

**IN THE HIGH COURT OF JUDICATURE AT PATNA
CIVIL MISCELLANEOUS JURISDICTION No.585 of 2025**

1. Branch Manager, SBI General Insurance Company Limited, Mal, Dakbungalow Chauraha, Patna 8000012.
2. SBI General Insurance Company Limited, having its registered office at 9th floor, A and B Wing, Fulcrum Building, Sahar Road, Andheri East, Mumbai-400099, Maharashtra, Through its authorised representative Srishti Khemka (Female), Daughter of - Shankar Kumar Khemka, aged about-30 years, resident of- Muradpur, Ashok Rajpath, Opp.- P.M.C.H., P.S.- Pirbahore, Dist- Patna, Bihar- 80004.

... .. Petitioner/s

Versus

Smt. Shashi Bala Singh Wife of late Achint Kumar, Residing- At Narayan Niketan Road No. 13A Rajendra Nagar, Distt.- Patna, Bihar-800013.

... .. Respondent/s

Appearance :

For the Petitioner/s	:	Mr. Saurav Agrawal, Advocate Mr. Kundan Kumar Ojha, Advocate Mr. Anshuman Choudhary, Advocate Ms. Kiran Devrani, Advocate Mr. Shivam Chaudhary, Advocate Mr. Radhik Chawda, Advocate Mr. Ajay Sharma, Advocate Ms. Mehak Joshi, Advocate
For the Respondent/s	:	Mr. Apurv Yash, Advocate Mr. Nand Kishore Singh, Advocate Mr. B. K. Sharma, Advocate Mr. Jitendar Kumar, Advocate

**CORAM: HONOURABLE MR. JUSTICE ARUN KUMAR JHA
ORAL JUDGMENT**

Date : 25-07-2025

Heard the learned counsels for the respective parties on the point of maintainability.

02. The petitioners have approached this Court for quashing the order dated 24.09.2024 passed by the learned Arbitral Tribunal comprising of a sole Arbitrator in an arbitration case arising out of Request Case no. 65 of 2023, whereby and whereunder an application filed by the petitioner



under Section 16 of the Arbitration and Conciliation Act, 2016 (for short 'the Act'), challenging the jurisdiction of the Tribunal, has been rejected and the learned Tribunal proceeded to dispose of the matter on its merit.

03. Shorn of unnecessary details, the facts of the case are that petitioner no. 2 is an Insurance Company (a company registered under the Companies Act, 1956) and petitioner no. 1 is its Branch Manager and for the sake of convenience, both of them would hereinafter be referred to as 'the petitioner'. The petitioner entered into a lease agreement with husband of respondent for its office premises and, accordingly, a registered agreement for lease dated 22.02.2011 was executed between the petitioner and one Anchit Kumar, the deceased husband of respondent, in respect of the subject unit (Unit No. 4002) which lease period starting from 16.02.2011 till 15.02.2017. The lease period was further extended in respect of said subject unit from 16.02.2017 to 15.02.2026 by executing an agreement for lease between the petitioner and respondent. Another registered agreement for lease dated 22.02.2011 was also executed between the petitioner and one Ajay Kumar in respect of Unit No. 4001, beginning from the period 16.02.2011 till 15.02.2017. This lease agreement was also extended in the same manner



from 16.02.2017 to 15.02.2026 by execution of an agreement between the parties. The lease deed so entered between the parties had a termination clause which allowed the petitioner to terminate the lease deed without assigning any reason by giving the lessor prior notice of 90 days in writing of its intention to terminate the lease. It was further stipulated that the petitioner would pay the lease rent regularly to the lessor during the notice period and after expiry of the said period, the petitioner was required to vacate the premises along with its movables and handover the peaceful possession to the lessor. The lessor was required to return the security deposit against the vacant possession. Under the termination Clause, the lessee/petitioner gave a termination notice to the lessor on 14.12.2020 to refund the security deposit of Rs. 3,31,688/-. On 13th March, 2021, a joint inspection was carried out by the parties. On 09.04.2021, the petitioner received a letter from the Advocates of the respondent, calling upon the petitioner to pay the sum of Rs. 27,78,672/- towards compensation for the purported structural damage caused to the subject unit and towards rent for the subject unit after termination of the lease deed by the petitioner. The petitioner replied to the said letter on 22.04.2021, denying the allegations made by the respondent. It further transpires that



