

**2026 LiveLaw (SC) 409**

**IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
PAMIDIGHANTAM SRI NARASIMHA; J., ALOK ARADHE; J.  
SLP (C) No. 25132 OF 2025; APRIL 21, 2026  
M/s. MARG LIMITED *versus* SUSHIL LALWANI & ORS.**

**Order VII Rule 11(a) CPC – Order VII Rule 11(a), (b), and (c) — Rejection of Plaint — Cause of Action — Mini-trial — Undervaluation — Deficit Court Fees — Mandatory Opportunity to Cure Defect - Plaint disclosing a live and subsisting commercial dispute cannot be rejected at the threshold – Court cannot conduct a mini-trial to assess the enforceability of an unsigned document at this stage - The High Court erred in rejecting the plaint by undertaking a detailed examination of the enforceability of an unsigned Memorandum of Agreement (MoA) - At the stage of Order VII Rule 11, the Court must take the averments in the plaint in their entirety, along with the documents relied upon, to be true - It cannot test their correctness, weigh them against the defense, or assess the probability of success - Whether an unsigned MoA constitutes a concluded contract or is unenforceable for want of signatures is a matter falling squarely within the domain of trial. [Paras 18, 22 - 27**

**Order VII Rule 11(b) & (c) CPC – Rejection of a plaint for undervaluation or deficit court fee is not automatic – Statutory obligation on Courts to first afford an opportunity to the plaintiff to rectify the defect - The procedural mandate under clauses (b) and (c) of Order VII Rule 11 introduces a conditional, two-step process - The Court must first form an opinion regarding the insufficiency of the valuation or court fee, determine the correct valuation, and specify a timeframe for the plaintiff to correct it - Outright rejection of a plaint without providing a substantive opportunity to cure the defect is a manifest error of law - Deficiency in court fees does not render the suit non-maintainable at the threshold; it is a curable defect. [Relied on *Dahiben v. Arvindbhai Kalyanji Bhanusali (Gajra) & Ors.* (2020) 7 SCC 366; *Azhar Hussain v. Rajiv Gandhi* 1986 Supp SCC 315; Paras 30-35]**

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**J U D G M E N T**

**ALOK ARADHE, J.**

1. Leave granted.
2. This appeal emanates from an order dated 28.07.2025 by High Court of Judicature at Madras ('the High Court') whereby the revision preferred by the respondents was allowed and the order dated 24.09.2024, rejecting the application under Order VII Rule 11 of the Code of Civil Procedure ('the Code'), was set aside and the plaint was rejected.

