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# Guarding against Boardroom Tyranny: Understanding Oppression & Mis- management under the Companies Act, 2013

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## ABSTRACT

*In the intricate and often volatile realm of corporate affairs, power imbalances, internal disputes, and unchecked authority can significantly hinder the effective and equitable functioning of a company. Such dynamics frequently give rise to acts of oppression & mismanagement, particularly when those in positions of control exploit their power to the detriment of minority shareholders or the broader interests of the company. These issues not only erode the principles of fairness and accountability in corporate governance but also challenge the foundational tenets of corporate democracy and transparency.*

*This article undertakes a comprehensive analysis of the legal concepts of oppression & mismanagement within the context of corporate entities, with a particular emphasis on their definition, scope, and the conditions under which such claims may arise. It provides a detailed exploration of the historical evolution of legal mechanisms developed to curb such practices, charting the legislative progress from earlier statutory provisions to the current regulatory framework under the Companies Act, 2013. Special attention is given to the interpretation of Sections 241-245 of the Act, which form the cornerstone of legal remedies available to aggrieved shareholders in India. It also addresses the landmark judicial precedents that have significantly contributed to the growth of jurisprudence in this domain. Additionally, this article also discusses about the recommendations to prevent oppression and mismanagement.*

**Keywords:** *Oppression, Mismanagement, Shareholders, Companies Act.*

## I. INTRODUCTION

Corporate entities are often described as artificial persons with perpetual succession and a separate legal identity. However, beneath this structure lie real human interests such as the shareholders, directors and members whose interactions shape the course of a company's future. While corporate law encourages democratic participation, the balance of power is often skewed in favour of majority shareholders or dominant management factions. In such scenarios, minority shareholders may become victims of unfair practices or excluded from

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decision-making altogether. The Companies Act, 2013<sup>1</sup> is a pivotal law designed to strengthen corporate governance and ensure the protection of stakeholder interests in corporate entities. Chapter XVI of the Companies Act, 2013 comprising Sections 241 to 246, provides a detailed mechanism for addressing matters related to oppression and mismanagement. The Act offers minority shareholders and company members protection and remedies against unjust conduct or poor management by majority stakeholders. The framework for dealing with oppression and mismanagement was initially introduced in India through the Indian Companies Act, 1951<sup>2</sup>, and was later expanded under Chapter VI of the Companies Act, 1956<sup>3</sup>.

## II. DEFINING OPPRESSION & MISMANAGEMENT

Chapter XVI, under the Companies Act of 2013, deals with the “prevention of oppression & mismanagement”.<sup>2</sup> While the Act do not establish a legal definition for oppression & mismanagement, the idea of “oppression” mainly refers to those circumstances where the actions of the majority shareholders are unfair, burdensome, or detrimental to the interests of minority stakeholders. The term “mismanagement” on the other hand, implies to reckless, dishonest, or negligent handling of a company’s affairs that threatens its viability and investor confidence.

In India, the statute and courts have borrowed the meaning of oppression by Lord Keith’s statements in, *Scottish Co-operative Wholesale Society Ltd. v Meyer*<sup>3</sup>, which was used in the Indian case of *Needle Industries (India) Ltd. v Needle Industries Newey (India) Ltd.*<sup>4</sup>, that provided, “oppression as lack of morality and fair dealings in the affairs of the company, which may be prejudicial to some members of the company”.

Lord Cooper also emphasized upon the definition of oppression in *Elder v Watson Ltd.*<sup>5</sup>, providing, “Oppression is a misdemeanour committed by majority shareholders who under colour of their majority power, wrongfully inflict upon the minority shareholders any harm or injury”, which was further referred by the Supreme Court of India in the case of *Shanti Prasad Jain v Kalinga Tubes Ltd.*<sup>6</sup>

## III. EVOLUTION OF LAWS ON OPPRESSION & MISMANAGEMENT IN INDIA

The legal framework addressing oppression and mismanagement in India has evolved over time to safeguard minority shareholders and promote equitable corporate governance. The

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<sup>2</sup> Companies Act, 2013, s 241-246.

