CLASS ACTIONS UNDER SECTION 245 OF THE COMPANIES ACT, 2013: SHAREHOLDER PROTECTION, DERIVATIVE CLAIMS AND THE CHALLENGE OF EFFECTIVE CORPORATE ACCOUNTABILITY IN INDIA

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I. ABSTRACT

Class actions promote shareholder protection and corporate accountability. Section 245 of the Companies Act, 2013 provides eligible members and depositors with a collective remedy against specified unlawful or prejudicial corporate conduct. This paper critically examines its effectiveness, procedural challenges, remedies and distinction from derivative actions, with reference to Jindal Poly Films Ltd. v. Ankit Jain & Ors. Following the Supreme Court's order of 8 June 2026, which set aside the relevant NCLT and NCLAT orders by consent and referred the dispute to arbitration, all contentions remain open. Using doctrinal and analytical methodology, the paper identifies key limitations of Section 245 and recommends reforms to improve accessibility, judicial clarity, compensation and litigation-cost management.

Keywords: Class Action, Section 245, Companies Act, 2013, Shareholder Protection, Derivative Action, Corporate Governance, NCLT, Corporate Accountability.

II. INTRODUCTION

Companies play a significant role in economic development by attracting investments, creating employment, and conducting commercial activities. Their decisions affect promoters, directors, minority shareholders, depositors, and other stakeholders. Effective corporate governance therefore requires mechanisms through which persons affected by unlawful corporate conduct can obtain appropriate remedies.

Shareholders generally exercise their rights through voting, participation in general meetings, and other rights recognized under company law. However, these mechanisms may not always provide sufficient protection. Minority shareholders may lack the voting power to challenge decisions supported by controlling shareholders. Directors may also be unwilling to initiate proceedings against persons responsible for corporate misconduct, particularly where those persons control the company.

Traditional litigation presents another difficulty. When numerous shareholders suffer similar harm, requiring each person to file a separate case may increase costs, consume judicial resources, and produce inconsistent decisions. A collective remedy can address these problems by allowing eligible persons to pursue common claims through representative proceedings.[1]

Section 245 of the Companies Act, 2013 introduced such a mechanism into Indian company law. It permits eligible members and depositors to apply to the National Company Law Tribunal (NCLT) where they consider that the management or conduct of the company's affairs is prejudicial to the interests of the company, its members or depositors. Depending on the statutory requirements, the Tribunal may grant remedies including injunctions, declarations concerning certain resolutions and compensation or damages against specified persons.[2]

Nevertheless, statutory recognition does not automatically guarantee effective protection. The application of Section 245 raises questions about eligibility, good faith, representative adequacy, the nature of the loss claimed, and the relationship between collective proceedings and other shareholder remedies. The distinction between loss suffered directly by a shareholder and loss suffered by the company is particularly important. Although corporate loss may reduce

[1] Adit Vikramaditya Garg, *A Jurisdictional Analysis of Class Action Suits under Section 245 of the Companies Act, 2013*, 1(II) Int'l J. Legal Sci. & Innovation (2019), Introduction and "Context of Enactment of S. 245," https://ijlsi.com/article/view/class-action-suits-under-section-245-of-companies-act-2013.
[2] Companies Act, No. 18 of 2013, § 245(1)(a)–(h) (India).

the value of shares, the legal right to recover the company's loss may belong to the company itself.

This paper examines Section 245 through its statutory framework, academic literature, judicial development, and practical challenges. It argues that India requires a coherent approach to collective shareholder litigation, particularly where alleged misconduct affects both the company and a class of minority shareholders.

III. RESEARCH PROBLEM

3.1 Research Problem

Although Section 245 recognizes a statutory class-action remedy, uncertainties remain regarding its practical operation. One major difficulty is determining when a claim should proceed as a class action and when it should be pursued through a derivative action on behalf of the company.

A second difficulty concerns admission. Section 245(4) requires the Tribunal to consider matters including good faith, the availability of an individual remedy, and the possibility of authorization or ratification of the relevant act. Rule 85 of the NCLT Rules adds considerations concerning common questions, the impracticality of joining every affected person, typicality of claims and adequate representation. [3]These requirements are necessary for safeguards, but inconsistent applications may either permit abusive proceedings or discourage legitimate claims.

