**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 9TH DAY OF SEPTEMBER, 2026

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

Appeal No.319 of 2025
[Along with Misc. Application Nos.744 and 745 of 2025]

Karvy Stock Broking Limited
Plot No.31/P, Karvy Millenium,
Nanakramguda, Financial District,
Gachibowli, Hyderabad,
Telangana – 500032. …..Appellant

(By Mr. Zal Andhyarujina, Senior Advocate with Mr. Abhishek Venkatraman, Mr. Joby Mathew, Ms. Serena Jethmalani and Mr. Aditiya Joby, Advocates i/b. Joby Mathew and Associates for the Appellant.)

Securities and Exchange Board of India
SEBI Bhavan, C-4A, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051. …..Respondent

(By Mr. Shiraz Rustomjee, Senior Counsel with Mr. Sumit Yadav, Ms. Smriti Singh, Mr. Abhay Chauhan, Mr. Karthik K.P. and Mr. Devya Shah, Advocates i/b. The Law Point for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SEBI ACT, 1992 TO SET ASIDE THE ORDER DATED APRIL 28, 2023 PASSED BY THE WTM, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON AUGUST 14, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer

This miscellaneous application is filed to condone the delay of 688 days in filing the Appeal No.319 of 2025 directed against order dated 28.04.2023 read with the corrigendum dated 19.06.2023, passed by the WTM[1], SEBI[2] issuing various directions and imposing penalties.

2. We have heard Mr. Zal Andhyarujina, learned Senior Advocate for the appellant and Mr. Shiraz Rustomjee, learned Senior Advocate for the SEBI.

3. Brief Facts of the case are:

i. Karvy Stock Broking Limited ('Karvy/appellant Company' for short) was a SEBI registered stock broker and registered with NSE and BSE for stock broking activities. It

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[1] Whole Time Member
[2] Securities and Exchange Board of India

was also a SEBI registered Depository Participant with NSDL[3] and CDSL[4];

ii. On 19.08.2019, NSE conducted an investigation into the affairs of the appellant Company and submitted a preliminary report to the SEBI. It revealed that the Karvy unauthorizedly raised funds by pledging clients' securities by misusing Power of Attorneys ('PoAs' for short) and diverted money to the group entities. Appellant Company also sold excess securities (not available in DP[5] account) of ₹485 Crore through 9 related client entities till 31.05.2019. Further, Karvy also transferred excess securities to 6 out of these 9 related entities;

iii. On 22.11.2019, SEBI passed an *ex parte* interim order. On 02.12.2019, NSE suspended appellant Company's trading membership and on 23.11.2020, expelled it from NSE's membership. On 24.11.2020, SEBI passed the confirmatory order confirming the interim directions;

iv. NSE appointed Ernst & Young LLP ('EY' for short) to conduct a forensic audit of appellant Company's records for the period between 01.04.2016 and 19.10.2019. On 09.01.2020, EY submitted its report to NSE. On 23.11.2020, NSE forwarded its comprehensive findings to SEBI;

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[3] National Securities Depository Limited
[4] Central Depository Services Limited
[5] Depository Participant

v. Based on the joint inspection and forensic findings, SEBI issued an SCN[6] dated 29.01.2021 to 9 noticees, alleging violation of Securities laws. Appellant Company filed its reply. After adjudication, SEBI passed the impugned order.

4. Mr. Zal Andhyarujina, learned Senior Advocate for the appellant submitted that appellant Company (Karvy) was served with the certified copy of the corrigendum[7] on 26.05.2025, through an intermediary, JM Financial Services Limited, along with a letter dated 26.11.2024. He submitted that the appellant Company never received certified copy of the impugned order.

5. He submitted that the delay in filing this appeal has occurred because several proceedings initiated by various regulatory agencies including ED[8] had conduct search and seized voluminous records relevant for drafting the statutory appeal. Thus, the appellant Company faced immense difficulty in obtaining the documents to challenge the impugned order. He submitted that Parthasarthy, Chairman and Managing Director of the appellant Company was in judicial custody and he was having serious health aliments. Appellant Company was not having dedicated legal team to deal with the SEBI orders and all bank accounts were frozen pursuant to SEBI's *ex parte* order.

