Communications between the parties through WhatsApp and emails can constitute a valid arbitration agreement

Referring to Section 7(4)(b) of the Arbitration Act and emphasizing that it is not necessary for a concluded contract to be in existence for a valid arbitration agreement to be existing between the parties, the Delhi High Court in the case of **Belvedere Resources DMCC vs. OCL Iron and Steel Ltd. [O.M.P.(I) (COMM.) 397/2024, CRL.M.A. 9760/2025, I.A. 2377-78/2025] dated July 01, 2025**, has ruled that communications between the parties through WhatsApp and emails can constitute a valid arbitration agreement.

The case dealt with a plea filed by a UAE-based company, Belvedere Resources DMCC, seeking monetary security of approximately Rs. 23.34 Crores from OCL Iron and Steel Ltd., Oriental Iron Casting Limited, and Aron Auto Limited. Briefly, in 2022, S.M. Niryat Pvt. Ltd. requested a representative of the petitioner entity to make an offer for the sale of the cargo of coal for November through WhatsApp communication. In response, prices and quantities were conveyed. Discussions took place via WhatsApp, and the petitioner formally offered to sell between 75,000MT to 150,000MT of coal. SMN accepted the said offer through WhatsApp on the same day, and a binding contract was created between the parties. To formalize the deal, the petitioner company circulated a globally accepted Standard Coal Trading Agreement (ScoTA) through email, incorporating important terms of quantity, shipping, and dispute resolution. Later, SMN, through WhatsApp, requested the petitioner to nominate the performing vessel. Thereafter, the petitioner followed up for comments on the Transaction Summary, to which SMN replied through email. SMN then requested the petitioner company to "send the final contract," and through the said email, it confirmed the contract for the third time. The petitioner then circulated the final contract through email and requested SMN to "sign and send back if all is in order". Thereafter, the petitioner sent multiple reminders to SMN via WhatsApp and email requesting the signed contract and settlement in advance payment. Later, SMN responded to the petitioner's reminders by email and WhatsApp for a signed contract and advance payment, and confirmed that it was "Not getting any positive responses" and asked the petitioner to "Pls check if we can swap or change the month of delivery."

In November 2022, the petitioner company expressed its disappointment that the signed copy of the contract and advance payment were not made and that the vessel had arrived at the load port in accordance with the contract. After SMN replied with a notice purporting to cancel "the deal", the petitioner invoked arbitration under the transaction summary. It was the petitioner's case that there was a concluded ScoTA agreement between the parties and that SMN repudiated the contract due to which losses were suffered by the former. It was contended that the loss was mitigated as the petitioner sold the coal at a lower market price.

Disposing of the plea, the High Court noted that SCoTA was sent vide email by the petitioner to OCL Iron and Steel Ltd, which duly responded to the said email. It further noted that the respondent company informed the petitioner on WhatsApp that the SCoTA would be signed and sent immediately. The correspondence leaves no room for doubt that the arbitration agreement was contained in the exchange of email and WhatsApp communications between the parties, and hence, there is an existence of a valid arbitration agreement between the parties.

Furthermore, the Court observed that it did not have the territorial jurisdiction to entertain and try the petition filed by the petitioner company as no part of the cause of action had arisen in Delhi. The mere existence of a branch office which, prima facie, had nothing to do with the transaction in question will not give Delhi jurisdiction to entertain the present petition. On the question as to whether the respondent company should be directed to furnish security to the extent of USD 2,777,000 to the petitioner, the High Court said that while the latter had a claim, the said claim was yet to be established, and the amount was yet to be quantified.