



2026:DHC:245



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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**Date of decision: 06<sup>th</sup> JANUARY, 2026IN THE MATTER OF:+ **CS(COMM) 606/2023**

RAGHAV TRIVEDI

.....Plaintiff

Through: Mr. Kunal Tandon, Sr. Advocate with  
Ms. Niti Jain, Ms. Natasa, Mr. Nitai  
Agarwal, Ms. Shreni Taran,  
Advocates

versus

BAJAJ CAPITAL LTD &amp; ORS.

.....Defendants

Through: Mr. Dhruv Wahi and Mr. Ekansh  
Jaiswal, Advocates for D-1 & D-2  
Mr. Manu Nayar, Ms. Kanishka  
Sharma, Advocates  
Mr. Sharique Hussain, Ms Kirti Garg,  
Advocates for D-3**CORAM:****HON'BLE MR. JUSTICE SUBRAMONIUM PRASAD****JUDGMENT (ORAL)**

1. The present Suit has been filed by the Plaintiff seeking recovery of Rs.2,60,27,791.4/- along with *pendente lite* and future interest from the Defendants.
2. The facts, in brief, leading to the filing of the present Suit are as under:
  - a. The dispute arises from a long-standing advisory and fiduciary relationship between the Plaintiff and Bajaj Capital Limited (Defendants No.1 & 2 herein).



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- b. It is stated that the Plaintiff is an engineer by profession and has held senior positions in large corporate organisations. It is stated that on 29.05.2013, a representative of Bajaj Capital collected a cheque from the Plaintiff for renewal of his National Pension Scheme (NPS) premium. It is stated that after this transaction, officers of Bajaj Capital, including Mr. Neeraj Kumar Rai, Branch Manager of its Vaishali, Ghaziabad branch, and Mr. Pradeep Kumar Singh, Assistant Manager, repeatedly approached the Plaintiff and persuaded him to appoint Bajaj Capital as his mutual fund advisor and distributor. It is stated that the abovementioned officers assured the Plaintiff that Bajaj Capital would professionally manage his investment portfolio, advise him on suitable mutual fund schemes, handle investments, redemptions, switches, and reinvestments, and ensure full regulatory compliance. It is stated that trusting these representations, the Plaintiff agreed to avail the services of Bajaj Capital. Accordingly, the Plaintiff was allotted Customer Account No. 41830479 by Bajaj Capital and Mr. Pradeep Kumar Singh was designated as his relationship manager.
- c. It is stated that between 2013 and August 2020, acting entirely on the advice of Bajaj Capital, the plaintiff invested about Rs.5,22,06,372.79 in various mutual fund schemes, including schemes of HDFC Mutual Fund through Bajaj Capital. It is stated that, Bajaj Capital exercised complete control over the Plaintiff's investment transactions, including collection of



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cheques, execution of investments, and maintenance of mutual fund folios, thereby occupying a position of trust and confidence.

- d. It is stated that in 2017, without the knowledge of the Plaintiff, a fraudulent mutual fund folio bearing No. 11608858 was opened with HDFC Mutual Fund in his name. It is stated that this folio was created using forged documents, including the Plaintiff's PAN, but with a deceptively similar email ID, namely *raghavtrivedii@yahoo.com* instead of the Plaintiff's genuine email *raghavtrivedi@yahoo.com*, and a mobile number not belonging to the Plaintiff, which was used for receiving OTPs. It is stated that the bank account linked to this folio was not the Plaintiff's bank account but a Syndicate Bank account (now Canara Bank) belonging to another person associated with Bajaj Capital. It is stated that a manipulated passbook and cancelled cheque were submitted as a proof, wherein the original account holder's name was altered and replaced with the Plaintiff's name.
- e. It is stated that the immediate trigger for discovery of the fraud occurred on 10.08.2019, when Bajaj Capital approached the Plaintiff and requested him to issue a cheque of Rs.20 lakhs for investment in HDFC Mutual Fund, in addition to another cheque of similar amount for Franklin Templeton Mutual Fund. It is stated that the Plaintiff handed over the cheque in good faith, believing it would be invested in his existing HDFC



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Mutual Fund folios. However, even after several months, the plaintiff noticed that this investment did not appear in his NSDL Consolidated Account Statement, which tracks all mutual fund investments linked to a PAN. It is stated that the absence of funds in the Consolidated Account Statement raised a serious concern.

