



ARBITRATION AND CONCILIATION

Judicial Intervention And The Seat Of Arbitration: Balancing Autonomy And Justice In India

AUTHOR Supriya Bhosale

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Abstract

The “seat of arbitration” defines the juridical home of arbitration proceedings and the courts that supervise them. Traditional international law views the seat as sacrosanct, limiting judicial interference. However, recent Indian cases illustrate a nuanced evolution: the Delhi High Court in *Engineering Projects (India) Ltd. v. MSA Global LLC*¹ halted a Singapore-seated arbitration due to concerns over procedural fairness, while the Madras High Court in *Rhutikumari v. Zanmai Labs Pvt. Ltd.*² granted interim relief over domestic cryptocurrency assets in a Singapore-seated arbitration. Together, these cases reveal the changing environment of arbitration law in India, one that honors international norms but allows exceptional judicial intervention where justice requires. This article explores how Indian courts are balancing party autonomy, territorial doctrine, and justice-oriented flexibility, creating an emerging model of calibrated judicial intervention.

Table of contents

- [Abstract](#)
- [CASE I \(Engineering Projects \(India\) Ltd.\): Judicial Intervention in a Foreign-Seated Arbitration](#)
 - [Facts](#)
 - [Decision](#)
 - [Significance](#)
- [CASE II \(Rhutikumari\): The Crypto Property Precedent of 2025](#)
 - [Facts:](#)
 - [Decision:](#)
 - [Significance:](#)
- [IV. Comparative Analysis: Seat Doctrine under Indian Jurisprudence](#)
- [V. Emerging Hybrid Model](#)
- [VI. Conclusion](#)

CASE I (Engineering Projects (India) Ltd.): Judicial Intervention in a Foreign-Seated Arbitration

Facts

- The dispute arose from arbitration proceedings initiated under an arbitration agreement with Singapore as the seat of arbitration.
- The plaintiff challenged the impartiality and independence of a co-arbitrator, Mr. Yeap, alleging non-disclosure of prior involvement with the defendant.
- The arbitration proceeded despite challenges, with the defendant pressing for evidentiary hearings.
- The plaintiff filed a civil suit in India seeking interim injunctions to restrain continuation of the arbitration on grounds of oppression and vexatious conduct by the defendant.
- Issues included whether Indian courts had jurisdiction to grant such relief given the foreign seat and whether the arbitration was being used oppressively.

Decision

The Delhi High Court granted an interim injunction halting the arbitration proceedings. The Court observed:

- While foreign-seated arbitration generally enjoys autonomy, exceptions exist where the arbitration process is prima facie oppressive or unconscionable.
- Concerns over arbitrator impartiality and procedural fairness warranted intervention to prevent irreparable harm.

- The injunction was temporary, aimed at preserving the status quo until the Court could examine the substantive fairness issues.
- The decision distinguished between anti-suit and anti-arbitration injunctions, emphasizing the court's duty to intervene in exceptional cases.
- The principles of prima facie case, balance of convenience, and irreparable injury were applied to grant the injunction.

Significance

This is a rare instance of Indian courts restraining a foreign-seated arbitration, showing that party autonomy is not absolute. It demonstrates the court's willingness to intervene in exceptional circumstances where procedural fairness is in question. The case nuances India's arbitration jurisprudence: while the seat remains important, courts may act as guardians of justice in extraordinary situations.

CASE II (Rhutikumari): The Crypto Property Precedent of 2025

Facts:

- The applicant invested Rs. 1,98,516 in the WazirX cryptocurrency exchange platform, operated by first respondent Zanmai Labs Pvt. Ltd., acquiring 3,532.30 XRP coins held in custody by the respondent.
- The WazirX platform suffered a massive cyber-attack in July 2024, resulting in theft of many crypto assets and subsequent freezing of user accounts, including the applicant's, preventing her access and transactions.
- The parties' relationship was governed by a user agreement with an arbitration clause providing for Singapore International Arbitration Centre (SIAC) seat in Singapore.
- The applicant filed for interim injunction under Section 9 of the Arbitration and Conciliation Act in Madras High Court to restrain the respondents from interfering with her XRP coins and their value on the WazirX platform.
- A scheme of arrangement under Singapore Companies Act, approved by the Singapore High Court in October 2025, proposed distribution of assets to users on a pro-rata basis due to losses from the cyber-attack.
- The first respondent argued the court lacked jurisdiction due to the Singapore seat of arbitration and that the XRP coins were not under their custody but held by foreign entities.

