

AN ANALYSIS OF MISMANAGEMENT AND OPPRESSION UNDER COMPANIES ACT, 2013

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ABSTRACT

The rise of mismanagement and oppression in the companies in the corporate world is proving fatal for the shareholders whose nemesis lies with the company. The role of independent directors is only working out on papers and has no practicality left. Special Fraud Investigation Office's being controlled by the central government does not give them the suo-moto power to try cases which could lead to favouritism on the part of the government.

The relevant grounds and procedure as to how a complaint can be filed under the Companies Act would be dealt along with the power of the Courts to try the cases under their jurisdiction. The research paper would be analysing the McDonald's India case, Satyam case bringing in the 'class-action' suit and the contemporary case of Cyrus Mistry with the decisions taken by the NCLT and the NCLAT. The researcher would be providing suggestive remedies to curb this practice in the companies and to protect the rights of the minority shareholders, independent directors.

INTRODUCTION

According to Lord Keith, ” **Oppression means, lack of morality and fair dealings in the affairs of the company which may be prejudicial to some members of the company.**”

The **term mismanagement** refers to the **process or practice of managing ineptly, incompetently, or dishonestly**. The terms mismanagement and oppression are nowhere defined in the Companies Act (“CA”) and it is the discretion of the Court to decide whether the facts of the case amounts to mismanagement and oppression.

Mismanagement and oppression are covered under Section 241, Chapter XVI of the Companies Act, 2013 which corresponds to Section 397 and 398 of the earlier Companies Act, 1956. A company is a separate legal entity different from the directors, shareholders and members which has roles and responsibilities given to each of them for conducting the day to day business. The Companies Act has been incorporated by the government and is in effect for the protection of the interest of the members, shareholders and the public at large against any activities which result in the violation of the rights of the members, shareholders, etc. Sections 241 to 246 comprise of the application to the tribunal in cases of mismanagement, oppression, etc., powers of tribunal, right to apply, class action and application of certain provisions to proceedings.¹

Corporate governance is the system of rules and practices by which the board of directors ensure there is transparency, accountability, etc. and proper mechanisms are followed which in the current corporate world is fading with the urge to earn profits and gain control of the Board. The fate of the independent directors is always in the hands of the company. Though, there are stringent laws for the protection, but in practicality the situation is entirely different. The removal of Mr. Nusli Wadia as the independent director would be reviewed by the researcher in this research paper regarding how the oppression was committed by the company.

The researcher would be dealing with the concept of mismanagement and oppression under the Companies Act, 2013 along with the grounds which constitutes them. The process of filing a complaint and the jurisdiction of Courts will be substantiated with the example of **McDonald’s v. Vikram Bakshi**. The comparative analysis of the Act related to mismanagement and

¹ AVATAR SINGH, COMPANY LAW 526 (16th ed. 2016).

oppression and the inclusion of **class legislation** under Section 245 after **Satyam case scandal** would be analysed. A case study on the current major corporate battle of **Cyrus Mistry** with Tata Sons would be analysed with the insights and suggestions from the researcher regarding how effective corporate governance should be followed by the companies so as to protect the rights and interests of the members and shareholders.

GROUND FOR FILING OF COMPLAINT AGAINST MISMANAGEMENT AND OPPRESSION

Any act of the management which has been exercised wrongfully, which is harsh, burdensome, unwarranted, etc. and does not safeguard the interest of shareholders amounts to oppression. Considering various judicial pronouncements, the acts which amount to oppression is summarized as:

- a. Not keeping a general meeting and keeping shareholders in dark
- b. Not maintaining the statutory records, books of accounts and not abiding by the Companies Act
- c. Depriving the right to dividend of a member
- d. Issuing of shares only benefiting a few shareholders, etc.

Section 241(1) (b) of the 2013 Act provides for relief in cases of mismanagement. If the acts of the company are conducted in a manner which is prejudicial to the interest of the company or public interest, or any alteration or addition in the board of directors could amount to mismanagement, depending on the facts and evidence of the case.² Where directors preferred objects of their liking and made a huge allotment of shares for a consideration other than cash, this was held to be a mismanagement of affairs.³ The following acts have been held as amounting to mismanagement:

- a. Serious infighting between directors

² Suman Gupta, *Oppression And Mismanagement under Companies Act, 2013*, Tax Guru, <https://taxguru.in/company-law/oppression-mismanagement-companies-act-2013.html?amp> (last visited Sep. 25, 2018).

