Page 816 - 827 **DOI:** *https://doij.org/10.10000/IJLMH.112892*

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 5 | Issue 2

2022

Corporate Governance Through the Eyes of a Minority Shareholder

TANIYA BANSAL[1]

ABSTRACT

Corporate governance regulations and norms are being widely transplanted into the laws of developing countries like India from developed countries. They are modified and implemented in the corporate law regime best suited to the Indian demographic. Over the years, we have seen the growing importance of corporate governance. It is much needed to incorporate a culture of consciousness, openness and transparency in the corporate world. Corporate law broadly performs two functions; firstly, it provides structure and secondly, it helps to control the conflicts between the constituencies. Concentrated shareholding is very common in India owing to a large number of promoter/ family-driven companies. In such circumstances, minority shareholders have little control of the operations of a company on account of which the interests of the minority are often overlooked. This paper will delve into the majority-minority problem prevalent in India and the ancillary issues, which arise on account of them.

Keywords*: Concentrated shareholding, outsider model of corporate governance, insider model of corporate governance, agency problems*

I. INTRODUCTION

The need for corporate governance arises when we see the number of fraudulent scams that have taken place in India and across the world. The aim of corporate governance is to ensure that in a company, all the stockholders, as well as the stakeholders, engage in the growth of the company in a democratic and transparent way.[2] This will ensure accountability of each person, thereby keeping the company away from corporate frauds and scams. The legislature constantly keeps on making more stringent laws to ensure the protection of the company and the public at large in form of amendments and new rules. There has been the introduction of several corporate governance reforms that include but are not limited to the inclusion of independent directors on the board, woman directors, disclosure requirements to the Securities Exchange Board of India (hereinafter referred to as "SEBI") and other regulatory authorities as per

[1] Author is a LLM Student at OP Jindal Global University, India.

[2] Ashish Kumar Srivastava, *2 Corporate Governance: Tireless Standardization*, 3.1 JCLG 123 (2019)

 [ISSN 2581-5369]

requirement, corporate social responsibility, applications to the tribunal against oppression & mismanagement. However, the aforementioned good governance reforms fall short due to insider trading, corruption from the board, poor disclosures, to name a few.

Corporate governance is an abstract term and can be understood through several interpretations, as it is difficult to confine it to one definition. Cadbury Committee Report has defined it as "a system by which companies are directed and controlled".[3] For a company to succeed, good corporate governance norms are of the utmost importance. A company is an institution where operations of the company are carried out in the same way as operations in a democracy.[4] Therefore, majority shareholders enjoy a considerable amount of power in the policy decisions in the company; however, this raises the question of the rights and interests of minority shareholders. In this paper, I will discuss the corporate governance model followed by India and how it is intrinsically related to the creation of a controlling or majority shareholder in the company. Thereafter, this paper will discuss the majority *vis à vis* the minority shareholders and the rights and protection offered to the latter in the company under Indian law. The legislative intent behind the provisions in the law for minority shareholders and the trend followed by the courts and tribunals in applications by the minority shareholders will also be discussed. I will conclude my paper by highlighting the need for a strong role of minority shareholders in the company and draw a comparison between the corporate governance models followed by other countries in this respect.

II. CORPORATE GOVERNANCE OWNERSHIP MODEL

Indian corporate theory and laws are largely based on English common laws, "providing greater protection to the shareholder's rights on paper while the application and enforcement of those rights are lamentable."[5] This is one of the main differences between the legal systems of developed countries with that of developing countries. Asian countries such as India have weak enforcement of laws and one of the reasons for this would be concentrated shareholding and a preponderance of family-controlled businesses.[6] A corporate governance model in countries differs on basis of ownership and control in the companies. Two different types of corporate governance models are the insider model, which has concentrated ownership and the outsider

[3] COMMITTEE ON THE FINANCIAL ASPECTS OF CORPORATE GOVERNANCE & CADBURY, A. *Report of the Committee on the Financial Aspects of Corporate Governance*, (1992) London, Gee

[4] Javaid Talib & Aqa Raza, *Rights of Minority Shareholders under the Companies Act, 2013: A Jurisprudential Analysis*, 22 ALIGARH L.J. 30, 64 (2016)

[5] Rajesh Chakrabarti, *Corporate Governance in India - Evolution and Challenges*, SSRN (Jan, 17, 2005) https://ssrn.com/abstract=649857

[6] *Id*

model, which have dispersed ownership.

