

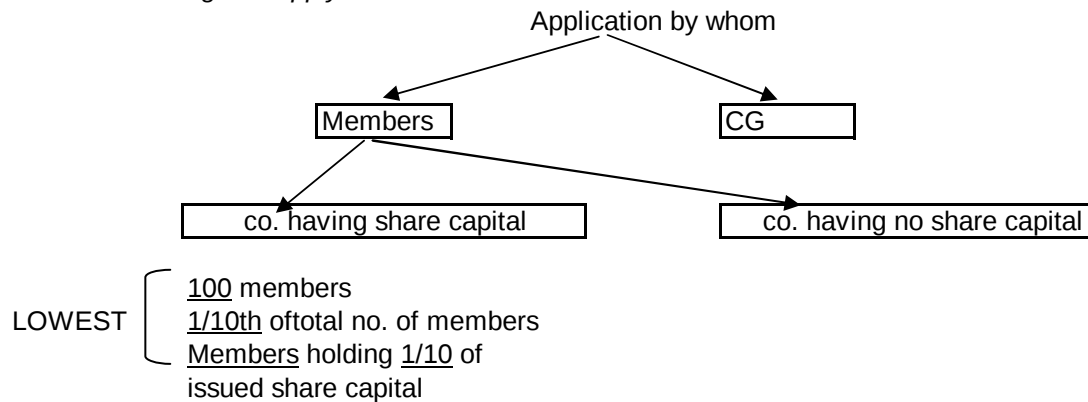
PREVENTION OF OPRESSION & MISMANAGEMENT

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SECTIONS	EXPLANATION
foss v/s Harbottle	Majority rule:-staes that will of majority must prevail <u>excerptions of foss V/s Harbottle-</u> - ultra vires act - Fraud on minority - Wrongdoers in control - Breach of fiduciary duties - Requirement of SR - Infringement of rights of member Miener v/s Hooper's telegraph works Ltd (Majority divertin the profits of the company to another company in which they are majority shareholders) Brown v/s British abrasive wheel Co. (Compulsory acquisition of shares of a minority shareholders) Daniels v/s Daniels (sale of land by company to director at grossly undervalue) Cook v/s Deeds (utilising a contactbelonging to company for personal gain)
Sec 397	<i>Conditions for claiming relief from oppression</i> affairs of company must be- appressive to any member or members prejudicial to interest of public Bonafide excecise of any power under this act or any low c'ant amount to oppression oppression in capacity of member continuty of oppression winding is justified winding up is prejudicial to applicants
Sec398	<i>Conditions of claimain relief under mismgt</i> continuity of mismanagement <pre> graph TD A[continuity of mismanagement] --> B[Mismgt] A --> C[Continuity] B --> D[prejudicial to] D --> E[public interest] D --> F[company] C --> G[Mismgt must be present & continous] </pre>
case2	<i>Apprehended Mismgt</i> Material change resulting in prejudice to public interest prejudice to interest of company

Sec 399

right to apply under sec 397 398



Rajahmundry electric supply corp v/s Nageshwara Rao

(withdrawl of consent during praceedings, will not make valid application, invalid)

Re, Sindri Iron Foundry pvt Ltd

(Majority can also claim relief against minority, but there us also contrary view in case of

Suresh Kumar Sanghi v/s Supreme Motors Ltd, Delhi HC)

Sec 408

Appointment of Directors by CG

CG not reqd to obtain sufficient evidence as to gross mismgt

Appointment by whom

100 member
or more

members holding not
less than 1/10 of total
voting power

LOWEST

LOWEST

TENURE SHALL BE SPECIFIED BY CLB
IN NO CASE IT SHALL EXCEED BY 3 YRS.