
THE ROLE OF THE NATIONAL COMPANY LAW TRIBUNAL (NCLT) AND NATIONAL COMPANY LAW APPELLATE TRIBUNAL (NCLAT) IN STRENGTHENING CORPORATE GOVERNANCE AND JUDICIAL OVERVIEW BY SUPREME COURT AND HIGH COURTS

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INTRODUCTION

Corporate governance refers to the system of rules, principles, processes, and institutional mechanisms through which a company is directed, managed, and controlled. Corporate Governance is the system by which companies are directed and controlled.¹ According to Bhagat & Bolton, “Corporate Governance is the set of laws, procedures and processes that guide and manage a company.”² It seeks to ensure transparency, accountability, fairness, responsibility, and ethical conduct in corporate affairs while balancing the interests of shareholders, creditors, employees, consumers, and other stakeholders.

Corporate governance is closely linked with effective corporate dispute resolution. Traditionally, disputes relating to companies—including oppression and mismanagement, mergers and amalgamations, winding up, and shareholder conflicts—were adjudicated by civil courts and various judicial forums. This fragmented system often resulted in procedural delays, inconsistent decisions, multiplicity of proceedings, and prolonged litigation, adversely affecting investor confidence and corporate efficiency.

To address these challenges, the Companies Act, 2013³ established the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) as specialised quasi-judicial bodies.⁴ The NCLT functions as the primary forum for adjudicating company

¹ Cadbury, S. A. (1992). Report of the Committee on the Financial Aspects of Corporate Governance, London: Gee Ltd. (Professional Publishing Ltd.).

² Bhagat, S., & Bolton, B, “Corporate Governance and Firm Performance: The Sequel.”, 58, Journal of Corporate Finance, 142, 142-168 (2019).

³ The Companies Act, 2013 (India).

⁴ Ananya Mathew, Powers of NCLT and NCLAT, 3(5), IJLSI, 74, 75 (2021).

law disputes, while the NCLAT hears appeals against the decisions of the NCLT and certain regulatory authorities. The constitutional validity, powers, and functioning of these tribunals have been examined and refined through several landmark decisions of the Supreme Court and High Courts, thereby strengthening India's corporate governance framework and contributing to a more effective corporate justice delivery system.

ORIGIN AND EVOLUTION OF THE NATIONAL COMPANY LAW TRIBUNAL (NCLT) AND NATIONAL COMPANY LAW APPELLATE TRIBUNAL (NCLAT)

Before the establishment of the NCLT and NCLAT, corporate disputes in India were decided by multiple authorities, leading to overlapping jurisdiction, conflicting decisions, and procedural delays. High Courts exercised jurisdiction over winding up, mergers, amalgamations, reduction of share capital, and schemes of arrangement under the Companies Act, 1956. The Company Law Board (CLB) dealt with oppression and mismanagement, rectification of the register of members, and other company law disputes. The Board for Industrial and Financial Reconstruction (BIFR), constituted under the Sick Industrial Companies (Special Provisions) Act, 1985,⁵ handled the revival of sick industrial companies, while appeals from BIFR lay before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

Recognising these inefficiencies, the Justice V. Balakrishna Eradi Committee (1999) recommended the establishment of a specialised tribunal to consolidate the jurisdiction of the High Courts, CLB, BIFR, and AAIFR.⁶ The Committee observed that corporate litigation was time-consuming, High Courts were overburdened, and specialised commercial disputes required adjudication by experts in law, finance, accounting, and management. It recommended the creation of the National Company Law Tribunal (NCLT) with an appellate body, the National Company Law Appellate Tribunal (NCLAT), to ensure speedy and expert resolution of corporate disputes.

Acting on these recommendations, Parliament enacted the Companies (Second Amendment) Act, 2002, proposing the abolition of the CLB, transfer of company jurisdiction from the High Courts, dissolution of the BIFR and AAIFR, and establishment of the NCLT and NCLAT with Judicial and Technical Members. However, implementation was delayed due to constitutional

⁵ The Sick Industrial Companies (Special Provisions) Act, 1985, § 4 (India).

