



2026:DHC:8048



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

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CNR No. DLHC010011192018

+ **FAO 27/2019 and CM APPL. 3499/2019**

rites ltd

.....Appellant

Through: Mr. G.S. Chaturvedi and Ms.
Shivangi Dubey, Advocates

versus

ESPAN INFRASTRUCTURE LTD

.....Respondent

Through: Mr. Ravikesh K. Sinha, Advocate

CORAM:

HON'BLE MR. JUSTICE MANOJ KUMAR OHRI

JUDGMENT

1. The present appeal has been preferred assailing the order dated 20.09.2018 passed by the learned ADJ-03 (East), *Karkardooma* Courts, in Civil Suit No. 3409/2016.

Vide the impugned order, the Trial Court decided the preliminary issue of territorial jurisdiction in favour of the respondent (hereinafter the “plaintiff”) and held that the Courts at *Delhi* possessed territorial jurisdiction to entertain the underlying suit.

2. Briefly stated, the plaintiff instituted the underlying suit seeking a declaration and recovery of a sum of Rs.9,92,391/- against the



appellant (hereinafter the “defendant”). The suit was filed on the premise that the defendant, acting as an agent and Power of Attorney holder of the Directorate of Civil Aviation, Government of *Uttar Pradesh*, had issued Tender Notice in February 2015 for the work of “*extension and resurfacing of existing airstrips and allied works at Shravasti (U.P.)*”. The plaintiff participated in the tender and deposited an Earnest Money Deposit of Rs.7,54,000/- through a demand draft. During evaluation of technical bids, the Tender Evaluation Committee rejected the plaintiff’s technical bid and the Earnest Money Deposit was forfeited under the terms of the tender.

3. Aggrieved by the forfeiture of its Earnest Money Deposit, the plaintiff instituted the underlying suit before the District Court, *Karkardooma, Delhi*, arraying the defendant through its Northern Region Office situated at *12th Floor, Core-2, Scope Minar, Laxmi Nagar, Delhi*. The basis for invoking the territorial jurisdiction of the Courts at *Delhi* was set out in paragraph 32 of the plaint, which reads as under:

“32. *That the subject matter of dispute relating to the bid as per the Bid Document pertains to the exclusive jurisdiction of the competent court at Delhi. As the matter is commercial and the pecuniary jurisdiction is in excess of Rs. 1 Crore and therefore, this Hon’ble Court has both the territorial as well as the pecuniary jurisdiction to entertain and adjudicate the present Suit filed by the Plaintiff.*”

4. Upon receipt of summons, the defendant entered appearance and filed its Written Statement raising preliminary objections as to the maintainability of the suit for want of territorial jurisdiction. The



defendant contended that no cause of action had arisen in *Delhi*, that the Northern Region Office at *Laxmi Nagar, Delhi* was merely a subordinate office, that its Principal/Corporate Office was situated at *Sector 29, Gurugram, Haryana*, and that the entire tender was invited, processed, and handled by its Airport Division situated at *Sector 44, Gurugram, Haryana*. It was further urged that Clause 13(b) of the bid document, which provided for *New Delhi* jurisdiction, formed part of the Special Conditions of Contract and was to take effect only upon the execution of a contract, which never came into existence between the parties.

5. The plaintiff thereafter filed its replication reiterating that the suit was maintainable since the Northern Region Office was situated within the local limits of the Court and the bid document provided for jurisdiction of *Delhi* Courts.

6. *Vide* the impugned order dated 20.09.2018, the Trial Court rejected the defendant's preliminary objections, observing as under:

"Considering the fact that the tender document placed on record clearly points out that the New Delhi courts have jurisdiction signed by both the parties and also considering the fact that registered office of the defendant is in New Delhi, I do not find any ground as to why there is no territorial jurisdiction to entertain the present suit. The objection is accordingly decided in favour of the plaintiff.

The judgements relied upon by the counsel for defendant do not apply to the present case as registered office of the defendant is in New Delhi and even otherwise both the parties have agreed to jurisdiction of the New Delhi Courts."

7. Learned counsel for the appellant/defendant submits that the Trial Court failed to appreciate that the plaintiff did not make any



averment in the plaint that the Courts at *Delhi* possessed territorial jurisdiction on account of the defendant having its registered office at *Delhi*. The defendant had taken a specific preliminary objection in the Written Statement that the Northern Region Office at *Laxmi Nagar, Delhi* was merely a subsidiary office, where no cause of action had arisen, and in the absence of any averment in the plaint regarding the registered office, the defendant had no occasion to deny the same. Learned counsel further submits that all material events pertaining to the tender had taken place at *Gurugram, Haryana*, and that Clause 13(b) of the Special Conditions of Contract was never operational because the plaintiff's technical bid was rejected and no contract agreement was ever executed. Placing reliance on the decision of this Court in *Jain Irrigation Systems Limited Vs. M/s. Pragyawan Technologies Private Limited*¹, learned counsel contends that the mere presence of a registered office or a subordinate office cannot confer territorial jurisdiction when the entire cause of action arose outside *Delhi*.

8. Learned counsel for the plaintiff/respondent, on the other hand, supports the impugned order and submits that the defendant maintains its registered office at *Delhi* and also carries on business through its Northern Region Office at *Laxmi Nagar*. It is contended that under Section 20(a) CPC, a corporation can be sued where it carries on business, and the tender document placed on record by the defendant

¹ 2024:DHC:7169



itself contained Clause 13(b) which conferred jurisdiction on *New Delhi Courts*.

