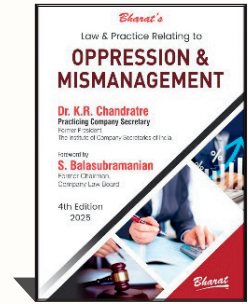




# Laws & Practice relating to Oppression & Mismanagement

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## INTRODUCTION

The corporate structure operates on the fundamental premise that the majority shareholders' decisions take precedence. However, circumstances may arise when the rights and interests of the minority shareholders are compromised. Successful companies strive to create a balance between the rights of minority shareholders and the authority of majority shareholders to minimize the risk of mismanagement in the company's administration.

This book analyses and interprets key provisions under Section 241 to Section 246 that lay down the statutory framework with regard to Oppression and Mismanagement. The earlier three editions of the book responded to the enduring need for a definitive resource that elucidated the principles related to both Indian and English case law.

## DETAILED REVIEW

For the ease of understanding of the readers, the book is aptly divided into 9 chapters. The principle of judicial non-interference is well known in the realm of Company Law as the rule in *Foss v. Harbottle*, which lays down the principle of 'Majority Rule'. The principle of 'Majority Rule' in **Chapter 1** examines the rights and powers of majority shareholders as laid down in the Companies Act, 2013. **Chapter 2** articulates the meaning of a member and interprets the membership provision and conditions for acquiring corporate membership. Further, the chapter elaborates on the Statutory remedy under Section 241 of the Companies Act, 2013, and eligibility to make a Petition. Oppression and Mismanagement is when the matters of the company are decided unfairly or in an unjust manner to any member. NCLT can facilitate the minority shareholders with their grievances on prejudicial or oppressive acts of the majority shareholders or mismanagement. The need to protect the rights of the minority shareholders and the different forms of shareholders' remedies is described in **Chapter 3**. **Chapter 4** explicates statutory remedies against oppression and mismanagement while analysing the various sections and related provisions of the Companies Act, 2013 and the amendments made thereof. The conditions and procedural requirements for filing petitions in cases of Oppression and Mismanagement are discussed in **Chapter 5**. The key tests to determine Oppression and Mismanagement on the various situations that determine oppressive misconduct, the clean hands doctrine, are discussed in **Chapter 6**. The company can manipulate share issues as a device of oppressive conduct in the context of the directors' power to issue shares, which is elaborated in **Chapter 7**. **Chapter 8** is a detailed analysis of the statutory framework under the Companies Act, 2013, and the erstwhile Companies Act, 1956 on power of the Company Law Board to prevent Oppression or Mismanagement. The concluding chapter enumerates 'Just and Equitable' principle for winding up of a Company.

## CONCLUSION

The book provides a comprehensive commentary on the relevant laws related to the subject and includes a table of cases presenting both Indian and English legal precedents reported from the initial enactment of this statutory provision in the English Companies Act, 1948 through June 2025, organized alphabetically. The appendices include the NCLT and NCLAT Rules 2016, a summary of selected judgments from the Supreme Court and High Court, as well as chosen orders from the Company Law Board. This latest 4<sup>th</sup> edition of the book offers an in-depth exploration of the topic and is beneficial for a diverse range of scholars and professionals in law and related fields.

**Dte. of Printing**