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# Rights of Minority Shareholders – A Tale of Neglected Owners

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## ABSTRACT

*"A Proper balance of the rights of majority and minority shareholders is essential for the smooth functioning of the company." In India where there is vast diversity be it in the geography, language, religious beliefs and economy, democracy is the form of government which most appropriate and to quote Mr Mani Shankar Aiyar "democracy is only a necessary condition of good governance; it is not a sufficient condition of good governance. But if you don't have democracy, you cannot have good governance." The company being an institution following the democratic process gives majority shareholders powers in policy-making as without the will of majority shareholders a resolution cannot be passed successfully.*

*Unlike the majority shareholders, the minority shareholders are usually the middle or lower class of a society who invests money for dividends and returns and majority shareholders most of the neglect this dividend in their decisions. In the present law, there are major flaws such as the lack of equal representation in the company of minority shareholders and majority shareholders leading to the appointment of the board of directors by the majority shareholders, which may result in misappropriation of the company's assets and funds deriving their benefits from the company's fund.*


***Keywords:*** *Minority Shareholders, Democracy, Dividends, Good Governance.*

## I. INTRODUCTION

This The term 'Shareholders' is not explicitly defined under the Companies Act 2013, but the meaning of the term is the person who holds the shares of the company. Commonly the majority shareholders more than 50% of shares of the company and the minority shareholders hold the shares which are less than 50%, but the Sec. 236 of the Act the shareholders having shares less than 10% are referred to as the minority shareholders. It can be hence said that the major decisions of the company are influenced by the majority shareholders of the company. The meaning of the minority shareholder as per Black's Law Dictionary is *"Equity holder with less than 50% ownership of the firm's equity capital and having no vote in the control of the firm"*[2]

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[2] https://thelawdictionary.org/minority-shareholder/ (Last visited on March 12, 2022).

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The Company's management is the majority rule, it is also that the minority shareholders have such a smaller number of shares in the company that it does not give them control over the company.

The majority rules over the major decisions and the rights of the minority shareholders in the company. Hence the rights of minority shareholders in a company are very restricted and are often violated in many situations. One of the major requirements for a global sustainable business environment is the protection of minorities and no influence in corporate strategic development, shareholders are entitled to some rights as they invest money to buy shares of the company its the company's legal responsibility to balance their rights and interests to create significant development in corporate governance. The corporate business structure of a company covers all classes of investors, and it is important to protect their rights efficiently. In most cases, the majority dominates the minority although there are certain rights and privileges granted to minority shareholders that become the subject of dominance by the majority shareholders of the company.

The protection of minority shareholders provides a more global business environment for the company as it represents the different classes of people in form of investors, the dynamics of the company becomes more efficient because the legislation offers protection to minority, and the risk-taking factor increases with new opportunities in the growth of business[3]. By the explanation of Sec. 151[4] by the Companies Act, 2013 the 'Small Shareholders' have the value of shares not exceeding twenty thousand rupees. The majority shareholders owning the majority per cent of the shares of the company have more power in the decision-making process of the company.

## II. RIGHTS OF SHAREHOLDERS UNDER COMPANIES ACT 2013

- Right to appoint Small Shareholders' Directors

As per Sec. 151[5] of the Act, the minority shareholders can appoint one shareholder to the board of directors and such director may be called a 'Small Shareholders' Director. Similarly, the company has the authority to Suo moto appoint such a director, by not less than one thousand or one-tenth of the minority shareholders director appointed by the listed company.

[3] https://www.weforum.org/agenda/2015/10/why-we-need-to-protect-minority-shareholders/ (Last visited on March 12, 2022).
[4] Appointment of director elected by small shareholders - A listed company may have one director elected by such small shareholders in such manner and with such terms and conditions as may be prescribed
[5] Ibid

Also, as per Sec. 149(6)[6] of the Companies Act if the director qualifies the criteria of appointment under this Section that director may be called the independent director and further not eligible for reappointment after his term ends[7]. This was first challenged in the case of Alembic Limited and Unifi Capital as one of the minority shareholders having 3% shares of the company Alembic Limited was further noticed in the case that there was an application to appoint as vice-president from one of its small shareholders, director but was rejected on the ground that it was neither discussed not considered on the Company's annual general meeting.

