



ARBITRATION AND CONCILIATION

Supreme Court Clarifies Arbitration Seat vs. Venue in *Arcis Clean Energy v. Parshva Innovation*

In *Arcis Clean Energy v. Parshva Innovation* (2026 INSC 1109), the Supreme Court held that where an arbitration clause names two places, Delhi was only the venue and Goa the seat, because the governing law clause gave Goa courts exclusive jurisdiction.

AUTHOR Nikita Dlima

PUBLISHED 21 October 2026

Table of contents

- [Background](#)
- [The Contractual Clauses](#)
- [The Legal Framework](#)
- [The Three-Condition Test](#)
- [Application to the Facts](#)
- [Rejecting the Respondent's Arguments](#)
- [Conclusion and Significance](#)

Arcis Clean Energy Pvt. Ltd. v. Parshva Innovation, 2026 INSC 1109 (Supreme Court of India, decided 12 October 2026)

Background

The Supreme Court has addressed a recurring problem in arbitration drafting: what happens when an arbitration clause names two different places, and a separate jurisdiction clause points to one of them. The dispute arose from a Franchise Agreement dated 3 August 2023 between Arcis Clean Energy Pvt. Ltd. (appellant) and Parshva Innovation (respondent). After the respondent proposed a sole arbitrator by notice dated 25 March 2025 and the appellant rejected the proposal on 19 April 2025, the respondent approached the Delhi High Court under Section 11(6) of the [Arbitration and Conciliation Act, 1996](#). The High Court appointed an arbitrator on 11 November 2025 and left the venue of hearings to be decided in consultation with the parties. The appellant challenged this before the Supreme Court, arguing that the Delhi High Court lacked jurisdiction because the [juridical seat](#) was in Goa.

The Contractual Clauses

The case turned on the wording of the agreement. Clause 32.4 provided for a sole arbitrator and stated that the “precise location of the arbitration shall be within Delhi.” Clause 32.5 stated that the “arbitration proceedings will be held in Goa,” with English as the language. Clause 38, the governing law and jurisdiction clause, provided that the parties submit to the exclusive jurisdiction of the competent courts in Goa. The appellant contended that Clause 32.4 only fixed the venue, while Clauses 32.5 and 38 together fixed Goa as the seat. The respondent argued that an arbitration clause is independent of the rest of the contract, so Clause 38 could not determine the seat, and that Clause 32.4, appearing first, should prevail over the later Clause 32.5.

The Legal Framework

The Court began by reviewing the established distinction between “seat” and “venue.” Relying on [Indus Mobile Distribution v. Datawind Innovations](#), it reiterated that designating a seat is akin to an exclusive jurisdiction clause, so the courts at the seat alone regulate the arbitral proceedings, even if no part of the cause of action arose there. It then traced the principle through *Swastik Gases v. Indian Oil Corporation*, where a clause making the agreement “subject to the jurisdiction of the courts at Kolkata” was held to exclude other courts even without words like “exclusive” or “alone.” It also cited *Brahmani River Pellets v. Kamachi Industries*, which applied this reasoning to a clause naming a venue, and *Activitas Management Advisor v. Mind Plus Healthcare*, where a governing law clause conferring exclusive jurisdiction on Mumbai courts was read, in the arbitration context, as fixing Mumbai as the seat even though the words “seat” and “venue” were not used.

From these decisions the Court drew the general proposition that parties may choose their place of arbitration and confer exclusive jurisdiction on courts at a particular place, regardless of where the cause of action arose. It also identified that when an agreement specifies a place of arbitration and simultaneously gives exclusive jurisdiction to courts elsewhere, one must check whether the named place is merely a venue or the juridical seat.

The Three-Condition Test

To answer that question, the Court applied the test laid down in [BGS SGS SOMA JV v. NHPC](#) and affirmed by a three-Judge Bench in *Arif Azim Company Limited v. Micromax Informatics FZE*. A designated “venue” can be treated as the “seat” only if three conditions are met. First, the clause must designate or mention only one place. Second, that place must have anchored the

arbitral proceedings, meaning they are fixed to it alone without scope for change. Third, there must be no other significant contrary indicators suggesting the place is merely a venue.

Application to the Facts

Applying this test, the Court found that the very first condition failed. The arbitration clause did not name Delhi alone; it mentioned both Delhi and Goa as places for arbitration. Consequently, Delhi could not automatically be treated as the seat merely because it was designated as the “location.” In such a situation, the Court held, the governing law clause becomes helpful in identifying the seat. Since Clause 38 conferred exclusive jurisdiction on courts in Goa, and Clause 32.5 provided that proceedings would be held in Goa, the parties had evidently agreed that Goa was the juridical seat and Delhi was only a venue.

Rejecting the Respondent’s Arguments

The Court rejected the argument that the arbitration clause, being independent, must alone determine the seat, reasoning that this could not be accepted for the simple reason that the arbitration clause itself mentions two places. It relied on *Mankastu Impex v. Airvisual Ltd.*, which held that the mere expression “place of arbitration” is not enough to infer the seat, and that the parties’ intention must be gathered from other clauses and their conduct. On the apparent conflict between Clauses 32.4 and 32.5, the Court declined to give priority to the earlier clause. Instead, it applied the principle of harmonious construction, reading both clauses so that neither becomes redundant, and it could be inferred that Delhi was a venue and Goa was the seat.

Conclusion and Significance

The Court concluded that the juridical seat was Goa and that the Delhi High Court had no jurisdiction to entertain the Section 11(6) arbitrator application. The appeal was allowed and the High Court’s order was set aside. The judgment’s practical takeaway is that where an arbitration clause names more than one place, courts will not treat either as the seat by default. The seat of arbitration must be determined by a holistic reading of the whole agreement, with the ‘governing law’ clause playing a decisive role.