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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

**FAO-3686-2013 (O&M)
Date of Decision: 20.07.2026**

INDIA BULLS SECURITIES LTD. .... Appellant

Versus

UTTAMJIT SINGH AND ORS ..... Respondents

2) FAO-3687-2013 (O&M)

INDIA BULLS SECURITIES LTD. .... Appellant

Versus

KANWALJIT SINGH AND ORS ..... Respondents

CORAM: HON'BLE MS. JUSTICE LAPITA BANERJI

Present : Mr. S.K. Sharma, Advocate
for the petitioner.

Mr. M.S. Khaira, Sr. Advocate with
Mr. Jaswinder Singh, Advocate
for respondent No.1 (through V.C)
in FAO-3686-2023.

Ms. Deepali Puri, Advocate
for respondent No.1 in FAO-3687-2023.

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<u>LAPITA BANERJI, J. (Oral)</u>

1. By this common judgment, two appeals, being FAO-3686-2013, India Bulls Securities Ltd. versus Uttamjit Singh and ors and FAO-3687-2013, India Bulls Securities Ltd. versus Kanwaljit Singh and ors, are being disposed of, as common questions of fact and law arise therein.

For the sake of brevity, the facts of FAO-3686-2013 (India Bulls Securities Ltd. versus Uttamjit Singh and ors) are being taken into consideration.

2. Under challenge in the present appeal is the award dated November 12, 2008 and the impugned judgment dated April 10, 2013 passed by the learned Additional District Judge, Ambala. The facts of the case in short are as follow:-

(i) The parties agreed to a Member Constituent Agreement dated January 09, 2006. The respondent herein/claimant in the arbitration proceedings purchased some shares in December, 2007 and had intended to keep them on a long-term basis. Due to the sliding down of the share prices, he was required to pay a certain amount as margin money to the appellant herein.

(ii) The claimant had raised a contention before the Arbitral Tribunal that every single day he paid his Mark-to-Market (M to M) price as per the procedure.

(iii) Despite paying the requisite margin every day, the appellant had disposed of all his shares on January 22, 2008 at 12.30 p.m. without claimant-respondent's permission and without giving him a chance to make his margin payment, as per the earlier practice. The claim was based on the fact that by squaring off the appellant's margin account by selling his shares, the claimant had suffered a loss of Rs.49,36,400/- as loss of business and had also suffered mental harassment, for which he claimed Rs.50 lacs.

(iv) Learned counsel for the appellant argued before the Arbitral Tribunal that there was a steep fall in the market and since the claimant had not paid the margin amount, it was well within its rights to dispose of the shares to cut down all its losses.

(v) After hearing the learned counsel for the parties, the Arbitral Tribunal was of the view that since the appellant had squared off its losses by 11.44 AM on morning of January 22, 2008, the claimant had suffered a loss of Rs.18,03,036.87/-. The clause on the basis of which the appellant squared off its loss is reproduced herein:-

> *"Future trading involve daily settlement of all positions. Every day the open positions are mark to market bases on the closing level of the index. If the index has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. <u>This margin will have to be paid with a stipulated time frame, generally before commencement of trading next day"</u> (emphasis added)".*

(vi) The Arbitral Tribunal held that Clause 2.1(a) was a discretionary clause and the appellant based on previous practice could have waited longer instead of squaring off at 11:45 am. The concession given by the appellant could not have vested any legal right on claimant, but given the previous conduct and ongoing relations between the parties, the fact of squaring off the margin amount well after the commencement of the next trade day could not be ignored, was his reasoned finding. The Arbitral Tribunal also found that once the appellant agreed to give concession to the claimant for a sum of Rs.2.9 lacs that was payable by the claimant due to the losses caused between January 21, 2008 and January 22, 2008 due to steep fall of the market and had not filed any recovery proceedings against the claimant, the said amount could not be recovered from the claimant. The Arbitral Tribunal held that since the claimant was also at fault in not depositing the market money before the commencement of the next trade day, the claimant should bear 50% of his own loss i.e. 50% of Rs.15,41,782/-. Therefore, an amount of Rs.7,70,391/- was awarded to the claimant. The compensatory claim of Rs.50 lacs was rejected along with the counter claim of Rs.1.09 lacs of the appellant.

(vii) The well reasoned arbitral award was upheld by the impugned judgment dated April 10, 2013 by the learned ADJ on the ground that the panel of Arbitrators had not acted arbitrarily or irrationally or capriciously.

