



2026:AHC:208211

Reserved

HIGH COURT OF JUDICATURE AT ALLAHABAD

MATTERS UNDER ARTICLE 227 No. - 2792 of 2026

Khajuraho Greens Llp

.....Petitioner(s)

Versus

Bestco Cables Private Limited and another

.....Respondent(s)

Counsel for Petitioner(s)	: Adarsh Bhushan
Counsel for Respondent(s)	: Ankit Singh, Shikhar Kaushal

And

MATTERS UNDER ARTICLE 227 No. - 7441 of 2026

Bestco Cables Private Limited and another

.....Petitioner(s)

Versus

Khajuraho Greens Llp and 4 others

.....Respondent(s)

Counsel for Petitioner(s)	: Raghav Dev Garg, Sr. Advocate
Counsel for Respondent(s)	: Adarsh Bhushan

Court No. - 7

HON'BLE PIYUSH AGRAWAL, J.

1. Heard Shri Adarsh Bhushan, learned coun for the petitioner and Shri Shikhar Kaushal and Shri Ankit Singh, learned counsels for the respondents.

2. The present petition has been filed seeking following relief:

“To issue an order or direction to quash the impugned order dated 18.02.2026 passed by Presiding Officer, Commercial Court-II, Gautam Buddh Nagar in Arbitration Case No. 08 of 2026 (Bestco Cables Pvt. Ltd and Antr. Vs Khajuraho Greens LLP and Antr.) and to further quash the further proceedings of Arbitration Case No. 08 of 2026 (Bestco Cables Pvt Ltd. And Antr. vs. Khajuraho Greens LLP and Antr.) pending before Presiding Officer, Commercial Court-II, Gautam Buddh Nagar.”

3. Learned counsel for the petitioners submits that the petitioner-LLP was incorporated under the Limited Liability Partnership Act, 2008, having its registered office at Chhatarpur, Madhya Pradesh. Also, all the partners of the petitioner-LLP are residents of Madhya Pradesh, and the LLP carries on its business within Madhya Pradesh itself. He further submits that the LLP Agreement dated 27.08.2024, together with the Supplementary Agreements dated 28.08.2024 and 28.05.2025, on which the present dispute is founded, were all executed at Bhopal, Madhya Pradesh.

4. Thereafter, the Expulsion Notice dated 27.01.2026, whereby Respondent No. 2 was expelled from the partnership, was itself issued from Bhopal, Madhya Pradesh, and the dispute is thus, in substance, an inter-partner dispute arising from and centred at Bhopal. He further submits that Clause 4/13(4) of the LLP Agreement, being the arbitration clause, though silent as to the express designation of the seat, must be construed as designating Bhopal as the seat of arbitration as it is the place of execution of the LLP Agreement, Supplementary Agreements, and the seat of the LLP's registered office. In support of his submission, he placed reliance on ***Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc.***, (2012) 9 SCC 552.

5. Learned counsel for the petitioners further submits that under the scheme of the Limited Liability Partnership Act, 2008, the LLP being a body corporate and a legal entity separate from its

partners under Section 3 thereof, the property and assets of the LLP vest exclusively in the LLP itself, and no partner has any independent, specific, or several right, title or interest in any particular asset or property of the LLP, wherever such property may be situated. He further submits that a partner's right is confined to a right to share in the profits of the LLP and, upon dissolution or cessation, to an amount determined in accordance with the LLP Agreement, and nothing more.

6. He further submits that the mere fortuitous circumstance of one asset of the LLP being situated at Noida cannot, by itself, be said to give rise to any "cause of action" in favour of Res. 2 at Noida, since respondent no.2, even as a partner, held no proprietary stake in that specific asset in the first place. In support of this submission, he placed reliance on *Bacha F. Guzdar v. Commissioner of Income Tax*, AIR 1955 SC 74.

7. *Per contra*, learned counsel for the respondents submits that the arbitration clause contained in the LLP Agreement is silent as to the seat or venue of arbitration, and in the absence of any designated seat, territorial jurisdiction must be determined in accordance with Sections 16 to 20 of the Code of Civil Procedure, 1908. In support of this submission, reliance is placed upon the judgment of the Hon'ble Supreme Court in *BGS SGS Soma JV v. NHPC Limited* (2020) 4 SCC 234, and of the Delhi High Court in *Kings Chariot v. Tarun Wadhwa* 2024 SCC OnLine Del 4039, for the proposition that where no seat is designated, several courts may possess jurisdiction wherever a part of the cause of action arises, and the court first approached under Section 9 acquires exclusive control under Section 42 of the Act. He further submits that the property situated at Sector-63, NOIDA is not a peripheral holding but a fully functional operational office of the LLP, actively used for partner meetings and supported by a documented business project report filed with the NOIDA Authority, and therefore constitutes a part of the cause of action within the

territorial jurisdiction of Gautam Buddh Nagar. He also submits that the expulsion of Res. 2 was carried out without settlement of accounts as mandated under Clause 13(3) of the LLP Agreement, rendering the protective relief under Section 9 necessary and thus, the Commercial Court rightly rejected the petitioner's application under Order VII Rule 10 CPC. He further submits that the respondent prayed for expeditious disposal of the application filed under Section 9 of Act, 1996 which is pending before Commercial Court, Gautam Buddha Nagar as Arbitration Case No. 8 of 2026 and the impugned order rejecting petitioner's application does not warrant interference under Article 227 of the Constitution of India.

