. Accordingly, no provision has been recognised in the financials in respect of this matter.

Considering the above two amounts, the Contingent Liabilities will increase by approx. 2.04%. Hence, no major concern is identified in this regard.

In addition, the Company is subject to ongoing legal proceedings, tax and GST audits, and other claims that arise in the normal course of business. However, provisions and contingent liabilities have said to be disclosed where necessary, and management does not expect these matters to result in significant financial impact unless adverse outcomes are ultimately determined by the courts.

In conclusion, no major concern is identified against the proposed adoption of standalone and financial statements.



RESOLUTION 2: CONFIRMATION AND DECLARATION OF DIVIDEND

To confirm the interim dividend of ₹ 0.60/- per equity share of ₹ 2/- each and to declare a final dividend of ₹ 0.80/- per equity share of ₹ 2/- each, aggregating to a total dividend of ₹ 1.40/- per equity share of ₹ 2/- each, for the Financial Year 2024-25

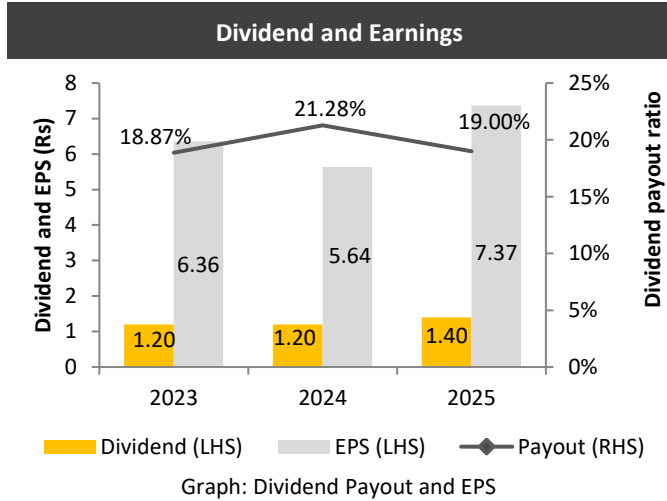
O

FOR

SES RATIONALE

Sufficient funds available. No concern identified.

SES ANALYSIS



SES View on Dividend:

- The Board of Directors have declared and paid an interim dividend of ₹ 0.60 per equity share and has recommended a final dividend of ₹ 0.80 per equity share for the year ended 31st March, 2025.
- The proposed final dividend will amount to total pay-out of ₹ 9.86 crores for the Financial Year 2024-25.
- The Company has sufficient resources to pay the proposed 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?	No

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 policy disclosed, although in technical compliance with the SEBI directive, however, doesn't enable investors to estimate the prospective dividend amount. SES understands that the idea of Market Regulator SEBI behind mandating dividend policy disclosure was to provide a tool in the hand of investors to estimate the likely dividend based on available and disclosed financial performance and to question the management in case policy is not followed.

Hence, in its present form, the investors neither can estimate dividend nor can question the dividend decisions of the Board. Thus, any decision of the Board will be compliant with the policy. This is one more example of investors being failed by the Board of a Company despite regulator's best intention.

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION



RESOLUTION 3: RE-APPOINTMENT OF NON-EXECUTIVE DIRECTOR

To appoint a Director in place of Mr. Amit Kalyani, Non-Executive, Non-Independent Director, who retires by rotation and being eligible, offers himself for re-appointment.

O

FOR
SES RATIONALE

Compliant with law. No major governance concern identified.

SES ANALYSIS
DIRECTOR'S PROFILE
Mr. Amit Kalyani
Age: 50 years

Full time positions: ED at Bharat Forge Ltd

Education: BE (Mechanical Engineering), Owner President Management Program

Functional Area: Overall Management

Past Experience (as stated by the Company on their Website): "Amit Kalyani is a member of the management board and Deputy Managing Director of Bharat Forge Limited (BFL), the flagship company of the USD 3 billion Kalyani Group. It operates in specialty steel, hi-tech metallurgical manufacturing, automotive components and infrastructure, along with specialty chemicals sectors. He has been involved with driving the group's strategy and in the execution of its diversification over the past decade. He is also responsible for finance and M&A. His key focus is on nurturing talent and developing new skills within the organisation, driving growth in new areas and products in the EV space. Mr. Kalyani has been a part of many committees of the Government of India on manufacturing, education, skill development and bilateral relations."

