



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

ARBITRATION PETITION NO. 1341 OF 2015

Bhanuchandra J. Doshi

... Petitioner

Vs.

1) M/s. Motilal Oswal Securities Ltd.

2) M/s. R. Natwarlal Parekh Securities P. Ltd. .. Respondents

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Mr. Vijay M. Vaghela, *for Petitioner.*

Mr. Rahul Karnik *a/w. Ms. Jagruti Vemula, for Respondents.*

CORAM : SOMASEKHAR SUNDARESAN, J.

Date : August 14, 2025

Judgement :

Context and Factual Background:

1. This is a Petition filed under Section 34 of the Arbitration and Conciliation Act, 1996 (“***the Act***”) challenging an arbitral award dated September 25, 2013 (“***Second Award***”) passed by an arbitral tribunal constituted under the bye-laws of the National Stock Exchange of India Limited (“***NSE***”), which, in turn, was an appellate arbitral award passed in challenge to an arbitral award dated April 27, 2013 (“***First Award***”) passed by another arbitral tribunal in the first instance. In this judgement, the First

Award and the Second Award are collectively referred to as the “*Impugned Award*”.

2. In a nutshell, the Petitioner, Bhanuchandra J. Doshi (“*Doshi*”) has been trading with Respondent No. 1, Motilal Oswal Securities Limited (“*Motilal*”) through a sub-broker, Respondent No. 2, Natwarlal Parekh Securities P. Ltd. (“*Natwarlal*”) since 2004 without any dispute until disputes broke out in January 2008.

3. The challenge to the Impugned Award essentially centres around the first arbitral tribunal having run out of time statutorily available to validly pass the First Award. According to Doshi, in terms of the time limits set in the bye-laws of the NSE, an arbitral tribunal is required to pass an award within three months of the first hearing.

4. Doshi had traded through Natwarlal, as a client of Motilal, in the normal cash segment as well as the derivatives segment of the market, between 2004 and January 2008 without any complaint. The disputes commenced in the third week of January 2008 when the market was unstable and owing to a sustained fall in the market, Motilal is said to have made a margin call on Doshi asking him to post additional margin in the sum of Rs. 5 Lakhs by a demand made on January 21, 2008. Doshi issued a cheque for the amount demanded. However, according to Doshi, when he received

contract notes by courier on January 25, 2008, he discovered that there had been a purchase of 125 shares of Jindal Steel, which, according to him, were not trades authorised by him. On this premise, Doshi issued instructions to his bank to stop payment on the cheque for Rs. 5 Lakhs issued by him, despite having sufficient funds in his account.

5. Doshi claims that he was entitled to withhold the payment of margin to cover the overall mark-to-market loss in his account, because of his discovery that unauthorised trades in a certain stock had taken place. However, even after having issued instructions to dishonour the cheque that had been issued by him towards margin, as is seen from the record, Doshi continued to transact through Motilal. This is evident from a dispute about 50 shares of State Bank of India ("**SBI**") sold on February 8, 2008. A cheque towards 10 shares being a rights issue of SBI shares was issued on March 18, 2008.

6. Citing continued and rising margin shortfall and drastic fall in the market prices, coupled with Doshi's exposure in the derivatives segment of the market, the collateral available with Motilal was disposed of to make up for Motilal's exposure to market losses on Doshi's account. This included the SBI shares allotted in the rights issue. The sale of the SBI shares too is challenged by Doshi as unauthorised, and defended by Motilal on the premise that rights entitlement on the SBI shares held as collateral also

formed part of collateral, permitting their disposal to recoup the exposure to losses in the market.

7. Disputes broke out between the parties in the context of the margin shortfall, the alleged unauthorised purchase of Jindal Steel and the sale of multiple securities (including the SBI shares paid for after January 21, 2008) held with Motilal as collateral, purportedly to recover a shortfall in the margin. It is in these circumstances that the parties first proceeded to arbitration.

Initial Award:

8. Initially, another Arbitral Tribunal had passed an award dated September 9, 2009 ("***Initial Award***") rejecting the claim for Rs.12.63 Lakhs and a claim to return of all the shares of Doshi held with Motilal, valued at Rs.18.37 Lakhs. That Initial Award was challenged on the premise that the award had not been passed within the statutory deadline of three months.