India follows an insider model of corporate governance wherein there is a group of 'insiders' who have a long-term relationship with the company.[7] These insiders are essentially the controlling or majority shareholders thereby forming the largest group of shareholders. The rest of the shareholding is diffused and held by a variety including financial institutions or individuals' constituting the public. In Asian countries such as India and China, the majority shareholders are mostly also the promoters of the company and they tend to be business family groups.[8] In this kind of regime, the voice of the minority shareholders is rarely heard and them being less in number are unable to be in a position to even veto the decisions made by the majority shareholders.[9] The majority shareholders' powers far exceed the economic interests of the company and they can sometimes have exorbitant powers such as removal of the entire board[10] or influencing the management strategy or operational affairs of the company. There is one such research, which describes India as a hybrid of outside-dominated market-based systems of the UK, and the USA and the insider-dominated bank-based system of Germany and Japan.[11] However, many do not accept this observation.

On the other hand, leading countries such as USA and UK follow the outsider model of corporate governance, wherein the shareholding is scattered among different groups therefore it is uncommon to find a company that has a dominant or controlling shareholding. Due to this model, there is a distinction between those who have ownership and those who have control.[12] On account of this, the conflict between majority and minority shareholders is not the highlight in the companies in those countries.[13] This results in the interests and desires of shareholders holding second place to the interests of the company. The shareholders do not manage the affairs of the company and are only interested in their investments in the company. Hence, there is a separation between ownership and control. In USA and UK, broadly the dominant shareholders in public companies are now financial institutions due to which shareholder activism and participation in corporate governance is a possibility.[14] There has been a weakening position of the shareholders and the law has progressively limited or in some

[7] Umakanth Varottil, *A Cautionary Tale of the Transplant Effect of the Indian Corporate Governance*, 21(1) NLSIU Rev 1 (2009)
[8] Jayati Sarkar & Subrata Sarkar, *Large Shareholder Activism in Corporate Governance in Developing Countries: Evidence from India*, 1(3) INT'L. REV. OF FIN. 161 (2000)
[9] *supra* note 6
[10] The Companies Act, 2013, S 169
[11] *supra* note 7
[12] *supra* note 6
[13] Jennifer G Hill, *The Trajectory of American Corporate Governance: Shareholder Empowerment and Private Ordering Combat*, U. ILLINOIS L. REV. 507-562 (2019)
[14] *Id*

 [ISSN 2581-5369]

instances completely denied the eminent shareholders' rights.[15] In USA and UK, one of the major conflicts faced is between the owners i.e. the shareholders and its hired managers i.e. the directors.[16] Both models of corporate governance have some conflicts and no single model is foolproof.

III. MAJORITY SHAREHOLDER VIS-À-VIS MINORITY SHAREHOLDERS

The Company Act, 2013 (hereinafter referred to as the "2013 Act"), in India, has not defined the term shareholder, nor has it defined the term majority shareholder or minority shareholders therefore, before we delve into the topic, let us first understand the meanings of the aforementioned terms.

A shareholder is an individual or legal entity that has been registered in the books of the company as the legal owner of a number of shares in it. Shareholders may be referred to as the members of a corporation. Member under the 2013 Act includes a person who holds shares of a company and whose name has been entered into the depository.[17] Further, we can also understand the *prima facie* meaning of the term majority shareholders as those shareholders who have more than 50% shares i.e. a substantial number of shares so as to achieve the power to influence the decisions of the company and vice versa. Therefore, the degree of control can be considered the deciding factor. Minority shareholders do not have any controlling interest in the company hence, they do not have *de jure* or *de facto* control.[18] This means they do not have any powers whether in law or in fact, to appoint or replace directors on the board, which is a key component of exercising control. Minority shareholders can be defined as those shareholders who hold minimum shares in the company. The principle of majority rule has been set from the landmark case of *Foss v Harbotle*[19] which, bleaks the rights of the minorities at the very outset.[20] However, with time, in order to restrain the dominance of the majority shareholders, exceptions to the majority rule have been recognized to ensure that all shareholders have equal status. In many cases, majority shareholders do not take into consideration the plight of the minority shareholders while making decisions that affect all the stakeholders in the company.