- f. It is stated that on 15.05.2020, the Plaintiff approached Bajaj Capital seeking clarification. In response, Bajaj Capital sent certain investment statements on 04.06.2020 and 08.06.2020, claiming that they were issued by HDFC Mutual Fund. It is stated that on 09.06.2020, Bajaj Capital admitted that there was a “mistake” in the documents. It is stated that the Plaintiff discovered that these statements were manipulated and incomplete. It is stated that on 27.07.2020, Bajaj Capital sent another set of documents purportedly showing the investment, but these too failed to establish authenticity. It is stated that on 29.07.2020, the Plaintiff accessed the HDFC Mutual Fund online portal and discovered that the investment had been redeemed within a few days of being made.
- g. It is stated that in order to ascertain the truth, the Plaintiff directly contacted HDFC Mutual Fund on 13.08.2020. It is stated that HDFC Mutual Fund confirmed that the investment had been redeemed and that the redemption proceeds had been transferred to a Syndicate Bank account. It is stated that upon providing detailed transaction records, HDFC Mutual Fund



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revealed the existence of a fraudulent folio opened in 2017. It is stated that the records showed that several cheques collected from the Plaintiff had been deposited into this forged folio and were redeemed within days, and the proceeds were diverted to the Syndicate Bank account not belonging to the Plaintiff. It is stated that between 2017 to 2019, about Rs. 1.07 crores was siphoned off, without the Plaintiff's knowledge or consent. It is stated that the Plaintiff never informed Bajaj Capital of any change in folio details, bank account, email ID, or mobile number, despite mandatory regulatory requirements.

- h. It is stated that upon discovering the fraud, the Plaintiff lodged written complaints on 14.08.2020 with senior officials of Bajaj Capital, including its Chairman, and simultaneously informed HDFC Mutual Fund to block further transactions. It is stated that the Plaintiff also lodged a complaint with Syndicate Bank. It is stated that on 17.08.2020, Bajaj Capital acknowledged the fraud and supplied calculations confirming misappropriation of Rs.1.07 crores. However, instead of refunding the amount, Bajaj Capital insisted that the police complaint be filed through its own employees and persuaded the Plaintiff to authorise Mr. Vivek Kumar Singh, an employee of Bajaj Capital, to act on his behalf. It is stated that a draft complaint omitting material facts was prepared by Bajaj Capital, and on 16.08.2020, Bajaj Capital itself lodged a complaint at Police Station Kaushambi, Ghaziabad, allegedly to shield its involvement.



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- i. It is stated that the criminal investigation progressed and the Plaintiff's statement was recorded by the police on 23.02.2021, and on 23.03.2021, Bajaj Capital's employees and sub-brokers, namely Mr. Pradeep Kumar Singh and Mr. Praveen Kumar Singh, were arrested. It is stated that despite this, the Plaintiff did not receive his money. It is stated that on 31.05.2021, the Plaintiff formally demanded refund of the fund value from Bajaj Capital. It is stated that on 04.06.2021 HDFC Mutual Fund confirmed that the value of the investment as on that date was Rs.1,37,09,680, and later on 22.10.2021 it confirmed that the value had increased to Rs.1,50,21,378.
  - j. It is stated that the Plaintiff revoked the authority given to Bajaj Capital's employees on 16.06.2021 and issued a legal notice on 17.06.2021 demanding payment of Rs.2,37,09,680/-. It is stated that in reply to the legal notice, Bajaj Capital, *vide* reply dated 09.07.2021 gave false and evasive response. It is stated that as a last attempt, the Plaintiff initiated pre-institution mediation before the Delhi High Court, but on 06.02.2023, the mediation failed due to withdrawal of consent by the Defendants herein.
  - k. Thereafter, the Plaintiff filed the present commercial suit seeking recovery of Rs.2,60,27,791.41 along with *pendente lite* and future interest at the rate of 24% per annum, on account of fraud, breach of trust, and gross deficiency of service by the Defendants.
3. Summons in the Suit were issued on 31.08.2023. Written Statements



have been filed.

