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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Judgment reserved on: 16.10.2025
Judgment pronounced on: 20.03.2026

+ **FAO(OS) 96/2022**

SUNANINA SINGH & ANR.

.....Appellants

Through: Mr. Sunil Dalal, Sr. Adv. with
Mr. B.S. Jakhar, Mr. Vikram
Singh Jakhar & Mr. Neeraj
Jakhar, Advs.

versus

**SITA CHAUDHARY (SINCE DECEASED THR LRS) &
ORS.**

.....Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along
with Mr. Anunaya Mehta,
Ms. Sarah Haque, Mr.
Adityaraj Patodia, Mr. Vidhan
Malik & Ms. Anandita Tayal,
Advs. for LR's of R-1, R-2, 5,
10 & 11.
Mr. Rajan Chaudhary and Mr.
Pratyaksh Kumar, Advs. for
R-3.
Mr. Shreesh Chada, Mr. Aman
Singh Bakhshi, Mr. Divjot
Singh Bhatia, Mr. Shaurya
Agarwal, Mr. Faiz Khan, Advs.
for R-4, 7 & 8.

+ **FAO(OS) 97/2022**

JMD SUPER INFRATECH PVT. LTD.

.....Appellant

Through: Mr. Naman Joshi, Mr. Rahul,
Advs.

versus



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SITA CHAUDHARY (SINCE DECEASED THR LRS) &
ORS.Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along
with Mr. Anunaya Mehta, Ms.
Sarah Haque, Mr. Adityaraj
Patodia, Mr. Vidhan Malik,
Ms. Anandita Tayal, Advs. for
LRs of R-1, R-5, 10, 12 & 20.
Mr. Rajan Chaudhary and
Mr. Pratyaksh Kumar, Advs.
for R-2.
Mr. Shreesh Chada, Mr. Aman
Singh Bakhshi, Mr. Divjot
Singh Bhatia, Mr. Shaurya
Agarwal and Mr. Faiz Khan,
Advs. for R-4, 7 & 8.

+ FAO(OS) 98/2022

M/S DS ROLLING PVT LTD NOW KNOWN AS M/S
KEDAAR METALIKS PVT LTDAppellant

Through: Ms. Gayatri Nandwani and
Ms. Mudita Sharda, Advs.

versus

SITA CHAUDHARY (SINCE DECEASED THR LRS) &
ORS.Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along
with Mr. Anunaya Mehta, Ms.
Sarah Haque, Mr. Adityaraj
Patodia, Mr. Vidhan Malik and
Ms. Anandita Tayal, Advs. for
LRs of R-1, R-5, 11, 12 & 13.
Mr. Rajan Chaudhary and
Mr. Pratyaksh Kumar, Advs.
for R-2.



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Mr. Shreesh Chada, Mr. Aman Singh Bakhshi, Mr. Divjot Singh Bhatia, Mr. Shaurya Agarwal and Mr. Faiz Khan, Advs. for R-4, 7 & 8.

+ FAO(OS) 99/2022

INDUSTRIAL CABLES (INDIA) LTDAppellant

Through: Mr. Lalit Gupta, Mr. Priyansh Jain, Ms. Shreeyam Kedia, Ms. Dipika Prasad, Mr. Sanyam Kumar and Mr. Soham Krishan Luthra, Advs.

versus

SITA CHAUDHARY (SINCE DECEASED THR LRS) & ORS.Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along with Mr. Anunaya Mehta, Ms. Sarah Haque, Mr. Adityaraj Patodia, Mr. Vidhan Malik and Ms. Anandita Tayal, Advs. for LR of R-1, R-5, 11, 12 & 13. Mr. Rajan Chaudhary and Mr. Pratyaksh Kumar, Advs. for R-2. Mr. Shreesh Chada, Mr. Aman Singh Bakhshi, Mr. Divjot Singh Bhatia, Mr. Shaurya Agarwal and Mr. Faiz Khan, Advs. for R-4, 7 & 8.

+ FAO(OS) 33/2024

M/S D S ROLLING PVT LTDAppellant

Through: Ms. Gayatri Nandwani, Ms. Mudita Sharda, Advs.



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versus

SITA CHAUDHARY (SINCE DECEASED THR LRS) &
ANR.Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along
with Mr. Anunaya Mehta, Ms.
Sarah Haque, Mr. Adityaraj
Patodia, Mr. Vidhan Malik and
Ms. Anandita Tayal, Adv. for
LRs of R-1, R-5, 11, 12 & 13.
Mr. Rajan Chaudhary and Mr.
Pratyaksh Kumar, Adv. for
R-2.
Mr. Shreesh Chada, Mr. Aman
Singh Bakhshi, Mr. Divjot
Singh Bhatia, Mr. Shaurya
Agarwal and Mr. Faiz Khan,
Adv. for R-4, 7 & 8.

+ FAO(OS) 49/2024

M/S KEDAAR STAINLESS INDIA PVT. LTD.Appellant

Through:

versus

SITA CHAUDHARY (SINCE DECEASED THR LRS) &
ORS.Respondents

Through: Mr. Akhil Sibal, Sr. Adv. along
with Mr. Anunaya Mehta, Ms.
Sarah Haque, Mr. Adityaraj
Patodia, Mr. Vidhan Malik and
Ms. Anandita Tayal, Adv. for
LRs of R-1, R-5, 11, 12 & 13.
Mr. Rajan Chaudhary and Mr.
Pratyaksh Kumar, Adv. for
R-2.
Mr. Shreesh Chada, Mr. Aman



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Singh Bakhshi, Mr. Divjot
Singh Bhatia, Mr. Shaurya
Agarwal and Mr. Faiz Khan,
Advts. for R-4, 7 & 8.

CORAM:

HON'BLE MR. JUSTICE ANIL KSHETARPAL

**HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR**

J U D G M E N T

HARISH VAIDYANATHAN SHANKAR, J.

1. With the consent of the parties, all these appeals were taken up together for hearing. Since they arise from the same suit and challenge the **Impugned Orders**¹ on similar grounds, we proceed to adjudicate them by way of this consolidated judgment.

PROLOGUE:

2. These appeals, filed under Order XLIII Rule 1(r) of the **Civil Procedure Code, 1908**² read with Section 10 of the Delhi High Court Act, 1966, seek to set aside the Orders dated 29.07.2022 and 19.12.2023 passed by the learned Single Judge in various interlocutory applications under Order XXXIX Rules 1, 2 and 4 of the CPC in CS(OS) 589/2021 titled "*Ms. Sita Chaudhry v. Mr. Verinder Singh & Ors.*".

3. By the **Impugned Order dated 29.07.2022**³, passed in I.A. No. 14829/2021 (filed by the Plaintiff - under Order XXXIX, Rules 1 & 2 CPC), I.A. No. 15075/2021 (filed by Defendant No.16 - under Order

¹ Orders dated 29.07.2022 and 19.12.2023

² CPC

³ First Impugned Order



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XXXIX, Rule 4 CPC), I.A. No. 15080/2021 (filed by Defendant No.13 - under Order XXXIX, Rule 4 CPC) and I.A. No. 15081/2021 (filed by Defendant No.4 - under Order XXXIX, Rule 4 CPC) filed in CS(OS) 589/2021, matters which form the subject-matter of Appeals FAO(OS) 96/2022, 97/2022, 98/2022 and 99/2022, the learned Single Judge, after considering the rival contentions and materials on record, essentially granted interim injunctions in favour of the Plaintiff (Respondent No.1 in these Appeals) in the following terms:

“CONCLUSION

87. In view of the discussion above, my *prima facie* findings may be summarized as under.

- (i) Under the Will dated 26th March, 2004, the plaintiff had only a limited beneficial interest in the estate of late Sh. Devinder Chaudhary, which did not culminate into an absolute interest under Section 14(1) of the Hindu Succession Act.
- (ii) There is a doubt whether the Will dated 26th March, 2004 is the last and final will of the late Sh. Devinder Singh Chaudhary, as the defendant no. 2 has propounded a Will dated 2008, in respect of which, probate proceedings are pending
- (iii) Therefore, the plaintiff could not have transferred the shareholding and interest in the estate of late Sh. Devinder Singh Chaudhary in favour of the defendants no. 4 and 9.
- (iv) The transfers of shares/interest in the defendant companies/LLPs made in favour of the defendants no. 4 and 9 by the plaintiff were on account of undue influence exercised by the defendants no. 4 and 9 over the plaintiff. Therefore, there a doubt is created in respect of the title of the defendants no. 4 and 9 over the shares/interest in the defendant companies/LLPs, transferred by the plaintiff.
- (v) The various defendant companies/LLPs are nothing but alter egos of the defendants no 4 and 9 and in the nature of quasi-partnerships. Therefore, following the ratio of Sangramsinh P. Gaekwad (supra). this Court is entitled to restrain the aforesaid companies/LLPs from disposing of their immovable properties.
- (vi) Various loans have been taken and unauthorized transfers made from the defendant companies/LLPs and other family-owned companies/LLPs in favour of the defendants no. 4 and



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9. These have been used to acquire properties/assets in their own names

- (vii) Various properties of late Sh. Devinder Singh Chaudhary/plaintiff and the defendant companies/LLPs have been disposed of or attempted to be disposed of by the defendants no 4 and 9 after acquiring control of these companies/LLPs.

88. In view of the above, the plaintiff has made out a prima facie case in her favour for grant of interim injunction. Balance of convenience requires that the properties in the names of the defendant companies/LLPs are preserved and the defendants no 4 and 9 are restrained from disposing of the said properties held by the defendant companies/LLPs on the basis of the shareholding/interest acquired by the defendants no. 4 and 9 in the aforesaid companies/LLPs till the final adjudication of the suit. Further, the defendants no. 4 and 9 should also be restrained from selling or disposing of immovable properties acquired by them till the final adjudication of the suit Irreparable harm and injury would be caused to the plaintiff as well as other legal heirs of the plaintiff and late Sh. Devinder Singh Chaudhary if the assets/properties belonging to the defendant companies/LLPs are frittered away by the defendants no. 4 and 9 during the pendency of the present suit Ultimately if the Court decrees the suit in favour of the plaintiff and the assets/properties of the defendant compames/LLPs have been alienated or sold, the decree would be rendered otiose.