³ *Akbarali A Kaveri v. Konkan Chemicals (P) Ltd*, (1997) 88 CLB 245.

- b. Violations of the MOA & AOA of the company
- c. Sale of assets at low price without complying with the Act
- d. Directors continuing in office after expiry of the term

The first remedy available to oppressed minority is to move to the Tribunal. Whenever the affairs of a company are being conducted in a manner pre-judicial to public interest or in a manner oppressive to any member or members, an application can be made to the Tribunal u/s 241 of the Act. The requisite number of members who must sign the application is given in Section 399. The requirement varies with the fact as to whether the company has a share capital or not and is as follows:

- a. In the case of a company having a share capital, not less than one hundred members of the company or not less than one tenth of the total number of its members, whichever is less, or any member or members holding not less than one-tenth of the issued share capital of the company, provided that the applicant or applicants have paid all calls and other sums due on their share.
- b. In the case of a company not having a share capital, not less than one-fifth of the total number of its members.
- c. The Tribunal may, if in its opinion circumstances exist which make it just and reasonable so to do, authorise any member or members of the company to apply to the court under section 241, notwithstanding that the two abovementioned requirements are not fulfilled depending on the merits of the case.

After the coming up of the Companies Act, 2013, CLB was abolished and Tribunals were created, National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT). If the party is not satisfied with the decision of the tribunal then an appeal can be filed at NCLAT following which the tribunal will scrutinize the case and check for any quintessential question of law, if ignored by the tribunal.

JURISDICTION OF COURTS

The first remedy in the hands of an oppressed minority is to move to the Tribunal. Whenever “the affairs of the company are being conducted in a manner oppressive to any member or

members or prejudicial to public interest”, an application can be made to the NCLT under Section 241 of the Companies Act, 2013.⁴ Under the Companies Act, 2013, NCLT has been empowered for trying of suits for mismanagement and oppression. No civil court has jurisdiction to entertain any proceeding or suit with regard to matters which the NCLT or Appellate Tribunal have been given the power to entertain by or under Companies Act, 2013.

In the recent judgment, by the Bombay High Court in the case of *Madhu Ashok Kapur and ors. v. Rana Kapoor and ors.*⁵, the Hon’ble Court reaffirmed that the jurisdiction of the civil court is not barred for seeking the remedy against grievances which is not covered under the Companies Act.⁶

In McDonald’s India case related to oppression, Mr. Vikram Bakshi was the Managing Director of Connaught Plaza Restaurant Private Ltd. (“CPRL”) and entered into a Joint Venture Agreement (“JVA”) with McDonald’s India Private Ltd. (“MIPL”) having 50:50 share. With the start of the trickling of profits, MIPL intimidated Mr. Bakshi into selling his shares at USD 5 million to which he denied as the JVA had a clause regarding ‘fair market valuation’ of shares to be done which then amounted to USD 100 million. MIPL rejected the offer given by Mr. Bakshi.

In 2013, Board of MIPL decided to terminate Mr. Bakshi as the MD of CPRL and passed a resolution stating that they were open to any litigation contingent to this decision.⁷ MIPL alleged that Mr. Bakshi was involved with mismanagement, diversion of funds and created a pledge on his shares. Mr. Bakshi approached the Company Law Board (“CLB”) after his termination as the Managing Director by the Board of MIPL, he was not given the opportunity to be heard and the practice of *audi alteram partem* was left untouched. MIPL stated that CLB does not has the jurisdiction to address the case as the contract entered between Mr. Bakshi and

⁴ *Supra* note 1, at 493.

⁵ Mrs. Madhu Ashok Kapur V. Mr. Rana Kapoor, (2014) 183 Company Cases 339 (Bombay).

⁶ Bulwark Solicitors, *Bombay High Court Reaffirms The Jurisdiction Of Civil Court For Grievances For Which Remedies Are Not Provided Under Companies Act, 1956* (2017), www.bulwarksolicitors.com/litigation/bombay-high-court-reaffirms-the-jurisdiction-of-civil-court-for-which-remedies-are-not-provided-under-companies-act-1956/.

⁷ Enakshi Jha, *McDonald’s Case: NCLT Decision on Oppression*, INDIACORPLAW (2017), <https://indiacorplaw.in/2017/08/mcdonalds-case-nclt-decision-oppression.html/>.

