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EMPOWERING VOICES: THE RISE OF SHAREHOLDER ACTIVISM IN INDIA'S CORPORATE LANDSCAPE

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ABSTRACT: -

Shareholder activism today signifies growing tendencies towards initiatives taken by an emerging number of active investors to influence corporate policy and practices. As a Transformative Tool in Corporate Governance in India, this has taken huge steps. The present article is intended to address the legal framework regulating such activism in India, in particular with respect to the significant provisions of the Companies Act, 2013, and of the SEBI regulations. This article aims at analyzing various motivating factors for shareholder activism, which demonstrate changes in improving corporate governance terms, as sustainability and social responsibility might fall. This is quite well demonstrated with significant case studies of success in India over active shareholders' tremendous influence on corporate action and accountability. Challenges do also exist in the form of regulators and opposition from the management with hurdles related to the organization of shareholders, which activists need. Ever-changing shapes of activism have been dealt with here because it attempts to set thought about India towards becoming more dependent and fairer in corporate environment accountability. The findings hold that in evolving, the field is shaping a promise for improving corporate accountability and sustainable business practices in India during the course of time. It substantiates the article's stressing constant importance of active shareholders in promoting responsible corporate behavior whereby companies will ensure that their conduct is aligned to the interests of all stakeholders, thereby enhancing a more sustainable and equitable future economically¹.

Keywords: Shareholder Activism, Corporate Governance, Companies Act 2013, SEBI Regulations, Corporate Accountability.

¹ *Shareholder activism*, <https://blog.iplayers.in/shareholder-activism-and-its-influence-on-corporate-decision-making>, (4th January, 2026).

INTRODUCTION: -

Shareholder activism is all about shareholders' attempts to influence the corporation's behavior with their rights as owners. Voting on important issues, talking with management, or establishing campaigns to demand change is shareholding activism. However, it is vital because it could enhance the governance of corporations and promote accountability while lining the corporate practices with shareholder interests. In India, shareholder activism has developed through changes since liberalization in the 1990s. The emergence of institutional investors, heightened awareness about corporate governance issues, and the introduction of regulatory reforms together contributed to the active spirit of shareholders.

The corporate landscape in India has undergone significant transformation over the past few decades, with shareholder activism emerging as a powerful tool for investors to influence corporate governance. Traditionally, Indian shareholders were often passive, with limited engagement in the decision-making processes of the companies they invested in. However, the rise of institutional investors, increased awareness of corporate governance issues, and a more robust legal framework have catalyzed a shift towards active participation by shareholders².

The act of shareholder activism confronting large corporations has emerged as an influential trend shaping corporate governance today. India has not been an exception to the cause, with the incrimination of investors who have commenced making their voices audible and demands clear over increased transparency, accountability, and sustainability from companies they have invested their funds in. Few would deny, however, that the turning point is particularly significant with the emerging regulatory environment in India, namely the Companies Act 2013 and the guidelines of the Securities and Exchange Board of India (SEBI). Empowering shareholders and providing them necessary encouragement in companies' responsibility, these frameworks will also influence the adoption of more acceptable and ethical business practices. The year of the Companies Act is 2013, and indeed this stand as the cornerstone for corporate governance in India, wherein additional space is accommodated for shareholders' rights coupled with greater corporate accountability. Protecting minority shareholders and enabling a fair environment for their treatment has provided the framework for more participatory corporate decision-making. Apart from the SEBI, which is also aimed at enhancing transparency and reporting, the presence of these legal frameworks has given rise to a situation

² Understanding Activist Shareholders, <https://www.investopedia.com/terms/s/shareholderactivist.asp>. (4th January, 2026)

in which shareholder activism is harnessed. In this scenario, investors are becoming increasingly vocal about environmental sustainability, social responsibility, and ethical governance. The features of shareholder activism in India are becoming more prominent as the new trends in India develop under the corporate governance landscape. Shareholders have started to demand not only a return on the money that is invested but also the implementation of certain values-driven practices which will foster long-term sustainability by all those companies. This will cover the dynamics of shareholder activism in India and its implications for corporate governance, activists' challenges, and the prospects of taking the corporate sector toward accountability and responsibility. Understanding the transformative power of activism in shaping the future of a business in India involves understanding how this interplay between shareholder rights and corporate responsibility plays out³.