**I.A. 13327/2025**

4. This application under Order VI Rule 17 of the CPC has been filed by the Plaintiff seeking amendment of the Plaint.

5. By way of this application, the Plaintiff seeks to amend Paragraph 42 of the Plaint. The amended Paragraph 42 reads as under:-

*“That the cause of action to file the present suit has arisen at the jurisdiction of the Court at Delhi. The Defendant No. 1 Company has its registered and corporate office at Delhi. The Plaintiff's one of the bank account is also situated in Delhi from which the investments were made through Defendants including in HDFC Mutual Fund Folio to which fraud has been played by the Defendants. That the wrong has been committed to the Plaintiff and its hard earned investment, in Delhi, within the jurisdiction of this Hon'ble Court and hence this Hon'ble Court has requisite territorial jurisdiction even as per Section 19 of the Code of Civil Procedure Code. Further, the Defendant No.1 is also having business in the territorial jurisdiction of the Hon'ble Court. The Hon'ble Court is thus having the territorial jurisdiction to try and decide the present suit.”*

6. Learned Counsel for the Plaintiff states that the suit is still at the initial stage and issues are yet to be framed and no prejudice would be caused to the Defendants if the present application is allowed.

7. *Per contra*, learned Counsel for the Defendants opposes the amendment stating that the amendment is only as desperate as they tried to bring the suit within the territorial jurisdiction of the Court. He states that all these facts were known to the Plaintiffs and there is no reason as to why they were not incorporated in the plaint.



8. Heard learned Counsels for the Parties.
9. In view of the fact that the Suit is still at the initial stage and issues are yet to be framed, this Court is inclined to allow the present application under Order VI Rule 17 of the CPC.
10. The amendment does not introduce a new cause of action but only clarifies and elaborates the existing pleadings concerning territorial jurisdiction.
11. It is well settled that at an initial stage the Court has to be liberal with application for amendment of pleadings, unless the amendment attempts to bring to life dead claims. All amendments at the initial stage have been permitted in the interest of justice. The Apex Court in Life Insurance Corporation of India v. Sanjeev Builders Private Limited, (2022) 16 SCC 1 reads as under:-

*“71. Our final conclusions may be summed up thus:*

*71.1. Order 2 Rule 2CPC operates as a bar against a subsequent suit if the requisite conditions for application thereof are satisfied and the field of amendment of pleadings falls far beyond its purview. The plea of amendment being barred under Order 2 Rule 2CPC is, thus, misconceived and hence negated.*

*71.2. All amendments are to be allowed which are necessary for determining the real question in controversy provided it does not cause injustice or prejudice to the other side. This is mandatory, as is apparent from the use of the word “shall”, in the latter part of Order 6 Rule 17CPC.*

*71.3. The prayer for amendment is to be allowed:*

*71.3.1. If the amendment is required for effective and*



*proper adjudication of the controversy between the parties.*

**71.3.2.** *To avoid multiplicity of proceedings, provided*

*(a) the amendment does not result in injustice to the other side,*

*(b) by the amendment, the parties seeking amendment do not seek to withdraw any clear admission made by the party which confers a right on the other side, and*

*(c) the amendment does not raise a time-barred claim, resulting in divesting of the other side of a valuable accrued right (in certain situations).*

**71.4.** *A prayer for amendment is generally required to be allowed unless:*

**71.4.1.** *By the amendment, a time-barred claim is sought to be introduced, in which case the fact that the claim would be time-barred becomes a relevant factor for consideration.*

**71.4.2.** *The amendment changes the nature of the suit.*

**71.4.3.** *The prayer for amendment is mala fide, or*

**71.4.4.** *By the amendment, the other side loses a valid defence.*

**71.5.** *In dealing with a prayer for amendment of pleadings, the court should avoid a hypertechnical approach, and is ordinarily required to be liberal especially where the opposite party can be compensated by costs.*



