NEUTRAL CITATION
2026:GUJHC:41356

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/FIRST APPEAL NO. 1663 of 2001

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NITIN M PAREKH & ORS.
Versus
CASTROL INDIA LTD. & ORS.
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Appearance:
MR VISHAL C MEHTA(6152) for the Appellant(s) No. 1,2,3
MR ABDUL K SHAIKH(1629) for the Defendant(s) No. 2
MR PRADEEP PATEL(642) for the Defendant(s) No. 3
RULE SERVED for the Defendant(s) No. 1
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CORAM:**HONOURABLE MR. JUSTICE J. C. DOSHI**

Date : 01/07/2026

JUDGMENT

1. By way of the present appeal, the unsuccessful plaintiffs in Civil Suit No.1620 of 1988, have preferred the present First Appeal under Section 96 of the Code of Civil Procedure 1908, (for short "the CPC"), assailing the judgment and decree dated 31.08.2000 passed by the learned Judge, City Civil Court, Ahmedabad, whereby the suit came to be dismissed on the ground that it was not maintainable.

2. For the sake of brevity and convenience, parties are referred to by their original status before the learned City Civil Court.

3. The brief facts of the case, as emerging from the impugned judgment, are as under:

3.1 The plaintiff was working as a consultant in finance and investments at Ahmedabad. He used to advise his clients regarding the purchase and sale of shares of limited companies. It is the case of the plaintiff that, at times, his clients entrusted him with share certificates for the purpose of selling the shares and getting them transferred in the names of the purchasers. According to the plaintiff, he used to deal with various share brokers operating through different stock exchanges.

3.2 Defendant No.2 - Mr. Hitesh Patel, was one such share broker carrying on business at Anand. Since the plaintiff was authorized by owners to sell the shares of Castrol India Ltd. (defendant No.1), he used to visit the office of defendant No.2 at Anand to ascertain the prevailing market conditions and to pariable the sale of the shares. Defendant No.2, on one occasion, visited plaintiff's office at Ahmedabad and informed him that the market conditions were favourable for selling the shares of Castrol India Ltd. He also handed over blank share transfer forms for obtaining the signatures of the original shareholders.

3.3 Thereafter, the plaintiff has been requested by defendant No.2 to revisit his office at Anand after two days. Accordingly, the plaintiff visited the office of defendant No.2 at Anand, where further discussions were held regarding the prevailing market conditions of Castrol India Ltd. shares. According to the plaintiff, he thereafter left the office of defendant No.2, informing him that he would return the following day. However, on the next day, defendant No.2 instead came to the plaintiff's office and requested him to hand over the share certificates along with the share transfer forms. The plaintiff, however, informed him that he wished to wait for some more time and did not hand over the shares.

3.4 According to the plaintiff, at about 2:30 p.m. on the same day, he discovered that the share certificates along with the signed blank share transfer forms relating to the subject shares were missing. He immediately proceeded to Anand in search of defendant No.2, but as he could neither locate him at his place of business nor at his residence. Thereby, he lodged a criminal complaint before the Anand Police Station alleging that the shares, particulars whereof were mentioned in the complaint, had been stolen or lost. The plaintiff also informed his clients about the incident.

3.5 On the basis of the aforesaid facts, plaintiff filed the present suit before the City Civil Court, Ahmedabad seeking a permanent injunction restraining defendant No.1 - Castrol India Ltd. from transferring the shares in favour of any third party.

3.6 The suit was contested by defendant Nos.2 and 3. It was their specific case that the entire story put forward by the plaintiff was false and concocted. According to them, the shares of Castrol India Ltd. were neither lost nor stolen but had in fact been voluntarily handed over by plaintiff to defendant No.2 on 09.01.1988 for transfer. It was further contended that the shares were transferred in lieu of the amount of Rs.60,000/-, which had been paid by defendant No.2 to the plaintiff about six months earlier for the purchase of Colgate shares. Since the plaintiff neither returned the amount nor delivered the Colgate shares, he handed over the Castrol

India Ltd. shares to defendant No.2 in settlement of the transaction. It was, therefore, contended that the transfer was legal and valid.

