

**A.F.R.**

Judgment Reserved on- 17.03.2026

Judgment Delivered on- 31.03.2026

Neutral Citation No. - 2026:AHC:67074

**Court No. - 39**

**Case :-** FIRST APPEAL No. - 253 of 2025

**Appellant :-** Shivam Traders And Hire Purchase Pvt. Ltd.

**Respondent :-** Madhusudan Vehicles Pvt. Ltd.

**Counsel for Appellant :-** Anil Kumar Pandey

**Counsel for Respondent :-** Rahul Agarwal, Vedant Agarwal

**Hon'ble Sandeep Jain, J.**

1. The instant appeal has been preferred by the plaintiff under Section 96 CPC against the impugned order dated 01.3.2025 passed by the court of Civil Judge(Senior Division),Agra in O.S. no. 3 of 2021 Shivam Traders & Hire Purchase Pvt.Ltd. vs. Madhusudan Vehicles Pvt. Ltd., whereby defendant's application 17-C under Order VII Rule 11 CPC has been allowed and consequently, the plaint has been rejected.

**Plaint case**

2. The plaintiff appellant Shivam Traders & Hire Purchase Pvt.Ltd. filed O.S. No. 3 of 2021 against the defendant Madhusudan Vehicles Pvt. Ltd.with the averments that the plaintiff is a company duly incorporated and registered under the Companies Act, 1956, who has authorised through its resolution dated 11.5.2020 one of its director Smt. Meena Kumari wife of late Daya Shanker Gupta to sign and verify the plaint and file the suit on behalf of the plaintiff. It was further averred that the plaintiff is carrying on the business of financing as a non-banking financial company(NBFC) and is registered with Reserve Bank of India as NBFC having certificate of registration no. B – 12.00181. It was further averred that the plaintiff for its business has taken long term loan of ₹ 19.25 crores from the defendant during the period 30.5.2019 to 10.6.2019 at an interest of 8% per annum compounded annually, the tenure of the loan was 9 years commencing from the date of disbursement of the loan, the repayment of the loan with interest was to be made after the maturity period of 9 years in 12 equal quarterly instalments. It was further averred that the terms of advancement of the above long-term loan and its repayment was reduced in the form of writing on 4.4.2019 containing the proposal of the defendant to grant the above loan and its acceptance by the plaintiff.

3. It was further averred that under the above agreement of long-term loan, it was specifically agreed that the defendant shall not have a right to call for the repayment of the loan or interest before the majority of the term of 9 years. The plaintiff duly submitted in the schedule 'A' of the plaint the details of disbursement of the above loan of ₹ 19.25 crores. It was further averred that the plaintiff utilised the above long-term loan by giving long-term finance to the parties as part of its business activity and the defendant was bound by the terms of the above agreement of long-term loan and was precluded from asking for repayment of the loan before the expiry of 9 years from the date of disbursement of the loan. It was further averred that apart from the above long-term loan of ₹ 19.25 crores, the plaintiff had also taken short-term loan of ₹ 149,977/- from the defendant, which was not in dispute in the suit.

4. It is the specific case of the plaintiff that the defendant in utter disregard and in violation of the terms of the long-term loan agreement dated 4.4.2019, after expiry of only one year, started putting undue pressure on the plaintiff to repay the above loan amount of ₹ 19.25 crores with interest and sent a letter dated 14.4.2020 to the plaintiff to repay the above loan amount with interest, which was followed by reminder dated 2.6.2020. It was further averred that in order to further pressurise the plaintiff the defendant sent letters dated 16.5.2020, 28.6.2020 and 1.8.2020 to the RBI, seeking direction to the plaintiff to repay the above loan with interest, wrongly representing the above loan amount as deposit and concealing the fact that the advancement of the above loan to the plaintiff was subject to the terms of the agreement dated 4.4.2019. It was further submitted that the defendant illegally, with malafide intentions and ulterior motive, included the amount of ₹ 1,49,977/- which was not part of the long-term loan amount of ₹ 19.25 crores.

5. It was further averred that the stand taken by the defendant in its above letters and in the complaints made to RBI, casted the cloud on the rights of the plaintiff under the long term loan agreement dated 4.4.2019 hence the plaintiff was constrained to file the suit for declaration and injunction to protect infringement of its rights under the above agreement dated 4.4.2019. It was further averred that the injury threatened to the plaintiff was imminent and serious and if the injunction prayed for was not granted and the defendant started proceedings for recovery of the loan amount in violation of the terms of the agreement dated 4.4.2019 the plaintiff shall have to face frivolous and vexatious proceedings and will also come under serious financial pressure since it cannot recover the above amount from those to whom it has given long-term finance which will cause serious irreparable loss to the plaintiffs goodwill and its business.

6. In view of the above backdrop, the plaintiff claimed the following reliefs:-

*(i) A decree of permanent injunction restraining the defendant from prematurely recovering the loan amount of ₹ 20,52,02,295/- or the interest accrued on it or any part of such loan amount or interest from the plaintiff in violation of the terms of the agreement dated 4.4.2019 as mentioned in para-3 of the plaint before the expiry of 9 years from the dates of disbursement of such loan as mentioned in schedule 'A' of the plaint, be passed in favour of the plaintiff against the defendant.*

*(ii) Costs of the suit be granted to the plaintiff against the defendant.*

*(iii) Any other relief which the court thinks fit be also granted to the plaintiff against the defendant.*

#### **Defendant's application under Order VII Rule 11 CPC**

7. The defendant moved application 17-C under Order VII Rule 11 CPC with the averments that the plaintiff has filed the suit for the relief of permanent injunction seeking to restrain the defendant from recovering the loan amount in suit prematurely, which was not maintainable and was expressly barred by law and the plaint was liable to be rejected under Order VII Rule 11 CPC for the following reasons :-