Further difficulty concerns compensation. If alleged misconduct reduces the company's assets, shareholders may experience a corresponding reduction in the value of their investments. The law must distinguish between a claim belonging to the company and a claim belonging to shareholders. Uncertainty can create disputes over maintainability, increase litigation costs, and weaken corporate accountability.

3.2 Research Questions

This paper addresses the following questions:

[3] Companies Act, No. 18 of 2013, § 245(4)(a)–(d) (India); National Company Law Tribunal Rules, 2016, r. 85(1)–(2).

1. What is the scope and purpose of Section 245 of the Companies Act, 2013?

2. How does a class action under Section 245 differ from a derivative action and proceedings under Sections 241–242?

3. What legal and procedural difficulties affect the effective use of Section 245, particularly where alleged misconduct causes loss to both a company and its shareholders?

4. What reforms could improve access to collective remedies while preventing misuse?

3.3 Research Objectives

The objectives are to examine the statutory framework governing class actions in India; analyze the relationship between class actions, derivative actions and oppression-and-mismanagement proceedings; evaluate academic commentary and judicial developments; identify barriers to enforcement; and recommend reforms that may strengthen corporate accountability.

3.4 Research Hypothesis

The hypothesis is that Section 245 provides an important foundation for collective shareholder protection, but its effectiveness is limited by uncertainty concerning the distinction between class actions and derivative actions, procedural burdens and practical barriers to litigation. Clearer judicial standards and proportionate procedural reforms can improve the remedy without encouraging unnecessary or abusive proceedings.

IV. RESEARCH METHODOLOGY

This paper adopts a doctrinal and qualitative methodology. It examines primary legal sources, including the Companies Act, 2013, the National Company Law Tribunal Rules, 2016 and relevant judicial orders. Secondary sources include academic journal commentary and legal research publications on class actions, derivative actions, and shareholder litigation.

The analysis is organized around statutory interpretation, the distinction between available remedies, practical enforcement problems, and possible reforms. Comparative observations are used only where they assist in explaining the purpose of collective remedies.

This is not an empirical study of every Section 245 proceeding. Its conclusions are based on legal texts, published commentary, and identified judicial developments. The procedural status of *Jindal Poly Films* is stated separately because later orders materially affect the precedential value of tribunal decisions.

V. REVIEW OF LITERATURE

5.1 Aravapalli Krishna Thej: Class Actions under the Companies Act, 2013

Aravapalli Krishna Thej's *Class Actions under the Indian Companies Act 2013: A Critique* examines the benefits and uncertainties arising from Section 245. Thej recognizes that the provision represents a positive step towards investor protection but also identifies confusion concerning its operation and scope.[4]

The article is important because it considers both the promise and the limitations of the statutory remedy. A class action can reduce the need for multiple proceedings and allow affected shareholders to seek relief collectively. However, ambiguity in statutory language may undermine that objective if applicants cannot confidently determine the scope of the remedy.

The article was published in 2014, shortly after the Companies Act, 2013 introduced the provision. It could not assess later NCLT and NCLAT practice, including the 2026 *Jindal Poly Films* proceedings. This paper builds on Thej's concerns by examining how the statutory uncertainties arise in a later procedural context. The full article is cited at its published page range because a more granular pinpoint citation could not be independently verified from the accessible text.

5.2 Adit Vikramaditya Garg: Jurisdiction and Procedural Difficulties

Adit Vikramaditya Garg's *A Jurisdictional Analysis of Class Action Suits under Section 245 of the Companies Act, 2013* analyses the legal structure of Indian class actions and compares selected features with the approaches adopted in the United States and the United Kingdom. It discusses the background to Section 245, the role of the Tribunal, litigation costs, and opt-out

[4] Aravapalli Krishna Thej, *Class Actions under the Indian Companies Act 2013: A Critique*, 35 Bus. L. Rev. 177–80 (2014), https://doi.org/10.54648/bula2014029. The accessible bibliographic record confirms the article's full published page range, but the full text was not available for verification of a narrower pinpoint.

arrangements.[5]

Garg's analysis is relevant because it connects statutory design with practical enforcement. A remedy may exist in legislation yet remain difficult to use if its procedure is burdensome, or its legal boundaries are uncertain. The article also helps explain why collective litigation depends on more than the formal availability of compensation: claimants must be able to organize proceedings, satisfy eligibility requirements, and protect the interests of the class.

