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ASSESSING THE SUCCESS OF AN OPPRESSION MISMANAGEMENT SUIT: TAKING SNIPPETS FROM THE TATA MISTRY SAGA

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ABSTRACT

The operation of companies, particularly those with a significant number of issued shares, relies on the fundamental principle of corporate democracy. This means that decisions concerning various aspects of the company are made through majority voting, where shareholders express their approval or disapproval of specific actions. However, there are instances when the decisions made by the majority can be detrimental to the company, public interest, or even certain members within it. It can be the case that one party may find itself marginalized or excluded from the management of the company. Alternatively, investors may uncover instances of misuse of corporate assets or funds, despite having protective measures outlined in contractual agreements. These situations commonly arise when one party exercises dominant control over the company's operations and personnel. To address such situations and prevent the misuse or abuse of majority voting power, the Companies Act includes provisions regarding oppression and mismanagement as exceptions to the majority rule. These provisions aim to safeguard the company's best interests and ensure fairness in decision-making processes. This Article assess the possibility of obtaining requisite relief for oppression and mismanagement from the Tribunal taking the legal battle between Tata – Mistry as reference.

WHO CAN FILE AN APPLICATION TO THE TRIBUNAL?

Provisions relating to oppression and mismanagement are contained under Sections 241-246 of the Companies Act, 2013 (Hereinafter referred to as "the Act"). To begin with, we will first

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consider the eligibility to file an oppression mismanagement suit for which reference can be made to section 244 of the Act which basically answers the question as to who can file an application against oppression and mismanagement to the Tribunal. It states that it shall be the right of members of the company to apply under section 241 of the Act if they fulfil certain thresholds. Here, it is necessary to highlight that the statute makes use of the word “shall” as stated above to emphasize that if the thresholds as laid down under section 244 are satisfied, the member or members of the company will have adequate locus standi and thus, cannot be prevented from making an application under Section 241 of the Act. Now, in case of a company which has a share capital there are two thresholds, either of which can be fulfilled to meet the eligibility criteria to file an oppression mismanagement suit. The first threshold is on the basis of number of shareholders. If 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 is ready to apply under Section 241 against oppression and mismanagement, they shall have the right to make such application. Here, the legislature has purposely framed the threshold as hundred members or one – tenth of its members, ‘whichever is less’ to meet a situation where a company has, say, fifty members. If the legislature had kept the threshold as only hundred members, a company with fifty members would not be able to satisfy the criteria even if forty - seven or forty - eight members out of a company having fifty members were ready to file an oppression mismanagement suit. However, for large companies, say a company which has two - thousand members, if we consider the one – tenth threshold, it is less likely that one – tenth of the members i.e., nearly two hundred members in a company consisting of two thousand members will show up to satisfy the eligibility criteria. Therefore, the legislature has provided the threshold of hundred members as well. So, even if a company has numerous shareholders, it would be enough if only hundred members show up to file an oppression mismanagement suit.

The second threshold, in case of a company which has a share capital, is based on the amount of shareholding. The second part of section 244(1)(a) of the Act states that “Any member or members holding not less than one – tenth of the issued share capital of the company, subject to the condition that the applicant or applicants has or have paid all calls and other sums due on his or their shares.”The provision states “any member or members” which means that either one member who has not less than one – tenth of the issued share capital of the company or even a number of like - minded members who together hold not less than one –

tenth of the capital of the company will qualify to file an oppression mismanagement suit. Here, it is essential that the applicant or applicants should have paid all the calls made by the company and should have discharged all the sums due on his or their shares.

Now, in case of a company which does not have a share capital not less than one – fifth of the total number of members of the company should file an oppression mismanagement suit.

However, if the members fail to meet the above – stated thresholds as laid down by section 244 of the Act, they can apply for a waiver before the National Company Law Tribunal (Hereinafter referred to as "NCLT") whereby the Tribunal may dispense with any or all of the thresholds as laid down under Section 244 of the Act so as to enable the members to make an application under Section 241 of the Act. Therefore, by applying for a waiver, the members are, in essence, requesting the NCLT to provide them with the adequate locus standi to apply under Section 241 of the Act despite the fact that they do not meet the eligibility criteria under section 244 of the Act. Here, it is pertinent to point out that NCLT has the discretion to grant the waiver. The members cannot ask for waiver as a matter of right.