<sup>3</sup> *Scottish Co-operative Wholesale Society Ltd. v Meyer*, (1958) 3 All ER 66.

<sup>4</sup> *Needle Industries (India) Ltd. v Needle Industries Newey (India) Ltd.*, [1981 (3) SCC 333]

<sup>5</sup> *Elder v Watson Ltd.*, 1952 SC 49 (Scotland).

<sup>6</sup> *Shanti Prasad Jain v Kalinga Tubes Ltd.*, 1965 AIR 1535, 1965 SCR (2) 720.

origins of Indian company law trace back to the colonial period with the enactment of the Joint Stock Companies Act, 1850<sup>7</sup>, modeled on English Companies Act, 1844<sup>8</sup>. Subsequently, the Companies Act, 1866<sup>9</sup> influenced by the English Companies Act, 1862<sup>10</sup> was passed, until it was replaced by the Companies Act, 1931<sup>11</sup>, which drew from the English Companies Act, 1908<sup>12</sup>. However, these early legislations lacked specific provisions to deal with situations where the majority shareholders acted oppressively toward minorities or mismanaged company affairs.

The first statutory remedies for oppression and mismanagement were incorporated into Indian law through the Indian Companies Act, 1951, and were extensively carried forward in the Companies Act, 1956 under Chapter VI.

A major shift occurred with the introduction of the Companies Act, 1956, following recommendations by the H.C. Bhabha committee<sup>13</sup>. This legislation provided comprehensive remedies to minority shareholders, with sections 397 and 398 of the 1956 Act<sup>14</sup> empowering members to approach the Company Law Board (CLB) in cases of oppression and mismanagement, respectively. These provisions were based on equitable principles from English common law and aimed to prevent abuse of majority power in corporate decision-making.

A significant leap forward occurred with the enactment of the Companies Act, 2013, which replaced the 1956 Act<sup>15</sup> and modernized the legal framework for corporate regulation. Sections 241-246 of the Companies Act, 2013, superseded the earlier provisions and empowered the NCLT to decide matters related to oppression and mismanagement.

The 2013 Act<sup>16</sup> introduced new mechanisms, such as class action suits under Section 245 and provisions for government intervention in the public interest. It also provided a structured range of remedies, including the removal of directors, regulation of future affairs, and in extreme cases, winding up of companies.

#### **IV. LEGISLATIVE OVERVIEW**

Within the comprehensive Companies Act of 2013, Sections 241-246 constitute a significant

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<sup>7</sup> Joint Stocks Companies Act, 1850, No. 43, Acts of Parliament, 1850 (United Kingdom).

<sup>8</sup> The Companies Act, 1844, No. 7 & 8 Vict. c. 110, Acts of Parliament, 1844 (United Kingdom).

<sup>9</sup> The Companies Act, 1866, No. 10, Acts of Parliament, 1866 (United Kingdom).

<sup>10</sup> The Companies Act, 1862, No. 25 & 26 Vict. c. 89, Acts of Parliament, 1862 (United Kingdom).

<sup>11</sup> The Companies Act, 1931, No. 7, Acts of Parliament, 1931 (United Kingdom).

<sup>12</sup> The Companies Act, 1908, No. 69, Acts of Parliament, 1908 (United Kingdom).

<sup>13</sup> H.C. Bhabha committee was established in 1950 to review and revise the Indian Companies Act, 1913.

<sup>14</sup> The Companies Act, 1956, No. 01, Acts of Parliament, 1956 (India).

<sup>15</sup> Ibid.

<sup>16</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

chapter dedicated to tackling problems of corporate oppression & mismanagement. In this legislative overview, a condensed summary of salient features of each of these sections is provided.