9. A Learned Single Judge of this Court, examining the record, found that what precisely transpired on various dates in those arbitral proceedings was unclear, and held that it would not be possible to ascertain when the period of three months under the NSE bye-laws had commenced. Therefore, leaving all contentions on merits open, noticing that on the face of the record the Initial Award was dated well after three months from the first scheduled

hearing, without clarity on what transpired when, the Learned Single Judge, by an order dated July 17, 2012 (“*Earlier HC Order*”), set aside the Initial Award, leaving it open to the parties to arbitrate afresh.

First Award:

10. On remand, another Learned Arbitral Tribunal heard the parties and passed the First Award (dated April 27, 2013). The Learned Arbitral Tribunal appears to have scheduled the first *hearing* for December 3, 2012. According to Doshi, the three-month period should be counted from this date since it is the first *hearing* date.

11. Doshi would also claim that the First Award is back-dated since the date of the First Award is merely entered by hand by the Presiding Arbitrator, with the other two arbitrators not having set the dates on which they signed the First Award.

12. Doshi would contend that the NSE had written to him that they received the First Award dated April 27, 2013, on May 6, 2013, and they forthwith released it to the parties. He would contend that the NSE had verbally asked him for consent for an extension of time and he was mulling over it. Before he could decide, the First Award was delivered to him, indicating that there was more than met the eye in the process, thereby

insinuating that the Learned Arbitral Tribunal had back-dated the First Award.

13. That apart, he would level allegations of predisposition by one of the arbitrators on the basis of views purportedly expressed by him. Doshi claims in his pleadings to have received inputs from Natwarlal that the arbitrator had sympathy for brokers faced with financial exposure to the market on account of clients who did not pay up their margin shortfall, and the outcome in the proceedings were a foregone conclusion.

Second Award:

14. The Second Award is the appellate award, which upholds the First Award, and Doshi's primary contention is that arbitral tribunals comprising former High Court judges are not equipped to handle capital market disputes and do not understand the nuances involved. Doshi would contend that the Second Award is bad in law for not examining the merits properly and for having simply agreed with the First Award.

Analysis and Findings:

15. Having heard Mr. Vijay Vaghela, Learned Advocate for Doshi and Mr. Rahul Karnik, Learned Advocate for Motilal, and having examined the record with their assistance, my findings are set out in the following paragraphs.

First Award and the Statutory Deadline:

16. Doshi's primary attack to the First Award (and thereby to the Second Award for not agreeing with him) is that the First Award dated April 27, 2013 is evidently passed beyond the expiry of three months from December 3, 2012. Mr. Vaghela would contend that there is a provision in the bye-laws for extensions of the mandate of the arbitral tribunal by the Managing Director or Relevant Authority in the NSE and such extensions too are capped by an overall time limit of another three months. There is nothing on the record, Mr. Vaghela would contend, to show that such extensions were sought and were granted. Without that basis being available, he would contend, this Court ought to remand the matter to the NSE again, in much the same manner as was done in the Earlier HC Order.

17. Initially, I had considered whether an appropriate course of action would be to direct the NSE to confirm whether and when extensions had been sought and were granted, so that this facet of the controversy could be put to rest one way or the other on the basis of facts. However, on a closer

examination of the factual matrix and applying the provisions in the NSE's bye-laws, I am satisfied that such a course of action would not be warranted. That apart, such a wholly unnecessary approach would only add further delay to a dispute of more than seventeen years ago.

18. It would be important to first extract and examine the relevant provisions in NSE's bye-laws considered in the Earlier HC Order governing the time period for conduct of arbitration and the deadline for passing the arbitral award, which both parties submit would apply to the First Award too. Chapter XI of the bye-laws contain the rules governing arbitration. The relevant portion is extracted below:

13)(a)Adjournment

Adjournment, if any, shall be granted by the arbitrator only in exceptional cases, for bonafide reasons to be recorded in writing.

(b) Time for completion of Arbitration

The arbitrator shall make the arbitral award normally within 3 months from the date of entering upon the reference.

(c) Request for extension

The time taken to make the award may not be extended beyond 3 times, by the Managing Director or Relevant Authority on an application by either of the parties or the arbitrator, as the case may be.

Notwithstanding the extensions granted in the above manner, the arbitrator shall make the arbitral award within a period of six months from the date of entering into reference i.e. extension of time of award can be for a maximum period of three months.

(d) Date of entering reference

For the purposes of these byelaws, the arbitrator shall be deemed to have entered upon a reference on the date on which the arbitrator has held the first hearing. However, if no hearing is required or the parties waive their right of hearing and the arbitrator proceeds to decide the matter without a hearing, then the arbitrator shall be deemed to have entered upon a reference on the date of acceptance of arbitration by the arbitrator.

