

SEBI'S STEWARDSHIP CODE, WFH BOOST SHAREHOLDER ACTIVISM

Minority Investors Show Voting Power

Over 50 resolutions moved by about two dozen cos voted down in past 3 months

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Mumbai: Shareholder activism is increasingly manifest in India, where more minority investors than ever before are voting against what they believe are unfavourable resolutions proposed by the managements of listed companies.

In the past three months, more than 50 resolutions introduced by about two dozen companies have been voted down by their public shareholders.

With the implementation of market regulator Securities and Exchange Board of India's (Sebi) stewardship code from July 1, each and every resolution is being watched closely by institutional investors. Likewise, many retail investors are actively participating in the 'e-voting' exercise, one of the 'perquisites' of working from home, as they have more spare time to examine their portfolios.

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RESOLUTIONS WHICH WERE VOTED AGAINST

① **Board Changes:** Dhanlaxmi Bank, Finolex Cables, Kirloskar Brothers, Mahanagar Gas, NCC, Solar Industries, Lakshmi Vilas Bank* (*merged with DBS India)

② **Related Party:** Petronet LNG, Texmaco Infra

③ **Esops:** Time Technoplast



Fund Mgrs Become Proactive

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"After the blunders by DHFL, IL&FS and Yes Bank, investors have now realised that their active participation is very important," said JN Gupta, CEO, Stakeholders Empowerment Services (SES). "With implementation of the stewardship code and ESG considerations becoming more relevant, fund managers have become proactive when it comes to proxy voting."

Under the Sebi stewardship code, institutional investors need to have a policy on voting and disclose the voting behaviour. They also have to monitor investor companies and intervene in these firms through meetings with the management.

A resolution by Petronet LNG to approve related party transactions -- to be entered into in FY22 -- was rejected by the public shareholders, with 55% voting against it. Similarly, a rela-

ted party resolution by Texmaco Infrastructure & Holding to grant or avail loan or inter corporate deposits as well as provision of guarantee up to Rs. 500 crore to or from the company's related parties was rejected by 95% of the public shareholders that voted.

A special resolution by Mahanagar Gas to reappoint Radhika Vijay Haribhakti as independent director was not passed by the public shareholders. Similarly, the appointment of Kishore Anant Chaukar as independent director in Kirloskar Brothers has been rejected.

Some of the resolutions by Finolex Cables, Dhanlaxmi Bank, Vadilal Industries, NCC, Zenith, TCI Finance, Lakshmi Vilas Bank, Aksh Optifibre and Solar Industries also failed to get shareholders' nod in the past three months.

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