Here, reference can be made to Cyrus Investments Private Ltd.&Anr. v Tata Sons Ltd.&Ors.[2]. The Mistry group preferred a petition under sections 241 and 242 of the Act against Tata group, being the controlling shareholders of Tata Sons Ltd., the holding company that oversees the broader Tata stable of companies. The NCLT, on March 6, 2017 held that the petition filed by the Mistry group is not maintainable on the ground that it failed to satisfy the criteria of holding not less than one – tenth of the issued share capital of the company. This was because while the Mistry group held 18.37 per cent of the equity shares in Tata Sons, that represented only 2.17 per cent of the total issued share capital of the company which besides including equity shares would also include within its ambit the preference shares. Since the eligibility was not satisfied with reference to the "issued share capital" of the company, the Mistry group failed to demonstrate the locus standi to be able to initiate the action. Mistry group filed another application before the NCLT for a waiver to waive the threshold of member or members holding not less than one – tenth of the issued share capital of the company. This power of the NCLT roots from proviso to section 244 of the Act. The NCLT, on April 17, 2017 rejected the waiver application filed by the Mistry group. This left Mistry

[2] Cyrus Investments Private Ltd & Anr. v Tata Sons Ltd & Ors., order dated 12.07.2018 passed in Company Petition No. 82(MB)/ 2016.

group with no choice but to appeal to the National Company Law Appellate Tribunal (Hereinafter referred to as "NCLAT").

The NCLAT bifurcated its consideration of the matter into two distinct but related questions.

1. Whether the petition preferred by the Mistry group is maintainable under Sections 241, 242 and 244 of the Act?
2. If not, whether the Mistry group has made out a case for a waiver under the proviso to section 244.

The NCLAT considered each of these questions in turn.

In dealing with the first question, the NCLAT adopted a technical approach focussing largely on the literal interpretation of the relevant statutory provisions. The NCLAT held that the expression "issued share capital" under section 244(1) of the Act must be taken to include both equity and preference shares while determining whether the threshold of ten per cent holding has been satisfied. Since Mistry group held only 2.17% of the total issued capital, NCLAT held that Mistry group failed to satisfy the eligibility criteria and thus was ineligible to make direct application against oppression and mismanagement.

In relation to the second question, the NCLAT laid down certain parameters to be taken into consideration while granting a waiver. Firstly, the Tribunal has to consider whether the applicant or applicants are member or members of the company in question. If the answer to this question is in negative, the application is to be rejected outright.If the answer is affirmative, the Tribunal will proceed to consider the next parameter. A director cannot make an application to get remedy against oppression and mismanagement. However, he can do so by making an application in his capacity as a member of the company.Secondly, the Tribunal has to consider whether the proposed application pertains to 'oppression and mismanagement'. If the Tribunal, after taking into consideration the proposed application under section 241, forms opinion that the application does not relate to 'oppression and mismanagement' of the company or its members and/or is frivolous, it will reject the application for waiver. Otherwise, the Tribunal will move to consider the next parameter. Here, the Tribunal has to take only a superficial view of the merits of the case. It is a preliminary finding or a prior fact - finding exercise as to the potential for oppression and mismanagement. Thirdly, the Tribunal will see if similar allegations of 'oppression and mismanagement', was earlier made by any other member and whether the same stands decided and concluded. Lastly, the Tribunal will consider whether an exceptional circumstance exists to grant waiver so as to enable the members to file an application under section 241 of the Act. These parameters are not exhaustive and the NCLAT leaves the door open for consideration of other factors unrelated to the merits of the case. The NCLAT, after applying these parameters to the fact of the case, found that the applicants were members of Tata Sons. There were certain factors that swayed the NCLAT to decide in favour of the Mistry group. The fact that none of the 49 shareholders apart from the 2 shareholders would have satisfied the eligibility criteria of holding one – tenth of the total issued share capital of the company which has the effect of restricting minority shareholder protection in the company. The Mistry group was able to demonstrate their significant financial commitment in the company by virtue of the fact their interest in the overall value of the Tata Sons was $1/6^{th}$, which amounted to around “one lakh crores”, a factor that played in the mind of NCLAT while granting the waiver. Furthermore, the NCLAT was convinced that the petition filed by the Mistry group related to instances of ‘oppression and mismanagement’. Based on its observations, the NCLAT reversed the decision of the NCLT and held that although Mistry group did not satisfy the eligibility as laid down under section 244(1), it is entitled to waiver under proviso to section 244.