*(i) That the suit was expressly barred by Sections 10, 14, 38 and 41 of the Specific Relief Act as money was adequate relief and no injunction can be granted to seek injunction against recovery of amount due. The contract in question is otherwise determinable in nature and cannot be enforced.*

*(ii) That the suit was expressly barred by Section 41(e)(h) and (i) of the Specific Relief Act.*

*(iii) The plaint does not disclose any cause of action for the relief claimed against defendant.*

#### **Objection filed by the plaintiff to the defendant's application under Order VII Rule 11 CPC**

8. The plaintiff submitted its objection 18-C in which it was averred that the defendant's application was misconceived and was moved only to delay the disposal of the suit and to avoid hearing of the injunction application of the plaintiff. It was denied that the suit was barred by any law. It was also denied that the contract in question was determinable in nature and cannot be enforced. It was averred that the plaintiff's allegations clearly disclose cause of action for filing the present suit. It was further averred that the plaintiff has filed the suit to restrain the defendant from committing breach of its obligations as stipulated in the loan agreement dated 1.4.2019 whereunder, the defendant advanced long-term loan of ₹ 15 crores to the plaintiff for the term of 9 years and it was specifically mentioned in the above

agreement that before the expiry of 9 years, the defendant shall not have the right to reclaim the loan amount. It was further averred that the defendant was committing breach of its above obligation to compel the plaintiff to file the present suit. It was further averred that the suit was perfectly maintainable under law and the defendants application was not legally maintainable, which was liable to be dismissed with costs.

9. From the perusal of the ordersheet of O.S. no. 3 of 2021 it is evident that the above application of the defendant 17-C was dismissed for non-prosecution by the trial court on 10.7.2024 as such, this application was again filed by the defendant with the same averments, which was numbered as 27-C on 28.8.2024.

**Additional application by the defendant under Order VII Rule 11 CPC**

10. On 23.9.2024 the defendant moved an additional application 34-C taking additional grounds under Order VII Rule 11 CPC. It was averred that suit was liable to be dismissed on the following additional grounds:-

**(A) Suppression of pending disputes before the National Company Law Tribunal(NCLT), Allahabad Bench**

11. It was averred that the plaintiff has suppressed before the court the institution of proceedings by the defendant before the NCLT, Allahabad Bench, being CA no.190/ALD/2020 titled Madhusudan Vehicles Pvt. Ltd. vs.Shivam Traders & Hire Purchase Pvt.Ltd. which was subjudice. The instant suit was filed to apparently interfere with the jurisdiction of the NCLT under Section 45 QA of the RBI Act, on false and frivolous grounds, seeking injunction against the defendant from recovering any portion of the said deposits in violation of the terms and conditions of the purported agreement. It was further averred that the defendant having not received the payment of the deposit/loan along with interest at the rate of 8 % per annum instituted the said company application under Section 45 QA of the RBI Act. It was further averred that advance service of the institution of the said company application was effected on the plaintiff in September 2020, and a copy was also physically served on the respondent(here plaintiff) on 14.10.2020, and subsequently, in February 2021 the instant suit has been filed.

**(B) Bar under the Specific Relief Act**

12. It was further averred that Section 41 of the Specific Relief Act bars grant of any injunction to restrain a person from prosecuting legal proceedings, in this case proceedings before the NCLT

Allahabad Bench, being CA no.190/ALD/2020 titled Madhusudan Vehicles Pvt. Ltd. vs. Shivam Traders & Hire Purchase Pvt. Ltd., where the dispute in relation to the payment of deposits can be equally efficaciously adjudicated upon.

**(C) Reserve Bank of India Act is a special law which supersedes general law**

13. It was averred that Section 45 QA of the Reserve Bank of India Act, 1934 protects depositors' interests especially in cases of non-banking financial companies (NBFCs) failing to repay deposits and Rule 73 of the National Company Law Tribunal (NCLT) Rules, 2016, complements this provision by establishing a legal framework for filing applications related to the repayment of deposits. The above provisions are special law, which supersedes general laws, reinforcing the RBI's authority in addressing depositors' grievances and ensuring financial stability. It was further averred that the RBI Act operates with overriding authority in matters of financial regulation and depositors' protection.

**(D) Exclusive jurisdiction of the NCLT under Section 45 QA RBI Act**

14. It was averred that Section 73(1) of the Companies Act prohibits acceptance or renewal of deposits except in the manner provided under Chapter V of the Companies Act. However, in respect of banking companies and NBFCs, the mode and manner of acceptance of deposits is determined under the RBI Act. It was further averred that Chapter III-B of the RBI Act governs the business of non-banking financial institutions, which is a complete code in itself, and Section 45Q categorically states that the provisions of this chapter shall have effect notwithstanding anything inconsistent with any other law. It was averred that, de hors, the framework of this chapter, it was impermissible for the NBFC to receive any money, which also includes deposit as defined under Section 45-I(bb) of the above Act which applies in the instant case also, since the plaintiff was liable to repay the deposits to the defendant. It was further averred that clause 7 of the purported agreement will not prevail in view of Section 45Q of the above Act. It was averred that the remedy under Section 45 QA is available to the depositor/defendant, hence the dispute canvassed by the plaintiff in the suit ought to have been adjudicated in terms of the forum prescribed under the RBI Act.

**(E) Bar under Section 430 of Companies Act, 2013**

15. It was averred that the dispute mentioned in the plaint was pending for adjudication before the NCLT, Allahabad as such, the bar

under Section 430 of the Companies Act operated and the court had no jurisdiction to entertain and adjudicate the dispute.

