

Filed on	30/09/2020
Registered on	30/09/2020
Decided on	30/04/2026
Duration	Y / M / Days 5 / 7 / 0

**IN THE COURT OF HON'BLE DISTRICT JUDGE, AT –
PATAN**

REGULAR CIVIL APPEAL No.16/2020

Ex.17

APPELLANT (ORIGINAL PLAINTIFF) :

Jayeshkumar Parsotambhai Panchal

Age: 43 Years, Occupation: Business

R/O.: Ugamano Darvajo, Luhar ni Khadki, At-Chanasma-384220
(Dist: Patan, North Gujarat).

V/s.

RESPONDENTS (ORIGINAL DEFENDANTS) :

- (1) BERGER PAINTS INDIA LTD.
(Public Limited Company)
(Notice to be served through its Company Secretary :
Aniruddh Sen)
Regd. Office: Berger House, 129 Park Street, Kolkata –
700017 (West Bengal).
- (2) C.B. MANAGEMENT SERVICE (P) LTD.
(Registrar and share transfer agent of No.1 Company)
(Notice to be served to it's Company Secretary Vikram
Singh)
Regd. Office: D-22, Bondel Road, Kolkata – 700017
(West Bengal).

APPEARANCE:

Mr.B.B.Velani - Ld. Advocate for Appellant.

Mr.I.P.Shah - Ld. Advocate for Respondents.

-: J U D G M E N T :-

1. Feeling aggrieved and dissatisfied with the order passed in
R.C.S. No.11/2020 on 03/09/2020 by the Principal Civil

Judge, Chanasma (hereinafter referred to as "Trial Court"), the appellant has moved this Appeal under Order 43 Rule 1(a) of the C.P.C. and Section 104.

2. Appellant was original plaintiff and respondents were original defendants before the trial court.

3. **BRIEF FACTUM AND MATRIX NECESSARY TO DECIDE THE PRESENT APPEAL ARE AS UNDER:-**

(3.1) The appellant's father was possessing 600 shares of respondent no.1 company with folio No.CO2353, Certificate No.406831 and Distinctive Nos.406760079 to 406760678. Respondent No.2 is a registrar and share transfer agent of respondent no.1 company. The appellant's father had not made any will and so in order to transmission of the 600 shares in the name of the appellant and his brother Pankajkumar Parsotambhai Panchal, the appellant corresponded with respondent no.2. Therefore, the respondents were required to deliver the share certificate at the address of the appellant mentioned at the title of the suit, but the respondent no.2 accepted in the letter dated 15/05/2018 that, "retaining the share certificates with us for 840 shares under each of the aforesaid folios pending transmission". Thus by the said letter, the respondent no.2 accepted the said certificates of 840 shares are in their possession and after that the respondent no.2 turned their written statement in letter dated 04/08/2020 and hence the appellant had to file the

suit before the trial court seeking declaration and permanent injunction relief for the shares issued by the respondent no.1 situated at Kolkata in West Bengal. However, the suit of the plaintiff came to be returned back to the plaintiff by the trial court by the said impugned order dated 03/09/2020 on the ground that the trial court had no territorial jurisdiction to entertain the said suit and the suit was required to be presented before the court which has jurisdiction to entertain such suits. So being offended by the said order of trial court, present appeal has been preferred by the appellant.

GROUND FOR FILING THE APPEAL :

4. The present appeal has been preferred by the appellant on the ground that the impugned order of trial court is erroneous and against the provisions of law. The learned trial court has failed to consider section 20 of the C.P.C. As per section 20(C) of the C.P.C., the appellant has filed the suit at Chanasma Court within the jurisdiction. According to section and averments made in the plaints and evidence on record, there is a correspondence between the appellant and defendants from Chanasma to Kolkata and also the respondents have to deliver the shares after transmission at Chanasma within the shares after transmission at Chanasma within the jurisdiction of court Chanasma but the learned trial court has not considered the said fact and evidence on record. In view of above along with other

grounds stated in the present appeal, it is submitted that the order of the trial court is against the principles of law and hence by way of the present appeal, the appellant has prayed to set aside the impugned order of the trial court and grant the present appeal.

REPLY OF THE RESPONDENTS :

5. After being served, the respondents filed reply vide Ex.14, wherein submitted that transfer and transmission of securities is a subject matter of the Companies Act, 2013 (for short 'Companies Act'), specifically section 56 of the Companies Act. It is further submitted that according to section 430 of Companies Act, the jurisdiction of the case falls under the Hon'ble National Company Law Tribunal and that no Civil Court shall have jurisdiction of the matter in relation to Companies Act.
6. Following points have been arisen by this Court for determination of this Appeal :

-: POINTS FOR DETERMINATION :-

- (1) Whether it is proved that the learned trial court committed error in interpreting the law and facts while deciding R.C.S. No.11/2020 dated 03/09/2020 ?
 - (2) What order ?
7. My findings on above issues are as under:
- (1) In negative
 - (2) In negative
 - (3) As per final order

8. I have heard the learned advocates for the respective parties.
9. The appellant has produced written arguments vide Ex.16 and reiterated the facts contained in the present appeal and submitted to grant the present appeal.

