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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Judgment reserved on: 28.01.2026
Judgment pronounced on: 15.04.2026
Judgment uploaded on: 15.04.2026

+ **FAO(OS) (COMM) 281/2024 & CM APPL. 72787/2024**
JAIN IRRIGATION SYSTEMS LIMITEDAppellant

Through: Mr. Jayant Mehta, Sr. Adv.
along with Mr. Govind
Manoharan, Mr. Tenzing
Namgyal Bhutia, Mr. Rithwik
Narayanan and Mr. Pallav
Arora, Advs.

versus

M/S. PRAGYAWAN TECHNOLOGIES PRIVATE LIMITED
.....Respondent

Through: Mr. Rohan Chawla, Ms.
Ananaya Narin Tyagi, Ms.
Darshana Deepak Das and Mr.
Rohan Rana, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE AMIT MAHAJAN

J U D G M E N T

ANIL KSHETARPAL, J.:

1. Through the present Appeal, the Appellant assails the correctness of the order dated 17.09.2024 [hereinafter referred to as 'Impugned Order'] passed by the learned Single Judge in I.A. No. 4516/2024 in CS (COMM) No. 759 of 2023, whereby the learned Single Judge has allowed the Respondent's [Defendant before the



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learned Single Judge] application under Order VII Rule 10 of the Code of Civil Procedure [hereinafter referred to as 'CPC'] and returned the plaint for presentation before the competent court, while also imposing costs of Rs.10,000/- on the Appellant [Plaintiff before the learned Single Judge] for suppression of material facts.

FACTUAL MATRIX

2. The Appellant, a company engaged in the manufacture of irrigation systems and pipes, entered into a commercial arrangement with the Respondent for the supply of 2000 Kms of PLB Duct pipes in four tranches. The total sale consideration for the project was estimated at Rs.9,79,40,000/-.

3. The transaction sequence, as per the pleadings, is as follows:

i. **Preliminary Negotiations:** Representatives of both parties met on several occasions in early 2019 to discuss requirements, which discussions allegedly took place at the Appellant's office at Delhi.

ii. **Techno-Commercial Offer:** On 07.06.2019, the Appellant issued a formal response letter from its Delhi office, recording the terms for the supply of 2000 Kms of pipes.

iii. **Purchase Orders:** Subsequently, the Respondent issued two Purchase Orders:

a. **PO No. PTPL/JAIN/DUCT/06/2019001** dated 10.06.2019.



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b. **PO No. PTPL/JAIN/DUCT/07/2019/002** dated 10.07.2019.

iv. **Dispute and Breach:** Disputes arose regarding Third-Party Inspection Agency (TPIA) delays at the Appellant's Jalgaon (Maharashtra) factory, marking protocols on the pipes (specifically the exclusion of the Appellant's name), and discrepancies in the Letters of Credit (LC).

v. **Recovery Suit:** The Appellant instituted the underlying suit [CS (COMM) 759/2023] seeking recovery of Rs.3,49,70,864.13/- representing unpaid dues for goods delivered and losses incurred due to the Respondent's alleged failure to take delivery of the remaining pipes.

4. The Appellant invoked the territorial jurisdiction of this Court primarily on the basis that the Respondent maintains its registered office at Delhi and that the Purchase Orders issued by the Respondent contained an "exclusive jurisdiction clause" vesting jurisdiction in Delhi Courts.

CONTENTIONS ON BEHALF OF THE APPELLANT:

5. Learned senior counsel for the Appellant contended that the learned Single Judge has erred in returning the plaint. Learned senior counsel has submitted that as *dominus litus*, the Appellant has the inherent right to choose its forum among the options available under Section 20 of the CPC.



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6. It was argued that a material part of the cause of action accrued in Delhi, where preliminary negotiations occurred and the techno-commercial offer – the bedrock of the agreement was issued. Since the Respondent's registered office is also in Delhi, the Appellant maintains that jurisdiction was properly invoked under Section 20(a) and (c).

