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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Judgment Reserved on: 11.05.2026

Judgment delivered on: 29.05.2026

Judgment uploaded on: 29.05.2026

+ **FAO (COMM) 55/2025**

M/S BRH WEALTH KREATORS LTD.

.....Appellant

versus

SUDHIR KUMAR AGGARWAL

.....Respondent

Advocates who appeared in this case

For the Appellant : Mr. Amit George, Mr. Nitin Saluja, Ms. Shivani Luthra Lohiya, Mr. Sushrut Sharma, Mr. Karan Singh and Mr. Dushyant Kaul, Advocates

For the Respondents : Ms. Latika Chaudhry, Adv. With respondent in person.

CORAM:**HON'BLE MR. JUSTICE V. KAMESWAR RAO****HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA****JUDGMENT****MANMEET PRITAM SINGH ARORA, J.**

1. The present appeal is filed under Section 37 of the Arbitration and Conciliation Act, 1996, ['Act of 1996'], read with Section 13 of the



Commercial Courts Act, 2015, assailing the judgment dated 24.12.2024 [‘impugned judgment’] passed by the learned District Judge (Commercial-04), South-West District, Dwarka Courts, in OMP (COMM) No. 12/2020, whereby the Respondent’s petition under Section 34 of the Act of 1996 was allowed, and the arbitral award dated 06.08.2019 passed by the Sole Arbitrator under the bye-laws, Rules and Regulations of National Stock Exchange [‘NSE’] and the order dated 04.11.2019 of Appellate Arbitral Tribunal¹ upholding the said arbitral award was set aside.

2. The relevant facts for adjudicating the present appeal, as set out in the memorandum of appeal, are as follows:

2.1. Respondent had opened a demat/trading account with the Appellant in February 2007 and executed the account opening form, client registration documents, risk disclosure documents and authorisation letters.

2.2. It is stated that the Respondent carried out transactions in the cash and F&O segments, and that contract notes, SMS alerts and account statements were duly communicated to him through e-mail.

2.3. It is stated that the Respondent, on his own showing, became aware in 2014 that there was no balance in his trading account. The last trade was executed on 07.11.2014.

2.4. Thereafter, on 18.02.2019, Respondent filed a complaint before the Securities and Exchange Board of India [‘SEBI’] alleging unauthorised trades/non-receipt of payments in relation to transactions in his demat account. It is the stand of the Appellant that the allegations made in the complaint are false and frivolous.

¹ Comprising of three members with a retired High Court Judge as the Presiding Arbitrator



2.5. The said complaint was referred by SEBI to the Investor Grievance Redressal Panel [‘IGRP’], which, vide order dated 03.04.2019, admitted the Respondent’s claim for the principal amount of Rs. 9,42,000/- paid in 2007 on the ground that the Appellant herein was unable to justify the trades done in the Respondent’s account. It held that the Appellant was unable to produce any SMS or e-mail sent to the Respondent during the relevant period of 2007-2008 in respect of the trades conducted. It was observed that the Appellant had permitted its own representative to trade on behalf of the Respondent. In view of these findings, the IGRP admitted the Respondent’s claim to the extent of Rs. 9,42,000/-.

2.6. The Appellant challenged the said order dated 03.04.2019 of the IGRP before the Sole Arbitrator as per the bye-laws, Rules and Regulations of NSE. The said challenge was accepted and *vide* award dated 06.08.2019, the Sole Arbitrator held that the Respondent’s claim was barred by limitation and hence, the claim of Rs. 9,42,000/- was inadmissible in law. Consequently, the order dated 03.04.2019 of the IGRP was set at naught.

2.7. The Respondent challenged the said award dated 06.08.2019 before the Appellate Arbitral Tribunal of NSE, which, *vide* award dated 04.11.2019, upheld the award passed by the Sole Arbitrator. The Tribunal held that the claim of the Respondent was barred by limitation and observed that the Respondent also had no claim on the merits.