### **1. Section 241: Application to the Tribunal for Relief<sup>17</sup>**

Section 241 of the Companies Act, 2013 provides the legal mechanism through which, in case of oppression & mismanagement, the member of a company can file an application to the National Company Law Tribunal (NCLT):

- If the company's affairs are being conducted in a manner that is oppressive to any member or detrimental to the public interest or the interests of the company itself,<sup>18</sup> or
- if there has been a substantial change in the company's management likely to have adverse consequences.<sup>19</sup>

A member may apply to the Tribunal if such conduct affects their rights or those of other members. Furthermore, Section 241(2)<sup>20</sup> authorize the Central Government to make a direct application to the NCLT if, in its opinion, the company's conduct is prejudicial to public interest.<sup>21</sup>

### **2. Section 242: Tribunal's Authority to Curb Mismanagement<sup>22</sup>**

Section 242 details the powers granted to the NCLT when an application under Section 241 is found to be valid. If the Tribunal concludes that the company's affairs are being conducted in a manner that is oppressive or prejudicial, and that the winding up of the company would unfairly prejudice members yet such action would otherwise be justified, it may issue any order it deems appropriate to remedy the situation.<sup>23</sup>

The orders may include:<sup>24</sup>

- Regulating the future conduct of the company's affairs.
- The purchase of shares of any members of the company by other members or by the company.

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<sup>17</sup> Ibid.

<sup>18</sup> The Companies Act, 2013, § 241(1)(a), No. 18, Acts of Parliament, 2013 (India).

<sup>19</sup> The Companies Act, 2013, § 241(1)(b), No. 18, Acts of Parliament, 2013 (India).

<sup>20</sup> The Companies Act, 2013, § 241(2), No. 18, Acts of Parliament, 2013 (India).

<sup>21</sup> The Companies Act, 2013, proviso to § 241(2), No. 18, Acts of Parliament, 2013 (India) - That the applicants under this sub-section, in respect of such company or class of companies, as may be prescribed, shall be made before the Principal Bench of The Tribunal which shall be dealt with by such Bench.

<sup>22</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

<sup>23</sup> Companies Act, 2013, § 242(1)(a) and 242(1)(b), No. 18, Acts of Parliament, 2013 (India).

<sup>24</sup> The Companies Act, 2013, § 242(2), No. 18, Acts of Parliament, 2013 (India).

- Restrictions on share transfers of the company.
- Termination or modification of agreements between the company and directors or managerial personnel or any other person.
- Removal of directors or managers.
- Recovery of undue gains from key managerial personnel.
- Appointment of new directors.

The Tribunal may also impose costs and make any other provision it considers necessary to end the oppression or mismanagement.<sup>25</sup> Orders passed under this section have overriding effect over any provision in the memorandum, articles of association, or any agreement between the company and its members or directors.<sup>26</sup>

### **3. Section 243: Consequences of Tribunal-Ordered Terminations or Modifications<sup>27</sup>**

Section 243 provides for the consequences that arise following a Tribunal order under Section 242, particularly where such an order terminates or alters an agreement with a managing director, manager, or other director. Once such an agreement is terminated by the Tribunal, the concerned individual is not entitled to claim any compensation for the loss or termination of the agreement.<sup>28</sup>

Additionally, any person whose agreement is terminated under this section is barred from being appointed or acting as a managing director, manager, or director of company for a period of five years from the date of the Tribunal's order, unless the Tribunal specifically permits otherwise.<sup>29</sup> If any person contravenes this provision, they are subject to penal consequences, including imprisonment of up to six months or a fine which may extend to ₹5,00,000 or both.<sup>30</sup>

### **4. Section 244: Who Can Apply for Relief<sup>31</sup>**

Section 244 lays down the conditions for filing an application under Section 241.

- In the case of a company with share capital, not less than 100 members, or members constituting at least 1/10<sup>th</sup> of the total number of members, whichever is less, may file an application. Alternatively, members holding at least 1/10<sup>th</sup> of the issued share

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<sup>25</sup> The Companies Act, 2013, § 242(2)(l-m), No. 18, Acts of Parliament, 2013 (India).

<sup>26</sup> The Companies Act, 2013, § 242(6), No. 18, Acts of Parliament, 2013 (India).