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[6] Show Cause Notice
[7] dated 19.06.2023
[8] Enforcement Directorate

6. Mr. Andhyarujina urged that a liberal approach must be adopted while considering an application for condonation of delay as this is a statutory first appeal before this Tribunal for adjudication on both facts and law. He relied upon *Khelo MCX Research Services v. SEBI*[9] and submitted that the Hon'ble Apex Court has held that first appeal on facts is a precious right and condoned a delay of 1,059 days subject to payment of costs. He also relied upon the judgment of this Tribunal in *M/s. Al-Falah Investments Ltd. v. SEBI*[10].

7. In reply, Mr. Shiraz Rustomjee, learned Senior Advocate for SEBI vehemently opposed the application for condonation of delay. He submitted that the delay in filing this appeal is inordinate and the application for condonation of delay does not contain satisfactory reasons to condone the delay and it is liable to be rejected.

8. He submitted that the ED conducted search and seizure in September 2021 and EPFO[11] attached appellant Company's registered office on 22.09.2023. Though it is claimed that delay is due to seizure of documents by Enforcement Agencies, the appellant Company has filed about 70 legal proceedings in various fora. Appellant Company replied to SEBI's SCN on 20.05.2022 but curiously there is no mention about the seizure of the data.

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[9] Civil Appeal No.3055 of 2026, decided on 30.04.2026 by the Hon'ble supreme Court of India
[10] Appeal No.107 of 2006, decided on 08.09.2006 by the Securities Appellate Tribunal, Mumbai
[11] Employee Provident Fund Organisation

9. He submitted that the appellant Company was aware of the SEBI's proceedings and it has participated actively in every stage of adjudication proceedings. The impugned order was duly served upon the appellant Company's promoter cum CMD, Parthasarathy on 06.05.2023. The application for condonation of delay is verified and sworn by the very same CMD, Parthasarathy. Hence, appellant Company's contention that the impugned order was not served is untenable.

10. He submitted that the grounds urged by the appellant Company that the CMD was incarcerated, CMD's health complications and his inability to access records due to various parallel proceedings and searches at appellant Company's premises are afterthought, frivolous and an attempt to mislead this Tribunal. The Company has enclosed[12] Parthasarathy's medical records which pertain to the period between January and November, 2023. He submitted that between August, 2023 and September 2024, appellant Company's CMD has filed and prosecuted as many as 9 writ petitions and 3 petitions under Section 482 of Cr.P.C. before the Hon'ble Telangana High Court both in his personal capacity and also representing Karvy group companies. In particular, he has filed Writ Petition No.31124 of 2023 on 07.11.2023, before the Hon'ble Telangana High Court against Union of India and others. The appellant Company along with its CMD had filed criminal petition CRLP No.11071 of 2023 under Section 482 of Cr.P.C.,[13] on 08.11.2023 before the Hon'ble Telangana High Court seeking quashment of an FIR and also

[12] in additional affidavit
[13] Code of Criminal Procedure, 1973

pursued about 70 proceedings before various fora. Thus, the appellant Company and its CMD were actively pursuing cases in the High Court and cannot be heard to contend that the appellant Company was incapacitated or prevented from preferring the statutory appeal before this Tribunal within the prescribed period of limitation. He relied upon *Udayan Banerjee v. SEBI*[14], wherein this Tribunal has held that general medical prescriptions without proof of serious illness or hospital confinement, do not constitute 'sufficient cause' to condone inordinate delay.

11. He also placed strong reliance on *Shivamma (Dead) by LRs v. Karnataka Housing Board & Ors.*[15] and *Subhash Chandra v. SEBI*[16].