[15] Ross Grantham, *The Doctrinal Basis of The Rights of Company Shareholders*, 57 CAMBRIDGE L.J. 554, 556 (1998)
[16] Umakanth Varotill, *Evolution and Effectiveness of Independent Directors in Indian Corporate Governance*, 6 HASTINGS BUS. L.J. 2 (2010)
[17] The Companies Act, 2013, S 2(55)(iii)
[18] Umakanth Varottil, Minority Shareholders' Rights, Powers and Duties: The Market for Corporate Influence' (NUS Law, Working Paper 2020/006), www.law.nus.edu.sg/wps/
[19] Foss v Harbotle [1843] 67 ER 189
[20] *supra* note 6

Company Law in India has incorporated versions of the shareholder rights and remedies since the mid 20th Century and currently, we can find these provisions under Sections 241 and 242 of the 2013 Act. Under the 2013 Act, the barrier set for minority shareholders to get any relief is very high and unduly hard. The tribunal i.e. the National Company Law Tribunal (hereinafter referred to as the "NCLT") has powers to grant relief to shareholders under Section 242 of the 2013 Act on two grounds. Firstly, if the affairs of the company are being run in any manner, which is prejudicial or oppressive and secondly, one must establish that the oppression or prejudice is so grave that it is just and equitable to give winding-up orders. There are a few aspects, which should be kept in mind:

- The conduct of the company that is allowing interference can be 'past or present and continuous'.
- Under the 2013 Act, the conduct can be prejudicial to any member or to the public interest or interest of the company.

IV. JUDICIAL VIEW

The Hon'ble Supreme Court of India decided on one of the leading corporate judicial cases in recent times with respect to minority shareholders in 2021. The *Tata/Mistry case*[21] has its inception on 24th October 2016 with the board of Tata Sons Limited, removing its executive chairman, Mr. Cyrus Mistry from the position. He was a part of a minority shareholder group in Tata Sons i.e. the Shapoorji Pallonji group. Further, Mr. Mistry was also forced to resign from the Board of other companies affiliated with Tata Sons due to an extraordinary general meeting being planned with the agenda to expel him. Thereafter, the group initiated actions under Sections 241 and 242 of the 2013 Act against Tata Sons and its controlling shareholders, two Tata trusts. The group challenged several decisions taken by Tata Sons, which included several business decisions taken and referred to them as the 'legacy issues' such as the amendments to AOA of the holding company to increase the powers of the Tata shareholders, the removal of Mr. Mistry and several dubious transactions. Tata Sons converted itself from a public company to a private company during the pendency of the dispute, which was also contested legally. Mr. Mistry's case was built on several corporate governance issues, which were prevalent in Tata Sons over which the Supreme Court did not give any decisions on account of them being factual in nature.

The matter first travelled to the NCLT, wherein the NCLT, Mumbai Bench declined to give

[21] Tata Consultancy Services Ltd. v Cyrus Investment Pvt. Ltd. (2021) SCC Online SC 272 (Ind.)

 [ISSN 2581-5369]

any relief to the minority shareholders. Thereafter, Mr. Mistry approached the National Company Law Appellate Tribunal (hereinafter referred to as the "NCLAT"). The NCLAT overruled the decision of the NCLT and held that the removal of Mr. Mistry was illegal and also called for his reinstatement. The NCLT order was effectively reversed and further declared the conversion of the company from public to private one during the pendency of the trial as illegal. Aggrieved by the order of the NCLAT, Tata Sons filed an appeal in the Hon'ble Supreme Court.

For sake of brevity, I would be only discussing the Supreme Court judgment only on issues with respect to relief to minority shareholders. The Supreme Court in their judgment dated 26.03.2021, ruled in favour of Tata Sons and did not give any relief to the minority shareholders while concurring with the findings of the NCLT, Mumbai. It further held that the mere removal of a director does not amount to oppression and mismanagement and even if it were, it would be considered only if it was shown that the oppression is prejudicial to shareholders. It should also be noted that in an application for oppression and mismanagement, the primary focus of the tribunal can never be justifying the removal of a person unless the same is in furtherance of conduct which oppressive or prejudicial to some members. However, Mr. Mistry was a nominee director and was therefore not representing any shareholder in particular. Further, it was noted that posts of chairman and director are those which call for a special qualification and the law does not allow for relief in line of reinstatement for that post as the same would only lead to disagreements and acrimony in the company rather than resolving the dispute.

