

**CITES VIOLATIONS** of listing regulations and shareholder rights by nearly a dozen companies and no action being taken against them

# Proxy Advisor SES Favours 'No' Vote on Many PSU Resolutions

Rajesh.Mascarenhas  
@timesgroup.com


**Mumbai:** Proxy advisor Stakeholders Empowerment Services (SES) has recommended minority shareholders to vote against the adoption of audited financial statements of nearly a dozen state-owned listed companies-citing violation of listing regulations and shareholders rights.

While recommending to vote against the financials of PSUs such as Housing and Urban Development Corporation (Hudco), NMDC, National Aluminum Company (Nalco), IRCTC, Bharat Electronics (BEL), BPCL, and NTPC, among others, the advisory firm said that the composition of the audit committee of these companies does not comply with securities laws and the Companies Act.

SES said the absence of a compliant audit committee casts doubts over the process of verification of integrity and accuracy of the financial statements. Audit committees should consist of three directors, with independent directors forming a majority as per the regulations.

PSUs are provided with certain exemptions and privileges concerning compliance and disclosures by the Ministry of Corporate Affairs. The rules give the government

## Why the Leeway?

 The proxy advisor has recommended a vote against adoption of financial statements for cos including Hudco, NMDC, Nalco, IRCTC, BEL, BPCL and NTPC

SES said the composition of the audit panel does not comply with securities law and Companies Act

This casts doubt on the process of verification, integrity and accuracy of financial statements



PSUs cannot be treated with kid gloves as even the diluted laws are not followed, and no action is taken against defaulting companies indicating that lawmakers have total disregard for enforcing the laws at PSUs that they have made for others to follow

**-STAKEHOLDERS EMPOWERMENT SERVICES**

power to exempt a class or classes of companies from provisions of the Companies Act, 2013, said the proxy advisor.

The Department of Public Enterprises (DPE) guidelines have mandated that all government companies must follow Sebi's listing agreements.

"PSUs cannot be treated with kid gloves as even the diluted laws are not followed, and no action is taken against defaulting companies indicating that lawmakers have total disregard for enforcing the laws at PSUs that they have made for others to follow," SES said in a report. "Such blatant violation on continuous basis makes a mockery of cor-

porate democracy, governance and shareholders rights."

Email queries sent to the DPE, Hudco, NMDC, Nalco, IRCTC, BEL, BPCL, and NTPC went unanswered until Tuesday press time.

The majority of the listed PSUs have failed to comply with the norms relating to independent directors, according to Primeinfobase.com. Out of the 68 NSE-listed companies that are non-compliant regarding independent directors, 57 are state-owned firms.

SES said the appointment of independent directors by the government is against the basic concept of independent directors.