89. Consequently, an interim injunction is passed in favour of the plaintiff and against the defendants in the following terms:

- (i) No third party interest, including sale, transfer and encumbrance, shall be created in respect of the properties owned by the defendants no. 13 to 17;
- (ii) The defendant no. 4 and 9 are restrained from transferring, selling, alienating and creating third party interest in the properties, being property/office in Building No.7, Basantlok, Vasant Vihar, New Delhi; flat at Magnolia, Gurgaon; accommodation on the first and second floor of Tower B, Magnum Towers, Golf Course Extension Road, Sector 58, Gurgaon; factory land and building at Village Khanpur purkazi Laksar Road, Dist. Uttarakhand-247663.
- (iii) The aforesaid directions shall not come in the way of the defendant no.13 selling/transferring plots developed in Madhuban Colony situated in Rajpura, Punjab.

90. Accordingly, the interim order dated 12th November, 2021 stands modified to the extent hereinabove. IA 14829/2021 succeeds and I.A. 15075/2021, I.A. 15080/2021 and I.A. 15081/2021 are dismissed.



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91. Needless to state, any observations made herein are only for the purposes of deciding the present applications and would have no bearing on the final adjudication of the suit.”

4. Thereafter, the Plaintiff filed an I.A. 25626/2023 seeking an *ad-interim* injunction against Defendant No. 19 and the prospective Defendant M/s Kedar Stainless India Pvt. Ltd. from creating third-party rights in the properties covered under the two sale deeds dated 15.05.2019 and 25.11.2021.

5. By the **Impugned Order dated 19.12.2023⁴**, which is the subject matter of FAO(OS) 33/2024 and FAO(OS) 49/2024, the learned Single Judge, by placing reliance on the earlier order dated 29.07.2022, granted injunction in the following terms:

“11. Having considered the submissions of learned counsel for the parties and having perused the order dated 29.07.2022, I am of the view that the plaintiff has been able to make out a prima facie case in her favour. The balance of convenience also lies in favour of the plaintiff. Furthermore, grave and irreparable prejudice will be caused to the plaintiff in case, the defendants proceed to create any third party rights in the aforesaid two properties, which it is deemed, were owned by the plaintiff as late as on 25.05.2019. It is, accordingly, directed that till the next date all the parties will maintain status quo qua the two suit properties which are subject matter of the present applications.”

6. At the outset, it is pertinent to note that the Impugned Orders directly and substantially affect Defendant No. 4 and her husband, Defendant No. 9. Consequently, all the present Appeals have been filed either by them or by others who appear to be supporting the cause of Defendant Nos. 4 and 9.

7. During the pendency of these Appeals, the original Plaintiff/ Respondent No. 1 passed away on 09.01.2025. Thereafter, six out of

⁴ Second Impugned Order



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her seven grandchildren, along with all three of her children, who were already parties to the Suit as well as the present Appeals, executed a memorandum of family arrangement dated 12.02.2025 and were substituted as her legal representatives by Order dated 22.08.2025.

8. The only remaining grandchild, Defendant No. 4, did not join the said family settlement and continues to contest the matter independently. Accordingly, for all practical purposes, the record now reflects two rival factions, *namely*, one representing the Plaintiff's side and the other led by Defendant No. 4. For the sake of clarity, convenience, and consistency, these contesting sides are hereinafter referred to as "*the Plaintiff*" and "*Defendant No. 4*", unless the context requires individual Defendants to be identified by their rank in the suit.

9. A tabular chart setting out the parties and their respective positions is reproduced below for ease of reference:

Name of the Party	Rank in CS(OS) 589/2021	Appellants before this Court
Late. Smt. Sita Chaudhry (W/o Late Sh. Devinder Singh Chaudhry)	Plaintiff	-
Verinder Singh (S/o Late Sh. Devinder Singh Chaudhry)	Defendant No.1	-
Deepinder Singh (S/o Late Sh. Devinder Singh Chaudhry)	Defendant No.2	-
Bhupen Phougaat (S/o Late Sh. Devinder Singh Chaudhry)	Defendant No.3	-
Sunaina Singh (D/o Deepinder Singh Chaudhry)	Defendant No.4	Appellant No. 1 in FAO(OS)-96/2022, along with Defendant No. 9
Shruti Manav Sharma (D/o Deepinder Singh Chaudhry)	Defendant No.5	-



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Karandeep Singh (S/o Deepinder Singh Chaudhry)	Defendant No.6	-
Brahm Dev Phougaat (S/o Bhupen Phougaat)	Defendant No.7	-
Kritika Phougaat (D/o Bhupen Phougaat)	Defendant No.8	-
Ajay Kadyan (Husband of Sunaina Singh/ Defendant No. 4)	Defendant No.9	Appellant No. 2 in FAO(OS)- 96/2022
Manav Sharma (Husband of Shruti Manav Sharma/ Defendant No. 5)	Defendant No.10	-
Arjun Singh (S/o Verinder Singh)	Defendant No.11	-
Ankur Singh (S/o Verinder Singh)	Defendant No.12	-
Industrial Cables (India) Ltd.⁵	Defendant No.13	Appellant in FAO (OS) NO. 99/ 2022
Ruchi Towers LLP	Defendant No.14	-
P.E. Manning (Consultants) Pvt. Ltd.	Defendant No.15	
Amba Promoters & Developers Pvt Ltd	Defendant No.16	-
Rama Packing & Wires Industries LLP	Defendant No.17	-
Beetal Financial and Computer Services Pvt. Ltd.	Defendant No.18	-
DS Rolling Mills Pvt. Ltd.	Defendant No.19	Appellant in FAO(OS)- 98/2022 and FAO(OS)- 33/2024
JMD Super Infratech Pvt. Ltd.⁶		Appellant in appeal FAO(OS)- 97/2022
M/S Kedaar Stainless India Pvt. Ltd.		Appellant in FAO(OS)- 49/2024

⁵ ICL⁶ JMD



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BRIEF FACTS:

10. The facts germane to the institution of the present Appeals are as follows:

- (a) Late Smt. Sita Chaudhry was married to **Late Sh. Devinder Singh Chaudhry**⁷. Out of the said wedlock, they had 3 sons who have been named in the table in the preceding paragraph.
- (b) The Plaintiff and the deceased had set up various companies/LLPs, which also included Defendant Nos. 13 to 17 and the Plaintiff and the deceased were the Directors/ Partners in the said companies/ LLPs and held majority shareholding as well, either directly or indirectly.
- (c) The deceased left for his heavenly abode on 05.12.2009, leaving behind the Plaintiff and his other legal heirs. At the time of the passing of the deceased, the major shareholding of the companies/ LLPs was in the name of the Plaintiff and the deceased. The shareholding at the time of the passing of the deceased is as follows:

S. No	NAME OF ENTITY	SHAREHOLDING			
1.	ICL (Defendant no.13)	a.	Devinder Singh Chaudhary	21,50,410	25.7%
		b.	Sita Chaudhary	7,51,000	9.0%
		c.	Ruchi Tower	41,53,150	49.6%
		d.	Darshan Properties Pvt. Ltd.	6,49,000	7.8%
		e.	Others	6,61,900	7.9%
			Total	83,65,460	100%

⁷ Deceased



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2.	Ruchi Towers Pvt. Ltd. (now Ruchi Towers LLP) (Defendant no.14)	a.	Devinder Singh Chaudhry	88,119	40.6%
		b.	Sita Chaudhary	46,463	21.4%
		c.	BBI Pvt Trust	82,424	38.0%
			Total	2,17,006	100%
3.	P.E. Manning (Consultants) Pvt. Ltd. (Defendant no.15)	a.	Devinder Singh Chaudhry	15,000	50.0%
		b.	Sita Chaudhary	3,012	10.0%
		c.	Satluj Pvt Trust	12,000	40.0%
			Total	30,012	100%
4.	Amba Promoters & Developers Pvt. Ltd. (Defendant no.16)	a.	Devinder Singh Chaudhry	5,000	50.0%
		b.	Sita Chaudhary	1,000	10.0%
		c.	Satluj Pvt. Trust	4,000	40.0%
			Total	10,000	100%
5.	Rama Packing & Wires Industries Pvt. Ltd. (Now Rama Packing & Wires Industries LLP) (Defendant no.17)	a.	Devinder Singh Chaudhry	470	5.5%
		b.	Sita Chaudhary	443	5.2%
		c.	ICL Sales & Services Pvt Ltd	3,800	44.6%
		d.	Deepak Oils Pvt Ltd	3,800	44.6%
			Total	8,513	100%
6.	Deepak Oils Pvt Ltd (now amalgamated with Defendant no.17)	a.	Devinder Singh Chaudhry	2,000	20.0%
		b.	Sita	2,000	20.0%



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			Chaudhary		
		c.	RPW Pvt Trust	6,000	20.0%
			Total	10,00	60%
7.	ICL Sales & Services Pvt. Ltd. (now amalgamated with Defendant no.17)	a.	Devinder Singh Chaudhry	10,000	20.0%
		b.	Sita Chaudhary	10,000	20.0%
		c.	RPW Pvt Trust	30,000	60.0%
			Total	50,000	100%

- (d) It is stated that the deceased executed a Will dated 26.03.2004, under which the Plaintiff was appointed as the executor and also had a limited interest.
- (e) Subsequently, another Will dated 04.10.2008 is alleged to exist, and Defendant No. 2 instituted probate/letters of administration proceedings with respect to the said Will before the learned Saket District Courts, District-South, Delhi. The Plaintiff filed objections in those proceedings.
- (f) After the demise of her husband, the Plaintiff, aged about 73 years and in deteriorating health, was residing alone. During this period, Defendant No. 4, along with her husband, Defendant No. 9, shifted to Chandigarh, where the Plaintiff was then residing, allegedly to take care of her ailing grandmother.
- (g) It is alleged that between 2018-2019, the Plaintiff executed various instruments/gift deeds transferring substantial shareholding and interests, both of the deceased and herself, to Defendant Nos. 4 and 9. The transfers were as follows:



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DATE	CORPORATE ENTITY	TRANSFEE	TRANSFEREE	NUMBER OF SHARES
19.12.2018	Amba Promoters & Developers Pvt Ltd (Defendant no. 16)	Sita Chaudhry	Sunaina Singh	6,000
19.12.2018	P.E. Manning (Consultants) Pvt. Ltd (Defendant no. 15)	Sita Chaudhry	Sunaina Singh	18,012
14.03.2019	Ruchi Towers LLP (Defendant no. 14)	Sita Chaudhry	Sunaina Singh	62% LLP Capital
14.03.2019	Rama Packing & Wires Industries LLP (Defendant no. 17)	Sita Chaudhry	Sunaina Singh	47% LLP Capital
24.04.2019	Ruchi Towers LLP (Defendant no. 14)	Rajpura Steel Tubes Pvt. Ltd.	Ajay Kadyan	38% LLP Capital
06.06.2019	ICL (Defendant no. 13)	Sita Chaudhry	Sunaina Singh	21,21,240