## **FACTUAL BACKGROUND:**

- 3.** Facts giving rise to filing of this appeal are as follows. The appellant is a company engaged in real estate development. By a registered sale deed dated 27.04.2002, the appellant purchased land admeasuring 1 acre and 85 cents, situated at Karapakkam Village, Sholinganullur Taluk, Chengalpattu District, Chennai ('the subject land'), for a consideration of Rs.3 crores. On 28.08.2006, the appellant obtained necessary statutory approval including building permission from the local authority, and constructed a multistoried commercial IT building known as "Digital Zone-I" ('the subject property'), comprising of multiple floors with a total built up area of approximately 2,55,050 sq. ft.
- 4.** On 14.03.2011, the appellant availed of loan of approximately 72 crores for its business and financial requirements. To secure the aforesaid loan, the appellant created an equitable mortgage over the subject property by depositing the original title deeds with the Standard Chartered Bank ('the Bank'). Subsequently, on 13.02.2015, the appellant availed an additional loan of Rs.7.19 crores from the Bank and again created an equitable mortgage over the subject property by executing another memorandum of deposit of title deeds in favour of the Bank.
- 5.** Due to financial difficulties, the appellant was unable to service its loan obligations. Consequently, the Bank classified the loan account as Non-performing Assets (NPAs), and issued a demand notice on 11.01.2018 under Section 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002. Thereafter, in 2021 the Bank filed an Original Application before the Debts Recovery Tribunal, Chennai, seeking recovery of Rs.72.63 crores. On 16.06.2022, the appellant and the Bank entered into a one time settlement (OTS) whereby the appellant was required to pay a sum of Rs.55 crores. A joint compromise memo was filed before the DRT. The appellant paid a sum of Rs. 27 crores, but failed to pay the balance of Rs. 28 crores within the stipulated time. The Bank on 14.10.2022, extended the payment deadline up to 19.10.2022.
- 6.** In January, 2023, the appellant and the Bank entered into a fresh settlement, whereby the appellant was required to pay Rs.32.50 crores instead of Rs.28 crores. Simultaneously, the appellant entered into negotiations with the respondent. On 17.02.2023, a Memorandum of Agreement (MoA) was drafted by respondent's counsel. The parties remained in continuous communication, particularly through WhatsApp exchanges, actively negotiating and refining the terms, structure, and language of the MoA.
- 7.** In furtherance of the commercial arrangement, already finalized between the parties, the respondent No.1 structured the transaction through multiple entities by incorporating several special purpose vehicles (SPVs) between 09.03.2023 and 15.03.2023, intended to act as nominees for purchasing different proportions of the subject property. The MoA was finalized on 07.03.2023 and executed by the appellant, however, it was not signed by respondents. Under the MoA, the subject property was to be sold through eight separate sale deeds for a consideration of Rs.58.60 crores, including Rs.6.60 crores towards stamp duty. Out of this amount, Rs.32.50 crores was payable directly to the Bank. On 03.04.2023, the Bank issued a consent letter agreeing a sum of Rs.32.50 crores.
- 8.** On 03.04.2023, upon receipt of Rs.32.50 crores, the Bank handed over the title deeds to respondents. Thereafter, the appellant and the respondents executed eight separate sale deeds on 03.04.2023, which were registered on 19.04.2023.

## **SUIT AND PROCEEDINGS:**

9. In June, 2024, the appellant instituted a civil suit seeking the relief of mandatory injunction directing the respondents to execute MoA dated 17.03.2023, on the ground that respondents had failed to fulfil their obligations arising out of commercial arrangement, particularly with regard to execution of MoA and payment of balance consideration linked to refurbishment and leasing of the property. In the alternative, the appellant sought the relief of reconveyance of the subject property. A permanent injunction restraining the respondents from alienating or interfering with the possession of the appellant over the subject property was also sought.

10. The respondents filed an application under Order VII Rule 11 of the Code, seeking rejection of the plaint, on the grounds that it did not disclose a cause of action, and that the relief claimed was undervalued and the plaint was insufficiently stamped.

11. By an order dated 24.09.2024, the trial court held that the plaint disclosed a cause of action and the issues raised by the respondents required adjudication on merits after a full trial. The application was accordingly rejected. Aggrieved, the respondents filed a revision before the High Court.

12. By an order dated 28.07.2025, the High Court held that appellant's case was founded on MoA which did not constitute a concluded contract enforceable in law. It further held that upon execution of the sale deeds on 03.04.2023, the rights in the subject property stood transferred and no independent cause of action survived for enforcement of any prior or collateral arrangement. The High Court concluded that pleadings did not disclose a legally sustainable cause of action. It was further held that, though the suit was framed as one for mandatory and permanent injunctions, it was, in substance, a claim for recovery of approximately Rs.53 to Rs.55 crores. Accordingly, the appellant was required to pay the *ad valorem* court fees, which was not paid. The High Court thus held that the suit was not maintainable and allowed the revision, setting aside trial court's order and rejected the plaint. In the aforesaid factual background, this appeal arises for our consideration.

## **SUBMISSIONS**

13. Learned senior counsel for the appellant submitted that the entire transaction was a composite commercial arrangement, consisting of two inseparable components, namely (i) execution of sale deeds, and (ii) payment of the balance consideration of approximately Rs.53 crores under the MoA. It was contended that the High Court erred in treating the transaction as a concluded sale, while ignoring the broader understanding between the parties. It is further submitted that although the MoA, was not signed by the respondents, it was finalized and acted upon, as evidenced by negotiations, WhatsApp communications, and subsequent conduct, including incorporation of SPVs and execution of sale deeds.

