Balaji Steel Trade v. Huldon Benin S.A. and Others

Citation: 2025 ILSC 1342

Judgement date: 21.11.2025

Facts of the case

Balaji Steel Trade (based in India) and Huldon Benin S.A. (based in Benin) entered into a Buyer-Seller Agreement (BSA) in 2019. The BSA clearly stated that if any dispute arose, arbitration would take place in Benin, and the agreement would be governed by the laws of Benin. Subsequently, several sale contracts and High Seas Sale Agreements (HSSAs) were executed separately, which contained arbitration clauses under Indian law. Huldon Benin initiated arbitration proceedings in Benin as per the BSA. However, Balaji Steel filed an application before the Supreme Court of India under **Section 11(6)**, seeking the appointment of an Indian arbitrator from India. Balaji Steel had also earlier filed an anti-arbitration injunction suit in India to stop the Benin-seated arbitration, but the High Court had already dismissed that suit. Meanwhile, the Benin-seated arbitration concluded its judgement with a final award was passed on 21 May 2024.

Core Issues

1. Can an arbitrator be appointed in India under **Section 11** when the contract has designated a foreign seat (Benin)?
2. Is BSA the original main contract "mother agreement", and do the Sales Contracts, HSSAs replace it?
3. Can all the contracts be combined to conduct a "composite arbitration" in India? (Group of Companies Doctrine)?
4. Does Part I of the Arbitration and Conciliation Act, 1996 (including *Section 11*) apply when the parties have chosen a foreign seat?
5. Does the final award in Benin and the previous High Court decision trigger issue estoppel / a matter already judged?

Arguments

Petitioner (Balaji steel Trade)

There is a need for the arbitration process to be conducted in India. For the same reason, conducting arbitration in a foreign environment is difficult. Because the sales contract and the HSSAs contain an Indian arbitration clause in the BSA has been cancelled. Since all the contract form part of one large integrated transactional company belong to the Tropical general investment (TGI) Group, the concept of company's doctrine should apply, and all parties can be brought into a single arbitration. Therefore, an India arbitrator can be appointed under *section 11*. Both parties should get equal opportunities but fixing foreign seats creates an imbalance for convenience.

Respondents (Huldon Benin and others)

The BSA is the primary, mother agreement, and its terms clearly provide for Benin as the seat of arbitration and Benin law as the governing law. The Sales Contracts and HSSA are only supplementary agreements, and they do not cancel the arbitration clause contained in the BSA.

Since the seat of arbitration is foreign (Benin), Part I of the Indian Arbitration Act does not apply, and therefore Indian courts do not have jurisdiction under *Section 11*. The arbitration in Benin has already been completed and an Award has been delivered therefore, initiating arbitration again in India would violate the principles of res judicata, issue estoppel. The Group of Companies doctrine requires clear mutual intention to bind all companies to one arbitration, which is absent in this case.

Judgement

The application filed under *section 11* was completely dismisses Indian courts to have the authority to appoint an arbitrator in an arbitration where the seat is foreign. The foreign seat selection the buyer and seller were upheld and treated as fully valid the sales contracts, high seas seals agreement (HSSAs) did not cancel the arbitration clause in the BSA. Therefore, composite arbitration or the group of companies' doctrine does not apply.

Conclusion

Since the parties mutually chose a foreign seat (Benin), that choice is binding, and therefore, Part I and Section 11 of the Indian Arbitration & Conciliation Act, 1996 cannot be used as a legal provision. The arbitration clause in the Mother Agreement has not been altered or novated by the subsequent agreements. Accordingly, the chosen seat governs the dispute. Once the arbitration has already resulted in an Award in Benin, initiating a fresh arbitration in India would be improper. This decision strengthens the principles of party autonomy, seat theory, the finality of foreign awards, and the limited intervention of Indian courts in foreign-seated arbitrations.