Where the suit's substantive reliefs concern specific performance and enforcement of agreements, the plaint cannot be rejected at the threshold under Order VII Rule 11 merely because SARFAESI measures are also in the background, unless the matter sought to be adjudicated is one that the DRT is empowered to determine

The **Bombay High Court** in the case of **IIFL Finance vs Paramvir Developers [Interim Application No. 4596 of 2025] dated May 04, 2026**, has ruled that for the purposes of Section 12-A of the Commercial Courts Act, the determinative test is whether, on a wholesome reading of the plaint and supporting documents, urgent interim relief is genuinely contemplated from the plaintiff's standpoint in light of the nature of the suit, subject matter, and cause of action. The Court clarified that it is not whether such interim relief is ultimately granted. If that test is satisfied, non-compliance with pre-institution mediation does not justify rejection of the plaint under Order VII Rule 11 CPC.

The Court further held that where the suit's substantive reliefs concern specific performance and enforcement of agreements, the plaint cannot be rejected at the threshold under Order VII Rule 11 merely because SARFAESI measures are also in the background, unless the matter sought to be adjudicated is one that the DRT or Appellate Tribunal is empowered to determine under the SARFAESI Act. The Court held that no ground under Order VII Rule 11 CPC was made out and accordingly dismissed the interim applications seeking rejection of the plaint.

The Court observed, on the plaint as pleaded, that there was sufficient cause of action against all three defendants because the suit was founded on enforcement of the Framework Agreement against defendant nos. 1 and 2 and the profit-sharing agreement against defendant no. 3. As regards Section 34 of the SARFAESI Act, the Court observed that the substantive prayers in the suit were for performance of the Framework Agreement and the profit-sharing agreement, reliefs which could not be decided under the SARFAESI machinery. Hence, it opined that the plaint could not be rejected at the threshold on that ground.

The Court also rejected the submission that the plaint was barred under Section 41 of the Specific Relief Act at the threshold, holding that the pleadings warranted a trial and that merits of the cause of action and reliefs could not be dealt with under Order VII Rule 11 CPC at this preliminary stage.

On Section 12-A of the Commercial Courts Act, the Court treated the law as settled by the Supreme Court, especially in cases of Yamini Manohar vs. T.K.D. Keerthi [(2024) 5 SCC 815] and Dhanbad Fuels Private Limited vs. Union of India [2025 SCC Online SC 1129]. The correct test is not whether interim relief is ultimately granted, but whether, upon examination of the nature and subject matter of the suit and the cause of action, urgent interim relief could be said to be contemplated from the plaintiff's standpoint.

The Court expressly noted that urgent interim relief must not be a disguise or camouflage to bypass mandatory pre-institution mediation, but equally, mere non-grant of ad interim relief or later rejection of interim relief on merits does not justify rejection of the plaint under Order VII Rule 11 CPC.

The Court further observed that post-filing stages of the suit are not relevant for deciding whether the plaint should be rejected under Order VII Rule 11(d) for non-compliance with Section 12-A. The Court found that the plaintiffs had pleaded precipitative action by the defendants, threatened enforcement of security, possession action, alleged breach of the Framework Agreement and profit-sharing arrangement, and apprehended loss of their protected interests. Seen from the plaintiffs' standpoint, urgent interim relief was therefore contemplated.

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