WHEN CAN AN APPLICATION BE MADE?

Section 244 deals with who can make an application while section 241 of the Act deals with the question as to when can an application be made. Section 241 of the Act lays down two sets of circumstances where a complaint against oppression and mismanagement can be made. To be specific, section 241(1)(a) of the Act states that any member of a company who complains that: “the affairs of the company have been or are being conducted in a manner prejudicial to public interest or in a manner prejudicial or oppressive to him or any other member or members or in a manner prejudicial to the interests of the company;”. Here, the provision makes use of the words “have been or are being” which implies that the past as well as present conduct are included withing the ambit of this provision. Moreover, “prejudicial to public interest” can mean to be something which is harmful to public interest. Where the Board of Directors of a phone manufacturing company had knowledge of the fact that some of the phone batteries had exploded in the past, but the Board gets the resolution approved for continuance of manufacturing phone by the majority shareholders, such decision making would be prejudicial to public interest. In a public listed company, a large chunk of public money is involved. Any conduct which has the effect of taking away the money invested by the general public in a public listed company would be harmful or prejudicial to public interest. Furthermore, it is not necessary to demonstrate that the detriment is caused particularly to the member making the application. Even if a detriment is caused to any other member or members of the company, the provision would apply. "Prejudicial to the interests of the company" means prejudicial or harmful to the company as a whole and not specifically to a group of shareholders.

Section 241(1)(b) of the Act states that any member of a company who complains that: "the material change, not being a change brought about by, or in the interests of, any creditors, including debenture holders or any class of shareholders of the company, has taken place in the management or control of the company, whether by an alteration in the Board of Directors, or managers, or in the ownership of the company's shares, or if it has no share capital, in its membership, or in any other manner whatsoever, and that by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to its interests or its members or any class of members". To put it in simple words, this provision deals with future instances of oppression and mismanagement i.e., where there is a probability that oppression and mismanagement will take place in future. Moreover, it is not sufficient if only a material change takes place in the management and control of the company. This is because material change need not necessarily be detrimental to the interests of the company. It can very well be in the interests of the company as a whole or in the interests of the creditors and so on. Therefore, it is absolutely essential to show that due to material change in the management and control of the company, it is likely that the affairs of the company will be conducted in a manner prejudicial to its interests or its members or any class of members.

Apart from the members of the company, even Central Government can apply to the Tribunal for an order as per section 241(2) of the Act. However, the Central Government can do so only "if it is of the opinion that the affairs of the company are being conducted in a manner prejudicial to public interest".

UNDERSTANDING OPPRESSION AND MISMANAGEMENT UNDER SECTION 241

At this point it is crucial to understand the interpretation of the terms "oppression and mismanagement" under the Act in its true sense. The meaning of the term "oppression" as explained by Lord Cooper in the Scottish case of Elder v Elder & Watson Ltd.[3], was cited with approval by Wanchoo J of the Supreme Court of India in Shanti Prasad Jain v Kalinga Tubes Ltd.[4]. "The essence of the matter seems to be that the conduct complained of should at the lowest involve a visible departure from the standards of fair dealing, and a violation of the conditions of fair play on which every shareholder who entrusts his money to the company is entitled to rely." Mismanagement, on the other hand, implies that the affairs of the company are being conducted in a manner prejudicial to public interest or in a manner prejudicial to the interests of the company. For instance, preventing directors from functioning, violations of statutory provisions, violations of provisions of Articles of Association (AOA) or Memorandum of Association (MOA) of the company, misuse of corporate funds and so on.

