# RIGHTS OF MINORITY SHAREHOLDERS AS PER COMPANIES ACT 2013

## Definitions:

Small Shareholder: a shareholder who is holding shares of nominal value of INR 20,000 or such other sum as may be prescribed.
Minority Shareholder: Equity holder of a firm who does not have the voting control of the firm, by virtue of his or her below fifty percent ownership of the firm's equity capital

## Objectives:

1. The objective of the policy is to protect the rights of the minority shareholders and keep them updated about their rights from time to time.

2. To check that the Shareholder Relationship Committee is redressing the grievance of the minority shareholders.

## Rights of Minority Shareholders:

1. Right to appoint a director- Small shareholders, upon notice of not less than $1/10^{th}$ of the total number of such shareholders or 1000 shareholders, have a small shareholder director elected.

2. Right in decision making and such director appointed shall be considered as independent director.

3. Oppression and mismanagement-

    - Right to apply to tribunal by the minority shareholders, when management or control of the company is being conducted in a manner prejudicial to the interests of the class or company.

4. Rights with respect to reconstruction and amalgamation-

    - Purchase of shares of dissenting shareholders at a determined value by the registered valuer.
    - The minority have been given a right to make an offer to the majority shareholders to buy the shares of minority shareholders.
    - The transferor company shall be the agent for making payments to minority shareholders.

5. Class action suit: Class action suit may be filed by the minority shareholders as per the provisions of Companies Act, 2013

## Steps taken by company to protect the rights of minority shareholders:

1. Provision of PIGGY BACKING- When a majority shareholder sells their shares, a minority shareholder has the right to be included in the deal. This is called "piggybacking." It protects your investment should the company be sold. Piggybacking requires that any party considering the purchase of the business be able to buy 100 percent of the outstanding shares.

2. Provision of compulsory dividends to the minority shareholders.

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