dispute arose between the parties over repair work in the subject unit and refund of the security deposit and the respondent refused to take possession of the subject unit. The respondent had been asking the petitioner to handover the possession of the subject unit after carrying out certain repairs and a number of meetings were held between the parties but the issues remained unresolved. In this manner, the keys of the subject unit were handed over to the respondent on 06.10.2021, but the respondent did not refund the security deposit to the petitioner. Thereafter, the respondent filed a petition under Section 12A of the Commercial Courts Act, 2015, which was subsequently withdrawn. On 22.04.2023, the respondent raised a dispute with regard to structural changes being carried out by the petitioner in the subject unit and invoked Arbitration Clause of the lease deed. As the petitioner did not agree for appointment of an Arbitrator, the respondent filed Request Case No. 65 of 2023 under Section 11(6) of the Act for appointment of an Arbitrator. Since there was no dispute to the existence of the arbitration agreement, the Patna High Court on 5th of January, 2024 referred the disputes to learned Arbitral Tribunal for adjudication. On 15.01.2024, the respondent filed its claim petition under Section 23 of the Act making following claims against the petitioner:

“(a) Claim No. 1 – Claim for rent as per the



Lease Deed from 14th March 2021 to the date of filing of the Statement of Claim i.e. 14th January 2024 at Rs.1,09,644/- Rs. 4180/- maintenance charges, totaling the claim to Rs. 1.13.824/- for 34 months which would aggregate to Rs. 38,70,016/-;

(b) Claim No. 2 - Claim for compensation of occupying the said unit @ Rs. 75,000/- per month for 34 months which aggregates to Rs. 25,50,000/-;

(c) Claim No. 3 - Claim for cost of restoration in rebuilding the subject unit, estimated at Rs. 35,00,000/-

(d) Claim No. 4 - Claim for costs of litigation and arbitration estimated at Rs. 10,00,000/-;

(e) Claim No. 5 - Claim for pre-reference interest @ 15% for each month of the rent falling due till the date of filing the Statement of Claim, which according to the Claimant aggerates to Rs.8,45,143/-; and

(f) Claim No. 6 - Claim for interest on amount awarded @15% p.a., till realization thereof.

Therefore, the total claim, aggregates to Rs. 1,17,65,259/-.”

04. On 17.02.2024, the petitioner filed an application under Section 16 of the Act, *inter alia*, making objection to the jurisdiction of the Tribunal to adjudicate upon the disputes raised in the statement of the claim taking a plea that the dispute exclusively fell within the ambit of the Bihar Building (Lease, Rent & Eviction) Control Act, 1982 (for short ‘the BBC Act’) and appropriate civil court would have jurisdiction and not the Arbitral Tribunal. The respondent on 21.02.2024, filed its reply to the Section 16 Application. The petitioner on 01.03.2024,



filed his rejoinder to the reply. On 17.02.2024, the petitioner filed its statement of defence along with its compilation of documents and raising various contentions and opposing the reliefs sought by the respondent. The petitioner filed counter claim, *inter alia*, seeking security deposit and interest. The respondent on 21.02.2024 filed its reply to the counter claim. On 23.02.2024, the respondent filed first amendment application under Section 23(3) of the Act seeking amendment in the following claims against the petitioner:

“(a) Claim No. 5 for pre-reference interest for each month of the rent falling due till the date of filing the Statement of Claim was enhanced from the rate of 15% per annum to the rate of 21% per annum.

(b) Claim No. 6 - Claim for interest on amount awarded till realization thereof subject to the discretion of the Hon'ble Court was enhanced from the rate of 15% per annum to the rate of 21% per annum.”