***(F) Plaint was insufficiently stamped***

16. It was averred that plaintiff has under valued the entire suit at ₹ 20,52,09,295/-in order to avoid payment of court fees. It was averred that plaintiff was liable to pay court fees on advalorem basis, as such, plaintiff was liable to be rejected on this basis.

***(G) No cause of action***

17. It was averred that plaintiff admits that huge sums of money are due to the defendant, however in order to avoid the payment thereof, has canvassed a false case of existence of purported agreement. It was further averred that notwithstanding the existence of the purported agreement, the plaintiff being an NBFC, governed under the provisions of RBI Act and rules, regulations, master directions, etc. framed thereunder was liable to repay the deposits in terms of the applicable law of RBI. The suit was filed in respect of the purported agreement/letters, which was in contravention of the extant law of RBI, and no cause of action has arisen as alleged by the plaintiff, to file the instant suit.

**Reasoning of the trial court**

18. The trial court opined that under Section 430 of the Companies Act, 2013 in any matter which was to be adjudicated by the NCLT or NCLAT, the civil court has neither any jurisdiction nor it can grant injunction in that matter. The trial court after only considering the plaintiff, opined that it discloses that the plaintiff and defendant both are NBFCs, who are having a dispute as to the repayment of a loan, regarding which only the NCLT constituted under the Companies Act was having jurisdiction to decide such disputes and as such, the jurisdiction of the civil court was barred under Section 430 of the Companies Act, 2013. In view of the above reasoning, the defendant's application 17-C under Order VII Rule 11 CPC was accepted and consequently, the plaintiff was rejected, aggrieved against which, the plaintiff has filed the instant appeal under Section 96 CPC.

**Submissions of the learned counsel of the parties**

19. Sri Arvind Srivastava learned counsel for the plaintiff appellant submitted that 17-C application was moved by the defendant under Order VII Rule 11 CPC which was dismissed for non-prosecution by the trial court on 10.7.2024, this order was never recalled by the trial court as such, 2nd application on the same ground was not legally

maintainable. Learned counsel further submitted that the defendant again, on the same facts, moved an application 27-C under Order VII Rule 11 CPC on 28.8.2024, which was legally not maintainable, but it was entertained by the trial court, but the impugned order discloses that defendant's application 17-C under Order VII Rule 11 CPC was rejected, which had previously been dismissed for non-prosecution on 10.7.2024. Learned counsel submitted that since application 17-C under Order VII Rule 11 CPC was earlier dismissed by the trial court on 10.7.2024, as such that application could not have been dismissed again by the trial court on 01.3.2025, which shows that the trial court has not applied its mind to the controversy in hand. Learned counsel submitted that only on this ground, the impugned order is liable to be set aside.

20. It was further submitted that the defendant filed additional application 34-C under Order VII Rule 11 CPC on 23.9.2024, taking additional grounds, a copy of which was never given to the plaintiff, as such the plaintiff could not file any objection against it, but without noticing this fact, the trial court has considered the averments mentioned in application 34 – C, which is illegal. It was further submitted that the impugned order mentions the number of the above application as 24-C, which is also erroneous.

21. It was further submitted that as per settled law only the plaintiff averments and the documents submitted by the plaintiff should have been considered by the trial court for deciding the application under Order VII Rule 11 CPC but the trial court has considered the averments of the defendant mentioned in application 27-C and 34-C and the documents of the defendant, which is impermissible.

22. It was further submitted that prima-facie on the basis of plaintiff averments, since the defendant was not entitled to prematurely demand the repayment of loan before the expiry of the duration of the loan, which was 9 years, the plaintiff was entitled to claim the relief of permanent injunction restraining the defendant from recovering the loan, as such, the plaintiff's suit was not barred by any law, but the trial court has erroneously held that it was barred under Section 430 of the Companies Act, 2013, which is a perverse finding. It was further submitted that the plaintiff was not having any other remedy except filing the instant suit for restraining the defendant from recovering the loan amount prematurely. It was further submitted that the remedy of 45 QA of the RBI Act was only available to the depositor /defendant, not to the plaintiff, as such, the plaintiff could never have initiated proceedings before the National Company Law Tribunal(NCLT).

23. With these submissions it was prayed that the appeal be allowed

and the impugned order be set aside. Learned counsel in support of his submissions has relied on the following case law:-

*(i) Rajasthan State Road Transport Corpn. and another vs. Bal Mukund Bairwa(2) (2009) 4 SCC 299(by 3 Judges).*

*(ii) Saranpal Kaur Anand vs. Praduman Singh Chandhok & ors. 2022 Supreme (SC) 898*

*(iii) Assa Singh (Dead) by Lrs. vs. Shanti Prasad (Dead) by Lrs and ors.(2021) 19 SCC 290*

*(iv) Whirlpool Corporation vs. Registrar of Trade Marks Mumbai and ors.(1998) 8 SCC 1*

24. Per contra, Sri Vedant Agarwal learned counsel for the defendant respondent submitted that the plaintiff has deceitfully tried to create the jurisdiction of the civil court by suppressing material facts from the court. Learned counsel submitted that it is admitted to the plaintiff and defendant that both are NBFCs, and it is also admitted to the plaintiff that the loan was given to it by the defendant regarding which the defendant had initiated proceedings for the repayment of loan and had also raised the dispute before the NCLT, as such, since the *lis* was pending before the NCLT, any relief to the plaintiff regarding repayment of loan could only have been granted by the NCLT, as such, the plaintiff could not have invoked the jurisdiction of the civil court in this matter because the jurisdiction of the civil court was barred.

