
**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION
COMMERCIAL ARBITRATION APPLICATION NO. 220 OF 2024**

Honour Lab Limited ...Applicant

Versus

The New India Assurance Company Limited ...Respondent

WITH

COMMERCIAL ARBITRATION APPLICATION NO. 240 OF 2024

Cirex Pharmaceuticals Private Limited ...Applicant

Versus

The New India Assurance Company Limited ...Respondent

Mr. Akash Rebello, for the Applicant.

Mr. Milind More, for Respondent.

CORAM : SOMASEKHAR SUNDARESAN, J.

RESERVED ON: SEPTEMBER 8, 2025

PRONOUNCED ON: SEPTEMBER 16, 2025

JUDGEMENT :

Context and Factual Background:

1. These Applications have been filed under Section 11 of the Arbitration and Conciliation Act, 1996 (“***the Act***”) seeking appointment of a Sole Arbitrator for resolving disputes under insurance policies

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issued by the Respondent in both proceedings. Since the core issue involved, namely, whether this Court has territorial jurisdiction in the matter, is the same in both Applications, by consent of the parties, they were heard together.

2. For purposes of this judgement, Commercial Arbitration Application No. 240 of 2024 is taken as the lead matter and all references are based on the filings made in those proceedings. The determination of the issue in the aforesaid Application would apply to the determination of the other Application as well.

3. The Respondent issued an Industrial All Risks Policy (“***Policy***”) dated April 4, 2019 to the Applicant. The Applicant’s industrial plant covered by the Policy is situated in Telangana. The Policy covered risks to the Applicant’s building, plant, machinery and inventory, all of which are situated in Telangana. On February 14, 2020, a water tank erected on the terrace of Block B of the Applicant’s premises at Telangana collapsed, necessitating switching off electricity to prevent casualties in the reactors. This resulted in loss and damage to the Applicant’s property and inventory. On June 18, 2020, the Applicant lodged a claim for Rs. 2.70 crores, which was revised to Rs. 2.48 crores. The Respondent has agreed to pay only Rs. 48.96 lakhs.

4. This is the dispute sought to be referred to arbitration under the Policy. It is common ground that the Policy does not explicitly set out the seat or the venue.

Contentions of the Parties:

5. At the threshold, Mr. Milind More, Learned Advocate for the Respondent contends that this Court would lack territorial jurisdiction in the matter. According to the Respondent the cause of action is entirely in Telangana and there is no basis to invoke the territorial jurisdiction of this Court. The factory premises, the plant, machinery and inventory are all located in Telangana. The Secunderabad office of the Respondent processed the Policy and it was issued in Telangana. The insurance premium was paid in Telangana. The insurance claim form was submitted in Telangana. The settlement voucher for the claim allowed was issued in Telangana.

6. As such, Learned Counsel for the Respondent would contend that no part of the cause of action has arisen within the territorial jurisdiction of this Court. He would rely on precedents set in the case of

Triveni Adhesives¹ and **Hyundai Construction²** by this Court and in **Ravi**

1 Order dated September 2, 2021 in Triveni Adhesives and Tapes vs. New India Assurance Company – CARAP No. 356 of 2019

2 Order dated January 11, 2024 in Hyundai Construction Equipment India Pvt. Ltd. Vs. M/s Saumya Mining Limited & Anr – ARP No. 32 of 2022

Ranjan³ by the Supreme Court to indicate that the issue is squarely covered.

7. In contrast, Mr. Akash Rebello, Learned Advocate for the Applicant would contend that this Court indeed has jurisdiction. He would submit that the Respondent's head office is in Mumbai. Surveys to assess the claim can be said to have been conducted under instructions from the head office. The decision to partially repudiate the claim can be said to have been taken in Mumbai since a circular showing devolution of decision-making authority would show that the size of the claim involved necessitated a decision being taken in the head office. The Policy provides for raising grievances before the local office, regional office or the head office. Therefore, the Applicant has a right to choose where to prosecute the matter and it has chosen Mumbai, which is sufficient, Mr. Rebello would contend, for purposes of Clause XII of the Letters Patent of the Bombay High Court. The Respondent would contend that although Clause XII of the Letters Patent would not apply, the underlying principles must be applied. Mr. Rebello would press into

3 Ravi Ranjan Developers Pvt. Ltd. Vs. Aditya Kumar Chatterjee – 2022 SCC OnLine SC 568

service the decision of this Court in *VHB Life Sciences*⁴ and of the Supreme Court in *Jindal Vijayanagar Steel*⁵.