*71.6. Where the amendment would enable the court to pin-pointedly consider the dispute and would aid in rendering a more satisfactory decision, the prayer for amendment should be allowed.*

*71.7. Where the amendment merely sought to introduce an additional or a new approach without introducing a time-barred cause of action, the amendment is liable to be allowed even after expiry of limitation.*

*71.8. Amendment may be justifiably allowed where it is intended to rectify the absence of material particulars in the plaint.*

*71.9. Delay in applying for amendment alone is not a ground to disallow the prayer. Where the aspect of delay is arguable, the prayer for amendment could be allowed and the issue of limitation framed separately for decision.*

*71.10. Where the amendment changes the nature of the suit or the cause of action, so as to set up an entirely new case, foreign to the case set up in the plaint, the amendment must be disallowed. Where, however, the amendment sought is only with respect to the relief in the plaint, and is predicated on facts which are already pleaded in the plaint, ordinarily the amendment is required to be allowed.*

*71.11. Where the amendment is sought before commencement of trial, the court is required to be liberal in its approach. The court is required to bear in mind the fact that the opposite party would have a chance to meet the case set up in amendment. As such, where the amendment does not result in irreparable prejudice to the opposite party, or divest the opposite party of an advantage which it had secured as a result*



*of an admission by the party seeking amendment, the amendment is required to be allowed. Equally, where the amendment is necessary for the court to effectively adjudicate on the main issues in controversy between the parties, the amendment should be allowed. (See Vijay Gupta v. Gagninder Kr. Gandhi [Vijay Gupta v. Gagninder Kr. Gandhi, 2022 SCC OnLine Del 1897].)”*

12. The amended Plaint which has already been filed, is taken on record.
13. Let the amended Written Statement(s), and the replication thereto, be filed along with the affidavit(s) of admission/denial of documents within the time stipulated under the Delhi High Court (Original Side) Rules, 2018.
14. List before the Joint Registrar for admission/denial of documents on 03.02.2026.

**I.A. 33059/2024**

15. This Application under Order VII Rule 10 CPC has been filed by the Defendant No.3 seeking return of the Plaint on the ground of lack of territorial and pecuniary jurisdiction.
16. In the Application it is stated that the entire transaction history forming the subject matter of the Suit is rooted in Ghaziabad, Uttar Pradesh, and Gautam Budh Nagar, Uttar Pradesh. It is stated that the alleged fraudulent redemption pertains to credit of funds into a Syndicate Bank (now Canara Bank) account belonging to Mr. Pradeep Kumar Singh, which bank account is situated in Gautam Budh Nagar, Uttar Pradesh. It is further stated that all dealings of the Plaintiff were conducted through Defendant No. 1's Ghaziabad branch (Defendant No. 2), and the investments and redemptions in question were carried out either by Mr. Praveen Kumar Singh, alleged sub-broker of Defendant No. 1, or by employees posted at Ghaziabad,



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namely Mr. Neeraj Kumar (Branch Manager) and Mr. Pradeep Kumar (Assistant Manager). It is the case of the Defendant No.3 that it did not manage or operate Folio No. 11608858 from any office in New Delhi. It is stated that the said folio was allegedly tagged to and was handled by Defendant No. 3's Ghaziabad branch, as the Plaintiff's residential address was in Ghaziabad, and all communications relating to the folio were undertaken from that branch. It is the case of Defendant No. 3 that it is nowhere mentioned in the Complaint that any act or omission attributable to Defendant No. 3 occurred in New Delhi and, therefore, the Complaint is liable to be returned for lack of territorial jurisdiction. According to Defendant No. 3, since both Defendant No. 1 and Defendant No. 3 have subordinate offices in Ghaziabad, and since the entire cause of action arose there, the Suit could only have been instituted before the competent court in Uttar Pradesh and not in Delhi. In support of this contention, Defendant No. 3 has placed reliance on the Judgment of the Apex Court in Patel Roadways Ltd. v. Prasad Trading Co. (1991) 4 SCC 270, Piccadilly Agro Industries Ltd. v. Ashok Narwal, 2016 SCC OnLine Del 1542, Thompson Press (India) Ltd. v. UPSRTC, 2000 (54) DRJ 705, and AIA Engineering Ltd. v. BHEL, 2017 SCC OnLine Del 7003, to state that where a corporation has a subordinate office at the place where the cause of action arises, only the court having jurisdiction over that place can entertain the suit. It is further stated that even assuming, without admitting, that Defendant No. 1's principal office in New Delhi could confer jurisdiction, Defendant No. 3 does not have its principal office in New Delhi, and no part of the cause of action arose at any subordinate office of Defendant No. 3 in Delhi. Therefore, Defendant No. 3 cannot be deemed to carry on business in Delhi under the Explanation to