However, Garg's article predates the *Jindal Poly Films* proceedings. It cannot resolve the later debate about claims involving alleged corporate loss. This paper therefore uses the article as a foundation for identifying procedural concerns and then examines how those concerns appear in subsequent judicial developments.

5.3 Virali Nagda: Derivative Actions in Corporate Litigation

Virali Nagda's discussion of derivative actions explains the role of shareholder litigation where the company itself has suffered a wrong. A derivative action allows a shareholder, where the applicable legal principles permit, to pursue a claim belonging to the company when those controlling it fail to act. Any recovery for the corporate wrong ordinarily belongs to the company.[6]

This distinction is central to the present research. If directors allegedly cause the company to lose money through a wrongful transaction, the company may possess the primary right to seek recovery. Shareholders may experience a reduction in share value, but that consequence does not necessarily give each shareholder an independent right to recover the company's entire loss.

Nagda's commentary assists in explaining why derivative actions remain relevant alongside Section 245. However, it is supplementary legal commentary rather than a comprehensive empirical study of class-action proceedings. The present paper uses it to clarify the nature of corporate and personal claims, not as a substitute for statutory analysis or binding judicial authority.

[5] Garg, supra note 1, “Research Questions,” “Scope,” “Methodology,” and “Context of Enactment of S. 245.”
[6] Virali Nagda, *Derivative Action Suits in Corporate Litigation in India*, Centre for Business and Commercial Laws, National Law Institute University (Aug. 5, 2017), https://cbcl.nliu.ac.in/companylaw/derivative-action-suits-in-corporate-litigation-in-india/.

5.4 Harsh Tomar: Uncertainty in Derivative-Action Jurisprudence

Harsh Tomar's *Confused Jurisprudence on Derivative Actions in India* examines uncertainty surrounding derivative actions and their relationship with existing statutory remedies. [7]The discussion highlights the need for coherence in shareholder litigation. A clear legal framework should help claimants identify who owns the cause of action, who is entitled to bring proceedings, and who should receive any recovery.

Class actions and derivative actions may arise from similar facts, but they are not interchangeable. A class action under Section 245 is a statutory collective remedy for eligible members or depositors. A derivative action seeks to enforce a right belonging to the company. Treating one is automatically replacing the other risks, leaving certain corporate wrongs without a practical route to enforcement.

Tomar's analysis supports the argument that clearer guidance is needed. However, it is a legal research commentary and should not be treated as binding authority or as proof of a settled judicial position.

5.5 Dhiren Gupta: Double Derivative Actions and Corporate Groups

Dhiren Gupta's *Addressing Gaps in Indian Shareholder Litigation: The Imperative for Double Derivative Suits* considers the difficulties that may arise where corporate wrongs occur within a group of companies. [8]A double derivative action may involve a shareholder seeking to enforce a subsidiary's right through an intermediate company, where the relevant legal conditions are met.

The article highlights how corporate structures can complicate the identification of the proper claimant. In a group structure, the entity that suffered the loss may not be the entity whose shareholder seeks relief. This issue is relevant to the wider system of shareholder protection, although double derivative actions are not identical to Section 245 class actions.

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[7] Harsh Tomar, *Confused Jurisprudence on Derivative Actions in India*, Centre for Business and Commercial Laws, National Law Institute University, https://cbcl.nliu.ac.in/company-law/confusedjurisprudence-on-derivative-actions-in-india/

[8] Dhiren Gupta, *Addressing Gaps in Indian Shareholder Litigation: The Imperative for Double Derivative Suits*, Centre for Business and Commercial Laws, National Law Institute University (June 15, 2025), https://cbcl.nliu.ac.in/company-law/addressing-gaps-in-indian-shareholder-litigation-the-imperativefor-double-derivative-suits/.

The article is therefore useful in showing that Section 245 forms part of a broader framework of shareholder remedies rather than a complete substitute for all other forms of corporate litigation.

5.6 Research Gap and Contribution

The literature establishes that Section 245 is an important development in Indian company law but identifies concerns about statutory ambiguity, procedural barriers and the relationship between class actions and derivative actions. Much of the available commentary predates the recent *Jindal Poly Films* proceedings and cannot evaluate their implications.

This paper addresses the gap by bringing together three connected issues: the distinction between collective shareholder claims and corporate claims; the procedural requirements governing admission and representation; and the significance of the 2026 *Jindal Poly Films* proceedings, including the Supreme Court's subsequent order and the later recall application.