8. Mr. Rebello would submit that when the parties have not explicitly stipulated the seat or venue in their written agreement, the principles governing Section 2(1)(e) of the Act must be applied, and that must be read with Section 11 of the Act. Mr. Rebello too would rely upon *Ravi Ranjan*, to contend that this Court is indeed a Court that would also have jurisdiction under Section 2(1)(e) of the Act. According to Mr. Rebello, in terms of Clause XII of the Letters Patent, this Court would have jurisdiction so long as the Respondent has an office in Mumbai, even if no part of the cause of action arose in Mumbai. Thereby, this Court, he would submit, is the Court under Section 2(1)(e) of the Act.

Analysis and Findings:

9. Having heard the Learned Advocates for the parties and having examined the record with their assistance, it is abundantly clear that the entire bundle of facts, the proving of which would lead to grant or denial of relief, lies in Telangana. The risk covered by the Policy took

⁴ *VHB Life Sciences Limited v. Orchid Chemicals and Pharmaceuticals Limited* – 2010 SCC OnLine Bom 1623

⁵ *Jindal Vijayanagar Steel (JSW Steel Ltd) vs. Jindal Praxair Oxygen Co. Ltd.* – (2006) 11 SCC 521

place in Telangana. The facts that must be proved to bring home the claim are all located in Telangana. The Policy was issued in Telangana and was serviced in Telangana. The jurisdiction of Telangana would in fact be a forum convenient to the parties, with all the records, as indeed the *situs* of the premises, being in Telangana. However, the Respondent has sought to raise a pure question of law as to whether this Court could still proceed to appoint an arbitrator, even suggesting that the venue of arbitration may be Telangana but the seat can certainly be in Mumbai in reliance upon Clause XII of the Letters Patent.

Jindal Vijayanagar and its Import:

10. The sheet anchor of Mr. Rebello's submission is the ruling in ***Jindal Vijayanagar*** from which he seeks to import certain observations in order to apply some observations made in ***Ravi Ranjan***, to thereby make a case that this Court would have jurisdiction despite the silence in the arbitration agreement about venue or seat, by reference to the Respondent's head office being in Mumbai.

11. I am unable to accept Mr. Rebello's submission that a reading of sub-paragraphs (f), (g), (h) and (i) of Paragraph 65 in ***Jindal Vijayanagar***, when read with ***Ravi Ranjan***, would lead to the Respondent's head office being in Mumbai, conferring jurisdiction in

terms of Clause XII in this Court, to thereby make it the “Court” under Section 2(1)(e) of the Act, and thereby attract the jurisdiction of Section 11 of the Act. This is simply because the extensive discussion in *Jindal Vijayanagar* was on the issue of whether the judgement in *Food Corporation of India*⁶ was on the ground of being in conflict with *Patel Roadways*⁷. On facts, the arbitration agreement in *Jindal Vijayanagar* explicitly entailed arbitration in Mumbai, which would have given jurisdiction to this Court for purposes of Section 11 of the Act.

12. The issue in *Jindal Vijayanagar* was whether this Court had jurisdiction to grant interlocutory protective measures under Section 9 of the Act. Both the parties in that dispute, who were partners in a joint venture, were headquartered in Mumbai and had executed a settlement agreement pursuant to discussions at a board meeting of the joint venture held in Mumbai. On facts, *Jindal Vijayanagar* stood on a completely different footing. The contents of sub-paragraphs (a), (b), (c), (d) and (e) of Paragraph 65 in *Jindal Vijayanagar* quotes approvingly, from the order impugned in that case. They make clear what weighed with the Supreme Court in defending the jurisdiction assumed by this Court in that case. Effectively, the Supreme Court

⁶ *Food Corporation of India vs. Evdomen Corpn* – (1999) 2 SCC 446

⁷ *Patel Roadways Ltd. Vs. Prasad Trading Co.* – (1991) 4 SCC 270

decided that it was not necessary to refer ***Food Corporation of India*** to a larger bench. The extensive discussions about the inter-play (in fact, the absence of that) between Section 20 of the Code of Civil Procedure, 1908 (“***CPC***”) and Clause XII of the Letters Patent are in aid of that facet of the decision.

