

‘AGMs saw growing institutional shareholder participation in 2018’

More resolutions on appointments, stock options voted against last year: Prime Data

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Shareholder meetings in 2018 saw a high level of participation by institutional investors who let their voices be heard by voting against resolutions proposed by managements, a report released on Thursday said.

The number of resolutions, where more than 20 per cent of institutional shareholders voted against the resolution, increased by 14 per cent to 716 in 2018 compared to 629 in 2017, according to nseinfobase.com, which is developed and compiled by data service provider Prime Database.

Most such resolutions were related to board appointments, stock options and board remuneration.

“This reflects an increase in advocacy on the part of institutional investors, which is on account of the facility of e-voting being made mandatory a few years back as also the stewardship code brought about by regulators,” Prime Database Group Managing Director Pranav Haldea said.

“It is also attributable to a greater role being played by proxy firms as also a steady increase in institutional holding as a whole,” he added.

Of these 716 resolutions, a huge 700 (or 98 per cent) still got passed, mostly owing to high promoter holding in the companies, the report noted.

All vote-against resolutions

There were 45 resolutions which were completely voted against by shareholders at annual general meetings (AGMs), Extraordinary General Meeting (EGMs), postal ballots and court or National Company Law Tribunal (NCLT) convened meetings held in 2018.

However, of these 45 resolutions, five were re-proposed to be passed, out of which all five resolutions eventually got passed.

In comparison, 34 resolutions were completely voted against by shareholders in 2017, compared with 28 in 2016.

According to the report, almost all resolutions were voted in favour by promoters.

DIIs tread differently

Besides, “domestic mutual funds, as a whole, voted in favour in 84 per cent of the cases, against in 3 per cent of the cases and abstained in a high 13 per cent cases (from January 2018 till December 2018),” the report noted adding the trend has remained fairly constant over the last four years.

In 2018, a total of 12,972 resolutions were proposed to be passed in 2,478 AGMs, EGMs, postal ballots and court/NCLT convened meetings of 1,744 companies which were listed on the NSE as on January 1, 2018, up from 12,341 resolutions in 2017.