

Delhi High Court Holds Delhi Is the Arbitral Seat Despite Exclusive Jurisdiction Clause in Favour of Indore Courts

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Introduction

In ***VE Commercial Vehicles Limited vs. Singh Enterprises***¹, the Delhi High Court dealt with a petition under Sections 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 (the "**Arbitration Act**") seeking constitution of an arbitral tribunal under a dealership agreement. The High Court held that a contractual stipulation that the place of arbitration "*shall always be at Delhi*" designated Delhi as the juridical seat, notwithstanding a separate clause conferring exclusive jurisdiction upon the Courts at Indore, since that clause was expressly made subject to the arbitration clause. The High Court further held that allegations concerning the execution and alleged forgery of another page of the agreement did not defeat the arbitration clause at the referral stage, particularly when the respondents had themselves invoked the same clause.

Facts

VE Commercial Vehicles Limited ("**VECV**") and Singh Enterprises had maintained a dealership relationship since 2006 for the supply of Eicher commercial vehicles, spare parts and related services in Rewa, Madhya Pradesh. The arrangement was last renewed through a Dealership Agreement dated 18 March 2021 for a stated term ending on 30 June 2025.

VECV alleged continuing breaches and deterioration in the dealership's performance, including failures relating to timely delivery of vehicles, deployment of manpower and infusion of working capital. After communicating its intention to terminate the arrangement on 22 April 2024, VECV issued a Termination-cum-Demand Notice dated 11 May 2024, terminating the Dealership Agreement and demanding payment of INR 1,41,66,283.

The respondents disputed the allegations by their reply dated 26 June 2024. VECV thereafter invoked Clause 34 of the Dealership Agreement by a notice dated 5 August 2025. The respondents declined to consent to VECV's proposed nominee, but simultaneously counter-invoked Clause 34 and asserted claims of INR 40,66,73,457 against VECV. Since the parties' nominee arbitrators were unable to complete the constitution of the tribunal, VECV approached the Delhi High Court.

Objections Raised by the Respondents

The respondents challenged the maintainability of the petition on several grounds. They contended that the copy of the Dealership Agreement initially filed by VECV did not bear VECV's signature and was therefore an unexecuted draft incapable of containing a binding arbitration agreement. They also alleged that the duration of the agreement had been altered through forgery

on page 4 and referred to a criminal complaint filed before the Economic Offences Wing (EOW).

The respondents further argued that VECV had waived its right to arbitrate by first instituting civil suits before the Courts at Indore and Rewa. They relied upon the clause conferring exclusive jurisdiction upon the Courts at Indore to dispute the territorial jurisdiction of the Delhi High Court. They also referred to a statutory demand notice issued under the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), and submitted that the proposed appointment mechanism and unilateral nomination adopted by VECV were impermissible.

VECV responded that the unsigned copy had been filed inadvertently and produced the duly executed agreement with its rejoinder. It emphasised that the parties had acted upon the agreement for several years and that the respondents had expressly counter-invoked Clause 34. VECV also contended that the Indore suit had been withdrawn with liberty to pursue appropriate proceedings, while the Rewa suit concerned post-termination interference with VECV's new dealership and arose from a distinct cause of action.

Findings of the Delhi High Court

Delhi Was the Juridical Seat of Arbitration

The High Court examined Clause 34 as a whole. It provided for amicable settlement, followed by arbitration before a three-member tribunal, and stated that the "*place of arbitration shall always be at Delhi*". The succeeding jurisdiction clause stated that, subject to Clause 34.1, the Courts at Indore would have exclusive jurisdiction.

Relying upon **BGS SGS Soma JV v. NHPC Limited**², the High Court reiterated that an express designation of the place or venue of arbitration ordinarily identifies the juridical seat in the absence of significant contrary indications. The language used by the parties demonstrated an intention to anchor the entire arbitral process in Delhi. The Indore jurisdiction clause did not displace that choice because it was expressly subordinated to Clause 34.1 and therefore governed matters outside the arbitration clause.

The High Court also relied upon the principles stated in **Bharat Aluminium Company v. Kaiser Aluminium Technical Services Inc.**³ that Courts at the arbitral seat exercise supervisory jurisdiction over the arbitration. The execution of the agreement at Gurugram and performance of the dealership activities in Madhya Pradesh did not deprive the Delhi High Court of jurisdiction.