13. The contention considered by the Supreme Court was that the aforesaid two provisions were *pari materia* and that therefore, judgements interpreting Section 20 of the CPC should inform the interpretation of Clause XII of the Letters Patent. The Supreme Court ruled that Letters Patent governed the chartered High Courts and Section 120 of CPC explicitly excluded the application of Section 20, and therefore rejected the request for reconsideration of ***Food Corporation of India*** by reference to a larger bench. On facts, considering Mumbai was a convenient forum and arbitration was already taking place in Mumbai, and that too pursuant to an explicit agreement between two parties with their head offices in Mumbai, the Court saw no point in making a reference to a larger bench.

14. Mr. Rebello’s reliance on select portions of ***Jindal Vijayanagar*** to make the case for this Court assuming jurisdiction in these Applications for no reason other than the fact that the Respondent

has a head office in Mumbai, and that there is a generic provision in the Policy document for raising grievances at any of the three offices – local office, regional office or the head office – would not take the case far.

15. Unlike *Jindal Vijayanagar*, where the parties had an agreement to arbitrate in Mumbai, in the matter at hand, there was no such consensus on venue. In the captioned proceedings, what is apparent is that every material element in the bundle of facts, the proving of which would lead to relief being granted or denied, is located in Telangana. The location of some incidental and inconsequential fact in a Court's territory would not make such a fact a part of the cause of action. The contention that the survey report, although sent to the Respondent in Telangana was copied to the Deputy General Manager sitting in Mumbai, or that the internal devolution of authority would indicate that claims of above Rs. 2 crores would be finally decided upon in Mumbai would not constitute a material fact, the proving of which, would make it a part of the cause of action.

16. *Ravi Ranjan* was based on facts where a Court in Bihar had already been presented with a petition under Section 9 based on location of the assets in that Court's territorial jurisdiction. In that context, interpreting Section 42 of the Act, entailing the need to go to

the same Court with all future applications, the Supreme Court held that the High Court that has supervisory jurisdiction over the Section 9 Court that had issued interlocutory measures, would be the Section 11 Court. That ratio has no relevance to the facts of the instant case.

17. In fact, **Ravi Ranjan** has an extract that would be appropriate to extract:

41. It is well settled that a judgment is a precedent for the issue of law that is raised and decided. The judgment has to be construed in the backdrop of the facts and circumstances in which the judgment has been rendered. Words, phrases and sentences in a judgment, cannot be read out of context. Nor is a judgment to be read and interpreted in the manner of a statute. It is only the law as interpreted by in an earlier judgment, which constitutes a binding precedent, and not everything that the Judges say.

[Emphasis Supplied]

Cause of Action – determining factor:

18. Reference may be made to multiple judgements on the interpretation of the term “cause of action” and its nexus with territorial jurisdiction of a Court. This issue continues to be presented to Courts, not just in civil proceedings, but even in writ proceedings under Article 226 of the Constitution of India, where too the cause of action ought to have arisen in the territory of the writ court. The principles underlying the territorial jurisdiction of the writ courts too are the same as those

adopted in ordinary civil proceedings. Judgements rendered in each track have adopted principles enunciated in the other. To quote from *Kunjan Nair*⁸, which summarises the concept pithily:-

16. The expression “cause of action” has acquired a judicially settled meaning. In the restricted sense cause of action means the circumstances forming the infraction of the right or the immediate occasion for the action. In the wider sense, it means the necessary conditions for the maintenance of the suit, including not only the infraction of the right, but the infraction coupled with the right itself. Compendiously the expression means every fact which would be necessary for the plaintiff to prove, if traversed, in order to support his right to the judgment of the court. Every fact which is necessary to be proved, as distinguished from every piece of evidence which is necessary to prove each fact, comprises in “cause of action”.