3.7 It was further pointed out that certain persons residing in Bombay had also addressed a letter to Castrol India Ltd. regarding the alleged loss of the very same shares. According to defendants, it was surprising that complaints regarding the loss of the same shares were made from two different places, namely Ahmedabad and Bombay and that too by two different persons.

3.8 On the aforesaid grounds, defendants prayed for dismissal of the suit and also raised objection regarding the territorial jurisdiction of the City Civil Court.

3.9 The learned City Civil Court, framed the issues at Ex.60 and permitted both parties to lead evidence. After appreciating the oral and documentary evidence, held that the City Civil Court under Section 9 of the Code of Civil Procedure had no jurisdiction to entertain the suit and accordingly dismissed the same.

3.10 Being aggrieved with the aforesaid judgment and decree, the original plaintiffs – appellants, have preferred the present appeal.

4. Heard learned advocate Mr. Vishal Mehta appearing for the appellants-original plaintiffs and learned advocate Mr. Pradeep Patel appearing for respondent No.3. When the matter was taken up for hearing, learned advocate Mr. Abdul

Shaikh appearing for respondent No.2 remained absent. Though served, none appeared for respondent No.1.

5. Learned advocate Mr. Vishal Mehta assailed the findings recorded by learned City Civil Court by contending that the learned Civil Court failed to adjudicate the factual issues involved in the suit, particularly Issue No.3, and dismissed the suit solely on the ground that the learned City Civil Court lacked territorial and inherent jurisdiction. He submitted that the learned City Civil Court committed a serious error in doing so. He further submitted that there is not an *iota* of evidence to indicate that the plaintiff had handed over the shares of Castrol India Ltd. to defendant No.2 in lieu of Rs.60,000/- allegedly paid earlier for the purchase of Colgate shares. The shares of Castrol India Ltd. belonged to Dr. Vasantlal Chimanlal Doshi and Mrs. Uma Shantilal Shah, wife of Dr. Vasantlal Doshi, and were never sold to defendant Nos.2 and 3.

5.1 He further submitted that the mere execution of blank share transfer forms does not, by itself, result in a valid transfer of shares. These aspects required proper appreciation by the learned City Civil Court. However, the impugned judgment does not contain any discussion or evaluation of the evidence on record.

5.2 Mr. Mehta, learned advocate, has placed reliance upon the judgment of Hon'ble Supreme Court in **Chalasani Udaya Shankar v. M/s. Lexus Technologies Pvt. Ltd.**, reported in **2024 AIR (SC) 5013**, and submitted that, in matters relating to rectification of register of members, jurisdiction of Civil Court is not barred, as the provisions of The Companies Act, 2013, do not confer exclusive jurisdiction upon the forum constituted thereunder.

5.2. In view of the aforesaid submissions, he has prayed to allow the present appeal.

6. Per contra, learned advocate appearing for the respondent No.3 submitted that, after following the due procedure prescribed under the Company Law, shares were transferred in the name of respondent No.3 through the Bombay Stock Exchange. Castrol India Ltd., after verifying the authenticity and validity of the share transfer forms and upon following the prescribed procedure, transferred the shares in favour of respondent No.3, treating the transaction as genuine and valid. He further submitted that the plaintiff has filed the suit seeking prohibitory injunction. However, prior to the filing of the suit, the shares of Castrol India Ltd. had already been transferred in the name of the purchaser. Despite this, the plaintiff has not sought any relief for setting aside the transfer of the shares of Castrol India Ltd. in favour of the purchaser. Therefore, suit preferred for prohibitory injunction, was not maintainable. Therefore, he has submitted that the learned City Civil Court rightly dismissed the suit.

7. Having heard learned advocates for the respective parties and having considered the impugned judgment and decree as well as the record and proceedings of the case, the

main question that arises for consideration is whether the learned City Civil Court possessed the inherent jurisdiction to entertain and decide the suit filed by the plaintiffs.

