

**IN THE HIGH COURT AT CALCUTTA
CIRCUIT BENCH AT JALPAIGURI
CIVIL APPELLATE JURISDICTION**

PRESENT:

**THE HON'BLE JUSTICE ARINDAM MUKHERJEE
AND
THE HON'BLE JUSTICE UDAY KUMAR**

**FMAT 4 OF 2026
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**MERICO TEA ESTATES LIMITED
VS.
MUKESH KUMAR AGARWAL & ORS.**

For the appellant	: Mr. Debasish Kundu, Ld. Sr. Adv. Mr. Sanjoy Mukherjee, Ld. Adv. Mr. Deborshi Dhar, Ld. Adv. Ms. Taniya Bhowmik, Ld. Adv.
For the Respondent No. 1	: Mr. Bikramaditya Ghosh, Ld. Adv. Mr. Mayank Bhandari, Ld. Adv. Mr. Ved Rai, Ld. Adv. Mr. Vivek Saha, Ld. Adv. Mr. Binayak Bandopadhyay. Ld. Adv.
Heard On	: 15.05.2026, 18.05.2026
Judgment On	: 22.05.2026

Uday Kumar, J.

INTRODUCTION

1. This Miscellaneous First Appeal is preferred under Order XLIII Rule 1(r) read with Section 104 of the Code of Civil Procedure, 1908 to assail the

ex parte *ad-interim* order of temporary injunction dated April 20, 2026, passed by the Learned Additional District & Sessions Judge, 2nd Court, Alipurduar, in-charge of the Court of the Civil Judge (Senior Division), Alipurduar, in Title Suit No. 08 of 2026.

2. By the impugned Order No. 2, the Learned Trial Judge, while entertaining an *ex-parte* application under Order XXXIX Rules 1 and 2 read with Section 151 of the Code of Civil Procedure, 1908, filed by the Respondent No. 1/Plaintiff, has effectively stayed the operation of a notice said to have been issued in adherence to an internal mechanism by unconditionally restraining the Appellant Company and its Board of Directors from proceeding with the statutory process of removing a director initiated against the Respondent No. 1 under Section 169 of the Companies Act, 2013.
3. The Appellant begs to prefer this appeal primarily on the ground of *coram non judice*, asserting that the Learned Trial Court fundamentally lacked the statutory jurisdiction either to entertain the suit or pass the impugned order, as the civil court's jurisdiction is explicitly and comprehensively barred by Section 430 of the Companies Act, 2013, in respect of any matter relating to internal corporate management or falling within the administrative or supervisory domain of the National Company Law Tribunal.

FACTUAL MATRIX

4. The foundational facts necessary for evaluating this appeal are that the Appellant Company, Merico Tea Estates Limited, is a body corporate

duly registered under the relevant provisions of the Companies Act, 1956. The Appellant company is the lawful lessee of the "Chinchula Tea Estate," a massive plantation comprising approximately 2,138.42 acres of land situated at Mouza-Kalchini Cha Bagan under Kalchini Police Station within the District of Alipurduar. The Government of West Bengal executed a long-term tea grant lease of the said estate in favour of the Appellant Company on August 13, 2018, subsisting for a period of 30 years with effect from July 9, 2009. The lease is, therefore, valid till 2039.

5. The estate was managed smoothly until late 2024, when the sudden demise of a core promoter-director disrupted operations and triggered severe financial distress. This structural crisis peaked in August 2025 when the State Government mandated a 20% annual wage bonus for tea plantation workers. Burdened by these immediate unforeseen liabilities, the Appellant Company faced an acute labour strike on September 27, 2025, which culminated in the temporary cessation of operations at the garden.
6. In November 2025, amidst this operational deadlock, Respondent No. 1 (Mukesh Kumar Agarwal) approached the management of the Appellant Company with a proposal to acquire the entire garden by way of a 100% share transfer. The total transaction value was settled at Rs. 23,31,11,111/- (Rupees Twenty-Three Crores Thirty-One Lakhs Eleven Thousand One Hundred and Eleven only), subject to the deduction and adjustment of pre-existing liabilities under the Income Tax Act, Gratuity, Provident Funds, and outstanding due to Sundry Creditors.

7. In view of the imminent necessity to clear the workers' statutory wages, Respondent No. 1 offered to advance an initial token amount of Rs. 3,00,00,000/-. Needless to say a body corporate is under severe restrictions under Indian corporate law from accepting individual market loans or unsecured advances from non-members, as such influx be legally classified as an unauthorized public deposit. The Appellant Company, therefore, officially inducted Respondent No. 1 onto its Board of Directors without any shares on November 27, 2025, and filed with the Ministry of Corporate Affairs, the Form DIR-12. This induction was executed solely as a regulatory workaround to legitimize the infusion of the financial advance. Simultaneously, a Memorandum of Understanding (MoU) was executed on November 27, 2025, stipulating that post-transfer of funds, the parties would conduct a comprehensive financial and legal due diligence review, upon the successful completion of which a formal Share Purchase Agreement (SPA) would be executed within 15 days.
8. The financial advance of Rs. 3 Crores was remitted through banking channels and immediately deployed by the Appellant Company to liquidate outstanding labour wages and bonuses. This financial liquidation prompted the Joint Labour Commissioner of Alipurduar to schedule an administrative meeting to formalize the normalization of the garden. However, immediately upon securing his boardroom seat and transferring the initial advance, the Respondent No. 1 allegedly adopted a non-responsive posture, failing to initiate, let alone complete, the contractually mandated due diligence.