⁶ Ananya Mathew, Powers of NCLT and NCLAT, 3(5), IJLSI, 74, 74 (2021).

challenges.

The constitutional basis for specialised tribunals lies in the policy of tribunalisation introduced through the 42nd Constitutional Amendment, 1976, which inserted Articles 323A⁷ and 323B⁸ into the Constitution. Although company law is not specifically included under Article 323B, Parliament derived its legislative competence from the Union List and enacted the provisions under the Companies Act, 2013, empowering the Central Government to constitute the NCLT under Section 408 and the NCLAT under Section 410.⁹

The constitutional validity of these tribunals was upheld in *Union of India v. R. Gandhi, President, Madras Bar Association*,¹⁰ where the Supreme Court held that Parliament could transfer the company jurisdiction of the High Courts to specialised tribunals, provided that judicial independence was preserved through appropriate qualifications, appointments, tenure, and service conditions of members.

In *Madras Bar Association v. Union of India*,¹¹ the Supreme Court upheld the tribunal framework under the Companies Act, 2013 but directed modifications to the appointment process, eligibility criteria, tenure, and service conditions to ensure institutional independence.

In *Madras Bar Association v. Union of India*,¹² concerning the Tribunal Reforms (Rationalisation and Conditions of Service) Ordinance, 2020,¹³ the Supreme Court once again examined the independence of tribunals. The Court held that Judicial independence is a basic feature of the Constitution, short tenure of tribunal members adversely affects independence and the executive cannot exercise excessive control over appointments and service conditions. Recommendations made by the Search-cum-Selection Committee should ordinarily be respected. Tribunals perform essential judicial functions and therefore require institutional autonomy.

The NCLT eventually became operational on 1 June 2016. The NCLAT was simultaneously constituted as the appellate forum, thereby completing the transition to a unified corporate

⁷ India Const. art. 323A.

⁸ India Const. art. 323B.

⁹ The Companies Act, 2013 § 408 & 410 (India).

¹⁰ *Union of India v R. Gandhi, President, Madras Bar Association*, (2010) 11 SCC 1.

¹¹ *Madras Bar Association v Union of India*, (2015) 8 SCC 583.

¹² *Madras Bar Association v. Union of India*, AIR ONLINE 2020 SC 917.

¹³ The Tribunal Reforms (Rationalisation and Conditions of Service) Ordinance, 2020 (April 4, 2021).

adjudicatory system.

COMPOSITION OF NCLT AND NCLAT

Chapter XXVII of the Companies Act, 2013, comprising Sections 407 to 434, lays down the complete statutory framework governing the constitution, composition, qualifications, appointment, jurisdiction, powers, procedure, appellate mechanism, and administration of the NCLT and NCLAT. These provisions establish the institutional architecture of the tribunal system and define its relationship with the ordinary civil courts and constitutional courts.

The formal establishment of the Tribunal is provided under Section 408.¹⁴ It consists of a President and two types of members: judicial and technical. The provision further authorises the establishment of a Principal Bench and such additional or regional benches as may be required.¹⁵

Under Section 409¹⁶, the President must be a Judge of a High Court for five years,¹⁷ a judicial member must be a Judge of a High Court, a District Judge for at least five years, or an advocate of a court for at least ten years.¹⁸ Technical members must have at least, experience in the Indian Corporate Law Service or Indian Legal Service of 15 years, hold the rank of secretary or additional secretary to the Government of India, be a Chartered Accountant, Cost Accountant, or Company Secretary for at least fifteen years, have proven ability, integrity, and standing in law, industrial financial, industrial management or administration, industrial reconstruction, investment, and accounting, or have been a presiding officer of a labour court.¹⁹

A similar institutional structure is prescribed for the National Company Law Appellate Tribunal under Sections 410 and 411.²⁰ Section 410²¹ provides for the constitution of the NCLAT as the appellate authority against orders passed by the NCLT and National Financial Reporting Authority (NERA).²² The tribunal has a chairperson and two types of members: judicial and technical. The qualifications of the chairman and members, as included in Section

¹⁴ The Companies Act, 2013 § 408 (India).