However, minor acts of mismanagement are not to be regarded as oppression. An attempt should be made to resolve the differences between the members through mutual readjustment. In Lalita Rajya Lakshmi v Indian Motor Co.[5], the petitioners accused the Board of Directors of certain acts detrimental to the interests of the minority shareholders. It was alleged that the company's income was deliberately show less by excessive expenditure, that petrol consumption was unchecked, that passengers travelling without tickets on company's buses were not checked, that dividends were being declared at too low a cost, that the second hand buses of the company were disposed of at a low cost. It was held that "even if each of these allegations were proved to the satisfaction of the court, there would have been no oppression." In this case, the company is neither making any side profits nor there are instances of oppression and mismanagement. It is just a case relating to bad management of the company.

In Shanti Prasad Jain v Kalinga Tubes Ltd.[6], three groups of shareholders of a private company, out of which one is the petitioner and the other two are the respondents in the present case, held shares in equal proportion with equal representation on the board. They entered into a personal agreement in writing to maintain the said equilibrium. The agreement, however, was not made part of the articles of the company. Later on, in order to obtain certain

[3]Elder v Elder & Watson Ltd., 1952 SC 49 (Scotland)
[4]Shanti Prasad Jain v Kalinga Tubes Ltd., AIR 1965 SC 1535
[5] Lalita Rajya Lakshmi v Indian Motor Co., AIR 1962 Cal 127
[6] Shanti Prasad Jain v Kalinga Tubes Ltd., AIR 1965 SC 1535

loan facilities, the company was converted into a public company. Accordingly, it was proposed to issue 39,000 more shares. As per section 81 of the 1956 Act, now section 62 of the 2013 Act, the new shares so issued should have been offered to the existing shareholders of the company. However, a resolution was passed by the majority shareholders consisting of the two respondents' groups to offer newly issued shares to the outsiders. Accordingly, the shares in question were issued to the outsiders. It was contended by the petitioner that the allotees were friends of the majority group and that the allotment was made with the mala fide intention to squeeze out the petitioner from the company by increasing their voting strength. This means that even if the petitioner holds the same number of shares, his voting power will get diluted on issue of shares to the outsiders which means that he cannot stop a special resolution from being passed. The petitioner contended this conduct of the respondents to be oppression with the meaning of section 241 of the Act.

The Lower Court decided in favour of Shanti Prasad and held that the conduct of majority amounted to an act of oppression on the minority. However, the Orissa High Court reversed the decision of the Lower Court and held that "the private agreement between the parties to maintain the equilibrium was not binding on the company." Moreover, to compel the majority shareholders to offer new shares only to the existing shareholders would amount to depriving the majority of its right to direct free issue of shares rather than being an act of oppression on the minority. How can a company grow if it is not permitted to issue shares? To direct free issue of shares is requisite for any expansion scheme. Shanti Prasad appealed to the Supreme Court against the judgement of the Orissa High Court but the same was rejected and the Apex Court concurred with the decision of the High Court that the alleged conduct by the majority did not amount to an act of oppression within the meaning of section 241 of the Act.

In Needle Industries (India) Ltd. v Needle Industries Newey (India) Holding Ltd.[7], the articles of a private company included a provision stating that if the directors decided to increase the company's capital by issuing new shares, the existing shareholders should be given the opportunity to buy them in proportion to their current holdings. If the shareholders declined, the shares could be offered to others in a way that benefited the company the most. This company was a wholly owned subsidiary of an English company.The Government of India implemented a policy to reduce foreign ownership, so the company issued new shares