<sup>27</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India)

<sup>28</sup> The Companies Act, 2013, § 243(1)(a), No. 18, Acts of Parliament, 2013 (India).

<sup>29</sup> Companies Act, 2013, § 243(1)(b), No. 18, Acts of Parliament, 2013 (India).

<sup>30</sup> Companies Act, 2013, § 243(2), No. 18, Acts of Parliament, 2013 (India).

<sup>31</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

capital of the company may also apply, provided they have paid all calls and sums due on their shares.<sup>32</sup>

- For companies without share capital, not less than 1/5<sup>th</sup> of the total number of members is required.<sup>33</sup>

Importantly, the Tribunal is granted the discretion to waive all or any of these requirements in appropriate circumstances. This ensures that minority stakeholders are not denied relief due to technicalities in eligibility.<sup>34</sup>

### 5. Section 245: Class Action Suits and Collective Redress<sup>35</sup>

Section 245 of the Companies Act, 2013 introduces the concept of class action suits, enabling members and depositors to collectively seek redress against a company's prejudicial actions. This section applies to both members and depositors, or any class of them, who may file an application before the NCLT if they believe that the conduct of the company is prejudicial to their interests.<sup>36</sup>

In companies with share capital, a class action may be initiated by at least 100 members or by such percentage of total members as may be prescribed (**currently 5%**), whichever is less. Alternatively, members holding such percentage of the issued share capital of the company as may be prescribed (**currently 5% of an unlisted company and 2% of a listed company**), may also apply, provided they have paid all calls and sums due on their shares.<sup>37</sup>

- In companies not having a share capital, not less than 1/5<sup>th</sup> of the total number of members may apply.<sup>38</sup>
- For depositors, at least 100 depositors or such percentage of depositors as may be prescribed (**currently 5%**), whichever is less can file such an action. Alternatively, depositors to whom the company owes such percentage of total deposits of the company as may be prescribed (**currently 5%**), may also apply.<sup>39</sup>

Reliefs under this section include *restraining the company from acting in violation of the Act or its own articles and memorandum, preventing actions that are ultra vires or fraudulent,*

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<sup>32</sup> Companies Act, 2013, § 244(1)(a), No. 18, Acts of Parliament, 2013 (India).

<sup>33</sup> Companies Act, 2013, § 244(1)(b), No. 18, Acts of Parliament, 2013 (India).

<sup>34</sup> The Companies Act, 2013, proviso § 244(1), No. 18, Acts of Parliament, 2013 (India) - That the Tribunal may, on an application made to it in this behalf, waive all or any of the requirements specified in clause (a) or clause (b) so as to enable the members to apply under section 241.

<sup>35</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

<sup>36</sup> The Companies Act, 2013, § 245(1), No. 18, Acts of Parliament, 2013 (India).

<sup>37</sup> The National Company Law Tribunal Rules, 2016, Rule 84(3).

<sup>38</sup> The Companies Act, 2013, § 245(3)(i)(b), No. 18, Acts of Parliament, 2013 (India).

<sup>39</sup> The National Company Law Tribunal Rules, 2016, Rule 84(4).

*declaring certain resolutions void, and seeking damages or compensation from the company, its directors, auditors (including audit firms and partners involved), experts, advisors, or consultants for wrongful or misleading conduct.*<sup>40</sup> Furthermore, if the Tribunal finds that the class action application is frivolous or vexatious, it may impose a penalty of up to ₹1,00,000 on the applicant.<sup>41</sup>

#### **6. Section 246: Application of Sections 337 to 341 to Proceedings under Sections 241 & 245<sup>42</sup>**

Section 246 of the Companies Act, 2013 ensures that the penal and protective provisions of Sections 337-341,<sup>43</sup> which relates to fraudulent conduct, misfeasance, and misconduct during winding up, also apply to proceedings initiated under Sections 241<sup>44</sup> and 245<sup>45</sup>. By extending these provisions, Section 246 reinforces the punitive framework and enhances the deterrent effect of the law in cases of oppression & mismanagement.

