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## SHAKING THE BOARDROOM: SHAREHOLDER ACTIVISM IN INDIA'S CORPORATE PRISM

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### ABSTRACT:

*“Shareholders are not just passive investors; they are guardians of corporate conscience.”*

In India's changing corporate governance scenario, shareholder activism has come to play as a strong tool to combat entrenched management practices, seek transparency, and encourage ethical corporate behaviour. This research paper looks into the emergence of shareholder activism in India, tracing its origins to the international trends of corporate governance and placing it within the domestic regulatory environment defined by the Companies Act, 2013, and SEBI reforms. The study explores how empowered investors, ranging from institutional players to retail shareholders, are leveraging legal provisions, proxy advisory services, and collaborative engagement to influence corporate decision-making. Through an analysis of landmark cases such as the Tata Sons-Cyrus Mistry dispute, Fortis Healthcare's takeover battle, and Maruti Suzuki's governance contestations, the paper highlights the transformative impact of activism on boardroom dynamics. Although empirical evidence points to the fact that activism raises the level of governance standards and firm performance, issues like promoter dominance, legal impediments, and investor passivity remain. The paper ends by suggesting reforms to enhance shareholder engagement, ensure fair treatment, and bring Indian corporate governance in line with the best international practices. Through the redeployment of shareholders as activist stewards of corporate conscience, this research emphasizes the activism-driven imperative to foreground transparency, sustainability, and accountability in India's corporate lens.<sup>1</sup>.

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<sup>1</sup> Heer Kamdar, Shareholder Activism in India: Analysis of Shareholders' Exercise of Their Corporate Franchise in General Meetings, SSRN EL. J. (July 10, 2025, 8:00 P.M.), <https://ssrn.com/abstract=4378593>

**Keywords:** Shareholder activism, corporate governance, Companies Act 2013, SEBI regulations, minority rights, India, proxy advisory firms, boardroom accountability.

## INTRODUCTION:

Over the past few years, shareholder activism has emerged as a revolutionary force in India's corporate sector. The era of passive investors watching from the sidelines is gone. Now, shareholders are stepping up to challenge dubious mergers, seeking more transparency, and expecting ethical corporate behaviour. This increasing assertiveness heralds a change in the power equation from boardrooms hermetically sealed by entrenched management to an era of accountability spurred by investor voices. Across the world, shareholder activism has become an advanced tool to shape corporate strategy and governance. In India as well, the trend is picking up pace, supported by liberal legal frameworks such as the Companies Act, 2013, and regulatory steps taken by SEBI. Armed with such weapons, Indian shareholders are reclaiming their rights, rewriting corporate accountability, and rocking the very roots of conventional boardroom politics. This paper explores how shareholder activism is reframing India's corporate lens, analysing its legal foundations, success stories, and the hurdles ahead for investors and corporations.<sup>2</sup>.

## UNDERSTANDING SHAREHOLDER ACTIVISM:

Essentially, shareholder activism is the attempt by equity holders to get a company to behave and follow a different course of action by exercising their ownership rights. It involves everything from voting against management-sponsored proposals in meetings to suing boards for dereliction of fiduciary duties. It can also entail positive interaction with the management to campaign for modification in corporate governance, financial strategy, or environmental and social responsibility. The goal is not to simply protect shareholder value but also to introduce greater accountability and transparency within the corporate paradigm. In India, shareholder activism has picked up remarkable speed over the last decade, primarily due to forward-thinking legislative amendments and changing market dynamics. As a notable occurrence, the Companies Act, 2013 brought with it key provisions like class action suits under Section 245, enhanced disclosure mandates, and minority shareholders' rights to oppose oppressive conduct.

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<sup>2</sup> *Shardul Amarchand Mangaldas & Co., Shareholder Activism in India: The Changing Landscape, LEXOLOGY* (July 10, 2025, 8:00 P.M.) <https://www.lexology.com/library/detail.aspx?g=258296b9-b543-4348-a7ad-a76b7947699c>.