05. The petitioner filed its reply to the first amendment application on 01.03.2024 and thereafter, the respondent filed its affidavit in rejoinder. In the meantime, the respondent filed a second amendment application under Section 23(3) of the Act on 06.06.2024 seeking amendment in the claims against the petitioner in the following manner:

“a) The nature and description of the Claim No. 1 has been changed to "Claim for compensation/



illegal occupation after foreclosure of the agreement". Prior to the amendment, the Claim No. 1 was for "claim for rent".

b) The nature and description of the Claim No. 2 has been changed to- "claim for liquidated damages". Prior to the amendment, the Claim No. 2 was for "claim for compensation/ illegal occupation".

c) Claim No. 7 was introduced by the Claimant i.e. Claim for payment of electric charges dues for the period between 14th March 2021 to 19th May 2024 for an amount of Rs. 2,34,377/- (Rupees Two Lakhs Thirty Four Thousand Three Hundred Seventy Seven only)."

06. On 23.09.2024, the amendment applications were allowed by the learned Arbitral Tribunal. Vide order dated 24.09.2024, the learned Arbitral Tribunal passed an order on the application filed by the petitioner under Section 16 of the Act holding that Arbitral proceeding is not without jurisdiction in relation to all or any reliefs sought by the respondent/claimant. This order is under challenge before this Court. But at the outset this Court directed the petitioner to show how the present civil miscellaneous petition was maintainable in its supervisory jurisdiction under Article 227 of the Constitution.

07. Learned counsel, Mr. Saurav Agrawal, who addressed the Court through video conferencing, at the outset, submitted that the impugned order of learned Arbitrator is *ex facie*, arbitrary, illegal and without considering the facts of the matter.



The order passed by the learned Arbitrator is without jurisdiction and is perverse. Learned counsel further submitted that the learned Arbitrator failed to appreciate that there was patent lack of jurisdiction and the dispute forming the subject matter is squarely covered by Section 18(3) of the BBC Act. Mr. Agrawal further submitted that the lease came to an end on 14.03.2021 and the petitioner vacated the premises and was not in possession of the same and any claim made by the respondent for payment of subsequent rent is without any basis. When objection was taken by the petitioner before the learned Arbitrator, the respondent filed an amendment application and instead of claiming rent, started asking for compensation. Mr. Agrawal further submitted that once the lease agreement came to an end, the Arbitration Clause of the lease agreement also came to an end and did not remain applicable for any subsequent claim made by the claimant/respondent. Mr. Agrawal further submitted that when further objection was raised by the petitioner under Section 16 of the Act, nature and description of Claim No. 2 was changed as 'claim for liquidated damages' whereas prior to amendment, the Claim No. 2 was read as 'claim for compensation/illegal occupation'. Mr. Agrawal further submitted that the respondent, by filing



consecutive amendment application sought to justify and modify the nature of claim and the learned Arbitrator, erroneously, allowed the amendment applications and thus, allowed the respondent to overcome the objection raised by the petitioner under Section 16 of the Act.

08. Mr. Agrawal next submitted that the learned Arbitrator completely missed the point that Clause 24 of the Agreement provided for arbitration only till existence of the lease and in Clause 25, it has been provided that subject to what is specified in Clause-24, the Courts in Patna shall have exclusive jurisdiction in all matters arising under this Agreement. Mr. Agrawal, thus, submitted that if the respondent claims rent after termination of lease, the option open to the respondent is to approach the Rent Control Tribunal and for any other claim after the termination of lease, the same would be adjudicated by the court of competent jurisdiction. Hence, by no stretch of imagination, learned Arbitrator has the jurisdiction to proceed in the matter.