12. In rejoinder, it was argued by Mr. Andhyarujina that this is a statutory appeal under Section 15T of the SEBI Act and the appellant is entitled for consideration of his first appeal as held in *Khelo MCX Research Services*. Therefore, the aspect of delay may be considered leniently. With regard to the authorities cited by Mr. Rustomjee, he submitted that they can be distinguished on facts. Adverting to *Shivamma*, he submitted that the delay in that case was about 11 years by the Housing Board.

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[14] Appeal No. 496 of 2022, decided on 20.09.2022 by the Securities Appellate Tribunal, Mumbai

[15] 2025 SCC OnLine SC 1969:Civil Appeal No.11794 of 2025, Paragraph Nos.116 to 134 and 139 to 142

[16] Appeal No.132 of 2024, decided on 02.05.2025 by the Securities Appellate Tribunal, Mumbai

13. We have carefully considered rival contentions and perused the records.

14. Admitted facts are, appellant Karvy Stock Broking Limited ('Karvy/appellant Company' for short) is a public limited company and a listed entity. Appellant Company has participated in the adjudication proceedings before the SEBI. After adjudication, SEBI has passed the impugned order.

15. The point for consideration is, ***whether 'sufficient cause' is shown to condone the delay in filing the appeal?***

16. The application for condonation of delay is strongly contested by the SEBI. Mr. Rustomjee relied upon *Shivamma (Dead) by LRs v. Karnataka Housing Board & Ors* and submitted that while considering an application for condonation of delay, the inquiry must be confined to find out whether 'sufficient cause' has been demonstrated for not filing the appeal within the prescribed period of limitation. He argued that 'sufficient cause' cannot be substituted by examining the merits of the case.

17. In the miscellaneous application for condonation of delay, appellant Company has urged following grounds and prayer:

> *"2. The Applicant states that the following reasons for the delay in filing the Appeal:*
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> > *a) The said delay in filing the Appeal has occurred due to the following unavoidable circumstances that were beyond the control of the Applicant and the same was inadvertent and unintentional.*

b) The Applicant states that on May 26, 2025, the Applicant was served with the certified copy of the Corrigendum dated June 19, 2023, through an intermediary named JM Financial Services Limited, along with a letter dated November 26, 2024. However, the Applicant states that it has not yet received a certified copy of the Impugned Order and has merely been served with a certified copy of the Corrigendum. The Applicant has filed a separate application for exemption from filing the certified copy of the Impugned Order in this regard (Please refer to Exhibit "A1 (Colly)" of the Appeal Memo).

c) The Applicant states that due to the Impugned Order of the Respondent, various regulatory agencies had searched the office of the Appellant where a major portion of the documents relevant to the Appeal Memorandum were located. Thus, there was immense difficult to obtain documents to rebut the charges in the Impugned Order.

d) The Appellant states that there was also a delay in availing the services of advocates to prepare and file the Appeal Memorandum, and the documents referred to in the Order were voluminous and required Impugned examination. The Applicant was also in the process of obtaining additional information that was relevant and to be included in the Appeal Memorandum, from other offices of the Applicant.

e) The Applicant states that the Respondent has failed to consider relevant material on record as well the submissions of the Applicant. Furthermore, the Applicant's submissions are intrinsically connected to the submissions of Karvy Capital Limited, which has filed an appeal before this Hon'ble Tribunal, as well as the submissions of Mr. Comandur Parthasarthy, the Chairman and Managing Director of the Applicant, who has also filed an appeal before this Hon'ble Tribunal against the Impugned Order. Without hearing the Applicant, there would be irreparable harm caused to the aforementioned parties, as well as the Applicant, and would be in violation of the principles of natural justice.

3. Therefore, this Hon'ble Tribunal will be justified in condoning the delay for the reasons aforesaid.

> *4. In view of the abovementioned, the Applicant prays that:*
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> *a. This Hon'ble Tribunal may be pleased to condone the delay of 688 days in filing the abovementioned Appeal.*
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> *b. Any other relief as the nature and circumstances may require, and as directed by this Hon'ble Tribunal.*"

18. Subsequently, an additional affidavit has been filed urging additional grounds for condonation of delay. In substance, the grounds urged by the appellant Company can be broadly divided into the following heads:

- Non-service of the impugned order;
- Health condition and incarceration of the Managing Director; and
- Not having access to the documents.