- 9.** Deeply concerned by the mounting operational delays, the Appellant Company convened an urgent meeting at its head office on December 11, 2025. At this meeting, Respondent No. 1 allegedly gave highly evasive and contradictory replies, explicitly conveying his financial inability to clear the remaining share acquisition consideration of Rs. 20.31 Crores until June 2026. Recognizing this as a fundamental breach of the strict timelines essential to the MoU, the Appellant Company resolved to rescind the transaction and explicitly informed Respondent No. 1 that his advance of Rs. 3 Crores would be refunded in full within the month of December 2025.
- 10.** Instead of taking recourse to standard civil remedies for breach of contract or seeking specific performance, Respondent No. 1 executed what the Appellant describes as a swift corporate coup. On the very next day, i.e., on December 12, 2025, he bypassed the Board of Directors entirely and attended the local tripartite labor meeting. By willfully personating himself as the new managing owner of the estate without the backing of any corporate resolution or legal title, he independently executed a Bipartite Agreement with the local trade unions.
- 11.** Supported by the local labour unions under the colour of this unauthorized agreement, Respondent No. 1, accompanied by a group of unidentified individuals, forcefully and unlawfully entered the Chinchula Tea Estate on December 13, 2025. Employing physical intimidation, they allegedly threatened the company's authorized Manager, Assistant Managers, and executive staff, effectively barring them from re-entering the plantation. Having thus dispossessed the rightful corporate lessees,

Respondent No. 1 assumed *de facto* control of the garden and began harvesting, processing, and independently marketing the company's tea leaves for personal revenue generation, without paying any further consideration to the company, while systematically falsifying the local estate accounts.

- 12.** The Appellant Company took immediate recourse to the criminal machinery. On March 21, 2026, a Director of the Company lodged a detailed written complaint before the Kalchini Police Station, which was registered as a formal First Information Report (FIR) against Respondent No. 1 for offenses including criminal conspiracy, criminal intimidation, forgery for cheating by personation, criminal breach of trust by a director, and theft under Sections 61(2), 351(3), 336(3), 316(5), 306, and 344 of the Bharatiya Nyaya Sanhita, 2023 (BNS).
- 13.** Parallel to this criminal tract, the existing directors of the Appellant Company exercised their statutory powers under the Companies Act, 2013. On April 13, 2026, they issued a formal statutory Intimation of Special Notice and Requisition under Section 169 of the Act, affording Respondent No. 1 a statutory opportunity to submit his representation against the proposed resolution for his removal from the Board of Directors.
- 14.** In a calculated counter-move to stall his impending corporate ouster, Respondent No. 1 immediately approached the Alipurduar Civil Court on April 20, 2026, and instituted Title Suit No. 08 of 2026. The plaint explicitly prayed for a declaration to quash the statutory notice issued under Section 169 and sought an urgent, *ex-parte* temporary injunction.

On the very same day, without issuing notice to the Appellants, without testing its own jurisdiction against the touchstone of Section 430 of the Act, and without rendering a reasoned analysis on the core merits of the application, the Learned Trial Court passed the impugned order, effectively freezing the statutory corporate machinery of the Appellant Company.

SUBMISSIONS ON BEHALF OF THE APPELLANT / PETITIONER

- 15.** Mr. Debasish Kundu, Learned Senior Counsel and Mr. Deborshi Dhar, Learned Counsel appearing for the Appellant, have advanced a multi-layered challenge to the legality of the impugned order. They assail the injunction on the grounds of an absolute statutory bar, the distinct functional nature of corporate directorship, and the blatant misuse of equitable remedies by a litigant approaching the court with unclean hands.
- 16.** The primary legal contention urged by the Appellant is that the Learned Civil Judge committed a manifest error of law by failing to evaluate the threshold statutory bar on civil jurisdiction erected by Section 430 of the Companies Act, 2013. It is submitted that the statutory embargo under Section 430 is both mandatory and absolute. It strips civil courts to entertain any suit or proceeding in respect of any matter which the National Company Law Tribunal (NCLT) or the National Company Law Appellate Tribunal (NCLAT) is exclusively empowered to determine by or under the Act. Furthermore, it expressly prohibits civil courts from

granting any injunction in respect of any action taken or to be taken in pursuance of any power conferred by or under the said Act.

17. The Appellant contends that the issuance of a statutory notice and requisition for the removal of a director is an internal corporate action Gemini explicitly and exclusively governed by Section 169 of the Companies Act, 2013. It is submitted that when a director seeks to challenge the validity of a special notice or requisition issued by the Board or its shareholders, the remedy lies exclusively before the NCLT under the statutory framework governing corporate mismanagement and internal affairs, and not via an omnibus common-law civil suit. Learned Counsel emphasizes that a civil court possesses no residual authority to break through this absolute statutory barrier simply to grant an alternative, equitable remedy to an investor over an unexecuted private contract.

18. Mr. Kundu strongly challenges the core legal justification advanced by Respondent No. 1 and erroneously accepted by the Learned Trial Court that the absence of physical shareholding strips the NCLT of its jurisdiction, thereby opening an alternative backdoor for a common-law civil suit. He submits that there is absolutely no statutory requirement under Indian corporate jurisprudence dictating that an individual must hold shares in a company to be classified as a director or to fall within the disciplinary, administrative, and regulatory ambit of the Companies Act, 2013.

19. It is urged that the Learned Trial Court committed a grave error of law by completely failing to evaluate the threshold definition provided under Section 2(34) of the Companies Act, 2013, which explicitly mandates:

“director’ means a director appointed to the Board of a company.”

This statutory definition is purely functional and status-based; it encompasses any individual who occupies the position of a director, entirely independent of their equity stake or shareholding status. Because Respondent No. 1 voluntarily accepted the statutory office of directorship, manifested by the execution and filing of Form DIR-12, his rights, duties, liabilities, and critically, his removal, are governed exclusively by Section 169 of the Act, completely detached from whether he ever acquired a single share in the Appellant Company.

20. Adverting to the issue of the breach of contract and the misuse of equity, Learned Counsel submits that Respondent No. 1’s appointment to the Board was a conditional, regulatory necessity rather than a structural transfer of corporate ownership. The appointment was a mere vehicle to regularize his Rs. 3 Crore financial advance within the restrictive parameters of the Act, pending the proposed acquisition of a 100% shareholding. Respondent No. 1, however, remitted only a minor fraction of the settled consideration, failing to pay a single penny beyond the initial advance.