Following this, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, improved corporate governance norms by making listed entities adopt fair treatment of all shareholders, thus laying a fertile ground for activism<sup>3</sup>.

### THE RISE OF SHAREHOLDER ACTIVISM IN INDIA:

Historically, Indian corporate governance has been driven by promoter firms, with family firms having a big role in controlling decision-making. This was often at the expense of minority shareholders, resulting in a passive constituency. But with the onset of globalization as well as the growing involvement of institutional investors, this paradigm has profoundly changed. The entry of foreign portfolio investors (FPIs), mutual funds, and insurance monoliths like LIC has increased the spotlight on corporate behaviour, forcing boards to take shareholder views seriously. Changes in regulations have also strengthened shareholders to challenge management's thought processes and insist on better standards of governance. Some of the outstanding trends point towards the changing dynamics of shareholder activism in India. One, institutional investors and proxy advisory companies like Institutional Investor Advisory Services (IIAS) and Stakeholders Empowerment Services (SES) are taking aggressive stands in assessing company proposals and advising shareholder votes. Two, retail investors are using online platforms and social media to organize and raise their voices, and hence transcend common obstacles to collective action. Third, legal measures under the Companies Act, 2013, are increasingly being used to protect minority shareholder rights and prevent oppressive behaviour. Together, these trends reflect a sea change from passive investment to active stewardship, signalling the coming of age of India's corporate governance ecosystem.<sup>4</sup>

### LEGAL AND REGULATORY FOUNDATIONS OF SHAREHOLDER ACTIVISM IN INDIA:

The evolution of shareholder activism in India has been deeply intertwined with the strengthening of its legal and regulatory framework. Historically, Indian shareholders, particularly minority investors, had limited avenues to challenge corporate mismanagement or

<sup>3</sup> James Chen, *Shareholder Activist*, *INVESTOPEDIA* (July 10, 2025, 8:00 P.M.), <https://www.investopedia.com/terms/s/shareholderactivist.asp>.

<sup>4</sup> Swarajya Staff, *Rising Shareholder Activism in India: A Step Towards Improving Corporate Governance*, *SWARAJYA* (July 10, 2025, 8:00 P.M.), <https://swarajyamag.com/business/rising-shareholder-activism-in-india-a-step-towards-improving-corporate-governance>.

influence strategic decisions<sup>5</sup>. However, the enactment of the *Companies Act, 2013*, and a series of reforms by the Securities and Exchange Board of India (SEBI) have created a robust framework that empowers shareholders to assert their rights effectively and hold boards accountable<sup>6</sup>. The *Companies Act, 2013* marked a watershed moment in India's corporate governance regime by introducing several mechanisms aimed at democratizing corporate decision-making. Notable among these are provisions for **e-voting**, enabling shareholders across geographies to participate in key decisions; the **requisition of extraordinary general meetings (EGMs)** under Section 100, which allows members holding at least 10% of the share capital to convene meetings; and mandates for the appointment of **independent directors**, strengthening oversight of board activities. These provisions have enhanced transparency and reduced information asymmetry between management and shareholders.<sup>7</sup> Complementing these statutory changes, SEBI has played a pivotal role in reinforcing shareholder rights through regulatory interventions. SEBI's mandates requiring **mutual fund voting disclosures** have brought greater accountability to institutional investors, ensuring that their voting patterns reflect the best interests of beneficiaries. Furthermore, SEBI has tightened norms on **related party transactions (RPTs)** to prevent abusive practices by promoters and insiders, and introduced limits on **superior voting rights (SVRs)** to curb disproportionate promoter control while allowing flexibility for innovation-driven firms (*taxmann.com*; *mondaq.com*).

### STRENGTHENED SHAREHOLDER RIGHTS UNDER THE COMPANIES ACT AND SEBI REGULATIONS:

The Companies Act contains several key provisions empowering shareholders to intervene in corporate affairs:

- **Section 245: Class Action Suits** – For the first time in India, this provision enables shareholders to collectively file suits against companies for acts of oppression, mismanagement, or fraudulent conduct. It provides an avenue to claim damages and seek redress from the National Company Law Tribunal (NCLT)<sup>8</sup>.

