

(2026) 08 DEL CK 4516
In the Delhi High Court
Case No : O.M.P.(I) (COMM.) 302/2026

Valency Agro Private Limited

APPELLANT

Vs

Star Agri Warehousing And Collateral Management Limited &
Ors.

RESPONDENT

Date of Decision : 03-08-2026

Acts Referred:

Arbitration and Conciliation Act, 1996 — Section 9, 42, 2(2)

Citation : 2024 INSC 850

Hon'ble Judges : Om Prakash Shukla, J

Bench : Single Bench

Advocate : Mr. Rohan Naik, Mr. Kaustub Narendran, Mr. G. Arudhra Rao, Advs.

Judgement

1. This Court *vide* order dated 29.07.2026 recorded the following:

**"I.A. 19727/2026 (Exemption from filing left side margin and
typed copies of dim annexures)**

1. *Exemption allowed, subject to al just exceptions.*
2. *The application stands disposed of.*

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3. *The present petition is filed under Section 9 of the Arbitration and Conciliation Act, 1996 seeking urgent interim measures inter alia arising out of a Warehouse Management Agreement dated 20.02.2024 executed between the Petitioner and Respondent No.1.*
4. *The Petitioner seeks the appointment of a Receiver/Local Commissioner, with Police Assistant to secure access to, preserve and take custody of 696 MT of Sona Masuri/RNR paddy belonging to the Petitioner, which continued to remain inaccessible despite repeated demands and attempts at amicable resolution.*
5. *The facts in brief are that the Petitioner is in the business of procurement, storage, processing and trading of the agricultural commodities. The Respondent No.2 and the Petitioner entered into a Supply Agreement dated 06.02.2024. Under the Supply Agreement, the Petitioner was to procure paddy of Sona Masuri/RNR variety up to a maximum of 1000 MT for sale to Respondent No.2.*

6. Pursuant to the Supply Agreement, the Petitioner procured 696 MT of RNR/Sona Masuri variety. However, pending payment and lifting of the cargo by Respondent No.2, the Petitioner's cargo came to be stored at Varasiddi Vinayaka Godown.

7. Respondent No.1 was engaged by the Petitioner under a Warehouse Management Agreement dated 20.02.2024 for management of the warehouse and custody of the Petitioner's cargo stored therein. Based on information provided to the Petitioner, Respondent No.1 had leased the warehouse from Respondent No.3 under the Lease Agreement dated 24.01.2024.

8. According to the Petitioner, the disputes under the Warehouse Management Agreement are referable to arbitration to Delhi in terms of Clause 9. The same is reproduced herein below:

"9) Arbitration:

In case of such failure, the dispute shall be referred to a sole Arbitrator, who shall be mutually appointed by the Parties. In the event the Parties are unable to mutually agree on the identity of the sole Arbitrator in the manner specified above, then the arbitration proceedings shall be conducted by the three Arbitrators of which the first Arbitrator shall be appointed by Valency Agro Private Limited the second Arbitrator by Service Provider and both such arbitrators appointed shall mutually appoint the third presiding Arbitrator. The Arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996 and shall be held in Delhi. The language of arbitration shall be English."

9. Upon Petitioner taking appropriate steps, issue notice to the Respondent through all possible modes, including electronic means and dasti.

10. Reply be filed within three weeks. Rejoinder thereto, if any, be filed within two weeks thereafter.

11. Till the next date of hearing, Respondents, their servants, agents or anyone claiming through or under them are restrained from selling, transferring, alienating, removing, encumbering, dealing with or creating any third-party rights in respect of the Cargo or any part thereof.

12. List on 18.09.2026.

13. This aforesaid order was dictated in open court. However, while signing the order, it revealed that the jurisdictional aspect was not considered.

14. Clause 11 of the warehouse agreement discloses the jurisdiction, the same is reproduced below:

"11. Governing Law and Jurisdiction

This Agreement/contract shall, in all respects, be governed by and construed in all respects in accordance with the laws of India. In relation to any legal action or proceeding to enforce this Agreement, or to seek any equitable relief, including temporary or permanent injunctions, if there is any anticipated breach of any obligation under this agreement, the Parties irrevocably submit to the exclusive jurisdiction of the competent courts in Jaipur."

15. In view thereof, prima facie it is made out that courts at Jaipur would have jurisdiction and Delhi is merely a "venue" for arbitration proceedings.

16. Accordingly, let learned Counsel for the petitioner satisfy on maintainability of the present petition.

17. List on 03.08.2026."

2. Mr. Rohan Naik, learned Counsel for the Petitioner submits that when an arbitration clause specifies a venue or a place of arbitration, that venue or place of arbitration operates as the seat of arbitration. The Courts at the seat of arbitration would then have exclusive supervisory jurisdiction over the arbitral process, notwithstanding the existence of a separate exclusive jurisdiction clause in the contract. He wishes to rely on **BGS SGS SOMA JV v. NHPC¹, Yash Deep Builders v. Sushil Kumar Singh², Mr Nitin Kwatra v. Stadhawk Services Pvt. Ltd³, Reliance Infrastructure Ltd. v. Madhyanchal Vidyut Vitran Nigam Ltd.⁴ and Moonwalk Infra Projects v. SR Constructions⁵.**

