

Investment Stewardship

Vote Bulletin: Eicher Motors Limited

Company	Eicher Motors Limited (NSE: EICHERMOT)
Market and Sector	India, Automobiles
Meeting Date	Annual General Meeting (AGM): 23 August 2023 Extraordinary General Meeting (EGM): 5 November 2023
Key Resolutions ^{1,2}	AGM - Item 3: Reelect Siddhartha Vikram Lal as Director EGM - Item 1: Elect Subramanian Madhavan as Director EGM - Item 2: Elect Tejpreet S. Chopra as Director
Key Topics	Board quality and effectiveness
Board Recommendation	AGM: The board recommended shareholders vote FOR item 3 EGM: The board recommended shareholders vote FOR items 1 and 2
BlackRock Vote ³	BlackRock voted FOR item 3 at the AGM BlackRock voted FOR items 1 and 2 at the EGM

Overview

Eicher Motors Limited (Eicher Motors) is an Indian automotive manufacturer which owns and operates the Royal Enfield motorcycle brand.⁴ Through VE Commercial Vehicles Limited, a joint venture with the Volvo Group, Eicher Motors is also involved in the design and manufacture of commercial buses and trucks.⁵

BlackRock Investment Stewardship (BIS) engages with companies to better understand how corporate leadership identifies and manages the material risks and opportunities in their business model that, in our assessment, can impact their ability to deliver durable financial performance for long-term investors like BlackRock's clients. BIS also engages to provide a long-term investor perspective on corporate governance practices.

BIS has had multiyear engagements with Eicher Motors to better understand the company's governance and strategy, as well as its approach to board composition and refreshment. In 2023, BIS engaged with Eicher Motors on board and committee independence matters in relation to the director election proposals at the August AGM and November EGM.

¹ Eicher Motors Limited. "[Notice of 41st \(Forty-First\) Annual General Meeting.](#)" July 26, 2023.

² Eicher Motors Limited. "[Notice of Postal Ballot.](#)" September 29, 2023.

³ BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible clients can have a say in the proxy voting process by selecting their own proxy voting policy or one of 14 available third-party policies. 47% (\$2.3 trillion of \$4.8 trillion) of clients' index equity assets are eligible to participate in Voting Choice, and clients representing 25% of the \$2.3 trillion in eligible assets are enrolled in Voting Choice. Currency shown in USD. Source: BlackRock. Data as of June 30, 2023.

⁴ Eicher Motors Limited. "[Integrated Annual Report 2022-23.](#)" page 13.

⁵ Ibid.

Rationale for BlackRock's vote

AGM – Item 3: Reelect Siddhartha Vikram Lal as Director (FOR)

BIS supported management's recommendation on the election of the CEO to the board of directors based on the company's responsiveness to shareholder concerns, including its announcement of a review of board and committee composition.

As discussed in the BIS [Global Principles](#), in our experience, the performance of the board of directors is critical to the economic success of a company. Therefore, we consider engagement with, and the election of, directors as one of BlackRock's most important responsibilities as a minority shareholder on behalf of clients. When evaluating the composition of the board, BIS considers a variety of factors that we have found support the board's performance in effectively overseeing and advising company management. This includes the independence of directors, as well as the levels of independence on boards and committees – [a topic we have identified as a major corporate governance issue in the APAC region](#) that may have an impact on companies' ability to create long-term financial value for our clients as shareholders.

In our assessment, long-term investors, including BlackRock's clients, benefit when companies take steps to enhance their corporate governance practices, including enhancing overall board independence and ensuring that the board has an independent audit committee. We have found that effective audit committee oversight strengthens the quality and reliability of a company's financial statements and provides an important level of reassurance to long-term shareholders like BlackRock's clients. As explained in the BIS [proxy voting guidelines for Asia ex Japan, Hong Kong, and Chinese securities](#), we look to companies listed in the Indian market to aspire towards an audit committee comprised only of non-executive directors and a majority of independent directors, an independent chair, and at least one member having an appropriate accounting (or related) financial background. Where this is not the case, BIS may consider not supporting the election of directors – including non-independent directors and/or directors who we assess to be responsible for board composition.

Accordingly, at Eicher Motors' August 2021 AGM, BIS did not support the election of Eicher Motors' CEO – an executive director of the company – who served on the audit committee at the date of the meeting. At the August 2022 AGM, we again signaled our concerns about the CEO's role on the audit committee and did not support the election of a nominated director.

Prior to the August 2023 AGM, BIS engaged with members of Eicher Motors' management team to raise the concerns described above, as well as the independence level of the board and the audit committee. BIS also raised the length of tenure of the independent non-executive director (INED) sitting as chair of the board. Following the engagement, BIS noted the steps the company committed to taking to address shareholder concerns, including from BlackRock, on the need to enhance both overall board and audit committee's independence. Shortly before the 2023 AGM, Eicher Motors announced that the company's board of directors would “engage in [a] review of the number of independent directors on the board and composition of various board committees.”⁶

Based upon the company's public comments regarding a board refreshment and the potential to address shareholder concerns, BIS determined that supporting item 3 at the August 2023 AGM was warranted.

⁶ Eicher Motors Limited. “Addendum to the Notice of the 41st Annual General Meeting of the Company to be held on August 23, 2023.” August 18, 2023.

EGM – Item 1: Elect Subramanian Madhavan as Director (FOR)

EGM – Item 2: Elect Tejpreet S. Chopra as Director (FOR)

BIS supported management’s recommendation on the elections of two directors at the November 2023 EGM as it demonstrated a responsiveness to shareholder concerns regarding the need to enhance the composition and independence of the board.

In September 2023, Eicher Motors announced the appointment of two new independent directors to the board,⁷ raising the independence of the board to 50%, which we find to be aligned with the interests of our clients as long-term investors.⁸ Furthermore, the CEO stepped down from the audit committee prior to the EGM as part of the company’s review of the number of independent directors on the board and the composition of various board committees.⁹

We are encouraged by the steps that Eicher Motors has taken to address shareholder concerns and its willingness to adopt stronger corporate governance practices. BIS will continue to monitor the company’s progress in enhancing the composition of the board of directors and will engage with the company, where appropriate, in support of our clients’ long-term financial interests.

⁷ Eicher Motors Limited. “[Notice of Postal Ballot.](#)” September 29, 2023.

⁸ For further reading, please refer to BIS’ [proxy voting guidelines for Asia ex Japan, Hong Kong, and Chinese securities.](#)

⁹ Eicher Motors Limited. “[Constitution of Various Committees of Board of Directors of Eicher Motors Limited.](#)”

About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long-term durable financial performance.

BIS serves as a link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability-related risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.¹⁰

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with durable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹⁰ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.