MIPL is a private contract with an exclusive arbitration clause, therefore, CLB has no role to play.

Mr. Bakshi argued that the intimidation by MIPL in selling of the shares amounts to oppression and violated sections 397, 398 and 402 of the Companies Act, 1956. The matter went to NCLT which held in favour of Mr. Bakshi. NCLT relied on the Audit Reports of CPRL and found the allegations raised by MIPL of diversion of funds and debts were false. The charges of oppression were proved to be true and NCLT reinstated Mr. Bakshi as the Managing Director and also appointed Justice Singhvi as an Administrator along with a right to vote in the Board meetings. The tribunal justified the act under Section 402 of the Companies Act, 1956 which states that, “the tribunal can pass orders for the regulation of the company’s conduct of affairs”. The ambiguity regarding whether the private agreements give a blanket immunity to the parties from approaching the Court’s as they do not have jurisdiction due to the contractual right was answered in the McDonald’s case. The oppression under Section 397 establishes the jurisdiction of the CLB (now the NCLT). In **Sangramsinh P. Gaekwad & Ors. V. Shantadevi P. Gaekwad**,⁸ the Hon’ble Court was of the opinion that the jurisdiction of the court to grant appropriate relief under S. 397 of the Companies Act, 1956 is wide.

COMPARITIVE STUDY AND CHANGES IN THE COMPANIES ACT, 2013

The democratic decisions are taken mostly with respect to the majority keeping in mind the utilitarian principle which is deemed to be justified and somehow, overshadows the rights of the minority.

Despite the fact, provisions have been in place under the CA, 1956 to protect the interest of the minority shareholders, the minority has been incapable or unwilling due to lack of time, recourse or capability- financial or otherwise. This has resulted in the minority to either let the majority dominate and suppress them or squeeze them out of the decision making process of the company and eventually the company. CA, 2013 has sought to invariably provide for

⁸ Sangramsinh P. Gaekwad V. Shantadevi P. Gaekwad, (2005) 11 SCC 314

protection of minority shareholders rights and can be regarded as a game changer in the tussle between the majority and minority shareholders. Various provisions have been introduced in CA, 2013 to essentially bridge the gap towards protection and welfare of the minority shareholders under CA, 1956.⁹

The primary provision in the CA, 1956 was S. 397. The section prescribes certain criteria for maintainability of application for relief in cases of oppression. The impugned act should be prejudicial to the interest of the company or oppressive upon a member or group of members; or the act may be prejudicial to general “public interest”. It is also the burden of the applicant to satisfy before the Board that winding up the company would “unfairly prejudice” him or the class he is representing; but otherwise the facts prima facie would justify that the company be wound up on just and equitable grounds. The right to apply is given to members as specified in the definition of “minority”. Both conditions under this section should subsist in order to entail relief from the Board. Where there are no allegations to support a winding up, a petition u/s 397 cannot be entertained.¹⁰

Section 241 of the Companies Act, 2013 is related to the application to tribunal for the relief in cases of oppression, etc. Under the 1956 Act, the CLB was empowered to grant relief against oppression and mismanagement. The 2013 Act transferred the power to the tribunal. Under the 2013 Act, “members can seek relief against the conduct affairs in a manner which is prejudicial to him or any other member or members of the company even though it may not amount to oppression which was not the case under the Act of 1956.”¹¹

Under Section 242 of the 2013 Act, powers of the tribunal has been given. Earlier Company Law Board used to entertain the petition but now the NCLT and NCLAT has been empowered to it. Earlier the Central government was given the right to waive off the requisite number of shareholders for filing of the petition but in the Act of 2013, it has been given to the Tribunal.

⁹ Akshat Sulalit, *Companies Act, 2013: Rise of the Minority Shareholder*, INDIA LAW JOURNAL (2013), <http://www.indialawjournal.org/archives/volume6/issue-2/article5.html/>.

¹⁰ Sanchit Srivastava, *Oppression & mismanagement- Corporate law*, LAWCTOPUS (2015), <https://www.lawctopus.com/academike/oppression-mismanagement-corporate-law/>.

¹¹ TAXMANN, A COMPARATIVE STUDY OF COMPANIES ACT 2013 & COMPANIES ACT 1956 231 (1st ed. 2015).