19. So far as non-service of impugned order is concerned, SEBI, in its affidavit in reply, has produced a copy of the speed post acknowledgment as proof of delivery of the impugned order. In its rejoinder, appellant Company has stated thus:

> *"b) The claim that the Impugned Order was served by Speed Post does not imply that the Appellant had knowledge of the same, give the multiple legal proceedings and the absence of staff. It also does not explain why the Respondent then chose to serve the Impugned Order through JM Financial Services in May 2025. The Reply does not even bother to explain this fact;"*

20. The above rejoinder is not a complete denial of receipt of the impugned order. All that is stated is, the acknowledgment does not imply that the appellant Company had knowledge of the order. In our view, this argument is not tenable because the applicant has not taken a definite stand whether the notice was served or not. On the other hand, SEBI has filed a speed post acknowledgement leading to a presumption that applicant was served with the speed post.

21. So far as the health condition and incarceration of the Managing Director is concerned, appellant Company has stated in its additional affidavit that the Managing Director was released on 22.06.2022 and he was suffering from various health issues. We may record that the Managing Director was released nearly one year prior to the date on which the impugned order was passed i.e.28.04.2023. The appellant Company in its additional affidavit has furnished a list of 70 cases from 2019 to 2024 pursued by the appellant Company and its Managing Director.

22. It is, therefore, clear that the appellant Company and its Managing Director were pursuing/defending as many as 70 cases.

23. We have considered both the appeals filed by the Company and the Managing Director simultaneously. In MD's appeal, it is admitted that he had received the impugned order on 06.05.2023. It is relevant to note that the Managing Director did not choose to challenge the impugned order before this Tribunal, but challenged the recovery certificate before the

Hon'ble Telangana High Court and thereafter, filed appeals[17] both on behalf of himself and the Company belatedly.

24. Admittedly, appellant Company's Managing Director was prosecuting other cases from August, 2023, but did not choose to challenge the impugned order before this Tribunal on behalf of the appellant Company.

25. So far as the health ground is concerned, medical records furnished by the appellant show that the Managing Director underwent a surgery for fracture in the leg and he was discharged on 19.01.2023, much before the date of the impugned order.

26. The records also disclose that Company's Managing Director who had received the impugned order on 06.05.2023, was pursuing several cases. The appellant Company has also filed following cases during 2022 - 2023:

S. No.	***Case Details***	***Forum***	***Date of Filings***	***Present Case Status***
1	*C.P (IB) No. 62/7/HDB/2023: Vardhaman Bank v. KSBL.*	*NCLT-II, Hyderabad.*	*(i) Counter filed in main CP on 26.08.2023. (ii) Maintainability I.A. No. 1723/2024 filed on 16.08.2024.*	*Pending hearing*
2	*CP No. 8/242/HDB/2022: Meka Rajini v. KSBL and Others, C. Parthasarathy*	*NCLT-II, Hyderabad.*	*(i) Counter filed in CP(IB) No. 8/242/HDB/2022.*	*Pending hearing*

[17] Appeal No.723 of 2024 (Comandur Parthasarathy v. SEBI) and Appeal No.319 of 2025 (Karvy Stock Broking Ltd. v. SEBI)