- (h) Upon acquiring the above shareholding and interest, Defendant Nos. 4 and 9 allegedly sold a number of properties belonging to the said companies/LLPs at values significantly below the prevailing market price. It is further alleged that they also acquired assets in their own names by utilising loans and advances drawn from the defendant companies/LLPs under their control, particularly after assuming management of Defendant No. 13.
- (i) The resultant shareholding/ ownership and directorship/ partnership structure of the key companies/ LLPs is summarised below:



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S.NO.	NAME OF BODY CORPORATE	SHAREHOLDING/ PARTNERSHIP CAPITAL	DIRECTORSHIP/ PARTNERSHIP
1.	Industrial Cables Ltd.	a. Sunaina Singh 33.6% b. Sita Chaudhry 0.01% c. Devinder Singh Chaudhry 8.6% d. Ruchi Towers LLP 44.1% e. Darshan Properties LLP 6.9% f. Others <u>6.8%</u> 100%	1. Sita Chaudhry (Managing Director) 2. Sunaina Singh (Wholetime Director) 3. Rajeev Pandey (Director) 4. Puja Shukla (Company Secretary)
2.	Ruchi Towers LLP	a. Sunaina Singh 62.0% b. Ajay Kadyan <u>38.0%</u> 100%	1. Sunaina Singh 2. Ajay Kadyan (Designated Partners)
3.	P.E. Manning (Consultants) Pvt. Ltd.	a. Sunaina Singh 60.0% b. Rama Packing & Wire Industries LLP <u>40.0%</u> 100%	1. Sita Chaudhry 2. Sunaina Singh 3. Ajay Kadyan (Directors)
4.	Amba Promoters & Developers Pvt. Ltd.	a. Sunaina Singh 60.0% b. Rama Packing & Wire Industries LLP <u>40.0%</u>	1. Sita Chaudhry 2. Anil Kumar Rampal (Directors)



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		100%	
5.	Rama Packing Wires Industries LLP (Defendant No. 17)	a. Sunaina Singh 47.5% b. Ruchi Towers LLP <u>52.5%</u> 100%	1. Sunaina Singh (Designated Partner) 2. Rajeev Pandey (Body Corporate Designated Partner Nominee)

- (j) In the second half of 2020, Defendant No. 1 instituted CS(OS) 382/2020 before this Court seeking, *inter alia*, declaration, partition, permanent injunction, rendition of accounts, recovery and *mesne* profits concerning the estate of the deceased.
- (k) In June 2021, the Plaintiff shifted from Chandigarh to Delhi to reside with her other legal heirs, and it is stated that she then realised the nature and consequences of the various alleged documents executed by her while under the care of Defendants No. 4 and 9.
- (l) The Plaintiff thereafter filed an application seeking withdrawal of or to disregard the pleadings filed in CS(OS) 382/2020 on her behalf, asserting that those pleadings had not been instituted by her volition but were filed by Defendant No. 4 purportedly in her name.
- (m) On 21.10.2021, the Plaintiff filed CS(OS) 589/2021 before this Court seeking declaration, permanent and mandatory injunction, rendition of accounts, and cancellation of gift deeds relating to the properties of the deceased and herself. By Order dated 12.11.2021, the learned Single Judge directed the parties to maintain *status quo* with respect to the disposal of the suit



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properties.

- (n) Along with the plaint, the Plaintiff had also filed an interim application under Order XXXIX, Rules 1 and 2 CPC, seeking the following reliefs:

- “a) Pass an order restraining Def. No.4 and No.9 from exercising any right and authority of any kinds whatsoever based on the share transactions including right issues in the suit in ICL (Def. No.13), Amba Promoters & Developers Pvt Ltd (Def. No.16), P.E. Manning (Consultants) Pvt. Ltd (Def. No.15) as mentioned in suit and transfer of shares in Ruchi Towers LIP (Def. No.14 and Rama Packaging & Wire Industries LLP (Def. No.17) in any manner whatsoever.
- b) Pass an order restraining Def. No.4 and Def. No.9 from transferring, selling, alienating and creating third party interest in the property of ICL (Def. No.13), Amba Promoters & Developers Put Ltd (Def. No.16), P.E. Manning (Consultants) Pvt Ltd (Def. No. 15), Ruchi Towers LLP (Def. No.14) and Rama packaging & Wires Industries LLP (Def. No.17).
- c) Pass an order restraining Def. No.4 and Def. No.9 from selling any property located at Build. No.7, Basantlok, Vasant Vihar, New Delhi, flat at Mangolia, Gurgaon, accommodation on first and second floor of Tower B, Magnum Towers, Golf Course Extension Road, Sector 58, Gurgaon, factory land and building at Village-Khanpur purkazi Laksar Road, Dist. Uttarakhand-247663 till the share transactions of various companies and LLP as mentioned in the suit and the assets of the deceased and the plaintiff are restored back to the status before the transfer / sale at the time of death of deceased / before transfer.
- d) Pass an order restraining the Defendant No.4 and 9 from disturbing the peaceful possession of the accommodation of the property located at first Floor, H.No. 36, Sector 5A, Chandigarh which was given to the plaintiff by a board resolution of ICL.
- e) Pass an interim order restraining Defendant No.4 and 9 from leaving the country without permission of this Hon'ble Court.
- f) ex-parte order in terms of prayer above.
- g) Pass such further order as this Hon'ble Court deem just and proper in the facts and circumstances of the case.”

- (o) After hearing both sides, the learned Single Judge passed the First Impugned Order dated 29.07.2022.

- (p) Thereafter, the Plaintiff filed I.A. 25626/2023 seeking interim



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protection regarding properties covered under two sale deeds dated 15.05.2019 and 25.11.2021. On 19.12.2023, while considering the said application, the learned Single Judge passed the Second Impugned Order.

(q) Aggrieved by the above two Impugned Orders, the present Appeals have been preferred.

SUBMISSIONS OF DEFENDANT NO. 4/ APPELLANTS:

11. At the outset, it is submitted that the learned Single Judge, while passing the Impugned Orders, has, on his own accord, conducted what virtually amounts to a mini-trial, and such an exercise is contrary to the settled principles of law governing the grant of interim injunctions.

12. It is further submitted that the learned Single Judge has erroneously restrained the Defendant Companies/LLPs from carrying on business dealings on the premise of an alleged fraudulent transfer of shares and entitlements in favour of Defendant Nos. 4 and 9, and such restraint has resulted in serious prejudice and undue losses to the said Companies/LLPs.

13. It is submitted that the Plaintiff's pleadings fail to satisfy the mandatory requirements of Order VI Rule 4 of the CPC as no particulars of fraud or undue influence have been pleaded or substantiated, yet the learned Single Judge has returned a *prima facie* finding of undue influence without either pleadings or evidence to that effect, and despite the Plaintiff not having claimed anywhere in the Plaint that she was under undue influence; nevertheless, the First Impugned Order wrongly proceeds on this assumption and even



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observes that such alleged undue influence continued until June 2021.

14. It is also submitted that the Plaintiff did not lodge any complaint with any authority alleging fraud or illegality nor issue any legal notice prior to filing the suit, and the present suit has been instituted only on 21.10.2021, after an unexplained delay of nearly 33 months from the alleged incident dated 19.12.2018.

15. It is contended that the documents on record clearly demonstrate that the Plaintiff was in sound physical and mental health and was actively involved in the day-to-day affairs of the Companies, and it was of her own free will that she executed the gift deeds, signed the share-transfer forms, handed over the share certificates to Defendant Nos. 4 and 9, and completed all legal formalities necessary for effectuating the transfer of shares.

16. It is further submitted that the Plaintiff gifted shares to her other grandchildren during the same period in 2018 when the gifts were made to Defendant Nos. 4 and 9, and she subsequently executed an “*Additional Settlement*” dated 28.05.2019 specifying that Defendant No. 4 was to receive 20% of the sale consideration from the other grandchildren upon sale of the assets of Glorious Commercial LLP and Satluj Trading LLP.

17. It is submitted that the learned Single Judge has wrongly relied on Section 14 of the **Hindu Succession Act, 1956**⁸, because the Plaintiff herself claims to be the absolute and sole owner of the properties under the Will dated 26.03.2004 executed by her late husband, and once absolute ownership is asserted, reliance on Section 14 becomes misconceived.

⁸ HSA



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18. It is also contended that under Section 89 of the **Companies Act, 2013**⁹, if the Plaintiff were merely a holder of beneficial interest in the shares devolving from the deceased, she ought to have informed the Defendant Companies/LLPs accordingly, whereas she repeatedly represented herself to be the absolute owner based on her understanding of the Will dated 26.03.2004, and thus she cannot now resile and claim only a life interest.

19. It is further contended that the Plaintiff has not sought the appropriate relief before the learned Single Judge because, when an executant seeks to avoid a transaction, the proper relief is *cancellation* and not merely *declaration*, and by relying on **Suhrid Singh @ Sardool Singh v. Randhir Singh & Ors.**¹⁰, it is further submitted that such a suit is not maintainable without seeking cancellation and without paying *ad valorem* court fees, which the Plaintiff has not done.

20. It is also submitted that JMD (*Appellant in FAO(OS) 97/2022*) is a separate and independent juristic entity which has successfully completed more than 100 real-estate projects, and neither in the past nor at present have JMD and Defendant No. 13 shared shareholders, directors, or key managerial personnel, yet the Impugned Order has been passed in complete disregard of these material facts.

21. Lastly, it is submitted that FAO(OS) No. 33/2024 and FAO(OS) No. 49/2024 are directed against the Second Interim Order, which is entirely dependent upon and derivative of the First Impugned Order, and in doing so, it has further extended the restraint even to properties

⁹ Companies Act

¹⁰ (2010) 12 SCC 112.



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that were not part of the Plaintiff.

SUBMISSIONS OF THE PLAINTIFF/ CONTESTING RESPONDENTS:

22. **Per Contra**, the Plaintiff would rebut each and every contention raised in support of these Appeals.

23. On behalf of the Plaintiff, it is submitted that the learned Single Judge has rightly passed the Impugned Orders to preserve the estate of the deceased as well as that of the Plaintiff.

