

Focus

- First Reaction
- Governance Spotlight
- Regulatory Overview
- ✓ **Thematic Research**
- Event Based Research
- ✓ **General**

Related Research

- [The Last Minute: 2017](#)
- [The Last Minute: 2016](#)
- [The Last Minute: 2015](#)
- [The Last Minute: 2014](#)
- [The Last Minute: 2013](#)

Subscribe to

[IiAS Research](#)

Write to us

solutions@iias.in

2019: The Last Minute

This sixth edition of IiAS' study on timelines of Annual General Meetings (AGMs) of NIFTY 500 companies, confirms our thesis that companies with weak performance wait till the last minute to hold their AGMs. IiAS continues to believe corporate India must be better structured to close its books, publish its annual reports and target its AGM within four months of year-end.

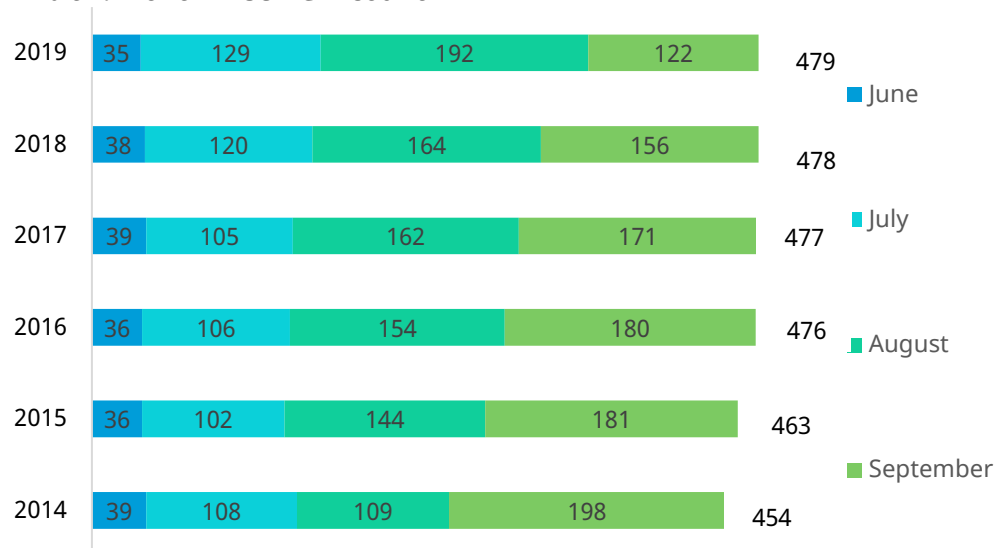
Social scientists no longer view procrastination as a time management issue. Procrastinators are seen as being more focussed on 'managing negative moods.' Corporates, it seems, are not immune to this affliction; companies with weak performance wait till the last minute to hold their AGMs. Perhaps, companies hope that their shareholders will not focus on weak financial numbers as attention shifts to the new financial year's performance.

The 2019 AGM Season

August and September remain the busiest months for both corporate India, boards and investors. In FY19, 479 of the NIFTY 500 companies reported a March year-end with 66% of these companies holding their AGMs in August and September - a figure largely unchanged since 2014, the first year of our analysis (see Exhibit 1).

The FY19 AGMs were concentrated in two two-week periods beginning 22 July and 15 September. 121 companies held their AGM in the two weeks starting 22 July and 105 in the final weeks of September.