¹⁵ The Companies Act, 2013 § 419(1) (India).

¹⁶ The Companies Act, 2013 § 409 (India).

¹⁷ The Companies Act, 2013 § 409(1) (India).

¹⁸ The Companies Act, 2013 § 409(2) (India).

¹⁹ The Companies Act, 2013 § 409(3) (India).

²⁰ Ankita Debata, Understanding the Dynamics: A Comprehensive Study on NCLT and NCLAT, 5(3), IJRPR, 6472, 6473 (2024).

²¹ The Companies Act, 2013 § 410 (India).

²² Substituted by Act 1 of 2018, S.83. for “Order of the Tribunal” (w.e.f. 7-5-2018).

411,²³ is being a judge of a Supreme Court or Chief Justice of a High Court,²⁴ being a High court judge or member of the NCLT for five years as judicial member,²⁵ and having special knowledge and experience of at least twenty-five years in law, industrial finance, industrial management, industrial reconstruction, investment and accounting, labor matters, or other disciplines related to management, conduct of affairs, revival, rehabilitation, and winding up of companies.²⁶

Section 416²⁷ prescribes the procedure governing resignation. The President or member of a company can resign by giving a notice to the Central Government or until a successor is appointed. Section 417²⁸ provides that Members may be removed only on specified grounds such as insolvency, conviction involving moral turpitude, physical or mental incapacity, acquisition of financial interests likely to affect impartiality, abuse of position, or proved misbehaviour.²⁹

Under sections 418-A and 419,³⁰ the Tribunal ordinarily functions through benches comprising one Judicial Member and one Technical Member, thereby ensuring that every dispute is examined from both legal and commercial perspectives. This dual-member composition reflects the legislative philosophy underlying the tribunal system—that effective corporate adjudication requires an interdisciplinary approach integrating legal analysis with technical expertise. Administrative support through dedicated officers and staff further enhances the efficiency of the institution and facilitates timely disposal of cases.

Section 422³¹ mandates that every application or appeal before the Tribunal and the Appellate Tribunal shall be disposed of as expeditiously as possible and, as far as practicable, within three months from the date of presentation. Where disposal within the prescribed period is not possible, the Tribunal is required to record reasons for such delay and fix a further period for disposal.

²³ The Companies Act, 2013 § 411 (India).

²⁴ The Companies Act, 2013 § 411(1) (India).

²⁵ The Companies Act, 2013 § 411(2) (India).

²⁶ The Companies Act, 2013 § 411(3) (India).

²⁷ The Companies Act, 2013 § 416 (India).

²⁸ The Companies Act, 2013 § 417 (India).

²⁹ Ankita Debata, Understanding the Dynamics: A Comprehensive Study on NCLT and NCLAT, 5(3), IJRPR, 6472, 6473 (2024).

³⁰ The Companies Act, 2013 § 418-A & 419 (India).

³¹ The Companies Act, 2013 § 422 (India).

The Supreme Court in *Arcelor Mittal India Pvt. Ltd. v. Satish Kumar Gupta*³² emphasized the importance of adhering to statutory timelines to preserve the value of assets and ensure effective resolution.

One of the most significant procedural provisions is Section 424, which expressly provides that the NCLT and NCLAT shall not be bound by the provisions of the Code of Civil Procedure, 1908, but shall instead be guided by the principles of natural justice.³³ Simultaneously, the provision vests the Tribunals with the powers of a civil court in respect of summoning and enforcing the attendance of witnesses, examining witnesses on oath, compelling discovery and production of documents, receiving evidence on affidavits, issuing commissions for examination of witnesses or documents, dismissing applications for default, setting aside ex parte orders, reviewing decisions, and exercising other powers prescribed under the Companies Act.³⁴

Perhaps the most important jurisdictional safeguard is contained in Section 430,³⁵ which expressly bars the jurisdiction of civil courts in matters falling within the powers of the NCLT or NCLAT. Section 434³⁶ provides for transfer of all pending company proceedings from the Company Law Board, High Courts, BIFR, and AAIFR to the NCLT and NCLAT, thereby completing the transition to a unified corporate adjudicatory system.