8. After hearing learned counsel for the parties, the Court has perused the record.

9. The record shows that the petitioner-LLP was constituted vide LLP Agreement dated 27.08.2024 executed at Bhopal, Madhya Pradesh, with its registered office at Chhatarpur, Madhya Pradesh. Also, both the Supplementary Agreements were equally executed at Bhopal and the Expulsion Notice dated 27.01.2026 was issued from Bhopal. It is not in dispute that the arbitration clause does not expressly designate a seat or venue. It is also not in dispute that, of the LLP's immovable assets, the predominant holdings by extent and value lie at Bhopal, and the Noida property is one asset among several.

10. Upon perusal of the impugned order dated 18.02.2026, it is evident that the Commercial Court proceeded to hold that territorial jurisdiction stood attracted solely on the ground that the NOIDA property is "fully constructed, ready-to-use, and functional" and forms part of the subject-matter of dispute without examining or returning any finding on the fundamental question as to whether a ex-partner possesses any specific proprietary right in an individual asset of the LLP at all, such as would permit the

situs of that asset to found a “cause of action” for the purposes of Sections 16 to 20 of CPC. This omission goes to the very root of the jurisdictional finding recorded by the Commercial Court.

11. It is well settled in law that where an arbitration agreement does not expressly designate a seat, the court must ascertain the seat by identifying the place with which the arbitration agreement has its closest and most real connection, having regard to significant connecting factors, the place of execution of the agreement, the registered office and principal place of business of the parties, and the situs from which the cause of action substantially arise.

12. Hon'ble the Supreme Court in ***Bharat Aluminium Co.*** (supra), while distinguishing "seat" from mere "venue," held that once the seat is determined by such significant connecting factors, the courts of that seat acquire exclusive supervisory jurisdiction over the arbitral proceedings. The relevant paragraph is quoted hereunder:

“98. We now come to Section 20, which is as under:-

“20. Place of arbitration – (1) The parties are free to agree on the place of arbitration.

(2) Failing any agreement referred to in sub-section (1), the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case, including the convenience of the parties.

(3) Notwithstanding sub-section (1) or sub-section (2), the arbitral tribunal may, unless otherwise agreed by the parties, meet at any place it considers appropriate for consultation among its members, for hearing witnesses, experts or the parties, or for inspection of documents, good or other property.” A plain reading of Section 20 leaves no room for doubt that where the place of arbitration is in India, the parties are free to agree to any “place” or “seat” within India, be it Delhi, Mumbai etc. In the absence of the parties’ agreement thereto, Section

20(2) authorizes the tribunal to determine the place/seat of such arbitration. Section 20(3) enables the tribunal to meet at any place for conducting hearings at a place of convenience in matters such as consultations among its members for hearing witnesses, experts or the parties.

99. The fixation of the most convenient “venue” is taken care of by Section 20(3). Section 20, has to be read in the context of Section 20(2), which places a threshold limitation on the applicability of Part I, where the place of arbitration is in India. Therefore, Section 20 would also not support the submission of the extra-territorial applicability of Part I, as canvassed by the learned counsel for the appellants, so far as purely domestic arbitration is concerned.

*100. True, that in an international commercial arbitration, having a seat in India, hearings may be necessitated outside India. In such circumstances, the hearing of the arbitration will be conducted at the venue fixed by the parties, but it would not have the effect of changing the seat of arbitration which would remain in India. The legal position in this regard is summed up by Redfern and Hunter, *The Law and Practice of International Commercial Arbitration* (1986) at Page 69 in the following passage under the heading “The Place of Arbitration”:-*

