

**Where shares had been dematerialised and acquired by institutional investors through hand delivery transactions, the fraud lay at the heart of the matter and could not be reduced to a simple bilateral dispute**

The **Bombay High Court** in the case of **ABB India Limited vs Sunil Hariram Jaisingh [Commercial Arbitration Petition (L) No. 32954 of 2024]** dated **June 09, 2026**, has held that the bye-laws of a stock exchange constitute subordinate law and are tabled in Parliament, having the force of statutory provisions. While such disputes of the nature set out in the aforesaid clause are made subject to arbitration, the law on arbitrability of disputes cannot be given a go-by. Indeed, every grievance raised by a shareholder cannot be said to be brought within the ambit of arbitration.

The Court observed that the award was entirely untenable both because of the findings returned and because of the manner in which the arbitral process was conducted. It noted that the only hearing was held on 9 July 2024, before ABB's statement of defence was filed, yet the tribunal later took on record both Jaisingh's additional submissions crystallising the compensation claim and ABB's statement of defence without granting any further hearing. No issues were framed, no evidence was led, and a summary adjudication was rendered despite the tribunal itself describing the matter as "complex". The Bench found this to be contrary to natural justice and patently illegal.

The Court further observed that limitation, delay and laches had not been judicially examined. It held that the cause of action for seeking transmission arose upon the father's death in 1988, and at the latest material events in 1992 and thereafter required scrutiny. There was no adequate explanation for Jaisingh's silence for nearly three decades, especially after being told that the original share certificates had been misplaced. The tribunal failed to examine contributory negligence, mitigation, Talreja's role, or the legal consequences of Jaisingh's prolonged inaction.

On fraud and arbitrability, the Court held that fraud lay at the heart of the matter and could not be reduced to a simple bilateral dispute. The material indicated that the shares had been dematerialised and acquired by institutional investors through hand delivery transactions, which required investigation. The Court found the tribunal's approach irrational because it effectively gave Jaisingh and his advocate a clean chit while speculating that the fraud may have occurred at the end of ABB or TCS, even though TCS had not effectively participated and third-party holders and Hitachi were not before the tribunal. The implications of the alleged fraud extended beyond the immediate parties and had in rem consequences affecting third parties.

The Court also held that the damages assessment was patently illegal. The tribunal had simply linked compensation to the closing market price of ABB and Hitachi shares as of the relevant date, without any trial of negligence, contributory fault, mitigation, or principles governing damages. It also noted the practical and legal difficulty that ABB could not buy its own shares except through a statutory buy-back, and that the shares claimed were already in the hands of third-party shareholders who had not been heard.

Accordingly, the Court set aside an arbitral award passed under SEBI's online dispute resolution framework in a dispute concerning transmission of legacy physical share certificates and consequential corporate entitlements. The Court held that the award was unsustainable on account of serious procedural defects, failure to adjudicate material issues including limitation and jurisdiction, and an erroneous treatment of fraud as a purely bilateral matter fit for arbitral determination.

The High Court also directed that amounts already released to the respondent through BSE and kept in fixed deposit be brought into Court and deposited with the Prothonotary and Senior Master within four weeks, after which they were to be released to ABB within one week of receipt.