14. It was urged that such conduct clearly demonstrated consensus *ad idem* and binding obligations. It is argued that the High Court wrongly held that the plaint disclosed no cause of action, and impermissibly undertook a detailed examination of facts, amounting to a mini-trial at the stage of Order VII Rule 11. It was contended that deficiency in court fees, if any, was a curable defect. Accordingly, it was submitted that the impugned order deserves to be set aside. In support of the aforesaid submissions, reliance has been placed on the decisions of this Court<sup>1</sup>.

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<sup>1</sup> Dahiben v. Arvindbhai Kalyanji Bhanusali (Gajra) & Ors.; (2020) 7 SCC 366

15. Learned senior counsel for the respondents, on the other hand, submitted that the sale transaction stood concluded upon execution of the sale deeds and no enforceable rights survived in favour of the appellant. It was contended that MoA was not a concluded contract, having never been signed by the respondents and, therefore, could not be enforced. It was further submitted that the suit, though framed as one for injunction, is in reality a claim for recovery of approximately Rs.53 to Rs.55 crores, requiring payment of proper *ad valorem* court fees, which had not been paid. It was also argued that the plaint did not disclose a valid cause of action and was barred in law, as it sought to go behind registered sale deeds and introduce obligations not reflected therein.

### **ANALYSIS**

16. We have considered the submissions advanced by learned counsel for the parties and have perused the material on record.

17. Order VII Rule 11 of the Code empowers the court to summarily reject the plaint at the threshold on the grounds specified therein. The provision reads as follows:

“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 written 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;
- (e) where it is not filed in duplicate;
- (f) where the plaintiff fails to comply with the provisions of rule 9.

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 for 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.”

Thus, the Court is obligated to reject the plaint in the following circumstances: (i) where it does not disclose a cause of action, (ii) where the relief claimed is undervalued and plaintiff, on being required by the court to correct the valuation within the time fixed by the court, fails to do so (iii) where the relief claimed is properly valued but the plaint is written upon paper insufficiently stamped, and the plaintiff on being required by the court the requisite stamp paper within the time fixed by the court, fails to do so (iv) where from the statement made in the plaint, the same appears to be barred by any law (v) where the plaint is not filed in duplicate and (vi) where the plaintiff fails to comply with the provisions of Rule 9.

18. The principles governing the exercise of power under Order VII Rule 11 of the Code can be culled out as follows:

- (i) The object underlying Order VII Rule 11 is to ensure that a litigation which is frivolous or is bound to fail does not occupy the judicial time<sup>2</sup>.
- (ii) The test for exercise of power under Order VII Rule 11 is whether the averments made in the plaint are taken in entirety, in convention with documents relied upon, would result in a decree being passed. The Court must examine the averments in the plaint in conjunction with the documents relied upon, and the pleas taken in the written statement would be wholly irrelevant. If any of the grounds specified in clauses (a) to (e) are made out, the court is bound to reject the plaint<sup>3</sup>.
- (iii) Whether a plaint discloses a cause of action is essentially a question of fact, to be determined on a holistic reading of the plaint itself. It is impermissible to isolate a sentence or a passage and to read it out of context<sup>4</sup>.
- (iv) If the averments made in the plaint *prima facie* show the cause of action, the court cannot embark upon an enquiry whether averments are correct<sup>5</sup>.
- (v) The exercise of power under Order VII Rule 11 of the Code is mandatory in nature and the court must ascertain whether the plaint discloses a real cause of action or something merely illusory<sup>6</sup>.
- (vi) The power under Order VII Rule 11 of the Code may be exercised at any stage of the suit<sup>7</sup>.