Shareholder activism encompasses a range of activities where investors seek to effect change within a corporation, often focusing on issues such as corporate governance, executive compensation, environmental sustainability, and social responsibility. This article delves into the legal and regulatory framework that underpins shareholder activism in India, the motivations driving this trend, notable case studies, and the challenges faced by activists.

By the shareholder activism coming on the Indian corporate landscape, it goes more towards ready transformation with accountable and transparent business communities. It realizes those investors who could hold the companies answerable for incorporating stakeholder interests along with the considerations of profits in their whole value chain. This provisions increases shareholders' position while also instituting some kind of social responsibility and ethical decision-making among corporate managers. In the present and future, shareholder activism will have a major role to play in getting Indian businesses more just and sustainable in the generic trends of the new economy. In this respect, the journey has just begun, and it holds great promise and a significant reach in the possible future of corporate India.

LEGAL AND REGULATORY FRAMEWORK: -

India's framework for regulation and law concerning shareholder activism lies within the **Companies Act, 2013** and the regulations and guidelines set forth by the **Securities and Exchange Board of India (SEBI)**. Companies Act is the legislation primarily associated with

³ The director's guide to shareholder activism,, <https://www.pwc.com/us/en/services/governance-insights-center/library/how-shareholder-activism-might-impact-your-company.html>, (4th January, 2026).

corporate governance, enunciating the rights and duties of shareholders and providing them protection, especially minority shareholders.

Section 2(46) of the Companies Act defines a "**shareholder**" as any person holding shares in a company, thereby establishing the basic identity of those entitled to participate in corporate governance. **Section 73 of the Act**, prohibits any company making an invitation to deposit from the public unless the conditions prescribed under it are met protecting shareholder interests in that companies do not make such inducements, which may jeopardize the financial integrity of the firm. Further, **Section 100** allows shareholders to call for **extraordinary general meetings (EGMs)** whenever they want urgent matters to be discussed.

The most significant provisions of shareholder protection belong to **Section 245**, which comments on class action suits. This section enables shareholders in collecting their tear against the oppressive acts of the company. It allows the minority shareholders to challenge the decisions which dilute their interests. This is extremely important in a scenario where it is often impossible for minority shareholders to contest corporate decisions on an individual basis.

Apart from the **Companies Act, 2013**, the regulatory framework has **SEBI** as a key institutor in the regulation of the securities market, as well as investor protection. Discovered on the basis of the **SEBI Act, 1992**, **SEBI** is stipulated to promote and regulate the securities market in India. One major regulation among its regulations is the **Listing Obligations and Disclosure Requirements (LODR)**. Under this regulation, listed companies must report timely as well as accurate disclosures to their shareholders. This creates transparency and accountability, so shareholders are well informed about their investment's performance and governance practices. For instance, **Regulation 30** requires companies to disclose material events which could affect the interests of shareholders; **Regulation 44** is on electronic voting thus increasing the shareholder participation in corporate governance.

There are rights of many shareholders in the corporate governance framework. They have the right to vote on major issues such as mergers and acquisitions, and they also have the right to elect directors. The voting right is important in determining corporates' strategy and direction. Further, shareholders are entitled to receive dividends declared by the company, which is a direct reflection of the company's profitability and financial well-being. They also have the right to information about the financial performance of the company and its governance

practices, which helps them make informed decisions.

Further, the regulatory framework also indicates the condition for the protection of minority shareholders. Provisions in those particular sections of **Companies Act** relate to their protection. They require that such minority shareholders would be having their voices heard in corporate governance. The provision of filing class action suits in **Section 245** is an important avenue that has boosted the position of minority shareholders, as they can now assemble and register legal complaints against actions that are going against their interests.

