



PRESS RELEASE

17th November, 2024

DISSENT BY INSTITUTIONAL SHAREHOLDERS DECLINES: primeinfobase.com

Shareholder resolutions where more than 20 per cent of institutional shareholders expressed their dissent, by casting a negative vote, across all companies listed on NSE (main board), came down to 16 per cent (or 1581 out of 10,092 resolutions for which voting details of institutional shareholders is available) in the in the recently concluded proxy season[#], according to primeinfobase.com, an initiative of PRIME Database Group. This was in comparison to 17 per cent of total such resolutions in the same period in 2023-24 and 2022-23.

In Nifty-50 companies too, while shareholder resolutions where more than 20 per cent of Institutional Shareholders voted against increased to 11 per cent of total resolutions (or 63 in number) (Annexure 1) as compared to 9 per cent of total (or 45 resolutions) in the same period last year, according to Pranav Haldea, Managing Director, PRIME Database Group, a closer inspection reveals that 18 out of the 63 resolutions belong to a single company. Excluding this, the number of such resolutions would have dropped to 8 per cent of total (or 43 resolutions).

Like in previous years, most number of such resolutions not voted in favour by institutional investors related to board changes and remuneration.

According to Haldea, this is an encouraging sign as it shows that companies are continuing to take cognizance of minority shareholders' interests and are also engaging with investors to understand their concerns prior to proposing resolutions. 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 as a whole coupled with the increase in the number of resolutions which are special in nature and require 75 per cent votes in favour.

Of the above mentioned 1581 resolutions though, a huge 1542 (or 98 per cent) still passed, mostly owing to high promoter holding in the companies.

On an overall basis, according to primeinfobase.com, in the first half of 2024-25, a total of 14,494 resolutions were proposed to be passed in 2,824 shareholder meetings of 1,995 companies which were listed on NSE (main board) as on 30th September 2024 (excluding 14 resolutions which were withdrawn/not put to vote). This was up from 12,593 resolutions in 2,524 shareholder meetings of 1,890 companies in the same period in 2023-24, an increase of 15 per cent.

Resolutions which did not pass: Even resolutions which were completely voted against by shareholders at shareholder meetings held in the first half of 2024-25 declined to 0.59 per cent of total resolutions (86 in number) from 0.68 per cent of total (85 resolutions) in the same period last year. Of these 86 resolutions, 13 were re-proposed to be passed, out of which 10 resolutions eventually passed. Meetings relating to 3 resolutions are yet to happen (Annexure 2).



Break-up of Voting by Shareholder Type (Promoters, Public-Institutional & Public- Others):

Voting by promoters, institutional shareholders and other public shareholders was as follows:

	Promoters	Institutional Shareholders	Other Public Shareholders
No. of resolutions, where voting details were available	12,721	10,092	14,288
%age of shares voted ^s	94.01	70.89	15.75
No. of resolutions voted against (by more than 20 per cent)	39	1,581	532
of which No. of Resolutions which did not get passed	20	39	48
And No. of Resolutions which got passed	19	1,542	484

Source: primeinfobase.com

As on 31st March 2024, by volume, across all companies listed on NSE, promoters held 55 per cent shares, institutional investors held 12 per cent, individual investors held 24 per cent with the balance 9 per cent being held by other non-institutional non-individual investors, according to primeinfobase.com. **According to Haldea, while expectedly promoters as a whole voted nearly 94 per cent of their holding, other non-institutional public shareholders voted an extremely low 16 per cent of their holding, showing their general apathy.** Moreover, as can be seen, almost all resolutions were voted in favour by Promoters. The resolutions which were voted against by Promoters by more than 20 per cent have been given in **Annexure 3**.

Related Party Transactions (RPTs): As many as 1,022 resolutions pertaining to RPTs were proposed in the first half of 2024-25, 18 per cent more than the 863 such resolutions in the first half of 2023-24. While 135 (or 13.21 per cent) of these resolutions were voted against by more than 20 per cent of institutional investors, just 23 (or 2.25 per cent) of such resolutions got defeated.

Break up of resolutions by event type: Of the 14,494 resolutions in the first half of 2024-25, the break-up by event type was as follows:

Event Type	No. of Events	No. of Resolutions	No. of companies	Resolutions per event	Resolutions per company
AGM	1,982	12,503	1,981	6.31	6.31
EGM	141	375	128	2.66	2.93
Postal Ballot	680	1,595	596	2.35	2.68
Court/NCLT Convened Meetings	21	21	21	1.00	1.00

Source: primeinfobase.com



Ordinary vs Special Resolutions: The number of ordinary resolutions proposed were 9,510 (or 66 per cent of the total) while the number of special resolutions were 4,984 (34 per cent). While 46 special resolutions failed, 40 ordinary resolutions also failed.

Shareholder Proposed vs Management Proposed: While 14,493 (or 99.99 per cent of the total) resolutions were management proposed, only 1 resolution (or .01 per cent of the total) was shareholder proposed, which got passed.

Resolution Types*: Most number of resolutions related to Board Changes at 5,879. This was followed by resolutions relating to Financial Results (2,220), Board Remuneration (1,939), Auditors (1,555), Dividend (1,106), Memorandum of Understanding/Agreements (1,048), KMPs (995), Subsidiary (563), Capital Issue (354) and Investment/Loan Limit (347).

Voting by Domestic Mutual Funds: 42 Domestic Mutual Funds, as a whole, voted in favour in 89 per cent of the cases and against in 11 per cent of the cases in the first half of FY 2024-25. SEBI making it mandatory for Mutual Funds to vote on all resolutions with effect from 1st April 2022 has resulted in the abstinence number becoming nil. Interestingly, ever since abstinence was disallowed, voting in favour has come down from 93 per cent to 89 per cent, according to Haldea.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (Apr-Sep)
For	74	85	87	87	83	85	84	93	93	91	89
Against	4	3	3	2	3	4	2	5	7	9	11
Abstain	21	12	10	11	14	11	14	2	0	0	0

Source: primeinfobase.com

Voting by LIC: Life Insurance Corp. of India, India's largest institutional investor, voted in favour in 91 per cent of the cases, against in 2 per cent of the cases and abstained in 7 per cent in the first half of FY 2024-25. The resolutions which were voted against by LIC have been given in Annexure 4.

	2020-21	2021-22	2022-23	2023-24	2024-25 (Apr-Sep)
For	94	91	94	92	91
Against	1	2	1	2	2
Abstain	6	6	5	6	7

Source: primeinfobase.com

Scheduling of AGMs: A huge 230 AGMs took place on 30th September 2024. As always, bulk of the AGMs happened in September (1,100 with 6,683 resolutions), especially in the last one week of September. September was followed by August (511, 3,327), July (261, 1,738), June (96, 662), May (10, 68) and April (4, 25).



Shareholder meetings include AGMs/EGMs/Postal Ballots and Court/NCLT Convened Meetings held from 1st April 2024 till 30th September 2024

\$ Average of %age of shares voted across all resolutions of all companies

* One resolution may be classified under two or more resolution types

Notes:

1. Only companies whose equity shares are listed on NSE main board have been considered for the purpose of this report. Companies which are exclusively listed on BSE or whose only debt is listed or companies on the SME platform of NSE and BSE are not covered.
 2. In case an AGM or EGM is adjourned for some resolutions (while some resolutions are passed) which are then taken up on a future date, the subsequent shareholders meeting of the company shall appear as a fresh EGM record.
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