25. It was further submitted by the learned counsel that since proceedings under Section 45 QA of the RBI Act had been initiated prior to the filing of the suit by the defendant for recovery of the loan and interest payable on it, no civil suit restraining the defendant from doing so was entertainable by the civil court. It was further submitted that once any proceedings are initiated before the NCLT in any matter, then under Section 430 of the Companies Act, 2013, the jurisdiction of the civil court is ousted and in such circumstances, since the application of the defendant under Section 45 QA of the RBI Act was pending before the NCLT, Allahabad Bench, Prayagraj, no relief in respect of the alleged recovery of loan could have been granted by the civil court as such, the civil court has not committed any illegality in allowing the defendant's application under Order VII Rule 11 CPC and rejecting the plaint.

26. It was further submitted that the earlier application of the defendant 17-C under Order VII Rule 11 CPC was dismissed in default on 10.7.2024, which was not on merits, as such, 2nd application on the same facts bearing no. 27-C was filed on 28.8.2024, which was legally maintainable. It was further submitted that a copy of application 34-C containing additional grounds under Order VII Rule 11 CPC was filed on 23.9.2024, a copy of which was

also given to the plaintiff, which is disclosed from the endorsement made by the plaintiff on this application, and the application was finally disposed on 1.3.2025. It was further submitted that sufficient opportunity was given to the plaintiff to file its objection to the defendant's application 34-C, but no objection was filed by the plaintiff, for which the defendant cannot be blamed. It was further submitted that the trial court has passed reasoned order, which does not warrant any interference by this Court in exercise of its appellate jurisdiction. With these submissions it was prayed that the appeal be rejected. In support of his submission learned counsel has relied upon the following case law:-

- (i) *Shashi Prakash Khemka & ors. vs. NEPC Micon Ltd. & ors.* (2019)18 SCC 569.
- (ii) *Nirbhay Kapoor vs. M/S Kamero Technosys Ltd. & anr.* FA no.427 of 2019 dated 01.7.2019.
- (iii) *Suraj Prakash Arora and ors. vs. Roshanara Club Ltd. and others* 2025 SCC OnLine Del 2518(Single Judge Bench).
- (iv) *Suraj Prakash Arora and ors. versus Roshanara Club Ltd. and others* 2025 SCC OnLine Del 3761(Division Bench).
- (v) *Sas Hospitality P.Ltd and anr. vs. Surya Constructions P. Ltd. and ors.* (2018)SCC OnLine Del 11909.
- (vi) *Smiti Golyan and anr. vs. Nulon India Ltd. and ors.* 2019 SCC OnLine SC 2383.
- (vii) *Chiranjeevi Rathnam and ors. vs. Ramesh and ors.* 2017 (6) CTC 568.
- (viii) *Valluvar Kuzhumam Pvt.Ltd. vs. APC Drilling & Construction Pvt. Ltd. and ors.* MANU/TN/9215/2022.
- (ix) *Shailja Krishna vs. Satori Global Ltd. And ors.* 2025 SCC OnLine SC 1889

27. Having heard the parties and on consideration of the materials on record, the following points arise for determination :-

- (A) *Whether the plaintiff had any cause of action to file the instant suit?*
- (B) *Whether the suit was filed to pre-empt any action being taken by the National Company Law Tribunal (NCLT) or the Reserve Bank of India in the proceedings initiated by defendant for the recovery of the loan advanced to the plaintiff ?*
- (C) *Whether the dispute as to whether the defendant was entitled to recover the loan prematurely, before the expiry of the duration of the loan, could only have been determined by the National Company Law Tribunal(NCLT) ?*
- (D) *Whether the suit was barred under Section 45 QA of the RBI Act, 1934 read with Section 430 of the Companies Act, 2013 ?*

#### **Analysis of case law submitted by the appellant**

28. The Apex Court in the case of *Rajasthan State Road Transport*

*Corpn.*(supra) was considering the jurisdiction of Civil Court vis-a-vis Labour Court in the employer employee dispute. It was held that if a statute while creating rights and obligations does not constitute a forum for enforcing the same, the plenary jurisdiction of civil court cannot be held to have been taken away. It is apparent that the ratio of the above case is not applicable in the facts and circumstances of the instant case.

29. The Apex Court in the case of *Saranpal Kaur Anand* (supra) was considering a case where plaint was rejected being barred by limitation under Order VII Rule 11(d) CPC, which is different from the facts and circumstances of the instant case.

30. The Apex Court in the case of *Assa Singh* (supra) was considering the dispute between the landlord and tenant under Punjab Security of Land Tenures Act, 1953 in a ejectment suit and it was held that only the civil court, and not the revenue court, has the power to decide question of existence of landlord-tenant relationship, but only when the plea is raised in that regard is genuine. It is apparent that the ratio of the above case is not applicable in the facts and circumstances of the instant case.

31. The Apex Court in the case of *Whirlpool Corporation* (supra) was considering in which situation the alternative remedy operates as a bar in the writ petition filed under Article 226 of the Constitution of India, in the context of Trade and Merchandise Marks Act, 1958. It is apparent that the ratio of the above case is not applicable in the facts and circumstances of the instant case.

#### **Analysis of case law submitted by the respondent**

32. The Apex Court in the case of *Shashi Prakash Khemka* (supra) was considering the dispute relating to transfer of shares of the company. After considering Section 430 of the Companies Act, 2013 it was held that in matters in respect of which power has been conferred on the NCLT, the jurisdiction of the civil court is completely barred.