ORIGINAL JURISDICTION AND POWERS OF THE NATIONAL COMPANY LAW TRIBUNAL

The NCLT exercises exclusive original jurisdiction over numerous matters assigned by the Companies Act, 2013 and other corporate legislations. The Tribunal is not merely a forum for adjudicating disputes but also performs supervisory, regulatory, equitable, and administrative functions central to corporate governance.

The procedural powers of the Tribunal commence with Section 420,³⁷ which authorises the NCLT to pass such orders as it thinks fit after giving every party a reasonable opportunity of

³² *Arcelor Mittal India Pvt. Ltd. v. Satish Kumar Gupta*, (2019) 2 SCC 1.

³³ The Companies Act, 2013 § 424(1) (India).

³⁴ The Companies Act, 2013 § 424(2) (India).

³⁵ The Companies Act, 2013 § 430 (India).

³⁶ The Companies Act, 2013 § 434 (India).

³⁷ The Companies Act, 2013 § 420 (India).

being heard.³⁸ Further empowers the Tribunal to rectify any mistake apparent from the record within two years from the date of the order.³⁹ Such rectification may be undertaken either suo motu or on an application made by the parties.

Under Section 59,⁴⁰ the Tribunal is empowered to order rectification of the register of members where shares have been transferred, transmitted, or entered in contravention of law. This provision protects shareholders' proprietary rights and ensures the accuracy of corporate records.

The Tribunal sanctions reduction of share capital under Section 66⁴¹ after satisfying itself that creditors have either consented or their interests have been adequately secured. Judicial approval prevents abuse of capital restructuring and protects creditors against arbitrary reduction of the company's financial base. The Tribunal exercises jurisdiction under Sections 97 and 98⁴² to convene annual general meetings or extraordinary general meetings where a company has failed to hold such meetings in accordance with the Act. These provisions protect shareholders' participatory rights and ensure democratic corporate governance.

One of the most important powers of the Tribunal arises under Sections 130 and 131,⁴³ relating to reopening and voluntary revision of financial statements. The Tribunal may order reopening of books of account where accounts have been prepared fraudulently or where the affairs of the company have been mismanaged. The importance of these provisions became evident in the aftermath of the Satyam Computer Services accounting fraud (2009), one of India's largest corporate governance scandals, in which the Chairman, B. Ramalinga Raju, admitted to falsifying the company's accounts by inflating profits and assets for several years. Although the fraud occurred prior to the Companies Act, 2013, it exposed significant weaknesses in the existing corporate regulatory framework and highlighted the necessity for stronger judicial supervision over financial reporting.

The Tribunal also exercises extensive powers under Section 213⁴⁴ to order investigation into the affairs of a company whenever circumstances suggest fraud, misfeasance, persistent

³⁸ The Companies Act, 2013 § 420(1) (India).

³⁹ The Companies Act, 2013 § 420(2) (India).

⁴⁰ The Companies Act, 2013 § 59 (India).

⁴¹ The Companies Act, 2013 § 66 (India).

⁴² The Companies Act, 2013 § 97 & 98 (India).

⁴³ The Companies Act, 2013 § 130 & 131 (India).

⁴⁴ The Companies Act, 2013 § 213 (India).

negligence, or misconduct by persons involved in the management of the company. Complementing this power, Section 221⁴⁵ authorises the Tribunal to freeze the assets of the company during the pendency of investigation in order to prevent diversion of assets and protect the interests of creditors and shareholders.