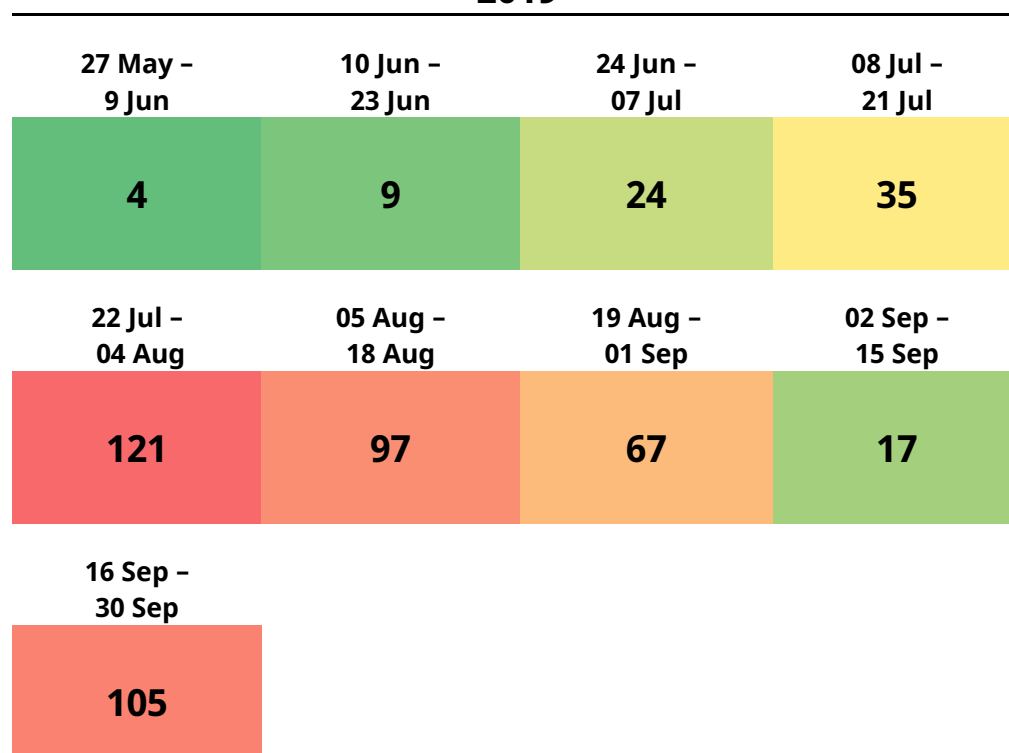
Exhibit 1: Month wise AGM count



Note: There was one AGM in May 2016 and one in May 2019

Source: ACE Equity, IiAS Research

Exhibit 2: Weekly AGM count in 2019 for NIFTY 500 companies
2019



Source: ACE Equity, IiAS Research

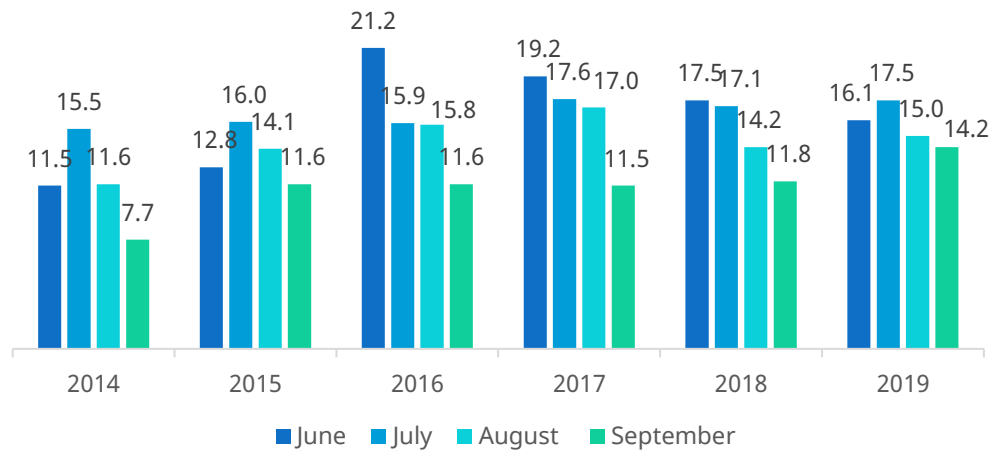
This concentration of AGMs not only aggravates investors who need to track a large number of companies in a shorter time frame but may also prevents directors who are serving on multiple boards from attending shareholder meetings.

Correlation with financial performance

The median return on equity (ROE) is lowest for companies that hold their AGMs in September: a trend we observe for the sixth straight year.