33. This Court in *Nirbhay Kapoor* (supra) also held that the jurisdiction of civil court is excluded in cases where the matter in dispute is required under the Act of 2013 to be determined by the Tribunal. It was further held that since the complaint of the plaintiff was with respect to the property of the defendant company and conduct of its affairs, the suit was clearly barred by Section 430 of the Companies Act, 2013. It was further held that Section 37 of the Act provides for filing of a suit in certain circumstances but the plaintiff's case was not covered by it.

34. Similarly, the High Court of Delhi in *Suraj Prakash Arora* (supra) and *Sas Hospitality P.Ltd* (supra) has held that Section 430 of the Companies Act, 2013 bars the jurisdiction of the civil court in matters falling in the domain of NCLT, which it is empowered to adjudicate under different provisions of the Act and these powers are wider and broader than the powers of the civil court under Section 9 CPC, being a specialised Tribunal created for the purpose of regulating adjudication of the affairs of the companies expeditiously.

35. The Madras High Court in *Chiranjeevi Rathnam* (supra) was dealing with a case where an injunction was sought restraining the conduct of the extraordinary general meeting, it was held that the civil court has no jurisdiction and the suit would be barred under Section 430 of the Companies Act, 2013.

36. The Madras High Court in *Valluvar Kuzhumam Pvt.Ltd* (supra) has also held that the civil court's jurisdiction is completely barred in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine.

37. The order of the Apex Court in *Smiti Golyan* (supra) affirmed the judgment of the NCLAT whereby, the dispute as to the ownership and title of the disputed shares, was held to be maintainable before the NCLT.

38. The ratio of the judgment of the Apex Court in *Shailja Krishna vs.Satori Global Ltd.*(supra) is not applicable in the facts of the instant case, which was a case of oppression and mismanagement of the affairs of the company wherein Board meeting was conducted without notice to aggrieved Director and requisite quorum, Additional Director was appointed illegally, shares were transferred on invalid transfer forms which were illegally shown to be gifted,etc.

#### **Interpretation of Order VII Rule 11 CPC**

39. The Apex Court in the case of *Vinod Infra Developers Ltd. vs. Mahaveer Lunia and others 2025 INSC 772* has held that at the preliminary stage of deciding Order VII Rule 11 CPC application, the court is required to confine its examination strictly to the averments made in the plaint and not venture into the merits or veracity of the claims. If any triable issues arise from the pleadings, the suit cannot be summarily rejected.

40. The Apex Court in the case of *Keshav Sood vs. Kirti Pradeep Sood and others 2023 SCC OnLine SC 2459* has held that the scope of Rule 11 of Order VII of CPC is concerned, the law is well settled.

The court can look into only the averments made in the plaint and at the highest, documents produced along with the plaint. The defence of defendant and documents relied upon by him cannot be looked into while deciding such application.

41. It is apparent from the above law laid down by the Apex Court in the case of *Vinod Infra*(supra) and *Keshav Sood*(supra) that at the time of deciding Order VII Rule 11 CPC application, the court has to look into only the averments made in the plaint and the documents submitted by the plaintiff. The court has not to examine the written statement of the defendant or the documents submitted by it. Further, the court has also not to examine the plaintiffs case on merit to determine whether he is going to succeed or not ? It is also apparent that if any triable issue arises out of the pleadings of the plaintiff, then the plaint cannot be summarily rejected.

#### **Relevant definitions**

42. Chapter III B of the Reserve Bank of India Act, 1934 deals with provisions relating to non-banking institutions receiving deposits and financial institutions. Section 45-I of the above act contains definitions, applicable on the above chapter. The relevant definitions are as under:-

**Section 45-I(bb)** "deposit" includes and shall be deemed always to have included any receipt of money by way of deposit or loan or in any other form, but does not include,-

- (i) amounts raised by way of share capital;
- (ii) amounts contributed as capital by partners of the firm;
- (iii) amounts received from scheduled bank or a cooperative bank or any other banking company as defined in clause (c) of section 5 of a Banking Regulation Act, 1949 (10 of 1949);

.....  
**Section 45-I(f)** "non-banking financial company" means-

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company which has as its principal business the receiving of deposits, under any scheme of arrangement or in any other manner, or lending in any manner;
- (iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the official Gazette, specify.

**Section 45Q. Chapter IIIB to override other laws-**The provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

**Section 45QA. Power of Company Law Board to order repayment of deposit.** –

*(1) Every deposit accepted by a non-banking financial company, unless renewed, shall be repaid in accordance with the terms and conditions of such deposit.*

*(2) Where a non-banking financial company has failed to repay and deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board constituted under section 10E of the Companies Act, 1956 (1 of 1956), may, if it is satisfied, either on its own motion or on an application of the depositor, that it is necessary so to do to safeguard the interests of the company, the depositors or in the public interest, direct, by order, the non-banking financial company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as be specified in the order:*

*Provided that the Company Law Board may, before making any order under this sub-section, give a reasonable opportunity of being heard to the non-banking financial company and the other persons interested in the matter.*

43. Section 430 of the Companies Act, 2013 reads as under:-

***430. Civil Court not to have jurisdiction*** – *No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act or any other law for the time being in force and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any other law for the time being in force, by the Tribunal or the Appellate Tribunal.*

### **Conclusion of this Court**

44. It is apparent from the plaint averments that the plaintiff is a non-banking financial company (NBFC), registered with the Reserve Bank of India (RBI) involved in the business of financing, who has taken long-term loan of ₹ 19.25 crores from the defendant during the period 30.5.2019 to 10.6.2019 at an interest of 8% per annum which is to be compounded annually, the tenure of which is 9 years commencing from the date of the disbursement of the loan. It is further apparent that there is a loan agreement between the plaintiff and defendant, which was executed on 4.4.2019. It is further apparent that there is a dispute as to whether the defendant can prematurely demand repayment of above loan or not. It is the specific case of the plaintiff that the defendant cannot do so, as per the above agreement, as per which the loan is liable to be paid only after maturity i.e., after the expiry of the term of 9 years. It is further apparent that the plaintiff has utilised the above loan obtained from the defendant for giving long-term finance to the parties as part of its business activity.