2.8. The Respondent filed an application under Section 33 of the Act of 1996 seeking review of the arbitral award dated 06.08.2019, which was also dismissed *vide* order dated 05.12.2019 on the ground that the same does not fall within the ambit of Section 33 of the Act of 1996.



2.9. The Respondent, thereafter, filed a petition under Section 34 of the Act of 1996, being OMP (COMM) No. 12/2020, which was not supported with a Statement of Truth. It is stated that after a delay of 4 years and 9 months, on 05.12.2024, the Respondent filed an application under Order XI Rule 1 of the Code of Civil Procedure, 1908, [‘CPC’] seeking to place the Statement of Truth on record.

2.10. It is stated that *vide* impugned order dated 24.12.2024, the Respondent’s petition under Section 34 of the Act of 1996 was allowed, and the arbitral award of the Sole Arbitrator dated 06.08.2019 and concurrent findings of the Learned Appellate Arbitral Tribunal dated 04.11.2019 were set aside on the grounds:

1. Appellant did not authorise any person or Sh. Dinesh Kumar Singh to do trade on his behalf;
2. The Appellant was not informed about any transactions done by the Respondent in the trading account; and
3. Limitation of fraud starts when the fraud comes to the knowledge of the affected party, i.e. in 2019, when the Respondent became aware of the forged authorisation document in the name of Sh. Dinesh Kumar Singh, an employee of the Appellant.

2.11. It is stated that *vide* separate order dated 24.12.2024, the learned District Judge also allowed the Respondent’s application under Order XI Rule 1 of CPC, on the premise that the said delay was curable.

2.12. In these facts, the Appellant has filed the present appeal.



Submissions by the Parties

Submissions by the Appellant

3. Learned counsel for the Appellant stated that the Respondent admitted before the Tribunal that, in 2014, he had received a call from the Appellant's Janakpuri Branch informing him that there was no balance in his account. However, the complaint before SEBI was filed only in 2019, well beyond the prescribed period of limitation stipulated under the circular issued by SEBI Ref CIR/MRD/DSA/2/2011 dated 09.02.2011.

In this regard, he places reliance on the judgment of the High Court of Bombay in **Nirmal Bang Commodities Pvt Ltd v S Geetha**² wherein it has been categorically held that where an investor, despite knowledge of the impugned transactions, fails to raise any objection within the limitation period, such transactions cannot subsequently be characterised as unauthorised.

3.1. He stated that the Respondent did not deny his signature on the authorisation letter executed in favour of Sh. Dinesh Kumar Singh, and both arbitral tribunal(s) found the said authorisation to be valid and consciously executed. He stated that these findings of the learned Sole Arbitrator and the Appellate Arbitral Tribunal were findings of fact based on the material on record and could not have been disturbed in proceedings under Section 34 of the Act of 1996.

3.2. He stated that the learned District Judge, in the absence of any foundational pleading on fraud, proceeded to return findings of fraud against the Appellant while hearing the Section 34 petition. He stated that the said findings are without any evidence and the Appellant did not have sufficient

² 2014 SCC OnLine Bom 1875



opportunity to answer the said allegations. He stated that it is impermissible for the Court under Section 34 petition to return such a finding solely based on pleadings. He stated that the said allegations have gravely prejudiced the Appellant, who is defending itself in the criminal complaint proceedings.

3.3. He stated that the learned District Judge proceeded on issues which were neither pleaded nor urged before the arbitral tribunals, including observations regarding the alleged non-provision of “Verifier Software”. He stated that the learned District Judge substituted his own view for the plausible and reasoned view taken by the arbitral tribunals, which is impermissible under Section 34 of the Act of 1996. In this regard, reliance was placed upon the judgment of the Supreme Court in **Jharkhand vs. HSS Integrated DSN³** and **Delhi Airport Metro Express Pvt. Ltd v Delhi Metro Rail Corporation Ltd.⁴**

3.4. The Appellant further relied upon the judgment of the Supreme Court in **Hindustan Construction Company Limited v. National Highways Authority of India⁵** to contend that the Court does not sit in appeal over an arbitral award and cannot re-assess or re-appreciate evidence merely because another view is possible.