Section 20 CPC.

17. Heard the learned Counsel appearing for the Defendant No.3 and perused the material on record.

18. The Plaintiff has moved an application under Order VI Rule 17 by amending a Paragraph No.42. The amended Paragraph No.42 reads as under:-

*“That the cause of action to file the present suit has arisen at the jurisdiction of the Court at Delhi. The Defendant No. 1 Company has its registered and corporate office at Delhi. The Plaintiff's one of the bank account is also situated in Delhi from which the investments were made through Defendants including in HDFC Mutual Fund Folio to which fraud has been played by the Defendants. That the wrong has been committed to the Plaintiff and its hard earned investment, in Delhi, within the jurisdiction of this Hon'ble Court and hence this Hon'ble Court has requisite territorial jurisdiction even as per Section 19 of the Code of Civil Procedure Code. Further, the Defendant No.1 is also having business in the territorial jurisdiction of the Hon'ble Court. The Hon'ble Court is thus having the territorial jurisdiction to try and decide the present suit.”*

19. The Plaintiff by filing an application under Order VI Rule 17, wherein the arguments have been allowed. The said amended Paragraph No.42 *prima facie* bring this case to the attention of this Court.

20. It is well settled that while considering an application under Order VII Rule 10 CPC, the Court has to examine the averments contained in the Plaint alone as they stand on the date of consideration of the application. In the present case, this Court has already allowed the Plaintiff's application under Order VI Rule 17 CPC permitting amendment of the Plaint, which



clarifies and elaborates the pleadings relating to territorial jurisdiction. The amended Plaint, which has been taken on record, specifically pleads that part of the cause of action has arisen within the territorial jurisdiction of this Court and that Defendant No.1 has its principal office at Delhi. Once the amendment has been allowed, the application under Order VII Rule 10 CPC, which proceeds on the basis of the unamended pleadings, cannot survive in its present form. The jurisdictional objection raised by Defendant No.3, therefore, cannot be adjudicated without evidence at this stage. Consequently, no case is made out for return of the Plaint under Order VII Rule 10 CPC.

21. The Application is dismissed.

**I.A. 13290/2025**

22. This Application under Order VII Rule 14 read with Order XI Rule 12 CPC has been filed by the Plaintiff seeking permission to file certain additional documents.

23. In the present Application it is stated that during the pendency of the proceedings, the Plaintiff realised that certain banking documents relating to his personal bank accounts had inadvertently not been filed along with the Plaint, though the transactions reflected therein form part of the factual narrative already pleaded in the Suit. It is stated that the documents sought to be brought on record consist of copies of the Plaintiff's cheque and cheque-book leaflets, as well as bank statements of the Plaintiff's savings bank accounts maintained with ICICI Bank, Alaknanda Branch, Delhi, and HDFC Bank Ltd., for the periods April 2017 to March 2018 and April 2019 to March 2020. According to the Plaintiff, these documents reflect the accounts from which the investment transactions were made and are directly



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connected with the pleadings already contained in the plaint. The present application has therefore been moved seeking leave of the Court to place those additional documents on record. It stated that that no new facts, allegations, or causes of action are being introduced through the present application and the documents sought to be brought on record are consistent with the pleadings already on record.

24. The said application has been objected stating that there are no new documents and no reason is forthcoming as to why these documents were not filed with the plaint. It is contended that the suit is a commercial suit and the documents cannot be permitted to be introduced in a routine manner and the Court must be strict in permitting to file additional documents.