45. It is further apparent from the plaint that the defendant is applying undue pressure on the plaintiff to repay the above loan of ₹ 19.25 crores only after expiry of one year from the loan agreement dated 4.4.2019 and for this, the defendant has written a letter to the plaintiff dated 14.4.2020 to repay the above loan with interest. It is further apparent that the defendant has also written letters in this regard to the RBI on 16.5.2020, 28.6.2020 and 1.8.2020 seeking direction to the plaintiff to repay the above loan with interest. It is further evident that in the letters to the RBI, the defendant has wrongly represented the above loan amount as deposit and has also concealed that there was an agreement with the plaintiff dated 4.4.2019. It is further evident that from the letters written by the defendant to the RBI, the plaintiff was apprehensive that there was a possibility of the loan amount being recovered from him and for this reason, the plaintiff claimed the relief of permanent injunction for restraining the defendant from starting proceedings for the recovery of loan amount in violation of the terms of the agreement dated 4.4.2019, which according to the plaintiff, will amount to a frivolous and vexatious proceedings and due to it, it can come under serious financial pressure since it cannot recover the amount which it has already given as long-term finance and this will cause serious irreparable loss to its goodwill and business.

46. It is apparent that the aim of the plaintiff NBFC is to stop premature recovery of the loan of ₹ 19.25 crores that the defendant has advanced to it, for the recovery of which the defendant was contemplating to initiate appropriate legal proceedings by bringing the matter in cognizance of the RBI. Now it is to be considered whether Section 45 QA of the RBI Act also deals with the money which was advanced as a loan by a depositor /company to a NBFC ?

47. It is apparent that under Section 45-I(bb) of the RBI Act, deposit includes money received by way of loan, as such, if any NBFC commits default in repayment of loan, then the person/company, who has advanced the loan to the NBFC, can make a complaint under Section 45 QA of the RBI Act to the Company Law Board, now National Company Law Tribunal(NCLT) for safeguarding his/its interest so that the NBFC is directed to refund that amount with interest, as agreed between the parties. The contention of the learned counsel for the appellant that under section 45 QA the money advanced as loan to the NBFC is not covered, is fallacious, which is liable to be rejected since Section 45-I(bb) expressly mentions that deposit also includes money advanced as a loan.

48. It is also apparent that under Section 45 QA of the RBI Act, the Company Law Board, now National Company Law Tribunal(NCLT) is the only judicial authority which can decide this dispute as to

whether the depositors are entitled to claim back their deposit/loan from the NBFC, whether the NBFC has committed any default in repaying the loan or the deposit, the manner in which the money is to be refunded, how to safeguard the interests of the company or the depositors, etc. It is further apparent that while disposing of any application of the depositor under Section 45 QA, reasonable opportunity of hearing is to be provided to the NBFC before passing any order.

49. It is further apparent from the documents submitted in the appeal and from the perusal of the trial court record, that the plaintiff has filed the instant suit on 01.01.2021, and prior to it on 9.9.2020 the defendant Madhusudan Vehicles Pvt. Ltd. had already filed petition under Section 45 QA of the RBI Act, 1934 read with Rule 73 of the NCLT Rules, 2016 which was numbered as CP no.190/ALD/2020 before the NCLT Allahabad Bench, Prayagraj, which was in the knowledge of the plaintiff, but this fact was suppressed and concealed by the plaintiff while filing the suit. It is evident that the plaintiff would have got full opportunity to put up his case before the NCLT in the above proceeding, but the plaintiff sought to bypass the said proceeding by filing the instant suit, which is not tenable in law. It is apparent that since the defendant had already initiated proceeding under Section 45QA by filing company petition before the NCLT, the plaintiff had no cause of action to file the instant suit for restraining the defendant from recovery of the loan. It is evident that the plaintiff has not approached the court with clean hands and has suppressed material facts, disentitling him from getting any relief from the court.

50. The requirement of approaching the Court with clean hands especially when a prayer of injunction is made, has been repeatedly stressed by the Courts in a number of cases. Some of them are being referred hereinunder:-

(i) The Apex Court in the case of ***Ramjas Foundation and Another vs. Union of India and others (2010) 14 SCC 38***, held as under:-

*“21. The principle that a person who does not come to the court with clean hands is not entitled to be heard on the merits of his grievance and, in any case, such person is not entitled to any relief is applicable not only to the petitions filed under Articles 32, 226 and 136 of the Constitution but also to the cases instituted in others courts and judicial forums. The object underlying the principle is that every court is not only entitled but is duty bound to protect itself from unscrupulous litigants who do not have any respect for truth and who try to pollute the stream of justice by resorting to falsehood or by making misstatement or by suppressing facts which have a*

*bearing on adjudication of the issue(s) arising in the case.*

22. *In Dalglish v. Jarvie [(1850) 2 Mac & G 231 : 42 ER 89] , Mac & G at p. 238, Lord Langdale and Rolfe, B. observed: (ER p. 89)*

*“It is the duty of a party asking for an injunction to bring under the notice of the court all facts material to the determination of his right to that injunction; and it is no excuse for him to say that he was not aware of the importance of any fact which he has omitted to bring forward.”*

(ii) The High Court of Bombay in the case of ***Shri Vassudev Nene vs. Shri Dattatraya Raghunath Jog 1999 SCC OnLine Bom 212***, held as under:-