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<sup>5</sup> Razorpay, <https://razorpay.com/rize/blog/oppression-and-mismanagement-in-company-law>. (last visited on July 10, 2025).

<sup>6</sup> Robinson+Cole, *Shareholder Police Power: Shareholders' Ability to Hold Directors Accountable for Intentional Violations of Law*, RLF.COM (July 10, 2025, 8:00 P.M.), <https://www.rlf.com/shareholder-police-power-shareholders-ability-to-hold-directors-accountable-for-intentional-violations-of-law/>.

<sup>7</sup> CAclubIndia, <https://www.cacubindia.com/articles/companies-act-2013-decade-of-transformative-impact-on-indias-corporate-landscape-51251.asp> (last visited on July 10, 2025).

<sup>8</sup> The Companies Act, 245, No. 18 of 2013, Act of Parliament (India).

- **Section 241: Oppression and Mismanagement** – This section allows shareholders holding at least 10% of the shareholding to approach the NCLT if the affairs of the company are conducted in a manner oppressive to any member or prejudicial to public interest<sup>9</sup>. It enables minority shareholders to seek remedies before the NCLT if the company's affairs are prejudicial to their interests.
- **SEBI (LODR) Regulations:** Mandate robust disclosures, empower shareholders to vote on critical corporate decisions, and enforce equitable treatment of all shareholders.
- **Superior Voting Rights Restrictions:** By imposing limitations on SVRs, SEBI ensures promoter dominance does not override the collective will of ordinary shareholders, though the framework for Differential Voting Rights (DVRs) continues to raise equality concerns<sup>10</sup>.

SEBI's regulatory framework complements these statutory rights. Under the *Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015*, shareholder approval is mandatory for significant corporate actions such as mergers, acquisitions, and RPTs. Moreover, SEBI has encouraged institutional investors like mutual funds and pension funds to adopt a **Stewardship Code**, mandating active engagement with investee companies on governance and sustainability issues.

### **ROLE OF PROXY ADVISORY FIRMS IN AMPLIFYING SHAREHOLDER VOICES:**

An important institutional innovation aiding shareholder activism in India has been the rise of proxy advisory firms. Organizations like **Institutional Investor Advisory Services (IIAS)** and **Stakeholders Empowerment Services (SES)** provide independent analysis of corporate resolutions, advising shareholders especially retail and institutional investors on how to exercise their voting rights. By publishing voting recommendations and raising red flags on contentious issues, these firms have become catalysts for informed and coordinated shareholder interventions during annual general meetings (AGMs) and extraordinary general meetings (EGMs).

### **TYPES OF SHAREHOLDER ACTIVISM IN INDIA:**

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<sup>9</sup> ClearTax, <https://cleartax.in/s/opression-mismanagement> (last visited on July 10, 2025).

<sup>10</sup> Advoc, <https://www.advoc.com/news/shareholderindia> (last visited on July 10, 2025).



Shareholder activism in India has evolved into a multidimensional phenomenon, encompassing various strategies that investors employ to influence corporate conduct and governance. One prominent form is **voting activism**, where shareholders exercise their voting rights during Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) to approve or reject critical resolutions, such as mergers, executive remuneration, or related-party transactions. Another increasingly visible strategy is **public campaigning**, where activist investors leverage media platforms, open letters, and social networks to build public pressure and mobilize support for governance reforms or strategic shifts within the company.