As most of the public sector banks (PSBs) hold AGMs in June and the clean-up of their balance sheets has been dragging down the median ROE for June, we have adjusted for PSB performance since 2016. Removing the effect of PSB performance from the June AGMs, the median ROE for companies holding AGMs in June is provided in Exhibit 4. The unadjusted number is shown in [Annexure A](#).

Exhibit 4: Median Return on Equity excluding Public Sector Banks (in %)

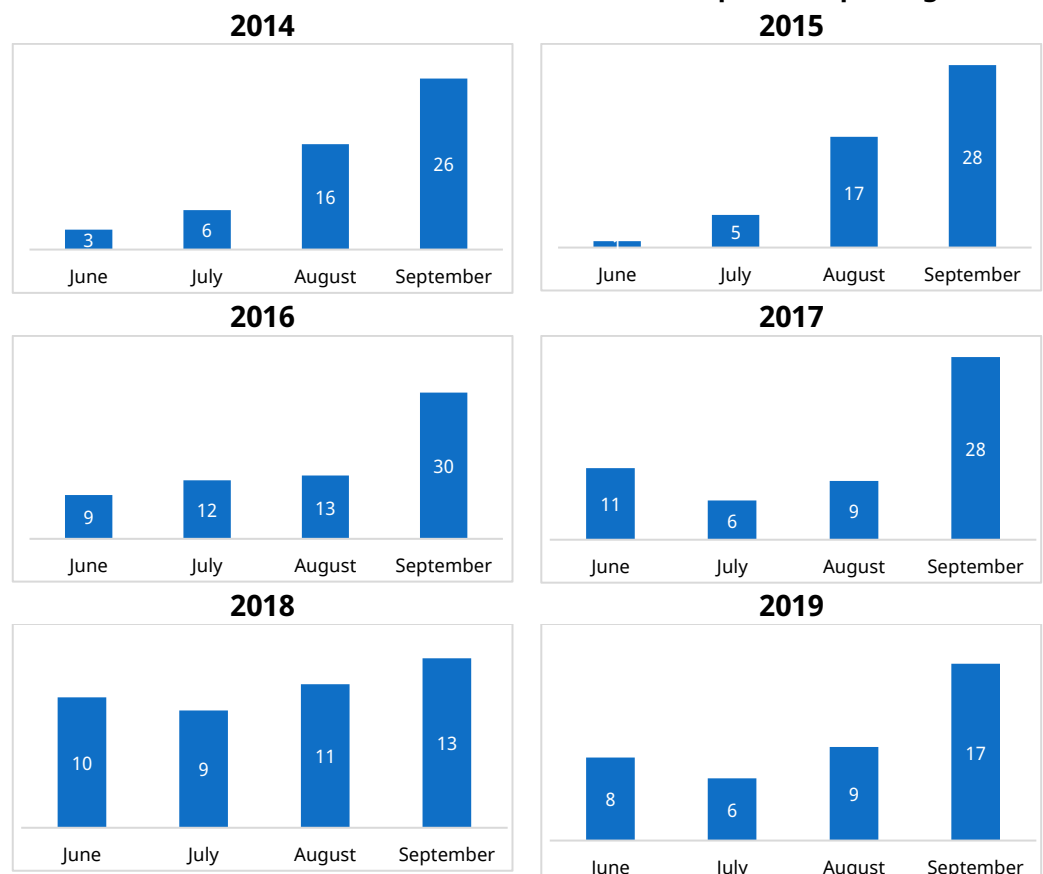


Note: Data for 2014 and 2015 includes Public Sector Banks

Source: IiAS Research, ACE Equity

That poorly performing companies hold AGMs in September is further corroborated by the fact that more loss-making companies hold their AGM in September (Exhibit 4). In FY19, 40 of the NIFTY 500 companies reported losses and 40% of them held their AGMs in September.

Exhibit 5: Month-wise distribution of AGMs based companies reporting losses



Note: Net profits for FY18 and FY19 are based on Ind AS accounting standards; earlier years are based on Indian GAAP; Source: ACE Equity, IiAS Research

Dirty Dozen

The top 12 companies under the IBC process almost always held their AGMs in September. Exhibit 3 gives the date of the AGMs between 2014 and 2017. It also concurs with our argument of correlation of AGM dates with the financial performance of the company.