3.5. He contended that the Statement of Truth was sought to be placed on record after a delay of about 4 years and 9 months, without any proper explanation or application for condonation of delay, and the learned District Judge allowed the said application on the same day on which the impugned

³ (2019) 9 SCC 798

⁴ MANU/SC/0623/2021

⁵ 2023 SCC OnLine SC 1063



judgment was pronounced, thereby depriving the Appellant of an effective opportunity to challenge the said order.

3.6. On the aforesaid basis, the Appellant submitted that the impugned judgment travels beyond the limited scope of interference under Section 34 of the Act of 1996, inasmuch as it re-appreciates evidence already considered by the learned Sole Arbitrator and the Appellate Arbitral Tribunal, and is therefore contrary to the scheme of the Act of 1996.

Submissions by the Respondent

4. Learned counsel for the Respondent stated that the impugned judgment calls for no interference, as the learned District Judge has correctly found that the alleged trades were not authorised by the Respondent and that the Respondent came to know about the alleged fraud only in 2019.

4.1. She submitted that the alleged authorisation letter in favour of Sh. Dinesh Kumar Singh was specifically disputed by the Respondent, and that the transactions in question were neither carried out with his consent nor within his knowledge. She stated that blank documents were executed by the Respondent at the time of opening of the account, and the alleged authorisation in favour of Mr. Dinesh Kumar Singh may be one such document.

4.2. She stated that the Respondent cannot be non-suited on the ground of limitation, as the cause of action arose only when the alleged fraud and unauthorised transactions came to his knowledge in 2019.

4.3. She stated that Appellant was unable to substantiate its plea that the trades of 2007-08 were communicated to the Respondent by SMS or e-mail at the relevant time or any time thereafter.

Case Analysis



5. This Court has heard the learned counsel for the parties and perused the record.
6. The Respondent had approached SEBI with a complaint in the year 2019, and the said complaint was referred to IGRP, which *vide* its order dated 03.04.2019, admitted the claim of the complainant for the principal sum of Rs. 9,42,000/- paid by the complainant to the Appellant/trading member. The said order was accepted by the Respondent/complainant but it was not accepted by the Appellant/trading member.
7. The Appellant challenged the said order of the IGRP by invoking arbitration as per the bye-laws of NSE, which led to the constitution of a Tribunal of a Sole Arbitrator. The Appellant's challenge to the order of IGRP was accepted, on the ground of limitation, upon a finding that since the amount of Rs. 9,42,000/- was paid by the Respondent in the year 2007 with respect to the trades done during 2007-08, the complaint filed before the SEBI in the year 2019 was time-barred. In effect, the order of the IGRP was set aside. Though the learned Arbitrator did observe at paragraph '24' of his order that the conduct of Appellant's employee Mr. Dinesh Kumar Singh, of carrying out the trades as an authorized representative of the Respondent, was contrary to the Rules of SEBI and NSE and required action by the regulator. In other words, the learned Arbitrator was of the opinion that Appellant ought not to have permitted its employee Mr. Dinesh Kumar Singh, to accept authorization on behalf of the Respondent to carry out trades.
8. The Respondent challenged the award of the learned Sole Arbitrator, setting aside the order of the IGRP, before the Appellate Arbitral Tribunal as per the bye-laws of NSE. The Appellate Arbitral Tribunal was appointed by



the NSE, comprising three (3) members, which was presided over by a retired Judge of this High Court. The Tribunal, after going through the documentary evidence on record, upheld the award of the learned Sole Arbitrator and the finding therein to the effect that the claim of the Respondent was barred by limitation. It opined that documents on record showed that Respondent had knowledge of the status of credit/debit in its trading account in 2012, 2013 and 2014, and therefore, the plea taken by the Respondent in 2019 with respect to lack of knowledge of the trades carried out in the trading account in 2007-08 failed to persuade the Appellate Arbitral Tribunal. It also held that the form authorizing Mr. Dinesh Kumar Singh to carry out trades admittedly bears the Respondent's signatures and the submission that the form was signed in blank was rejected. In view of these findings, upon examination of the documentary evidence, it returned a finding that, even on merits, it did not find that the Respondent had any case.

