

Will Gen Z wake up and vote in corporate resolutions?

RINGSIDE VIEW.



KS BADRI NARAYANAN

Shareholder voting plays a vital role in corporate governance, giving each shareholder the power to influence key company decisions. This includes approving financial reports, electing board members and voting on important issues like mergers and acquisitions that determine the company's direction.

To promote strong corporate governance, shareholders need to be proactive, which helps encourage management to implement practices that align with shareholders' interests. A key way to do this is through voting; participating in the voting process, whether for major decisions or routine resolutions, can make a significant impact.

SEBI'S NUDGE

The recent happenings on this front, especially on participation from domestic mutual funds, are praiseworthy and credit should go to SEBI, the market regulator.

SEBI had made it mandatory for MFs to vote on all resolutions from April 1, 2022. Earlier, fund houses were just required to disclose their voting patterns that included abstentions.

"Interestingly, ever since abstention was disallowed, voting in favour has come down from 93 per cent to 88 per cent," Pranav Haldea, Managing Director, Prime Database Group.

This is a welcome move as MFs' ownership of NSE-listed companies has climbed to a record high of 10.9 per cent. Thanks to strong inflows into systematic investment plans, domestic MFs' holding has been climbing to record levels for the ninth successive quarter. With flows unabating, the trend is likely to continue unless foreign portfolio investors (FPIs) return to the Indian market in a big way.

LIC VOTE PATTERN

However, Life Insurance Corporation of India, which owns around ₹15 lakh crore worth shares of Indian equities, remained absent on two occasions in 2025-26 (data till September compiled by



VETO POWER. The recent happenings on the voting front, especially on participation from domestic MFs, are praise worthy and one should laud SEBI's efforts

Prime Database). Of the 100 resolutions, LIC voted in favour of 97, against one and remained absent in 2 (or two per cent). Instances of abstention were six during the previous five financial years except for 2022-23 where LIC abstained on 5 resolutions.

According to Haldea, board appointments attract more dissent because investors often question the independence of directors. Institutional investors rely heavily on proxy advisory firms which often have stricter guidelines than what regulations stipulate. Excessive promoter and executive

remuneration, of course, continues to be a hot topic, both in India and globally. The number of ordinary resolutions proposed were 11,914 (or 71 per cent of the total) while the number of special resolutions were 4,779 (29 per cent). While 41 special resolutions failed, 22 ordinary resolutions also failed due to shareholders' activism. In contrast, retail investors' participation in voting is dismal.

NON-JUSTIFIABLE

This is at a time when retail investors' ownership in NSE-listed companies reached a 22-year high of 18.75 per cent

as of September 30, outpacing FPIs and domestic MFs. Such largescale absenteeism cannot be justified, especially when voting facilities have been improved quite a lot. Depositories now enable fair, transparent e-voting for all stakeholders, allowing them to vote anytime, anywhere.

Recently, depositories have also launched CDSL's 'MyEasi' and NSDL's 'Speed-e' apps that provide expert proxy advisory views before voting.

The feature was launched with the aim of democratizing shareholder information and improving access to expert voting advice from SEBI-registered proxy advisory firms such as IIAs, SES and InGovern.

If participation improves at AGMs, it will send a clear signal to corporates that they cannot take matters for granted and that, in turn, could improve the overall corporate governance standards.

According to NSE India, 40 per cent of investors are below 30 years of age, with the median investor age dropping to 33 years from 38 just 5 years ago. It is time Gen Z investors wake up.