Committee positions in the Company: None

Retirement by rotation: Retiring

Director Category (As per SES): Promoter

Date of original Appointment: 9th February, 2012

Total Association (Including Group): 21 years

Inter-se relationships with other Directors/KMPs: None

No. of shares held in the company: Nil

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 public entities	In listed entities	As ID in listed entities	Member	Chairman
Statutory Limit	2	20	10	7	7 [#] /3*	10	5
SES Limit	1**	20	10	5	5 [#] /3*	6	3
Amit Kalyani	1	7	6	6	0	2	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

Listed Directorships	Resignations/Retirement in Listed Entities (Last 3 Years)	
	Amit Kalyani	
1. Kalyani Investment Company Limited	NEDP	1. Schaeffler India Limited
2. BF Investment Limited	NEDP	
3. BF Utilities Limited	NEDP	
4. Kalyani Steels Ltd	NEDP	



5. Bharat Forge Ltd
 6. Hikal Limited

EDP
NEDP

SES View has been discussed below.

DIRECTORS' PERFORMANCE

Attendance Record	Last 3 AGMs	BM FY 2024-25	BM during 2 FYs (Prior to FY 2024-25)
SES Benchmark		At least 75%	At least 75%
Amit Kalyani	2/3	100% (4/4)	91% (10/11)

SES VIEW

The Company is seeking shareholders' approval to appoint Mr. Amit Kalyani as a Director, liable to retire by rotation.

Shareholders may note that:

Stretched Time Commitments?

SES, so far, has been raising concern against the excessive time commitments held by Mr. Amit Kalyani. However, recently Mr. Amit Kalyani resigned from Schaeffler India Limited with effect from 23rd July, 2025 citing other professional commitments. ([Link](#)) Pursuant to which, now Mr. Amit Kalyani is holding 6 Listed Directorships, all of which belong to a Common Promoter Group. SES, as a policy, does not raise concern if all the positions by any Director are held within a Common Group.

Although 6 Listed Directorships does appear stretched, however, since all belong to Common Group, no major concerns are identified with regard to the time commitments.

In conclusion, no major concerns are identified with respect to the profile, time commitments and attendance of Mr. Amit Kalyani.



RESOLUTION 4: APPOINTMENT OF SECRETARIAL AUDITORS

Appointment of M/s Dhrumil M. Shah and Co. LLP, Company Secretaries in Practice as the Secretarial Auditor of the Company from the financial year 2025-26 till the financial year 2029-30 and to fix their remuneration.

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FOR
SES RATIONALE

Compliant with law. No major governance concern identified.

SES ANALYSIS
DISCLOSURES

Name of the proposed auditor	M/s Dhrumil M. Shah & Co. LLP
Whether Auditors' eligibility for appointment disclosed?	Yes
Has the Board recommended the tenure?	Yes
Basis of recommendation of appointment/ Credentials of the Auditor disclosed?	Yes, Details disclosed in Notice. (Link)
Proposed Audit Fee Payable	FY 2025-26 - ₹ 2.00 Lakhs + Taxes + Out of pocket expenses ^^
Audit Related Fee	Not Disclosed *
Non-Audit Fee	Not Disclosed *
Proposed Term (years)	5 years (i.e. FY 2025-26 till FY 2029-30)
Material Change in Fee Payable	Not Applicable - (No change in auditors)
Observations in Secretarial Auditors Report	The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

^^The Company has stated that, "The fees for remaining tenure would be fixed by the Board of Directors based on the recommendation of the Audit Committee in consultation with M/s Dhrumil M. Shah & Co. LLP."

SES Comment: Although SES is not raising any major concern at present, however, SES is of the opinion that any material change in remuneration in future should be placed before the shareholders for approval, along with appropriate justification from the Company.

***Note:** SES is of the view that the Company should ideally disclose the estimated amount of fees to be given to the Secretarial Auditors for services other than audit, and the same should not be material considering secretarial audit fees.