3. Learned counsel appearing on behalf of the appellant submits that the appellant was well within its right to square off the margin money as any concession granted to the claimant could not result in a vested right.

4. Learned counsel appearing on behalf of the claimant-respondent in the present appeal submits that the scope for interference in an application under Section 34 and subsequently in an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 (hereinafter

referred to 'the 1996 Act') is very limited and unless the award is completely perverse or arbitrary, the same could not be set aside.

5. This Court has heard the learned counsel for the parties and perused the material on record.

6. The Arbitral Tribunal vide an award dated November 12, 2008 has passed a well reasoned award and has sought to balance the equities between the parties. On one hand, they recognized that the claimant had no vested right but on the other hand, they chose not to ignore the long standing procedure between the parties. Therefore, while rejecting the claim of Rs.50 lacs on account of compensation, they partly allowed the claimant's prayer by awarding 50% of the amount that was claimed on account of losses suffered by the claimant. Furthermore, they held that once a concession was granted by the appellant to the claimant for the steep losses suffered from the period of January 21, 2008 to January 22, 2008, the same could not be claimed by way of a counter claim.

7. It is well settled that the scope for interference in an application under Section 34 and an appeal under Section 37 of the 1996 Act is extremely limited. Reference can be made to the decision of the Apex Court in ***Associate Builders versus Delhi Development Authority, (2015) 3 SCC 49.*** The relevant extract is reproduced hereinafter:-

> *"12. xxxxx xxxxxxx xxxxxx xxxxx xxxxx*
>
> *It must clearly be understood that when a court is applying the "public policy" test to an arbitration award, it does not act as a court of appeal and consequently errors of fact cannot be corrected. A possible view by the arbitrator on*

facts has necessarily to pass muster as the arbitrator is the ultimate master of the quantity and quality of evidence to be relied upon when he delivers his arbitral. Thus an award base on little evidence or on evidence which does not measure up in quality to a trained legal mind would not be held to be invalid on this score. Once it is found that the arbitrators approach is not arbitrary or capricious, then he is the last word on facts.

xxxx xxxxx xxxx xxxx xxxx xxxx

An arbitral tribunal must decide in accordance with the terms of the contract, but if an arbitrator construes a term of the contract in a reasonable manner, it will not mean that the award can be set aside on this ground. Construction of the terms of a contract is primarily for an arbitrator to decide unless the arbitrator construes the contract in such a way that it could be said to be something that no fair minded or reasonable person could do. It was opined by this court that when it comes to setting aside of an award under the public policy ground, it would mean that the award should shock the conscience of the court and would not include what the court thinks is unjust seeking to substitute its view for that of the arbitrator to do what it considers to be "justice".

xxxx xxxxx xxxx xxxx xxxx xxxx"

8. A beneficial reference may be made to the decision of the Apex Court in ***Konkan Railway Corporation Limited vs. Chenab Bridge Project Undertaking,* (2023) 9 SCC 85.** The relevant extract is reproduced hereinafter:-

"14. Analysis: At the outset, we may state that

> *the jurisdiction of the Court under Section 37 of the Act, as clarified by this Court in* ***MMTC Ltd. v. Vedanta Ltd., (2019) 4 SCC 163****, is akin to the jurisdiction of the court under Section 34 of the Act. Scope of interference by a court in an appeal under Section 37 of the Act, in examining an order, setting aside or refusing to set aside an award, is restricted and subject to the same grounds as the challenge under Section 34 of the Act.*
>
> *15. Therefore, the scope of jurisdiction under Section 34 and Section 37 of the Act is not akin to normal appellate jurisdiction. It is well-settled that courts ought not to interfere with the arbitral award in a casual and cavalier manner. The mere possibility of an alternative view on facts or interpretation of the contract does not entitle courts to reverse the findings of the Arbitral Tribunal."*

9. Accordingly, this Court finds no reason to interfere with the impugned award dated November 12, 2008 and the impugned judgment dated April 10, 2013.

10. In the light of the aforesaid discussion, this Court finds no merit in the appeal. Accordingly, FAO-3686-2013 and FAO-3687-2013 are **dismissed**.

11. No order as to costs.

12. Connected application(s), if any, shall also stand disposed of.

(LAPITA BANERJI)
JUDGE

20.07.2026
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Whether speaking/reasoned Yes/No
Whether Reportable Yes/No