A cursory reading of the provisions of the 2013 Act would give us an idea that from a strictly legal perspective, this outcome is understandable on account of the unreasonably high burden of proof that the law casts on minority shareholders to get relief under the provisions. However, Supreme Court's refusal to look at the case on merits was technical and a lot of emphases was put on the conduct of Mr. Mistry. Charges against him were easily accepted and they included firstly, the leak of an email, which was presumed by the NCLT to be leaked by Mr. Mistry and the Supreme Court accepted this position without further investigation. Secondly, it was alleged that Mr. Mistry disclosed information to the Income Tax department pertaining to the Tata Education Trust. The court observed, "a person who tries to set his own house on fire for not getting what he perceives as legitimately due to him, does not deserve to continue as part of any decision making body."[22] The court's position is disputable on account of the fact that it should have given time for reasons and to further investigate why is information disclosed to

[22] *Id*

 [ISSN 2581-5369]

the Income Tax department is objectionable.[23] Thirdly, the court disapproved of the allegations made by Mr. Mistry against the board that appointed him.

If we take a look at the common thread between all the versions of oppression and mismanagement provisions that have been enacted in India since the Company Law Act, 1913 Act to the 2013 Act, the Courts in India are ordained to pass such orders, "with a view to bringing in an end to the matters complained of."[24] Therefore, when the Court is at the stage of granting relief, they should ask this question themselves. The object is not to provide a remedy worse than the disease.

In the case of *Rajahmundry Electric Supply Corpn. Ltd. v Nageshwar Rao,*[25] it was held by the Hon'ble Supreme Court that for invocation of the just and equitable clause of the section, there must be a justifiable lack of confidence and mere disagreement between the majority and minority shareholders would not suffice.[26] In its landmark ruling of the Hon'ble Supreme Court in *Needle Industries*[27], the court had held that the profitability of a company has no bearing if just and equitable standards had been fulfilled and the test is not whether an act is lawful but whether it is oppressive. Further, the Hon'ble Supreme Court had clarified that where a plea of oppression failed, the court is not powerless to do substantial justice between the parties. However, in the *Tata/Mistry case*[28], Hon'ble Supreme Court chose to not do so and to let the parties resolve the issues among themselves.[29] The dispute and the findings in *Tata/Mistry case* may not have reached its conclusion/ finality, as the Hon'ble Supreme Court on 15th February 2022 allowed the review petition[30] filed by Mistry to be heard in open court for an oral hearing.

V. THE WAY FORWARD

Another point to be noted is the role of the independent directors in a concentrated shareholding. In the *Tata/Mistry case*[31], the independent director i.e. industrialist Nusli Wadia became the collateral damage on account of his support towards the minority shareholders.[32] This brought upon the wrath of the promoters and several shareholders in the Tata group of

[23] Varghese George Thekkelt, *Tata V Mistry: A Case For Greater Protection Of Minority Shareholders' Rights*, SCC ONLINE BLOG, May 15, 2021
[24] *supra* note 20
[25] Rajahmundry Electric Supply Corpn Ltd v Nageshwar Rao, (1955) 2 SCR 1066 (Ind.)
[26] S.P Jain v Kalinga Tubes Ltd., (1955) 2 SCR 1066 (Ind.)
[27] Needle Industries (India) Ltd. v Needle Industries (Newey) India Ltd., (1981) 3 SCC 333 (Ind.)
[28] *supra* note 20
[29] Umakanth Varottil, *Tata vs Mistry: Supreme Court's Deference to Decision Making in Tata Sons*', BLOOMBERG QUINT, 4 April 2021
[30] Cyrus Investments Pvt. Ltd. & Anr. v Tata Consultancy Services Ltd. & Ors., R.P.(C) Nos.653-654/2021 in C.A. Nos.440441/2020
[31] *supra note 20*
[32] Umakanth Varottil, *SEBI's backtrack on independent directors*, THE INDIAN EXPRESS, July 14, 2021

companies passed a resolution to take away the independent directorship of Mr. Nusli Wadia from the board. In India, concentrated shareholding is the norm, as discussed; therefore even the independent directors are picked through a simple majority via shareholder voting. The procedure for appointing independent directors and other directors is largely similar. In the case of family-driven companies, it is not unusual or unheard of to appoint friendly independent directors. According to an AAH Report,[33] 90% of the non-executive independent directors have been appointed using the CEO/ Chairman's personal referrals/ network with a huge involvement of the promoters in the approval and appointment of independent directors. From the aforementioned statistics, it is clear that the allegiance of the independent directors is blurry and if they are to work on instructions of the shareholders rather than the promoters, they should be hired and removed accordingly.[34]