	(Respondent No.2)			
3	*CP/8/2022:* *Meka Rajini v. KSBL.*	*NCLT-II, Hyderabad.*	*-Do-*	*Pending hearing*
4	*OA 44/2023:* *SBI v. KDMSL and Ors, Karvy Stock Broking Limited (D2) and C. Parthasarathy (D3).*	*Debt Recovery Tribunal-I*	*(i) OA filed on 30.10.2023.* *(ii) WS filed (D2 and D4) on 21.10.2024.* *(iii) Additional WS (D2 and D4) filed on 24.02.2025.* *(iv) Defendant Evidence (D2 and D4) filed on 21.04.2025.* *(v) Additional Defendant Evidence (D2 and D4) filed on 25.06.2025.*	*For final arguments.*
5	*OA 30/22:* *Bank of Baroda v. KDMSL and Ors, Karvy Stock Broking Limited (D2) and C. Parthasarathy (D3).*	*Debt Recovery Tribunal-I*	*(i) OA filed on 18.01.2022.* *(ii) Set aside petition (IA 1420 of 2023) for filing WS filed on 07.07.2023.* *(iii) WS taken on record on 07.11.2023.* *(iv) IA 314 to 316 of 2024 (Set aside Petition, Stay Petition) filed on 19.03.2024.*	*Counter to be filed by the Bank in IA 314 to 316 of 2024.*
6	*OA 79/22:* *South Indian Bank v. KDMSL and Ors, C. Parthasarathy (D2), Karvy Stock Broking Limited (D3).*	*Debt Recovery Tribunal-II*	*(i) OA filed on 05.02.2022.* *(ii) Set aside petition (IA 946 of 2025) for filing WS (D3) filed on 13.03.2025.* *(iii) WS (D3) filed and taken on record on 02.04.2025.*	*For applicant evidence.*
7	*OA 336/22:* *Tamil Nadu Mercantile Bank v. KDMSL and Ors, Karvy Stock Broking Limited (D2) and C.*	*Debt Recovery Tribunal-II*	*(i) OA filed on 18.05.2022.* *(ii) Set aside Petition for filing WS D2 and D3 (IA 3779 of 2024) and Stay-D4 (IA 3780 of 2024)*	*For hearing in IA 3779/2024 and IA 3780/2024.*

	Parthasarathy (D4).		*filed on 29.10.2024.*	
8	*OA 863/22: Shinhan Bank v. KDMSL and Ors, C. Parthasarathy (D2), Karvy Stock Broking Limited (D3).*	*Debt Recovery Tribunal-II*	*(i) OA filed on 01.07.2022. (ii) WS of D3 filed on 08.02.2024.*	*To file Written Statement.*
9	*CRLP No.11071/2023: KSBL & Or v. State of Telangana and Other; C. Parthasarathy (2nd Petitioner)*	*High Court of Telangana*	*(i) Quash Petition filed on 08.11.2023. (ii) I.A.1/2023: Dispense with Petition filed on 08.11.2023. (iii) I.A.2/2023: Stay Petition filed on 08.11.2023. (iv) I.A.3/2023: Permission Petition filed on 11.12.2023. (v) I.A.1/2024: Permission Petition filed on 24.01.2024. (vi) Rejoinder filed on 19.03.2024. (vii) Reply affidavit filed on 26.06.2025.*	*The Assistant Public Prosecutor sought time for filing the chargesheet.*
10	*CRLP No.8472/2023: KSBL and Other v. State of Telangana and Other.*	*High Court of Telangana*	*(i) Quash Petition filed on 31.08.2023. (ii) I.A.1/2023: Stay Petition on 01.09.2023. (iii) I.A.1/2024: Permission Petition on 24.01.2024. (iv) Reply Affidavit filed on 03.06.2024.*	*Stay granted against A1 and A2 in FIR proceedings.*
11	*W.P.No.38980/2022: KSBL and Others v. Adjudicating Authority, PMLA and Others, C. Parthasarathy (4th Petitioner)*	*High Court of Telangana*	*(i) Writ Petition filed on 18.10.2022. (ii) Suspension Petition filed on 18.10.2022. (iii) Stay Petition filed on 18.10.2022.*	*Interim suspension vide dated orders 19.10.2022 for impugned orders dated 25.08.2022.*