Further, under Section 245 of the 2013 Act, class action suit can be filed which is a totally new concept in India as well has no precedents for it. It can be seen that the intent of the section is not only to empower the minority shareholder and/or members of the company but also the depositors whose right also gets violated if any act of mismanagement or oppression takes place. The requisites for filing of class action suit is as follows: a company with share capital, 100 members of the company or 10 per cent of the total number of members of a company may file a class action suit, only if the members filing a class action suit have paid all calls and dues on their shares. On the other hand, for a company without share capital, this number increases to one fifth of the total number of members of the company. In addition to shareholders, other stakeholders like depositors have also been granted this right. The directors, auditors or the advisers of a company can be sued if any practice of mismanagement, fraudulent acts, suppression of material facts, etc. has been found out.

Class action suits first made headlines in India in the year 2009 when the Satyam scam came into limelight. The investors in India were not in the legal position to file a suit or even get their money back whereas in the United States of America, the investors through class action suits and demanded compensation from Satyam. This class action suit was felt to be the need of the hour and the legislature incorporate it under the 2013 Act as it reduces multiplicity of cases, benefits a larger sect which is related to the problem. NCLT order is punishable with fine between INR 5,00,000 and 25,00,000. The lawsuits might also result in officers or directors being imprisoned up to three years and/or fined between INR 25,000 and 1,00,000. This section benefits the investors in terms of compensation as for any fraudulent or any unlawful acts arising from any third party, the suit will be entertained.

CASE STUDY: CYRUS INVESTMENTS PVT. LTD. V. TATA SONS LTD.

In an unexpected development, Cyrus Mistry, who was ousted as executive chairman of Tata Sons, holding outfit of the approximately \$103 billion (revenues) Tata conglomerate, was made to resign from the boards of all listed Tata companies after his removal as chairman by the Board. In the corporate battle, the contentions by Mr. Mistry regarding the oppression faced by him on the grounds of 'loss of confidence' by the Board is a crystal clear example of

oppression. Mistry's family firms – Cyrus Investments Pvt. Ltd. and Sterling Investments Co. Pvt. Ltd. – have 18.4% stake in Tata Sons.¹² The case against Tata Sons was filed by Mistry's family firms at the NCLT alleging that there was oppression of minority shareholders and mismanagement in the company.

The board of directors without even asking any explanation from him, removed Mr. Mistry arbitrarily as executive chairman, which is a clear act of oppression coupled with mismanagement of the affairs of the company. The purported reason for such removal was, the board of directors had "lost the confidence" in the leadership of Mr. Mistry, which is in contrast to the applauding of the performance of Mr. Cyrus as recently as 28.6.2016 by the Nomination and Remuneration Committee. In fact, on 28.6.2016, the committee not only lauded the performance of the executive chairman but also recommended for hike to his remuneration due to his excellent performance.

Even the independent directors appointed under Section 149(4) of Companies Act, 2013, which are appointed by the company work for the protection of the rights of the shareholders, members, companies smooth functioning, etc. The Tata saga even demonstrated that someone who is as powerful as Mr. Nusli Wadia can be ousted from the company at any time. Mr. Wadia voted against the interest of the promoter of the company and to which he was shown the door. Mr. Wadia was the independent director of Tata Steel, Tata Motors and Tata Chemical as well as he was the chairman of the Nomination and Remuneration Committees (NCRs). He wrote to other directors that they should not hold the post of independent directors as they were drawing remuneration from other Tata group companies. Apart from their directors' remuneration, independent directors in India must not have any pecuniary relationship with the company, its promoters, or associated companies.¹³ The fate of Mr. Wadia ended up with his dissent when he voted against the promoter's interest.

Now, with the substantive proceedings beginning at the NCLT Mumbai bench, the Tata and Cyrus Mistry saga, regarding the maintainability of the suit on charges of mismanagement and

¹² FE Bureau, *Why was Cyrus Mistry sacked by Tata Sons? Here is Answer*, FINANCIAL EXPRESS, Nov.24, 2017,

Available at <https://www.financialexpress.com/industry/why-was-cyrus-ministry-sacked-by-tata-sons-here-is-answer/945451/>.