To remedy this problem, SEBI released a consultation paper in which they had proposed a dual approval system for the appointment and removal of independent directors, which included approval from the majority of all shareholders as well as approval from a majority of the minority shareholders (shareholders other than promoters).[35] However, this was not approved and SEBI vide press release[36] on 29.07.2021 announced that the appointment and removal of independent directors would be by way of special resolution rather than a simple majority. Further, the press release made no mention of the dual approval system as per the aforementioned consultation paper. The dual approval system would have been a step forward in improving the role of an independent director. An impartial independent director would further ensure that the company does not run in favour of a particular segment of shareholders i.e. majority shareholders. The proposed amendment would be in sync with the good corporate governance norms of Israel and the premium listed segment of the UK as well. Keeping in mind the fact that promoter-driven and family-owned companies are slowly decreasing in India, the requirement of special resolution would give a greater voice to public shareholders.[37] Further, SEBI has inserted several additional disclosures that would be required by listed companies at the time of appointment of directors, which would be helpful in improving

[33] AT KEARNEY, AZB & PARTNERS AND HUNT PARTNERS, INDIA BOARD REPORT – 2007, *Findings, Action Plans and Innovative Strategies*, India (2007)
[34] *supra* note 31
[35] SEBI, CONSULTATION PAPER ON REVIEW OF REGULATORY PROVISIONS RELATED TO INDEPENDENT DIRECTORS (March 2021), https://www.sebi.gov.in/reports-and-statistics/reports/mar-2021/consultation-paper-on-review-of-regulatory-provisions-related-to-independent-directors_49336.html
[36] Press release, SEBI, SEBI Board Meeting (July 29, 2021), https://www.sebi.gov.in/media/press-releases/jun-2021/sebi-board-meeting_50771.html
[37] KPMG First Notes, *SEBI Amends Provisions related to Independent Directors*, (Sept 8, 2021), https://assets.kpmg/content/dam/kpmg/in/pdf/2021/09/firstnotes-lodr-independent-directors-audit-committee-nrc.pdf

corporate governance norms in Indian companies. Further, independent directors would be the way forward in ensuring that the interests of majority shareholders do not take priority over the interests of the company. Further, an impartial independent director would take into account the voices of the minority shareholders as well.

VI. AGENCY PROBLEMS AND SUGGESTED SOLUTIONS

In the corporate world, corporate democracy plays to the will of the majority. As the majority shareholders enjoy a controlling interest in the affairs of the company, therefore, placing important decisions in their hands, such as the appointment of board directors naturally introduces efficiency. One of the problems that a company faces, as identified by Kraakman, *et al* is the conflict between controlling shareholders (agent) and minority shareholders (principal), these are called agency problems.[38] Insider systems encounter the aforementioned problem in these jurisdictions, the minority shareholders are the constituency that requires the protection of the law because they rarely have representation on the board.[39] Therefore, the role of law is to curtail the powers of the controlling shareholders and to provide remedies to the minority shareholders.

Some solutions to address the agency problems can be:

a) To allow the minority shareholders greater participation in the affairs of the company, the appointment of directors can be determined through proportional representation so that minority shareholders are able to elect a such number of directors on boards in proportion to their shareholding in the company. This is optionally is available in India, in which no more than two-thirds of directors in a company can be appointed in accordance with the principle of proportional representation if the Articles of Associations of the company provide for it.[40] The common system of board appointment that is prevalent in India leads to the exclusion of minority shareholders and confers huge powers in hands of the majority.

A different version of this is also available in India in listed companies in the form of the appointment of a small shareholder director.[41] A small shareholder director is slightly different from a minority shareholder. The former is a shareholder whose value of a share is no more than Rs. 20,000/- whereas minority shareholder is defined according to the degree of control in the company.

[38] REINER R KRAAKMAN, *ET AL*, THE ANATOMY OF CORPORATE LAW: A COMPARATIVE AND FUNCTIONAL APPROACH (3rd ed. 2004)
[39] *supra* note 6
[40] The Companies Act, 2013, S 163
[41] The Companies Act, 2013, S 151

 [ISSN 2581-5369]

b) In several Commonwealth countries, there are remedies provided to the minority shareholders for oppression and mismanagement. These provisions are available in the 2013 Act under Section 241 and 242 as well, however, minority shareholders are required to satisfy certain prerequisites so as to be given relief by the courts as discussed. Further, there are procedural hurdles as well, such as complying with the threshold provided to file an application.

c) The *Tata/Mistry case*[42] tells us that we should have corporate governance norms focused on promoters. The decisions made by the promoters need to be made transparent, especially in family-run businesses.[43] In a promoter-driven market, there are various centres of power. In many instances, like in Tata Sons, there generally is an internal governance regulation in place. However, there is a lack of transparency in an internal regime. Hence, there is a requirement for governance oversight in the arena of promoters.[44]

d) Minority shareholders can institute class action suits[45] against transactions or affairs of the companies, which are prejudicial to members or shareholders. In India, while derivative suits are not prohibited, however, there is an implicit preference given to other corporate law remedies such as direct suits or approaching other dispute resolution tribunals. There should be a separate and concise codification of derivative suits on account of the fact that it would allow for minority shareholders to come together and file a suit against a wrong done by the directors of the company.