The paper does not claim that Section 245 has never been studied before. Its contribution is an updated and integrated analysis of how the statutory framework interacts with derivative claims and corporate accountability. It also distinguishes judicial reasoning from binding precedent, an important distinction given the subsequent setting aside of the NCLT and NCLAT orders in *Jindal Poly Films*.

VI. STATUTORY FRAMEWORK OF SECTION 245

Section 245 provides a mechanism through which eligible members or depositors may apply to the NCLT where they consider that the management or conduct of a company's affairs is prejudicial to the interests of the company, its members or depositors. The provision authorizes several forms of relief, subject to its conditions and the facts of the case.[9]

These remedies include restraining the company from acting beyond its constitutional documents, preventing breaches of the memorandum or articles, challenging certain resolutions obtained through suppression of material facts or misrepresentation, restraining unlawful conduct and seeking damages or compensation in the circumstances specified by the Act.

[9] Companies Act, No. 18 of 2013, § 245(1), (6) (India).

Section 245(1)(h) also permits an application for other relief that the Tribunal considers fitting.

The provision is significant because it recognizes that collective proceedings may be appropriate where corporate conduct affects a class of persons. It also identifies circumstances in which relief may be sought against directors, auditors, experts, advisers, consultants, or other persons. The precise availability of relief depends on the relevant statutory clause and the nature of the allegations.

Section 245 is not an unrestricted right to challenge every commercial decision. Applicants must satisfy the prescribed eligibility requirements, and the Tribunal must consider the statutory conditions for admission. These requirements seek to protect companies from proceedings brought for improper purposes or based on claims unsuitable for representative treatment.

The National Company Law Tribunal Rules, 2016 supplements the statutory framework. Rule 84 addresses the right to apply and prescribes eligibility thresholds. For a company with share capital, Rule 84(3) provides alternative numerical thresholds and shareholding thresholds, including the requirement that applicants in a listed company hold at least two per cent of its issued share capital where that route is relied upon. The applicable threshold must be checked against the current rule and the facts of the company.[10]

Rule 85 sets out considerations for conducting a class action. These include whether joining every affected person would be impractical, whether common questions of law or fact exist, whether the representatives' claims or defenses are typical, and whether the representatives can adequately protect the class. Rule 86 addresses the right to opt out, while Rule 87 governs publication of notice following admission.[11]

Together, these provisions attempt to balance collective redress with procedural fairness. Their effectiveness depends on whether the Tribunal applies to them consistently and provides clear reasons for its decisions.

[10] Companies Act, No. 18 of 2013, § 245(3) (India); National Company Law Tribunal Rules, 2016, r. 84(3)(i)–(ii). Rule 84(3) prescribes the applicable member and shareholding thresholds.

[11] National Company Law Tribunal Rules, 2016, rr. 85–87. Rule 85 addresses the conduct and admissibility considerations for class actions; Rule 86 governs opt-out; and Rule 87 governs publication of notice.

VII. DISTINGUISHING CLASS ACTIONS, DERIVATIVE ACTIONS AND OPPRESSION & MISMANAGEMENT PROCEEDINGS

7.1 Class Actions under Section 245

A class action is a representative proceeding brought for the benefit of a group affected by common corporate conduct. Its purpose is to provide collective relief where separate proceedings would be inefficient or impractical.

Section 245 may be relevant where eligible members or depositors are affected by the same alleged misrepresentation, unlawful transaction or other wrongful corporate conduct. The applicant must nevertheless satisfy the statutory requirements and demonstrate that collective proceedings are appropriate.

7.2 Derivative Actions

A derivative action seeks to enforce a right belonging to the company. Under traditional company law principles, the company is ordinarily the proper claimant for a wrong done to it. A shareholder may seek to pursue the corporate claim where the applicable legal principles permit, particularly when those controlling the company fail to act.

For example, if directors allegedly cause the company to lose money through a wrongful transaction, a derivative action may seek recovery for the company. The shareholder's reduced share value may be a consequence of the alleged corporate loss, but it does not automatically create a personal right to recover the entire amount.

Section 245 may overlap with such circumstances because its wording addresses conduct prejudicial to the company as well as to members and depositors. However, this does not mean that every derivative claim automatically qualifies as a class action. The identity of the claimant, the nature of the right, the statutory conditions, and the requested relief must be examined separately.

