

# Minority Investors Show Less Dissent as Cos Hear Them Out

## Voice of the Vote



	Institutional Shareholders	Other Public Shareholders
Number of resolutions	10,092	14,288
Voting share (%)	70.89	15.75
No. of resolutions voted against*	1,581	532
No. of Resolutions defeated	39	48

\* by more than 20%

Source: primeinfobase.com

### Rajesh Mascarenhas

**Mumbai:** Companies are facing less dissent from shareholders these days. Shareholder resolutions with more than 20% dissent from institutional shareholders dropped to 16% in the recently concluded proxy season, down from 17% in the previous two fiscals, as per data from primeinfobase.com.

In actual numbers, 1,581 out of 10,092 resolutions saw more than 20% of institutional shareholders express their dissent in FY25 so far. However, 98% of them still passed, mostly owing to high promoter holding in the companies.

Even resolutions completely voted against by shareholders at shareholder meetings held in the first half of FY25 declined to 0.59% from 0.68% in the same period last year.

Historically, resolutions related to board appointments, excessive executive compensation, and misallocating company funds have often faced opposition from institutional investors. These money managers are signalling their disapproval by voting against such proposals in shareholder meetings.

Market experts said companies are now more attentive to minority shareholders, actively engaging with investors to address their concerns.

"This is an encouraging sign as it shows that companies are continuing to take cognisance of minority shareholders' interests and are also engaging with investors to understand their concerns prior to proposing resolutions," said Pranav Haldea, managing director of Prime Database Group.

"Credit for this needs to be given to the facility of e-voting being made mandatory, the stewardship codes which have been introduced by regulators, a greater role being played by proxy firms as

also a steady increase in institutional holding," he added.

Several resolutions from companies like Adani Enterprises, Adani Ports, Apollo Hospitals, Bajaj Auto, BPCL, Cipla, HCL Technologies, Hindalco, JSW Steel, M&M, Tata Motors, Wipro, and Trent saw over 20% of institutional shareholders cast negative votes.

Some resolutions proposed by companies such as Dish TV, Finolex Industries, Globus Spirits, Hindustan Construction, Lumax Auto, MRO-Tek, Ramco Cements, Sundaram Finance, and Solar Industries, among others, did not pass in FY25.

"Nowadays, companies are exercising heightened caution in anticipation of backlash, given the scrutiny from shareholders and regulatory bodies," said Shriram Subramanian, founder and MD of InGovern Research Services. "Companies

have begun engaging with shareholders, especially institutional investors, more frequently before making major decisions."

Market regulator Securities and Exchange Board of India (Sebi) introduced the Stewardship Code for all mutual funds and all categories of alternative investment funds (AIFs) on July 1, 2020, and asked institutional investors like banks, insurance companies, and pension funds to follow the 'transparent' Stewardship Code to be accountable to their clients and beneficiaries. The regulator mandated that all mutual fund schemes vote on the resolutions, even if the company's equity shares are passive investments through an index or exchange-traded fund (ETF), effective April 1, 2022.



**Mandatory e-voting, role of proxy advisors and stewardship codes have led to greater engagement with minority investors**