09. Mr. Agrawal further submitted that the learned Arbitrator inherently lacked jurisdiction in the matter and if there is patent lack of inherent jurisdiction, this Court is empowered to intervene in the matter under Article 227 of the



Constitution of India and, therefore, this petition would be maintainable. Mr. Agrawal submitted that if an application under Section 16 of the Act was dismissed by the Arbitrator, it is permissible for this Court to entertain an application under Article 227 of the Constitution if such an order is so perverse that the patent lack of inherent jurisdiction stares one in face. In the present case, perversity is very much obvious but the learned Arbitrator proceeded in the matter knowing very well that after termination of the lease agreement, there remained no scope for arbitration in the matter. The respondent could maintain only a civil suit under the BBC Act or the Transfer of Property Act or to avail any other statutory remedy except proceeding in the matter under the Act.

10. Mr. Agrawal referred to the decision of Hon'ble Supreme Court in the case of ***Deep Industries Limited Vs. ONGC***, reported in ***(2020) 15 SCC 706*** submitting that the Hon'ble Supreme Court restricted the intervention of High Court under Articles 226/227 of the Constitution in arbitration proceedings to the orders that are passed which are patently lacking in inherent jurisdiction. Mr. Agrawal further referred to the decision in the case of ***Punjab State Power Corporation Limited Vs. Emta Coal Limited & Anr.***, reported in ***(2020) 17***



SCC 93 wherein it has been clarified that what is patent lack of inherent jurisdiction and the Hon'ble Supreme Court observed that a patent lack of inherent jurisdiction requires no argument whatsoever – it must be the perversity of the order that must stare one in the face. Mr. Agrawal, referring to the facts of the present case, submitted that the perversity in the order is one such instance of patent lack of inherent jurisdiction.

11. Mr. Agrawal also referred to a number of decisions of different High Courts to stress the point that upon valid termination of the lease and expiry of the notice period, the contractual relationship between the parties came to an end and a post-termination claim would fall outside the scope of the arbitration clause in the terminated agreement. Mr. Agrawal referred to the decision in the case of *A. N. Traders (P) Ltd Vs. Shriram Distribution Services (P) Ltd.*, reported in **2018 SCC OnLine Del 12416** wherein the learned Single Judge held that the agreement expired by efflux of time and the arbitration agreement could thereafter have been invoked only for disputes that arose out of or in relation to the agreement and not for transactions thereafter. Learned counsel thereafter referred to the decision in the case of *Penumalli Sulochana Vs. Harish Rawtani*, reported in **2013 SCC OnLine AP 667** wherein the



Division Bench of Andhra Pradesh High Court held that where the term is for fixed time and the parties also understood that the lease does not spillover beyond a date mentioned therein, the relationship between the parties ceases to be governed by the lease deed. Once the lease deed became redundant, any clause contained in it also ceases to be of any relevance to the parties. It was further held that the arbitration clause contained in the lease deed ceases to be of any relevance unless the dispute between the parties is the one that has arisen during the subsistence of the lease. In other words, if the claim of one of the parties is in relation to state of affairs that arose after the expiry of the lease period, the clause would not bar adjudication of the dispute through Courts. Mr. Agrawal further referred to the decision in the case of ***M/S Eigen Technical Services Pvt. Ltd. Vs. M/S Vatika Limited & Anr.***, reported in ***2015(1) ILR Punjab & Haryana***, wherein the learned Single Judge of Punjab and Haryana High Court held that in view of the terms of the lease deed, the arbitration clause contained therein stands perished with efflux of time and the same cannot be enforced. Mr. Agrawal further referred to the decision in the case of ***Ravinder Nath & Anr. Vs. Best Entertainment (P) Ltd.***, reported in ***2011 SCC OnLine Del 2637*** wherein the learned



Single Judge of Delhi High Court held that the arbitration clause referred to by the defendant in a prior lease deed, which has already expired, cannot be used to decide the rights of the parties after expiry of the lease tenure.

12. Thus, Mr. Agrawal has submitted that the present petition is maintainable considering the fact that once the lease deed was terminated, there remained no arbitration agreement between the parties and proceeding with the arbitration agreement by the learned Arbitrator is illegal and the same requires interference by this Court under Article 227 of the Constitution.