7. Learned senior counsel further emphasized that the Respondent is bound by the "exclusive jurisdiction" clause contained in its own Purchase Orders. Learned senior counsel has further contended that the Respondent cannot unilaterally retract from this contractual stipulation.

8. Finally, the Appellant alleged that the learned Single Judge conducted an impermissible "mini-trial." It was argued that at the stage of Order VII Rule 10 CPC, the Court should have accepted the plaint averments as true rather than scrutinizing the merits of what constituted the "real" cause of action.

9. It was also argued that the learned Single Judge has erroneously imposed costs on the Appellant for non-disclosure of facts without appreciating that it has been declared in the plaint that a suit filed by the Respondent is pending in Noida. It was also submitted that the rejection of the Appellant's application for return of plaint in the Noida Suit cannot be said to be a material fact, and moreover, the order rejecting the Appellant's application is under challenge before the Allahabad High Court.



CONTENTIONS ON BEHALF OF THE RESPONDENT:

10. Learned counsel for the Respondent supported the Impugned Order, arguing that the operational reality of the Respondent's business is based entirely out of Noida, Uttar Pradesh. Learned counsel has submitted that the registered office in Delhi is a mere formality and does not constitute "carrying on business" in the context of this dispute.

11. It was contended that no part of the contract was performed in Delhi. The Purchase Orders were issued from Noida, and the goods were manufactured in Jalgaon for delivery elsewhere. Since the cause of action arose where the Respondent has a subordinate office (Noida), Counsel argued that the "Explanation" to Section 20 CPC, as interpreted in *Patel Roadways Limited, Bombay v. Prasad Trading Company*¹, mandates that the suit be filed in Noida.

12. Learned counsel for the Respondent further argued that the "exclusive jurisdiction" clause cannot confer jurisdiction on a Court that lacks it under the statutory deeming fiction of Section 20.

13. Lastly, learned counsel for the Respondent highlighted that the Appellant deliberately suppressed the fact that a prior suit (C.S. No. 9 of 2020) regarding the same dispute was already pending in the Noida Court, where the Appellant's own application for rejection of the plaint had been dismissed.

¹ (1991) 4 SCC 270



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ANALYSIS:

14. Before exercising powers under Order VII Rule 10 of the CPC, the Court is duty-bound to undertake a holistic, meaningful and comprehensive reading of the plaint. The test is not to be applied mechanically or by isolating stray averments, but by discerning the real nature of the dispute, the bundle of essential facts constituting the cause of action, and the place where such facts have arisen. The learned Single Judge has correctly applied this settled principle.

15. A careful reading of the plaint unmistakably reveals that the plaintiff, in substance, seeks recovery of amounts allegedly due under two purchase orders. The grievance articulated is twofold: *first*, that the Respondent failed to take delivery of PLP duct pipes manufactured pursuant to the purchase orders; and *second*, that the Respondent failed to pay the balance consideration despite having received delivery of part of the consignment. It is not in dispute that both purchase orders were placed by the Respondent from its office at Gautam Budh Nagar (Noida), and that the manufacturing of the pipes was undertaken at the Appellant's factory situated at Jalgaon.

16. The contractual arrangement between the parties further stipulates that delivery of the PLP duct pipes was to be taken by the Respondent at the Appellant's factory premises at Jalgaon. Thus, the place of performance of the contract, insofar as delivery is concerned, is clearly Jalgaon. The alleged breach-failure to lift goods and failure to pay for goods supplied is intrinsically linked to this place of performance.



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17. The Appellant asserts territorial jurisdiction of the courts at Delhi primarily on three grounds: (i) that certain discussions between the parties took place in Delhi; (ii) that the purchase orders contain an exclusive jurisdiction clause in favour of Delhi courts; and (iii) that the registered office of the defendant is in Delhi. However, none of these factors, either individually or cumulatively, can confer jurisdiction in the absence of accrual of any part of the cause of action within the territorial limits of Delhi.