This provision is for the protection of minority shareholders giving them equal rights in the company's general meetings and representation on the board, but it should also be noted that this should not be subjected to violation by the major investor group of the company. There is a need for proper checks and balances in the company so that the small shareholders will not fall on the neglected side and be subject to the puppets of major investors in the large corporate infrastructure of the company. The business environment in the company can lead to a compromise if the rights of the minority shareholders are not equally protected.

The provision of Sec.151[8] of the Act however not explicitly defines that there should be one director appointed by the small shareholders but through the interpretation of the section, it provides such director to be appointed by the general resolution in the company's general meeting for the term of three years and no scope for the reappointment.

- Right to apply to NCLT for Oppression and Mismanagement

The working of the company is generally dependent on the Board of Directors, who have the responsibility to shape the company's profit to maximization of performance and the best the interest of the shareholders. Normally in the working environment of the company, the shareholders have equal voting rights. Hence, it is pertinent that the shareholders who have the maximum shares in the company have the power to rule the major decisions of the company as compared to the minority shareholders. The management of affairs of the company is also controlled by the majority shareholders, being in a better position to influence. The decisions taken by the majority shareholders of the company are within the scope of law and provisions provided by the legislative authority and thus are absolute in nature for the minority

[6] An independent director concerning a company means a director other than a managing director or a whole-time director or a nominee director, — (*a*) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
(*b*) (*i*) who is or was not a promoter of the company or its holding, subsidiary company or subsidiaries associate company
(*ii*) who is not related to promoters or directors in the company, its holding, subsidiary or associate company
[7] Rule 7 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.
[8] Ibid.

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shareholders also.

There can be many instances that the decisions made by the majority shareholders may not be for the best in the interest of the small shareholders, there can be situations where the interests of the minority are compromised by the decisions of majority shareholders. The minority shareholders can approach the NCLT in such cases in the provisions provided under the Companies Act, 2013. Chapter XIV ides the remedies in case of oppression and mismanagement for the minority shareholders. Sec, 241[9],242[10], and 244 came into effect on June 1 of 201616.

Sec.241[11] of the Companies Act, 2013 provides that any member of the company can make an application under the said provision in the case of oppression or mismanagement to be referred to NCLT and can claim on the grounds provided under the section. In the case of *S.V.T. Spg. Mills (P.) Ltd. V. M. Palanisami*[12], it discussed the meaning of 'any member of company' and the term 'member' under Sec. 2(27)[13] of the Companies Act, 1956 as to the Sec. 2(55)[14] of the Companies Act, 2013 has been given a broader meaning. The people other than the people having shares of the company are to be treated as members. The application of Sec. 241,242 and 244 of the Act is for the equal protection of the minority shareholders of the company by the majority shareholders in cases of oppression and mismanagement.

The question of whether the member of a holding company can file a petition in the case of management of affairs of a subsidiary company was held in the case of *Amalgamation (P) Ltd & Others v. Shankar Sundaram & others*[15], The High Court of Madras delivered the judgment based on the conclusion that it is illegal to join subsidiaries in the company on the facts and the circumstances of the case and upheld the decision of the Company Law Board. It was further stated by the bench in the case where the person is not a member of the company, the allegation of oppression and mismanagement cannot arise, hence a shareholder of a company cannot

[9] Section 241 of Companies Act,2013 – Application of Tribunal for relief in cases of oppression etc
[10] Section 242 of Companies Act, 2013- Powers of Tribunal
[11] Ibid
[12] (2009) 95 SCL 112
[13] Section 2(27) of Companies Act,2013 – 'Control': control shall include the right to appoint a majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
[14] Section 2(55) of Companies Act,2013 – 'Member' : "member", in relation to a company, means—
(i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become a member of the company, and on its registration, shall be entered as a member in its register of members;
(ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
(iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository.
[15] (2011) 6 CTC 594.

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invoke the provision of Sec 397[16] of 1956 Act cannot file a complaint of oppression of a subsidiary company in which he is not a member and there is no legal principle between him and the subsidiary company. Also, according to Sec.241(2) of the 2013 Act, the Central government has the power to make an application to NCLT[17].

Sec. 244 of the 2013 Act also defines the members eligible to make an application under sec. 241, according to the provisions of this sec. The company having the share capital and one hundred members or one-tenth of the members, whichever is less issued the share capital of the company, on the condition that the applicant has cleared all the dues on his shares in the case where the company does not have the share capital, having one- fifth of the members of the company.

