



## MAJESTYLEGAL

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TEAM MAJESTY LEGAL<sup>1</sup>

### **Supreme Court on Overlap of Jurisdiction between Securities Law and Company Law**

***[IFBA AGRO INDUSTRIES LTD. VS. SICGIL INDIA LT<sup>2</sup>]***

The Supreme Court noted that the SEBI Act's Section 30<sup>3</sup> grants it the authority to create regulations to safeguard investors' interests. Because SEBI has sole authority to decide the case, which is against SAST<sup>4</sup> and PIT, NCLT does not have the authority to hear the petition or make the decision in question.

### **OBSERVATIONS OF THE HON'BLE COURT:**

- The dispute related to a judgment passed by the NCLAT which set aside the order of NCLT, where NCLT allowed the Appellant to buy-back its shares, and it was set aside by the NCLAT on the ground that the Tribunal exceeded its jurisdiction.
- If there is scope for adjudication, neither Section 59 A of the Companies Act of 2013 nor Section 111A of the Companies Act of 1956 (previously) can be used. These are simply summary powers. These can't be freely utilized by organizations to correct an apparent error of regulation through NCLT.
- Regulatory bodies like the Securities and Exchange Board of India (SEBI), the Telecom Regulatory Authority of India (TRAI), and the Insurance Regulatory and Development Authority (IRDA) of India, among others, are established with a specific purpose and legislative intent for specialized law enforcement in particular domains. Where the power to adjudicate/policy formation lies in domain of these bodies it may be summarily wrong that any other forum to interpret and adjudicate the matter even if reliance is placed on regulations passed by these authorities.

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<sup>1</sup> Majesty legal is a LAW FIRM established in 2013 by Ms. Mahi Yadav. Objective of this legal update is to provide insights on law and statutes and is personal in nature, not to be deemed as legal advice.

<sup>2</sup> Civil Appeal No. 2030 of 2019; AIR 2023

<sup>3</sup> Power to make regulations & Section 111A – Rectification of Register of members.

<sup>4</sup> SEBI (Substantial Acquisition of shares and takeover) Regulations 1997 & SEBI (Prevention of insider trading) Regulation 1992. (NCLAT – National company law appellate tribunal and NCLT – National company law tribunal)