In the USA, there is a greater incentive for bringing shareholder derivative suits forward due to the recognition of generous fees to the attorney. This provision is absent in the UK, where the principle of 'loser pays' is prevalent; therefore, derivative action there generally happens when the plaintiff has sufficient funding. Both the countries have a similar approach to derivative suits i.e. in cases of fraud and illegality, the suits are more successful than in cases of weak managerial claims.[46]

e) While it is true that the majority shareholders have invested monies in the company, however, they should make decisions keeping in mind the interest of the company as a whole and not just their own. Many times, due to the greedy and harmful decisions of the

[42] *supra* note 20
[43] Umakanth Varottil, *The Tata Sons Imbroglio: Whither Corporate Governance?*, INDIACORPLAW BLOG, Oct, 27, 2016
[44] *Id*
[45] The Companies Act, 2013, S 245
[46] James Kirkbride *et al*, *Minority Shareholders and Corporate Governance: Reflections on the Derivative Action in the UK, the USA and in China* 51 INT'L JL & MGMT 206 (2009)

majority shareholders, the company loses its value and goes into recovery or liquidation proceedings. There should be a reform in the corporate structures of the companies in India and we should move away from having a large controlling shareholder in companies like it is in other leading economies. This can already be seen with the inclusion of the minimum percentage of institutional and retail investors in listed companies provisions included in SEBI (ICDR) Regulations, 2018.

f) India should adopt certain practices from other countries to empower minority shareholders. For example, in Italy, there has been the introduction of a mandatory list voting system, which has given minority shareholders the power to elect at least one director and one statutory auditor of the company. This enables the minority shareholder to influence the outcome of the decision-making of a company. India is at par with Honk Kong, Singapore and Malaysia wherein there is a requirement of approval from minority shareholders in case of material related party transactions.[47]

g) There should be a regulation for controlling shareholders for giving more room to the minority shareholders and institutional investors. However, it should not be a negative regulation, which damages the relationship between the two but one, which brings in checks and balances in the corporate law regime on the majority shareholders' tendency to make rash decisions only in their own interests.

VII. Conclusion

Minority shareholders have gained a lot of traction in recent times with growing concerns against oppression and mismanagement in the companies. Providing more rights and protection to them also results in improving the corporate governance reforms in the company, as it would ensure that the majority shareholders are not conducting the affairs of the company in their own personal interests. It is correct that a company is run in the same way as a democracy and therefore, the decisions of the majority are followed. However, the interests of the minority should not be overlooked, as a company will be able to evolve and grow when it takes into account the interests of all persons of the company. Independent directors would play a major role in future in promoting the interests of the company over that of the majority shareholders.

The courts in India are still overlooking the role minority shareholders have in improving corporate governance practices as seen in the *Tata/Mistry*[48] judgment of the Hon'ble Supreme Court wherein the court did not lay down any guidelines or suggest any solutions to the

[47] *supra* note 12
[48] *supra* note 20

 [ISSN 2581-5369]

problems faced by the minority shareholders at large. Companies in India are largely family-run businesses as we discussed above and there is a need for regulation and transparency in their decision making to improve corporate governance norms and thereby improve the conditions of the companies in the market as well. Minority shareholders will ensure that the behaviour of the majority shareholders does not go unregulated. Like other leading economies, India should also, in the future, move away from such a concentrated shareholding and encourage the participation of the public to invest in companies through institutional investors who are well aware of the financial policies, which could be incorporated into a company to improve the standing of it in the market. We can slowly see a change in the shareholding patterns in the Indian demographic however, family dominated and promoter-driven companies are still at large. Regulation of corporate governance norms will help in improving India's economy, but all depends upon the approach of the Legislature and the Judiciary, which will determine India's tryst with corporate governance in regard to the rights of the minority shareholders.

*****

 [ISSN 2581-5369]