¹³ Nirmalya Kumar, *Are Independent Directors Independent*, NIRMALYA KUMAR (2017), <https://nirmalyakumar.com/2017/10/28/are-independent-directors-independent/>.

oppression. The Counsel for Tata Sons, Dr. Abhishek Manu Singhvi argued that the petition filed by Cyrus Mistry group ('petitioner') is not 'maintainable' as the petitioner does not have the requisite shareholding u/s 244 of the Companies Act, to initiate oppression/mismanagement proceedings. The prescribed holding for initiating the petition is 10% as laid down u/s 244(1) of Companies Act. The respondents or the counsel on behalf of Tata Sons stated that there is a cap or filtering bar set out in the section to prevent any hurdles in the running of the company by people holding less than the prescribed shareholding. The 'issued share capital' mentioned u/s 244(1) includes equity as well as preference shares and urged the Court not to interpret the section acrobatically. The 10% of 'issued share capital' threshold ought to be read as 10% shareholding of a particular class of shares and not in totality of the shareholding. The crux of Dr. Singhvi's argument was that Sec. 241(1) (b) deals with a totally different matter and has nothing to do with the 'qualification' test laid down in Sec. 244.¹⁴

The arguments by the petitioners were that Sec. 241 deals with the cause of action while Sec. 244 lays down as to who can make the complaint and hence there is no overlap between the two. The core of Mr. Sundaram's argument was that the sections relating to oppression/mismanagement have to be looked at afresh, as old companies act has been repealed and in the new act the wordings are different. Sec. 241 (1)(a) of the new Companies Act which started with the words "the affairs of the company have been or are being conducted in a manner prejudicial to public interest". Mr. Sunderam urged the NCLT to give 'purposive interpretation' to Section 244 for the maintainability of the petition. Even the emphasis from majority control under the new company's law has been shifted towards maintaining corporate governance, minority shareholders right, transparency, etc. The new act gave NCLT the power to waive off the requisite of 10% shareholding for the filing of the petition, and therefore, it is not mandatory for the tribunal to abide by it. He recommended the Bench to give beneficial and purposive interpretation to Section 244 for allowing substantial number of shares of a particular class of shareholders are affected then they should be allowed to file the petition in the NCLT for redressal of their grievance. The minority shareholders right should not be

¹⁴ LawStreetIndia, *TATA V. MISTRY: HEARING AT NCLT*, LAW STREET INDIA (2017), <http://lawstreetindia.com/sites/default/files/stories/docs/NCLT%20Hearing%20-%20Tata%20vs%20Mistry%20-%20Feb%2013.pdf/>.

limited to the requisite number of people filing the petition and should not be denied relief if oppression has been faced by them.

In *J.P. Srivastava & Sons Pvt. Ltd. & vs Gwalior Sugar Co. Ltd. & Ors.*, the Court, liberally interpreted the qualification condition to file mismanagement petition and adopted a broad, common sense approach, wherein substance must take precedence over form. He cited this ratio to argue that the 10% rule is only directory, not mandatory.

The contentions raised by the respondents were that in most of the cases, Mr. Mistry ensured that he was the only director who was common to the company and Tata group companies, effectively making himself the only 'channel', between him and the company and then Mr. Mistry's deliberate actions weakened the Tata group structure.

The Petitioners submit that partnership with Air Asia and Telstra Tradeplace Pvt. Ltd. had already been concluded even before Mr. Cyrus became Executive Chairman, since he incidentally became chairman of the company, for it was thrust upon Mr. Cyrus as fait accompli, the deal was signed by Mr. Cyrus, the petitioners submit that when forensic investigation was carried out by Deloitte, it was revealed that fraudulent transactions up to 22 crores were carried out involving non-existent parties in India and Singapore.¹⁵

NCLT held that the removal of Mr. Mistry is substantiated by reasons because he admittedly sent the company information to Income Tax Authorities; leaked the company information to media and openly come out against the Board and the Trusts, which hardly augurs well for smooth functioning of the company. As well as the advice given by Mr. Tata & Mr. Soonawala giving advices and suggestions does not amount to interference in administering the affairs of the company.

The National Company Law Appellate Tribunal (NCLAT) held that, "the NCLT is not required to decide the merit of application at this stage but required to record grounds to suggest that the application has made out some exceptional case for waiver of all or any of the requirements specified in clauses (a) and (b) of sub-section (1) of Section 244 and such opinion required to be formed on the basis of application and to form an opinion whether application pertains to oppression & mismanagement." The Appellate Tribunal noted that there is clear departure from

¹⁵ *Cyrus Investments Pvt. Ltd. V. Tata Sons Ltd. & Ors.*, (2018) 35 NCLT 82.

earlier provision i.e. sub-section (4) of Section 399 where under the Central Government was empowered to permit to the ineligible members to file an application by its executive power. Now, the NCLT is required to decide the question of waiver by an order which is judicial in nature and therefore, the same can be passed only by speaking a reasoned order. To form an opinion as to whether the application merits waiver, the NCLT is not only required to form its opinion objectively but also is required to satisfy itself on the basis of pleadings and facts as to whether the application merits consideration or not.¹⁶ The NCLAT said that the merit of the case cannot be decided until the NCLT waives of the requirement of the minimum number for filing of the petition.