Decision:

- The Madras High Court held the case maintainable in India because the applicant's assets were linked to Indian banking channels, and transactions occurred from India via the platform.
- The court recognized cryptocurrency as a form of property and held that virtual digital assets like XRP coins are capable of ownership and protection.
- It condemned the cyber-attack and freezing of the applicant's account as causing potential irreparable harm, granting interim relief under Section 9 to preserve the value of the applicant's assets.
- The court held the first respondent responsible for safeguarding the assets users entrust to it, rejecting the argument that liability rested exclusively on foreign entities.
- The court noted that the Singapore High Court's scheme pending approval did not bind the applicant outright, preserving her right to arbitrate and claim protection.
- The respondents were directed to furnish a bank guarantee or deposit an equivalent sum in escrow to secure the applicant's interests pending arbitration resolution.

Significance:

- The judgment is recognizing cryptocurrency as property subject to fiduciary duties and protection under Indian law.
- It establishes Indian courts' jurisdiction to grant interim relief related to crypto assets despite arbitration clauses with foreign seats, where Indian assets and users are impacted.
- The decision highlights the duty of crypto exchanges to protect user assets and be accountable for cyber security lapses.
- It highlights the complexities of regulating and adjudicating disputes in the evolving digital asset and cryptocurrency field.

- This case provides important precedent for safeguarding investor rights and navigating cross-border cryptocurrency disputes involving Indian investors.

IV. Comparative Analysis: Seat Doctrine under Indian Jurisprudence

Indian jurisprudence demonstrates a nuanced approach to the seat of arbitration, balancing the autonomy of the arbitral process with the courts' responsibility to ensure justice. In *Engineering Projects*, the Delhi High Court intervened to halt a Singapore-seated ICC arbitration, citing concerns of procedural unfairness and arbitrator bias, signaling that party autonomy is not absolute when the integrity of the arbitration is at stake. In contrast, *Rhutikumari* involved a Singapore-seated SIAC arbitration, where the Madras High Court granted interim relief to protect domestic cryptocurrency assets, reasoning that the cause of action and property were located in India. Together, these cases illustrate a consistent principle: while the courts of the seat generally retain supervisory control, Indian courts may exercise exceptional, limited intervention either to safeguard procedural fairness or to protect domestic interests. This approach reflects an emerging hybrid model, wherein the seat doctrine is respected but does not operate as an inviolable barrier, allowing judicial discretion to prevent irreparable harm and ensure justice without undermining the arbitral process.

V. Emerging Hybrid Model

The synthesis of *Engineering Projects* and *Rhutikumari* suggests an emerging hybrid approach in Indian arbitration jurisprudence. While the courts of the seat generally retain supervisory control over arbitration, Indian courts have shown a willingness to exercise exceptional, limited intervention in specific circumstances. In *Engineering Projects*, intervention was justified to safeguard procedural fairness and prevent arbitrator bias, whereas in *Rhutikumari*, relief was granted to protect domestic assets situated in India. Such interventions are typically temporary and equitable, designed to preserve justice without undermining the arbitration process itself. This evolving model reflects a balance between respecting international comity and protecting domestic interests.

VI. Conclusion

The seat of arbitration continues to be the juridical anchor of international arbitration. However, *Engineering Projects* and *Rhutikumari* illustrate that Indian courts are not mere bystanders. They can intervene judiciously to prevent procedural unfairness or to protect domestic assets. This dual approach ensures that the seat doctrine serves its purpose, providing predictability and autonomy, without sacrificing justice. Indian arbitration law is thus entering a hybrid paradigm: one that respects global norms, but tempers them with equitable safeguards.

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