17. In Halsbury's Laws of England (4th Edn.) it has been stated as follows:
“‘Cause of action’ has been defined as meaning simply a factual situation the existence of which entitles one person to obtain from the court a remedy against another person. The phrase has been held from earliest time to include every fact which is material to be proved to entitle the plaintiff to succeed, and every fact which a defendant would have a right to traverse. ‘Cause of action’ has also been taken to mean that particular act on the part of the defendant which gives the plaintiff his cause of complaint, or the subject-matter of grievance founding the action, not merely the technical cause of action.”

[Emphasis Supplied]

19. The Applicants’ complaint is about the Respondent not accepting his entire claim. That act or rather inaction that gives cause for the Applicants’ grievance did not take place anywhere in the territorial jurisdiction of this Court. The law declared in the case of *8 Kunjan Nair Sivaraman Nair Vs. Narayanan Nair and Ors. - (2004) 3 SCC 277 – Paragraph Nos.16 and 17*

*Adani Exports*⁹, where near-similar contentions about tenuous links to Ahmedabad were invoked, is noteworthy. The Supreme Court repelled such contentions by finding that the credit of Customs Duty claimed, which was the cause of action, was in respect of exports made from Chennai and those claims of duty credit had been processed in Chennai. The Court held that unless the bundle of facts, proving of which would lead to a judgement one way or the other, fell within the territory of a certain Court, that Court would not have jurisdiction at all. The following extracts are noteworthy:-

13. *In spite of the above admitted facts, the respondents herein plead that as per the plea raised by them in para 16 of the special civil application, the following facts give rise to the cause of action conferring territorial jurisdiction on the Court at Ahmedabad. They are:*

(i) *the respondents carry on their business of export and import from Ahmedabad;*

(ii) *their orders of export and import are placed from and are executed at Ahmedabad;*

(iii) *documents and payments for export and import are sent/made at Ahmedabad;*

(iv) *the credit of duty claimed in respect of exports were handled from Ahmedabad since export orders were received at Ahmedabad and payments also received at Ahmedabad;*

(v) *non-granting and denial of utilisation of the credit in the passbook will affect the business of the respondents at Ahmedabad;*

(vi) *the respondents have executed a bank guarantee through their bankers at*

⁹ *Union of India & Ors. Vs. Adani Exports & Anr. - (2002) 1 SCC 567*

Ahmedabad as well as a bond at Ahmedabad.

14. Though it is also contended in para 16 of the application that the appellants have their office at Ahmedabad, that contention has not been pressed since it is clear from the records that none of these appellants have their office at Ahmedabad. Dehors this fact, if we take into consideration the other facts enumerated hereinabove in support of the cause of action pleaded by the respondents, it is seen that none of these facts is in any way connected with the relief sought for by the respondents in their civil applications so as to constitute the cause of action at Ahmedabad.

17. It is seen from the above that in order to confer jurisdiction on a High Court to entertain a writ petition or a special civil application as in this case, the High Court must be satisfied from the entire facts pleaded in support of the cause of action that those facts do constitute a cause so as to empower the court to decide a dispute which has, at least in part, arisen within its jurisdiction. It is clear from the above judgment that each and every fact pleaded by the respondents in their application does not ipso facto lead to the conclusion that those facts give rise to a cause of action within the court's territorial jurisdiction unless those facts pleaded are such which have a nexus or relevance with the lis that is involved in the case. Facts which have no bearing with the lis or the dispute involved in the case, do not give rise to a cause of action so as to confer territorial jurisdiction on the court concerned. If we apply this principle then we see that none of the facts pleaded in para 16 of the petition, in our opinion, falls into the category of bundle of facts which would constitute a cause of action giving rise to a dispute which could confer territorial jurisdiction on the courts at Ahmedabad.