21. Despite this fundamental breach of the financial timelines essential to the MoU, Respondent No. 1 executed a premature, *de facto* management takeover. It is submitted that by entering into forced physical possession of the plantation, locking out the rightful executives, and independently

collecting the entire profit-revenue accruing from the estate's tea production without further financial contribution, the Respondent executed a flagrant corporate coup. The Appellant submits that utilizing a regulatory workaround seat to seize a 2,138-acre state asset while defaulting on the primary financial consideration left the Board of Directors with no option but to invoke the statutory ouster mechanism under Section 169.

22. In support of the contention regarding the absolute exclusion of civil jurisdiction, the Appellant relies heavily on the binding ratio of the Division Bench of this Hon'ble Court in ***Phool Chand Gupta & Ors. vs. Mukesh Jaiswal & Ors. (2023 SCC OnLine Cal 1812)***. The Court in ***Phool Chand Gupta (supra)*** established that where a dispute involves core corporate governance, internal board actions, or statutory procedures explicitly regulated by the Companies Act, 2013, the jurisdiction of the Civil Court is completely excluded by operation of Section 430 of the Act read with Section 9 of the Code of Civil Procedure, 1908. The Division Bench affirmed that the specialized tribunal possesses exclusive jurisdiction over such contentious corporate disputes, and a Civil Court cannot grant an ad-interim injunction to halt an ongoing statutory corporate process.

23. Furthermore, the Appellant refers to the established principles of injunction law under Order XXXIX Rules 1 and 2 of the CPC, emphasizing that the phrases "prima facie case," "balance of convenience," and "irreparable loss" are not mere phrases of incantation. They are concepts of legal width and elasticity designed to hedge the

sound exercise of judicial discretion. The Appellant submits that a suit which is *ex-facie* barred by statute cannot support an ad-interim injunction, and the Learned Civil Judge committed a material irregularity by failing to record any reasoned satisfaction regarding these three essential pillars before granting a sweeping, blanket freeze order.

SUBMISSIONS ON BEHALF OF THE RESPONDENT NO. 1

- 24.** Mr. Vikramaditya Ghosh, Learned Counsel appearing for Respondent No. 1/Plaintiff, has vigorously defended the impugned ad-interim injunction order, presenting the narrative of an investor acting under severe commercial distress. He submits that the Learned Civil Judge correctly exercised his residual civil jurisdiction under Section 9 of the Code of Civil Procedure, 1908, on the premise that the specialized corporate tribunal lacks the statutory machinery to grant full, complete, and effective relief under the unique, composite facts of the present case.
- 25.** The primary jurisdictional defence raised on behalf of Respondent No. 1 is that he was never a "director in the real or structural sense" of the Appellant Company, but rather a contractual investor trapped in a boardroom technicality. It is submitted that Mukesh Kumar Agarwal was inducted onto the Board via Form DIR-12 solely as an emergency administrative workaround to facilitate the entry of his Rs. 3 Crore advance, without a single share being formally allotted, transferred, or registered in his name.
- 26.** He argues that the remedial doors of the National Company Law Tribunal (NCLT) under Sections 241 and 242 of the Companies Act,

2013, are strictly reserved for an aggrieved "member" or registered shareholder of a company who alleges oppression and mismanagement. Because Respondent No. 1 holds zero physical equity and his name is completely absent from the Register of Members, it is contended that he lacks the statutory standing (*locus standi*) to maintain a petition before the NCLT. It is therefore urged that since the specialized tribunal cannot adjudicate a grievance preferred by a non-shareholder investor seeking to enforce an unexecuted contract, the jurisdiction of the Civil Court is not barred by Section 430, but remains fully active under Section 9 of the CPC to prevent a complete failure of justice.

27. Mr. Ghosh further submits that the Respondent approached the Civil Court under conditions of extreme commercial distress to prevent his substantial financial interests from being frustrated by a fraudulent corporate ouster. Having fulfilled his immediate upfront obligation under the MoU by infusing Rs. 3 Crores to rescue the Chinchula Tea Estate from a devastating labour strike, the original directors allegedly adopted a posture of stoic silence. It is contended that they refused to cooperate with his financial due diligence team, withheld vital corporate records, and actively plotted to pocket his advance while backing out of the agreed 100% share transfer.

28. Learned Counsel contends that the issuance of the notice under Section 169 of the Companies Act, 2013, was not an act of *bona fide* corporate governance, but a calculated, *mala fide* device engineered by the existing management to strip the Respondent of his administrative standing and eject him from the company before the Share Purchase Agreement could

be finalized. Under such oppressive circumstances, it is argued, the Civil Court was his only immediate refuge to preserve the *status quo* and seek a formal declaration of his contractual rights.

29. To demonstrate his absolute *bona fides* and dismiss the Appellant's allegations of a breach of contract, Learned Counsel states that Respondent No. 1 is fully ready and willing to deposit the remaining balance of the total transaction value into the Court or an escrow account, subject to a comprehensive financial audit conducted by an independent Chartered Accountant to calculate the precise final consideration after adjusting for pre-existing corporate liabilities and the plantation's recent revenue tracking.

30. In support of the contention that the Civil Court retains its jurisdiction over complex contractual and title disputes, Mr. Ghosh relies heavily on paragraphs 37, 38, and 41 of the decision in ***Phool Chand Gupta & Ors. vs. Mukesh Jaiswal & Ors. (2023 SCC OnLine Cal 1812)***. He points out that the Division Bench of this Court explicitly noted that the NCLT's jurisdiction over internal procedures (such as rectification under Section 59) is limited to cases where the facts are self-evident and do not call for a serious inquiry into deep contractual fraud. It is argued that because Title Suit No. 08 of 2026 involves an extensive inquiry into a breached MoU, a multi-crore investment, and complex contractual terms, the Civil Court holds the ultimate right to adjudicate the underlying dispute.

