

ARGUMENTS by supporters include synergy benefits, opposers flagged unfavourable swap ratio

ISec Delisting: 16 Fund Houses Vote in Favour of Plan and Seven Against

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Mumbai: Sixteen domestic mutual funds, which held shares of ICICI Securities, voted in favour of parent ICICI Bank's proposal to delist the broking arm, according to data compiled by primeinfobase.com. Seven funding houses opposed the plan in the voting process held on March 27, the data showed.

The terms of the proposal were controversial with a section of the shareholders opposing it. However, a majority of ICICI Securities' public shareholders favoured the delisting in the voting process.

Mutual funds, including Kotak, Mahindra Manulife, Samco, Quantum, ITI, LIC and Baroda BNP, voted against the resolution. Asset management companies which voted in favour, were UTI, Axis, Aditya Birla, HDFC, ICICI Prudential, Nippon, Mirae Asset, DSP, SBI, Sundaram, Bandhan, and NJ, among others.

The reason cited by Kotak Mutual Fund for being against the proposal was that parent ICICI Bank did not give ICICI Securities' minority shareholders an "opportunity to participate in the price discovery process nor

Poll Positions

Top Funds Voted in Favour	Top Funds Voted Against
HDFC	Kotak
ICICI Pru	Mahindra Manulife
UTI	Samco
Axis	Quantum
Aditya Birla	ITI
Nippon	LIC

Source: primeinfobase.com

to continue their investment in the business". The fund house also said the proposed merger ratio is unfavourable to the company's shareholders.

As part of the scheme of arrangement, ICICI Securities' shareholders will receive 67 shares of ICICI Bank for every 100 shares held.

LIC Mutual also said the swap ratio is unfavourable to minority shareholders, as both the business environment and the company's performance have improved since the valuations conducted in June 2023.

Taking into account the business model of ICICI Securities, which is characterised by higher fee revenue

and lower capital requirements, along with the potential for growth in retail brokerage and wealth management business in India, the merger ratio could have been more favourable to ICICI Securities shareholders, said Mahindra Manulife, which voted against the proposal.

A group of retail investors have filed a class-action suit against the move at the NCLT

Investors holding 71.89% of the brokerage shares favoured the proposal, while those owning 28.11% voted against it. As per the scheme of ar-

rangements, ICICI Securities' shareholders will receive 67 shares of ICICI Bank for every 100 shares held.

Following the shareholders' voting, a group of retail investors of ICICI Securities, led by Manu Rishi Gupta, a Bengaluru-based investment advisor, filed a class-action lawsuit in the NCLT last month. The lawsuit has been accepted and is scheduled for a hearing on July 3.

ICICI Prudential Mutual Fund, part of the ICICI Group, supported the delisting proposal. "The arrangement will strengthen the competitive positioning of the business. The business is inherently cyclical, and the valuations for the transaction are justified," the fund house said. It added 1.33 million shares of ICICI Securities in March. According to sources, ICICI Prudential held over 20,000 shares across passive schemes as of February-end and the fresh purchases of ICICI Securities shares were made after the voting process on March 27.

HDFC MF, while voting in favour of the scheme of arrangement, said the proposed merger would simplify the corporate structure and may result in synergy benefits.

While UTI MF voted in favour of the scheme, the fund house also raised the same concerns as Kotak MF.