### **FACTS OF THE PRESENT CASE**

**19.** In the backdrop of the aforesaid well-settled legal principles, we may advert to the facts of the case in hand. The parties negotiated for transaction of subject property through chat on WhatsApp, which culminated in execution of MoA dated 17.03.2023. The sum and substance of the WhatsApp chat between the parties which commenced on 28.01.2023 are as follows:

- (i) The WhatsApp chat dated 28.01.2023 reflects initiation of negotiations for the proposed transaction relating to the subject property. The WhatsApp chat discloses that initial discussion centred around broad contours of the deal, overall structure of the transaction, the role of respondent in clearing the outstanding dues of the bank and possible terms on which the property could be transferred.
- (ii) The chat on 30.01.2023, 01.02.2023 and 04.02.2023 reflect continuous follow up regarding letter of intent and legal documentation. The respondents side confirm that their legal team was involved.
- (iii) On 17.02.2023, a spreadsheet containing transaction details was shared and a request was made to provide letter of intent, sale deed and supplementary agreements.
- (iv) Between 18.02.2023 and 22.02.2023, progress was made on multiple fronts, including approval of SPVs and preparation of agreements. On 22.02.2023, the names of

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<sup>2</sup> Azhar Hussain v. Rajiv Gandhi; 1986 Supp SCC 315, Liverpool & London SP & I Association Ltd. v. MV Sea Success I and Anr.; (2004) 9 SCC 512

<sup>3</sup> Dahiben v. Arvindbhai Kalyanji Bhanusali (supra) (See also; Indian Evangelical Lutheran Church Trust Association v. Sri Bala & Co.; 2025 SCC OnLine SC 48, P. Kumarakurubaran v. P. Narayanan & Ors.; 2025 SCC OnLine SC 975).

<sup>4</sup> Hardesh Ores (P) Ltd. v. Hede & Company; (2007) 5 SCC 614, Sejal Glass Limited v. Navilan Merchants Private Limited; (2018) 11 SCC 780

<sup>5</sup> D. Ramachandran v. R.V. Janakiraman & Ors.; (1999) 3 SCC 267

<sup>6</sup> T. Arivandandam v. T.V. Satyapal & Anr.; (1977) 4 SCC 467

<sup>7</sup> Saleem Bhai & Ors. v. State of Maharashtra & Ors.; (2003) 1 SCC 557.

multiple entities were approved and confirmation was given that draft of the agreements would be sent.

(v) On 24.02.2023, readiness was indicated by respondents to proceed, by stating that once the documents were signed, the funds transferred could be planned. On 27.02.2023, the respondents acknowledged that there were issues in the draft MoA and the same would be discussed in detail.

(vi) On 28.02.2023, the discussions continued regarding finalization of letter of intent and Memorandum of Understanding (MoU). On 01.03.2023, detailed discussion took place regarding financial arrangements including confirmation of availability of funds of approximately Rs. 32.50 crores.

(vii) On 03.03.2023 and 04.03.2023, the parties engaged in detailed negotiations regarding financial structure of the transaction, including the total value of approximately 105 crores comprising consideration, loan components and staged payments linked to leasing.

(viii) Between 10.03.2023 and 11.03.2023, it was confirmed that draft MoA had been shared by the legal team and queries were raised regarding the expected date of signing, with a response that execution of MoA was expected shortly.

(ix) On 17.03.2023, the legal team of the respondents shared the final version of MoU and stated that document was ready for signing.

**20.** On 17.03.2023, the MoA, drafted by the respondents' counsel, was signed by the appellant. Its salient features are as follows:

(i) The MoA records a composite commercial arrangement comprising (a) sale of property and (b) post-sale obligations relating to refurbishment, leasing and additional consideration.

(ii) The total consideration was approximately 58.60 crores inclusive of stamp duty and registration charges. Out of this, Rs.32.50 crores was paid directly to the bank towards the discharge of its liabilities, and Rs.19.50 crores to the appellant.

(iii) The sale was to be effected through multiple sale deeds in favour of nominee entities of respondent no.1.

(iv) Additionally, an amount of Rs.53 crores was payable contingent upon leasing performance, post refurbishment with payments structured proportionately, based on the leasing achieved.