[7] Needle Industries (India) Ltd. v Needle Industries Newey (India) Holding Ltd., (1981) 3 SCC 333: (1981) 51 Comp Cas 743

to its employees and relatives, thereby reducing foreign ownership to 60%. With the introduction of Section 43-A, the company became a deemed public company because more than 25% of its share capital was held by a corporate entity. However, the company chose to maintain its status as a private company for all other purposes.The leader of the Indian shareholders, who held 40% of the company's shares, served as the chief executive and managing director. The company was required to further reduce its foreign ownership to 40%. At this point, disagreements arose between the English and Indian shareholders. The English shareholders wanted the 20% reduction in their ownership to be allocated to an Indian company in which they had a significant interest. However, the company's board of directors decided to issue new rights shares to the existing members, excluding the English company from subscribing to them, which would reduce their ownership to 40%.According to the resolution, the members were given a 16-day period to exercise their option to purchase shares in proportion to their holdings. However, the letter offering the shares to the English company as per their proportion was sent only four days before the deadline, and they received it after the deadline had already passed. Similarly, the notice of the directors' meeting to finalize the allotment was sent with such a short time gap that it reached them in England on the day of the meeting in India. As a result, the English company was unable to exercise the option to purchase its block of rights shares and was also unable to attend the crucial board meeting. Consequently, their block of shares was allocated to Indian shareholders.

The holding company raised concerns about oppression based on these facts. However, the court was not convinced that there was a continuous policy of oppression. The primary objective of the plan was to achieve 60 percent Indian ownership, which could be accomplished by either purchasing the excessive shares of the English company or by increasing Indian shareholding. The latter course which was adopted was more beneficial as it meant that extra capital was available to the company. Undoubtedly, the English company was deprived of the opportunity to participate in the rights issue due to the lack of proper notice. However, the facts were such that even if proper notice had been given, the English company would not have been able to subscribe to its allotted shares or transfer them to another party. Here, the real loss experienced by the holding company was the decrease in the market value of the shares it held. The market value of these shares far exceeded their nominal value. The shares were allotted at nominal value. This loss was "unjust enrichment" of those who were allotted shares at the cost of the Holding Company. Accordingly, the Supreme Court held that the Indian allotees of the shares in question must compensate the holding company to the extent to which the market value was in excess of the nominal value. The key point to take away from this judgement is that even where a plea for oppression fails, “the court is not powerless to do substantial justice between the parties” and it can accordingly pass appropriate orders.

CAN THE MAJORITY BE OPPRESSED?

Another facet relating to oppression which deserves consideration revolves around the question “can the majority be oppressed?”. The judgement inSindri Iron Foundry (P) Ltd, re.[8] offers appropriate answer to this question. Mitra J of the Calcutta High Court observed that “if the court finds that the company's interest is being seriously prejudiced by the activities of one or the other group of shareholders, that two different registered offices at two different addresses have been set up, that two rival Boards are holding meetings, that the company's business, property and assets have passed to the hands of unauthorised persons who have taken wrongful possession and who claim to be the shareholders and directors, there is no reason why the court should not make appropriate orders to put an end to such matters." Thus, “in an appropriate case, if the court is satisfied about the acts oppression or mismanagement, relief can be granted even if the application is made by a majority, who have been rendered completely ineffective the wrongful acts of a minority group." Accordingly, a petition is not liable to be rejected as showing no reasonable cause of action just because it is filed by a majority shareholder.[9]

WHEN WILL THE TRIBUNAL GRANT A REMEDY FOR OPPRESSION AND MISMANAGEMENT?

Section 242 of the 2013 Act deals with the powers of the Tribunal to make certain orders in order to bring an end to the matters complained of. Section 242(1) (a) and 242 (1) (b) are to be read cumulatively. Section 242 (1) (a) states that if, on an application made under section 241, the Tribunal is of the opinion: “that the company’s affairs have been or are being conducted in a manner prejudicial or oppressive to any member or members or prejudicial to public interest or in a manner prejudicial to the interests of the company”. This aspect has already been discussed above at length. What deserves more attention is section 242 (1) (b) of

8 Sindri Iron Foundry (P) Ltd, re., (1963) 69 CWN 118
9 Baltic Real Estate Ltd. (No 1), re, 1993 BCLC 498 (Ch D)

the 2013 Act. It states that if, on any application made under section 241, the Tribunal is of the opinion: “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.” It simply means that although it is just and equitable to wind up the company but since it will be prejudicial to the members of the company, the NCLT, instead of winding up the company, will make appropriate order or grant suitable remedy for oppression and mismanagement. The need for a winding-up order can arise in situations where there is a deadlock due to almost equal shareholding or when there is a lack of integrity and no possibility of smooth and efficient operation. Without meeting these conditions, no remedy can be sought under section 241.