Exhibit 3: AGM dates of the dirty dozen

Company	Date of AGM			
	2014	2015	2016	2017
ABG Shipyard Ltd	30-Sep	30-Sep	19-Sep	N/A
Alok Industries Ltd ^[1]	N/A	26-Jun	24-Sep	29-Sep
Amtek Auto Ltd	31-Dec	31-Dec	30-Sep	30-Nov
Bhushan Steel & Power Ltd	22-Sep	28-Sep	N/A	N/A
Bhushan Steel Ltd	20-Sep	19-Sep	17-Sep	16-Sep
Electrosteel Steel Ltd	16-Sep	11-Sep	23-Sep	07-Nov
Era Infra Engineering Ltd	27-Sep	30-Dec	26-Sep	28-Sep
Essar Steel Ltd	26-Sep	N/A	21-Dec	27-Dec
Jaypee Infra Ltd	22-Sep	27-Aug	30-Sep	29-Dec
Jyoti Structures Ltd	22-Sep	26-Sep	28-Sep	27-Feb-19 ^[2]
Lanco Infratech Ltd	26-Sep	28-Sep	27-Sep	22-Dec
Monnet Ispat & Energy Ltd	27-Sep	30-Sep	30-Sep	27-Sep

Source: IiAS, Market data

[1] – Did not have an AGM in 2014

[2] – AGM for 2017 was held in February 2019

Debunking the ‘large and complex’ myth

IiAS continues to contend that companies’ rationale of delaying holding their AGMs because of their large and complex size is untenable. To be a part of the NIFTY 500, companies will necessarily have size and many business complexities. Yet, using the median total assets and gross sales as a proxy for complexity, we find that companies with AGMs in June and July are much larger and complex than those with AGMs in August and September. A large bank like State Bank of India Limited held its AGM in June 2019, and another large bank like HDFC Bank Limited held its AGM in July 2019; a large company like Reliance Industries Limited held its AGM in August 2019. Therefore, size and complexity cannot be a deterrent in holding AGMs sooner.

Exhibit 6: Month wise median parameter values (2019)

Companies with AGMs in	May	June	July	August	September
Median gross sales (Rs. bn.)	33.4	143.3	50.8	48.4	35.2
Median total assets (Rs. bn.)	26.6	334.0	44.8	37.6	36.5

Source: ACE Equity, IiAS Research

Conclusion

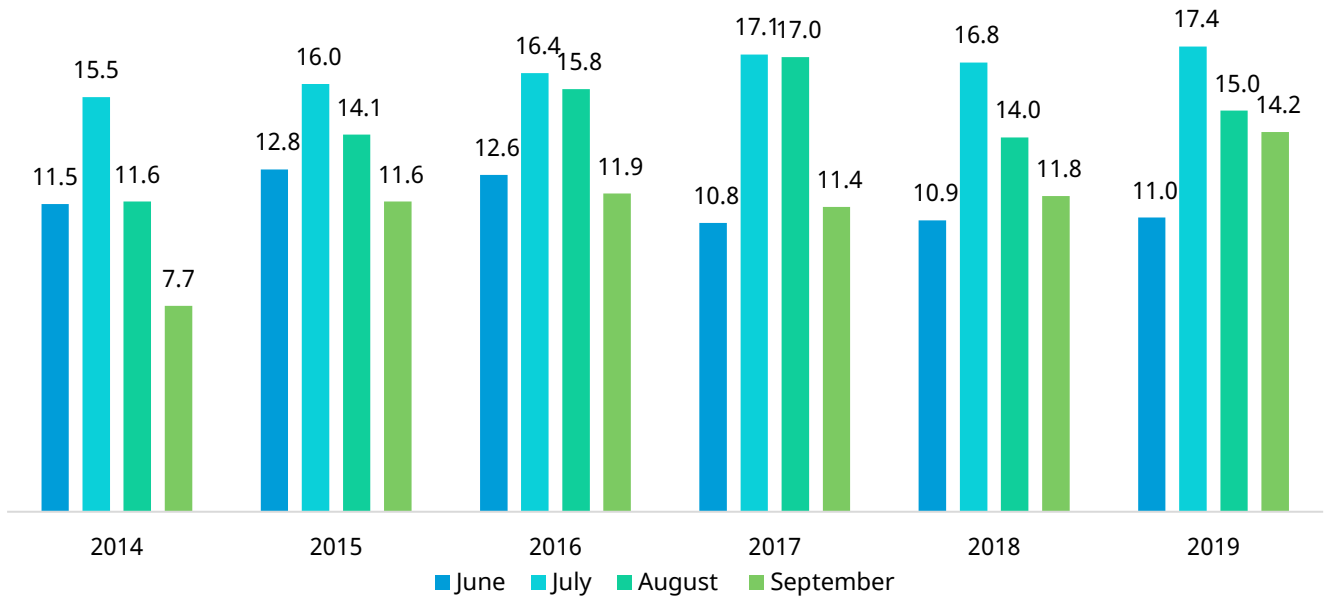
In the interest of timely communication and interaction with shareholders, companies must institute systems and processes to ensure that their annual general meetings are held soon after the fiscal year end. However, Corporate India continues to delay holding its AGMs. Perhaps, companies hope that their shareholders will shift focus away from weak numbers and towards the new financial year's performance.