In the recent famous case of *Cyrus Investments Pvt. Ltd. V. Tata Sons Ltd*[18] the tribunal took notice of the maintainability of the suit under sec.241 and the waiver under sec.244 of the Act, the suit was appealed after NCLT rejected the petition filed by the Mistry group alleging oppression and mismanagement by the TATA sons that it held 2.17% of the share capital of the TATA sons that was against the minimum requirement of total 10% provided under sec. 244 of the Companies Act.

The issues raised after the petition were further divided into two parts by the appellate tribunal, the first issue on whether the petition filed by the Mistry group is maintainable under sec. 241,242 and 244 of the Companies Act, 2013 and the second issue on if the first issue is not maintainable then whether the petitioner has made an application for the waiver as provided under the proviso of the sec.244 of the 2013 Act.

It was further held by NCLT that the petitioner failed to fulfil the criteria of the limit given under sec.244 but allowed the maintainability of the petition by waiving off the limit. The appellate tribunal while delivering the judgment gave some parameters that would be

[16] Section 397 - Application to Company Law Board for relief in cases of oppression.
(1) Any members of a company who complain that the affairs of the company 2 are being conducted in a manner prejudicial to the public interest or] in a manner oppressive to any member or members (including any one or more of themselves) may apply to the 1 Company Law board] for an order under this section, provided such members have a right so to apply in virtue of section 399.
(2) If, on any application under sub-section (1), the 1 Company Law Board] is of opinion-
(a) that the company's affairs 2 are being conducted in a manner prejudicial to the public interest or] in a manner oppressive to any member or members; and
(b) that to wind up the company would unfairly prejudice such member or members, but that otherwise, the facts would justify the making of a winding-up order on the ground that it was just and equitable that the company should be wound up; the 1 Company Law Board] may intending to bring to an end the matters complained of, make such order as it thinks fit.

[17] Section 241(2) of the Companies Act, 2013 defines that if the Central Government is in an opinion that a company's management is conducted in an unfair prejudiced manner can directly appeal in NCLT.

[18] 2019 SCC OnLine NCLAT 858.

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considered in the future while the waiver of an application under sec.244 of the Act. The parameters are not exhaustive but other factors should also be considered while dealing with a case of similar nature.

- Right to file a Class Action Suit

This is another type of protection provided to minority shareholders, the class action suit means that a group of people mainly the investors of the company sharing common interests can approach NCLT if they have reason to believe that the affairs and management of the company are being organized unfairly or biased towards the majority shareholders or depositors of the company.

In India, the idea of the concept of class action suit was first observed in the J.J. Irani Committee Report[19], the report pointed out the possibility of fraud being committed upon the minority shareholders by the major influencers being the majority shareholders of the company, who are also responsible for the major control of the business of the company and bringing any suit against the company's name. These authorized actions from such decisions are allowed by the courts. Such class actions are taken by the shareholders of the company but not having in their capacity, in comparison to the wrong committed to the company. The Doctrine of Class Action by any one of the shareholders by one or more shareholders of the same group is approved by the courts based on locus standi. The committee also pointed out the importance of this and the need to be inserted into Law.

This protection of class action suit developed as a new concept for the minority shareholders under the Companies Act, 2013, solving the purpose of greater accountability of the major stockholders and minimizing the risks of frauds and scams. Scams like Satyam scams emphasized the need for such a class-action suit system in India. The members of the board of directors and the promoters were held liable under the SEBI (Prohibition of Fraud and Unfair Trade Practices) Regulations 2003 and SEBI Prohibition of Insider Trading Regulations 1992, but there was no provision for the loss and compensation given to the minority shareholders. To retrieve the loss incurred by the investors and the small shareholders approached the National Consumer Dispute Redressal Commission and the Supreme Court of India, but in the absence of any such law to accommodate the petition and to cover the losses, both the National Dispute Redressal Commission and the Supreme Court dismissed the petition. The absence of any such law or any existing provisions led to a huge amount of monetary loss to the Indian

[19] Expert Committee on Company Law, Ministry of Corporate Affairs, Government of India, Report on Company Law,(dated 31st 2005), available at http://resource.cdn.icai.org/8315announ854.pdf ( last visited on 3rd April 2022).