25. Heard the learned Counsels for the parties.

26. In the opinion of this Court, the documents sought to be brought on record are *prima facie* relevant to the subject matter of the Suit and are connected with the pleadings already on record. The omission to file the said documents along with the Plaint appears to be inadvertent. Further, allowing the present application would not cause any irreparable prejudice to the Defendants, as the documents can be tested in accordance with law at the stage of evidence. On the other hand, refusal to take the documents on record may prejudice the Plaintiff in proving the facts already pleaded in the Suit.

27. In view of the above, and in the interest of justice, the application is allowed.

28. Let the documents be taken on record.

29. It is clarified that the defendants shall be at liberty to raise all objections available to them in law with respect to the admissibility,



genuineness, and evidentiary value of the said documents at the appropriate stage.

30. The application stands disposed of.

31. List before the Joint Registrar for admission/denial of documents on 03.02.2026.

**I.A. 32970/2025**

32. This Application has been filed by Defendants No.1 and 2 seeking their deletion from the array of parties and impleadment of Mr. Pradeep Kumar (Ex-Employee of Defendant No.1) and Mr. Praveen Kumar (Independent Broker) as Defendants in the present suit.

33. Issue notice.

34. Let reply be filed within four weeks from today.

35. List before the Joint Registrar on 03.02.2026 for further proceedings.

**I.A. 33016/2024**

36. The present Application has been filed by the Defendant No.3 under Order VII Rule 11 of the CPC seeking rejection of the Plaint on the ground that the Plaint discloses no cause of action against it. It is further contended that on a bare reading of the Plaint it is clear that the Plaintiff himself has attributed the alleged fraud exclusively to Defendants No. 1 and 2 and their employees and that Defendants No. 1 and 2 are solely responsible for the alleged fraud and are liable to make good the losses suffered by the Plaintiff, and, therefore, no cause of action arises against Defendant No.3. It is further contended that Defendant No. 3 acted strictly in accordance with the application form and transaction request forms duly signed by the Plaintiff and it cannot be held liable for any alleged forgery or criminal acts committed by the employees or agents of Defendants No. 1 and 2. In the



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application, it is the case of the Defendant No. 3 that it complied with all SEBI, RBI, and internal regulatory guidelines and denies any negligence, deficiency of service, or complicity.

37. Another ground taken by the Defendant No.3 is that the Suit is barred by limitation. It is stated that the alleged fraudulent transactions took place between 18.04.2017 and 27.12.2019, and that the Plaintiff was aware of the existence and operation of Folio No. 11608858 at least as early as September 2018, as evidenced by the letter dated 01.09.2018 and continued investments thereafter. It is stated that the plea of the Plaintiff that he came to know of fraud only in August 2020 is false and has been taken in an attempt to overcome the bar of limitation. It is further contended that the Plaintiff is liable to be rejected for non-joinder of necessary parties, particularly Syndicate Bank (now Canara Bank), which permitted the credit of redemption proceeds into an account not belonging to the Plaintiff, and Mr. Pradeep Kumar and Mr. Praveen Kumar Singh, who are alleged to be the actual perpetrators of the fraud and whose criminal acts form the foundation of the Plaintiff's case. It is also the case of the Defendant No.3 that the Suit has been over-valued to bring it within the pecuniary jurisdiction of the High Court, amounting to forum shopping. Defendant No. 3 submits that at best, even assuming the Plaintiff's case to be true, the recoverable amount would be the value of investments allegedly withdrawn, which is stated to be approximately Rs.1.06 crores, which is below the pecuniary threshold of this Court.

38. Heard the learned Counsels for the parties and perused the material on record.

39. A perusal of the application indicates that the Defendant No.3 has



relied on averments made in the written statement which is not permitted while adjudicating an application under Order VII Rule 11.