The link withdesirability of winding up may prevent relief in certain deserving cases, rendering the remedy practically useless. As a result, in England, it was abandoned in 1985 and replaced with the concept of "unfair prejudice," which refers to any harm or detriment experienced by a shareholder, typically resulting in a decrease in the value of their shares.However, it is important to note that the term "unfair prejudice" in the UK differs from "oppression," which requires the complaining shareholder to have a proprietary interest. Moreover, the term oppression reveals oppression of a continuing nature, as indicated by the section's use of the term "manner." Events subsequent to the date of petition are not to be taken into account.

Reverting back to the Tata Mistry Saga, inTata Consultancy Services Limited v Cyrus Investments Pvt. Ltd. And Ors.[10], the Supreme Court overturned the NCLAT's order, dismissing the allegations of oppression and mismanagement against Tata Sons Ltd and ruling against Mr Cyrus Mistry. The Supreme Court acknowledged Mr Mistry's questionable behaviour, emphasizing that he deliberately leaked highly confidential and classified information about the company to the media in order to create a sensation. Taking this into account, the Apex Court deemed his removal from the positions of chairmanship and directorship of Tata Group of Companies justified.

The Apex Court also observed that mere removal of a person from the position of a chairman does not fall within the scope of Section 241 if it does not harm the interests of minority shareholders.If the actions of removal are not prejudicial or oppressive to the company, its

[10] Tata Consultancy Services Limited v Cyrus Investments Pvt. Ltd. And Ors., 2021 SCC 122

members, or the public at large, the Tribunal does not have the authority to intervene in the removal of a person as Chairman of a Company under Section 242, based on an application filed under Section 241. Moreover, sections 241 and 242 of the Act do not explicitly grant the Tribunal the power to reinstate a person.

The legal team representing Shapoorji Pallonji Group, its two investment firms, and the Mistry family argued before the Court that the removal of Cyrus Mistry amounted to oppression of minority shareholders. However, the Supreme Court upheld Tata Group's decision to remove Cyrus Mistry as the executive chairman of Tata Sons. The Court also noted that minority shareholders do not have an automatic right to a seat on the board. Private companies with minority shareholders are free to include such provisions if they wish, but currently, there are no statutory obligations to do so.

It is important to note that in the petitions filed after Mr. Mistry's removal as the executive chairman and subsequently as a director from the Board of Tata Group of Companies, the Mistry family and the two investment firms alleged that Tata Sons was operating in an “oppressive” and “prejudicial” manner towards the rights of minority shareholders. However, this argument waslost at the interpretation and construction stage before the Apex Court.

While interpreting and discussing the rights of minority and small shareholders and their importance in the Board of the Company, the Supreme Court has held that minority shareholders or their representatives are not automatically entitled to a seat on the private Company’s board like a small shareholder representative.The Apex Court noted that the provisions outlined in the 2013 Companies Act specifically safeguard the rights of small shareholders of listed companies by requiring these companies to have at least one director elected by such small shareholders on their boards. According to the provisions of the Companies Act 2013, a small shareholder is defined as an individual shareholder or a group of shareholders holding shares with a nominal value not exceeding Rs 20,000.The Supreme Court further observed that since the Mistry family and the SP Group did not qualify as small shareholders but rather as minority shareholders, there was no statutory provision entitling them to "claim proportionate representation" on the board of Tata Sons.

The Apex Court further noted that the SP Group does not possess the right to claim proportionate representation, even contractually, in terms of Articles of Association. The Court emphasized that neither the SP Group nor Cyrus Pallonji Mistry can seek to modify the contract or amend the Articles of Association through the Tribunal. The current Articles of Association are binding upon the SP Group and Cyrus Pallonji Mistry, according to the Supreme Court's statement.