18. It is a settled proposition of law that parties by agreement cannot confer jurisdiction upon a court which otherwise lacks it. An exclusive jurisdiction clause is enforceable only where two or more courts otherwise have jurisdiction under Section 20 of the CPC, i.e., where part of the cause of action arises in more than one territorial jurisdiction. Only in such a situation can parties restrict themselves to one of the competent courts. Where no part of the cause of action arises within the territorial limits of the chosen forum, an exclusive jurisdiction clause is rendered ineffectual.

19.1 In the present case, the Respondent admittedly has its corporate office as well as operational workplace at Noida. The purchase orders were issued from Noida and were transmitted to the Appellant's factory and registered office at Jalgaon. The pipes were fabricated and kept ready for delivery at Jalgaon, where the Respondent was required to take delivery. The alleged default - non-lifting of goods and non-payment therefore arose entirely outside Delhi. The mere assertion that some preliminary discussions took place in Delhi does not constitute a material, integral or essential part of the cause of action.



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Jurisdiction cannot be founded on casual or incidental facts which do not have a direct nexus with the *lis*.

19.2 Although the Appellant has endeavoured to place reliance on the techno-commercial offer dated 07.06.2019 before this Court, it is well-settled that in a suit pertaining to breach of contract, mere making of an offer on a particular place does not confer jurisdiction on that place as the contract can only be said to be made on acceptance of an offer. Making of an offer does not form as part of the cause of action [Ref. A.B.C. *Laminart (P) Ltd. v. A.P. Agencies (1989) 2 SCC 163; Bhagwandas Goverdhandas Kedia v. Girdharilal Parshottamas & Co.*²]. From the very nomenclature of the communication dated 07.06.2019, it is evident that the same was merely an offer and it does not imply conclusion of the contract between the parties. In the present case, as noted above, the purchase orders placed were placed from Noida pursuant to the offer dated 07.06.2019

20. Equally, the presence of the Respondent's registered office at Delhi does not, by itself, vest jurisdiction in Delhi Courts. Section 20 of the CPC governs territorial jurisdiction. It provides, in essence, that every civil suit shall be instituted in a Court within whose local limits:

- i. **Clause (a):** the defendant, at the time of suit, actually and voluntarily resides, or carries on business, or personally works for gain;

² 1965 SCC OnLine SC 38



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- ii. **Clause (b):** (if multiple defendants) any of the defendants resides or carries on business (with leave of court or acquiescence); or
- iii. **Clause (c):** the cause of action, wholly or in part, arises.

21. The Explanation to Section 20 of the CPC adds for corporate Defendants: a corporation shall be deemed to carry on business at its sole or principal office in India, or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place. In summary, a Plaintiff may sue a Defendant where it resides or does business, or where the cause of action arose, and for a company the statute deems its principal office (or a subordinate office connected to the claim) as a place of business.

22. These provisions have been explained by the Supreme Court in *Patel Roadways Ltd. v. Prasad Trading Co.*³. The Supreme Court held that if a corporation has a sole or principal office at a place, the courts there have jurisdiction (since the company is “deemed to carry on business” there by fiction). However, if the corporation has a principal office at one place and a subordinate office at another, and the cause of action arises at the subordinate office, then jurisdiction lies at the subordinate office’s location, not at the principal office. The disjunctive phrasing of the Explanation (‘or’) makes clear that these are alternative scenarios: the relevant forum is either the principal office (if no subordinate office is involved) or the subordinate office linked to the cause of action. Crucially, the Supreme Court observed that if a cause of action arises at the site of a subordinate office, the

³ 1992 AIR 1514



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corporation cannot insist on a forum at its principal place of business. In short, the Explanation is not a carte blanche for the principal office if the claim arose elsewhere.