18. As we have noticed earlier, the fact that the respondents are carrying on the business of export and import or that they are receiving the export and import orders at Ahmedabad or that their documents and payments for exports and imports are sent/made at Ahmedabad, has no connection whatsoever with the dispute that is involved in the applications. Similarly, the fact that the credit of duty claimed in respect of exports that were made from Chennai were handled by the respondents from Ahmedabad have also no connection whatsoever with the actions of the appellants impugned in the application. The non-granting and denial of credit in the passbook having an ultimate effect, if

any, on the business of the respondents at Ahmedabad would not also, in our opinion, give rise to any such cause of action to a court at Ahmedabad to adjudicate on the actions complained against the appellants.

19. Mr Ashok Desai, however, pleaded that the respondents have executed a bank guarantee and a bond at Ahmedabad which in law the respondents are entitled to get cancelled through the intervention of the courts at Ahmedabad. This fact having been specifically pleaded in the application and a relief being sought for that purpose, would definitely give rise to a part of cause of action at Ahmedabad, but on behalf of the appellants, it is pointed out to us that the subject-matter involved in the applications pertains to the denial of the benefit of the import-export scheme which ended w.e.f. 31-3-1997 while the bank guarantee and the bond in question were not part of the Passbook Scheme which is the subject-matter of the special civil applications with which we are concerned now. Execution of the bank guarantee was not with reference to the demand of the respondents to give it due credit in the passbook but the same was executed much later than 31-3-1997 in regard to certain disputes pending with the Customs Authorities in regard to the valuations made by the said Authorities as to the value of the export and import of prawn and its inputs. It was also pointed out that these Customs Authorities, as a matter of fact, are not even parties to these special civil applications. Thus, it is contended that the factum of the respondents having executed a bank guarantee and a bond at Ahmedabad will have no direct nexus or bearing on the disputes involved in these applications. It is pointed out to us by learned counsel for the appellants that in regard to the correctness of the valuation, separate proceedings have been initiated and against the findings in those proceedings, separate appeals are pending in this Court, therefore, the bank guarantee and the bond executed by the respondents, as a matter of fact, have nothing to do with the cause of action that may arise to challenge the denial of the benefit of the Passbook Scheme. Inclusion of this totally extraneous claim in the present writ petition cannot be construed as being a factor giving rise to a cause of action. In the case of ONGC [(1994) 4 SCC 711] this Court negated the contentions advanced on behalf of the respondents therein that either the acquisition of knowledge made through media at a particular place or owning and having an office or property or residing at a particular place, receiving of a fax message at a particular place, receiving telephone calls and maintaining statements of

accounts of business, printing of letterheads indicating branch offices of the firm, booking of orders from a particular place are not the factors which would give rise to either wholly or in part cause of action conferring territorial jurisdiction to courts. In the said case, this Court also held that the mere service of notice is also not a fact giving rise to a cause of action unless such notice is an integral part of the cause of action.

20. Mr Desai, however, placed reliance on a recent judgment of this Court in Navinchandra v. State of Maharashtra [(2000) 7 SCC 640 : 2001 SCC (Cri) 215] wherein this Court had held that a part of the cause of action had arisen within the jurisdiction of the Bombay High Court. It is to be noted that in the said petition, among other reliefs, the writ petitioner had prayed for a writ of mandamus to the State of Meghalaya to transfer the investigation to Mumbai Police as also allegations of mala fides were made as to the filing of the complaint at Shillong. It was also averred in that case that the petitioner was primarily aggrieved by the criminal complaint filed at Meghalaya because the bulk of the investigation was carried on at Bombay. The said writ petition was dismissed by the Bombay High Court solely on the ground that since the complaint in question was filed in Shillong in the State of Meghalaya and the petitioner had sought for quashing of the said complaint, such a writ petition was not maintainable before the High Court of Bombay. According to this Court, that finding was given without taking into consideration the other alternative prayers in the writ petition to which we have made reference hereinabove, which prayers according to this Court, gave rise to a cause of action to move the High Court at Bombay for relief. Therefore, in our opinion, this judgment does not help the writ petitioner to justify its action in filing a writ petition before the Gujarat High Court. That apart, we must notice that the said judgment is delivered in a matter involving criminal dispute and consequences of such dispute have a direct bearing on the personal freedom of a citizen guaranteed under Article 21 of the Constitution. Therefore, the consideration that arises in deciding the question of territorial jurisdiction in cases involving criminal offences may not always apply to cases involving civil disputes like the special civil applications with which we are concerned. Mr Desai then urged that since the High Court has elaborately dealt with the merits of the case and given a finding in favour of the respondents in the interest of justice, we should not interfere with the said finding and uphold the same. We are not inclined to