7.3 Oppression and Mismanagement

Sections 241–242 of the Companies Act, 2013 provide a separate mechanism for addressing oppression and mismanagement. These provisions permit eligible applicants to seek relief where the company's affairs are conducted in a manner meeting the statutory grounds for

intervention.

Such proceedings may concern unfair treatment of minority shareholders, misuse of corporate power, or conduct requiring regulation of the company's affairs. The available remedies can address the underlying governance problem.

Section 245, by contrast, provides a statutory route for class applications and the relief specified in that provision. Although factual circumstances may overlap, the requirements and remedies are not identical.

7.4 Why Distinction Matters

The three mechanisms address related but different problems. A personal shareholder claim concerns an individual's right. A derivative action seeks to enforce a corporate right. A class action provides collective redress for eligible members or depositors. Oppression-andmismanagement proceedings address conduct falling within Sections 241–242.

Confusing these remedies can lead to procedural disputes, duplicated litigation or recovery being directed at the wrong claimant. The analysis should therefore focus on the substance of the alleged wrong, the person or entity that suffered the legal injury, and the relief appropriate to that injury.

VIII. JUDICIAL DEVELOPMENTS: *The Jindal Poly Films Proceedings*

The *Jindal Poly Films'* proceedings are significant because they brought questions concerning the scope of Section 245 into focus. However, their procedural history must be accurately stated.

The dispute arose from a Section 245 petition concerning alleged transactions involving Jindal Poly Films and related entities. The applicants alleged that certain transactions had been undervalued or improperly conducted, causing substantial loss to the company and its minority shareholders. These were allegations in the proceedings, not findings that every alleged act of misconduct had been conclusively proved.[12]

[12] *Jindal Poly Films Ltd. v. Ankit Jain & Ors.*, Company Appeal (AT) No. 47 of 2026, at 2–4 (NCLAT Feb. 26, 2026), https://indiankanoon.org/doc/160191481/. The allegations described in the decision should not be treated as judicial findings that the alleged misconduct was proved.

On 5 February 2026, the NCLT rejected a maintainability challenge and directed the issuance of public notice in Section 245 proceedings. The company appealed to the NCLAT.

On 26 February 2026, the NCLAT dismissed the appeal in *Jindal Poly Films Ltd. v. Ankit Jain & Ors.* It considered arguments concerning the use of Section 245 for past transactions, the availability of compensation, and the relationship between class actions and derivative claims. The Tribunal interpreted the statutory language as capable of extending to conduct prejudicial to the company as well as to its members or depositors. It also reasoned that Section 245(1)(g) could permit relief against persons beyond the company itself in the circumstances specified by the provision.[13]

The NCLAT further considered the eligibility threshold and the statutory admission factors, including good faith and whether the cause of action could be pursued by a member. It declined to interfere with the NCLT's order at that stage. [14] Its reasoning was significant because it addressed the possible relationship between corporate loss and collective shareholder protection.

However, the subsequent Supreme Court order materially changed the position. On 8 June 2026, *Jindal Poly Films Ltd. v. Monet Securities Pvt. Ltd. & Ors.*, the Supreme Court recorded the parties' consent to refer the dispute to arbitration. It appointed a sole arbitrator, fixed Delhi as the seat of arbitration and set aside the NCLT order dated 5 February 2026 and the NCLAT order dated 26 February 2026, both of which concerned maintainability. The Court expressly left all contentions open. [15]

The Supreme Court did not affirm the NCLAT's interpretation of Section 245 on the merits. The NCLAT's order must therefore not be presented as a subsisting binding determination of the questions it addressed.

The procedural history did not end there. Subsequent reporting states that minority shareholders sought recall of the Supreme Court's 8 June order, arguing that the statutory class-action character of the proceedings and the interests of the wider class had not been adequately

[13] *Id.* at 16–21 (discussing the scope of Section 245, alleged past transactions and the possibility of relief against persons other than the company).
[14] *Id.* at 22–28 (considering the statutory requirements, Rule 84, Rule 85 and the NCLT's treatment of the admission factors).
[15] *Jindal Poly Films Ltd. v. Monet Securities Pvt. Ltd. & Ors.*, Civil Appeal Diary No. 25829 of 2026, ¶¶ 5–8 (Sup. Ct. India June 8, 2026), https://indiankanoon.org/doc/194075996/.

considered. On 22 August 2026, the Supreme Court reportedly reserved its order on that miscellaneous application. [16]The latest published material located for this paper does not establish that a final order on the recall application has since been delivered. The position should be checked against the Supreme Court's official case record immediately before submission.