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investors and small shareholders but on the other side, the investors from America recovered the loss through the procedure of both part settlement of $125 million and $25.5 million from the Satyam Computer Services Limited. The difference between the investors in Indian and the investors in America was brought to the notice of the ministry of corporate affairs and Sec. 245 in the Companies Act, 2013. The Sec.245 of the 2013 Act gives the members the power to bring any action against the depositors, the directors, or any expert or advisor of the company found to be engaged in any fraudulent activity relating to the management of the company.

**Difference between Class Action Suit and Oppression and Mismanagement**

The incorporation of the Sec.245[20] of class action suit and the Sec. 241[21] of oppression and mismanagement where a suit can be filed by a member of the company if they have the reason to believe that the conduct of the business of the company in such a manner affects the interests of the company, provided that there are certain differences between both. One of the main difference is that Sec. 245 covers the investors that are not mentioned in Sec. 241, which means the investors are also allowed to apply under Sec. 245 of the Act. The Sec. 245 is more competent in the matter of awarding compensation in case of damage, on the other hand, Sec.241 has provisions relating to buying shares, restriction the transfer, termination, or allotment of agreements and the removal of directors is much broader in the source.

Any suit filed under Sec. 245 is binding in nature of rem to all the members including the ones who are not a party to the application as opposed to oppression and mismanagement which was earlier only binding for the liability to the parties of the application suit. A class-action suit can be filed in any case concerning the interests of the depositors, members of the company. In case of oppression and mismanagement, public morality and public interest are also taken into notice.

Both Sec.241 and Sec.245 give the required protection to the minority shareholders. It is a very useful tool for the minority shareholders and can be utilized by their hands to ensure the biased behaviour of the majority officers and bring them to be answerable for their actions. This step has made the corporate world more aware of their duties and more accountabilities towards the public policy and entity of small shareholders.

In the case of PTL enterprise where there was a matter relating to the sale of its holding in hospitals, it was raised as an opposition on the accounts of low valuation. KSIDC, being one of the minority shareholders, restrained the application of the proposal successfully, hence

[20] Section 245 of Companies Act, 2013 – Class Action for prevention of oppression and mismanagement
[21] Section 241 of Companies Act,2013 - Application to Tribunal for relief in cases of oppression, etc

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resulting in the company withdrawing from its plan.

Similarly, in the case in 2014 the Siemens India proposed a plan to sell the management of its metal technology business venture to Siemens AG its parent company, but the valuation was lower in comparison to its earlier proposed valuation and transfer to Siemens India. It was further rejected by the shareholders in the annual shareholders meeting, because of the related party transaction. It gave a chance to the management of the company to increase valuation and was further accepted by the shareholders.

**Minority Shareholders Rights during Mergers and Amalgamations**

According to the Companies Act, 2013 rules, a corporate company's consolidation, which are among other things including mergers and amalgamations, requires the approval of the High Court or Tribunal. The major depositors or the owners of the company should register the plan before the process of authorization by the High Court. After this registration, this scheme is presented before the shareholders of the company with the notice from the High Court or the respective Tribunal, further advance with an explanatory meeting of the whole shareholders and the owners of the company as given under Sec. 393[22] of the 1956 Act. The Court can take any precautionary measures followed by the advertisement in the newspaper to consider any opposition from any of the shareholders, this step is mainly for the approval of all the shareholders of the company. Although there have been many cases where the minority shareholders have purposely delayed the process, which the Courts have denied the appeal.

The minimum number of percentage of members of the company should be in such a way to form an objection to the proposed plan or scheme, it is mainly noticed in cases of amalgamation. For the acceptability of the organized plan, which is considerable and acceptable, Sec.395A of the Companies Amendment Bill 2003 can be invoked.

**Fair Valuation and Safeguarding of Minority Rights**

For the purpose of safeguarding the minority shareholders rights the evaluation of a company's securities and assets should not be biased way, this is ensured by the audit committee for considering the impartial method of valuation. If at any time during this process the shareholders have a reason to believe that the process is not conducted in a procedure established by law and in an impartial way, they can file a complaint in the court or tribunal. The responsibility to appoint an impartial valuator lies in the hands of the Tribunal to select the biased free process. This process valuation is also established where the companies have more

[22] Section 393 of Companies Act,1956 - Information as to compromises or arrangements with creditors and members.