Among the most significant jurisdictions of the Tribunal are Sections 230 to 240,⁴⁶ dealing with compromises, arrangements, mergers, amalgamations, demergers, acquisitions, and corporate reconstruction. No scheme of arrangement becomes effective unless sanctioned by the Tribunal after examining whether statutory procedures have been complied with and whether the scheme is fair, reasonable, and in the interests of shareholders, creditors, employees, and public policy.

Similarly, the Tribunal's jurisdiction in matters concerning oppression and mismanagement under Sections 241–242⁴⁷ was authoritatively interpreted by the Supreme Court in *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*⁴⁸ (commonly referred to as the *Tata–Mistry Case*). The dispute arose following the removal of Cyrus Mistry as Executive Chairman of Tata Sons, who alleged oppression of minority shareholders and mismanagement by the majority shareholders. The principal issue before the Court was whether the actions of the majority amounted to oppression and whether the NCLAT was justified in reinstating Cyrus Mistry as Executive Chairman. The Supreme Court reversed the decision of the NCLAT and held that mere loss of confidence or differences in corporate management do not constitute oppression under Sections 241 and 242. The Court observed that judicial intervention is warranted only where the conduct is burdensome, harsh, wrongful, or prejudicial to the interests of the company or minority shareholders. The judgment reaffirmed that while the NCLT possesses wide equitable powers to grant relief, such powers must be exercised strictly within the statutory framework and cannot substitute judicial opinion for legitimate commercial decisions of the company's majority.

The Tribunal's supervisory jurisdiction over corporate restructuring has also been recognised in *Reliance Natural Resources Ltd. v. Reliance Industries Ltd.*,⁴⁹ where the Supreme Court emphasised that schemes sanctioned under company law must be interpreted in accordance

⁴⁵ The Companies Act, 2013 § 221 (India).

⁴⁶ The Companies Act, 2013 § 230-240 (India).

⁴⁷ The Companies Act, 2013 § 241-242 (India).

⁴⁸ *Tata Consultancy Services Ltd v Cyrus Investments Pvt Ltd* (2021) 9 SCC 449.

⁴⁹ *Reliance Natural Resources Ltd v Reliance Industries Ltd* (2010) 7 SCC 1.

with their statutory framework and cannot override contractual obligations unless expressly authorised by law. The decision reinforces the principle that the Tribunal must carefully scrutinise restructuring schemes to ensure fairness, legality, and protection of stakeholder interests before granting approval.

An important innovation introduced by the Companies Act, 2013 is the class action remedy under Section 245,⁵⁰ whereby members and depositors may collectively approach the Tribunal against acts prejudicial to their interests. In the case of *Shanta Prasad Chakravarty & Ors. v. M/s.*

*Bochapathar Tea Estate Private Limited & Ors.*⁵¹, held that while a petition under sections 241, 242, and 244 of the Act can only be filed against the corporation, board of directors, shareholders, or representatives, a petition under section 245 can be filed against the statutory auditors and/or advisors as well. Since the idea of a "class action" originated in American law, it might be useful to look at the process outlined in their rules, that is, Rule 23 of the Federal Rules of Civil Procedure ("FRCP"),⁵² which governs class actions, outlines a process that includes:

- (a) A plaintiff filing a complaint on behalf of a putative (or proposed) class,
- (b) The court certifying the class,
- (c) The appointment of class representatives and class counsel to represent the class, and (d) Public notice to all members of the class, with an option to opt-out.

The Tribunal further exercises jurisdiction under Section 252⁵³ to restore the name of a company struck off by the Registrar of Companies where such restoration is considered just and equitable. After observing a land development agreement that suggested significant business operation, the NCLT, Ahmedabad allowed the application for name restoration in *Vasudev Hembhai Dabhi v. Registrar of Co.*⁵⁴. The Company was registered to conduct real estate business, according to NCLT, and it had agreed to purchase some lands for labd

⁵⁰ The Companies Act, 2013 § 245 (India).