“The preceding discussion has been on the basis that there is only one “place” of arbitration. This will be the place chosen by or on behalf of the parties; and it will be designated in the arbitration agreement or the terms of the reference or the minutes of proceedings or in some other way as the place or “seat” of the arbitration. This does not mean, however, that the arbitral tribunal must hold all its meetings or hearings at the place of arbitration. International commercial arbitration often involves people of many different nationalities, from many different countries. In these circumstances, it is by no means unusual for an arbitral tribunal to hold meetings – or even hearings – in a place other than the designated place of arbitration, either for its own convenience or for the convenience of the parties or their witnesses... It may be more convenient for an arbitral tribunal sitting in one country to conduct a hearing in another country - for instance, for the purpose of taking evidence..... In such

circumstances, each move of the arbitral tribunal does not of itself mean that the seat of arbitration changes. The seat of the arbitration remains the place initially agreed by or on behalf of the parties." This, in our view, is the correct depiction of the practical considerations and the distinction between "seat" (Section 20(1) and 20(2)), and "venue" (Section 20(3)). We may point out here that the distinction between "seat" and "venue" would be quite crucial in the event, the arbitration agreement designates a foreign country as the "seat"/"place" of the arbitration and also select the Arbitration Act, 1996 as the curial law/law governing the arbitration proceedings. It would be a matter of construction of the individual agreement to decide whether:

i) The designated foreign "seat" would be read as in fact only providing for a "venue" / "place" where the hearings would be held, in view of the choice of Arbitration Act, 1996 as being the curial law – OR

ii) Whether the specific designation of a foreign seat, necessarily carrying with it the choice of that country's Arbitration / curial law, would prevail over and subsume the conflicting selection choice by the parties of the Arbitration Act, 1996.

ONLY if the agreement of the parties is construed to provide for the "seat" / "place" of Arbitration being in India – would Part I of the Arbitration Act, 1996 be applicable. If the agreement is held to provide for a "seat" / "place" outside India, Part I would be inapplicable to the extent inconsistent with the arbitration law of the seat, even if the agreement purports to provide that the Arbitration Act, 1996 shall govern the arbitration proceedings."

13. Further, the apex court in **BGS SGS Soma JV** (supra), while recognizing resort to the "part of cause of action" test under Sections 16 to 20 of CPC, was careful to confine that test to a situation where in its own words *"either no 'seat' is designated by agreement, or the so-called 'seat' is only a convenient 'venue.'"* The test is thus residuary in character, attracted only in the

absence of an ascertainable seat, and cannot be pressed into service to displace a seat otherwise identifiable from the significant connecting factors on record.

14. It is equally well settled that a partner possesses no distinct, specific proprietary interest in any individual asset of the LLP, but only a right to share in its profits and, upon settlement, in the surplus, as held in *Bacha F. Guzdar v. Commissioner of Income Tax*, AIR 1955 SC 74.

15. It is further settled that this Court, in exercise of its supervisory jurisdiction under Article 227 of the Constitution, does not ordinarily substitute its own findings for those of the court below on questions requiring fresh appreciation of facts in light of the correct legal position, but confines itself to correcting jurisdictional errors and remitting the matter for fresh consideration where the court below has proceeded without due regard to the governing legal principles.

16. As per the above discussion, the Court is of the view that the impugned order dated 18.02.2026 proceeds on the premise that the NOIDA property "forms the subject matter of the dispute" and is "owned by the Petitioner firm," without considering that ownership of an asset by the LLP does not, *ipso facto*, translate into a partner's proprietary right in that asset, nor, consequently, into a cause of action arising at the situs of that asset in a dispute that is fundamentally about expulsion and accounting between partners. The Commercial Court further failed to examine whether the significant connecting factors on record that is the place of execution of the LLP Agreement and its Supplementary Agreements, the registered office of the LLP, the residence of its partners, and the source of the Expulsion Notice, all pointing to Bhopal might themselves furnish an ascertainable seat, rendering recourse to the residuary "part of cause of action" test under Sections 16 to 20 CPC unnecessary in the first place.

17. This non-consideration of the governing principle under the Limited Liability Partnership Act, 2008, and of the settled distinction between an ascertainable seat and the residuary cause of action test, goes to the very foundation of the jurisdictional finding recorded in the impugned order, and is not a matter this Court considers appropriate to resolve for the first time in exercise of its supervisory jurisdiction under Article 227.

18. Accordingly, the writ petition is **partly allowed**. The impugned order dated 18.02.2026 passed by the Presiding Officer, Commercial Court, Gautam Buddh Nagar in Arbitration Case No. 08 of 2026 is set aside. The matter is remanded to the Commercial Court, Gautam Buddh Nagar for consideration afresh.

19. Till such fresh determination, the interim protection, if any, subsisting shall continue, subject to any application that either party may move before the learned Commercial Court in that regard.

20. It is clarified that this Court has not expressed any final opinion on the merits of the question of territorial jurisdiction, or on the merits of the rival claims between the parties, and all such questions are left open to be determined by the learned Commercial Court afresh.

21. The learned Commercial Court shall afford an opportunity of hearing to both parties and shall endeavour to decide the application filed by the petitioner under Order VII Rule 10 of CPC and application filed by respondent under Section 9 of Arbitration & Conciliation Act, 1996, expeditiously and if possible, within a period of **one month** from the date of production of a certified copy of this order.

October 06, 2026

Abhishek Gupta

(Piyush Agrawal,J.)