Following issues framed by the learned City Civil Court at Exh.60:

> *(i) Whether the plaintiffs prove that the suit is maintainable?*
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> *(ii) Whether the plaintiffs prove that this court has territorial jurisdiction to entertain the suit ?*
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> *(iii) Whether the defendants Nos. 2 and 3 prove that plaintiff No.1 sold and delivered the shares in question them after receiving valid consideration ?*
>
> *(iv) Whether the plaintiffs the are entitled to the reliefs as prayed in paragraph Nos. 9-A and 9-C?*
>
> *(v) What order and decree?*

8. Issue Nos.(i), (ii) & (iv) are answered in negative. Issue No.(iii) is answered in not to survive for consideration, and Issue No. (v) is answered in terms of the final order.

9. The present case is one in which the plaintiffs filed a simpliciter suit for permanent injunction restraining Castrol India Ltd. from transferring the shares in question. *Prima facie,* the suit had become infructuous even on the date of its institution, as the subject shares of Castrol India Ltd. had already been transferred in the name of respondent No.3. The plaintiffs neither sought cancellation of the said transfer nor claimed any declaratory relief to the effect that they were the lawful owners of the shares of Castrol India Ltd., as is evident from the averments made in paragraph 5 of the plaint.

10. In this background, upon perusal of the impugned judgment, it appears that Issue Nos. (i) and (ii) have been

dealt with and decided by learned City Civil Court in paras 14 to 18 of the impugned judgment, which read as under:

"14. ISSUE NO.1:- The first and fore most question for determination is whether the suit is maintainable and in that context, first of all it is necessary to refer the relief that has been claimed by the plaintiff in para 9-A of plaint ex.1 and it has been prayed that defendant no. 1 be restrained from transferring the shares as mentioned in letter dated 3.2.1988 of the first defendant company itself belonging to Vasantkumar Doshi Group to either Mrs. Aruna R. Patel, the defendant no.3 or to any one else and now, bearing in mind the relief that has been claimed, it may be noted here that Section 108 of the Indian Companies Act, 1986 (Act for short) invests a right in a person who has purchased the shares to get the shares transferred in his own name in the register of the Company. For this purpose, he is required to fill up the prescribed form and if all particulars in the form are correct and if he complies with all the required provisions of the Act, the Company is bound to register a transfer in his favour, and if the Company does not register a transfer in his favour within a prescribed time, he has a remedy of appeal before Company Law Board, (CLB for short) u/s. 1155(2) of the Act. Therefore, before answering a question as to whether the injunction against the transfer of shares can be granted, the above mentioned statutory right invested in favour of the proposed transferee is required to be kept in mind.

Section 111A of the Act contemplates that there shall be free transferability of shares subject to the provisions of the section itself. This section further makes a provision to an effect that a person aggrieved by transfer can filed an application for rectification of a register on the ground that while making such transfer, the provisions of the Act mentioned in the section, are violated. If such person succeeds in establishing his case, the register can be rectified by altering the entry which was made in favour of the transferee. This section further makes a provision that while hearing the application for rectification, the CLB can issue an order Injunction as regards voting rights of the members in whose names the objected shares are held. It further provides that if the objected shares are further transferred, then in absence of further order of injunction as regards voting rights, such further transferee would not be bound by previous injunction. Thus, it is required to be appreciated that the legislature intended a limited injunction *as regards the right of vote and has deliberately avoided the contemplated pressure of the Section against the transfer itself. Therefore, it is very clear that the Section does not intend to empower the CLB to issue an injunction against the transfer of shares. Therefore the free transferability of the shares is subject to the restrictions mentioned in the section itself and no further restrictions are intended. In my opinion, therefore, issuing an injunction against transfer of shares by a Civil Court would be against the intent of the legislature. It is required to be appreciated that the very legislature which has inacted the Code of Civil Procedure, has deemed it fit to make a separate provision under the Companies Act. The legislature knew fully well that there is a provision under the Code of Civil Procedure investing the jurisdiction with the civil Court to try certain matters and yet the legislature declared that the transferability of the shares should be free and therefore, it is obvious that the legislature intended to debar the jurisdiction of the civil court in issuing the injunction order against the transfer.*

15. Here, a reference is required to be made to the reported decision in the case of MAFATLAL INDUSTRIES VS. GUJARAT GAS COMPANY, reported in 1998(2)GLR 1436. In that case, after elaborately discussing various cases cited before it and after perusing Sec. 111A the Hon'ble High Court ruled that for the matters falling under Sec.111A of the Act, the jurisdiction of the CLB is comprehensive because the CLB can even investigate the questions of titles of shares etc. Confronted with this situation, the petitioner only after the shares are registered in the name of proposed transferee in the register of a company. Replying to that question, the High Court ruled that though such an argument does not appear to be without substance, but as the Company is a creature of a statute and as the transferability of the shares is intended to be free, one can't help because in such a situation, the remedy which is provided by the Act itself is required to be availed of and if the remedy is short of what may be expected by the person who wants to object the transfer, it cannot be helped.