9. The award of the Sole Arbitrator and the order of the Appellate Arbitral Tribunal were challenged by the Respondent in a Section 34 petition. The Respondent sought setting aside of the award dated 06.08.2019 and the order of the Appellate Arbitral Tribunal dated 04.11.2019, and consequently restoration of the order of the IGRP dated 03.04.2019, which held that the Respondent's claim of Rs. 9,42,000/- was admissible. In addition, it prayed for an award of interest on the said amount. The relevant prayer clause reads as follows: -

“In view of above facts and circumstances it is kindly requested/prayed to this Hon'ble Court to allow this application and set aside the award passed by the Appellant Arbitral Tribunal with restore and modify the award of IGRP dated 03.04.2019 to the extent to the terms and condition agreed between the investor/applicant and the Trading Member/Respondents 1 to 4 in regard to the interest in



favour of the Applicant and against the non-applicants/Respondents no. 1 to 4.

Any other relief, which this Hon'ble Court may deem fit and proper in the facts and circumstances, may also be awarded to the applicant.”

10. Section 34 petition was allowed by the learned District Judge and the order of the Appellate Arbitral Tribunal dated 04.11.2019 and its effect was set aside. Thus, the direction of IGRP dated 03.04.2019 admitting the Respondent's claim of Rs. 9,42,000/- stood revived. No further directions with respect to claim of interest was passed by the learned District Judge.

11. Mr. Amit George, learned counsel for the Appellant at the hearing dated 11.05.2026 stated on instructions that Appellant is ready and willing to put a quietus to this dispute and pay a sum of Rs. 20,00,000/- (Rs. Twenty lakhs) as a lumpsum amount in full and final settlement of the claims raised by the Respondent. He stated that Appellant received a principal sum of Rs. 3,80,000/- on 29.06.2007 plus Rs. 5,62,000/- on 15.09.2007 and Rs. 1,00,000/- on 24.01.2008. Thus, Rs. 10,42,000/- was the principal sum received. He stated that the Appellant is willing to pay a sum of Rs. 9,58,000/- as lumpsum interest on the said amount. He stated that the said amount of Rs. 20,00,000/- will be deposited within four (4) weeks. He submitted that the Court may however, set aside the findings in the order of the learned District Judge at paragraph 19 to 21, which observe that the Appellant defrauded the Respondent in the operation of the trading account. He stated that the said findings are without any pleadings or evidence, and the Appellant had no opportunity to meet these allegations.

12. The Respondent was present at each hearing and duly represented by his counsel on 11.05.2026. Learned counsel for the Respondent stated that



Respondent is entitled to receive the principal amount of Rs. 10,42,000/- along with interest at 18% compound interest from the dates of payment in 2007-08 till date. It was submitted that 18% compound interest is the rate stipulated in the agreement executed between the parties.

13. The Respondent also sought to aver that he is unclear about the principal amount paid to the Appellant and suggested that it could be more. We are unable to accept the submission of the Respondent, since IGRP has only issued a direction for refund of principal amount of Rs. 9,42,000/-. We have also perused the pleadings in the Section 34 petition and the prayer therein and find that the Respondent was only pursuing the relief of refund of Rs. 9,42,000/- awarded by the IGRP in the said petition. Thus, the submissions of the Respondent that an uncertain and unknown amount towards principal is due and payable are without any merit.

14. Though we have accepted the submissions of the Appellant with respect to the principal amount being Rs. 10,42,000/-, which is one lakh more than Rs. 9,42,000/- awarded by IGRP.