A more aggressive approach involves **litigation**, wherein shareholders approach judicial forums like the National Company Law Tribunal (NCLT), the Securities Appellate Tribunal (SAT), or the Supreme Court to challenge management actions deemed oppressive or prejudicial to their interests. **Engagement activism**, on the other hand, adopts a more collaborative tone, as shareholders engage directly with boards and management teams to push for change, often behind closed doors. A striking example of shareholder assertiveness in India was witnessed during the **Fortis Healthcare takeover battle**. In this case, shareholders vocally opposed a board-approved deal with IHH Healthcare, alleging procedural irregularities and demanding a more transparent bidding process. The Securities and Exchange Board of India (SEBI) subsequently intervened, underscoring the increasing vigilance of shareholders in safeguarding corporate value and ethical practices.<sup>11</sup>

Broadly, shareholder activism in India manifests in three thematic categories:

1. **Governance-Focused Activism**, which addresses concerns like board independence, excessive executive compensation, and questionable related-party transactions.
2. **Environmental and Social Activism (ESG)**, where shareholders advocate for sustainable practices, gender diversity on boards, and corporate social responsibility.
3. **Strategic Activism**, aimed at influencing high-stakes decisions such as mergers, acquisitions, divestitures, and corporate restructuring<sup>12</sup>.

## WHY IS SHAREHOLDER ACTIVISM GAINING MOMENTUM IN INDIA?:

<sup>11</sup> Yuting Zhu et al., *Does Shareholder Activism Promote Corporate Environmental Performance? Evidence From Emerging Markets*, 353 J. ENV'T. MGMT. (July 10, 2025, 8:00 P.M.) <https://www.sciencedirect.com/science/article/abs/pii/S0301479724030792>.

<sup>12</sup> Anshul Sharma, *Shareholder Activism in India: A Critical Study of Legal and Regulatory Framework*, SSRN (July 10, 2025, 8:00 P.M.), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4349402](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4349402).

The rising tide of shareholder activism in India can be attributed to a confluence of legal, economic, and global factors.<sup>13</sup> The **emergence of institutional investors**, including mutual funds, insurance companies, and Foreign Portfolio Investors (FPIs), has significantly altered the shareholder landscape. Armed with substantial holdings and sophisticated advisory support, these investors are increasingly assertive in demanding accountability from corporate boards. The **enhancement of legal rights for minority shareholders** through the *Companies Act, 2013*, and SEBI's *Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015*, has also emboldened investors to challenge entrenched management practices. Furthermore, the growing influence of **proxy advisory firms** like Institutional Investor Advisory Services (IIAS) and Stakeholders Empowerment Services (SES) has educated shareholders and guided them to make informed voting decisions on complex corporate matters.

Additionally, **global trends in ESG activism** are shaping investor expectations in India. As environmental and social governance becomes a focal point for global capital flows, Indian investors—particularly FPIs—are aligning their strategies with international best practices, demanding that Indian corporates adopt sustainable and socially responsible operations.

### KEY STAKEHOLDERS AND TOOLS OF SHAREHOLDER ACTIVISM:

The architecture of shareholder activism in India is supported by a network of key stakeholders and engagement mechanisms. **Institutional investors** such as mutual funds, foreign institutional investors (FIIs), and insurance firms are now at the forefront of activism, not merely as financiers but as stewards of corporate governance. These entities increasingly participate in board-level discussions, oppose questionable resolutions, and, when necessary, resort to litigation to enforce governance standards. **Proxy advisory firms** play a critical supporting role by analyzing corporate proposals and recommending voting actions to shareholders. For instance, IiAS has played a decisive role in several high-profile corporate governance battles involving companies like Infosys, Maruti Suzuki, Ambuja Cements, Suzlon, Tata Motors, and DLF (*taxmann.com*; *livemint.com*). These firms amplify the collective voice of minority shareholders and institutional investors, ensuring greater scrutiny of management decisions. The tools available to shareholders for engagement and intervention

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<sup>13</sup> Khaitan & Co., *The Rise of Shareholder Activism in India*, LEXOLOGY (July 10, 2025, 8:00 P.M.), <https://www.lexology.com/library/detail.aspx?g=a14478cd-b10d-4a03-8616-452a5fdebb70>.