(v) The MoA also contemplated final adjustments related to encumbrances and liabilities, reflecting a total transaction value of approximately Rs.105 crores.

**21.** In furtherance of MoA, the respondents on 03.04.2023, paid a sum of Rs.32.50 crores to the Bank, resulting in release of title deeds. On 19.04.2023, the appellant executed eight sale deeds in favour of the respondents in relation to the subject property. These facts unequivocally demonstrate that MoA was implemented.

### **AVERMENTS IN THE PLAINT**

**22.** Now, we may advert to the averments made in the plaint. Paras 9, 13, 15 and 19 are extracted below for the facility of reference: -

"9. The plaintiff submits that accordingly the plaintiff and first defendants have agreed to reduce in writing in a Memorandum of Agreement (MOA) by incorporating the above said condition

mutually agreed between them. The first defendant external lawyers namely Mr. Shanthosh of TATVA-LEGAL CHENNAI, and Ms. Jothy (internal counsel of the Defendants) had drafted MOA with the terms above stated. The MOA drafting has commenced from 17.02.2023 and concluded on 14.03.2023 between these periods the information was exchanged between the first defendant & its representatives, and his lawyer and plaintiffs by way of WhatsApp group.

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13. The plaintiff submit that, in fact, the plaintiff even has not received entire sale consideration as per the sale deed for Rs.51,92,56,375/-out of total MOS structured transaction consideration of Rs.105,00,00,000/- (besides tentative payment of stamp duty / registration fee to be paid by Defendants for approx. Rs.6.60 Crs). Besides the sale considering pending, even the 1st defendant has not yet paid the MOA structured Transaction balance of Rs.53,00,00,000/- also. The plaintiff has executed 8 (eight) sale deeds to 1st defendant nominees (3rd Defendant to 10th Defendant). But 1st defendant did not deliver the signed MOA dated 17-03-2023 to the plaintiff for carrying out refurbishment work if at all required, for leasing the entire building to fetch a minimum rental of Us,40 per sq ft pm.

XXX XXX XXX

15. The plaintiff was not in position to carryout refurbishment work required for leasing the entire building to fetch a minimum rent of Rs.40 per sq ft pm. In fact Plaintiff got Letter of Intent signed from RELIANCE SMART to take retail space in the building with a rental of Rs.62+persq ft pm but was unable to conclude due to failure in due diligence process for want of physical verification of the Title documents by the Tenants which Defendants were unable to provide. The 1st defendant and its nominees has categorically admitted and acted upon based on the MOA terms and which was finalised by their own lawyers and subsequently brought in the same in the MOA. It was signed by the plaintiff and delivered to 1st defendant and its representative for signing by 2nd Defendant Director Ms Aarthi Lalwani w/o 1st Defendant, but both the original agreement copies are still retained with him. The 1st defendant having received the MOA in writing in NJ Stamp value of Rs.100/ dated 17-03-2023 and he has tried to avoid the performance of his part of contract. The 1st defendant has preplanned to get sale deed from the plaintiffs to in favour of the 3 to 10 defendants to deprive and deceive the plaintiff from not paying the balance of Rs.53,00,00,000/ in respect of sale of the suit property.

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19. The cause of action arose, on 17.03.2023 when the Plaintiff forwarded the Memorandum of Agreement to the 1st Defendant & 2nd Defendant for affixing signature, on 18th March 2023 when the Plaintiff asked for the said duly signed Memorandum of Agreement, on 03.04.2023 when (the Plaintiff has executed 8 Sale Deeds in favour of the 3rd to 10th Defendants when the Plaintiff and the Defendants communicated through WhatsApp and email communications from Jan. 23 to till date, when the Plaintiff demanded all the Defendants to re-convey the Suit Schedule Property in favour of the Plaintiff.”