15. In view of the submissions of Mr. George, learned counsel for the Appellant and the Respondent on 11.05.2026, the controversy before us has become limited to the quantum of interest payable by the Appellant to the Respondent in addition to the refund of the principal amount of Rs. 10,42,000/-.

16. The Respondent had approached the District Court in a Section 34 petition seeking the relief of restoration of the IGRP order dated 03.04.2019, which admitted the claim of Rs. 9,42,000/-. IGRP did not award any interest. The Respondent in the Section 34 petition also sought direction of interest on the said amount of Rs. 9,42,000/-, however, the learned District Judge did



not issue any direction qua interest. Thus, even if the impugned order dated 24.12.2024 of the learned District Judge is given effect to, the Respondent would only be entitled to receive the principal amount of Rs. 9,42,000/-.

17. In these facts, the offer of the Appellant to make payment of Rs. 10,42,000/- principal amount plus Rs. 9,58,000/- as a lump sum payment towards interest within four (4) weeks is just and reasonable and meets the objective of the Respondent, who was pursuing its claim of implementation of the order dated 03.04.2019 passed by IGRP.

18. The Appellant is directed to pay the sum of Rs. 20,00,000/- to the Respondent within a period of four (4) weeks from today, directly by bank transfer. The Respondent is directed to furnish its bank details to the Appellant by e-mail within two (2) weeks, with a copy marked to the counsel for the Appellant. If the Respondent fails to furnish the bank details and accept the said bank transfer, the Appellant will deposit the said amount with the Registry of this Court within five (5) weeks. However, if the Appellant fails to make the payment of the sum of Rs. 20,00,000/- as per the aforesaid directions, it shall become liable to pay interest at 18% compound interest per annum on the principal amount of Rs. 10,42,000/- with effect from 18.02.2019, i.e., the date when the complaint was filed by the Respondent before SEBI. The direction for payment of 18% compound interest has been issued so as to ensure that Appellant does not resile from its statement made before the Court.

19. The effect of Appellant's offer to make the payment of Rs. 20,00,000/- is that it is in effect accepting the IGRP's order dated 03.04.2019 and giving up its defence of limitation to the claim of the Respondent raised before the Arbitral Tribunal. Thus, to that extent, the



award of the learned Sole Arbitrator dated 06.08.2019, and the order of the learned Arbitral Tribunal dated 04.11.2019 shall cease to have any effect, and the Appellant will not be entitled to rely upon the same to dispute its liability. The IGRP's order dated 03.04.2019 is modified in terms of the directions issued hereinbefore at paragraph '18', and this order shall be liable to be executable as if it were a decree of the Court.

20. The Appellant is aggrieved by the findings in the impugned judgment dated 24.12.2024 of fraud alleged to have been committed by it on Respondent no. 1. We find merit in the submission of the Appellant to the effect that the said findings are not based on any documentary evidence and are instead based on conjectures and surmises. The findings of the fraud had to be on the basis of the documentary evidence available on record and could not be based on the intuition of the Court. The said findings of the fraud are directly contrary to the findings returned by the Appellate Arbitral Tribunal on the basis of the documents. We, therefore, set aside the order of the learned District Judge to the extent it finds the Appellant guilty of practicing fraud on the Respondent herein. The order of the learned District Judge is only upheld to the extent that it gives effect to the IGRP's order dated 03.04.2019 and no more. We make it clear that no reliance can be placed by the Respondent or Court, or any legal authority or enforcement agency, on the impugned judgment dated 24.12.2024 for ascribing fraud to the Appellant for its transactions with the Respondent.

21. However, if the Appellant fails to make payment of Rs. 20 lakhs to the Respondent as per the statement made before this Court at the hearing dated 11.05.2026, it shall amount to playing a fraud on the Court, and the Appellant and its officers will be personally liable for its consequences.



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22. With the aforesaid modification and directions, the present appeal is allowed.

MANMEET PRITAM SINGH ARORA, J

V. KAMESWAR RAO, J

MAY 29, 2026/AJ