The significance of these developments lies in the questions they expose, rather than in treating the NCLAT reasoning as settled precedent. They demonstrate the need for clearer guidance on whether and when Section 245 may address past transactions, alleged corporate loss and claims affecting a wider class. They also raise a broader procedural question: how should the interests of a class be protected when the underlying dispute is referred to as arbitration by consent of the parties before the court?

IX. CHALLENGES IN EFFECTIVE USE OF SECTION 245

9.1 Uncertainty in the Scope of the Remedy

Section 245 provides several forms of relief, but disagreements may arise over its application to transactions, the availability of compensation and the relationship between class actions and other statutory remedies. These disputes can increase costs before substantive allegations are examined.

Clearer judicial guidance would help parties assess whether a claim falls within Section 245 and reduce avoidable disputes over maintainability.

9.2 Procedural and Financial Barriers

Collective litigation requires legal assistance, access to documents, and the ability to sustain proceedings. Even where shareholders share a common grievance, the expense and complexity of litigation may discourage them from applying to the Tribunal.

This concern is particularly relevant to minority shareholders who lack the resources or

[16] *Supreme Court Reserves Order on Minority Shareholders' Recall Application in Jindal Poly Films Matter*, LawBhoomi (Aug. 22, 2026), https://lawbhoomi.com/supreme-court-reserves-order-on-minorityshareholders-recall-application-in-jindal-poly-films-matter/; *LiveLawBiz Company Law Quarterly Digest: July–September 2026*, LiveLawBiz (Oct. 2026)

influence available to control shareholders. A remedy that is difficult to use may provide formal recognition without effective protection.

9.3 Representative Adequacy and Conflicts of Interest

Class actions depend on representatives who can protect the interests of the wider class. Yet shareholders may have different financial interests, investment objectives, or views about settlement. A representative applicant may also have personal interests that differ from those of other class members.

The Tribunal must therefore examine representative adequacy and possible conflicts. Such scrutiny should protect absent class members without creating unnecessary barriers to genuine claims.

9.4 Corporate Loss and Personal Loss

A central challenge is determining who suffered the legally relevant injury. If the company loses assets through an allegedly wrongful transaction, the company may be entitled to recover those assets or obtain compensation. Shareholders may also experience a reduction in the value of their investments, but that does not automatically establish an independent entitlement to recover the company's entire loss.

The legal analysis should identify the claimant; the right being enforced, and the appropriate recipient of any recovery. This is necessary to avoid double recovery and to ensure that the remedy addresses the actual legal injury.

9.5 Relationship with Other Corporate Remedies

Section 245 exists alongside Sections 241–242 and other remedies. Overlap may lead to disputes about the appropriate forum, the availability of alternative proceedings, and the possibility of inconsistent decisions.

The availability of another remedy should not automatically determine the outcome of a Section 245 application. The Tribunal should consider whether the alternative mechanism adequately addresses the alleged harm, whether the proceedings protect the same interests, and whether separate proceedings would create duplication.

9.6 Risk of Abusive Litigation

Class actions can affect a company's reputation, commercial relationships, and share prices. Weak or strategically motivated applications may impose costs on the company and its shareholders. The statutory requirements concerning good faith and representative adequacy are therefore important.

However, safeguards should not become barriers that prevent legitimate allegations from being examined. The objective should be proportionate to scrutiny based on the evidence and statutory criteria, rather than a presumption either in favor of every application or against collective litigation.

X. RECOMMENDATIONS AND REFORMS

First, clearer judicial guidance should be developed on the distinction between class actions and derivative actions. Relevant considerations should include who suffered the primary legal injury, who owns the cause of action, who should receive any recovery, and whether the claim raises common issues affecting a class.

Second, the admission process under Section 245 should be more predictable. The NCLT should give reasoned findings on eligibility, good faith, representative adequacy, and the suitability of collective proceedings. This would help applicants understand the legal standards and enable companies to respond to claims on a clear basis.