24. It is submitted that Defendant No. 13 has wrongly prayed for setting aside the Impugned Order restraining the business activities of the Company. It is further submitted that Defendant No. 13 is not in the real estate business in the true commercial sense and has only ever engaged in one real estate project by selling the industrial land of the Company, and such a singular transaction cannot be relied upon to term the Company as one engaged in the real estate business. Even otherwise, the Company has never purchased any land for the purposes of development or sale, and the land now being developed/sold is merely the land on which the earlier factory and housing for employees were situated, along with certain agricultural land.

25. In support of the findings of the learned Single Judge, it is submitted that pursuant to the transfers undertaken by Defendant Nos. 4 and 9, the majority of the shares in Defendant No. 13 are now held by Defendant No. 4, and therefore the majority decisions in the said Company are also being taken solely by Defendant No. 4; similarly, this is the position with respect to Defendant Nos. 14 to 17, and



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therefore, the learned Single Judge has rightly enjoined these Defendants from carrying out any further transactions.

26. With respect to the collaboration agreements between JMD (*Appellant in FAO(OS) 97/2022*) and Defendant No. 13, it is submitted that the learned Single Judge has rightly considered the transaction and enjoined the same, since firstly, the property is being sold for an amount lower than its actual value because the promoters of JMD are known to Defendant Nos. 4 and 9, and secondly, the factum of sale was not disclosed by Defendant No. 13 before the learned Single Judge although the transaction was executed between the service of the suit and its first listing.

27. It is also submitted that keeping in view all these facts, circumstances and actions of Defendant Nos. 4 and 9, the learned Single Judge has rightly enjoined Defendant Nos. 4 and 9 as well as Defendant Nos. 13 to 17 from dealing with or transacting in the estate of the deceased and the Plaintiff, and if the said Injunction is not upheld, the estate would be frittered away and nothing material would remain.

28. With respect to the applicability of Section 89 of the Companies Act, it is submitted that the said plea is misconceived and has no application to the present case. During the Plaintiff's lifetime, the Plaintiff held the shares entirely and absolutely, *albeit* only to the extent of enjoying the income arising from the estate and with the caveat that she could not sell or alienate the shares; during her lifetime, none of the other legal heirs have any rights in the shares, and only after the Plaintiff's demise would their rights be worked out in accordance with the 2004 Will. Therefore, during the Plaintiff's



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lifetime, there is neither any other beneficial interest holder in the shares nor any requirement to declare any such person, and accordingly the Plaintiff was not required to make a declaration under Section 89(1) of the Companies Act, nor were the legal heirs required to make a declaration under Section 89(8) of the Companies Act.

29. It is contended that the argument advanced by Defendant No. 4 that the prayer sought by the Plaintiff before the learned Single Judge was erroneous, holds no substance. It is submitted that the transfers made by the Plaintiff in favour of Defendant Nos. 4 and 9 are *void ab initio* since they were procured under coercion/undue influence and fraudulently; and in light of the manner in which the transfers were made, the prayer for declaration has been rightly sought. Reliance would be placed on the judgments of the Hon'ble Supreme Court in ***Kewal Krishan vs. Rajesh Kumar***¹¹, ***Prem Singh vs. Birbal***¹² and ***Shanti Devi vs. Jagan Devi***¹³, wherein it has been held that a declaration in respect of a void document need not even be specifically prayed and can be considered in collateral proceedings.

30. It is also submitted that in respect of the transfer of shares in Defendant No. 13, the relevant form has been forged by Defendant Nos. 4 and 9, and therefore, no cancellation of a document that was never executed by the Plaintiff is required to be sought.

ANALYSIS:

31. We have heard the learned Counsel appearing for the parties and, with their able assistance, perused the Impugned Orders, the

¹¹ (2022) 18 SCC 489

¹² (2006) 5 SCC 353

¹³ 2025 SCC OnLine 1961



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material placed on record, as well as the written submissions filed by them.

32. Before proceeding further, it is apposite to note the nature of the jurisdiction exercised by the Appellate Court while scrutinizing discretionary orders of the Trial Court passed under Rules 1, 2 and 4 of Order XXXIX of the CPC. The Hon'ble Supreme Court in **Ramakant Ambalal Choksi v. Harish Ambalal Choksi**¹⁴ examined the scope of appellate jurisdiction in such matters after analyzing a line of precedents on this aspect. The relevant excerpt of the said judgment reads as under:

“Appellate jurisdiction under Order 43 CPC

19. Order 43CPC specifies the orders against which an appeal lies. Sub-rule (r) of Rule 1 of the said order provides that an appeal would lie against an order made under Rules 1, 2, 2-A, 4 and 10 of Order 39 CPC, respectively.

20. The law in relation to the scope of an appeal against grant or non-grant of interim injunction was laid down by this Court in **Wander Ltd. v. Antox India (P) Ltd., 1990 Supp SCC 727**, Antox brought an action of passing off against Wander with respect to the mark Cal-De-Ce. The trial court declined Antox's plea for an interim injunction, however, on appeal the High Court reversed the findings of the trial Judge. This Court, upon due consideration of the matter, took notice of two egregious errors said to have been committed by the High Court:

- (a) First, as regards the scope and nature of the appeals before it and the limitations on the powers of the appellate court to substitute its own discretion in an appeal preferred against a discretionary order; and
- (b) Secondly, the weakness in ratiocination as to the quality of Antox's alleged user of the trade mark on which the passing off action is founded.

21. With regard to (a), this Court held thus: (**Wander Ltd. v. Antox India (P) Ltd., 1990 Supp SCC 727, SCC p. 733, para 14**)

“14. ... In such appeals, the appellate court will not interfere with the exercise of discretion of the court of the first instance and substitute its own discretion, except where the discretion has been shown to have been

¹⁴ (2024) 11 SCC 351



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exercised arbitrarily or capriciously or perversely, or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. ... The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below.... If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion."

22. This Court, while arriving at the above findings, relied on its earlier judgment in **Printers (Mysore) (P) Ltd. v. Pothan Joseph, 1960 SCC OnLine SC 62**, wherein it was held thus: (**Printers (Mysore) (P) Ltd. v. Pothan Joseph, 1960 SCC OnLine SC 62**, SCC OnLine SC para 9)

"9. ... as has been observed by Viscount Simon LC in **Charles Oseinton & Co. v. Johnston, 1942 AC 130 (HL)**, the law as to reversal by a court of appeal of an order made by a Judge below in the exercise of his/her discretion is well established, and any difficulty that arises is due only to the application of well-settled principles in an individual case."

23. It is pertinent to note that in **Printers (Mysore) (P) Ltd. v. Pothan Joseph, 1960 SCC OnLine SC 62**, this Court had held that ignoring relevant facts is also a ground for interfering with the discretion exercised by the trial court. Furthermore, Viscount Simon LC in **Charles Oseinton & Co. v. Johnston, 1942 AC 130 (HL)**, after stating the above, went on to quote Lord Wright's decision in **Evans v. Bartlam, 1937 AC 473 (HL)**: (**Evans v. Bartlam, 1937 AC 473 (HL)**, AC p. 486)

"... It is clear that the court of appeal should not interfere with the discretion of a judge acting within his jurisdiction unless the Court is clearly satisfied that he was wrong. But the court is not entitled simply to say that if the judge had jurisdiction and had all the facts before him, the court of appeal cannot review his order unless he is shown to have applied a wrong principle. The court must, if necessary, examine anew the relevant facts and circumstances in order to exercise a discretion by way of review which may reverse or vary the order."

24. In **Evans case [Evans v. Bartlam, 1937 AC 473 (HL)]**, Lord Wright made it clear that while adjudicating upon the discretion exercised by the trial court, the appellate court is obliged to consider the case put forward by the appellant in favour of its argument that the trial court exercised its discretion arbitrarily or incorrectly in the circumstances.



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25. What flows from a plain reading of the decisions in ***Evans v. Bartlam*, 1937 AC 473 (HL)** and ***Charles Osenton & Co. v. Johnston*, 1942 AC 130 (HL)** is that an appellate court, even while deciding an appeal against a discretionary order granting an interim injunction, has to:

- (a) Examine whether the discretion has been properly exercised i.e. examine whether the discretion exercised is not arbitrary, capricious or contrary to the principles of law; and
- (b) In addition to the above, an appellate court may in a given case have to adjudicate on facts even in such discretionary orders.

26. The principles of law explained by this Court in ***Wander Ltd. v. Antox India (P) Ltd.*, 1990 Supp SCC 727**, have been reiterated in a number of subsequent decisions of this Court. However, over a period of time the test laid down by this Court as regards the scope of interference has been made more stringent. The emphasis is now more on perversity rather than a mere error of fact or law in the order granting injunction pending the final adjudication of the suit.

27. In ***Neon Laboratories Ltd. v. Medical Technologies Ltd.*, (2016) 2 SCC 672**, this Court held that the appellate court should not flimsily, whimsically or lightly interfere in the exercise of discretion by a subordinate court unless such exercise is palpably perverse. Perversity can pertain to the understanding of law or the appreciation of pleadings or evidence. In other words, the Court took the view that to interfere against an order granting or declining to grant a temporary injunction, perversity has to be demonstrated in the finding of the trial court.

28. In ***Mohd. Mehtab Khan v. Khushnuma Ibrahim Khan*, (2013) 9 SCC 221**, this Court emphasised on the principles laid down in ***Wander Ltd. v. Antox India (P) Ltd.*, 1990 Supp SCC 727**, and observed that while the view taken by the appellate court may be an equally possible view, the mere possibility of taking such a view must not form the basis for setting aside the decision arrived at by the trial court in exercise of its discretion under Order 39 CPC. The basis for substituting the view of the trial court should be mala fides, capriciousness, arbitrariness or perversity in the order of the trial court. The relevant observations are extracted below: (SCC p. 230, para 20)

“20. In a situation where the learned trial court on a consideration of the respective cases of the parties and the documents laid before it was of the view that the entitlement of the plaintiffs to an order of interim mandatory injunction was in serious doubt, the appellate court could not have interfered with the exercise of discretion by the learned trial Judge unless such exercise was found to be palpably incorrect or untenable. The



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reasons that weighed with the learned trial Judge, as already noticed, according to us, do not indicate that the view taken is not a possible view. The appellate court, therefore, should not have substituted its views in the matter merely on the ground that in its opinion the facts of the case call for a different conclusion. Such an exercise is not the correct parameter for exercise of jurisdiction while hearing an appeal against a discretionary order. While we must not be understood to have said that the appellate court was wrong in its conclusions what is sought to be emphasised is that as long as the view of the trial court was a possible view the appellate court should not have interfered with the same following the virtually settled principles of law in this regard as laid down by this Court in *Wander Ltd. v. Antox India (P) Ltd.* [*Wander Ltd. v. Antox India (P) Ltd.*, 1990 Supp SCC 727]”.