16. In para 28 of Mafatlal Industry case (Supra) it has been further held that remedy provided by the provisions of Section 111A read with section 111 of the Companies Act are a complete Code in so far as any dispute about non compliance with or non observance of the provisions of the Companies Act is concerned. Since the prayer for permanent injunction against the register or transfer of shares from defendant no.1 to any one else can subject matter of the proceedings before the Company Law Board under Sections

111 and 111A of the Companies Act, the jurisdiction of the Civil Court is impliedly barred in respect of the aforesaid prayer.

17. As discussed above, the remedies provided by provisions of Section 111A read with Section 111 of the Companies Act are a complete Code in so far as any dispute about non compliance with or non observance of the provisions of the Companies Act is concerned. Since the prayer for permanent injunction as well as temporary injunction against the register or transfer of shares from defendant no.1 to any person can be the subject matter or proceedings before the Company Law Board, and therefore, I am of the view that the suit is itself not maintainable and issue no. 1 is therefore, answered in negative accordingly.

18. Issue No.2:- The defendants nos.2 and 3 in their W.S. Ex. 22 have categorically stated that City Civil Court at Ahmedabad has not territorial jurisdiction to entertain the suit and according to defendants nos. 2 and 3, the plaintiff no. 1 namely Nitin M. Parekh had come at Anand and negotiation took place regarding the sell of 300 shares belonging to one Mr. Vasantlal Doshi of defendant no.1 Company at Anand and the defendant 2 has also categorically denied that on the next day of said negotiation at Anand, he visited the plaintiff no.1 in his office at Ahmedabad and has also denied that the stolen away the original shares from the office of plaintiff no.1 on the day on which he visited the plaintiff no.1 in his office at Ahmedabad and in that context, if we read the averments made in the plaint Ex.1 then it clearly gives the idea that the negotiation for selling 300 shares of Mr. Doshi took place at Anand only and now, to bring the suit within the territorial jurisdiction of this Court alone, it has been contended that the defendant no. 2 had been to the office of plaintiff no.1 at Ahmedabad and it is not believable at all that the defendant no.2 had stolen the original shares alongwith transfer form from the office of the plaintiff no. 1 and if the averments in the plaint ex. 1 be referred in that context, then immediately, on realising that the suit shares or disputed shares are being stolen from the office of the plaintiff no.1, he left for Anand immediately at 2.30p.m. and lodged complaint in Anand Police Station and that very fact shows that in fact negotiation took place at Anand and not at Ahmedabad, otherwise, there was no necessity at all to lodge a complaint for stealing of the shares in Anand Police Station and the above referred averments are made by the plaintiff in para-4 of the plaint ex.1 itself and therefore, relying on the averments made by the plaintiffs themselves in plaint ex.1, there are reasons to believe that this Court has no territorial jurisdiction to entertain and hear the suit. Shri R.A. Patel, *learned advocate for the plaintiff has very rightly argued that the question of jurisdiction requires to be decided by referring the averments made in plaint and not in W.S. filed by the adversary party but even accepting the averments made in the plaint Ex.1 itself, there are reasons to believe that the negotiation did take place at Anand and not at Ahmedabad as alleged and therefore, issue no.2 is answered in negative accordingly.*

11. Learned Advocate Mr. Mehta drew the attention of this Court to paragraph 32 of the decision of **Chalasani Udaya Shankar (supra)**, and contended that the Hon'ble Supreme Court explained the scope of the expression "rectification". He submitted that, having regard to Section 59 of the Companies Act, 2013, disputes relating to the transfer of shares also fall within the ambit of rectification of register of members.