⁵¹ *Shanta Prasad Chakravarty & Ors. v. M/s. Bochapathar Tea Estate Private Limited & Ors.*, 2017 SCC OnLine 335.

⁵² Fed. R. Civ. P. 23.

⁵³ The Companies Act, 2013 § 252 (India).

⁵⁴ *Vasudev Hembhai Dabhi v. Registrar of Co.* (2017) 205 Comp Cas 435, decided On 10-11-2017 (NCLT Ahmedabad).

construction. The NCLT examined Section 252(3) of the Act and as a result, the NCLT granted the name restoration request.

It also possesses jurisdiction over winding up under Sections 271 to 303,⁵⁵ including appointment of Company Liquidators, supervision of liquidation proceedings, dissolution of companies, and distribution of assets.

Apart from the Companies Act, the NCLT functions as the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016,⁵⁶ exercising jurisdiction over Corporate Insolvency Resolution Process (CIRP), liquidation, voluntary liquidation, avoidance transactions, and insolvency proceedings relating to personal guarantors of corporate debtors.

APPELLATE JURISDICTION AND POWERS OF THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL

The appellate structure is established by Section 421,⁵⁷ which provides that any person aggrieved by an order of the NCLT may prefer an appeal before the National Company Law Appellate Tribunal within forty-five days from the date on which the order is made available.⁵⁸ The Appellate Tribunal may condone delay if sufficient cause is shown. However, no appeal lies against an order passed by the Tribunal with the consent of the parties.⁵⁹

The Supreme Court has held in *Bengal Chemists & Druggists Association v. Kalyan Chowdhury*,⁶⁰ that a cursory reading of Section 421(3) and its proviso makes it clear that the Act provides a period of limitation different from that provided by the Limitation Act.

Apart from exercising appellate jurisdiction under the Companies Act, the NCLAT hears appeals under the Insolvency and Bankruptcy Code, 2016⁶¹ and other special enactments assigning jurisdiction to it. While deciding appeals, it possesses incidental powers to grant interim relief, stay the operation of impugned orders, issue consequential directions, and mould relief in the interests of justice.

⁵⁵ The Companies Act, 2013 § 271-303 (India).

⁵⁶ The Insolvency and Bankruptcy Code, 2016 § 60 (India).

⁵⁷ The Companies Act, 2013 § 421(1) (India).

⁵⁸ The Companies Act, 2013 § 421(3) (India).

⁵⁹ The Companies Act, 2013 § 421(2) (India).

⁶⁰ *Bengal Chemists & Druggists Association v. Kalyan Chowdhury*, (2018) 3 SCC 41.

⁶¹ The Insolvency and Bankruptcy Code, 2016 § 61 (India).

Part XIV of the Finance Act of 2017 went into effect on May 26, 2017. The Act effectively merges many tribunals into one. The Competition Commission of India was added to Section 410 of the Companies Act⁶² by Section 172 of the Finance Act. Similarly, Section 53A of the Competition Act of 2002⁶³ was amended to make NCLAT the competition appeal authority. According to Section 410, all complaints from the NCLT and the CCI's rulings, recommendations, and instructions will also be heard by the NCLAT, which will obey the protocols outlined in the Competition Act of 2002. The COMPAT has now been taken over by the NCLAT (Competition Appellate Tribunal).

JUDICIAL OVERVIEW BY SUPREME COURT AND HIGH COURTS

The National Company Law Appellate Tribunal (NCLAT) functions as the final specialised appellate forum under the Companies Act, 2013. However, to ensure constitutional supervision and judicial consistency, Section 423⁶⁴ provides a further appeal to the Supreme Court of India against any order of the NCLAT, but only on a question of law arising from such order. The appeal must be filed within sixty days from the date of communication of the order, with the Supreme Court having the discretion to condone a further delay of up to sixty days upon sufficient cause being shown.