12	*W.P.No.30732/2022: KSBL v. Adjudicating Authority (PMLA), C. Parthasarathy (Petitioner No.6)*	*High Court of Telangana*	*(i) Writ Petition filed on 26.07.2022.* *(ii) I.A.No.1/2022: Stay Petition filed on 26.07.2022.*	*Disposed*
13	*W.P.No.44343/2022: KSBL v. Adjudicating Authority (PMLA), C. Parthasarathy (Petitioner No.6)*	*High Court of Telangana*	*(i) Writ Petition filed on 07.12.2022.* *(ii) I.A.No.1/2022: Suspension Petition filed on 08.12.2022.*	*Disposed*
14	*W.P.No.27051/2022: KSBL v. Adjudicating Authority (PMLA), C. Parthasarathy (Petitioner No.6)*	*High Court of Telangana*	*(i) Writ Petition filed on 24.06.2022.* *(ii) I.A.No.1/2022: Stay Petition filed on 24.06.2022.*	*Disposed*
15	*W.P.No.31124/2023: KSBL v. Union of India and others.*	*High Court of Telangana*	*(i) Writ petition filed on 07.11.2023.* *(ii) I.A.No.1/2023: Suspension filed on 08.11.2023.* *(iii) I.A.No.2/2023: Injunction filed on 08.11.2023.* *(iv) Rejoinder filed on 09.01.2024.*	*Disposed*
16	*W.P.No.21223/2023: KSBL v. Union of India and others.*	*High Court of Telangana*	*(i) Writ petition filed on 07.08.2023.* *(ii) I.A.No.1/2023: Suspension filed on 07.08.2023.* *(iii) I.A.No.2/2023: Amendment filed on 03.11.2023.* *(iv) I.A.No.3/2023: Direction filed on 03.11.2023.* *(v) Rejoinder filed on 03.11.2023.*	*Disposed*
17	*W.A.No.604/2023: ED v. KSBL,*	*High Court of Telangana*	*(i) Appeal filed on 14.06.2023.*	*Disposed*

	(Respondent No.6: C. Parthasarathy.)			
18	*COS 47/2023: Bharat Co-Operative Bank Limited v. KSBL.*	*Commercial Court, Ranga Reddy*	*(i) Written Statement filed on 12.03.2024.* *(ii) Counter Affidavit in I.A.No.358/2023 on 12.03.2024.* *(iii) Order VII Rule 11: Rejection of Plaint I.A.No.173/2024 filed on 12.03.2024.*	*For framing of issues.*
19	*COS 22 of 2022: BKG Mining Private Limited v. KSBL (D1), C. Parthasarathy (D2) and Ors*	*Commercial Court, Ranga Reddy*	*(i) Written Statement filed on 14.11.2022.* *(ii) Counter in I.A.No. 269/2022: Attachment of Property filed on 14.11.2022.* *(iii) List of Documents filed on 14.11.2022.* *(iv) Additional Documents Petition filed on 25.07.2025.*	*For framing of issues.*
20	*COS 23 of 2022: BKG Mining Private Limited v. KSBL (D1), C. Parthasarathy (D2) and Ors*	*Commercial Court, Ranga Reddy*	*(i) Written Statement filed on 14.11.2022.* *(ii) Counter in I.A.No. 269/2022: Attachment of Property filed on 14.11.2022.* *(iii) List of Documents filed on 14.11.2022.* *(iv) Additional Documents Petition filed on 25.07.2025.*	*For framing of issues.*
21	*COS 24 of 2022: BKG Mining Private Limited v. KSBL (D1), C. Parthasarathy (D2) and Ors*	*Commercial Court, Ranga Reddy*	*(i) Written Statement filed on 14.11.2022.* *(ii) Counter in I.A.No. 269/2022: Attachment of Property filed on 14.11.2022.* *(iii) List of Documents filed on 14.11.2022.* *(iv) Additional Documents Petition filed*	*For framing of issues.*

			on 25.07.2025.	
22	*COS 25 of 2022: BKG Mining Private Limited v. KSBL (D1), C. Parthasarathy (D2) and Ors*	*Commercial Court, Ranga Reddy*	*(i) Written Statement filed on 14.11.2022.* *(ii) Counter in I.A.No. 269/2022: Attachment of Property filed on 14.11.2022.* *(iii) List of Documents filed on 14.11.2022.* *(iv) Additional Documents Petition filed on 25.07.2025.*	*For plaintiff evidence.*
23	*CC 7591/2022 / CNR No. TSHM010082992022:* *State of Telangana PS C-Division, CCS, DD Vs KSBL, Mr. C.Parthasarathy and others*	*XII Addl. Chief Metropolitan Magistrate*		*Pending Hearing*
24	*CC 21/2023 / CNR No. TSHM010000262023:* *State of Telangana PS C-Division, CCS Vs KSBL, Mr. C Parthasarathy and others*	*XII Addl. Chief Metropolitan Magistrate*		*Pending Hearing*