A careful and holistic reading of paragraphs 9, 13, 15 and 19 of the plaint, as extracted above, would indicate that the plaintiff has not set out any vague or bald assertions, but has pleaded a sequence of material facts which, if taken at face value, disclose a live and subsisting dispute requiring adjudication, which is evident from the following facts :-

**23. Firstly**, the plaint specifically pleads that the parties had arrived at a mutually agreed commercial understanding, which was sought to be reduced into writing in the form of a MoA. The drafting process, as averred, was undertaken by the counsel of the defendants themselves, and the exchange of drafts and negotiations through WhatsApp communications has been set out as part of the factual matrix. These averments are not inconsequential; they are material facts which go towards establishing the existence of a pre-existing consensus and a structured commercial arrangement.

**24. Secondly,** the plaintiff has categorically pleaded that the transaction was not confined to the execution of sale deeds alone, but formed part of a larger, composite arrangement involving staged payments and post-sale obligations. The assertion that a substantial portion of the consideration – namely the sum of Rs.53 crores - remains unpaid, coupled with the allegation that the MoA embodying such obligations was deliberately not executed by the defendants, constitutes a clear assertion of breach. Whether such a claim ultimately succeeds is a matter of trial. However, at this stage, it cannot be said that the plaint is bereft of material particulars.

**25. Thirdly,** the averments in paragraph 15 further reinforce the plaintiff's case by asserting acts done in furtherance of the alleged arrangement, including attempts to secure tenants and undertake refurbishment, which were allegedly frustrated due to the defendants' conduct. These pleadings indicate not only the existence of obligations but also their partial performance and the consequent prejudice suffered by the plaintiff. Such facts, if proved, would have a direct bearing on the relief claimed.

**26.** Most significantly, paragraph 19 of the plaint delineates the cause of action with sufficient clarity and specificity. It traces the accrual of cause of action to identifiable events, including: (i) forwarding of the MoA for execution, (ii) failure of the defendants to return the signed MoA, (iii) execution of the sale deeds, and (iv) continued communications and subsequent refusal to honour obligations. This articulation satisfies the legal requirement that a cause of action must comprise a bundle of facts giving rise to a right to sue. In this backdrop, it cannot be said that the plaint fails to disclose a cause of action. On the contrary, the pleadings disclose a triable issue as to whether the MoA formed part of a binding and enforceable commercial arrangement and whether the defendants have failed to perform obligations arising therefrom.

**27.** It is equally well settled that at the stage of Order VII Rule 11 CPC, the Court can neither embark upon an inquiry into the enforceability or validity of the MoA, nor can it assess the sufficiency of evidence or the probability of success of the claim. The question whether the MoA constitutes a concluded contract, or whether it is rendered unenforceable for want of signatures, are matters which fall squarely within the domain of trial. Any finding on such issues at the threshold would amount to a premature adjudication, transgressing the limited scope of Order VII Rule 11.

**28.** The approach adopted by the High Court, in proceeding to examine the enforceability of the MoA and to conclude that no cause of action survives, amounts to conducting a mini-trial, which is impermissible in law. The Court, at this stage, is required to assume the averments in the plaint to be true and determine whether they disclose a right to sue; it is not open to the Court to test their correctness or to weigh them against the defence.

**29.** Thus, when the plaint read in its entirety, clearly discloses:

- (a) the existence of a negotiated commercial arrangement,
- (b) its partial implementation through execution of sale deeds,
- (c) the subsistence of reciprocal obligations,
- (d) and the alleged breach thereof by the defendants.

The averments made in the plaint taken together, constitute a complete and intelligible cause of action, warranting adjudication in a full-fledged trial rather than summary rejection.