Evolving trends in shareholder activism in India move towards a growing emphasis on certain environmental, social, and governance (**ESG**)-related issues. Increasingly, companies were held responsible for their influence on society and the biosphere, while institutional investors have emerged to test the waters over the much-expected active voice in advocating proper corporate governance. This seems to drive into a much broader pattern for responsible investing, where shareholders increasingly care about the ethics of their investments and not just the financial proceeds.

Yet, much remains to be done in the regulatory space. The intense stringency of rules makes it difficult for a shareholder, especially those who lack any legal knowledge. Resistance from the management may pose conflicts, which ever so often escalate into legal encounters. Still, the Indian legal and regulatory framework has built and maintains a strong foundation for shareholder activism, thereby empowering them to play an active role in corporate governance matters and advocating their rights.

Thus, the regulatory and legal framework governing shareholder activism in India, as discussed above in the **Companies Act, 2013, and SEBI regulations**, constitutes a comprehensive system in protecting shareholder rights, making operations transparent, and ensuring the participation of the shareholders in corporate governance. This ensures that a healthy corporate environment is fostered in which the interests of all shareholders- such as minority shareholders- are safeguarded⁴.

⁴Shareholder Activism Driving Transparency and Corporate Governance
<https://www.taxmann.com/post/blog/shareholder-activism-driving-transparency-corporate-governance>, (4th January, 2026).

The legal regulations and the system of shareholder activism have changed rapidly over time in India, always keeping in view the voice of a whole myriad of other stakeholders in corporate governance. SEBI is striving for greater clarity and accountability, but meanwhile, shareholders are gradually being armed with tools that can truly alter corporate decision-making. This development indeed brings a certain complexion and flavor to our corporate culture, quite in line with internationally accepted norms, further emboldening corporations toward sustainability and governance in an ethical environment. It is likely that due to the sudden surge in shareholder activism will now somehow mount the pressure on corporations and regulators to change for equitable representation of all stakeholders so that participatory governance might become an inherent part of the corporate landscape in India. The beginning of shareholder activism, therefore, in essence, lays the path towards an era in which assessed shareholders can forge their voices and collectively provide proactive pressure towards fostering a much more responsible and caring corporate culture.

EMERGING TRENDS: -

It is a reality that these newest trends in shareholder activism in India have changed the whole period in which an investor engages with the companies. The most important factor nowadays is most investors focus more on Environmental, Social, and Governance (ESG) issues. Investors are becoming aware of the impact the companies have on the environment and society. They require more than financial returns from the company; they want to know that the firm in which they invest is responsible and sustainable. This means now shareholders are more likely to push for practices within the entities that do things like reduce carbon footprints, boost diversity, and ensure governance did in an ethical manner. Such failure among companies in addressing the issues implies that the companies will suffer backlash from their investors, and thus poise a change to management or policy of operation in the firm.

However, firms like private equity investors or pension funds are transforming into very active shareholders with respect to the governance of companies. Also, these large investors own stakes in companies. They are now engaged in working to foster significant practice improvements at the companies. They mobilize shareholders to vote on resolutions, participate in discussion with a particular company's management, or engage other investors to advocate for change. In this way, they make their voices powerful while enticing the company to hitch itself in a meaningful way. They push for this, especially in tuning the company activities altogether, at the time—including social and environmental accountability.

Technology is very important in shareholder activism. With the growth of digital platforms, shareholders can now access any online information on companies and their governance practices rapidly. Thus, the investors can make informed purchasing decisions or carry out their activities with companies in a better-informed manner. Virtual meetings and online voting have simplified exercising shareholders' rights over corporate governance, biting even when one does not need to sit in the same place while going through the annual meeting comments. It really provides such an opportunity for more shareholders to voice opinions, resulting in an even more engaged and active investor community.

There are also many individual retail investors becoming active shareholders in these trends at the grass-roots level. With these online trading, coupled with the introduction of social media, any such retail investor can be easily interacting with others and organize their efforts to make an influence on corporate decisions. These new shareholders are leveraging social media to bring issues closer to home and rally support for their causes. Sometimes, such grassroots activism will result in major changes in decisions by companies since companies are putting the voice of their shareholders into action regardless of their size.