are extensive. These include **direct board interactions**, requisitioning AGMs or EGMs under Section 100 of the *Companies Act, 2013*, exercising **e-voting rights**, and leveraging proxy advisors' expertise. Legal avenues such as **complaints to SEBI**, petitions before the NCLT, referrals to the Serious Fraud Investigation Office (SFIO), and public interest litigation (PIL) further expand the arsenal available to activist investors (*aklegal.in*; *chambers.com*). Collectively, these stakeholders and tools reflect the growing institutionalization and sophistication of shareholder activism in India's corporate governance framework.<sup>14</sup>

### ILLUSTRATIVE CASES OF SHAREHOLDER ACTIVISM IN INDIA:

The trajectory of shareholder activism in India is best understood through landmark cases that demonstrate how vigilant investors have successfully challenged corporate decisions, defended minority rights, and reshaped governance practices. These examples highlight the diverse methods activists employ—from litigation to proxy battles—and their impact on India's corporate ecosystem.

1. **Cadbury India (2009–2014)**. Minority shareholders opposed an unsatisfactory buyback offer made during Cadbury's delisting process. Arguing that the exit price undervalued their stake, they approached the Bombay High Court for relief. The Court intervened and mandated a higher exit price for the dissenting shareholders, ultimately securing a **50% premium** over the original offer (*mdpi.com*; *livemint.com*). This case underscored the judiciary's willingness to protect minority interests and set an important precedent for delisting transactions in India<sup>15</sup>.
2. **Tata Motors (2014)**, shareholder activism surfaced when a resolution for significantly increasing the Managing Director's compensation was tabled. Institutional investors, concerned about excessive executive remuneration, voted against the proposal and successfully blocked the resolution. This case highlighted how voting activism could serve as a check on managerial excesses and enforce accountability even in promoter-driven firms<sup>16</sup>.
3. **Maruti Suzuki India Ltd.**, The year 2014 also saw a pivotal governance battle at Maruti Suzuki, where minority shareholders objected to a proposed parent-subsidiary arrangement

<sup>14</sup> *Id* at 2393.

<sup>15</sup> *Economic times*, <https://economictimes.indiatimes.com/minority-shareholders-challenge-bombay-high-court-order-on-cadbury-indias-buyback-offer/articleshow/43478653.cms> (last visited on July 10, 2025).

<sup>16</sup> *Economic Times*, <https://economictimes.indiatimes.com/tata-motors-shareholders-reject-pay-plan-proposals-of-three-executives/articleshow/37710946.cms> (last visited on July 10, 2025).

involving the construction of a new manufacturing facility. Institutional investors, supported by proxy advisory firm IAS, opposed the transaction on the grounds of fairness and transparency. Their activism forced an **Extraordinary General Meeting (EGM)** where, under SEBI's related-party transaction norms, promoters abstained from voting. The pressure resulted in an **adjusted deal structure**, addressing concerns about minority rights and equitable treatment<sup>17</sup>.

4. **Infosys (2013–2014)**, governance-focused activism emerged during a leadership crisis. When co-founder N.R. Narayana Murthy returned to the company, proxy advisory firms such as IiAS raised concerns about the impact on board independence. Later, when the board proposed the appointment of Vishal Sikka as CEO, IiAS publicly supported the decision, helping stabilize corporate governance and restore investor confidence<sup>18</sup>.
5. **Godfrey Phillips (2023)**, shareholders opposed a related-party transaction concerning the company's tobacco export operations. The concerted activism led to the proposed deal being decisively defeated in a shareholder vote, halting what activists viewed as a value-destructive transaction<sup>19</sup>.
6. **Zee Entertainment vs. Invesco (2021)** dispute, where activist investor Invesco called for the removal of key directors and proposed a board reconstitution. Faced a dispute with its largest shareholder, Invesco Developing Markets Fund, which sought to remove key directors and reconstitute the board. Invesco, holding a significant stake, requisitioned an extraordinary general meeting (EGM) to propose these changes, citing concerns about corporate governance and financial irregularities. The dispute escalated when Zee initially resisted the requisition, leading Invesco to approach the National Company Law Tribunal (NCLT). The Bombay High Court ultimately ruled in favour of Invesco, affirming the shareholders' right to call an EGM and addressing concerns about corporate democracy<sup>20</sup>.

