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CR-293-2026

IN THE HIGH COURT OF MADHYA PRADESH
AT JABALPUR

BEFORE

HON'BLE SHRI JUSTICE VIVEK RUSIA

&

HON'BLE SHRI JUSTICE PRADEEP MITTAL

ON THE 10th OF APRIL, 2026

CIVIL REVISION No. 293 of 2026

BGR ENERGY SYSTEM LTD. THROUGH MR. K. RAGUPATHY

Versus

UNIVERSAL CABLES LTD. AND OTHERS

.....
Appearance:

Shri Sanjeev Kumar Singh with Shri Satendra Singh Tiwari,
Advocates for petitioner.
.....

ORDER

Per. Justice Pradeep Mittal

This revision petition under Section 115 of the CPC is filed against order dated 05.02.2026 passed by the learned 4th Civil Judge, Senior Division (Commercial Court Civil Judge Status), Rewa in Commercial Case No. 06 of 2025 whereby application of the petitioner/defendant No. 1 under Order 7 Rule 11 of the CPC has been dismissed.

2. The primary contention of the petitioner/defendant no. 1 is that the suit for recovery of Rs.28,54,556/- is based on a bank guarantee containing an exclusive jurisdiction clause in favour of Chennai courts, and therefore this Court lacks jurisdiction and no cause of action exists.

3. The plaintiff opposed, submitting that the cause of action is clearly pleaded, arises from the purchase order executed and performed in Satna,



and cannot be rejected at this stage. It was further argued that the bank guarantee is only a mode of payment and jurisdiction cannot be decided under Order VII Rule 11 of the CPC.

4. Upon consideration of the record, the Commercial Court held that the dispute primarily exists between the plaintiff and Defendant No. 1 regarding the alleged wrongful invocation of the Performance Bank Guarantee (PBG). Defendant Nos. 2 and 3, being issuers of the Bank Guarantee, are only formal parties, and no allegations of breach, misconduct, or collusion have been made against them. Therefore, the jurisdiction clause conferring authority on the Chennai courts is not applicable to the present dispute. The Commercial Court further observed that the Purchase Order was accepted by the plaintiff at Satna, and the tax invoices also specify Satna as the place of jurisdiction. Accordingly, part of the cause of action has arisen at Satna, conferring jurisdiction upon this Court to adjudicate the matter.

5. On the issue of cause of action, the plaint contains clear and specific pleadings alleging wrongful and malicious invocation of the PBG by Defendant No. 1. The claim amount and related disputes require adjudication upon evidence; however, the plaint, on its face, discloses a prima facie cause of action and thus, holding the suit to be maintainable and not devoid of cause of action dismissed the applicant of the defendant No.1/ petitioner, hence the petitioner/defendant No.1 has filed this revision on the following grounds.

6. It is contended by the learned counsel for the petitioner defendant No. 1 that the impugned order dated 05.02.2026 passed by the Learned



Commercial Court is illegal, unjust, improper, and contrary to the settled principles of law.

7. It is further contended that the petitioner raised a preliminary objection regarding the maintainability of the suit on the ground that the Civil Court at Rewa lacks territorial jurisdiction to entertain the suit filed by respondent No. 1. It is submitted that, as per the mutual agreement between the parties, any dispute arising out of the bank guarantee shall be subject to the territorial jurisdiction of the Civil Courts at Chennai. However, the learned Commercial Court ignored this agreement and dismissed the petitioner's application. Hence, the impugned order dated 05.02.2026 deserves to be set aside.

8. It is also contended that the petitioner duly placed on record the agreement executed between the parties, which was voluntarily signed by both parties. The agreement specifically provides that any dispute between the parties shall be subject to the jurisdiction of the Civil Courts at Chennai. Despite this, respondent No. 1 filed the suit before the Civil Court at Rewa, which lacks territorial jurisdiction. Therefore, the impugned order passed by the Learned Civil Judge (Commercial Court), Rewa, deserves to be set aside.

9. That the petitioner further raised an objection that Respondent No. 1/plaintiff failed to properly plead and establish territorial jurisdiction in the plaint, which is a mandatory requirement under the CPC. In the absence of proper averments regarding jurisdiction, the suit is not maintainable and is liable to be dismissed.

10. That the petitioner rightly filed an application under Order VII



Rule 11 CPC for rejection of the plaint. However, the Learned Commercial Court failed to consider the contentions, documents, and written arguments submitted by the petitioner. Therefore, the impugned order dated 05.02.2026 deserves to be set aside by this Court.