An increasing number of people tend to realize the importance of good corporate governance. Shareholders care more about how a company is managed and expect more accountability from the board of directors. They want to ensure that their interests, as well as those of other shareholders, are considered and not just the interests of the large majority of shareholders. This trend has provided more discussions on board diversity, executive compensation, and the general direction of companies. Shareholders will favor practices that endorse fairness and transparency, which ultimately leads to better performance for companies in the long term⁵.

Indeed, at least with respect to shareholder activism, the Indian corporate culture has begun to resemble much more that of an emerging economy. Investors nowadays are claiming their very important rights to influence companies on issues such as corporate governance and social responsibility, among many other issues, and most recently have brought about novel phenomena like environmental-social-governance (ESG), mobilization via digital means, and greater emphasis on ethical behavior, thus radically changing the time-honored relationship between their capital and management. This forward-looking transition grants an individual,

⁵ New trends in shareholder activism, <https://www.georgeson.com/uk/insights/new-trends-in-shareholder-activism>, 2026, (4th January, 2026).

much more formal platform to the common investor and invites wider discourse over corporate decision making with firms being pressured to readjust their corporate strategies accordingly for the greater good of society. If this movement sustains its vigor, then it creates real potential for shaking the very foundations of corporate governance in India and making a difference for a better sustainable and equitable economic future.

CHALLENGES FACED BY THE SHAREHOLDERS: -

This shareholder activism indeed creates space for investment where investors can make their voices heard to induce changes in the policies and practices of the company. However, this movement is faced with a number of challenges which reduce the effectiveness and impact in India. The obstacles in claiming rights for shareholders, a complex regulatory environment, as well as transparency and information asymmetry issues. In companies, there is also cultural resistance, structural challenges in terms of shareholding patterns, and general investor pain with these challenges. Shareholder activism is indeed an exciting possibility; however, these hindrances need to be worked on to make the governance system stronger and more participative while truly reflecting the interests of all stakeholders. Some of the challenges faced are-

a) **REGULATORY AMBIGUITIES-**

As defined, the Indian regulatory environment- the Companies Act, 2013, and also the regulations established by the Securities and Exchange Board of India (SEBI)-is really complex, if not contradictory. This makes it convoluted for shareholders who do not know their rights and the process they need to follow in articulating their concerns or activating activism. Inconsistent Enforcement, even if there is a clear regulation, would still undermine the will of the shareholders. If companies expect to act without being bounded by the standards of governance, shareholders will be stripped of their courage to act.

b) **LIMITED ACCESS TO INFORMATION-**

Transparency Issues, many companies in India do not disclose sufficient information on the ground about their financial performance, governance practices, and strategic decisions. Such opacity makes it entirely impossible for shareholders to take informed decisions or understand the implications of management actions. Information Asymmetry, there is often very high disparity between what management knows and

what shareholders know. This asymmetry leads to distrust, which hinders effective engagement because shareholders feel they are not represented by information that would be important to their investment.

c) WEAK ENFORCEMENT MECHANISMS-

Ineffective Regulatory Bodies, SEBI and other securities regulatory bodies may lack the resources or authorization necessary to effectuate compliance checks. Such perceptions encourage companies to violate shareholder rights with little or no consequences. Slow Dispute Resolution, the mechanisms to resolve disputes between shareholders and companies can be exceedingly slow-moving and convoluted. Lengthy legal processes can deter shareholders from pursuing activism, as the time and resources involved may outweigh the benefit to be derived.

d) CULTURAL RESISTANCE-

Old Mindset of Corporate Culture, traditional mindset which gives more importance to promoters and management rather than minority shareholders has converted Indian companies into a place where management is very cynical about shareholder activism and has to put in some hard work to avoid being talked to. Fear of Retaliation, shareholders are often fearful of consequences, especially, minority shareholders may risk retaliation from management or other shareholders when they voice their dissent or challenge decisions. This silences activism and demotivates individuals to participate in governance discussions.