## **RELIEF AND VALUATION**

**30.** Paragraph 28 of the plaint indicates that the plaintiff has prayed for the following reliefs in the suit: -

“28. It is therefore prayed that this Hon'ble Court may be pleased to grant Judgement and Decree.

a. For a Mandatory Injunction directing the Defendants to execute MOA dated 17-03-2023 in favour of the Plaintiff to enforce the same for recovery the balance of a sum of Rs,53,00,00,000/ in respect of sale of the suit property failing to do so, this Hon'ble Court maybe pleased to execute a reconveyance of the property by 3 to 10 defendant in favour of the Plaintiffs in respect of the suit properties.

b. For a Permanent Injunction restraining the Defendants, their men, agents, or any other persons claiming under them from alienating or encumbering suit properties in favour of 3rd Parties.

c. For a Permanent Injunction restraining the Defendants, their men, agents, or any other persons from interfering the peaceful possession and enjoyment of the suit property by the plaintiff

d. For costs of the suit; and

e. Pass such further or other orders as may be deemed fit and proper in the circumstances of the case and thus render justice.”

Thus, the appellant is *inter alia* seeking the relief of recovery of Rs.53 crores.

**31.** In paragraph 20, the appellant has valued the reliefs and has paid the court fee. The said paragraph reads as under: -

“20. The Plaintiffs value the suit at Rs.10,02,000/- (Rupees Ten lakhs and two Thousand Only) and pays a Court fee of Rs.30,060/- under Section 27 (c) of Tamil Nadu Court Fees and Suit Valuation Act, (Amended) 2017.”

**32.** Insofar as the rejection of the plaint on the ground of improper valuation and non-payment of appropriate court fee is concerned, the approach adopted by the High Court cannot be sustained in law.

**33.** A plain and conjoint reading of clauses (b) and (c) of Order VII Rule 11 of the Code makes it abundantly clear that the power to reject a plaint on the grounds enumerated therein, is not to be exercised in the first instance, without affording an opportunity to the plaintiff. The statutory scheme contemplates a two-step process. Firstly, the Court must form an opinion that the relief claimed is undervalued or that the court fee paid is insufficient. Secondly, upon such determination, the Court is obligated to require the plaintiff to correct the valuation and/or supply the requisite court fee within a time to be fixed by it. It is only upon failure of the plaintiff to comply with such direction within the stipulated time, that the consequences of rejection of the plaint can ensue. Thus, the rejection of a plaint under Order VII Rule 11(b) or (c) is not automatic upon a finding of undervaluation or deficit court fee; rather, it is conditional upon non-compliance with the opportunity so granted by the Court.

**34.** Moreover, it is pertinent to note that the High Court has merely recorded a conclusion that the suit is undervalued, without undertaking the necessary exercise of determining what, in its view, would constitute the proper valuation of the suit or the court fee payable in accordance with law. In the absence of such a finding, the direction, if any, to correct the valuation could not have been meaningfully complied with by the plaintiff. The failure to record such a determination further vitiates the impugned order. In the present case, even assuming that the relief sought by the appellant was undervalued and

that the court fee paid was deficient, the High Court, instead of directing the appellant to correct the valuation and make good the deficit court fee, proceeded to reject the plaint outrightly. Such a course of action is clearly contrary to the express mandate of the provision.

**35.** The requirement to grant an opportunity is not a mere procedural formality, but a substantive safeguard intended to ensure that a litigant is not non-suited on a curable defect. The deficiency in valuation or court fee does not, by itself, render the suit non-maintainable at the threshold. It is a defect which is capable of being remedied, and the law expressly provides a mechanism for such rectification. The High Court, in overlooking this statutory requirement, has effectively denied the appellant an opportunity to cure the defect, thereby defeating the very object underlying clauses (b) and (c) of Order VII Rule 11. The impugned order, to this extent, therefore, suffers from a manifest error of law. Accordingly, the proper course would be to set aside the rejection of the plaint on this ground and to direct the trial court to afford the appellant an opportunity to correct the valuation of the suit and to pay the requisite court fee within such time as may be fixed, in accordance with law.

### **CONCLUSION**

**36.** For the foregoing reasons, impugned order passed by the High Court is quashed and set aside. The trial court is directed to afford an opportunity to the appellant to correct the valuation and to pay the requisite court fees within such time limit as may be fixed by it.

**37.** The appeal is disposed of in aforesaid terms. There shall be no order as to costs.

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