[Emphasis Supplied]

19. It would be seen from a plain reading of foregoing that under Rule 13(b), time for completion of arbitration is set out as *normally* three months from the *date of entering upon the reference*. Under Rule 13(d), the *date of entering upon a reference* is defined as the date on which the arbitral tribunal *has held the first hearing*.

20. It would be seen from the foregoing that what is expected in the byelaws is that once hearings have been held, the clock should start ticking and the arbitration must be conducted expeditiously. Therefore, if on a given date, when the parties first convene upon a hearing being *scheduled* but the hearing is not *held* because the parties seek an adjournment and the arbitral

tribunal in its wisdom grants such accommodation, then the date on which the *first hearing* is actually *held* would be the *date of entering upon the reference*.

21. Applying this understanding of the provision to the facts of the case, it would be seen that on December 3, 2012, the *first hearing* was scheduled but was not *held*. The arbitral *has held* the first *hearing* on January 28, 2013, and the clock started ticking from that date. That apart, since the three-month deadline is qualified by the word *normally*, in my opinion, the three-month deadline is an indicative directory deadline and not a mandatory deadline. As a matter of fact, the second paragraph of Rule 13(c) would indicate that the three-month deadline is directory in nature and it is the six-month overall deadline after extension of time, that could potentially be regarded as mandatory since it has prohibitive language.

22. It is not necessary to interpret the overall six-month deadline in the facts of the case since the date of entering upon the reference was January 28, 2013 and the First Award was made on April 27, 2013. No fault can be found with the First Award for rejecting the premise that the three-month deadline had been missed. Likewise, no fault can be found with the Second Award for noticing the contention about when to start computing the three-month period and not interfering with the First Award.

23. Arbitral Tribunals must be given a reasonable play in the joints to conduct their proceedings in accordance with the bye-laws consistent with the real regulatory policy objective of an expeditious and timely resolution of the dispute in arbitration. Even a plain reading of the applicable provisions would show a carefully crafted framework that would make the clock start ticking once the first hearing has been held. That apart, it was Doshi who sought an adjournment on December 3, 2012, which was allowed. It would not be open to Doshi to contend that the first hearing was held on that date, when he successfully obtained an adjournment resulting in no hearing taking place.

24. It would be inappropriate to read the statutory deadline in a manner that renders the very objective of expeditious conclusion of arbitration nugatory by sending parties back to arbitration round after round despite no hearing having been held on the first scheduled date of hearing, resulting in that event becoming a *meeting* and not a *hearing*. This is why that deadline has been made directory with scope for extensions. The use of the word “normally” for the deadline and the allowance for extensions, in my opinion, would inexorably result in the three-month deadline being directory and not mandatory.

25. The Earlier HC Order remanded the matter since the record simply did not indicate what had transpired at the first scheduled hearing. Neither did the Initial Award indicate what transpired nor did any *roznama* exist to point to an inference of what could have transpired. In those circumstances, the Learned Single Judge set aside the Initial Award and remanded the matter for fresh consideration by an arbitral tribunal to be constituted under the NSE bye-laws. In this round, the material available on record makes what transpired quite clear, and there is no basis to send the matter back as sought by Mr. Vaghela, in reliance upon the Earlier HC Order.

26. As regards Mr. Vaghela's contention that there is no evidence brought on record to demonstrate that the NSE administration actually provided an extension of time within the permissible period of three months, since it is held that the First Award was actually passed within the three-month deadline, there is no room for extension being warranted. In any case, arguably, an extension could be granted even subsequent to the expiry of the three-month period and not necessarily prior to it, drawing upon the parallel drawn from the ruling of the Supreme Court in the case of ***Rohan Builders¹***, where it was held that the extension of mandate of an arbitral tribunal under Section 29A of the Act could be filed and granted after the expiry of the statutory mandate of the arbitral tribunal.

¹ *Rohan Builders (India) Pvt. Ltd. Vs. Berger Paints India Ltd.* – 2024 SCC OnLine SC 2494

27. With arbitrations conducted under the NSE bye-laws, the initial and normal deadline of three months, for the reasons set out above, is directory, and the outer time limit of six months appears to be mandatory. In a given case, should the need arise for grant of extension, the Relevant Authority of the NSE must be mindful of factors indicated in ***Rohan Builders*** by the Supreme Court and examine if there is sufficient cause and decide on the extension. While doing so, the Relevant Authority ought not to refuse extension on the premise that the normal three-month deadline has already expired, since that would be contrary to the objective of Act as articulated by the Supreme Court in ***Rohan Builders***.