While the number of AGMs held in September have decreased over the years, over two-thirds of the companies have held their meetings in either August or September in 2019.

The Kotak Committee on Corporate Governance had advocated that the top 100 listed companies by market capitalization hold their AGMs within five months of the financial year end i.e. 31 August 2019. Reduced number of directorships will also lower the burden on board members. These recommendations were accepted by SEBI, and therefore we hope that this will nudge companies to bring their AGM dates forward.

If 34% of NIFTY 500 companies, encompassing multiple sectors and sizes, can hold AGMs within four months of the financial year-end, the remaining two-thirds should be able to do so too. Over time this is what regulators should target: reduce the time given to companies to hold their AGMs to four months.

Annexure A: Median Return on Equity, all companies (in %)



Annexure B: Companies holding their AGM is September 2019

Company	2019 AGM Date	Company	2019 AGM Date
1 APL Apollo Tubes Ltd.	28-Sep-19	32 Gujarat Alkalies & Chemicals Ltd.	27-Sep-19
2 Apollo Hospitals Enterprise Ltd.	27-Sep-19	33 Gujarat Gas Ltd.	20-Sep-19
3 Ashoka Buildcon Ltd.	18-Sep-19	34 Gujarat Mineral Development Corporation Ltd.	30-Sep-19
4 BEML Ltd.	26-Sep-19	35 Gujarat Narmada Valley Fertilizers and Chemicals Ltd.	26-Sep-19
5 Balmer Lawrie & Co. Ltd.	18-Sep-19	36 Gujarat State Fertilizers & Chemicals Ltd.	27-Sep-19
6 Bharat Dynamics Ltd.	27-Sep-19	37 Gujarat State Petronet Ltd.	24-Sep-19
7 Bharat Electronics Ltd.	16-Sep-19	38 Gulf Oil Lubricants India Ltd.	17-Sep-19
8 Bharat Heavy Electricals Ltd.	19-Sep-19	39 HeidelbergCement India Ltd.	19-Sep-19
9 Bliss GVS Pharma Ltd.	20-Sep-19	40 Himadri Speciality Chemical Ltd.	25-Sep-19
10 CARE Ratings Ltd.	30-Sep-19	41 Himatsingka Seide Ltd.	24-Sep-19
11 Central Depository Services (India) Ltd.	17-Sep-19	42 Hindustan Aeronautics Ltd.	18-Sep-19
12 Century Plyboards (India) Ltd.	04-Sep-19	43 Housing & Urban Development Corporation Ltd.	25-Sep-19
13 Chambal Fertilizers & Chemicals Ltd.	28-Sep-19	44 ICRA Ltd.	28-Sep-19
14 D.B.Corp Ltd.	17-Sep-19	45 IDFC Ltd.	30-Sep-19
15 Den Networks Ltd.	23-Sep-19	46 IIFL Finance Ltd.	30-Sep-19
16 Dewan Housing Finance Corporation Ltd.	28-Sep-19	47 IRB Infrastructure Developers Ltd.	26-Sep-19
17 Dilip Buildcon Ltd.	17-Sep-19	48 IRCON International Ltd.	03-Sep-19
18 Dish TV India Ltd.	19-Sep-19	49 India Cements Ltd.	12-Sep-19
19 Dishman Carbogen Amcis Ltd.	24-Sep-19	50 Indiabulls Integrated Services Ltd.	30-Sep-19
20 Engineers India Ltd.	26-Sep-19	51 Indiabulls Real Estate Ltd.	29-Sep-19
21 Eris Lifesciences Ltd.	27-Sep-19	52 Indiabulls Ventures Ltd.	28-Sep-19
22 FDC Ltd.	27-Sep-19	53 Indian Energy Exchange Ltd.	18-Sep-19