A Valid Arbitration Agreement Existed Between the Parties

The respondents' plea that the Dealership Agreement was unexecuted was rejected. Their own reply to VECV's invocation notice expressly invoked Clause 34 and nominated an arbitrator for adjudication of their claims. Having relied upon the arbitration clause to seek resolution of their counterclaims, the respondents could not simultaneously deny its existence.

The Court further noted that the allegation of forgery concerned page 4 of the Dealership Agreement, whereas Clause 34 appeared on page 21. The signatures on the page containing the arbitration clause were not disputed. At the Section 11 stage, the Court was required to undertake only a prima facie examination of the existence of the arbitration agreement. The disputed allegation concerning another page of the contract was therefore not a ground to refuse reference and could be examined in the appropriate proceedings.

The Earlier Civil Suits Did Not Amount to Waiver of Arbitration

The Court rejected the argument that VECV had waived its right to arbitrate. The civil suit filed at Indore had been withdrawn with liberty to institute appropriate proceedings. Its prior institution did not bar VECV from subsequently invoking the agreed arbitral mechanism.

The suit pending at Rewa was also found to concern a distinct dispute. It sought injunctions against alleged interference by the former dealer with VECV's employees, newly appointed dealer, business operations and trade name after termination of the Dealership Agreement. In contrast, the proposed arbitration concerned monetary claims and counterclaims arising from performance and termination of the Dealership Agreement.

An IBC Demand Notice Did Not Prevent Reference to Arbitration

The respondents had issued a statutory demand notice for their alleged operational debt, but did not place any material before the Court demonstrating that formal insolvency proceedings had been initiated. More importantly, the respondents had themselves invoked Clause 34 for recovery of the same amount. In these circumstances, the demand notice did not displace the arbitration agreement or prevent constitution of the tribunal.

Constitution of the Arbitral Tribunal

Clause 34 contemplated a three-member tribunal, with each party nominating one arbitrator and the two nominees appointing the third. Both parties had already nominated their respective arbitrators, but the tribunal remained incomplete because the Presiding Arbitrator had not been appointed. Although VECV alternatively sought appointment of a sole arbitrator, the Court declined to alter the agreed composition in the absence of the respondents' consent.

The Court appointed the Presiding Arbitrator. The parties were permitted to raise their respective claims and counterclaims, and all questions concerning arbitrability, preliminary objections and the merits were expressly left open for determination by the tribunal.

Conclusion

The Delhi High Court held that the parties had selected Delhi as the juridical seat of arbitration. The separate grant of exclusive jurisdiction to the Courts at Indore did not operate in relation to arbitral proceedings because it was

expressly subject to the arbitration clause. The Court also found a prima facie valid arbitration agreement, rejected the objections based on alleged forgery, waiver and the IBC demand notice, and completed the constitution of the three-member tribunal by appointing the Presiding Arbitrator.

Comment

The judgment illustrates the importance of reading a dispute resolution clause as an integrated whole. A general or exclusive jurisdiction clause does not necessarily override the choice of arbitral seat, particularly where it is expressly made subject to the arbitration clause. Clear words anchoring arbitration to a particular place will ordinarily confer supervisory jurisdiction upon the Courts of that seat.

The decision also reflects the narrow scrutiny contemplated at the Section 11 stage. Allegations affecting other contractual provisions will not ordinarily defeat an independently identifiable arbitration agreement, especially where the party resisting reference has itself invoked that agreement. Questions of disputed execution, forgery and the merits of the parties' claims may remain open for determination without obstructing constitution of the tribunal.

Finally, the ruling confirms that prior resort to civil proceedings does not automatically amount to an irrevocable waiver of arbitration. The nature of those proceedings, whether they remain pending, and whether their causes of action overlap with the arbitral dispute must be examined before any such conclusion can be drawn.

Endnotes

1. *M/s VE Commercial Vehicles Limited v. M/s Singh Enterprises & Anr.*, ARB.P. 1778 of 2025 (Delhi High Court, judgment dated 30 May 2026).
2. *BGS SGS Soma JV v. NHPC Limited*, (2020) 4 SCC 234.
3. *Bharat Aluminium Company v. Kaiser Aluminium Technical Services Inc.*, (2012) 9 SCC 552.
4. *Nitin Kwatra v. Stadhawk Services Pvt. Ltd. & Ors.*, ARB.P. 722 of 2023 (Delhi High Court, order dated 21 December 2023).

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