

Minority Shareholder Protection Checklist – 2026

Checklist covering shareholder rights, NCLT litigation readiness, and FEMA compliance for Indian companies

1. Early Warning Signs of Oppression

- Watch for systematic exclusion from board meetings or delayed/vague meeting notices.
- Monitor financial divergence where promoters receive high salaries despite no dividends being declared.
- Review new share issuances carefully for unfairly low valuations aimed at stake dilution.
- Check for related-party transactions that drain company resources through transfer pricing abuse.
- Ensure access to statutory registers, financial statements, and meeting minutes is not denied.
- Identify diversion of profitable business segments to promoter-controlled entities.

2. Shareholder Rights Checklist

- Inspect statutory registers including Members, Debenture Holders, and Charges.
- Receive Financial Statements, Auditor's Report, and Director's Report at least 21 days before AGM.
- Inspect Minute Books of General Meetings.
- Receive notice and voting rights for all General Meetings.
- Call an Extraordinary General Meeting (EGM) with at least 10% paid-up share capital.
- Receive declared dividends within 30 days.
- Exercise pre-emption rights on new share issuances unless waived by special resolution.
- File Class Action Suits under Section 245 when required.
- Approach NCLT under Section 241 for oppression and mismanagement.

3. NCLT Litigation Readiness

- Verify threshold eligibility under Section 244 (10% share capital or 1/10th members).
- Prepare waiver applications where thresholds are not met but oppression is grave.
- Compile evidence of conduct lacking probity or fair dealing.
- Demonstrate tangible shareholder harm such as erosion of share value or voting rights.
- Clearly identify the desired remedy including buyout, governance regulation, or managerial termination.

4. FEMA Red Flags

- Review foreign investments for valuation mismatches below fair value.
- Check nominee shareholder arrangements for MGT-6 and RBI compliance.
- Ensure downstream investments by FOCCs comply with pricing and reporting norms.
- Review deferred consideration structures exceeding 18 months for RBI approval requirements.

5. Emergency Steps & Immediate Actions

- Record dissent formally through letters or emails to the Company Secretary and Board.
- Preserve notices, financial statements, emails, and evidence of denied access.
- Review Shareholders' Agreement (SHA) for dispute resolution and arbitration clauses.
- Seek interim relief from NCLT to prevent oppressive actions.
- Coordinate with other minority shareholders to meet filing thresholds.