In *Innoventive Industries Ltd. v. ICICI Bank Ltd.*,⁶⁵ ICICI Bank initiated insolvency proceedings against Innoventive Industries for default in repayment of debt. The company argued that a State law protected it from insolvency proceedings. The Supreme Court upheld the NCLT's admission of the application and held that the IBC overrides inconsistent State laws. The Court clarified that the existence of a default is the primary criterion for initiating the Corporate Insolvency Resolution Process (CIRP), thereby establishing the creditor-centric approach of the IBC.

The constitutional validity of various provisions of the IBC and the jurisdiction of the NCLT and NCLAT were challenged in *Swiss Ribbons Pvt. Ltd. v. Union of India*.⁶⁶ The Supreme Court upheld the validity of the IBC and recognised the NCLT and NCLAT as specialised forums for insolvency adjudication. The Court observed that the primary objective of the IBC

⁶² The Companies Act, 2013 § 410 (India).

⁶³ The Competition Act, 2002 § 53A (India).

⁶⁴ The Companies Act, 2013 § 423 (India).

⁶⁵ *Innoventive Industries Ltd. v. ICICI Bank Ltd.* (2017) 1 SCC 407.

⁶⁶ *Swiss Ribbons Pvt. Ltd. v. Union of India* (2019) 4 SCC 17.

is the revival of the corporate debtor rather than liquidation, thereby strengthening corporate governance and stakeholder protection.

In *Vidarbha Industries Power Ltd. v. Axis Bank Ltd.*,⁶⁷ Axis Bank sought initiation of CIRP against Vidarbha Industries for default in repayment. The Supreme Court held that under Section 7(5)(a) of the IBC, the NCLT possesses discretion and is not bound to admit every application merely upon proof of default. The Tribunal may consider surrounding circumstances before admitting insolvency proceedings.

In *Tata Consultancy Services Ltd. v. Vishal Ghisulal Jain*,⁶⁸ the Resolution Professional challenged the termination of a contract by TCS during the insolvency process. The Supreme Court held that the NCLT cannot ordinarily interfere in private contractual disputes unless such termination directly affects the insolvency resolution process. The judgment reaffirmed that the NCLT's jurisdiction is statutory and limited, and it cannot act as a general commercial court.

Apart from the statutory appellate jurisdiction of the Supreme Court, the High Courts continue to exercise their constitutional powers of judicial review under Articles 226 and 227 of the Constitution of India.⁶⁹ Although Section 430 bars the jurisdiction of civil courts in matters falling within the competence of the NCLT and NCLAT, it does not exclude the constitutional jurisdiction of the High Courts or the Supreme Court.⁷⁰ Consequently, High Courts may interfere in exceptional circumstances involving lack of jurisdiction, violation of principles of natural justice, procedural irregularity, or infringement of fundamental rights. However, the judiciary has consistently held that where an effective statutory remedy before the NCLAT or the Supreme Court is available, High Courts should ordinarily refrain from exercising their writ jurisdiction.

In *Embassy Property Developments Pvt. Ltd. v. State of Karnataka*,⁷¹ the issue was whether the NCLT could adjudicate disputes involving the State Government's refusal to renew a mining lease. The Supreme Court held that the NCLT's jurisdiction is limited to matters arising under the Companies Act and IBC and does not extend to public law or sovereign functions of

⁶⁷ *Vidarbha Industries Power Ltd. v. Axis Bank Ltd.* (2022) 8 SCC 352.

⁶⁸ *Tata Consultancy Services Ltd. v. Vishal Ghisulal Jain* (2021) 4 SCC 761.

⁶⁹ India Const. art. 226 & 227.

⁷⁰ The Companies Act, 2013 § 430 (India).

⁷¹ *Embassy Property Developments Pvt. Ltd. v. State of Karnataka* (2019) 17 SCC 653.

the State.

Such matters remain subject to the writ jurisdiction of High Courts under Articles 226 and 227.