e) STRUCTURAL CHALLENGES-

Complex Shareholding Structures, many companies in India have complex shareholding structures, including multiple classes of shares capable of diluting the voting abilities of minority shareholders. This results in an uneven balance in power for decision-making and excludes minority shareholders from making any difference in corporate governance. Low Institutional Participation, most of the time, institutional involvement in activism is limited because these entities do not normally favor minority shareholders' interests, or they have short-term views on profits and do not think of long-term results from improvements in governance.

f) LACK OF AWARENESS AND EDUCATION -

Ignorance of Rights, most of the time, retail investors misunderstand their rights or activism mechanisms. All these public investors are unable to take action when they face problems concerning corporate governance or management decisions. Inadequate Support Networks, there is always little access to organized support networks for minority shareholders, making it hard for them to mobilize and defend their interests. Such activists will always feel alone and discouraged without a community or resource to rely on.

g) FRAGMENTED SHAREHOLDING BASE-

For most of the publicly listed companies in India, a significant proportion has a shard of holders cum retail investors holding tiny stakes. This fragmentation dilutes the common voice of the shareholders, making it difficult to organize and mobilize for activism. Retail investors lack the infrastructure and networks that institutional ones have, which limits their ability to influence corporate governance and corporate decision-making.

h) INVESTOR SHORT-TERMISM-

There are many investors in the Indian markets who do not think much about long-term sustainability and governance and look for short-term gains. The short term may sometimes seem to engender disinterest in shareholder activism, as customers are now more likely to cut their returns into a time flux than push for the change that could enhance corporate governance or social responsibility in the long run. It may also create limitations in framing an active culture of shareholder participation, which would, in turn, undermine activism efforts⁶.

OVERCOMING CHALLENGES IN SHAREHOLDER ACTIVISM: -

Shareholder problems in India are complex and thus require many angles like transparency, strengthening of regulatory frameworks, and a culture of active participation. The most prominent remedy, however, is to bolster corporate governance regulations so that shareholders have access to timely and relevant information to mitigate the problem of information asymmetry. Thus, informed investors exercising their rights constructively can harass

⁶ The challenges and opportunities of shareholder activism, <https://www.lexology.com/library/detail.aspx?g=43ea7ee5-b9e5-4ed6-801f-c7a2ef2d9070>, (4th January, 2026).

companies into action. Collaborative dialogue between shareholders and management would bridge cultural divides and engender an inclusive decision-making process. All of these, if implemented, would revive shareholder activism and create an acceptable corporate governance system that is responsive to the aspirations of all stakeholders. Some of the ways are-

a) **ALIGNMENT OF REGULATIONS-**

Harmonization of Regulations: It would thus be necessary for the Ministry and the regulators to consider the Companies Act, 2013, along with other regulatory provisions under SEBI, so that ambiguities can be resolved. Clearly defined shareholder rights, responsibilities, and mechanisms through which to raise a question will secure a lot of confidence in the minds of the investors. Updating and consulting frequently, the regulations and rules also need to be updated from time to time to be at par with the changes brought in the market and by the corporate governance practice. The consultation of stakeholders, which in this case would be shareholders during the drafting of laws would ensure that the provisions that are made are workable and address real-life problems.

b) **IMPROVING ACCESSIBILITY TO INFORMATION-**

Mandatory Disclosure Requirements, companies would be asked to disclose timely and adequate information, on financial performances, governance issues, and important strategic decisions. This may include daily updates on metrics, risk with respect to board decisions. Using Technology, online access to real-time information would also constitute one way in which transparency could be achieved using technology. For example, if one says that companies could establish digital dashboards or an investor portal allowing shareholders easy access to relevant information while directly engaging with management.

b) **STRENGTHENING ENFORCEMENT MECHANISMS-**

Regulator Empowerment, the regulatory authorities such as SEBI must be strengthened by empowering them with greater authority and resources to command compliance. Such power must, in an ideal world, include the imposition of substantial fines upon companies that violate shareholders' rights or do not comply with the highest standards of governance. **Fast-Track Mechanism,** this mechanism should be instituted, at least in

order to pacify shareholders, for the expeditious handling of shareholder complaints, discouraging companies against violating the regulations. The fast tracking of complaints would assure investors that their grief would be heard without undue delay.

