Investors urged to stick with PPC's board

By Nick Hedley

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PPC investors should vote against a resolution to remove the cement company's board as its activist shareholders have not made a compelling enough case for such drastic action, says global shareholder voting research firm Glass Lewis & Company.

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San Francisco-headquartered Glass Lewis told clients in a report that while former PPC CEO Ketso Gordhan seemed qualified to implement PPC's expansion strategy, he had displayed "erratic and volatile" behaviour and the company's board had been reasonable in accepting his resignation in September.

Using their more than 10% combined shareholding, Foord Asset Management, Visio Capital Management and Nedbank Private Wealth have compelled PPC to arrange a special meeting next Monday and have nominated new board members.

This followed Gordhan's failed attempt to have his resignation set aside, after a falling out with the board, which would not let him fire finance director Tryphosa Ramano.

Gordhan on Monday declined to comment on the Glass Lewis report, which said: "The dissidents have fallen short of making a compelling case that the replacement of effectively the entire PPC board is warranted or in the interests of shareholders."

While acknowledging that Gordhan had been successful in implementing PPC's strategy, Glass Lewis heaped the "majority of the blame" for the company's leadership void and share price weakness on his hasty resignation and unprofessional behaviour.

It said Gordhan may have had sufficient reason to want to fire Ramano, based on her not being "a good fit with the CEO or the direction he was trying to take the company", but it said the board acted "within its proper oversight function, fulfilling its

responsibilities and duties to shareholders".

"We see no cause for shareholders to support the removal of directors at this time," the Glass Lewis report concluded.

Source: BDpro

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