12. The Hon'ble Supreme Court in **Shashi Prakash Khemka (Dead) through Legal Representatives & Another v. NEPC Micon (Now NEPC India Limited) & Others**, reported in **(2019) 18 SCC 569**, wherein it has been held that, under the Companies Act, 2013, the remedy in respect of transfer of shares and rectification of the register of members lies before the National Company Law Tribunal (NCLT). Paragraphs 5 to 7 of the said judgment read as under:

> *"5. Learned counsel has also drawn our attention to Section 430 of the Act, which reads as under:-*
>
> > *""430. Civil court not to have jurisdiction.- No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Acgt or any other law for the time being in force and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any other law for the time being in force, by the Tribunal or the Appellate."*

The effect of the aforesaid provision is that in matters in respect of which power has been conferred on the NCLT, the jurisdiction of the civil court is completely barred.

6. It is not in dispute that were a dispute to arise today, the civil suit remedy would be completely barred and CA 1965-66/2014 the power would be vested with the National Company Law Tribunal (NCLT) under Section 39 of the said Act. We are conscious of the fact that in the present case, the cause of action has arisen at a stage prior to this enactment. However, we are of the view that relegating the parties to civil suit now would not be the appropriate remedy, especially considering the manner in which Section 430 of the Act is widely worded.

7. We are thus of the opinion that in view of the subsequent developments, the appropriate course of action would be to relegate the appellants to remedy before the NCLT under the Companies Act, 2013. In view of the lapse of time, we permit the appellants to file a fresh petition within a maximum period of two months from today.

13. In view of the aforesaid ratio laid down by the Hon'ble Supreme Court, the jurisdiction of the Civil Court stands completely ousted in matters relating to rectification under the Companies Act, 2013. Since the appropriate remedy lies before the NCLT, the Civil Court ought not to have entertained the suit, particularly when the relief sought was a permanent injunction restraining the company from transferring the shares. The Companies Act, 2013 provides an adequate and efficacious remedy in this regard, and the jurisdiction to adjudicate such disputes vests exclusively in the NCLT.

14. In view of the foregoing reasons, this Court is of the opinion that the learned City Civil Court has not committed any error in holding that the suit was not maintainable. This Court finds no reason to interfere with the

impugned judgment and decree.

15. Since this Court concurs with the findings and reasoning recorded by the learned City Civil Court, it is not necessary to restate the same in detail. In this regard, it would be apposite to refer to the decision of the Hon'ble Supreme Court in **Laliteshwar Prasad Singh v. S.P.Srivastava (D),** reported in **2016(0) AIJEL-SC 59542,** wherein it has been held that when the appellate court concurs with the findings of fact and the reasons recorded by the Trial Court, it is not necessary to reiterate or rewrite the entire reasoning while affirming the judgment. Paragraph 13 of the said judgment reads as under:

> *"13. The points which arise for determination by a court of first appeal must cover all important questions involved in the case and they should not be general and vague. Even though the appellate court would be justified in taking a different view on question of fact that should be done after adverting to the reasons given by the trial judge in arriving at the finding in question. When appellate court agrees with the views of the trial court on evidence, it need not restate effect of evidence or reiterate reasons given by trial court; expression of general agreement with reasons given by trial court would ordinarily suffice. However, when the first appellate court reverses the findings of the trial court, it must record the findings in clear terms explaining how the reasonings of the trial court is erroneous."*

16. Applying the aforesaid principle to the facts of the present case, and for the reasons recorded hereinabove, the appeal fails and is accordingly dismissed. Interim relief, if any, stands vacated. Decree be drawn accordingly. R& P, if any, be sent back to the concerned Court.

17. Connected civil application, if any, does not survive and stands disposed of accordingly.

18. This Court could have imposed exemplary costs for filing such a frivolous and vexatious appeal. However, it has refrained from doing so. The legal position on the issue is well settled, yet, instead of adhering to the settled principles of law, the parties have chosen a forum for their own convenience, thereby consuming valuable judicial time. This is a fit case for the imposition of costs. Nevertheless, having regard to the overall facts and circumstances of the case, this Court refrains from imposing any costs.

(J. C. DOSHI,J)

MANOJ