13. Mr. Apurv Yash, the learned counsel appearing on behalf of respondent, vehemently contended that there could be no question about legality of proceeding before the learned Arbitrator and the same is perfectly valid. Learned counsel, at the outset, took this Court to the order passed by the learned Arbitrator and submitted that the learned Arbitrator observed that the effective claims of the claimant are three fold; (i) damages for wrongful deprivation of possession of demise premises after willful surrender/ termination of tenancy by the Respondents; (ii) cost of restoration of the demise premises to its original status, and; (iii) the Electricity charges and the



maintenance charges which were payable during the period of deprivation including the enhanced fixed charge of electricity which the Respondents did not get reduced upon their leaving the premises. It has further been noted that except for the first claim, learned Arbitrator noted that, admittedly, other two claims could be tried and adjudicated upon by the Arbitral Tribunal. Learned counsel further submitted that for adjudication of the first claim, the petitioner contended that the claim of the claimant basically related to Section 18(3) of the BBC Act and the present petitioner relied on the decision of Hon'ble Supreme Court in the case of ***Vidya Drolia Vs. Durga Trading Corporation***, reported in ***(2021) 2 SCC 1***. However, the learned Arbitrator discussed the law as provided under Section 18(3) of the BBC Act and came to the conclusion that the claimant/respondent did not claim any relief in terms of Section 18(3) of the BBC Act. On the same line, ***Vidya Drolia (supra)*** has been distinguished as the claim of the claimant/respondent was not found to be falling within the ambit of four conditions laid down in the case of ***Vidya Drolia (supra)*** whereunder a dispute was held to be non-arbitral. Learned counsel further submitted that on further discussion, the learned Arbitrator came to the conclusion that the arbitral proceeding was not without



jurisdiction in relation to all of any of the reliefs as sought by the Claimant.

14. Learned counsel also submitted that if there is no patent lack of inherent jurisdiction, the present civil miscellaneous petition is not maintainable since there is no perversity in the order that is staring one in the face as observed by the Hon'ble Supreme Court in the case of ***Punjab State Power Corporation Limited*** (supra). Learned counsel also referred to Paras-22, 23 and 24 of the decision in the case of ***Deep Industries Limited*** (supra) in support of his contention wherein the Hon'ble Supreme Court held that the policy of the Act is speedy disposal of arbitration cases and it is a self-contained code and only such acts are permissible which are mentioned in the Act and acts or things not mentioned therein are not permissible to be done. Thus, the learned counsel submitted that the present petition is not maintainable and the same be dismissed with cost.

15. I have given my thoughtful consideration to the rival submission of the parties and perused the record.

16. At this stage, the issue before this Court is whether the present petition is maintainable against an order passed by the learned Arbitrator on an application filed under Section 16 of



the Act ?

17. It has been strenuously argued on behalf of the petitioner that the present application is maintainable since the learned Arbitrator lacked the jurisdiction to proceed in the matter which arises out of post-termination events of the lease agreement between the petitioner and respondent. In the case of ***Deep Industries Limited*** (supra), a three Judges Bench of the Hon'ble Supreme Court held that though petitions can be filed under Article 227 of the Constitution against judgments allowing or dismissing first appeals under Section 37 of the Act but cautioned that the High Court must be extremely circumspect in interfering with the same, taking into account the statutory policy, so that interference is restricted to orders that are passed which are patently lacking in inherent jurisdiction. Again, in the case of ***Punjab State Power Corporation Limited*** (supra), another three Judges Bench of the Hon'ble Supreme Court held that a foray to the writ Court from a section 16 application being dismissed by the Arbitrator can only be if the order passed is so perverse that the only possible conclusion is that there is a patent lack of inherent jurisdiction. The Hon'ble Supreme Court further held that a patent lack of inherent jurisdiction requires no argument whatsoever – it must be the