Another point of contention between the Tata Group and Mistry was the presence of Article 75 in the Articles of Association of the Tata Group. This article grants the company the authority to acquire shares from a minority or small shareholder at a fair market value. Concerned that the Tata Group might utilize this provision to attempt a buyout of the SP Group, the latter urged the Company Law Tribunals and the Supreme Court to not allow the same to be used. Additionally, the Mistry camp alleged that the Tata Group had made several commercial decisions that failed to achieve the desired outcomes, resulting in more losses tothe minority shareholders as compared to majority shareholders. However, the Supreme Court did not address the issues regarding the rights and protection of minority shareholders, although it did not consider Article 75 as oppressive and rejected the allegations of mismanagement against the Tata Group of Companies.The Court acknowledged that Article 75 serves as an exit option for shareholders. Consequently, the Apex Court stated, “We cannot adjudicate on fair compensation. We will leave it to the parties to pursue the Article 75 route or any other legally available option.”

Furthermore, the Supreme Court dismissed the plea from the Mistry Group opposing the conversion of Tata Sons from a public limited company to a private limited company. The valuation of the company's stake was not addressed by the Court. However, during the hearing, the Mistry family, one of India's oldest business families, valued its stake at Rs 1.76 trillion, while the Tatagroup pegged it far below at up to Rs 80,000 crores.

The Court occasionally appeared to take a middle approach, suggesting that an amicable separation should be encouraged. However, whether the Mistry Group will adopt this approach remains uncertain. The latest developments indicate that the Mistry Group is unwilling to compromise.On the other hand, welcoming his victory in the case, Ratan Tata, the Chairman Emeritus of Tata Group, tweeted: “We would like to express our grateful appreciation of the judgement passed and upheld by the Supreme Court today. It reinforces the value system and the ethics of our judiciary.”

The Tata-Mistry saga calls for a proactive approach in enhancing corporate governance practices and ensuring that the principles of fairness, transparency, and accountability are upheld. It presents an opportunity for companies to learn from the shortcomings identified in the case and implement measures that promote a culture of ethical conduct, responsible decision-making, and inclusive governance.It demonstrates how difficult it is for the minority shareholders to avail a remedy for oppression and mismanagement in the company. The case serves as a reminder that strong corporate governance is essential for the long-term success, sustainability, and reputation of a company. By addressing the issues of oppression and mismanagement by making special provisions for minority protection in the Articles of Association, companies can foster a culture of trust, integrity, and fairness, benefiting all stakeholders involved.

CONCLUSION

The Companies Act of 2013 provides a framework to ensure transparency, accountability, and good governance within corporate entities. However, instances of oppression and mismanagement continue to occur, undermining the principles and objectives of the Act.The consequences of oppression and mismanagement within companies can be severe. They can lead to a loss of investor confidence, hamper the growth and sustainability of businesses, and harm the interests of shareholders and stakeholders. Additionally, employees may suffer from unfair treatment, limited career opportunities, and a hostile work environment.

To address these issues, it is crucial to strengthen the enforcement mechanisms of the Companies Act of 2013. This can be achieved through stricter regulatory oversight, enhanced penalties for non-compliance, and improved mechanisms for reporting and resolving grievances.Companies must also prioritize ethical practices, transparency, and stakeholder engagement. This includes fostering a culture of accountability, ensuring the fair treatment of employees, protecting the rights of shareholders, and promoting sustainable business practices.Furthermore, promoting awareness and educating stakeholders about their rights and responsibilities under the Companies Act can play a vital role in preventing and addressing instances of oppression and mismanagement. This can empower shareholders, employees, and other stakeholders to hold companies accountable for their actions and actively participate in corporate decision-making processes.

In conclusion, tackling oppression and mismanagement within companies requires a multi-faceted approach involving legal reforms, ethical business practices, and stakeholder engagement. By upholding the principles of transparency, accountability, and fairness, companies can contribute to a healthier, more sustainable, and responsible corporate ecosystem.