### **V. WHEN DO THESE LAWS APPLY**

Oppression and mismanagement can occur in a variety of ways, including but not limited to:

- Unilateral decisions taken by the majority without proper board approval
- Diversion of funds of the company to personal accounts or associate companies<sup>46</sup>
- Denial of access to financial documents and records
- Issuance of new shares to dilute the shareholding of dissenting voices
- Removal of directors through questionable or invalid processes<sup>47</sup>
- Favouritism in contracts or business opportunities to insiders or family

It's crucial to understand that mere dissatisfaction with management decisions isn't enough to constitute oppression and mismanagement. "For a case of oppression and mismanagement, there needs to be a conduct amounting to misconduct by the majority towards the minority and the conduct cannot be in one isolated instance but rather, it needs to be a continuous act".<sup>48</sup>

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<sup>40</sup> The Companies Act, 2013, § 245(1)(a-h), No. 18, Acts of Parliament, 2013 (India).

<sup>41</sup> The Companies Act, 2013, § 245(8), No. 18, Acts of Parliament, 2013 (India).

<sup>42</sup> The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

<sup>43</sup> The Companies Act, 2013, § 337-341, No. 18, Acts of Parliament, 2013 (India).

<sup>44</sup> The Companies Act, 2013, § 241, No. 18, Acts of Parliament, 2013 (India).

<sup>45</sup> The Companies Act, 2013, § 245, No. 18, Acts of Parliament, 2013 (India).

<sup>46</sup> Rajendra Nath Bhaskar And Anr. v Bhaskar Stoneware Pipes Pvt. Ltd., [(1991) 72 Comp Case 641 Delhi].

<sup>47</sup> Ashish Deora and Ors. v Pan Indian Motors Pvt. Ltd. And Ors., [C.A. No. 42 of 2015 in C.P. No. 90 of 2013 and C.A. No. 47 of 2015 in C.P. No. 91 of 2013].

<sup>48</sup> Shanti Prasad Jain v. Kalinga Tubes Limited, [AIR 1965 SC 1535].



## VI. JUDICIAL PRECEDENTS ON ACTS HELD & NOT HELD AS OPPRESSION AND MISMANAGEMENT

### Acts Held as Oppressive

In the landmark judgment of *Shanti Prasad Jain vs Kalinga Tubes Limited*<sup>49</sup>, the Supreme Court ruled that for a case of 'oppression' to be established, the majority shareholders must be oppressing the minority specifically in their capacity as members, and the acts complained of must be viewed as part of a continuous series rather than isolated incidents. It emphasized that there must be ongoing acts of oppression, and the conduct of the majority must be burdensome, harsh, and wrongful. A mere breakdown of trust between majority and minority shareholders would not be sufficient unless it arises from oppressive actions by the majority in the company's management. Similarly, in *V.M. Rao vs Rajeswari Ramakrishnan*<sup>50</sup>, the Court clarified several key principles: firstly, the oppression must affect the member in their capacity as such, not in any other role. Secondly, the oppressive acts must continue up to the date of the petition. Thirdly, the actions must be evaluated as part of an ongoing narrative rather than individually.

Fourthly, before seeking relief under Section 397 of the Companies Act, 1956 (now Section 241 read with Section 242(1) of the Companies Act, 2013), it must be demonstrated that there is a just and equitable basis for winding up the company. Lastly, it must be proven that the conduct was not merely unfair, but burdensome, harsh, and wrongful. General allegations of mismanagement or isolated incidents are insufficient; specific instances of oppressive conduct must be detailed in the petition. In *Ms. Varshaben S. Trivedi vs Shree Sadguru Switch Gears Pvt. Ltd.*<sup>51</sup>, the petitioner challenged her removal from the company's board without adherence to the due process prescribed under Section 284 of the Companies Act, 1956 (now Section 169 of the Companies Act, 2013). The Court held that the right conferred under Section 284<sup>52</sup> is statutory and cannot be curtailed by the company's memorandum or articles of association. In this case, the appointment of new directors to take over company management and the illegal removal of a member-director without proper notice was deemed an act of oppression and mismanagement.

