



## Institutional Investors assert: Show more interest in decision making, defeated 75 resolutions in last few years

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Some of these have been related-party transactions, including those at Raymond, Finolex Cables, Kolte Patil and Dishman Pharma.

With institutional investors asserting themselves at least 75 resolutions have been defeated in the last few years. That might seem insignificant given the thousands of resolutions put to vote every day. However, the fact is non-promoter shareholders rarely questioned the actions of managements. Most of these relate to board changes while related-party transactions (RPT) also account for a big chunk of the resolutions rejected. Companies have seen RPT resolutions being rejected after the rules required they be passed by a majority of the minority vote.

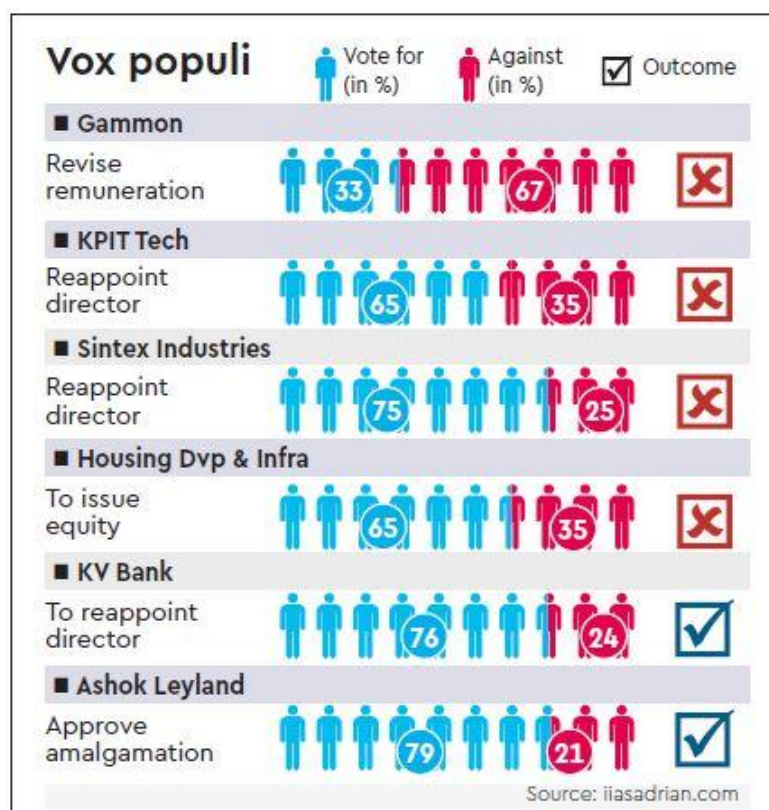
Some of these have been related-party transactions, including those at Raymond, Finolex Cables, Kolte Patil and Dishman Pharma. Others have had to do with borrowings such as at Zee Entertainment while resolutions proposed by the managements for appointing directors at Bharat Electronics and Sintex have also been opposed.

Traditionally, institutional investors — foreign portfolio investors (FPIs), mutual funds, insurers and pension players — have tended to abstain and simply offload the shares if they were displeased with the company's policies.

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Consequently, very few resolutions were defeated. In 2016-17, abstentions by FPIs were close to zero while for MFs and pension funds there were down at 11% from 24% in 2014-15.

However, the participation by retail investors remains low; the average participation rate for non-institutional investors is around 17-19%.



In August, approximately 56.5% of institutional votes went against the resolution to reappoint Neeraj Kanwar as managing director of Apollo Tyres. The special resolution was defeated as a large share of small investors — 48.8% — also voted against Kanwar's re-appointment. Again, a majority of public shareholders of Suzlon Energy voted against special resolutions to raise ₹2,000 crore through an issue of equity shares and ₹900 crore through non-convertible debentures or non-equity linked instruments, according to a regulatory filing by the company. Among the institutional investors, holders of 65.64 crore shares participated in the vote and, among them, holders of 22.39

crore shares (or 34.093%) voted against the special resolution on the `2,000-crore fund-raising plans.



Recently, Hinduja Global Solutions, proposed a resolution to approve stock appreciation rights to employees of subsidiaries of the company. However, this was rejected with 86% of votes against it. Again, in the UPL, a proposal to approve employee stock options to employees of subsidiaries was rejected with 34% voting against it.

A proposal of Glenmark Pharma to extend ESOPs to employees of subsidiaries was passed with exactly 75% voting for it. Also, Phoenix Mills has proposed an ESOP plan to employees of subsidiaries companies and 24% of votes went against the proposal. Again 23% of the votes polled for a proposal by PVR to give ESOPs were against it but the resolution was passed.

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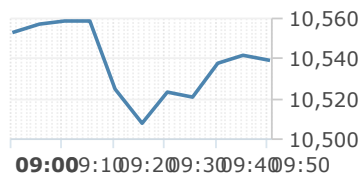
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