23. It is also significant that the contract was neither made nor accepted at Delhi. Admittedly, partial payments under the contract, if any, were not made at Delhi. No contractual obligation was required to be performed at Delhi, nor is any breach alleged to have occurred there. It is not even the Appellant's case that the Respondent carries out any commercial or contractual activities within the territorial jurisdiction of Courts at Delhi, apart from maintaining a registered office. The entirety of the commercial dealings emanated from Noida and culminated at Jalgaon.

24. During the course of arguments, learned Senior Counsel for the Appellant relied on *Aakash Chaturbhuj Chhabria v. Hewlett Packard Enterprises India Pvt Ltd* [FAO(OS) 50/2025] to argue for a "holistic" and "composite" view of the cause of action. However, that decision is fundamentally distinct as it involved a multi-party fraud conspiracy where a composite cause of action arose from a single, indivisible fraudulent design. Invoking Section 20(b) of the CPC, the Court held the suit could not be bifurcated because several defendants resided within the jurisdiction, making the "composite" nature of the fraud the pivot of the decision.

25. In contrast, the present matter is a straightforward commercial dispute between a single Plaintiff and a single Corporate Defendant. Unlike the conspiratorial group in *Aakash Chaturbhuj*, a corporation



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is governed by the mandatory "deeming fiction" contained in the Explanation to Section 20 of the CPC. As settled in *Patel Roadways Limited*, this Explanation creates a restrictive hierarchy: if a cause of action arises at a place where a corporation has a subordinate office (Noida), that place is deemed its sole place of business for the purpose of the suit, to the exclusion of the principal office.

26. Consequently, the "composite cause of action" theory cannot be imported into a sale-of-goods contract where the performance and breach occurred exclusively within the jurisdiction of a subordinate office. In such commercial contracts, preliminary discussions or techno-commercial offers are merely incidental; the "real" cause of action- the failure to take delivery and failure to pay is rooted entirely in Noida. Since the statutory mandate anchors jurisdiction to the Noida-Jalgaon nexus, the principles laid down in *Aakash Chaturbhuj* do not come to the aid of the Appellant.

27. While adjudicating an application under Order VII Rule 10 of the CPC, the Court is required to adopt a pragmatic and realistic approach and ascertain where the "real cause of action" arose. Mere placement of a purchase order may constitute one step in the transaction, but even that, in the present case, occurred at Noida. The core dispute does not concern the issuance of purchase orders per se, but centres on failure to take delivery of goods and failure to make payment for goods already supplied or lying ready at the Appellant's factory. These facts form the heart of the cause of action and are wholly unconnected with Delhi.



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28. Insofar as the issue of imposition of cost of Rs.10,000/-is concerned, in the opinion of this Court, the same warrants no interference. The learned Single Judge has aptly considered the issue in relation to suppression of material facts and rightly observed that the non-disclosure of the rejection of the Appellant's application for return of plaint in the Noida Suit cannot be said to be inconsequential merely because the same had been challenged by the Appellant before the Allahabad High Court. This Court is also unpersuaded by the contention made on behalf of the Appellant that the rejection of the Appellant's application cannot be said to be a material fact. Identical plea in relation to the jurisdiction clause encompassed in the purchase orders were raised by the Appellant in the application for return of plaint in the Noida suit as well as in the subject suit in relation to territorial jurisdiction. While the issue may be sub judice before the Allahabad High Court, it was incumbent on the Appellant to make a full disclosure in relation to the same in the plaint.

CONCLUSION:

29. In view of the foregoing, the learned Single Judge has meticulously considered all these aspects and correctly concluded that no part of the cause of action accrued within the territorial jurisdiction of Courts at Delhi. The conclusion is not only plausible but is firmly grounded in the pleadings, the contractual documents, and settled principles governing territorial jurisdiction. The Costs have also been rightly imposed.



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30. Consequently, this Court finds no infirmity, factual or legal, in the Impugned Order warranting interference in the present Appeal.

31. Accordingly, the present Appeal, being devoid of merit, is dismissed. The pending application also stands closed.

ANIL KSHETARPAL, J.

AMIT MAHAJAN, J.

APRIL 15, 2026

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