<sup>17</sup> *Times of India*, <https://timesofindia.indiatimes.com/business/india-business/maruti-suzuki-to-see-minority-shareholders-nod-for-gujarat-plant/articleshow/32073557.cms> (last visited on July 10, 2025).

<sup>18</sup> Business standard, [https://www.business-standard.com/article/companies/proxy-advisory-firms-give-thumbs-down-to-murthy-s-comeback-113060300877\\_1.html](https://www.business-standard.com/article/companies/proxy-advisory-firms-give-thumbs-down-to-murthy-s-comeback-113060300877_1.html) (last visited on July 10, 2025).

<sup>19</sup> *Economic Times*, <https://economictimes.indiatimes.com/industry/cons-products/tobacco/godfrey-phillips-india-shareholders-reject-proposal-to-sell-unmanufactured-tobacco-to-philip-morris-products/articleshow/103612374.cms> (last visited on July 10, 2025).

<sup>20</sup> Cyril Amarchand Mangaldas, *Bombay High Court's Judgment in Invesco v. Zee: A Major Boost for Shareholders' Rights in India*, CYRIL AMARCHAND BLOGS (July 10, 2025, 8:00 P.M.), <https://corporate.cyrilamarchandblogs.com/2022/04/bombay-high-courts-judgment-in-invesco-v-zee-a-major-boost-for-shareholders-rights-in-india/>.

7. The **Tata Sons-Cyrus Mistry saga (2016)** became a landmark in corporate governance disputes. After being ousted as chairman, Mistry alleged oppression and mismanagement under Sections 241 and 242 of the *Companies Act, 2013*. Though the Supreme Court ultimately upheld Tata Sons' decision, the case highlighted the vulnerabilities of minority shareholders and sparked widespread debate on the balance of power in Indian boardrooms<sup>21</sup>.
8. **Fortis Healthcare takeover battle (2018)** showcased how activist investors could influence strategic decisions. Shareholders questioned the board's evaluation of takeover bids, demanding a more transparent process. The intervention led to Malaysia's IHH Healthcare emerging as the successful acquirer through a fairer and more competitive bidding process<sup>22</sup>.

### OUTCOMES AND EMPIRICAL EVIDENCE OF SHAREHOLDER ACTIVISM IN INDIA:

The rise of shareholder activism in India has led to significant improvements in corporate governance, transparency, and accountability. Empirical studies suggest that activism has compelled companies to adopt better disclosure practices, strengthen the presence of independent directors on boards, and realign executive compensation structures with shareholder interests. Activist interventions have also resulted in increased scrutiny over related-party transactions and improved communication between boards and investors, fostering a culture of participatory governance.<sup>23</sup>

Research further indicates a positive correlation between shareholder activism and firm performance in India. Post-activism interventions, many companies have reported enhanced operational efficiency and shareholder value. This suggests that activism, when exercised constructively, can act as a catalyst for long-term strategic realignment and sustainable growth.

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<sup>21</sup> LeDroit India, *Tata Sons v. Cyrus Mistry*, LEDROIT INDIA (July 10, 2025, 8:00 P.M.), <https://ledroitindia.in/tata-sons-v-cyrus-mistry/>.

<sup>22</sup> *Health Economic*, <https://health.economictimes.indiatimes.com/news/hospitals/fortis-healthcare-bidding-war-the-story-so-far/63918281> (last visited on July 10, 2025).

<sup>23</sup> Taxmann, *Shareholder Activism: Driving Transparency & Corporate Governance*, TAXMANN BLOG (July 10, 2025, 8:00 P.M.), <https://www.taxmann.com/post/blog/shareholder-activism-driving-transparency-corporate-governance/>.



However, while these outcomes signal progress, the effectiveness of activism remains uneven due to structural and regulatory constraints<sup>24</sup>.