31. Mr. Ghosh further relies on the ratio of the Apex Court in ***Bhaskar Gupta vs. Calcutta Club Ltd.*** and associated appeals (such as APOT 75

of 2023 and EOS 1/2022) precedents dealing with the interplay of Sections 230, 241, and 242 of the Act. These authorities are cited for the proposition that where the statutory remedy before a specialized tribunal is incomplete, unavailable, or structurally barred to a specific class of litigants (such as a non-shareholder investor), the common-law jurisdiction of the Civil Court to grant a declaration and injunction remains completely un-ousted. Additional reliance was placed on **(2019) 18 SCC 569, (1986) 1 SCC 264**, and the judgment of the Bombay High Court in **OOCJ Appeal No. 494 of 2017**, to support the principle that a court of equity must intervene when a statutory mechanism (like Section 169) is utilized as an instrument of fraud or summary ouster to destroy an investor's substantial financial stakes before a trial on the merits can take place.

QUESTIONS FOR DETERMINATION

32. For a logical, structured, and comprehensive adjudication of this commercial and corporate dispute, this Division Bench frames the following precise questions for determination:

- I. Is the appeal maintainable where an ex parte ad interim order is assailed?
- II. Whether the holding of physical equity or qualification shares is a condition precedent to attract the functional definition of a "Director" under Section 2(34) of the Companies Act, 2013,

and the consequential statutory removal mechanism under Section 169 of the said Act?

- III. Whether the statutory bar on the jurisdiction of Civil Courts enacted under Section 430 of the Companies Act, 2013, operates as an absolute embargo against enjoining a corporate process under Section 169, notwithstanding that the suit arises from an unexecuted collateral contract?
- IV. Whether the lack of *locus standi* of a non-shareholder director to invoke the oppression and mismanagement jurisdiction of the National Company Law Tribunal under Sections 241 and 242 of the Act, can legally vest or revive jurisdiction in a Civil Court under Section 9 of the Code of Civil Procedure, 1908?
- V. Whether the failure of the Learned Trial Judge to record specific, analytical findings on the mandatory parameters of *prima facie* case, balance of convenience, and irreparable injury constitutes a patent illegality vitiating the exercise of discretion under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908?

DISCUSSIONS AND FINDINGS ON QUESTION NO. I

- 33.** An appeal against an ex parte ad interim order is maintainable in view of the ratio laid down in the ***AIR 2000 SC 3032 (A. Venkatasubbiah Naidu vs. S. Chellappan & Ors.)***. Paragraphs 13 and 20 of the said judgments clearly holds that an appeal is maintainable. The same premises are alternated in the instant case.

DISCUSSIONS AND FINDINGS ON QUESTION NO. II

34. The resolution of this question hinges on an inquiry into the legal status of Respondent No. 1 within the corporate matrix of the Appellant Company. The primary jurisdictional defence mounted by Respondent No. 1 rests upon a proprietary and formalistic premise; that because he holds zero physical equity and his name has not been inscribed upon the Register of Members, he cannot be categorized as a "director in the real or structural sense." Consequently, he argues that he remains outside the disciplinary, administrative, and ouster mechanisms of the Companies Act, 2013, thereby leaving the Civil Court's common-law jurisdiction active under Section 9 of the Code of Civil Procedure, 1908. This argument is legally untenable and fails to survive a literal or purposive construction of the Act.

35. We must first address the explicit statutory definition enacted by the legislature. Section 2(34) of the Companies Act, 2013, defines a director through a functional, status-based lens:

“director’ means a director appointed to the Board of a company.”

The definition is completely detached from any requirement of proprietary interest or equity ownership. While historical company legislations of the early-to-mid twentieth century permitted or mandated the concept of "qualification shares" to validate a director's seat, modern Indian corporate jurisprudence has systematically dismantled this requirement. There is an absolute statutory absence

of any provision within the Companies Act, 2013, making shareholding a condition precedent for occupying a boardroom seat.

36. The factual matrix reveals that Respondent No. 1's induction into the boardroom was executed via the filing of Ministry of Corporate Affairs (MCA) Form DIR-12 on November 27, 2025. The moment an individual executes and permits the filing of Form DIR-12, they voluntarily assume a public, statutory office. By operation of law, the assumption of such status instantly attracts the entire regulatory and disciplinary architecture of the Act.

37. A litigant cannot be permitted to maintain a boardroom seat to exercise administrative and management control over a 2,138-acre state asset under the color of an unexecuted Memorandum of Understanding (MoU), while simultaneously retreating into the status of a mere "outside investor" to evade the statutory ouster mechanism under Section 169. It is a foundational principle of equity and common law that a party cannot be allowed to approbate and reprobate, or blow hot and cold, from the same breath.

38. Furthermore, the facts on record illuminate the precise regulatory purpose behind this appointment. Under the strict financial guidelines and capital-vouching provisions of the Act, a body corporate is strictly prohibited from accepting direct individual market loans or unsecured advances from non-members, as such transactions are legally classified as unauthorized public deposits. Because the Chinchula Tea Estate was facing an acute labour strike and operational deadlock on account of

un-liquidated worker wages, Respondent No. 1 offered an immediate advance of Rs. 3,00,00,000/-.

- 39.** To ensure the legal entry of these funds into the corporate accounts without falling afoul of the regulatory prohibitions against public deposits, the Appellant Company appointed Respondent No. 1 to its Board. This office was created as a regulatory workaround and a temporary vehicle pending the completion of a financial due diligence review and the execution of a formal Share Purchase Agreement (SPA). However, the underlying commercial motivation does not alter the legal reality that once Respondent No. 1 accepted the statutory office of directorship, his removal became governed exclusively by Section 169 of the Act, completely independent of whether he ever acquired a single share.
- 40.** To evaluate the jurisdictional boundary between civil courts and the National Company Law Tribunal (NCLT) when a non-shareholder director faces a statutory ouster, we must carefully analyze and distinguish the ratios of the decisions cited by both parties.
- 41.** Respondent No. 1 relies heavily on paragraphs 37, 38, and 41 of the decision of the Division Bench of this Court in ***Phool Chand Gupta & Ors. vs. Mukesh Jaiswal & Ors. (2023 SCC OnLine Cal 1812)***. It is contended that ***Phool Chand Gupta*** establishes that where an investor's underlying title to shares remains unperfected, the specialized tribunal cannot grant complete relief, thereby preserving the jurisdiction of the Civil Court.