23 Federal-Mogul Goetze (India) Ltd.	19-Sep-19	54 Indraprastha Gas Ltd.	24-Sep-19
24 Finolex Cables Ltd.	18-Sep-19	55 Inox Leisure Ltd.	18-Sep-19
25 Finolex Industries Ltd.	19-Sep-19	56 Jagran Prakashan Ltd.	27-Sep-19
26 Fortis Healthcare Ltd.	26-Sep-19	57 Jai Corp Ltd.	30-Sep-19
27 GMR Infrastructure Ltd.	16-Sep-19	58 Jain Irrigation Systems Ltd.	30-Sep-19
28 Garware Technical Fibres Ltd.	17-Sep-19	59 Jammu & Kashmir Bank Ltd.	07-Sep-19
29 Gayatri Projects Ltd.	30-Sep-19	60 Jindal Saw Ltd.	09-Sep-19
30 Glenmark Pharmaceuticals Ltd.	27-Sep-19	61 Jindal Stainless (Hisar) Ltd.	11-Sep-19
31 Godfrey Phillips India Ltd.	23-Sep-19	62 Jindal Stainless Ltd.	04-Sep-19

Company	2019 AGM Date	Company	2019 AGM Date
63 Jindal Steel & Power Ltd.	27-Sep-19	93 Parag Milk Foods Ltd.	30-Sep-19
64 Jubilant Foodworks Ltd.	24-Sep-19	94 Phoenix Mills Ltd.	24-Sep-19
65 Jubilant Life Sciences Ltd.	25-Sep-19	95 Prestige Estates Projects Ltd.	25-Sep-19
66 Justdial Ltd.	30-Sep-19	96 Radico Khaitan Ltd	26-Sep-19
67 KEI Industries Ltd.	17-Sep-19	97 Rail Vikas Nigam Ltd.	18-Sep-19
68 KNR Constructions Ltd.	30-Sep-19	98 Rajesh Exports Ltd.	30-Sep-19
69 Kaveri Seed Company Ltd.	17-Sep-19	99 Rashtriya Chemicals & Fertilizers Ltd.	24-Sep-19
70 Kolte-Patil Developers Ltd.	21-Sep-19	100 Relaxo Footwears Ltd.	26-Sep-19
71 Lakshmi Vilas Bank Ltd.	27-Sep-19	101 Reliance Capital Ltd.	30-Sep-19
72 Lux Industries Ltd.	05-Sep-19	102 Reliance Infrastructure Ltd.	30-Sep-19
73 MMTC Ltd.	30-Sep-19	103 Reliance Nippon Life Asset Management Ltd.	23-Sep-19
74 MOIL Ltd.	06-Sep-19	104 Reliance Power Ltd.	30-Sep-19
75 Mahanagar Gas Ltd.	09-Sep-19	105 Repco Home Finance Ltd.	27-Sep-19
76 Maharashtra Seamless Ltd.	24-Sep-19	106 SJVN Ltd.	27-Sep-19
77 Max Financial Services Ltd.	24-Sep-19	107 Sadbhav Engineering Ltd.	25-Sep-19
78 Minda Corporation Ltd.	26-Sep-19	108 Shilpa Medicare Ltd.	20-Sep-19
79 Multi Commodity Exchange of India Ltd.	20-Sep-19	109 Shree Renuka Sugars Ltd.	30-Sep-19
80 Muthoot Finance Ltd.	28-Sep-19	110 Star Cement Ltd.	27-Sep-19
81 NATCO Pharma Ltd.	05-Sep-19	111 Sun TV Network Ltd.	30-Sep-19
82 NBCC (India) Ltd.	23-Sep-19	112 Sunteck Realty Ltd.	27-Sep-19
83 NCC Ltd.	06-Sep-19	113 Suzlon Energy Ltd.	20-Sep-19
84 NHPC Ltd.	23-Sep-19	114 Swan Energy Ltd.	11-Sep-19
85 NIIT Technologies Ltd.	21-Sep-19	115 TV Today Network Ltd.	12-Sep-19
86 National Aluminium Co. Ltd.	18-Sep-19	116 TV18 Broadcast Ltd.	11-Sep-19
87 National Fertilizers Ltd.	18-Sep-19	117 Techno Electric & Engineering Company Ltd.	28-Sep-19
88 Network18 Media & Investments Ltd.	11-Sep-19	118 Time Technoplast Ltd.	28-Sep-19
89 Omaxe Ltd.	26-Sep-19	119 Trident Ltd.	30-Sep-19
90 PI Industries Ltd.	09-Sep-19	120 Vakrangee Ltd.	25-Sep-19
91 PNC Infratech Ltd.	30-Sep-19	121 Vardhman Textiles Ltd.	30-Sep-19
92 PTC India Ltd.	30-Sep-19	122 Venky's (India) Ltd.	27-Sep-19