accept this argument of the learned counsel because the appellants herein had taken objection to the entertainment of the special civil applications by the Gujarat High Court on the ground of lack of territorial jurisdiction in the first instance itself and the same was rejected, according to us, wholly on unsustainable grounds. As a matter of fact, the appellant on the entertainment of the civil application and grant of interim order, had challenged the said order on the ground of want of jurisdiction by way of a civil appeal in this Court which appeal is pending consideration by this Court, therefore, the objection having been taken at the first instance itself and the court having not proceeded to decide this question of territorial jurisdiction as contemplated under Order 14 Rule 2 CPC, we think we cannot deny relief to the appellant solely on the ground that the High Court has chosen to proceed to decide the case on merit. This being a judgment of a court having no territorial jurisdiction, the judgment has to be set aside. However, the special civil applications cannot be dismissed on this ground because it has been the contention of the appellants themselves in the objections filed by them before the High Court, that these applications ought to be transferred to the High Court at Chennai, in the interest of justice, we agree with this plea.

[Emphasis Supplied]

20. In **ONGC**⁰, the jurisdiction of the Calcutta High Court had been invoked on the premise that the awareness about the contract being proposed came about on reading an advertisement in a newspaper published in Kolkata. This was repelled by the Court. In fact, **Adani Exports** refers to **ONGC** in the portions extracted above. Likewise is the case of **Kusum Ingots**¹¹ the fundamental principle set out is that some portion of the facts, the proving of which would be necessary to decide

¹⁰ Oil and Natural Gas Corporation Vs. Utpal Kumar Basu - (1994) 4 SCC 711
Paragraph Nos. 8 and 12

¹¹ Kusum Ingots and Alloys Ltd. Vs. Union of India and Anr. – (2004) 6 SCC 254 –
Paragraph Nos. 18 and 21

the dispute between the parties (nexus with the prayers made) has been iterated. Despite the legislation being challenged having an effect in the territory of the Court approached, it was held that the bundle of facts on which the grievance is based ought to be situated in the territory for legislation to be challenged in the writ court having jurisdiction over that territory. To avoid prolixity, extracts of these judgements are not cited, but the paragraph numbers referred to in these judgements are set out in the footnotes along with the citations.

21. None of the facets of fact pressed into service by Mr. Rebello represent facts that have a nexus to the cause of action i.e. the bundle of facts, the proving or disproving of which would lead to the grant or denial of relief in the matter. Specifically, the location of the Respondent's head office; that the circular depicting devolution of authority would lead to claims of over Rs. 2 crores being finally approved in the head office; or the general provision indicating that grievances could also be sent to the head office, are not of a nature that would constitute a component of the cause of action.

22. The judgement in *Triveni Adhesives* by a Learned Single Judge of this Court, and relied upon by the Respondent, is squarely on point. The only difference is that in that case Uttar Pradesh was the state

in which the bundle of facts were located, as opposed to Telangana. I am in respectful agreement with the view taken by the Learned Single Judge in *Triveni Adhesives*.

Conclusion:

23. In these circumstances, both the captioned Applications are *disposed of* without constituting an arbitral tribunal, leaving it to the parties to either agree upon an arbitrator or approaching the Telangana High Court for appointment of the arbitrator.

24. All actions required to be taken pursuant to this order shall be taken upon receipt of a downloaded copy as available on this Court's website.

[SOMASEKHAR SUNDARESAN, J.]