COMPARATIVE APPROACH: NCLT AND NCLAT IN INDIA, THE UNITED KINGDOM, AND THE UNITED STATES

India's specialised tribunal system under the Companies Act, 2013 closely resembles international practices but possesses distinct structural features. Unlike India, the United Kingdom does not have a separate National Company Law Tribunal for adjudicating all corporate disputes. Company law matters, including shareholder disputes, schemes of arrangement, mergers, reduction of share capital, insolvency, and directors' duties, are primarily adjudicated by the Business and Property Courts of England and Wales, particularly the Companies Court and the Insolvency and Companies Court operating under the High Court.

Appeals lie to the Court of Appeal and ultimately the UK Supreme Court. The UK model emphasises judicial adjudication by specialist commercial judges rather than a separate tribunal comprising judicial and technical members. Consequently, while the UK ensures high standards of judicial expertise and consistency, it lacks the multidisciplinary structure found in India's NCLT, where Technical Members contribute specialised knowledge in finance, accounting, and corporate management.

In the United States, corporate disputes are resolved through a decentralised judicial system rather than a specialised national company law tribunal. The Delaware Court of Chancery occupies a unique position as the leading court for corporate governance disputes, since a majority of large corporations are incorporated in the State of Delaware. The Court possesses exclusive jurisdiction over matters relating to mergers and acquisitions, directors' fiduciary duties, shareholder rights, corporate restructuring, and derivative actions, while corporate bankruptcy matters are adjudicated by the specialised United States Bankruptcy Courts under the federal bankruptcy system. Appeals from these courts lie to the respective federal appellate courts and ultimately to the Supreme Court of the United States. The American model places significant emphasis on judicial precedents and fiduciary principles developed through case law, particularly in matters concerning directors' duties and shareholder protection.

Compared to the United Kingdom and the United States, India's tribunal system offers a more

integrated and specialised framework by consolidating company law, corporate restructuring, insolvency, oppression and mismanagement, class actions, and winding-up proceedings before the NCLT, with appellate supervision by the NCLAT. This unified structure facilitates expeditious disposal of corporate disputes and promotes consistency in corporate jurisprudence. However, unlike the UK and the USA, where specialised commercial courts are supported by comparatively stronger institutional infrastructure and lower judicial vacancies, the Indian system continues to face challenges such as case backlog, shortage of Judicial and Technical Members, and infrastructural constraints. Nevertheless, the establishment of the NCLT and NCLAT represents a significant advancement in corporate adjudication, aligning India with international best practices while adapting the tribunal model to the country's expanding corporate and insolvency landscape.

CONCLUSION

The establishment of the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) under the Companies Act, 2013 represents a landmark reform in India's corporate adjudicatory framework. By replacing multiple forums with specialised tribunals, the legislature has created an integrated mechanism for resolving corporate disputes efficiently and consistently.

Despite these achievements, the tribunal system continues to face several practical and institutional challenges. Persistent vacancies in judicial and technical posts, inadequate infrastructure, increasing case pendency, frequent procedural delays, and inconsistencies in judicial interpretation often undermine the objective of speedy and specialised dispute resolution. The expanding jurisdiction of the NCLT, particularly after the enactment of the Insolvency and Bankruptcy Code, 2016, has further increased its workload, affecting the timely disposal of company law matters. In certain instances, jurisdictional overlaps with constitutional courts and regulatory authorities have also created uncertainty regarding the limits of tribunal jurisdiction.

To enhance the effectiveness of the tribunal system, timely appointment of members, strengthening of institutional infrastructure, establishment of additional benches, continuous capacity-building of Judicial and Technical Members, adoption of advanced digital case management systems, and greater procedural uniformity are essential. Legislative clarification on jurisdictional issues and periodic review of tribunal procedures would further improve

efficiency. Overall, the NCLT and NCLAT have emerged as indispensable institutions in India's corporate justice system, and with sustained institutional reforms, they can continue to play a transformative role in ensuring effective corporate governance, commercial certainty, and a robust business environment.

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