Meaning of the expression “perverse”

34. Any order made in conscious violation of pleading and law is a perverse order. In *Moffett v. Gough*, (1878) 1 LR Ir 331, the Court observed that a perverse verdict may probably be defined as one that is not only against the weight of evidence but is altogether against the evidence. In *Godfrey v. Godfrey*, 106 NW 814, the Court defined “perverse” as “turned the wrong way”; not right; distorted from the right; turned away or deviating from what is right, proper, correct, etc.

35. The expression “perverse” has been defined by various dictionaries in the following manner:

(a) *Oxford Advanced Learner's Dictionary of Current English*, 6th Edn.

Perverse — Showing deliberate determination to behave in a way that most people think is wrong, unacceptable or unreasonable.

(b) *Longman Dictionary of Contemporary English* — International Edn.

Perverse — Deliberately departing from what is normal and reasonable.

(c) *The New Oxford Dictionary of English* — 1998 Edn.

Perverse — Law (of a verdict) against the weight of evidence or the direction of the Judge on a point of law.

(d) *New Webster's Dictionary of the English Language* (Deluxe Encyclopedic Edn.)

Perverse — Purposely deviating from accepted or expected behavior or opinion; wicked or wayward; stubborn; cross or petulant.

(e) *Stroud's Judicial Dictionary of Words & Phrases*, 4th Edn.



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Perverse — A perverse verdict may probably be defined as one that is not only against the weight of evidence but is altogether against the evidence.

36. The wrong finding should stem out on a complete misreading of evidence or it should be based only on conjectures and surmises. Safest approach on perversity is the classic approach on the reasonable man's inference on the facts. To him, if the conclusion on the facts in evidence made by the court below is possible, there is no perversity. If not, the finding is perverse. Inadequacy of evidence or a different reading of evidence is not perversity. (See Damodar Lal v. Sohan Devi, (2016) 3 SCC 78.)

(emphasis supplied)

33. The settled position of law emerging from the above-relied authorities is that appellate scrutiny of interim injunction orders is inherently limited because such orders are discretionary in nature. Since the Trial Court exercises its judicial discretion while assessing a *prima facie* case, balance of convenience and irreparable injury based on the facts before it, its assessment carries primary weight. As this determination is not governed by rigid legal rules but by judicial discretion, the Appellate Court does not undertake a fresh reconsideration of the entire matter.

34. Consequently, the Appellate Court cannot substitute its own view merely because it may have arrived at a different conclusion on the same material. Interference is justified only in exceptional situations, specifically when the Trial Court's exercise of discretion is arbitrary, capricious, perverse, *mala fide*, based on irrelevant or extraneous considerations, or contrary to settled legal principles. In essence, the test is not whether the Appellate Court prefers an alternative view, but whether the Trial Court's decision falls outside the realm of lawful, fair and reasonable discretion.

35. Although the Appellate Court may examine the record to



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determine whether the discretion has been improperly exercised, it cannot reassess or re-appreciate the evidence solely to reach a different conclusion. Appellate intervention is now confined to cases of *perversity*, not mere legal or factual error. A finding is perverse when it involves a clear misapplication of law, a misunderstanding of facts, or a conclusion that no reasonable judicial mind could reach, for example, where the decision rests on an incorrect reading of evidence or on conjecture and speculation. The guiding test is whether a reasonable person could have reached the same conclusion based on the material before the Trial Court; if yes, there is no perversity. The mere existence of another possible view or alleged insufficiency of evidence is not a ground for interference.

36. In the same judgment, ***Ramakant Ambalal Choksi*** (*supra*), the Hon'ble Supreme Court has also summarised the principles governing the grant of temporary injunction, which are reproduced hereinbelow:

“Principles governing grant of temporary injunction

32. In *Anand Prasad Agarwalla v. Tarkeshwar Prasad [Anand Prasad Agarwalla v. Tarkeshwar Prasad, (2001) 5 SCC 568]*, it was held by this Court that it would not be appropriate for any court to hold a mini-trial at the stage of grant of temporary injunction.

33. The burden is on the plaintiff, by evidence aliunde by affidavit or otherwise, to prove that there is “a *prima facie* case” in his favour which needs adjudication at the trial. The existence of the *prima facie* right and infraction of the enjoyment of his property or the right is a condition precedent for the grant of temporary injunction. *Prima facie* case is not to be confused with *prima facie* title which has to be established on evidence at the trial. Only *prima facie* case is a substantial question raised, *bona fide*, which needs investigation and a decision on merits. Satisfaction that there is a *prima facie* case by itself is not sufficient to grant injunction. The Court further has to satisfy that non-interference by the court would result in “irreparable injury” to the party seeking relief and that there is no other remedy available



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to the party except one to grant injunction and he needs protection from the consequences of apprehended injury or dispossession. Irreparable injury, however, does not mean that there must be no physical possibility of repairing the injury, but means only that the injury must be a material one, namely, one that cannot be adequately compensated by way of damages. The third condition also is that “the balance of convenience” must be in favour of granting injunction. The Court while granting or refusing to grant injunction should exercise sound judicial discretion to find the amount of substantial mischief or injury which is likely to be caused to the parties, if the injunction is refused and compare it with that which is likely to be caused to the other side if the injunction is granted. If on weighing competing possibilities or probabilities of likelihood of injury and if the Court considers that pending the suit, the subject-matter should be maintained in *status quo*, an injunction would be issued. Thus, the Court has to exercise its sound judicial discretion in granting or refusing the relief of *ad interim* injunction pending the suit. (See **Dalpat Kumar v. Prahlad Singh** [**Dalpat Kumar v. Prahlad Singh**, (1992) 1 SCC 719].)”

(emphasis supplied)

37. Thus, the grant of temporary injunction is guided by well-established safeguards meant to protect rights during the pendency of a suit without prejudging the final adjudication. At this stage, the court must not conduct a mini-trial. The burden is on the party seeking injunction to establish the existence of a *prima facie* case, meaning thereby a substantial, *bona fide* issue that requires adjudication at trial, though not proof of final title or entitlement.

38. Additionally, the applicant must demonstrate that refusal of injunction would result in irreparable injury, that is, harm of a material nature that cannot be adequately compensated by damages or rectified later. The objective is to prevent situations such as dispossession or violation of rights that may render the eventual relief ineffective.

39. The third mandatory requirement is that the balance of convenience must favour the grant of injunction. The court weighs the comparative hardship of whether refusal of the injunction would cause



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greater prejudice to the applicant than its grant would cause to the respondent. If preserving the *status quo* pending trial is necessary to avoid injustice, injunction follows. Ultimately, the court must exercise sound judicial discretion after weighing competing risks.

40. In light of the foregoing legal principles relating to the scope of the Trial Court's jurisdiction while granting temporary injunctions and the limited extent of appellate review over such discretionary orders, we now turn to examine the grounds raised by Defendant No. 4/Appellants in challenge to the Impugned Orders.

41. A principal argument advanced in these Appeals is that the Plaintiff allegedly failed to comply with the mandatory requirement of Order VI Rule 4 of the CPC, contending that fraud and undue influence were not pleaded with sufficient specificity, and therefore, the learned Single Judge erred in recording findings on undue influence despite such omission.

42. It is well settled that before granting an injunction, the Court must be satisfied that the Plaintiff has disclosed a *bona fide prima facie* right requiring protection. Allegations of fraud or undue influence, particularly when relied upon as the foundation for interlocutory relief, must disclose material particulars sufficient to cross the threshold of a *prima facie* case. Pertinently, while Order VI Rule 4 of the CPC does not prescribe a rigid formula, it nevertheless mandates that such allegations be supported by clear and specific material rather than resting merely on inference or suspicion.

43. The learned Single Judge has undertaken examination of the pleadings, documents, and surrounding circumstances and has recorded extensive observations with respect to the Plaintiff's age,



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residence, familial relations, and the sequence of transactions by which Defendant Nos. 4 and 9 came to be associated with the management and shareholding of various companies and LLPs. At this stage, it is considered apposite to reproduce the relevant portion of the First Impugned Order wherein the learned Single Judge has examined this aspect, which reads as follows:

“UNDUE INFLUENCE

30. Before the death of her husband, late Sh. Devinder Singh Chaudhry, the plaintiff was living with him in Chandigarh in one of the properties owned by the defendant no.13 company. At the time of death of her husband, the plaintiff was about seventy-three years of age and was suddenly left alone and vulnerable. None of her children were staying with her at that point of time. It was at that point of time that the defendant no. 4 along with her husband, the defendant no. 9, moved to Chandigarh and started living with the plaintiff. Taking advantage of the old age as well as the physical health of the plaintiff, the defendant no.4 slowly and steadily gained the trust and confidence of the plaintiff and started transferring the shareholding/interest in the various defendant companies/LLPs in her name and in the name of her husband, thereby taking control of the said companies/LLPs.

31. Vide two gift deeds dated 9th December, 2018, 18,012 shares of the defendants no. 15 company and 6,000 shares of the defendant no. 16 company were transferred by the plaintiff in favour of the defendant no. 4A perusal of the aforesaid gift deeds shows that the plaintiff has transferred the shares in favour of the defendant no. 4 on account of ‘natural love and affection’. It is pertinent to note that the aforesaid gift deeds have neither been notarized nor are they adequately stamped. Further, the place for the witnesses to sign on the gift deeds has been left blank. The fact that a large amount of shareholding in the defendants no. 15 and 16 companies have been transferred in this manner in favour of the defendant no. 4, arouses suspicion as to whether the same has been done in a transparent and lawful manner.

32. Similarly, vide supplementary agreements dated 14th March, 2019 and 24th April, 2019, the defendant no. 4 and defendant no. 9 took over as partners in the defendants no. 14 and 17 LLPs. Once again, there is no apparent reason as to why the aforesaid documents were executed, giving complete control of these entities to the defendants no.4 and 9. It is pertinent to note here that the



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defendant no.14 LLP owns 44.1% shares in the defendant no.13 company and 52.5% interest in the defendant no.17 LLP.