-: REASONS :-

10. The present appeal is against the order of the trial court passed in R.C.S. No.11/2020 on 03/09/2020 by which the trial court returned back the suit of the appellant on the ground that the trial court had no jurisdiction to entertain the suit of the appellant citing section 20 of the C.P.C. that neither any of the defendants, at the time of the commencement of the suit, actually and voluntarily resides, carries on business, or personally works for gain nor has any principal or subordinate office in the local jurisdiction of this court and likewise issuance of share certificate by the defendant or refusal/denial to act upon the application of plaintiff by the defendant resulting in cause of action has also not taken place in the local jurisdiction of the trial court and therefore held that the trial court had no territorial jurisdiction to entertain the suit. Hence the present appeal has been preferred by the appellant that the trial court has committed serious error while dismissing the suit of the appellant and hence present appeal should be allowed in favour of the appellant.
11. I have perused the impugned order of the trial court which

has been challenged before this court as well as perused the whole record of the trial court. The suit of the appellant/plaintiff seeking relief for declaration and permanent injunction regarding shares of the respondent no.1 company was rejected by the trial court on the ground of having no jurisdiction with the trial court to entertain the suit of the appellant. So being offended by the order of the trial court, present appeal has been preferred by the appellant.

12. First of all let's have a look at Section 20 of the C.P.C. which reads as under:

20. Other suits to be instituted where defendants reside or cause of, action arises :-

Subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction-

(a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or

(b) any of the defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(c) the cause of action, wholly or in part, arises.

13. On the other hand, perusing the reply filed by the opponents at Ex.14, they have stated that the present matter is in respect of the transfer and transmission of securities and hence it is a subject matter of the Companies Act, specifically section 56 of the Companies Act. The respondents have further relied upon Section 430 of

Companies Act, wherein it is stated that according to the said section, the jurisdiction of the case falls under the Hon'ble National Company Law Tribunal and that no Civil Court shall have jurisdiction of the matter in relation to the said section. So let me also refer to Section 56 & 430 of the Companies Act which reads as under :-

Companies Act Section 56: Transfer and Transmission of Securities under the Companies Act :-

1. Introduction

The transfer and transmission of securities are essential aspects of managing ownership and control in companies. Section 56 of the Companies Act governs the processes by which securities (shares, debentures, or other instruments) are transferred from one party to another and outlines the requirements for registering such transfers. It also specifies rules for transmitting ownership rights in case of legal events, such as the death of a shareholder. This provision ensures that all transactions involving the transfer of securities are legally valid, transparent, and efficiently executed, protecting the interests of shareholders and the company alike.

2. Transfer of Securities (Subsection 1)

The transfer of securities refers to the voluntary transfer of shares or other instruments from one individual or entity (the transferor) to another (the transferee). The Act establishes detailed guidelines to ensure that these transfers are properly documented and recorded.

430. 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.

14. Upon going through section 56 of the Companies Act, it transpires that any matter which deals with the transfer and transmission of securities and shares from one party to another party falls under section 56 of the Companies Act.

Moreover, as per section 430 of the Companies Act, no Civil Court shall have jurisdiction to entertain any such suit which deals with the transfer and transmission of securities and shares from one party to another party should be instituted before the National Company of Law Tribunal. So the present matter is also in respect of transfer of shares and hence section 56 and 430 of the Companies Act fits better to the present case. In such circumstances, this Court is of the view that the present matter is not in respect of territorial jurisdiction of the Civil Court to entertain the suit but it is regarding institution of the suit before the competent authority and trial court is not the competent authority to entertain the suit of the appellant and it should be filed before the concerned National Company Law Tribunal which is empowered to entertain such suits.

15. So in view of above discussions this court finds that the trial court has not committed any error while returning back the suit of the appellant, but it should not have been returned back on the ground of territorial jurisdiction but as per section 430 of the Companies Act as the trial court was not having power to entertain such suit which deals with any transfer of shares or securities to one party from another party. In such circumstances, present appeal deserves no merit and accordingly, the appeal is required to be dismissed. Therefore I answer points for determination

no.1 in negative against the appellant and for no.2, I pass the following order.

-: ORDER :-

1. The present Appeal stands **Rejected**.
2. Order passed in R.C.S No.11/2020 on 03/09/2020 by the trial court is hereby confirmed and upheld.
3. No order as to cost.
4. Decree be drawn accordingly.
5. Record & Proceedings, if any, be transmitted back to the trial court along with copy of this order.

Pronounced & signed in the open court today.

Date : 30/04/2026

Place: Patan

**(Prashantkumar H. Sheth)
Principal District Judge, Patan
U.I.Code No.GJ00524**

(CRD)