42. We find that the Respondent has fundamentally misapplied and misread the ratio in ***Phool Chand Gupta***. In that case, the Division Bench was dealing with a composite dispute that required a deep, complex civil inquiry into contractual fraud, non-execution of underlying instruments, and an active prayer for the rectification of a share register under Section 59 of the Act. The Court correctly observed that where a corporate transaction is layered with allegations of deep-seated fraud requiring extensive civil evidence to determine basic proprietary title, the civil court's jurisdiction over the underlying *title dispute* is not ousted.

43. The facts of the present case stand on an entirely different footing, making the ratio in ***Phool Chand Gupta*** completely distinguishable:

First, Respondent No. 1 has chosen to bifurcate his remedies by filing a second, independent lawsuit (Title Suit No. 08 of 2026). While the civil court may retain jurisdiction to adjudicate the alleged breach of the MoU or determine specific performance in his first suit (Title Suit No. 05 of 2026), it possesses absolutely zero power to step inside the internal administration of the corporate entity in a separate suit to freeze a corporate ouster notice issued under Section 169.

Second, the true ratio of ***Phool Chand Gupta*** actually reinforces the Appellant's case. It explicitly affirms that when an internal corporate mechanism, a boardroom resolution, or a statutory procedure regulated by the Act is challenged, the civil court's jurisdiction is completely barred under Section 430. By issuing a civil injunction to freeze a statutory Section 169 notice, the

Learned Trial Judge caused a direct, impermissible overreach of civil jurisdiction into internal corporate governance.

- 44.** Respondent No. 1 further relies upon the decision of this Court in ***Bhaskar Gupta vs. Calcutta Club Ltd. (APOT No. 75 of 2023)*** to argue that since the remedies against Oppression and Mismanagement under Sections 241 and 242 of the Act are restricted to registered "members" holding the requisite statutory thresholds under Section 244, an investor without shares has no standing (*locus standi*) before the NCLT. It is thus argued that the Civil Court must intervene to prevent a total failure of justice.
- 45.** We find this argument to be a structural misdirection. The primary issue in the present appeal is not whether Respondent No. 1 has the requisite standing to initiate an independent petition for oppression and mismanagement under Section 241; the core issue is whether a common-law Civil Court can issue an injunction to restrain a company from exercising its statutory right to remove a director under Section 169.
- 46.** The ratio in ***Bhaskar Gupta*** protects the common-law rights of members within a recreational club or company limited by guarantee where internal statutory mechanisms fail to offer a complete or effective remedy for the deprivation of basic membership rights. In stark contrast, the present case involves a commercial entity operating under a strict statutory code. A director who owns no shares remains fully subject to removal under Section 169 by the shareholders. His lack of equity

cannot be utilized as a tool to expand the civil court's powers to halt an explicit statutory corporate process.

47. The Respondent also cited **(2019) 18 SCC 569, (1986) 1 SCC 264**, and the Bombay High Court judgment in **OOCJ Appeal No. 494 of 2017** for the proposition that courts of equity must step in when statutory mechanisms are utilized as instruments of summary ouster to destroy an investor's substantial financial stakes.

48. We find that these decisions are completely distinguishable on facts. Those cases dealt with instances where existing shareholders or directors with deeply vested equity stakes were being forced out through fraudulent board maneuvers designed to devalue their shares.

49. In the present case, Respondent No. 1 has infused only a minor fraction of the total transaction value, a mere 13% down-payment (Rs. 3 Crores out of a Rs. 23.31 Crore deal). He has failed to pay a single penny further, yet has carried out a physical, *de facto* takeover of a 2,138-acre state asset without any board resolution or share transfer. He is currently facing a serious criminal FIR for corporate asset theft, personation, and extortion under the Bharatiya Nyaya Sanhita, 2023 (BNS). A corporate investor who has carried out an unauthorized physical takeover of a plantation and defaulted on the primary timelines of the MoU cannot claim equitable "distress" or use a civil court as a shield to block his statutory removal by the rightful owners. Equity must be approached with clean hands.

50. Consequently, we conclude that the statutory definition of a director under Section 2(34) is purely functional and status-based, requiring

absolutely no shareholding qualification. The moment Respondent No. 1 assumed the legal office of a director via Form DIR-12, his status fell completely under the disciplinary, administrative, and regulatory ambit of the Companies Act, 2013. The lack of shareholding does not insulate him from a statutory ouster under Section 169, nor does it grant him a special license to bypass the absolute jurisdictional bar of Section 430 by filing an omnibus suit before a common-law Civil Court. **Question No. II is therefore answered in the negative.**

DISCUSSIONS AND FINDINGS ON QUESTION NO. III

51. We now take up Question No. II, which addresses whether the absolute bar on the jurisdiction of Civil Courts, enacted under Section 430 of the Companies Act, 2013, operates as an absolute embargo against enjoining an internal corporate process under Section 169, notwithstanding that the civil suit arises from an unexecuted collateral contract (the MoU). To arrive at a definitive conclusion, we must perform a strict textual and purposive construction of Section 430 and determine whether a pre-existing commercial dispute can grant a common-law Court the residual power to freeze statutory mechanisms explicitly regulated by special legislation.

52. The legislative intent behind the introduction of Section 430 into the Companies Act, 2013, was to completely eradicate the parallel jurisdiction of civil courts over corporate governance disputes, consolidating all such matters within a specialized tribunal, namely, the

National Company Law Tribunal (NCLT). For the sake of clarity, the statutory provision is reproduced below:

“430. Bar of 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 Act 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 Tribunal.*”

53. A careful textual analysis of Section 430 reveals that it enacts a comprehensive, dual statutory bar designed to fully protect the specialized tribunal's domain from external civil interference. The first arm of this section strips civil courts of their capacity to take cognizance of or *entertain* any suit or proceeding concerning matters that fall within the administrative or supervisory domain of the NCLT. The second arm functions as an explicit statutory prohibition targeting the court's remedial powers, stating that *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 the Act.