SES VIEW

The Company is seeking shareholders' approval for appointment of M/s Dhrumil M. Shah & Co. LLP, a firm of Practising Company Secretaries, as the Secretarial Auditor of the Company for a term of five consecutive financial years commencing from the financial year 2025-26 till the financial year 2029-30.

The Company has adequately disclosed all the relevant information regarding the proposed appointment of the Secretarial Auditors, as required under the SEBI LODR.

No concern has been identified in the proposed appointment.

SES' Observation:
Secretarial Auditor as Scrutinizer:

The Company has appointed the proposed Secretarial Auditor/ partner from the firm as the Scrutinizer to scrutinize the voting for the ensuing AGM, which may raise concern regarding conflict of interest. However, with the regulatory oversight over the voting process, the risk of undue influence is limited, hence SES is currently not raising any concern in this regard. (**Read detailed [SES view on the same](#)**)



RESOLUTION 5: PAYMENT TO COST AUDITORS

To ratify the remuneration payable to M/s V. J. Talati & Co., Cost Auditors of the Company, for the financial year 2025-26.	O	FOR
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SES RATIONALE

Compliant with law. No major governance concern identified.

SES ANALYSIS

COMPANY'S JUSTIFICATION (AS STATED BY THE COMPANY)

"The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 14 May 2025 considered and approved the appointment of M/s. V. J. Talati & Co., as the cost auditor of the Company for the financial year 2025-26 to conduct the audit of cost records maintained by the Company pertaining to relevant products for FY 2025-26, at a remuneration of ₹ 4,75,000/- (Rupees Four Lakh Seventy Five Thousand only) plus applicable taxes and out of pocket expenses.

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the members of the Company. M/s. V. J. Talati & Co have furnished a letter dated 29 April 2025, regarding their eligibility for appointment as cost auditors of the Company."

SES VIEW

The Board is seeking ratification of remuneration of ₹ 4.75 lakhs plus taxes and out-of-pocket expenses payable to the Cost Auditors viz. M/s. V. J. Talati & Co., Cost Accountants for Financial Year 2025-26.

Shareholders may note that:

- In the present case, the Company has **not disclosed portion of the turnover that is subject to Cost Audit**, therefore, SES is assuming that the entire turnover of the Company is subject to cost audit.
- The Institute of Cost Accountants of India ('ICAI' formerly known as 'ICWAI') in the year 2019, had suggested minimum professional fees to be paid to the Cost Auditors based on turnover ([Weblink](#));
- A comparison of the suggested Audit fee vs the actual fee paid/ payable is as follows:

Standalone Operating Revenue as per Latest Financial Statements	Minimum Cost Auditor Fee suggested	Remuneration proposed to be ratified
₹ 1,859.80 Crores	₹ 15.00 Lakhs	₹ 4.75 lakhs + taxes + out of pocket expenses

- According to SES, shareholders of the Company **will not be able to know** whether the Cost Audit remuneration is commensurate with the scope of Cost Audit since the Company has **not disclosed the portion of turnover that is subject to Cost Audit**. In absence of any justification relating to the amount of Cost Audit fee paid/ payable, shareholders may not be able to take an informed decision regarding the adequacy / appropriateness of the fee.
- Although SES continues to observe concern with regard to low cost audit remunerations and lack of transparency over scope of cost audits in most listed entities across multiple sectors where cost audit is applicable, SES has taken a policy stance that it would continue to only highlight concerns on low cost audit remuneration and lack of transparency over the scope of cost audits, but it will refrain from making adverse recommendations based on low cost audit remuneration proposed.

For further details on **SES dilemma** on low cost audit remuneration, lack of transparency over the scope of cost audits across various industries and SES stance on such concerns, please [click here](#) to read more



Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information



Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

CIN No. -

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Contact Information

Stakeholders Empowerment Services

109, Shyam Baba House,
Upper Govind Nagar,
Malad East,
Mumbai – 400097
Tel +91 22 4022 0322

research@sesgovernance.com

info@sesgovernance.com

www.sesgovernance.com.



Warning

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