28. In the facts of this case, since I am of the view that no cause for seeking extension arose, there is no question of the record having shown the process followed for extension. I have dealt with the allegation of back-dating of the First Award later in this judgement.

29. In these circumstances, no fault can be found with the First Award on the ground of it having been passed after the mandate expired. Since the first *hearing*, as indicated by Mr. Karnik on behalf of Motilal, was evidently *held* on January 28, 2013, the First Award having been passed on April 27, 2013, it was passed within the three-month deadline stipulated in the NSE bye-laws. By adjourning the first hearing *scheduled* for December 3, 2012, and that too

at Doshi's request, what transpired on that date would be regarded as the first *meeting* which is not the same as a first *hearing* being *held*.

30. This brings us to the issue about the date of the Initial Award having been entered by hand under the signature of the Presiding Arbitrator, with no dates being found for the signatures of the other two arbitrators. According to Doshi, this would be a pointer to the Presiding Arbitrator of the Learned Arbitral Tribunal having back-dated the First Award. Doshi would contend that arbitral awards ought to be signed in the NSE's office, and it need not take nine days for the First Award to reach the NSE's office. Doshi would juxtapose that with a telephonic call he is purported to have received from the NSE officials asking for consent to an extension of time. Doshi would claim that he was still mulling over the request for extension of time, when he was delivered with the First Award, thereby insinuating that the First Award was back-dated, manipulating the record.

31. There is nothing on record, apart from the contention of Doshi that he had received a phone call seeking extension of time and that he was stumped to receive the First Award on May 6, 2013. Ideally all arbitrators could have signed with the date written by hand, but not doing so would not be adequate to accept such a serious charge of manipulation of the record and back-dating by the Learned Presiding Arbitrator. Assuming that the NSE officials had

indeed called Doshi for seeking consent, they could have done so on the administrative side preparing for an extension, but were perhaps presented with the First Award rendering such a call unnecessary. Regardless, Doshi's consent is not a necessity at all under Rule 13(c) extracted above. Any of the parties or even the arbitrator may seek the extension, and it is entirely up to the Relevant Authority or the Managing Director to grant the extension.

32. Therefore, when seen in that context, with the three-month deadline being directory in nature, the allegation of back-dating will have a high bar to clear for it to be relevant for interfering with the Impugned Award. I am not convinced with Doshi's contention, which to my mind, kicks up a cloud of dust but does not unsettle the credibility of the Impugned Award. In any case, Doshi's case is based on the starting point being December 3, 2012 and not January 28, 2013, which facet has been dealt with above.

33. That apart, Doshi's allegation does not inspire confidence inasmuch as he appears to be prone to making multiple allegations in his bid to displace the First Award. He had pleaded in the second round of arbitration that one of the arbitrators in the first arbitral tribunal had verbally expressed sympathy for brokers faced with exposure to market losses owing to margin shortfalls. In relation to the Initial Award, he indicated that retired High Court judges did not understand capital market transactions. In the next

round on remand, the arbitrator he has accused of bias for allegedly having sympathy for brokers, is a chartered accountant. In the third round, he has gone back to opposing retired judges as arbitrators (the presiding arbitrator Doshi accuses of back-dating is one). He has also pleaded grounds on manner of selection of the arbitral tribunal but Mr. Vaghela has wisely focussed on the three-month deadline, which he perceived to be his best point. All in all, the impression that the record leaves me with, is that Doshi appears to be prone to recklessly attack any arbitrator or any outcome that he does not agree with.

34. Judicial and quasi-judicial officers are meant to have a thick skin because, with every decision they take, at least one person could be dissatisfied and aggrieved. However, allegations of bias or back-dating and manipulation of the record cannot be lightly levelled. There should at least be a semblance of bias that is reasonably made out by the party alleging it, failing which it would be indicative of the litigant alleging bias attempting to browbeat the judicial process or at the least, being a bad loser.

35. A judgement of a Learned Single Judge of the Delhi High Court in ***Ram Kavar Garg***² is sought to be pressed into service on Doshi's behalf. It is seen from that case that the Learned Single Judge has not conclusively

² *Ram Kavar Garg Vs. Bajaj Capital Investor Services Limited and Ors. – (O.M.P. (Comm.) 83/2024 dated July 1, 2025)*

pronounced upon whether the first deadline is directory or mandatory, and has held that even if the first deadline were to be held as directory, on facts, it was found that the deadline had been missed. In the facts of this case, the First Award had been passed within the three-month deadline from the date of the first hearing. Therefore, this judgement does not turn the needle in Doshi's favour.