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than 1000 shareholders. Further in addition where a company has more than 1000 listed shareholders that company should also register itself on the Stock exchange of India and be compulsory to buy a bid within 3 years of such registration. The audit committee also suggests that such bids maintain equal valuation fit the protection of minority shareholders the committee has also released in order to safeguard the minority interests in the company.

## III. LEGAL PRECEDENTS IN MINORITY SHAREHOLDERS RIGHTS

**Tata Consultancy Services Limited v. Cyrus Investments Pvt. Ltd & Ors[23] –** In this case the minority shareholder of the company, Cyrus Mistry was removed by the majority shareholders, Tata Group from the position of director also from the various branches of the Tata Group. Mr. Mistry was removed by the resolution passed by the Board of Directors of Tata Sons, the petitioner in the case approached the Tribunal under Secs. 241,242 and 243 of Companies Act, 2013, Mr. Mistry holding the shares of 18.36% in Tata Sons alleged the issue of disparity and oppression by the Board, the petition also pointed out more than 20 remedies one of them were to appoint back Mr. Mistry as an Executive Director on the Board and declare the Tata Sons as a public limited company. The case consisted of an exhaustive petition moving around from NCLT and NCLT and finally deciding in favor of Cyrus Investments Ltd. The respondents, Tata Group approached the Supreme Court, where the order passed by NCLAT was dismissed but also questioned the authority to pass such an order.

Observations made by the Supreme Court-

1. To have equal representation on the Board of Directors, every shareholder needs to form a contractual agreement, since not every shareholder is entitled to a place on the Board.
2. There is a difference between the minority shareholders and the small shareholders, the minority shareholders do not have the right to claim equal representation in the company.
3. There should be reason to believe that oppression is committed, mere the removal of the director cannot be claimed as remedy for the interests of the members.
4. Minority shareholders cannot claim the winding up of the company only due to lack of conviction between them.

**Union of India v. Delhi Gymkhana Club[24]-** The Government of India filed a petition under

[23] 2019 SCC OnLine NCLAT 858.
[24] 2009 SCC OnLine Del 872

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Sec.241(2) for oppression and mismanagement. The scope of Sec.241(2) was observed in this case-

1. The conduct of the business should be biased and prejudicial in the manner and against the public policy and public interest in order to file a complaint under Sec. 241(2) by the government and to file such claim in the Tribunal under Sec.241(1) of such opinion is sin qua non.
2. There must be a mala fide intention towards the government attribution only the opinion of the government cannot be sufficient for the Tribunal to review the petition.
3. Public interest policy cannot contain the meaning the whole of Indian citizens of the country, it can only extend to the economic welfare, health, security, and safety of a member of people in the society having membership from the common citizen category comprising of a few individuals.

**Bharat Insurance Co. Ltd v. Kanhaiya Lal[25] -** In this case, the plaintiff was a minority shareholder in the respondent company, the plaintiff filed a complaint on the grounds of several transactions and investments made by the company without any protection and according to the terms of the memorandum and plead for the permanent injunction to revoke such investments as mentioned in one of the object clauses.

In such cases, the general rule is that all the matters related to transactions and the investment in the business are internally controlled by the company and managed its affairs amicably, usually, the courts do not interfere in this process of management by the company. However, managing the affairs using the company's money is more than internal control of the company, the directors are responsible for using the funds appropriately for business purposes only and in such conditions where the directors are in question for the money flow in the company, a single member can file a complaint in the Tribunal or Court for the assessment of such scheme or plan in question.

**Rajahmundry Electric Supply Corpn Ltd. V. Nageshwara Rao[26] -** It was observed in this case that the Courts will not interfere in the internal management and control of the company, the directors will not be questioned about their acts if they perform their duties within the ambit of law and the powers associated in Articles of Association of the company. The legislature has drafted such rules for the judiciary for the protection of minority shareholders in the majority rule of the company. The judiciary has also tried over the years to create a more

[25] 2009 SCC OnLine CIC 753
[26] (1955) 2 SCR 1066

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balanced dynamic according to the recent development in corporate structures. The provision to file a complaint under the 2013 Act is for minority protection and activism, the majority shareholders cannot complain and hence the court will observe any biased behavior or any unfair treatment of the public policy and public interest regarding the management and affairs of the company. However, in similar circumstances the majority shareholders will be called off from their rights to be given a fair and partial stand to minority shareholders as well.