33. In respect of 21,21,240 shares in the name of the plaintiff in the defendant no. 13 company, a delivery instructions slip is stated to have been executed by the plaintiff in favour of the defendant no. 4 on 6th June, 2019, purporting to transfer her shareholding in the defendant no. 13 company in favour of the defendant no. 4 as a gift. Significantly, instead of the phone number of the plaintiff, the phone number of the defendant no. 4 has been mentioned in the said delivery instructions slip. Moreover, there is a mismatch between the two signatures of the plaintiff on the said delivery instructions slip. Admittedly, the aforesaid transfer of shares of the defendant no.13 company in favour of the defendant no. 4 was without any consideration.

34. On the basis of the aforesaid document, the defendant no. 4, who had zero shareholding in the defendant no. 13 company acquired 33.6% of the shares of the defendant no.13 company. Further, by acquiring control of the defendant no.14 LLP, the defendant no.4 got control of a further 44.1% shares of the defendant no.13 company held by the defendant no.14 LLP. Immediately after acquiring control of the defendant no. 13 company, a rights issue was taken out and by manipulating the same, the defendant no.4 further enhanced her shareholding and control of the defendant no. 13 company. It is an admitted position that the defendant no. 13 company is the main company, which holds the maximum number of properties.

35. In respect of the first suit that was filed by the defendant no. 1 herein, in which the plaintiff was arrayed as the defendant no. 1, it was the defendant no. 4 who engaged the counsels on behalf of the plaintiff. The various pleadings, replies, etc. on behalf of the plaintiff were prepared on the instructions of the defendant no. 4. The plaintiff had no say in the stand which was being taken on her behalf in the said proceedings. This is evident from the invoice of the law firm that was representing the plaintiff in the said suit. Though the said invoice is in the name of the plaintiff, it was drawn to the attention of the defendant no. 4 and was sent to her email address. It appears that the lawyers were taking instructions from the defendant no.4, and it was the defendant no.4 who was clearing their bills. On a prima facie view, it appears that the plaintiff signed the various pleadings/replies, etc. under undue influence of the defendants no.4 and 9, without understanding the nature and contents of the said pleadings/replies.

36. It was only when the plaintiff moved to Delhi in June, 2021 that the plaintiff realized the purport and effect of the various documents executed by her while living with the defendants no. 4



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and 9 in Chandigarh. Immediately thereafter, an application, being I.A. No. 15902/2021, was filed on behalf of the plaintiff for disregarding the pleadings filed on her behalf in the first suit.

37. At this stage, I would like to refer to the scope of ‘undue influence’ and the legal position with regard to the same. Section 16 of the Indian Contract Act, 1872, defines ‘undue influence’. For ease of reference, the said section is set out below:

“16. “Undue influence” defined.—(1) A contract is said to be induced by “undue influence” where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

(2) In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another—

(a) where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or

(b) where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.

(3) Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other.

Nothing in this sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872).”

38. The scope of the aforesaid section is explained by the illustrations provided therein. For the purposes of the present case, reference may be made to illustrations (a) and (b):

“Illustrations

(a) A having advanced money to his son, B, during his minority, upon B’s coming of age obtains, by misuse of parental influence, a bond from B for a greater amount than the sum due in respect of the advance. A employs undue influence.

(b) A, a man enfeebled by disease or age, is induced, by B’s influence over him as his medical attendant, to agree to pay B an unreasonable sum for his professional services. B employs undue influence.”

39. Reference may also be made to Section 111 of the Indian Evidence Act, 1872, which is set out below:

“111. Proof of good faith in transactions where one party is in relation of active confidence.—Where there is a question



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as to the good faith of a transaction between parties, one of whom stands to the other in a position of active confidence, the burden of proving the good faith of the transaction is on the party who is in a position of active confidence.

Illustration

(b) The good faith of a sale by a son just come of age to a father is in question in a suit brought by the son. The burden of proving the good faith of the transaction is on the father."

40. In support of his submissions in respect of undue influence, the counsel for the plaintiff has relied on the judgment in **Keshav and Ors. v. Gian Chand and Anr.**, (2022) SCC OnLine SC 81. Relevant observations are set out below:

43. Applying the aforesaid principles of law to the facts of the present case, the defendants no.4 and 9 were indeed in a position to dominate the will of the plaintiff so as to obtain an unfair advantage. The plaintiff was about eighty-three years of age when the aforesaid transfers/gifts were made, lived alone with the defendants no.4 and 9 and was totally dependent on them. Admittedly, the transfers/gifts were made without any consideration and the defendants no.4 and 9 were the beneficiaries of the same. The sheer volume and magnitude of the transfers, as provided in table II above, make them unconscionable. The defendants no.4 and 9 have completely failed to demonstrate that the transfers/gifts were made in good faith and were not induced by undue influence.

44. It defies logic as to why the plaintiff would transfer all her interest in favour of the defendant no.4 and her husband, the defendant no.9 to the exclusion of all other legal heirs. It is nobody's case that the plaintiff was not on good terms with the rest of her legal heirs. Though, it has been contended on behalf of the defendants no. 4 and 9 that the plaintiff has also transferred her interest in favour of other legal heirs, the same appears to be miniscule compared to the transfers made in favour of the defendants no. 4 and 9.

45. Therefore, in my prima facie view, the various documents executed by the plaintiff transferring/gifting her shares and interest in the defendant companies/LLPs in favour of the defendant no. 4 and the defendant no. 9 were on account of 'undue influence' exercised by the defendants no. 4 and 9 upon the plaintiff. Of course, these prima facie findings would be subject to the outcome of the trial in the suit.

46. Senior counsel for the defendants no.4 and 9 has relied upon the



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various photographs showing the plaintiff at family events to submit that the plaintiff was not under the influence of the defendants no. 4 and 9. In my view, no reliance can be placed on the said photographs to come to a conclusion that the defendants no. 4 and 9 did not exercise undue influence over the plaintiff.

47. Senior counsels appearing on behalf of the defendants no. 4, 9 and 13 have contended that the transfers as well as the gifts were completed/executed as far back as in 2018–2019 and proper legally valid documents were executed in respect thereof. Further, Board Resolutions approving the said transfers were duly passed by the companies in presence of the plaintiff and duly signed by her. It is further contended that the plaintiff continues to be the Managing Director in the defendant no.13 company and has never raised any objection with regard to the aforesaid transfer of shares or any other transactions till date. Therefore, it is submitted that the aforesaid challenge, at this stage, is barred on account of acquiescence, waiver and estoppel.

48. In view of my findings above that the defendants no.4 and 9 exercised undue influence over the plaintiff and the aforesaid documents transferring/gifting the shares, including the Board Resolutions, were executed on account of the undue influence exercised by them, a serious doubt is created over the bona fide and genuineness of these documents. The undue influence continued till June, 2021, when the plaintiff finally moved to Delhi to live with her other legal heirs. Therefore, there was no occasion for the plaintiff to question any of the aforesaid documents or Board Resolutions while she continued to live with the defendants no. 4 and 9 and be under their influence. The challenge could only be made after the plaintiff moved to Delhi and which was duly made by the plaintiff.

49. Therefore, I do not find any merit in the submission made on behalf of the defendants no. 4, 9 and 13 that the plaintiff never objected to any of the share transfers, or gifts, or the Board Resolutions passed at an earlier point of time. Similarly, I do not find merit in the submissions made on behalf of the defendants no. 4, 9 and 13 in respect of the contradictory stand taken by the plaintiff in the first suit.”

44. It may be noted that at the interlocutory stage, the recording of detailed observations or a narration of surrounding circumstances cannot be conflated with the establishment of a legally enforceable *prima facie* right.



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45. Defendant Nos. 4 and 9 claim that the transfers were made out of natural love and affection. The Plaintiff, however, has categorically pleaded that these transfers were not voluntary or acts of generosity but were procured by exploiting her advanced age, physical frailty and emotional vulnerability. She alleges that Defendant Nos. 4 and 9 fraudulently effected the transfer of her and the deceased's shareholding in multiple corporate entities.

46. It is undisputed that during the relevant period between 2018–2019 and even until mid-2021, the Plaintiff was residing with Defendant Nos. 4 and 9 in Chandigarh; that she was in her seventies; and that several transfers of shares and interests took place during this time. It is also undisputed that these transfers were made without monetary consideration amongst the family members. However, the absence of consideration, by itself, is not determinative, particularly when the transfers are sought to be justified as gifts executed by a person who was, admittedly, managing her affairs and assets for several years after the demise of her husband.

47. Upon examining the material placed on record, the learned Single Judge formed a *prima facie* view that multiple indicia of undue influence existed, including unstamped and unsigned gift deeds, blank witness columns, discrepancies in signatures, insertion of the contact number of Defendant No. 4 in place of that of the Plaintiff, transfers executed without consideration, and a sudden and disproportionate concentration of control in favour of Defendant Nos. 4 and 9.

48. At this juncture, the testamentary scheme under the Will dated 26.03.2004 assumes significance. Under the said Will, the Plaintiff was appointed as Managing Director of ICL for a period of five years.



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Consequently, 13,56,290 shares held by the Deceased were transferred in the books of ICL in her name. The Plaintiff also served as Chairman-cum-Managing Director of several group companies and exercised complete control over their affairs, including cable manufacturing operations, sale of plant and machinery, real estate development, and colonisation of vast tracts of land left behind by the Deceased.

49. Paragraph No.III clauses (2) and (3), and Paragraph No.IV of the aforesaid Will read as under:

“2. During the period of the natural life of my wife Sita Chaudhry the executor (Sita Chaudhry) shall hold the entire residue of my estate to receive the annual or of the income thereof and thereout and in the first place the executor shall pay or discharge all the costs and expenses incurred for the administration of the estate including taxes and duties of all types and subject thereto the executor shall pay, spend or apply the net income to or for the sole benefit of Sita Chaudhry in any manner whatsoever as desired by Sita Chaudhry.

3. Immediately after the day of death of my wife Sita Chaudhry the Executor shall divide the entire residue of my estate into three equal parts:

a) One such equal part shall be dealt with in accordance with the provisions contained in part IV of this Will and

b) The second such equal part to be held in trust in accordance with the provisions contained in Part V of this Will

c) The third such equal part to be held in trust in accordance with the provisions contained in Part VI of this will.