Unauthorised Trades and Margin Shortfall:

36. The Impugned Award does not agree with Doshi's contentions on unauthorised trades made on the premise that contract notes issued to Doshi had never been received, as they were sent to an email ID, when Doshi had no email at all.

37. Throughout the period between 2004 to 2007, not a single trade on either the cash segment or the derivatives segment had been contested by Doshi. The ground on which purchase of some Jindal Steel shares is challenged is that delivery of these contract notes were to an email ID that Natwarlal may have had access to, but Doshi did not. However, Doshi would submit that he received the contract notes for that very transaction by courier.

38. That for four years, transactions took place without dispute is not in doubt. Therefore, it would stand to reason that delivery of electronic contract notes to the email ID and courier of physical contract notes was the agreed process followed by the parties. It would therefore follow that contract notes were indeed, apart from being sent on email, also couriered and Doshi always had access to the contract notes.

39. It is also evident that Doshi consciously issued a cheque for Rs. 5 lakh for the margin shortfall after being aware of the trades, and then issued instructions to his bank to stop payment on the cheque upon purportedly realising that he had not authorised that trade. The ostensible reason for issuing such instructions to stop payment is purported to be the discovery that 125 shares in Jindal Steel had been bought without instructions. The arbitral tribunal has taken note of the fact that even after January 25, 2008, when Doshi purports to have discovered that unauthorised purchase of 125 shares of Jindal Steel had been effected, in fact, Doshi had issued a further cheque towards the rights shares of SBI on March 18, 2008, which Doshi seeks to explain as payment made in good faith.

40. If Doshi was of the view there had been a breach of faith bad enough to stop payment on a cheque already issued to make up for margin shortfall, it would indicate a breach of trust of a nature that would not have warranted

yet another cheque being issued weeks later. Explaining this as a good faith measure when he seeks to justify the dishonour of a cheque already issued as based on loss of faith, is inherently contradictory. The Impugned Award has also taken note of the fact that Doshi had access rights to download weekly and monthly account statements, and raise disputes within 24 hours, which he had not raised.

41. In these circumstances, applying the civil standard of preponderance of probability, no fault can be with the findings in the Impugned Award that Doshi could be reasonably inferred as having validly authorised the trades for which the accounts had been drawn. Indeed, he positively issued a cheque towards margin payment too and appears to have come up with an excuse for issuing a direction to stop payment on the cheque issued, and that too when faced with a falling market leading to increasing margin calls. By stopping the cheque, Doshi stood to gain by not paying out more good money after bad in a falling market; rendering the collateral securities held with Motilal liable to disposal; which disposal could be challenged as being unauthorised; and hoping that being persistent for long enough could lead to a settlement.

42. As regards, the rights shares of SBI, it is the contention of Motilal that the rights shares indeed belonged to Doshi but the rights shares arose on the SBI shares already held in collateral, and constituted collateral. The margin

shortfall entitled Motilal to liquidate all collateral including the SBI rights shares.

43. By accepting this reasonable explanation, in my opinion, the Impugned Award has rendered plausible findings that do not warrant interference under Section 34 of the Act. The outcome is just, fair and reasonable and I find nothing in it that is perverse, patently illegal or in conflict with the most basic notions of justice and morality, to warrant interference.

44. Mr. Vaghela indeed focused mainly on the First Award being rendered past mandatory deadline, which I have dealt with. Having noticed the findings on merits and the pleadings in relation to it, I also find that Impugned Award has returned reasonable and plausible findings that do not warrant interference.

Conclusion:

45. In these circumstances, the Petition is *dismissed* with no need for interference with the Impugned Award. The parties have been in arbitration for a long time and have conducted three rounds of arbitration since 2008. No case is made out for a remand for a fourth round of consideration.

46. Since costs must follow the event, considering the manner of conduct in the proceedings below, and factoring in Doshi's age, costs are assessed at

Rs. 10,000, which shall be payable within a period of four weeks from the upload of this judgement on the website of this Court.

47. All actions required to be taken pursuant to this order, shall be taken upon receipt of a downloaded copy as available on this Court's website.

[SOMASEKHAR SUNDARESAN, J.]