54. The process of removing a director via a corporate requisition and special notice is an explicit statutory power conferred by Section 169 of the Act, representing a fundamental element of internal corporate administration. Therefore, when the Board of Directors of the Appellant Company issued the special notice on April 13, 2026, they were acting under powers directly conferred by the Act. By issuing an ad-interim injunction to freeze that notice, the Learned Trial Judge directly violated

the second arm of Section 430, as a civil court cannot utilize its equity jurisdiction to block an active statutory power.

55. The Learned Advocate for the Respondent has attempted to shield Title Suit No. 08 of 2026 from the sweeping effects of Section 430 by arguing that the entire dispute arises out of a breach of the Memorandum of Understanding (MoU) dated November 27, 2025. The core of this contention is that because a Civil Court holds exclusive jurisdiction to try suits for breach of contract, specific performance, and declarations of contractual status under Section 9 of the Code of Civil Procedure, 1908, it retains the ancillary power to enjoin any corporate action that threatens to frustrate that contract.

56. This argument is legally flawed and constitutes a structural misdirection. It fails to distinguish between the enforcement of a private commercial agreement and the impermissible intervention of a civil court in the statutory operations of a corporate board. While a civil court remains the appropriate forum to award damages or determine specific performance of an unexecuted Share Purchase Agreement, it cannot use its common-law jurisdiction under Section 9 of the CPC to paralyze corporate processes mandated by a special legislative enactment. Where a special statute provides a specific mechanism for corporate governance, that mechanism cannot be bypassed by dressing up a corporate dispute in the garb of a contractual breach.

57. This principle has been consistently affirmed across Indian corporate jurisprudence. The Apex Court in ***Shashi Prakash Khemka vs. NEPC Micon (2019) 18 SCC 569*** settled the law by holding that the regime of

the Companies Act, 2013, completely ousts the civil court's jurisdiction in respect of all matters for which power has been conferred upon the NCLT. Similarly, the High Courts have repeatedly held that the internal administration of a company specifically including the holding of meetings and the election or removal of directors falls within the exclusive supervisory domain of the specialized corporate tribunal.

- 58.** Consequently, a civil suit filed with the primary purpose of stalling a statutory board meeting or restraining the operation of a notice issued under Section 169 is *ex-facie* hit by the statutory embargo of Section 430. The unexecuted MoU between the parties may yield standard common-law contractual remedies, but it cannot serve as a jurisdictional passport to bypass an absolute statutory bar. **Question No. III is therefore answered in the affirmative.**

DISCUSSIONS AND FINDINGS ON QUESTION NO. IV

- 59.** To resolve this issue, we must scrutinize the remedial architecture of the National Company Law Tribunal (NCLT) under the Companies Act, 2013, and determine whether a substantial financial investor, whose equity title remains unperfected due to a commercial deadlock, is truly remedies-deprived before the specialized tribunal so as to justify recourse to the common-law jurisdiction of a Civil Court.
- 60.** The foundational argument advanced by the Learned Advocate for the Respondent No.1 which formed the basis of the Trial Court's assumption of jurisdiction, is that since formal share certificates have not yet been registered in his name, he is technically not a "member" under Section

2(55) of the Act. Consequently, he argues that he lacks the statutory *locus standi* to maintain a petition for Oppression and Mismanagement under Sections 241 and 242 of the Companies Act, 2013, contending that this proprietary gap leaves him vulnerable and keeps the doors of the Civil Court open under Section 9 of the CPC.

- 61.** We find this argument to be a hyper-technical misdirection that misinterprets the progressive and protective nature of modern corporate jurisprudence. The dynamic framework of the Companies Act, 2013, does not leave a substantial investor completely helpless merely because the promoters have failed to complete a formal share transfer. Under the proviso to Section 244(1) of the Act, the NCLT is vested with explicit, wide statutory powers to waive any or all eligibility requirements to enable an applicant to file a petition under Section 241.
- 62.** The legislative intent behind this waiver provision is specifically to safeguard individuals who have infused substantial capital into a body corporate but are blocked from formal registration in the Register of Members by the hostile or non-cooperative maneuvers of the existing management.
- 63.** The facts on record show that the Respondent is not a casual outsider or a speculative litigant. He entered into a formal, board-approved MoU to acquire 100% of the corporate shareholding of a massive 2,138-acre state-leased enterprise, and acting upon that agreement, he remitted a substantial advance of Rs. 3,00,00,000/- directly into the corporate account, which the company immediately deployed to clear its urgent

labor liabilities. Furthermore, he was formally inducted onto the Board of Directors via the statutory filing of Form DIR-12.

64. An investor who has paid a multi-crore down payment and sits on the Board of Directors possesses a deep, vested economic interest in the internal affairs, management, and proprietary assets of the company. If the existing directors were truly acting *mala fide* by refusing to cooperate with due diligence and attempting to strip him of his board seat to pocket his advance, the Respondent had a direct, specialized remedy: to file a comprehensive petition before the NCLT under Sections 241 and 242, along with an interlocutory application under Section 244(1) seeking a waiver of the shareholding threshold. Given his multi-crore exposure and boardroom status, the NCLT would have been fully empowered to grant a waiver, take cognizance of the dispute, and pass complete protective orders, making the argument that the Respondent was remediless before the tribunal legally hollow.

65. To determine whether the availability of this waiver pathway absolutely shuts out the Civil Court, we must evaluate the core legal propositions found within the precedents cited by the parties. The Respondent has continuously relied on ***Phool Chand Gupta*** to argue that an unperfected title can only be protected by a civil judge. However, a deeper reading of that very decision reveals a principle that cuts directly against the Respondent's stance.