The arguments presented by the respondents are negated with Mr. Mistry's good performance in his tenure, he stated that the company portfolio investment over performed BSE sensitive index by over 5% for the last three years, the profit after tax of Tata group companies grew by 34.60 % annually over the past three years, the Tata Brand value has increased by USD 5 billion, without increasing net debt, the Tata Group in the last three years, undertook capital expenditure by approx. USD 25 billion, thereby building product asset to prepare for the future and filing 2000 Tata group patents in the last year alone, which is an increase of nearly 100% from the position three years ago. This is clearly evident that the respondent company has practiced oppression on Mr. Mistry and there is no instance of losing the confidence in him with his consecutive good performance. The act of removing him as the executive chairman was not substantiated by reasons and this proves to be an arbitrary action taken by the company.

CONCLUSION & SUGGESTIONS

The new Companies Act, 2013, has ensured in certain ways, the protection of the minority shareholders with the giving of the right of waive off to the tribunal. The incorporation of Section 245 dealing with class action suits proved to be a beneficial addition for the benefit of investors who had no right in the earlier act. Even if the act of the company is found out to be

¹⁶ Nesar Ahmed, *Oppression and Mismanagement*, ICSI, https://www.icsi.edu/media/portals/29/Oppression%20&%20Mis-management_by%20CS%20Nesar%20Ahmed.pdf (last visited Sep. 28, 2018)

fraudulent or in any way affecting the decisions, profits, etc. then too the section will be safeguarding the rights of the investors.

The right given to the tribunal in letting off of the requisite number of people for the filing of the petition should be wisely used. In one of the biggest corporate battle of Cyrus Mistry, the appellate tribunal was of the view that the requisite number should depend on the merits of the case considering the facts, evidences produced by the petitioners.

As it is evident from the removal of Mr. Nusli Wadia, former chairman of the nomination and remuneration committees, by the shareholders as independent director of Tata Steel merely by pointing to the Directors and other independent directors that the latter were receiving remuneration which was colossal in amount than the prescribed as well as not agreeing to the interest of the promoter. The protection of the independent directors and the minority shareholders goes hand-in-hand and thereby, it is necessary for their protection and for the existence of corporate governance. The independence of the independent directors is like a baton of power lying with the promoters, directors and the company with them purely acting as rubber stamps. It is a post created by the Companies Act so as to ensure that the companies function efficiently and no case of mismanagement and oppression takes place and if any, found out then to be reported. Unfortunately, these directors are removed by the Board for their vigilant acts. A stringent legislation for the protection of the independent directors is necessary and the voices of them should be taken seriously.

Additions, similar to the class action suit are necessary as well as the government should act as a watchdog in the companies for checking any acts related to mismanagement and/or oppression are faced by the shareholders, members, investors. The Board should not remove any director/independent director arbitrarily and the proper rationale for such removal to be provided with the opportunity of hearing the other side as well. The acts of various companies are against public interest which amount to tyranny being practiced.

Special Fraud Investigation Office (SFIO), the post created by the Central Government for the investigation of serious fraud by the companies involving a public interest should be made an independent agency (without government's interference) which can take suo-moto action against the companies and not work on the aid and advice of the Central government.

Government could end up in favouritism with certain companies and thereby, the investigation could not initiated.

With the help of corporate governance, the central government with the help of SFIO in the run of curbing the mismanagement and oppression practiced by companies should release an annual report with the list of companies along with any instance of mismanagement and/or oppression, if practiced or raised by any shareholder/member/investor. This will increase the goodwill of the company which is on top of the list as well as the investors will feel confident in the company. Thus, the new Companies Act in many ways safeguards the rights of the minority shareholders. Legislature should come up with rules in relation to the functioning of companies with the changing needs of the contemporary time. The laws should be firm both on papers and in practicality for their enforcement and for the achievement of the desired goals as set out in the Act. The legislature should be vigilant in the legal developments globally to which India is in business relations with for the better functioning of the company and adapting to the global changes.