9. I have heard the learned counsel for the parties and perused the record.

10. The primary question that falls for determination is whether the Trial Court was justified in rejecting the preliminary objections as to territorial jurisdiction on the grounds that Clause 13 of the tender document provided for *New Delhi* jurisdiction and that the registered office of the defendant is situated in *New Delhi*.

11. A perusal of Section 1 of the tender document reflects that the entire tender process was situated at *Gurugram, Haryana*. Under Clauses 5.1 and 5.2, the tender documents were to be seen and purchased at the office of the Senior Deputy General Manager (Airports), RITES Limited, *RITES Bhawan-II, Plot No. 144, Sector 44, Gurugram*. Under Clause 5.5, all clarifications were to be addressed to the said office at *Gurugram*. Under Clauses 6.1 and 6.2, the pre-bid meeting was scheduled to take place at the *Gurugram* office and all supplementary questions were required to be submitted there. Under Clause 9.1, the Earnest Money Deposit of Rs.7.54 Lakhs was required to be submitted in the form of a demand draft payable at *Gurugram*, drawn in favour of RITES Ltd., *Gurugram*. Under Clause 11.4.1(c)(v) and Clause 11.5.1, the tender packets were required to be addressed and submitted to the Group General Manager (Airports) at Plot No. 144, Sector 44, *Gurugram*. Under Clause 12.1, the tenders were to be opened at the aforesaid office in *Gurugram*. Under Clause 18.4, the



successful bidder was required to attend the office at *Gurugram* for signing the formal contract agreement.

12. These factors demonstrate that every stage of the tender, from the issuance and purchase of documents to the submission, opening, evaluation of technical bids, and the decision forfeiting the Earnest Money Deposit, occurred exclusively within the territorial limits of *Gurugram, Haryana*. No material act or event forming part of the cause of action accrued within the territorial jurisdiction of the Courts at *Delhi*.

13. Clause 13(b) forms part of Section 3 of the bid document, which sets out the “Special Conditions relating to existing Clauses of Contract”. The clause provides that the “Courts in the City of *New Delhi*” alone shall have jurisdiction to entertain any application or other proceedings in respect of anything arising under the agreement. However, it is an admitted position on record that the plaintiff’s technical bid was rejected by the Tender Evaluation Committee on 10.04.2015. No Letter of Acceptance was ever issued to the plaintiff, nor was any contract agreement executed. The present proceedings relate to the pre-award stage as contract was never awarded. The Special Conditions of Contract govern the execution and performance of the contract once awarded; they do not apply to an unsuccessful bidder whose bid was rejected at the threshold. Consequently, Clause 13(b) never came into operation between the parties.

14. Turning next to the finding that the registered office of the defendant is located in *New Delhi*, a perusal of the plaint reveals that in



paragraph 32, the plaintiff did not aver that the Courts at *Delhi* had territorial jurisdiction because the defendant has its registered office at *Delhi*. The plaintiff merely arrayed the defendant through its Northern Region Office at *Laxmi Nagar, Delhi*. In the Written Statement, the defendant specifically took the preliminary objections that the Northern Region Office is only a subsidiary office where no cause of action arose. In the absence of any averment in the plaint founded on the registered office, the defendant had no occasion to deny the same.

15. Under Section 20(a) CPC read with the Explanation thereto, as analysed by the Coordinate Bench of this Court in *Jain Irrigation Systems Limited* (*supra*), referencing the judgments of the Supreme Court in *Patel Roadways Ltd. Vs. Prasad Trading Company*² and *A.B.C. Laminart (P) Ltd. & Anr. Vs. A.P. Agencies, Salem*³, the mere location of a company's registered office or a subordinate office alone cannot confer territorial jurisdiction where no part of the cause of action has arisen within the local limits of that Court. Where a corporation carries on its operations and the entirety of the cause of action arises at a particular office, the suit must be instituted there.

16. In the present case, the Northern Region Office situated at *Scope Minar, Laxmi Nagar, Delhi* is merely a subordinate office of the defendant. No transaction relating to the tender took place through the said subordinate office, and the entire cause of action arose within the jurisdiction of the office at *Gurugram, Haryana*. In terms of the

² (1991) 4 SCC 270

³ (1989) 2 SCC 163



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Explanation to Section 20 CPC and the law laid down by the Supreme Court in Patel Roadways Ltd. (*supra*), as reiterated in Jain Irrigation Systems Limited (*supra*), the mere existence of an office at *Delhi*, where no part of the cause of action arose, cannot confer territorial jurisdiction upon the Courts at *Delhi*.

17. Considering all the above, this Court is of the considered opinion that the Trial Court erred in holding that the Courts at *Delhi* have territorial jurisdiction to entertain the underlying suit. Accordingly, the present appeal is allowed and the impugned order is set aside.

18. The preliminary objections raised by the defendant as to lack of territorial jurisdiction are upheld, and the Trial Court is directed to return the plaint under Order VII Rule 10 CPC for presentation before the Court of competent territorial jurisdiction.

19. The pending application is also disposed of in the above terms.

20. A copy of this judgment be communicated to the Trial Court concerned.

(MANOJ KUMAR OHRI)
JUDGE

SEPTEMBER 17, 2026

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