The Court also observe the process of distribution of funds for the equal management of corporate infrastructure, to ensure the maximization of business profits the rights of minority shareholders should not be ignored, they should be provided with equal representation regarding the affairs of the company and concerning every major decision made by the board, the company cannot function alone with the majority rule but with the minority in every loop of work.

**Foss v. Harbottle**[27] **-** The concept of majority rule first originated from this case, the two shareholders in this case from Victoria Park Co. filed a petition against the five major directors of the company. The petitioners also claimed that the company's property was also misappropriated and not applied correctly, they also appealed before the court that the defendants should also be held liable for the reappointment of the receiver along with mismanagement of the property. It was held by the court that the petitioners claim had no such grounds for the appeal and hence incompetent for the proceedings against the company or its representatives.

It was also observed in this case that the minority shareholders are bound by the acts of majority shareholders that is called the majority rule, The rationale behind this rule is the plaintiff who claimed that wrong is committed to a company or association of persons is primarily the company itself. This gives the perspective behind this rule that the majority shareholders are supreme in the company. Similarly, when a person or association of persons becomes a member of a company it is derived that person has implicitly given his consent and to accept the decisions made by the majority shareholders in the general meeting of the company. But there are also a few exceptions to this rule as given in Palmer's Company Law that recognizes the minority shareholders rights -

(a) Where there is ultra vires act;

(b) Where there is a situation in need of a special majority;

[27] (1843) 67 ER 189

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(c) Where personal rights are violated;

(d) Where fraud is committed by the people in major control of functions of the company.

## IV. CONCLUSION

The most important aim of the legislation is to protect the minority shareholders' interests, this is of paramount diligence and responsibility of the Act to safeguard the minority shareholders from any kind of exploitation by the hands of majority shareholders of the company. However, the real problem is not in the existing law but in the implementation of that law, and only successful when applied truly by the legislature in law enforcement. Hence, the safeguards mentioned in the Companies Act, 2013 will be effective and depends upon the management of the company. The companies should take the necessary actions to protect the rights of minority shareholders. In corporate business, infrastructure is usually in favor of majority shareholders, there is a need to create balance in the business environment for an equal space for interests of minority shareholders.

The equal representation in major decisions of the company, also giving equal chance to minority shareholders is the new trend in the existing corporate era. Though one of the major loopholes in the legislature is that there is no concept of trust-based fiduciary responsibility of the major shareholders and answerable to the minority interests but there is a scope of law incorporated in the jurisdiction. The fiduciary responsibility is also mentioned in many instances by the Securities and Exchange Board of India as the duty owed by the majority shareholders in governing the control and management of the company and more reliance on the minority rights.

Companies Act, 2013 has taken important steps to protect the minority shareholders' interests irrespective of the existing majority rule in the companies it can also be noted that the major concerns of the lawmakers are to protect the minority rights despite the major influence of the depositors and investors in the company. The concerning part and the difficult challenges are the enforcement of these provisions, and the proper administration is only successful when giving equal importance to the minority shareholders in the control and management of the company. One of the major drawbacks of the Companies Act, 2013 as mentioned in Sec.244 concerning the required number of shares in the company to file a complaint about oppression and mismanagement as noticed in the famous case of Tata and Cyrus Mistry dispute that was prima facie rejected on the grounds of insufficient of the percentage of shares holding in the Tata Sons company. Though there is a provision of waiver by the NCLT, no clear understanding as to when this can be exercised and certain criteria to fulfill the same. The

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affected parties in order to get justice and to introduce the class action suit in the appropriate direction in order to create the required awareness which results in the lower number of complaints filed in courts as it allows the association of persons to file a complaint against only one defendant on the common points.

The companies in India have started taking serious steps in protecting the minority rights to ensure the fair business working environment and avoid any kind of violation of minority shareholders' interests in the company. According to the recent trend in the corporate infrastructure if a majority shareholder sells his shares of the company, then the rights of the minority shareholder should also be present in the deal. Additionally, if the rights of the business are sold to 100% then the outstanding shares of the company will also be sold. Hence, the existing provisions in the 2013 Act, are suitable for Indian business markets to represent the small and minority investors and shareholders, to ensure the majority does not influence the major company actions and ruling of the funds and management control.

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