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<sup>49</sup> Ibid.

<sup>50</sup> V.M. Rao v. Rajeswari Ramakrishnan, [(1987) 61 Comp Case 20 (Mad)].

<sup>51</sup> Ms. Varshaben S. Trivedi v. Shree Sadguru Switch Gears Pvt. Ltd., [(2013) 116 CLA 153 (CLB)].

<sup>52</sup> The Companies Act, 1956, § 284, No. 01, Acts of Parliament, 1956 (India).

### **Acts Not Held as Oppressive**

In *Needle Industries (India) Ltd. vs Needle Industries Newey (India) Holding Ltd.*<sup>53</sup>, the Supreme Court stated that poor judgment, inefficiency, or negligence by directors alone would not justify relief under Section 397 of the 1956 Act (now Section 241 of the 2013 Act). The conduct must lack integrity, be unfair, and cause actual prejudice to a member's legal and ownership rights. Similarly, in *Chander Kishan Gupta v Pannalal Giridhari Lal Pvt. Ltd.*<sup>54</sup>, the Court ruled that failing to maintain asset registers or statutory books, or not holding board meetings, would not amount to oppression unless it resulted in prejudice to the company's interests.

### **Acts Held as Mismanagement**

In *Re: Malayalam Plantations (India) Ltd.*<sup>55</sup>, a director sold an estate belonging to the company at a low price without following shareholder approval requirements under Section 293(1) of the Companies Act, 1956 (now Section 180 of the Companies Act, 2013) and without giving proper notice as required under Section 173 of the Companies Act, 1956 (now Section 102 of the Companies Act, 2013). Payments were also accepted in installments without proper disclosure. The Court found these actions to constitute mismanagement and set aside the sale, holding both the Board and the purchaser accountable for the losses incurred by the company.

In *Kuldip Singh Dhillon (Col) vs Paragon Utility Financiers Private Ltd.*<sup>56</sup>, the Court found mismanagement where a certified bank authorization resolution was sent to the bank despite no such resolution being recorded in the company's minutes. Unauthorized operation of the bank accounts and failure to act promptly against a manager who had misappropriated funds were considered acts of mismanagement.

### **Acts Not Held as Mismanagement**

In a famous corporate battle, in the matter of *Tata Consultancy Services Ltd. vs Cyrus Investment Pvt Ltd.*<sup>57</sup>, Cyrus Pallonji Mistry was removed from the position of Executive Chairman from Tata Sons Limited by a resolution passed by the Board of Directors. Upon removal of Cyrus Mistry from the post of Executive Chairman, Cyrus Investments Pvt Ltd. and Sterling Investments Corporation Ltd., the minority group of shareholders filed an

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<sup>53</sup> Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holding Ltd., [(1981) 3 SCC 333].

<sup>54</sup> Chander Kishan Gupta v. Pannalal Giridhari Lal Pvt. Ltd., [1984 55 Comp Case 702 Delhi, 1982 (3) DRJ 295].

<sup>55</sup> Re: Malayalam Plantations (India) Ltd., [(1991) 5 Corpt LA 361 (Ker)].

<sup>56</sup> Kuldip Singh Dhillon (Col) v. Paragon Utility Financiers Pvt. Ltd., [(1988) 64 Comp Cases 19].

<sup>57</sup> Tata Consultancy Services Ltd. v. Cyrus Investment Pvt. Ltd., [(2021) 9 SCC 449].

application under section 241-242 of the Companies Act, 2013, alleging oppression and mismanagement by the Tata Group, the majority shareholders. After the matter being heard by the NCLT and NCLAT, the matter reached to the Supreme Court. The Supreme Court did not find the case to be one of mismanagement primarily because Cyrus Mistry, the former chairman, failed to prove a “functional deadlock” or lack of cooperation among the members within the company, a critical element required for the “just and equitable” ground to be invoked for winding up. Additionally, the Supreme Court found that Mistry’s removal as Executive Chairman was not necessarily oppressive or prejudicial.