IV. One third of the residue of my estate mentioned in Part III (3) (a) of this Will shall be transferred to the following four persons or their respective legal heirs (but excluding wife of Deepender Singh) equally per stirpe:

- 1. Deepinder Singh (testator's son)*
- 2. Sunaina (daughter of Deepinder Singh)*
- 3. Shruti (daughter of Deepinder Singh)*
- 4. Karandeep (son of Deepinder Singh)”*



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50. A plain reading of the aforesaid Clause (2) of the Paragraph No.III makes it evident that the Deceased expressly authorised the Plaintiff to administer and deal with his estate during her lifetime without any embargo, while Clause (3) envisages division of the residual estate only upon her demise. The testamentary disposition further provides that one-third of the residual estate would vest, after the Plaintiff's death, in the family of Defendant No. 2, including Defendant No. 4.

51. The Will dated 26.03.2004 was acted upon immediately. The Plaintiff continued to manage and deal with the properties as absolute administrator and executed multiple sale deeds during her lifetime. Significantly, none of the legal heirs of the Deceased raised any objection to such transactions at the relevant time. Even in CS(OS) 589/2021, the Plaintiff did not assert that she held merely a life estate. The contrary assumption drawn by the learned Single Judge while granting the injunction does not flow from the testamentary scheme. In any event, the Will clearly stipulates that the residual estate would devolve upon Defendant No. 2 and his family, including Defendant No.4, after the Plaintiff's death.

52. The learned Single Judge has also failed to consider that the Plaintiff herself was a shareholder in the concerned companies and had, during her lifetime, gifted shares to her granddaughter and the granddaughter's husband. Despite this, injunctions have been granted even in respect of the said shares.

53. The learned Single Judge has also overlooked that the Plaintiff, during her lifetime, transferred shares and other immovable properties in favour of other heirs of the Deceased testator. The Court has further



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overlooked the stand of the Plaintiff in CS(OS) 382/2020 filed by Verinder Singh (Defendant No. 1), one of her sons, wherein she admitted the execution of the Gift Deed and transfer of shares in favour of Defendant No. 4 and her husband. She also filed an application under Order VII Rule 11 of the CPC. She never questioned the correctness of the transfer of shares in favour of Defendant No. 4 and her husband. On the contrary, she asserted that the suit was barred by limitation. Further, on 09.03.2021, while filing the reply to the application under Order XXXIX Rules 1 and 2 of the CPC in CS(OS) 382/2020, the Plaintiff not only claimed absolute ownership but also defended the Gift.

54. It is important to note that on 19.12.2018, Plaintiff executed two Gifts in favour of the Defendant No. 4 with respect to shares in P.E. Manning (Consultants) Pvt. Ltd. and Amba Promoters and Developers Pvt. Ltd.. On 25.12.2018, i.e., after a period of six days from the execution of the Gift Deed, she signed form SH-4 for the transfer of shares in favour of Defendant No. 4. Plaintiff was a member of the Board of Directors who passed the resolution transferring the shares of both companies in favour of Defendant No. 4.

55. On 06.06.2019, Plaintiff executed Form-36 with respect to the Gift of 21,21,240 shares of ICL in favour of Defendant No. 4. Thereafter, Defendant Nos. 4 and 9 have been managing the affairs of ICL, and in order to colonize the vast land, applied and were granted licenses under Real Estate (Regulation and Development) Act, 2016, for developing the area into a garden estate project of ICL. Thus, the immovable property constituted the stock and trade of ICL.

56. Moreover, the Court overlooked that on 08.10.2021, a few days



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before the filing of the suit, Plaintiff executed a Gift Deed of her immovable property at N-102, Panchsheel Park, New Delhi, in favour of Shruti Manav Sharma (Defendant No. 5). It has also come on record that Plaintiff also executed gifts to her other grandchildren in the year 2018, i.e., at the same time when she gave shares to Defendant No. 4. It has also come on record that various family members had been paid substantial sums by the Plaintiff. Thus, it is evident that the Plaintiff, after the death of her husband, has been primarily managing the properties, including the business, since 2009.

57. Further, there was no dispute till Defendant No. 2 filed Probate Petition No.04/2019 and propounded the Will dated 04.10.2008, allegedly executed by the Deceased. For a period of ten years, the Plaintiff managed the empire primarily single-handedly. Furthermore, the Plaintiff, while filing the suit, has not raised any dispute with regard to the sale of the estate in Madhuban Colony in Rajpura, Patiala, Punjab-140401, or the sale of Apartments located in the Ivory Tower project located in Sector-70, Mohali, Punjab.

58. The above-discussed Plaintiff's conduct, as emerging from the record, also bears upon the assessment of a *prima facie* case. As is evident, in earlier proceedings, the Plaintiff had acknowledged and defended certain transfers and asserted absolute ownership over the assets. These circumstances, *prima facie*, dilute the present assertion that the impugned transfers were involuntary or procured through undue influence, and raise serious disputed questions of fact which cannot be conclusively resolved at the interlocutory stage.

59. The various facts emphasised in the First Impugned Order, such as alleged irregularities in documentation, discrepancies in signatures,



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and the concentration of corporate control, undoubtedly warrant scrutiny at trial. However, these aspects, viewed cumulatively, do not, at this stage, establish a *prima facie* case of fraud or undue influence so as to justify a sweeping restraint on the Defendants' proprietary and managerial rights.

60. Further, the delay in questioning the transactions, the absence of any contemporaneous criminal complaint, and the Plaintiff's continued participation in corporate and legal affairs during the relevant period are all factors which assume relevance while assessing the existence of a *prima facie* case. The explanation that the Plaintiff realised the implications of the transactions only at a later stage raises factual issues which must await evidence, and cannot by themselves tilt the balance in favour of interim relief.

61. The observation that Defendant No. 4 did not specifically traverse each of the factual observations during oral submissions cannot be construed as acquiescence or acceptance thereof. The emphasis placed by Defendant No. 4 on the legal infirmity relating to inadequacy of pleadings was a deliberate and foundational objection, going to the very maintainability of the claim for interim relief. Such an objection, which strikes at the threshold requirement of disclosure of a *prima facie* case, could not have been brushed aside on the premise that factual findings stood admitted or uncontested.

62. The injunction granted also extends to properties asserted to be self-acquired by Defendant No. 4 and her husband, without a clear *prima facie* nexus being demonstrated between such properties and the proceeds of the impugned transfers. In the absence of such linkage, a blanket injunction travels beyond the legitimate scope of



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interlocutory protection.

63. Additionally, learned Single Judge also overlooked that a grant of an injunction would stall the developments of the various projects, which would not only adversely affect the rights of Defendant Nos. 4 and 9 but would also affect various purchasers of the apartments/plots. Continuation of the injunction during the pendency of the suit, which is likely to take a long time, would do more harm than preserving the property.

64. It is established that at the interlocutory stage, the Court must refrain from rendering conclusive findings where serious factual disputes exist and the matter requires extensive evidence. However, this very principle equally mandates judicial restraint in granting sweeping injunctive relief. Preservation of the subject matter cannot be employed as a substitute for the foundational requirement of a *prima facie* case. Interim protection is intended to safeguard an established legal right, not to insulate disputed transactions merely because they are the subject of challenge.

65. The submissions advanced by Defendant No. 4 with respect to transfers made in favour of other grandchildren could not have been discarded as inconsequential at this stage. These transactions, when viewed alongside the testamentary scheme and the admitted authority exercised by the Plaintiff during her lifetime, bear directly on the allegation of selective or disproportionate benefit. Whether the value of such transfers is comparable, or whether corporate shareholding ought to be equated with absolute ownership of assets, are matters requiring evidence and adjudication. At the interlocutory stage, such contested inferences could not form the sole basis for drawing a *prima*



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facie conclusion as to lack of *bona fides* or genuineness of the transactions.

66. The caveat recorded by the learned Single Judge that the observations are *prima facie* and confined to interim adjudication does not, by itself, cure the legal infirmity in the grant of injunction. Even a *prima facie* restraint must be founded on the disclosure of an enforceable right and a demonstrable risk of irreparable harm. The apprehension of dissipation of the estate, resting on disputed allegations of an attempted sale at an undervalue, remains a matter to be established by evidence. In any event, the Plaintiff's interest, who has now passed away on 09.01.2025, stands sufficiently safeguarded by the doctrine of *lis pendens* under Section 52 of the Transfer of Property Act, 1882.

67. The second major contention raised by Defendant No. 4 is that the learned Single Judge failed to appreciate the mandate of Section 89 of the Companies Act. In this regard, it is apposite to reproduce the relevant portion of the First Impugned Order wherein this issue has already been examined:

“28. Senior counsels appearing on behalf of the defendants have relied upon Section 89 of the Companies Act, 2013 to contend that the plaintiff was not registered as a ‘beneficial owner’ of the said shares and therefore, should be assumed to be the absolute owner. Further, no other person has filed a declaration claiming to be the beneficial owner in respect of the said shares. To appreciate the aforesaid submission, a reference may be made to Section 89 of the Companies Act, 2013.

“89. Declaration in respect of beneficial interest in any share.—

(1) Where the name of a person is entered in the register of members of a company as the holder of shares in that company but who does not hold the beneficial interest in such shares, such person shall make a declaration within such time and in such form as may be prescribed to the company specifying the



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name and other particulars of the person who holds the beneficial interest in such shares.

(2) Every person who holds or acquires a beneficial interest in share of a company shall make a declaration to the company specifying the nature of his interest, particulars of the person in whose name the shares stand registered in the books of the company and such other particulars as may be prescribed.

(3) Where any change occurs in the beneficial interest in such shares, the person referred to in subsection (1) and the beneficial owner specified in sub-section (2) shall, within a period of thirty days from the date of such change, make a declaration to the company in such form and containing such particulars as may be prescribed.

(4) The Central Government may make rules to provide for the manner of holding and disclosing beneficial interest and beneficial ownership under this section.

(5) If any person fails, to make a declaration as required under sub-section (1) or sub-section (2) or sub-section (3), without any reasonable cause, he shall be punishable with fine which may extend to fifty thousand rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

(6) Where any declaration under this section is made to a company, the company shall make a note of such declaration in the register concerned and shall file, within thirty days from the date of receipt of declaration by it, a return in the prescribed form with the Registrar in respect of such declaration with such fees or additional fees as may be prescribed, within the time specified under section 403.

(7) If a company, required to file a return under sub-section (6), fails to do so before the expiry of the time specified under the first proviso to sub-section (1) of section 403, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than five hundred rupees but which may extend to one thousand rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

(8) No right in relation to any share in respect of which a declaration is required to be made under this section but not made by the beneficial owner, shall be enforceable by him or by any person claiming through him.