3. Mr. Naik further submits that an arbitration agreement is a separate and complete agreement and a separate exclusive jurisdiction clause in the contract cannot override the conferment of seat. Approaching the Courts in Jaipur will have the effect of Jaipur becoming the only Court for the arbitral process in view of Section 42 of the Arbitration Act and the Supreme Court's judgement in **State of West Bengal v. Associated Contractor⁶.**

4. I have heard the learned Counsel for the Petitioner and perused the material on record.

5. This Court in **Delhi Airport Metro Express Private Limited (India) v. Construcciones Y Auxiliar De Ferrocarriles & Anr.⁷** recorded the following findings on "seat" and "venue":-

"100. A combined reading of the Post- BALCO authorities make it abundantly clear that supervisory jurisdiction is inseparably linked to the seat of arbitration. While, parties retain autonomy to distinguish between "seat and "venue", the designation of a juridical seat automatically attracts the curial law of that seat and vests exclusive supervisory jurisdiction in the courts of that seat. This seat-centric approach is now firmly entrenched in Indian Arbitration Law and brings it in consonance with the UNCITRAL Model Law, which is founded on the territorial principle.

*101. The Supreme Court in para 39 (iii) in Arif Azim case (supra) reaffirmed that Part I of the Act would apply only if the seat or place of arbitration is in India. It is further clarified that recourse to the law governing the arbitration agreement arises only as a last resort and only in cases where no categorical determination of the seat or place is possible even after applying settled legal principles and exhausting all legally recognized mechanisms. The law governing the arbitration agreement becomes relevant merely as a residual consideration. Given that supervisory jurisdiction is inseparably linked to the seat, the determination of the seat becomes a threshold inquiry. The "juridical seat", being the legal home of arbitration, determines which court alone may exercise supervisory control and only after the seat is identified, the applicability of Part I and the jurisdiction of Indian courts can be conclusively resolved and concluded. ****

108. From the foregoing analysis of statutory provisions and binding judicial precedents, it emerges with unmistakable clarity that the supervisory jurisdiction over arbitral proceedings under the Act is exclusively seat centric. The juridical seat of arbitration determines the curial law and the court vested with supervisory authority. Part I of the Act applies only where the seat is situated in India; for foreign seated arbitrations, Part I is excluded, save for the limited statutory exceptions under the proviso to Section 2(2). Further, the doctrine of concurrent jurisdiction stands conclusively rejected. Once the

seat is identified, courts at the seat alone exercise supervisory jurisdiction. As held in BGS SOMA (supra), applying the Shashoua principle, the designation of a place as the "venue" of arbitration ordinarily constitutes the seat in the absence of contrary indicia. This position has been reaffirmed in Arif Azim (supra), which clarifies that Indian courts lack supervisory jurisdiction over foreign seated arbitrations, irrespective of any contractual, commercial or territorial connections with India, does not alter this legal position. This settled position of law must guide the adjudication of the present case, leaving no scope for deviation based on obsolete doctrines or misconceived assertions of jurisdiction."

6. Further, the Apex Court in **M/s Arif Azim Co. Ltd. v. M/s Micromax Informatics Fze**⁸ has observed the following on the aspect of determination of seat:-

"71. From the above exposition of law, the following position of law emerges:-

(iii) Even those arbitration agreements that have been executed prior to 06.09.2012 Part I of the Act, 1996 will not be applicable, if its application has been excluded by the parties in the arbitration agreement either explicitly by designating the seat of arbitration outside India or implicitly by choosing the law governing the agreement to be any other law other than Indian law.

(iv) The moment 'seat' is determined, it would be akin to an exclusive jurisdiction clause whereby only the jurisdictional courts of that seat alone will have the jurisdiction to regulate the arbitral proceedings. The notional doctrine of concurrent jurisdiction has been expressly rejected and overruled by this Court in its subsequent decisions.

(vi) The more appropriate criterion for determining the seat of arbitration in view of the subsequent decisions of this Court is that where in an arbitration agreement there is an express designation of a place of arbitration anchoring the arbitral proceedings to such place, and there being no other significant contrary indicia to show otherwise, such place would be the 'seat' of arbitration even if it is designated in the nomenclature of 'venue' in the arbitration agreement."

7. Thus, it could be understood that the settled position is that the seat is the juridical home of the arbitration and ordinarily confers exclusive supervisory jurisdiction upon the courts of that place, whereas a venue is merely the physical location where hearings may be conducted and does not by itself confer jurisdiction.

8. It could also be understood that the Court must ultimately ascertain the parties' intention from the agreement read as a whole, including the arbitration clause, governing law clause and exclusive jurisdiction clause, rather than mechanically relying on the words "seat" or "venue".

9. Applying the same, it can be construed that exclusive Jaipur clause is a strong contrary indication that Delhi was intended only as the physical venue, not the juridical seat.

10. Thus, in view of the aforesaid reasons, present petition is dismissed on the ground of jurisdiction, with the liberty to approach appropriate forum.

FOOTNOTES

1. **(2020) 4 SCC 234**
2. **FAO (OS) (COMM) 48 of 2023**
3. **Arb. P. 722 of 2023**
4. **2023 SCC OnLine Del 4894**
5. **Arb. P. 1135 of 2024**
6. **(2015) 1 SCC 32**
7. **2025:DHC:11887-DB**
8. **2024 INSC 850**