



2026:CGHC:18223

NAFR**HIGH COURT OF CHHATTISGARH AT BILASPUR****ARBR No. 2 of 2026**

M/s Balaji Power (A Unit of Hira Ferro Alloys Limited), having its Registered Office At, Plot No. 567-B, 568, 553-B, Urla Industrial Complex, Raipur 492003, Chhattisgarh through its Authorised Signatory, Mr. Niket Khandelwal.

... Applicant**versus**

1 - IFFCO Tokio General Insurance Co Ltd Through Its Director, Having Its Registered Office At, IFFCO Sadan, C 1, District Centre, Saket, New Delhi 110017.

2 - The Branch Head IFFCO Tokio General Insurance Co Ltd Having Its Office At, Shop No. 303, 3rd Floor, M.M. Silver Plaza, Near Mining Office, Mahaveer Nagar, Ring Road No. 1, Raipur 492006, Chhattisgarh.

... Respondents

For Applicant	:	Mr. Ankit Singhal, Advocate
For Respondents	:	Mr. Abhijeet Mishra, Advocate

Hon'ble Mr. Ramesh Sinha, Chief Justice**Order on Board****21/04/2026**

1. This is an application under Section 11(5) and (6) of the Arbitration and Conciliation Act, 1996 for appointment of an Arbitrator.
2. The applicant has prayed for the following relief(s):

“In the aforementioned facts and circumstances, the

Applicant herein humbly prays before this Hon'ble Court to pass following orders which are made in addition and/or in alternate to each other:

(a) This Hon'ble Court may kindly be pleased to invoke its power under Section 11(5) & (6) of the Arbitration & Conciliation Act, 1996 (as amended) and in exercise thereof be pleased to appoint Sole Arbitrator to adjudicate the dispute and difference arisen between the parties as stipulated by the terms and conditions therein of the subject Iffco Tokio Industrial All Risk Policy bearing Policy No. 12632289 dated 18.07.2023, in the interest of justice; and

(b) This Hon'ble Court may kindly be pleased to pass such further orders as may deem fit in the facts and circumstances of this case."

3. The facts, in brief, is that the applicant i.e., M/s Balaji Power, a unit of M/s Hira Ferro Alloys Limited, is engaged in the business of electricity generation, whereas respondent No. 1 i.e., IFFCO -Tokio General Insurance Co. Ltd., a company incorporated under the provisions of the Companies Act, 1956, is engaged in the business of issuance of insurance policies, and respondent No. 2 is its Branch Head for Raipur region. On 18.07.2023, the applicant obtained an Iffco Tokio Industrial All Risk Policy bearing Policy No. 12632289, valid from 20.07.2023 to 19.07.2024, upon payment of premium amounting to Rs. 11,69,135/-. The said policy covered material damage up to Rs. 71,86,76,446/-, machinery breakdown up to Rs. 44,94,63,000/- and Business Interruption under Fire Loss of Profit (FLOP) up to Rs. 16,00,00,000/-. The applicant operates a Biomass Power Plant utilizing biomass such as rice husk for generation of

electricity and has installed a Turbine Generator manufactured by M/s Triveni Turbines Ltd. (OEM), which is also covered under the said policy. That on 04.08.2023, a sudden fire broke out in the Applicant's plant causing extensive material damage to the TG Building and entire power plant, which was immediately intimated to the Respondents vide email dated 04.08.2023. Pursuant thereto, the Respondents appointed M/s Proclaim Insurance Surveyors & Loss Assessors Pvt. Ltd. for assessment; however, the claim was registered only under Material Damage vide Claim No. 12006257, ignoring the Fire Loss of Profit aspect despite clear indication that fire was the root cause.

4. Further the applicant's plant remained shut for more than six months as the turbine was sent to the OEM at Bengaluru for repairs, resulting in substantial business losses. The Applicant, through its internal committee report (Annexure A-3), as well as the Root Cause Analysis (RCA) report prepared by the OEM (Annexure A-5), consistently established that the cause of the incident was external fire. Despite submission of multiple evidences including DCS data, relay data, log sheets and video recordings, the Respondents and their appointed surveyor ignored the same and attempted to classify the incident under Machinery Breakdown to avoid liability under FLOP. The applicant reiterated its claim vide email dated 09.01.2024, upon which a separate Claim No. 12006735 was allotted for FLOP. Further, in the meeting dated 16.02.2024, the Respondents acknowledged eligibility of Loss of Profit claim; however, subsequently, the surveyor vide communications dated

06.03.2024 and 16.04.2024 raised erroneous findings attributing the cause to grid failure, contrary to OEM's findings. The Applicant, vide detailed reply dated 02.05.2024, explained the sequence of events establishing that fire preceded any mechanical abnormality. The Applicant submitted claims amounting to Rs. 6,70,67,268/- under Material Damage and Rs. 14,52,00,000/- under FLOP. However, the surveyor, in its final report dated 03.02.2025, reiterated its incorrect conclusions disregarding all material evidence. The Respondents, vide letter dated 26.05.2025, admitted liability only to the extent of Rs. 6,04,01,596/- under Material Damage and denied the FLOP claim entirely. Aggrieved thereby, the applicant issued a legal notice dated 28.07.2025 claiming Rs. 14,52,00,000/- along with 18% interest from 04.08.2023, however, no response was received. Consequently, the applicant invoked arbitration vide notice dated 24.09.2025 under Section 21 of the Arbitration and Conciliation Act, 1996 in terms of Clause 12 of the policy, which was delivered on 29.09.2025, granting 30 days for consent to the proposed Sole Arbitrator. The Respondents, though replied to the legal notice on 14.10.2025, failed to respond to the arbitration notice or provide consent till date. It is submitted that more than 30 days have elapsed and disputes have arisen between the parties regarding denial of FLOP claim amounting to Rs. 14,52,00,000/- with interest. It is further submitted that the policy was issued in the State of Chhattisgarh and the Applicant is also situated therein, thus this Hon'ble Court has territorial jurisdiction. Therefore, in view of the disputes and failure of the Respondents to act in terms of the