(9) Nothing in this section shall be deemed to prejudice the obligation of a company to pay dividend to its members under this Act and the said obligation shall, on such payment, stand discharged."



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29. Merely because the plaintiff has not made a declaration in terms of Section 89(1) of the Companies Act, 2013, it would not imply that the plaintiff was the absolute owner of the said shares. It was at best a procedural lapse in respect of which consequences prescribed in Section 89(5) would be attracted. Further, the submission that none of the other legal heirs of late Sh. Devinder Singh Chaudhry have filed declarations claiming to be a beneficial owner in terms of Section 89 of the Companies Act, 2013 overlooks the fact that the legal heirs of late Sh. Devinder Singh Chaudhry are yet to become beneficial owners of the said shares. The right in their favour would arrive only after the plaintiff's death and therefore, there cannot be any question of the legal heirs claiming to be the beneficial owners to the said shares. Consequently, the aforesaid submission on behalf of the defendants is devoid of merits."

68. Section 89 of the Companies Act is a statutory provision which mandates disclosure of beneficial interest in shares and, significantly, attaches clear legal consequences to non-compliance. Sub-section (8) expressly stipulates that no right in relation to any share, in respect of which a declaration is required but not made, shall be enforceable by the beneficial owner or any person claiming through him. At the interlocutory stage, this statutory embargo cannot be diluted by treating non-compliance as a mere procedural lapse, particularly when the enforceability of rights in respect of the very same shares is the foundation of the claim for interim relief.

69. Whether the Plaintiff was the beneficial owner or the absolute owner of the shares is not merely a peripheral dispute but lies at the core of the controversy. This question is further complicated by the admitted existence of competing testamentary instruments, namely the Will dated 26.03.2004 and the subsequent Will dated 04.10.2008, which is the subject matter of pending probate/letters of administration proceedings. Until the validity and effect of the competing Wills are adjudicated, any assumption regarding beneficial



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ownership would be premature and legally untenable. In such circumstances, the Plaintiff cannot, at the interlocutory stage, assert enforceable rights in respect of the shares while admittedly not having complied with the statutory disclosure regime.

70. Further, the view that Section 89 merely prescribes penal consequences overlooks the explicit bar contained in sub-section (8), which directly impacts enforceability of rights. At the very least, this creates a serious cloud over the Plaintiff's asserted entitlement and militates against the existence of a clear *prima facie* case. Where the statutory framework itself restricts enforceability, interim protection predicated on such disputed rights ought not to have been granted.

71. Moreover, the disputes in the present proceedings traverse complex corporate and proprietary arrangements, including entities beyond the scope of Section 89. This only reinforces the conclusion that questions of title, beneficial interest, and control are deeply contested and incapable of summary determination at the interlocutory stage. In the absence of a clear *prima facie* entitlement, reliance on Section 89 to non-suit the Appellant could not have been rejected in the manner done by the learned Single Judge.

72. In view of the above, we are unable to concur with the conclusion of the learned Single Judge on this aspect. The reasoning adopted does not adequately account for the statutory consequences flowing from Section 89 of the Companies Act and, at the very least, raises serious triable issues which negate the grant of injunctive relief at the interim stage.

73. We now turn to the issue of the applicability of Section 14 of the HSA. The learned Single Judge, after an extensive examination in



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the First Impugned Order, held that under the Will dated 26.03.2004, the Plaintiff was neither entitled to be registered as an absolute owner of the shares in question nor entitled to create third-party interests in respect of those shares.

74. However, as noticed hereinabove, Defendant No.2 has propounded a subsequent Will dated 04.10.2008 and has already instituted probate/letters of administration proceedings in respect thereof before the learned District Judge, Saket Courts, South District, Delhi. If the Will dated 04.10.2008 is ultimately held to be the last valid testament of the deceased, all conclusions premised solely on the Will of 2004 would cease to have any legal foundation. In such circumstances, it would be impermissible, at the interlocutory stage, to proceed on the assumption that the Plaintiff enjoys any settled or superior right so as to warrant injunctive protection. This is particularly so when it has not been recorded that Defendant Nos.4 and 9 have been conferred more than a one-fourth share in the estate of the deceased. Notably, even under the Will dated 04.10.2008, Defendant Nos.4 and 9 are entitled to a one-fourth share. The learned Single Judge has not returned any finding that Defendant Nos.4 and 9 have been allotted a share in excess of what is provided under the said Will.

75. Further, both parties have placed reliance on several precedents to support their respective interpretations of Section 14 of the HSA. However, the correct interpretation of Section 14 is itself presently in flux. Owing to difference in opinions in past decisions, the Hon'ble Supreme Court has referred the issue to a Larger Bench in **Tej Bhan**



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v. **Ram Kishan**¹⁵. The reference order dated 09.12.2024 notes the persistent judicial inconsistency regarding the interplay between sub-sections (1) and (2) of Section 14 of the HSA and directs the constitution of an appropriate Larger Bench to restate the law with clarity and certainty. The relevant portion of the reference order reads as under:

“22. It is important to note that except, **Karmi** (supra), the decisions in **Bhura, Gumpha and Sadhu Singh** (supra) are all by two Judge benches. The larger perspective in which Section 14 was interpreted holistically commenced from **Karmi** and was followed in many subsequent cases. Some of the decisions in the same line are **Gaddam Ramakrishnareddy, Jagan Singh, Shivdev Kaur, Ranvir Dewan** and **Jogi Ram** (supra).

23. We have noticed that while following **Tulsamma**, the subsequent decisions in **Thota Sesharathamma, Masilamani Mudaliar** and **Shakuntala Devi** (supra) have made passing observations about the discordant note in the case of **Karmi, Bhura and Gumpha** (supra) but they have not been clearly and categorically overruled. Perhaps this is the reason why the subsequent decisions consistently followed the idea in **Karmi** and enunciated different principles in the subsequent decisions of **Gumpha, Sadhu Singh** (supra) and that perspective continued on its own strength.

24. We heard the present appeal in detail and have also taken a view in the matter, but having realised that there are a large number of decisions which are not only inconsistent with one another on principle but have tried to negotiate a contrary view by distinguishing them on facts or by simply ignoring the binding decision, we are of the view that there must be clarity and certainty in the interpretation of Section 14 of the Act.

25. In view of the above, we direct the Registry to place our order along with the appeal paper book before the Hon'ble Chief Justice of India for constituting an appropriate larger bench for reconciling the principles laid down in various judgments of this Court and for restating the law on the interplay between sub-section (1) and (2) of Section 14 of the Hindu Succession Act.”

76. In the backdrop of the pending reference before the Hon'ble

¹⁵ 2024 SCC OnLine SC 3661



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Supreme Court, at this stage of interlocutory measures, any definitive or even *prima facie* conclusion on the applicability of Section 14 would be premature. Where the governing legal position itself is in a state of flux, it would be inappropriate to rely on selective past precedents to sustain interim protection, particularly when the Plaintiff's entitlement is contingent upon disputed testamentary instruments and unresolved questions of title.

77. The next contention advanced by Defendant No. 4 is that the Plaintiff has not sought the "correct" relief in the suit. It is argued that since the Plaintiff herself challenges the alleged gift deeds and other transfer instruments executed in favour of Defendant No. 4, the appropriate relief ought to have been *cancellation* of such documents rather than a *declaration*, and also consequently, the requisite court fee has not been paid.

78. At the outset, this objection was not raised before the learned Single Judge, however, it cannot be brushed aside at the appellate stage when it goes to the maintainability and framing of the suit itself. The form of relief assumes relevance even at the interlocutory stage, as interim injunctions are intended to aid final relief and cannot be granted in abstraction from the substantive prayers sought in the suit.

79. Where the Plaintiff herself disputes the validity of an instruments, the failure to seek appropriate consequential relief cannot be treated as a mere technical lapse. Such a deficiency bears directly on the Plaintiff's ability to demonstrate a *prima facie* case, particularly when the interim order has the effect of restraining parties who hold title under facially valid instruments.

80. The grant of interim injunction cannot be justified solely on the



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premise of preserving the subject matter when the Plaintiff's own pleadings disclose uncertainty as to the exact nature of relief claimed. Preservation of property must be balanced against the rights of parties in possession or control under existing documents, and a blanket invocation of status quo cannot override substantive deficiencies in the suit.

81. Defendant No. 4 further raises collateral objections concerning ICL (Defendant No. 13), alleging absence of shareholding, managerial, or directorial connection with JMD. While the learned Single Judge has traced the chain of transactions, the conclusions drawn at the interlocutory stage traverse disputed questions of control, influence, and corporate separateness, which ordinarily require evidence and cannot be conclusively determined on affidavits alone.

82. The injunction, though sought to be justified as calibrated, nonetheless operates to substantially restrict the ability of multiple entities to deal with their properties and commercial interests. The mere permission granted to ICL to continue limited development activity does not neutralise the broader restraint imposed, which effectively curtails proprietary and commercial autonomy prior to trial.

83. In the totality of circumstances where title is disputed, the governing law under Section 14 of the HSA is pending authoritative clarification, the operative Will is *sub-judice*, and the form of relief itself is open to serious objection, we are of the view that the balance of convenience does not lie in continuing the interim protection. The injunction, as granted, travels beyond preservation and risks conferring an unwarranted advantage on the Plaintiff, thereby



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warranting appellate interference.

84. The Second Impugned Order, which substantially reiterates and proceeds on the reasoning adopted in the First Impugned Order, does not warrant independent affirmation. The mere identity of parties, properties, and factual backdrop cannot, by itself, justify continuation of interim protection when the foundational findings in the First Impugned Order are themselves open to serious doubt. An injunction cannot be sustained on the basis of repetition of reasoning alone. In the absence of a clearly established *prima facie* right or demonstrable necessity for protection, preservation of the status quo ceases to be a neutral measure and instead results in undue restraint on the Appellant's lawful exercise of rights.

DECISION:

85. In light of the foregoing discussion, we are of the considered view that the learned Single Judge has misapplied the settled principles governing the grant of injunction. Consequently, the Impugned Orders cannot be sustained and warrant interference by this Court.

86. Needless to say that any findings or observations recorded herein are confined exclusively to the scope of the present appellate examination. They shall not be construed as an expression of final opinion on the merits of the suit, which shall be adjudicated independently and strictly in accordance with law.

87. The present Appeals are allowed.



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88. Pending applications, if any, are disposed of in the aforesaid terms.

ANIL KSHETARPAL, J.

HARISH VAIDYANATHAN SHANKAR, J.
MARCH 20, 2026/sh