perversity of the order that must stare one in the face. On the same lines, in the case of ***Bhaven Construction Vs. Executive Engineer, Sardar Srovar Narmada Nigam Limited & Anr.***, reported in ***(2022) 1 SCC 75***, wherein the ruling of the arbitrator under Section 16 of the Arbitration Act was under challenge with regard to jurisdiction of the Arbitrator, the Hon'ble Supreme Court held that interference under Article 226/227 of the Constitution by High Court with arbitral process is not permissible except in exceptionally rare circumstances and further held that discretion under Articles 226/227 of the Constitution cannot be exercised to allow judicial interference beyond the procedure established under the Act. The Hon'ble Supreme Court further held that this power needs to be exercised in exceptional rarity, wherein one party is left remediless under the statute or a clear "bad faith" shown by one of the parties. The Hon'ble Supreme Court proceeded further and held that for deciding the jurisdiction of an Arbitrator, the competent authority is the Arbitrator and not the writ Court under Article 226/227 of the Constitution and has further held that challenge to ruling of arbitrator in this regard must be as per the statute and not by resort to Articles 226/227 of the Constitution.



18. Thus, position of law has been made very much clear that an interlocutory order passed in arbitration proceeding can become subject matter of challenge under Article 227 of the Constitution only when the petitioner has no other remedy available against such order or in exceptional cases of patent lack of inherent jurisdiction or “bad faith” being shown.

19. Coming back to the facts of the case and applying the law, as annunciated by the Hon’ble Supreme Court in the cases of *Deep Industries Limited* (supra), *Punjab State Power Corporation Limited* (supra) and *Bhaven Construction* (supra), it is apt to note here that the learned counsel for the petitioner has to resort to lengthy argument to show the patent lack of jurisdiction to bring out the perversity to convince the Court that it is staring on face of it. But I am unable to persuade myself that the facts show any patent lack of inherent jurisdiction because there is no perversity staring one in the face. Similarly, no ‘bad faith’ has been shown by the petitioner to make the impugned order amenable to the jurisdiction of this Court under Article 227 of the Constitution. Moreover, the petitioner is not left remediless as statutory appeal under Section 34 of the Act has been provided and the petitioner has a recourse of law to agitate of his grievance in the appeal provided by the Statute. It



would be apposite to quote what the Hon'ble Supreme Court held in the case of ***Deep Industries Limited*** (supra):

“One other feature of this case is of some importance. As stated herein above, on 09.05.2018, a Section 16 application had been dismissed by the learned Arbitrator in which substantially the same contention which found favour with the High Court was taken up. The drill of Section 16 of the Act is that where a Section 16 application is dismissed, no appeal is provided and the challenge to the Section 16 application being dismissed must await the passing of a final award at which stage it may be raised under Section 34.....”

20. In the light of aforesaid discussion of law vis-à-vis the facts of the case, the authorities cited by the petitioner are of no help to the cause of the petitioner.

21. In these circumstances the petitioner would have to wait for time and allow the arbitral proceeding to come to an end. When the Arbitral Award is announced or any interim appealable order is passed, the petitioner can always challenge such award or order, as the case may be, under Section 34 or Section 37 of the Act and the petitioner would be at liberty to raise the ground taken in the present petition in the appeal.

22. Therefore, I am of the considered opinion that the present case provides no occasion for this Court to utilize its discretionary power under Article 227 of the Constitution and



the present civil miscellaneous petition is not maintainable and hence, is dismissed.

23. It is, however, made clear that while disposing of the application of the petitioner filed under Section 16 of the Act, if any comments on merits of the case were made by the learned Arbitrator, the same would not cause prejudice to the case of the parties at the time of final disposal of the arbitration proceeding.

24. Consequently, both I.A. No. 01 of 2025 and I.A. No. 02 of 2025 stand disposed of.

(Arun Kumar Jha, J)

Ashish/-

AFR/NAFR	AFR
CAV DATE	NA
Uploading Date	28.07.2025
Transmission Date	NA

