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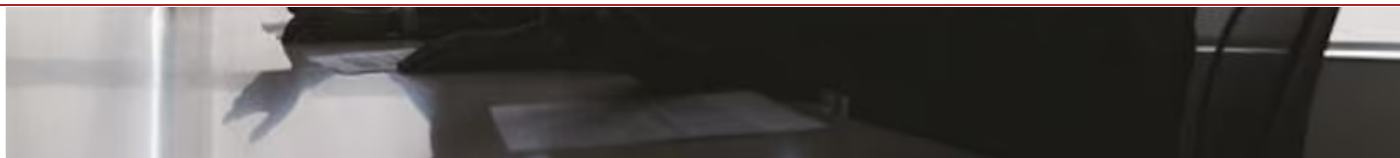
Five resolutions placed by KRBL were rejected, including that of increasing remuneration of the managing director (MD) and chairperson, three joint MDs and one whole-time director



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Minority shareholders — emboldened by the advice of voting advisory firms — defeated nine resolutions floated by five companies in the last 10 days.

These resolutions pertain to hike in remuneration of key personnel, related-party transactions (RPTs) and re-appointment of directors.



Agro firm KRBL, hotel chain Lemon Tree and Royal Orchids, and poultry products firm Venky's are among the companies, which have faced shareholder dissent.

Five resolutions placed by KRBL were rejected, including that of increasing remuneration of the managing director (MD) and chairperson, three joint MDs and one whole-time director.

The resolution was rejected as shareholders considered the proposed remuneration to be excessive, said Stakeholders Empowerment Services (SES) — a proxy advisory firm — in its report.

The salary drawn by the chairman of KRBL was Rs 2.16 crore in FY23.

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The report points out that the executive directors' remuneration growth in the company has not been in line with the net profit and revenue for the last five financial years. Further, SES has advocated bringing in a variable component in the pay and linking it to the performance.



TAKING TOUGH STAND

Public shareholders didn't take well to some resolutions floated by India Inc

Company	No. of resolutions defeated*	Nature
KRBL	5	Revision in remuneration
Royal Orchid Hotels	1	RPT
Venky's (India)	1	Commission to directors
Heubach Colorants	1	Reappointment of ID
Lemon Tree Hotels	1	Reappointment of ID

*During 7-day period beginning September 22, 2023

Source: IIAS

Similarly, the proposal by Venky's to pay a commission of up to 1 per cent of profits to non-executive directors was rejected. Around 96 per cent of the votes were against the resolution.

Lemon Tree Hotel's resolution for reappointment of Arindam Kumar Bhattacharya as independent director was also defeated. This is because he is holding shares worth Rs 69 lakh according to face value.

SES had recommended 'against' vote on Bhattacharya's reappointment as "having more than Rs 50 lakh of face value may vitiate the independence of independent directors" it had stated.

Last year, too, the hotel chain's resolution pertaining to reappointment of two other independent directors had faced dissent from shareholders.

In its annual general meeting (AGM), held on September 25, Royal Orchid had sought approval for extension of tenure of loan of Rs 10.06 crore borrowed from a promoter company for two more years at an interest of 14 per cent per annum. About 77 per cent of the shareholders and

Institutional Investor Advisory Services (IiAS), a proxy advisory firm, analysed 929 resolutions for the seven-day period beginning September 22, for which it had sent out recommendations.

“In addition to these nine resolutions, there are another 78 resolutions where more than 50 per cent of the institutional shareholder votes were ‘against’.

In contrast, there are 794 resolutions where more than 50 per cent of the institutional votes were in favour. In this, 435 resolutions were where 100 per cent of the shares voted were in favour. Median institutional voting was at 81.32 per cent,” it noted.

Petronet LNG’s two resolutions pertaining to appointment of two directors were passed but faced dissent from public shareholders.

Public institutions gave 71 per cent ‘against’ votes for the reappointment of Pankaj Jain as non-executive chairman of Petronet LNG. And, there were about 83 per cent against votes for Shrikant Vaidya as director of the company.

SES had recommended ‘against’ votes on both the resolutions as the government-backed Petronet LNG doesn’t have an adequate number of independent directors on its board. Only five out of Petronet LNG’s 14-member board are independent directors.

“No concern was identified regarding the profile and merit of the proposed appointees. However, the board is non-compliant with the requisite number of independent directors,” said a note by SES.

According to Regulation 17(1)(b) of Sebi’s Listing Obligations and Disclosure Requirements, when the chairperson is related to the promoter, at least half of the board of directors of a company need to be independent directors.



“In the present case, the chairperson of the board is an employee of the Government of India, f the

Government-owned Bharat Petroleum, Oil and Natural Gas Corporation, GAIL and Indian Oil hold 12.5 per cent each in Petronet LNG.

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