

# Institutional investors up the ante in 2021, disapprove 1,065 resolutions

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**INSTITUTIONAL INVESTORS HAVE** voted against 1,065 resolutions since the start of the AGM season this year, with more than 20% of their total votes, nearly double of that recorded last year. For the calendaryear 2020, 596 resolutions were voted against with more than 20% of the institutional shareholders' votes. The voting details of 10,523 resolutions were available this year (till December 2), compared with 10,508 in 2020, according to primeinfobase.com, a corporate data tracker.

"More than 20% of institutional investors voting against a resolution is significant enough dissent as they are well-informed, and very few resolutions actually get rejected by shareholders. Most of the resolutions are passed due to the promoters' holdings in these firms," Pranav Haldea, managing director at Prime Database Group, told *FE*. "The holding of institutional investors, on an overall basis, has increased to 36% from 27% over the last 10 years. This trend is likely to continue next year too as foreign portfolio investors, mutual funds and insurance companies become more dominant," Haldea said, adding that this is leading to higher voting power.

In 2020, the number of resolutions voted against by more than 20% of institutional investors was at 596, a fall from 983 in 2019, which was also the highest since 2016. In 2018, as many as 701 resolutions were rejected by institutional shareholders, a rise from 594 in 2017 and 605 in 2016.



"This (voting data) reflects institutional investors taking their stewardship responsibilities more seriously. I believe it is a sign that investors are moving away from ticking the box to being more nuanced and thoughtful when they vote on resolutions," Amit Tandon, founder and managing director at proxy advisory firm Institutional Investor Advisory Services India (IIAS), said.

Among the Nifty 200 companies, resolutions of Reliance Industries, Hindustan Unilever, Bajaj Finance, Bharti Airtel, Asian Paints, Maruti Suzuki India and Ultratech Cement were voted against by the institutional investors (by more than 20%) this year.

About 29 resolutions of 20 listed firms such as Eicher Motors, Linde India, Kajaria Ceramics, Cyient, Birla Corporation, V-Mart Retail, Advanced Enzyme Technologies and Jammu & Kashmir Bank, among others, were rejected outright this year.

"Institutional investors are increasingly voting against even what was seen as routine matters, like director appointments, compensations and auditor appointments, among others.