40. For the adjudication of the present application, it is pertinent to refer to Order VII Rule 11 of the CPC, which reads as under:

*“11. Rejection of plaint.*

*The plaint shall be rejected in the following cases-*

- (a) where it does not disclose a cause of action;*
- (b) where the relief claimed is undervalued, and the plaintiff, on being required by the Court to correct the valuation within a time to be fixed by the Court, fails to do so;*
- (c) where the relief claimed is properly valued, but the plaint is returned upon paper insufficiently stamped, and the plaintiff, on being required by the Court to supply the requisite stamp-paper within a time to be fixed by the Court, fails to do so;*
- (d) where the suit appears from the statement in the plaint to be barred by any law:*

*Provided that the time fixed by the Court for the correction of the valuation or supplying of the requisite stamp-paper shall not be extended unless the Court, for reasons to be recorded, is satisfied that the plaintiff was prevented by any cause of an exceptional nature from correcting the valuation or supplying the requisite stamp-paper, as the case may be, within the time fixed by the Court and that refusal to extend such time would cause grave injustice to the plaintiff.”*



41. The law relating to rejection of a plaint under Order VII Rule 11 is crystallized through various judgments of the Apex Court. The Apex Court in Popat and Kotecha Property v. State Bank of India Staff Assn., (2005) 7 SCC 510, has held as under:

*“13. Before dealing with the factual scenario, the spectrum of Order 7 Rule 11 in the legal ambit needs to be noted.*

*14. In Saleem Bhai v. State of Maharashtra [(2003) 1 SCC 557] it was held with reference to Order 7 Rule 11 of the Code that the relevant facts which need to be looked into for deciding an application thereunder are the averments in the plaint. The trial court can exercise the power at any stage of the suit — before registering the plaint or after issuing summons to the defendant at any time before the conclusion of the trial. For the purposes of deciding an application under clauses (a) and (d) of Order 7 Rule 11 of the Code, the averments in the plaint are the germane; the pleas taken by the defendant in the written statement would be wholly irrelevant at that stage.*

*15. In I.T.C. Ltd. v. Debts Recovery Appellate Tribunal [(1998) 2 SCC 70] it was held that the basic question to be decided while dealing with an application filed under Order 7 Rule 11 of the Code is whether a real cause of action has been set out in the plaint or something purely illusory has been stated with a view to get out of Order 7 Rule 11 of the Code.*

*16. The trial court must remember that if on a meaningful and not formal reading of the plaint it is manifestly vexatious and meritless in the sense of not disclosing a clear right to sue, it should exercise the power under Order 7 Rule 11 of the Code taking care to see that the ground mentioned therein is fulfilled. If*



*clever drafting has created the illusion of a cause of action, it has to be nipped in the bud at the first hearing by examining the party searchingly under Order 10 of the Code. (See T. Arivandandam v. T.V. Satyapal [(1977) 4 SCC 467] .)*

*17. It is trite law that not any particular plea has to be considered, and the whole plaint has to be read. As was observed by this Court in Roop Lal Sathi v. Nachhattar Singh Gill [(1982) 3 SCC 487] only a part of the plaint cannot be rejected and if no cause of action is disclosed, the plaint as a whole must be rejected.*

*18. In Raptakos Brett & Co. Ltd. v. Ganesh Property [(1998) 7 SCC 184] it was observed that the averments in the plaint as a whole have to be seen to find out whether clause (d) of Rule 11 of Order 7 was applicable.*

*19. There cannot be any compartmentalisation, dissection, segregation and inversions of the language of various paragraphs in the plaint. If such a course is adopted it would run counter to the cardinal canon of interpretation according to which a pleading has to be read as a whole to ascertain its true import. It is not permissible to cull out a sentence or a passage and to read it out of the context in isolation. Although it is the substance and not merely the form that has to be looked into, the pleading has to be construed as it stands without addition or subtraction of words or change of its apparent grammatical sense. The intention of the party concerned is to be gathered primarily from the tenor and terms of his pleadings taken as a whole. At the same time it should be borne in mind that no pedantic approach should be adopted to defeat justice on hair-splitting technicalities.*



*20. Keeping in view the aforesaid principles the reliefs sought for in the suit as quoted supra have to be considered. The real object of Order 7 Rule 11 of the Code is to keep out of courts irresponsible law suits. Therefore, Order 10 of the Code is a tool in the hands of the courts by resorting to which and by searching examination of the party in case the court is prima facie of the view that the suit is an abuse of the process of the court in the sense that it is a bogus and irresponsible litigation, the jurisdiction under Order 7 Rule 11 of the Code can be exercised.”*

42. A perusal of the above judgment makes it clear that the remedy under Order VII Rule 11 CPC is an extraordinary and special jurisdiction enabling the Court to summarily terminate a suit at the threshold only if the plaint, on a meaningful reading, fails to disclose a cause of action, is barred by law, is undervalued and not corrected despite direction, or is insufficiently stamped.