### LIMITATIONS AND CHALLENGES:

Despite its growing prominence, shareholder activism in India faces several formidable challenges. The most significant structural barrier is **concentrated promoter ownership**, with promoters often holding more than 50% of share capital in listed companies. This majority control enables them to push through resolutions even in the face of widespread opposition from minority shareholders (*practiceguides.chambers.com*; *legalserviceindia.com*; *mondaq.com*). Another challenge lies in the **cost and complexity of legal remedies**. While provisions like class-action suits under Section 245 of the *Companies Act, 2013*, empower minority shareholders, protracted litigation in forums such as the National Company Law Tribunal (NCLT) can be expensive and time-consuming, deterring smaller investors from seeking redress.<sup>25</sup> Moreover, **passivity among institutional investors** remains a concern. Although mutual funds and foreign institutional investors (FIIs) have started participating more actively in voting processes, they often refrain from engaging in confrontational activism due to potential conflicts of interest or fear of regulatory backlash (*livemint.com*). **Lack of awareness among retail investors** about their rights under corporate and securities law further limits the breadth of activism. Cultural resistance within Indian boardrooms adds another layer of complexity. Promoters and senior management often perceive shareholder interventions as hostile, rather than as legitimate efforts to improve governance, which fosters an adversarial environment.

### THE ROAD AHEAD: STRENGTHENING INDIA'S CORPORATE PRISM:

To unlock the full potential of shareholder activism and ensure it becomes a cornerstone of corporate democracy in India, targeted reforms are necessary. First, the **promotion of proxy voting platforms** can empower retail investors to participate meaningfully in corporate decision-making. Second, **strengthening SEBI's oversight of corporate disclosures** and ensuring strict enforcement of governance norms will reinforce accountability. Third, the

<sup>24</sup> Aparna Sharma & Abhishek Kumar, *Shareholder Activism and Corporate Governance in India: Insights From Regulatory Changes and Emerging Trends*, 66 INT'L J.L. & MGMT. (July 10, 2025, 8:00 P.M.), <https://www.emerald.com/insight/content/doi/10.1108/ijlma-07-2023-0167/full/html>.

<sup>25</sup> WIKIPEDIA, [https://en.wikipedia.org/wiki/Clause\\_49](https://en.wikipedia.org/wiki/Clause_49) (last visited on July 10, 2025).

adoption of **stewardship codes** for institutional investors, akin to those in the United Kingdom, can encourage active ownership and responsible engagement with investee companies. Equally important is the need for **shareholder education initiatives**, aimed at creating awareness among retail and minority investors about their legal rights and avenues for redress. These measures will help balance the scales of power between promoters and shareholders, fostering a corporate ecosystem where accountability, ethics, and sustainability take precedence over narrow managerial interests. As India's markets mature and align with global trends, shareholder activism is poised to transition from a nascent force to a vital pillar of corporate governance. As Justice V.R. Krishna Iyer aptly observed in a different context, *"Power must bow to reason, and authority to transparency."* This ethos captures the transformative role of shareholder activism in India's evolving corporate prism<sup>26</sup>.

## CONCLUSION:

Shareholder activism in India represents a fundamental shift in corporate governance—from a promoter-dominated paradigm to one where investor voices increasingly shape strategic and ethical directions. While challenges such as promoter control and cultural resistance persist, the legal and regulatory frameworks introduced over the past decade have laid a strong foundation for activism to flourish. Moving forward, sustained reforms, active institutional participation, and a vigilant investor base will be crucial to ensure that shareholder activism enhances—not destabilizes—corporate governance. In this journey, Indian boardrooms must adapt to a new reality where shareholders are no longer silent financiers but empowered stewards of corporate conscience. As aptly observed, *"The law is the backbone, but activism is the muscle that flexes corporate accountability."* Together, these legal and regulatory measures have transformed Indian shareholders from passive financiers into active custodians of corporate conscience, setting the stage for a more transparent and participatory corporate governance regime.

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<sup>26</sup> *Id* at 2397.