c) **FOSTERING A CULTURE OF COOPERATION BETWEEN MANAGEMENT AND SHAREHOLDERS-**

Encouragement for Conversations, companies should set up an organizational environment of dialogue with shareholders. Town hall meetings, Q and A sessions, and feedback mechanisms can help management hear and acknowledge specific shareholder issues, and, hopefully, resolve those issues together. Incentives for Good Governance, incentives linking governance and shareholder satisfaction of management will encourage management to consider shareholder interests. This is also likely to weaken opposition to active shareholder interests⁷.

d) **STREAMLINING THE STRUCTURE OF SHAREHOLDING-**

Promoting fair voting rights, regulation should ensure fair voting to all shareholders with no regard to strong and weak ones. They may prune promoter rights through multiple classes of shares as much as possible. Encouraging Participation of Institutional Investors, a few institutional investors of good repute and capability may slyly work for the interest of shareholders.

CASE LAW ANALYSIS-

a) **JINDAL POLY FILMS LTD VS NAVEEN KUMAR SRIVASTAVA, (2025)-**

Minority shareholders have initiated a class-action lawsuit against a corporation, the first of its kind in India, under the Companies Act of 2013, charging that losses were incurred due to acts of the promoters and directors of the company. This suit marks an epochal development in the collective corrective power of minority shareholders against such corporate maladministration or oppression and heralds the start of a new era of shareholder activism and class action jurisprudence in India.

b) **MCDONALD'S INDIA PVT. LTD. & ORS VS VIKRAM BAKSHI & ORS (2022)-**

The controversy between Vikram Bakshi, the joint venture partner and the shareholder

⁷ Shareholder Activism: How to Navigate the Landscape - <https://www.proxymity.io/views/shareholder-activism-how-to-navigate-the-landscape/>, (4th January, 2026).

in the business, and McDonald's mingled factors surrounding use of shareholder rights concerning issues over management of the business, minority interests struggling for protection, and the legal application of the Companies Act, 2013, and SEBI regulations protecting shareholders.

c) INFOSYS AND RESIGNATION OF VISHAL SIKKA (2017) -

Shareholder activism was manifest in the very high-profile case of Infosys, whereby constant pressure from shareholders and governance issues had caused the resignation of Chief Executive Officer Vishal Sikka. The case demonstrates how shareholders can exercise influence over the management and direction of companies, especially those keenly watched by institutional investors.

d) LIFE INSURANCE CORP OF INDIA V. ESCORTS LTD 1986 AIR 1370 –

Although decided prior to the Companies Act, 2013, it was this ruling of the Supreme Court that enunciated the principles on the rights of shareholders to requisition meetings, and limitations placed upon the courts for interfering in the internal management of the company, thus providing a foundation for later activist cases.

CONCLUSION: -

To paint a rosy but truthful picture, the ambient environment of corporate law and shareholder rights is one such dynamic and evolving arena embodying the properties of corporate governance and ethical business conduct. Modern markets are finding it extremely difficult to reach a structure where the interests of shareholders are viewed as paramount under risk. A well-balanced regime providing fair treatment to all shareholders creates trust in the business environment and channels transparency, which are very much needed for sustainable growth of any business.

As corporate leaders, regulators, and shareholders continue their interactions, they will redefine the role of effective communication in combating some of the emerging challenges and to remain resilient in this fast-paced world of technology and economic change. By supporting fairness and transparency in key areas, businesses facilitate an environment wherein all stakeholders feel respected and involved in processes of decision-making⁸.

⁸ Shareholder Activism, <https://www.edelman.com/expertise/financial-communications-capital-markets/shareholder-activism>, (4th January, 2026).

Further, this very commitment to shareholder rights must be looked upon not only as a legal obligation but as an integral part of responsible corporate citizenship. Companies that integrate this philosophy will find themselves in a better position to attract funds, build their reputation, and eventually champion their long-term survival. In the days ahead, it is critical that all groups of stakeholders remain active and steadfast in fighting for their rights so that the values of justice and accountability can further illuminate the corporate governance landscape, which is ever in flux.