43. The Court, at this stage, is confined strictly to the averments in the Plaint and is prohibited from examining the defence, disputed questions of fact, or materials produced by the Defendants. The Plaint must be read as a whole, without culling out isolated sentences, and if upon such reading a cause of action is disclosed, the plaint cannot be rejected. It is equally settled that disputed questions, issues requiring evidence, or matters forming part of the Defendant's challenge cannot furnish a ground for rejection under Order VII Rule 11 CPC.

44. In view of the settled law, the defence set up by the Defendant No.3, disputed questions of fact, or reliance on documents requiring proof cannot be considered at this stage. Applying this settled principle, the present application filed by Defendant No. 3 is wholly misconceived and liable to be dismissed.



45. On a meaningful reading of the plaint as a whole, this Court finds that the plaint discloses a clear and triable cause of action against Defendant No. 3. The plaintiff has specifically pleaded that Defendant No. 3, as the Asset Management Company, failed to exercise due diligence, permitted operation of a fraudulent folio, allowed redemption of investments into a bank account not belonging to the plaintiff, and thereby breached its statutory and fiduciary obligations. The suit is for a recovery of Rs.2,60,27,791.4/- and therefore, this Court has pecuniary jurisdiction to entertain the present case. Whether Defendant No. 3 ultimately succeeds in proving that it acted *bona fide* or strictly in accordance with documents is a matter of trial and cannot be adjudicated at the stage of rejection of the Plaint.

46. The contention of Defendant No. 3 that it acted strictly on the basis of documents and instructions furnished to it, raises a defence on merits as stated earlier, the application relies on statement made in the written statement which is not permissible in an application under Order VII Rule 11. The Plaint alleges that the documents relied upon were forged or manipulated and that the fraud was actively concealed. Determination of these issues involves disputed questions of fact which fall outside the scope of Order VII Rule 11 CPC.

47. The plea of limitation raised by Defendant No. 3 is also untenable at this stage. The Plaint specifically pleads that the fraud came to the Plaintiff's knowledge only in August 2020, upon direct confirmation from HDFC Mutual Fund, and that prior thereto the fraud was actively concealed by Defendant Nos. 1 and 2 by supplying manipulated statements. In cases of fraud, limitation is governed by Section 17 of the Limitation Act, and the question as to when the plaintiff acquired knowledge of the fraud is a mixed



question of law and fact, which cannot be decided without evidence. Therefore, the Plaint cannot be rejected on limitation at the threshold.

48. It is also pertinent to note that the objection raised by Defendant No.3 regarding non-joinder of necessary parties cannot be a ground for rejection of the Plaint, particularly when an application seeking impleadment of the concerned individuals has already been filed and is pending consideration before this Court. The issue of proper or necessary parties is thus a curable procedural aspect and does not render the plaint liable to rejection at the threshold.

49. In essence, the present Application seeks a mini-trial on disputed facts and relies heavily on its own version of events and documents, and attempts to substitute defences for pleadings. Such an exercise is impermissible under Order VII Rule 11 CPC. The Plaint raises serious triable issues relating to fraud, negligence, breach of statutory duty, and fiduciary responsibility, which can only be decided after parties lead evidence.

50. In view of the above, this Court is of the considered opinion that the Plaint does not fall within any of the provisions contemplated under Order VII Rule 11 CPC.

51. Accordingly, the application is dismissed.

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52. List before the Joint Registrar on 03.02.2026 for further proceedings.

**SUBRAMONIUM PRASAD, J**

**JANUARY 06, 2026**

*Rahul*