27. The next ground urged is, non-availability of the documents. The fact that appellant Company has filed and prosecuting above mentioned cases belies the contention that the documents were not available/ accessible. No material is placed on record to show that any effort was made to obtain any document.

28. Appellant Company has relied upon *Khelo MCX* and contended that this Tribunal provides an appeal on facts and it is important that appellant must have one appellate forum to contest the case against him on facts and first appeal is a precious right.

29. Mr. Rustomjee has relied upon *Shivamma*[18], wherein it is held thus:

> *"140. However, at the same time, the courts must be mindful that strong case on merits is no ground for condonation of delay. When an application for condonation of delay is placed before the court, the inquiry is confined to whether "sufficient cause" has been demonstrated for not filing the appeal or proceeding within the prescribed period of limitation. The merits of the underlying case are wholly extraneous to this inquiry. If courts were to look into the merits of the matter at this stage, it would blur the boundaries between preliminary procedural questions and substantive adjudication, thereby conflating two distinct stages of judicial scrutiny. The purpose of Section 5 of the Limitation Act is not to determine whether the claim is legally or factually strong, but only whether the applicant had a reasonable justification for the delay."*
>
> *141. **Test of "sufficient cause" cannot be substituted by an examination of the merits of the case.** Condonation of delay is a matter of discretion based on explanation for the delay, not on the prospects of success in the case. If merits are considered, a litigant with a stronger case may be favoured with condonation despite negligence, while a weaker case may be rejected even if sufficient cause is made out. This would lead to an inequitable and inconsistent application of the law, undermining the uniform standard that the doctrine of limitation is designed to maintain.*
>
> *142. Another practical reason why merits must not be considered at the stage of delay condonation is that it risks*

[18] 2025 SCC OnLine SC 1969

> *prejudicing the mind of the court against one party even before the matter is substantively heard. By glancing into merits prematurely, the court may inadvertently form a view that colours the fairness of the subsequent adjudication. The judicial discipline required at this stage demands that only the cause for delay be scrutinized, and nothing more. This ensures that the ultimate adjudication of rights occurs in a neutral and unprejudiced setting.*
>
> *143. The law of limitation is meant to apply uniformly across cases, regardless of the intrinsic strength or weakness of the claims involved. To import merits into condonation proceedings would effectively dilute this uniformity."*

30. It is further held in *Shivamma*[19] as follows:

> *"258. …….. The court owes a duty to first ascertain the bona fides of the explanation offered by the party seeking condonation. It is only if the sufficient cause assigned by the litigant and the opposition of the other side is equally balanced that the court may bring into aid the merits of the matter for the purpose of condoning the delay."*

31. Appellant is a big stock broking company. The pleadings disclose that appellant Company has been prosecuting/ defending several cases. The Managing Director has admitted to have received the impugned order on 06.05.2023. The appellant Company has not expressly denied the receipt of the impugned order by speed post. The cause shown in the application for condonation of delay are not based on genuine facts. Hence, the application for condonation of delay lacks bona fides. Though this is a first appeal, in view of appellant's conduct, it shall not be entitled for the discretionary remedy of condonation of delay.

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[19] 2025 SCC OnLine SC 1969, para 258

Accordingly, we answer the point for consideration in the ***negative***.

32. In the result, the miscellaneous application No.744 of 2025 for condonation of delay is ***dismissed*** as being devoid of merits. Consequently, the Appeal No.319 of 2025 stands ***dismissed***. Pending interlocutory application(s), if any, stand disposed of. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

09.09.2026
RHN

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