11. The plaintiff raised a preliminary objection contending that the plaint clearly discloses a cause of action, and its validity cannot be examined at this stage under Order VII Rule 11 CPC. It is settled law that only the averments in the plaint are to be considered, and the defence of the defendant is irrelevant.

12. The objection regarding territorial jurisdiction is not maintainable under Order VII Rule 11(d) CPC, as it involves a mixed question of law and fact requiring trial. The dispute arises from the breach of the purchase order, while the bank guarantee was merely a mode of payment.

13. Since the purchase order was issued and executed in Satna, and the goods were manufactured and supplied from there, a substantial part of the cause of action arose within the jurisdiction of this Court. Therefore, this Court has territorial jurisdiction.

14. The defendant's application is misconceived, based on incorrect grounds, and intended to delay the proceedings. Further, the defendant has taken contradictory stands and is estopped from raising such objections.

15. Learned counsel for the petitioner relied upon Clause 12 of the Bank Guarantee to contend that jurisdiction lies exclusively with the courts at Chennai, which reads as follows:

“This Guarantee shall be governed by and construed in accordance



with Indian laws, and only the competent courts in the city of Chennai, India, shall have jurisdiction over all matters covered under this Guarantee.”

16. Upon hearing learned counsel for the parties and perusal of the record, this Court finds no illegality, perversity, or jurisdictional error in the impugned order dated 05.02.2026 passed by the learned Commercial Court, Rewa.

17. The primary contention of the petitioner/defendant no.1 is based on Clause 12 of the Bank Guarantee conferring exclusive jurisdiction upon the courts at Chennai. However, it is evident that the present dispute does not arise out of any breach of the terms of the Bank Guarantee by Defendant Nos. 2 and 3, nor is there any allegation of misconduct or collusion against them. The dispute essentially pertains to the alleged wrongful invocation of the Performance Bank Guarantee by Defendant No. 1 in relation to the Purchase Order. Therefore, the jurisdiction clause contained in the Bank Guarantee cannot be determinative of jurisdiction for the present dispute.

18. The plaintiff filed a summary civil suit against Defendant No. 1 seeking a money decree of Rs.29,99,073/- along with 18% pendente lite interest. No relief has been sought against Defendant Nos. 2 to 4. The plaintiff's allegations are that he supplied articles under a contract and no complaints were lodged regarding defects in the supplied articles within the prescribed period. It is further alleged that, after the expiry of the bank performance guarantee period, Defendant No. 1 wrongfully encashed the bank guarantee for an amount of Rs.29,99,073/-. Under the terms of the purchase order agreement, the plaintiff has claimed the said amount only



from Defendant No. 1. Upon a careful reading of the plaint, it is clear that there is no dispute regarding the terms and conditions of the bank performance guarantee. The dispute pertains solely to the alleged defective articles supplied by the plaintiff, on account of which Defendant No. 1 encashed the bank guarantee. Therefore, the dispute arises out of the purchase order, which constitutes a separate contract, and not out of the bank guarantee. Both agreements are distinct; hence, the clause relating to the bank guarantee does not exclude the jurisdiction of the Satna Court. The invoices for the supplied items specifically state that the courts at Satna shall have jurisdiction over all disputes arising from the invoices. There is no dispute regarding the terms and conditions of the bank performance guarantee, and the bank has been impleaded only as a formal party to the suit. The dispute essentially concerns the articles supplied by the plaintiff and the withholding of payment by the defendant. Thus, it is a straightforward case for recovery of excess payment withheld in relation to the contract. Accordingly the cause of action arose at Satna and not at Chennai. The learned Commercial Court has rightly held that the courts at Satna have jurisdiction to hear the matter.

19. It is further apparent from the plaint that the Purchase Order was accepted at Satna, and the goods were manufactured and supplied from there. The tax invoices also specify Satna as the place of jurisdiction. Thus, a substantial part of the cause of action has arisen within the territorial jurisdiction of the Court at Rewa/Satna, and the Commercial Court has rightly assumed jurisdiction.



20. So far as the application under Order VII Rule 11 CPC is concerned, it is well settled that only the averments made in the plaint are to be considered, and the defence raised by the defendant cannot be looked into at that stage. The plaint, on its face, clearly discloses a cause of action, and the issues raised by the petitioner involve mixed questions of law and fact, which require adjudication upon evidence and cannot be decided at the threshold.

21. In view of the aforesaid, this Court finds that the learned Commercial Court has rightly held the suit to be maintainable and has correctly dismissed the application under Order VII Rule 11 CPC.

22. Accordingly, the present revision petition, being devoid of merit, is hereby dismissed.

(VIVEK RUSIA)
JUDGE

(PRADEEP MITTAL)
JUDGE

MSP