Third, procedural guidance should address notification, the management of overlapping applications, conflicts of interest, and the approval of settlements. The Tribunal should ensure that absent class members have a fair opportunity to understand the proceeding and protect their interests.

Fourth, access to justice should be improved through proportionate case management and transparent decisions concerning costs. The purpose is not to remove safeguards against abusive litigation, but to prevent procedural complexity from making legitimate claims impractical.

Fifth, the law should provide clearer coordination between Section 245, Sections 241–242, and derivative claims. Where remedies overlap, the Tribunal should explain why a particular

proceeding is appropriate and how the chosen remedy avoids duplication or inconsistent outcomes.

Sixth, corporate transparency should be strengthened. Timely disclosure of material transactions, related-party dealings, and relevant financial information can help shareholders identify possible wrongdoings and make informed decisions. Strong disclosure practices may also reduce disputes by allowing concerns to be addressed before they develop into extensive litigation.

Finally, future decisions should develop a consistent body of law concerning the scope of Section 245. The *Jindal Poly Films'* proceedings show why such guidance is needed, but the NCLT and NCLAT orders were set aside by the Supreme Court in its consensual referral to arbitration. The pending recall application further underlines the importance of considering the interests of the wider class in representative proceedings.

XI. FINDINGS AND DISCUSSION

The analysis supports the hypothesis that Section 245 provides an important foundation for collective shareholder protection but faces interpretive and practical limitations.

First, the provision offers a collective mechanism that may reduce the need for numerous separate proceedings and allow eligible shareholders or depositors to pursue common grievances. Its value lies in providing a remedy where individual litigation may be inefficient or inadequate.

Second, the effectiveness of the remedy depends on distinguishing corporate and personal claims. Derivative actions remain relevant where the company itself has suffered a wrong, while class actions address collective claims that satisfy Section 245. Oppression-andmismanagement proceedings serve as a related but distinct function.

Third, procedural safeguards are necessary but must be applied consistently. Requirements concerning good faith, representative adequacy and the availability of individual remedies protect companies and class members from abuse. However, uncertainty in their application can increase litigation costs and discourage legitimate claims.

Fourth, the academic literature identifies longstanding concerns about the operation of Section

245 and the wider system of shareholder remedies. The *Jindal Poly Films* proceedings illustrate the continuing importance of these questions. However, because the Supreme Court set aside the NCLT and NCLAT orders and referred the dispute to arbitration by consent, the NCLAT's reasoning cannot be treated as a binding resolution of the legal issues raised. The reported reservation of the recall application order means that the procedural position requires a final docket check.

The findings indicate that statutory recognition alone is insufficient. Effective shareholder protection requires clear standards, fair procedures, access to information, and appropriate coordination between available remedies.

XI. CONCLUSION

Section 245 of the Companies Act, 2013 represents an important development in Indian corporate law because it recognizes the need for collective remedies where company members or depositors are affected by common corporate conduct. It provides a statutory basis for eligible applicants to seek appropriate relief before the NCLT and may strengthen accountability by making certain forms of collective litigation possible.

Its effectiveness, however, depends on how it operates alongside derivative actions and proceedings under Sections 241–242. The law must identify the nature of the right involved, distinguish corporate loss from personal loss, and ensure that compensation reaches the appropriate claimant. It must also balance access to justice with safeguards against abusive or strategically motivated proceedings.

The literature reviewed in this paper demonstrates that concerns about statutory ambiguity and procedural effectiveness have existed since the introduction of Section 245. The *Jindal Poly Films* proceedings brought several of these questions into focus. Yet the Supreme Court's 8 June 2026 order set aside the relevant NCLT and NCLAT orders by consent and referred to the dispute to arbitration, leaving all contentions open. A later recall application by minority shareholders was reported to have had its order reserved on 22 August 2026, and its final status must be verified before this paper is submitted.

India should develop clearer judicial standards for admission, representative adequacy, compensation and the coordination of shareholder remedies. It should also improve procedural

accessibility and corporate transparency. These reforms would help make class actions a more reliable part of the corporate accountability framework.

Ultimately, the success of Section 245 should not be measured merely by the presence of class action provisions in the statute. It should be measured by whether eligible shareholders and depositors can use the remedy fairly, efficiently, and effectively to address genuine corporate misconduct while protecting the legitimate interests of companies and other stakeholders.

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