Disclaimer

This document has been prepared by Institutional Investor Advisory Services India Limited (IiAS). The information contained herein is solely from publicly available data, but we do not represent that it is accurate or complete and it should not be relied on as such. IiAS shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not be taken as the basis for any voting or investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of the individual resolutions referred to in this document (including the merits and risks involved). The discussions or views expressed may not be suitable for all investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. IiAS reserves the right to make modifications and alterations to this statement as may be required from time to time. However, IiAS is under no obligation to update or keep the information current. Nevertheless, IiAS is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither IiAS nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report.

Confidentiality

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IiAS to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information provided in these reports remains, unless otherwise stated, the copyright of IiAS. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of IiAS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

Other Disclosures

IiAS is a SEBI registered research entity (proxy advisor registration number: INH000000024) dedicated to providing participants in the Indian market with independent opinions, research and data on corporate governance issues as well as voting recommendations on shareholder resolutions of about 750 listed Indian companies (<https://www.iiasadvisory.com/iias-coverage-list>). Our products and services include voting advisory reports, standardized services under the Indian Corporate Governance Scorecard, and databases (www.iiasadrian.com and www.iiascompayre.com). There are no significant or material orders passed against the company by any of the Regulators or Courts/Tribunals.

The attached article is a commentary explaining general trends in the securities market.



About IiAS

Institutional Investor Advisory Services India Limited (IiAS) is an advisory firm, dedicated to providing participants in the Indian market with independent opinion, research and data on corporate governance issues as well as voting recommendations on shareholder resolutions for ~800 companies. IiAS provides bespoke research, valuation advisory services and assists institutions in their engagement with company managements and their boards.

In addition to voting advisory, IiAS offers two cloud based solutions, IiAS ADRIAN, and comPAYre. IiAS ADRIAN captures shareholder meetings and voting data and provides packaged data that can be used to gain insights on how investors view specific issues and gain greater predictability regarding how they might vote. comPAYre provides users access to remuneration data for executive directors across S&P BSE 500 companies over a five-year period.



comPAYre

Office

Institutional Investor Advisory Services
Ground Floor, DGP House,
88C Old Prabhadevi Road,
Mumbai - 400 025
India

Contact

solutions@ias.in
T: +91 22 6123 5509/ +91 22 6123 5555