*“8. It is now well established that in a matter where a party seeks an equitable relief, the party has to approach the Court with clean hands and should not suppress any material fact or document, otherwise he or she cannot seek indulgence of the Court for any equitable relief....*

*In this regard, learned Advocate for the petitioners is well justified in placing reliance upon the judgment in the matter of (Seemax Construction (P) Ltd. v. State Bank of India), reported in 1993 Bank. J. 287 (Del.) : A.I.R. 1992 Delhi, 197. In the said suit, the plaintiff therein had approached the Court seeking relief of permanent injunction along with an application for interim relief without disclosing the fact of filing of two earlier suit which were withdrawn later on. In that regard, the Delhi High Court observed thus:—*

*“The suppression of material fact by itself is a sufficient ground to decline the discretionary relief of injunction. A party seeking discretionary relief has to approach the Court with clean hands and is required to disclose all material facts which may, one way or the other, affect the decision. A person deliberately concealing material facts from Court is not entitled to any discretionary relief. The Court can refuse to hear such person on merits. A person seeking relief of injunction is required to make honest disclosure of all relevant statements of facts otherwise it would amount to an abuse of the process of the Court. Reference may be made to decision in (The King v. The General Commissioners for the purpose of the Income Tax Acts for the District of Kensington), 1917 (1) Kings's Bench Division 486 where the Court refused a writ of prohibition without going into the merits because of suppression of material facts by the*

*applicant. The legal position in our country is also no different. See: (Charanji Lal v. Financial Commissioner, Haryana, Chandigarh), A.I.R. 1978 Punjab and Haryana 326 (F.B.). Reference may also be made to a decision of the Supreme Court in (Udai Chand v. Shankar Lal), A.I.R. 1978 S.C. 265 : (1978) 2 SCC 209. In the said decision the Supreme Court revoked the order granting special leave and held that there was a misstatement of material fact and that amounted to serious misrepresentation. The principles applicable are same whether it is a case of misstatement of a material fact or suppression of material fact.”*

(iii) This Court in the case of ***Km. Sunita vs. Manju and Others 2025 SCC OnLine All 3740***, held as under:-

*“14. I have also perused judgment of Apex Court in the matter of Amar Singh vs. UOI (2011) 7 SCC 69. Relevant paragraph of the said judgment are being quoted hereinbelow:*

*“53. Courts have, over the centuries, frowned upon litigants who, with intent to deceive and mislead the courts, initiated proceedings without full disclosure of facts. Courts held that such litigants have come with “unclean hands” and are not entitled to be heard on the merits of their case.*

*54. In Dalglish v. Jarvie (2 Mac. & G. 231, 238), the Court, speaking through Lord Langdale and Rolfe B., laid down:*

*“It is the duty of a party asking for an injunction to bring under the notice of the Court all facts material to the determination of his right to that injunction; and it is no excuse for him to say that he was not aware of the importance of any fact which he has omitted to bring forward.””*

.....

*58. It is one of the fundamental principles of jurisprudence that litigants must observe total clarity and candour in their pleadings and especially when it contains a prayer for injunction. A prayer for injunction, which is an equitable remedy, must be governed by principles of ‘uberrima fide’.*

*59. The aforesaid requirement of coming to Court with clean hands has been repeatedly reiterated by this Court in a large number of cases. Some of which may be noted, they are: Hari Narain v. Badri Das, Welcome Hotel v. State of A.P., G.*

*Narayanaswamy Reddy (Dead) by LRs. v. Government of Karnatka, S.P. Chengalvaraya Naidu (Dead) by LRs. v. Jagannath (Dead) by LRs., A.V. Papayya Sastry v. Government of A.P., Prestige Lights Limited v. SBI, Sunil Poddar v. Union Bank of India, K.D. Sharma v. SAIL, G. Jayashree v. Bhagwandas S. Patel, Dalip Singh v. State of U.P.....”*

51. From the plaint averments, it is evident that the plaintiff apprehended that for the premature repayment of the loan which was advanced to it by the defendant, the defendant can initiate legal proceeding under Section 45 QA of the RBI Act before the NCLT, and to pre-empt such proceeding or any order that could have been passed against it in that proceeding, the plaintiff filed the instant suit for preventing the defendant from initiating such proceeding, which is barred by Section 41(b) of the Specific Relief Act. It is apparent that the defendant cannot be restrained from initiating proceedings for premature repayment of the loan advanced by it to the plaintiff, in any manner whatsoever, because only in proceedings initiated by the defendant under Section 45 QA of the RBI Act, it was to be determined by the NCLT whether the defendant was entitled to recover the loan prematurely from the plaintiff or not ? If the NCLT concluded that the defendant was not entitled to do so, then the loan could not have been recovered prematurely from the plaintiff as such, there was no need for the plaintiff to file the instant suit, because the defendant had in fact already initiated proceeding under Section 45 QA of the RBI Act before the NCLT, prior to the filing of the instant suit by the plaintiff, which was concealed by the plaintiff, in which the plaintiff would have got full opportunity of hearing and showing that the defendant's claim was false, frivolous and vexatious.

52. It is apparent from the above analysis, that under Section 45 QA of the RBI Act, the matter was only cognizable by the NCLT, as such, the civil court had no jurisdiction to restrain the defendant from prematurely recovering the loan amount of ₹ 20,52,02,295/- or the interest accrued on it or any part of such loan amount or interest from the plaintiff in violation of the terms of the agreement dated 4.4.2019 before the expiry of 9 years from the dates of disbursement of such loan, as claimed by the plaintiff in its plaint.