## **VII. RECOMMENDATIONS TO PREVENT OPPRESSION AND MISMANAGEMENT**

Preventing oppression & mismanagement within a company is fundamental to upholding sound corporate governance, protecting the rights of all stakeholders, particularly stakeholders with minority shares and ensuring the long-term stability and success of the business.

The first step toward achieving this is the establishment of a comprehensive governance framework. This includes appointing a well-balanced board with adequate number of independent directors who can exercise oversight without undue influence. Board roles and responsibilities should be clearly delineated, and its composition should reflect a diversity of perspectives, skills, and experience to avoid the concentration of authority in the hands of few people.

Equally important is the protection of shareholder rights. Every shareholder must be treated fairly, with equal access to material information and adequate opportunities to participate in key decisions through general meetings. Companies should establish transparent and efficient grievance redressal mechanisms to address concerns in a timely and impartial manner. Furthermore, measures must be in place to protect minority shareholders from actions that may unfairly erode their interests.

A strong internal control environment is essential for minimizing risks and maintaining ethical conduct. This includes the presence of an effective internal audit function that operates independently, a whistleblower policy that guarantees anonymity and protection, and a robust compliance framework that ensures adherence to legal and regulatory obligations. Transparency in operations should be a guiding principle. Companies must follow best practices in financial reporting, ensure timely publication of audited financial results, and disclose any material developments as and when they occur. Board resolutions, especially those affecting shareholders interests, should be accurately recorded and made accessible

where appropriate. All directors and senior management personnel must also regularly disclose any actual or potential conflicts of interest.

Legal and regulatory compliance must be treated as a cornerstone of corporate responsibility. Regular legal audits should be conducted to identify gaps, and legal advice should be sought proactively before undertaking major initiatives or transactions. Companies should also foster an environment in which minority shareholders feel empowered to engage in corporate governance through shareholder resolutions and questions during meetings.

In the modern corporate environment, technology can serve as a powerful tool to promote transparency and accountability. Companies should invest in digital solutions for shareholder communication, including secure platforms for e-voting, digital grievance submission, and real-time access to disclosures and governance documents. Accurate and complete record-keeping is vital to ensuring accountability and compliance.

Finally, governance practices must not remain static. Companies should commit to ongoing evaluation of their governance structure and policies. Regular third-party assessments, coupled with benchmarking against industry standards, can help identify areas for improvement and ensure that governance practices remain effective, pertinent, and compliant with developing legal norms.

By adopting these measures, companies can substantially lower the risk of internal mismanagement & shareholder oppression, foster a culture of trust and fairness, and lay a strong foundation for sustainable and inclusive growth.

## **VIII. CONCLUSION**

The issues of oppression & mismanagement within companies remain significant challenges to the ideals of fair and transparent corporate governance. As outlined in this article, the Companies Act of 2013 acts as a comprehensive legal framework designed to curb such practices, particularly through the provisions contained in Sections 241 to 246. These sections offer vital safeguards to minority shareholders and other stakeholders who may be adversely affected by the misuse of power by those in control of a company's affairs. Over time, Indian courts have developed a nuanced understanding of what constitutes oppressive and mismanaged conduct. Judicial interpretations have made it clear that isolated incidents or mere dissatisfaction with management decisions do not suffice; rather, there must be a pattern of conduct that is unjust, detrimental, and contrary to the interests of minority stakeholders or company itself. Moreover, the article highlights that while legal remedies are crucial, preventive measures are equally important. The adoption of sound governance practices, such

as a well-structured board, internal controls, and clear accountability mechanisms, can significantly reduce the likelihood of disputes and misuse of authority. Encouraging transparency, fostering shareholder participation, and leveraging technological tools for governance are essential steps toward building trust and long-term sustainability.

In conclusion, the Companies Act of 2013 not only provides mechanisms to address existing grievances but also encourages companies to adopt proactive governance practices. By adhering to these legal and ethical standards, companies can create an atmosphere that protects the interests of all shareholders and supports equitable and responsible corporate conduct.

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