arbitration clause, the applicant is constrained to approach this Hon'ble Court under Section 11 of the Arbitration and Conciliation Act, 1996 for appointment of a Sole Arbitrator.

5. Mr. Ankit Singhal, learned counsel for the applicant submits that the applicant i.e., M/s Balaji Power, a unit of M/s Hira Ferro Alloys Limited, engaged in the business of electricity generation, had obtained an IFFCO Tokio Industrial All Risk Policy dated 18.07.2023 bearing Policy No. 12632289 from the Respondents, valid for the period from 20.07.2023 to 19.07.2024, upon payment of premium amounting to Rs. 11,69,135/-, which inter alia covered material damage, machinery breakdown and Business Interruption under Fire Loss of Profit (FLOP). It is submitted that on 04.08.2023, a sudden fire broke out in the Applicant's power plant causing extensive damage, which was duly intimated to the Respondents on the same day, however, the Respondents registered the claim only under the head of Material Damage vide Claim No. 12006257, ignoring the FLOP component despite the fact that the incident was caused due to fire. It is further submitted that the Applicant's plant remained shut for more than six months as the turbine was under repair with the OEM, resulting in substantial losses, and the Applicant consistently established through its committee report, RCA report of the OEM, DCS data, relay data and other evidences that the root cause of the incident was external fire. Despite this, the Respondents and their appointed surveyor deliberately disregarded the said evidences and attempted to classify the incident as Machinery Breakdown in order to evade liability under FLOP. It is submitted that the Applicant

reiterated its claim vide email dated 09.01.2024, pursuant to which a separate claim bearing No. 12006735 was allotted; further, in the meeting dated 16.02.2024, the Respondents acknowledged the Applicant's eligibility for Loss of Profit claim. However, the surveyor, vide communications dated 06.03.2024 and 16.04.2024, raised erroneous findings contrary to the RCA report, which were duly rebutted by the Applicant vide detailed reply dated 02.05.2024. It is submitted that the Applicant thereafter submitted claims amounting to Rs. 6,70,67,268/- under Material Damage and Rs. 14,52,00,000/- under FLOP; however, the surveyor, in its final report dated 03.02.2025, reiterated its incorrect conclusions by ignoring all material evidence. It is further submitted that the Respondents, vide letter dated 26.05.2025, admitted liability only to the extent of Rs. 6,04,01,596/- under the head of Material Damage and denied the Applicant's claim under the head of Fire Loss of Profit entirely. Aggrieved thereby, the Applicant issued a legal notice dated 28.07.2025 claiming Rs. 14,52,00,000/- along with 18% interest from 04.08.2023, however, no response was received. Thereafter, the Applicant invoked arbitration vide notice dated 24.09.2025 under Section 21 of the Arbitration and Conciliation Act, 1996 in terms of Clause 12 of the policy, which was duly delivered on 29.09.2025 granting 30 days' time to the Respondents to give consent to the proposed Sole Arbitrator, however, the Respondents have failed to respond or give consent till date, though they replied to the legal notice on 14.10.2025. It is thus submitted that disputes have arisen between the parties with regard to denial of the Applicant's legitimate

claim under the head of Fire Loss of Profit amounting to Rs. 14,52,00,000/- along with interest, and despite invocation of arbitration clause, the Respondents have failed to act in terms thereof, thereby necessitating intervention of this Hon'ble Court under Section 11 of the Arbitration and Conciliation Act, 1996 for appointment of a Sole Arbitrator

6. Learned counsel for the respondents, opposes this arbitration request application, however they submit that the respondents shall have no objection if this Court appoints any Arbitrator for resolving the dispute between the parties.
7. I have heard learned counsel appearing for the parties, perused the pleadings and documents appended thereto.
8. A query was put to learned counsel appearing for the parties as to whether they are agreeable for a common name who can be appointed as Arbitrator, learned counsel for the parties submitted that they would have no objection if any retired Judge of this High Court is appointed as the Sole Arbitrator. They further submit that Hon'ble Shri Justice Arvind Kumar Verma, who is a retired Judge of this High Court may be appointed as the Sole Arbitrator.
9. In view of the above consensus between the learned counsel for the parties, **Hon'ble Shri Justice Arvind Kumar Verma** a retired Judge of this High Court is appointed to act as the Sole Arbitrator to resolve the dispute involved in this arbitration request between the parties.

10. The Registry is directed to communicate this order to Hon'ble Shri Justice Arvind Kumar Verma in the proper address.
11. The remuneration of the Arbitrator shall be settled with the mutual consent of the parties.
12. The arbitration request petition, accordingly, stands **allowed**.

**Sd/-
(Ramesh Sinha)
Chief Justice**

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