53. It is apparent from the language of Section 430 of the Companies Act, 2013 that where any matter is to be determined under this Act or any other law, which includes the RBI Act, by the NCLT, then no injunction can be granted by any court or other authority in respect of any action taken or to be taken by the NCLT, in pursuance of any power conferred by the RBI Act. It is clear that under Section 45 QA of the Act only the NCLT had the jurisdiction to decide the dispute of

premature repayment of the loan taken by plaintiff from the defendant, hence, the civil court had no jurisdiction in this matter. In view of this specific bar, the relief of permanent injunction claimed by the plaintiff could not have been granted by the civil court for restraining the defendant from prematurely realising the loan, it had advanced to the plaintiff.

54. It is true that the defendants application 17-C under Order VII Rule 11 CPC was rejected in default by the trial court on 10.7.2024, which was again filed by the defendant as application 27-C on 28.8.2024, a copy of which was given to the plaintiff. The application 27-C discloses that the previous application of the defendant 17-C was dismissed in default, as such, there was no concealment by the defendant. It is further apparent that the subsequent application 27-C was identical to the previous application 17-C, against which the plaintiff filed his objection 18-C before the trial court. Since application 17-C was not dismissed on merits, as such, subsequent application 27-C on the same facts, was legally maintainable.

55. It is further apparent that application 34-C taking additional grounds under Order VII Rule 11 CPC was filed by the defendant on 23.9.2024, a copy of which was also given to the plaintiff, which is disclosed from the endorsement made on application 34-C. The plaintiff sought time for filing objections to it, which were in fact never filed, till its disposal on 1.3.2025 by the trial court. Ultimately, application 27-C along with 34-C were disposed by the trial court by impugned order dated 1.3.2025. It is apparent that sufficient opportunity was given to the plaintiff to file its objection against defendants application 34-C but the plaintiff did not avail that opportunity, for which it cannot blame the trial court or the defendant.

56. It is further apparent from the order sheet of the trial court that the arguments of the learned counsel of the parties were heard on 19.2.2025, order was reserved and thereafter, the impugned order was pronounced on 1.3.2025. It is true that the order sheet mentions that arguments were heard on application 17-C and the impugned order also mentions that application 17-C was decided, but the impugned order also mentions that the application 24-C of the defendant taking additional grounds under Order VII Rule 11 CPC was also considered by the trial court. The trial court has also considered the objection of the plaintiff, while deciding the above application.

57. It is apparent that the trial court has erroneously recorded in the ordersheet that arguments were heard on application 17-C, whereas, in fact, arguments were heard on 27-C and 34-C. Similarly, the impugned order mentions that the defendants application 17-C along with 24-C were considered and 17-C has been allowed. It is apparent

that, the defendants application 17-C had already been previously dismissed for non-prosecution on 10.7.2024 by the trial court, as such, it could not have been allowed on 1.3.2025, by the impugned order. This Court is of the opinion that since application 17-C and 27-C were identical as such, inadvertently the trial court has decided application 17-C instead of 27-C, but it does not prejudice the plaintiff. At the time of making submissions before the trial court on 19.2.2025 the parties were well aware that application 17-C had been previously dismissed for default and they were making submissions on application 27-C along with 34-C. Learned counsel of the parties were very well aware before the trial court that they were arguing on application under Order VII Rule 11 CPC and the trial court has also decided this application as such, due to mere mentioning of incorrect number of application, due to inadvertent error by the court, in the impugned order, does not entitle the plaintiff to claim that he has been prejudiced due to this error by the trial court and as such, the impugned order be set aside.

58. From the law laid down by the Apex Court in the case of *Shashi Prakash Khemka*(supra), this Court in *Nirbhay Kapoor*(supra), High Court of Delhi in *Suraj Prakash Arora* (supra) and *Sas Hospitality P.Ltd* (supra), Madras High Court in *Valluvar Kuzhumam Pvt.Ltd* (supra) and *Chiranjeevi Rathnam* (supra), it is apparent that in accordance with Section 430 of the Companies Act, 2013 where the adjudication of the dispute between the parties was exclusively in the domain of NCLT, the civil court has no jurisdiction to grant any relief in that matter. It is apparent that the dispute as to whether the defendant was entitled to recover the loan advanced by it to the plaintiff prematurely or whether any default was committed by the plaintiff in repaying the loan, could only have been decided by the NCLT, in a proceeding instituted under Section 45 QA of the RBI Act by the defendant. It is further apparent that no other Court, except the NCLT, had the jurisdiction to deal with this matter and further, no court can grant injunction in this matter, except the NCLT. It is further apparent that the plaintiff has not approached the court with clean hands and has suppressed material facts, which also disentitles him from getting the discretionary relief of injunction from the court.

59. For the aforesaid reasons, the trial court has not committed any illegality in allowing the defendants application under Order VII Rule 11 CPC by impugned order dated 01.3.2025 and rejecting the plaint. The appeal is meritless and is liable to be dismissed.

60. **Accordingly, the instant appeal is dismissed with costs throughout.** Consequently, the impugned order of the trial court dated 01.3.2025 is hereby affirmed.

61. Learned counsel for the respondent informs that the company petition filed by the defendant respondent CP no.190/ALD/2020 under Section 45 QA of the RBI Act has been disposed by the NCLT, Allahabad Bench, Prayagraj on 16.1.2026 because of the stay order passed by this Court while entertaining this appeal on 8.4.2025, with the liberty to revive the petition after the decision of this appeal. It is made clear that the interim order granted earlier by this Court, which was patently erroneous, has already been vacated on 24.2.2026.

62. Office is directed to send back the trial court record.

**Order Date:**-31.03.2026

Jitendra/Himanshu/Mayank

**(Sandeep Jain, J.)**