66. In ***Phool Chand Gupta***, the Division Bench of this Court explicitly emphasized that the words "any member" under Section 241 must not be construed in a rigid, hyper-technical silo that invites an abuse of the

legal process. The true ratio established in ***Phool Chand Gupta*** is that where a specialized forum has been created by Parliament to handle corporate disputes, and where that forum includes an explicit mechanism to grant standing to substantial stakeholders, litigants cannot be permitted to bypass the tribunal by framing their corporate grievances as simple civil equity suits. By verifying that the Respondent had an open avenue to seek a waiver and move the NCLT, the statutory bar under Section 430 remains absolute, completely closing off the civil law escape route.

67. The Respondent further relied on the ratio in ***Bhaskar Gupta vs. Calcutta Club Ltd. (APOT No. 75 of 2023)*** and associated rulings of the Bombay High Court to argue that common-law civil remedies are preserved whenever a tribunal's jurisdiction is structurally unavailable. This Bench must distinguish these authorities based on the fundamental nature of the entities involved. ***Bhaskar Gupta*** dealt with a non-profit, guarantee-based social club where the internal regulations and membership structures did not offer an adequate statutory mechanism to resolve deep-seated personal ousters or membership deprivation.

68. The present dispute, however, involves a commercial, state-leased tea plantation operating under a strict corporate framework. The Respondent's grievance is completely commercial and corporate. Because the Companies Act, 2013, provides a complete code for resolving such investment deadlocks, backed by the NCLT's wide powers under Section 242 to regularize share transfers, adjust consideration,

and restrain board ousters, the residual common-law exceptions carved out in ***Bhaskar Gupta*** have no application here.

69. Consequently, we hold that Respondent No. 1 was under no absolute statutory bar from approaching the NCLT. The availability of the statutory waiver mechanism under the proviso to Section 244(1) provides a complete and adequate remedy to a substantial investor facing a corporate deadlock. The Respondent cannot plead an artificial lack of standing before the NCLT as a legal justification to invoke the jurisdiction of a Civil Court.

70. The Learned Civil Judge committed a grave error of law by assuming that a lack of physical share allotment automatically validated a common-law civil suit, completely ignoring the fact that the specialized tribunal possessed the exclusive statutory machinery to hear and resolve this exact class of commercial grievances. **Question No. IV is therefore answered in the negative.**

DISCUSSIONS AND FINDINGS ON QUESTION NO. V

71. We now take up Question No. IV, which calls upon this Bench to determine whether the material irregularities and errors of law committed by the Learned Trial Court in passing a blanket ad-interim order of temporary injunction, without recording a specific, analytical satisfaction regarding the established "triple test" of injunction law, vitiate the exercise of judicial discretion under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908.

72. We have reviewed the impugned Order No. 2 dated April 20, 2026, against the long-settled jurisprudence governing the exercise of interlocutory judicial discretion. It is a foundational principle of Indian jurisprudence that an ad-interim injunction, especially one granted *ex-parte* without prior notice to the affected defendants, is an extraordinary and draconian equitable remedy that must not be granted for the mere asking.

73. The statutory discretion vested in a Civil Court under Order XXXIX Rules 1 and 2 is structurally hedged by a mandatory judicial obligation to weigh and record an explicit, independent satisfaction regarding the three immutable pillars of injunction law, which comprise:

- i. A *prima facie* case,
- ii. The balance of convenience, and
- iii. Irreparable injury.

74. A careful examination of the impugned order reveals that the Learned Trial Judge completely abandoned this necessary analytical framework. The order contains no independent evaluation of the conflicting facts, no scrutiny of the documents on record, and no discussion on the legal maintainability of the action. Instead, the Trial Court simply recited the terms "strong *prima facie* case", "balance of convenience tilts in favour of the plaintiff", and "passed the three-pillar test" as a matter of boilerplate administrative routine.

75. We must strongly reiterate that these legal terms are not mere rhetorical phrases of incantation to be mindlessly stamped onto a judicial order to

legitimize a predetermined outcome. They are analytical concepts that require the court to actively weigh competing facts, equities, and potential hardships. By freezing a vital statutory corporate governance mechanism without providing an iota of judicial reasoning, the Trial Court exercised its discretion in a purely arbitrary and whimsical manner.

76. The Learned Trial Court's procedural failure becomes even more acute when viewed against the severe ground realities of the dispute, keeping in mind that equity will not aid a party who approaches the court with unclean hands. At the exact moment Respondent No. 1 approached the civil court to seek a protective umbrella for his board seat, he had paid a mere 13% of the settled transaction price, amounting to Rs. 3 Crores out of Rs. 23.31 Crores. Furthermore, he had bypassed the Board, entered into an unauthorized agreement with local labor unions, forcefully taken physical possession of the 2,138-acre Chinchula Tea Estate, locked out the company's authorized management executives, and was independently selling processed tea leaves for personal profit-revenue.

77. Crucially, the Respondent was also facing an active criminal investigation under a formal First Information Report (FIR) dated March 21, 2026, under the Bharatiya Nyaya Sanhita, 2023 (BNS) for severe corporate offenses, including corporate asset theft, extortion, forgery, and criminal breach of trust by a director.

78. The Learned Trial Judge completely blinded himself to these critical facts. By granting an *ex-parte* blanket injunction, the Civil Court effectively allowed its equitable process to be used as a shield by an

investor to protect a physical, ongoing corporate coup. Had the Trial Judge properly evaluated the balance of convenience, he would have instantly recognized that freezing the statutory powers of the rightful owners under Section 169 would cause total administrative ruin to the company, whereas refusing the injunction would merely compel the investor to seek his proper remedy before a specialized tribunal.

79. Courts are legally required to provide clear, intelligible reasons when passing interlocutory orders to preserve transparency, ensure public accountability, and protect the opposite party from sweeping, unreasoned freezes. An unreasoned order is a clear violation of natural justice and constitutes a material irregularity that completely undermines the integrity of the judicial process. Because Order No. 2 is completely detached from sound legal principles and the actual record of the case, it represents a flagrant abuse of judicial discretion and cannot be permitted to stand.

80. Accordingly, we find that the Learned Civil Judge committed a material irregularity and an egregious error of law by granting the ad-interim temporary injunction without recording an explicit, analytical satisfaction of the triple test under Order XXXIX Rules 1 and 2 of the CPC. The impugned order is a product of unreasoned, arbitrary discretion and is hereby held to be wholly unsustainable in law.

Question No. V is therefore answered in the affirmative.

CONCLUSION AND RATIO DECIDENDI

81. Upon a comprehensive evaluation of the core questions framed, we conclude that the Learned Trial Judge committed a manifest, fundamental error of law and jurisdiction by taking cognizance of Title Suit No. 08 of 2026. The learned Judge before granting an *ex parte ad-interim* temporary injunction against an active statutory corporate mechanism did not decide on the jurisdiction of the Court to grant some injunction save a one liner which does not clarify the settled legal position. Respondent No. 1, having voluntarily assumed the legal office of a director via the execution and filing of Ministry of the requisite form with the Corporate Affairs under DIR-12, placed his corporate status entirely under the disciplinary, administrative, and regulatory ambit of special statutory law. The company in order to take any step against the respondent has no other avenue but to proceed under Section 169 of the 2013 Act. A director is the part of the board through which, the company has to be operated. If the board is of the view that a director has reacted to illegal and unlawful acts has to serve a notice under the provisions of Section 169 of the 2013 Act. On having received the such notice, the respondent No.1 proceeded to file the suit in the Civil Court. A director can be without shares but he qualifies as member, though not as a shareholder under the 2013 Act. The MoU and the share transfer agreement to be executed in pursuance thereof is not disputed by the respondent No.1. The respondent No.1, therefore, qualifies as a member under Section 242 of the 2013 Act for which he was required to take

recourse of the remedies under the said Act instead of filing a civil suit to challenge the notice. He cannot be permitted to utilize his directorship to claim physical management rights over a 2,138-acre state-leased asset while simultaneously pleading a lack of shareholding to escape statutory removal under Section 169, or to bypass the absolute jurisdictional bar of Section 430.

82. We hold that for the purpose of attracting the regulatory provisions, internal discipline, and statutory ouster mechanisms of the Companies Act, 2013, the legal status of a "Director" under Section 2(34) is strictly functional and status-based. It is completely independent of, and does not require the holding of, any physical shareholding or equity ownership in the body corporate, as modern company jurisprudence has entirely severed the historical link between boardroom governance and equity ownership by dismantling the requirement of mandatory qualification shares. Consequently, the statutory bar imposed by Section 430 of the Companies Act, 2013, operates as an absolute jurisdictional block. It houses a dual prohibition that strips common-law civil courts of the capacity to entertain corporate disputes and completely prevents them from granting any injunction—interlocutory, ad-interim, or permanent—against an internal corporate procedure or board resolution explicitly regulated by a special statutory power, such as the removal of a director under Section 169.

83. The existence of a breached or unexecuted private commercial contract, such as a Memorandum of Understanding (MoU) or Share Purchase Agreement (SPA) for a future share purchase, cannot serve as a

jurisdictional passport or legal backdoor to expand civil court jurisdiction over an explicitly barred corporate mechanism. While a civil court retains its primary jurisdiction to adjudicate private contractual title or specific performance claims within an appropriate, separate property suit (such as Title Suit No. 05 of 2026), it possesses zero ancillary power to enter the boardroom of a company and freeze active statutory notices in a parallel governance proceeding. Furthermore, a substantial financial investor whose equity title remains unperfected due to a promoter deadlock is not structurally remedies-deprived; the statutory waiver mechanism under the proviso to Section 244(1) provides a complete, specialized, and adequate remedy before the National Company Law Tribunal (NCLT), completely stripping common-law civil courts of parallel or concurrent jurisdiction under Section 9 of the Code of Civil Procedure, 1908.

- 84.** Eventually, we are of the firm view that a court of equity will not grant an *ex-parte ad-interim* injunction to protect an investor's boardroom seat when that investor has failed to fulfill the primary financial consideration of a contract, has bypassed the Board to execute an unauthorized labor agreement, and faces an active criminal investigation for severe corporate offenses. The statutory discretion vested under Order XXXIX Rules 1 and 2 of the CPC remains strictly hedged by an unyielding judicial obligation to weigh and record an explicit, independent, and reasoned satisfaction regarding the three immutable pillars: a *prima facie* case, the balance of convenience, and irreparable injury. These are analytical concepts requiring the court to actively

weigh competing hardships, which cannot be substituted by boilerplate judicial formulas or phrases of ritual incantation; furthermore, equity will not aid a party who approaches the court with unclean hands, and an *ex-parte* injunction cannot be utilized to protect a physical corporate coup.

CONSEQUENTIAL ORDERS AND DIRECTIONS

- 85.** In view of the reasons stated above, the appeal being FMAT 4 of 2026 is allowed. We refrain from making any comments as to the maintainability of the suit as the said issue is not before us for being adjudicated. Whatever comments we have made in this judgment and order is restricted to the correction of the order impugned.
- 86.** The impugned *ad-interim* order of temporary injunction dated April 20, 2026, passed by the Learned Additional District & Sessions Judge, 2nd Court, Alipurduar, in Title Suit No. 08 of 2026 is hereby quashed and set aside on the ground that the trial court before passing the order impugned did not satisfy itself about the jurisdiction of the Court and the embargo under the Commercial Court Act, 2015.
- 87.** It will be open to the parties to agitate their right as to the maintainability of the suit and the necessity of other orders including order of injunction, appointment of auditor etc if law so permits.
- 88.** F.M.A.T. No. 4 of 2026 along with the connected stay application C.A.N. No. 1 of 2026 stand disposed of in terms of the above judgment and order.

89. Let urgent certified copies of this comprehensive judgment be issued to the appearing parties upon compliance with all necessary legal and procedural formalities.

I Agree

(Arindam Mukherjee, J.)

(Uday Kumar, J.)