



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

COMMERCIAL ARBITRATION PETITION (L) NO. 21283 OF 2025

Eicher Motors Limited,

... Petitioner.

A company incorporated
under the Companies Act, 1956
Having its registered office at
Office No.1111, 11th Floor, Ashoka
Estate, Plot No.24, Barakhamba Road,
New Delhi – 110001
through authorised person,
Mr. Sandeep Yadav

Versus

Ashutosh Ranjit Majmudar,

... Respondent.

Adult, Age-Major, Indian inhabitant
Residing at Flat No.211, Venus
Apartments, Prakash Pethe Marg,
Colaba, Mumbai – 400005.

*Mr Pranav Nair, Ms. Fleur D'Souza i/by Asahi Legal for the Petitioner.
Mr Hursh Meghani a/w. Mr Vinayak Pandit i/by Mr Ajinkya Udane for the
Respondent.*

**Coram : Sharmila U. Deshmukh, J.
Reserved on : April 21, 2026
Pronounced on: June 08, 2026**

JUDGMENT :

1. By this petition filed under Section 34 of the Arbitration and Conciliation Act, 1996 (for short, "Arbitration Act"), the Petitioner who is the original Respondent challenges the arbitral Award dated 11th April, 2025.

2. By the impugned Award, the Arbitral Tribunal has declared the Applicant's ownership in the share certificates of the Petitioner and directed issuance of 1000 shares of Petitioner Company. The Arbitral Tribunal also awarded sum of Rs.4,83,474/- as interest @ 12% from 4th March, 2024 till the date of the arbitral Award on the value of 1000 shares amounting to Rs.37,51,450/- and legal cost of Rs.2,00,000/-.

3. The case of the Respondent was of non issuance of new shares of the Petitioner despite the surrender of the old shares. The Respondent came with a claim that the Respondent sent the original share certificate of the Petitioner for 100 shares of Rs.10/- each to the registrar and transfer agents of the Petitioner on 4th March, 2024 with the request to exchange the shares with new share certificate for 1000 shares of Rs.1/- each and to update the KYC details in the Petitioner's records. The share transfer agents completed all scrutiny by June, 2024 and forwarded the request to the Petitioner. Thereafter even after lapse of 8 months, the Petitioner did not issue the new shares nor did they return the original shares surrendered by the Respondent. The Respondent filed a complaint on CADRE ODR platform and the Conciliator directed issuance of new shares. The Respondent sought the

following monetary claims in arbitration:

4. Specific Claims :	
a) Rs.54 lacs	<i>Being market value of 1000 shares of Rs 1/- each of Eicher Motors Ltd.</i>
b) Rs. 10 lacs	<i>Cost of raising the funds from the market due to non-availability of shares for many months. (Claimants wife is a cancer patient and funds have to be available for medical purposes)</i>
c) Rs. 10 lacs	<i>To cover legal costs and compensation for causing extreme harassment to very senior citizen (Age 81).</i>
d) Rs.5 lacs	<i>Damages fur deliberately withholding funds, for 9 months, without a shred of evidence against the claim.</i>
Rs.79 lacs	<i>Total Claim</i>

4. Learned counsel appearing for the Petitioner would submit that the direction of issuance of 1000 shares has been complied with and the challenge is limited to award of compensation and legal costs. He points out the findings on the compensation and would submit that the Respondent had not adduced any evidence to prove the loss. He submits that the Arbitral Tribunal has taken into consideration the prices of shares as per Yahoo Finance, which document was not placed on record by either party and no opportunity was given to the Petitioner to deal with the said document.

5. He would submit that the Arbitral Tribunal has not assessed any evidence based on which it has determined that any loss was

occasioned or actually suffered by the Respondent. He submits that the Respondent came with the case that he has suffered losses as he had to raise funds from the market, which was not proved. He submits that there are no oral or documentary evidence produced and the award of damages is based on no evidence and therefore suffers from perversity and patent illegality.

6. He submits that the award of legal costs of Rs.2,00,000/- is unsustainable as the Respondent had appeared as party-in-person and conducted proceedings on his own and has not incurred any legal fees or charges of a lawyer. He submits that the entire arbitration was conducted online and only one hearing of the arbitration was held on 21st March, 2025, when the Respondent represented himself. He would further submit that the Respondent has not submitted any statement of cost or other document even remotely showing that he has incurred cost of Rs.2,00,000/-. In support, he relies upon the following decisions:

- (i) *Edifice Developers and Project Engineers Ltd. Vs. Essar Projects (India) Ltd.*¹,**
- (ii) *Secretary to the Government of India, Ministry of Shipping, Road Transport and Highways, New Delhi and Anr. vs. Additional Commissioner, Nagpur and Ors.*²**
- (iii) *Microsoft Corporation vs. Zoai Founder*³**

1 2013 SCC OnLine Bom 5

2 2023 (2) Mh.L.J. 261

3 2023 SCC Online Del 3800

- (iv) Union of India vs. Recon, Mumbai⁴**
- (v) Oil and Natural Gas Corporation Limited vs. Afcons Gunanusa JV⁵,**
- (vi) The London Scottish Benefit Society vs. Chorley, Crawford and Chester⁶**
- (vii) India Media Services Pvt. Ltd. vs. SBPL Infrastructure Limited⁷**
- (viii) Jagson Airlines Ltd. vs. Bannari Amman Exports Ltd. and Anr.⁸**
- (ix) Steel Authority of India Ltd. vs. Amiya Steel Private Limited⁹**
- (x) State of J & K and Anr. vs. Dev Dutt Pandit¹⁰**

7. *Per contra*, learned counsel appearing for the Respondent would submit that the Tribunal has not awarded damages but compensation in the nature of interest which the Tribunal found reasonable. He submits that in exercise of jurisdiction under Section 34 of the Arbitration Act, this Court may not interfere with the award of compensation which is awarded for the period that the shares were withheld by the Petitioner. He submits that in the statement of claim, there was a specific pleading raised towards the cost of raising funds from the market due to non-availability of shares from many months and for deliberately withholding the

4 2020 (6) Mh.L.J. 509

5 (2024) 4 SCC 481

6 872 Queen's Bench Division Vol.XIII

7 2025 SCC Online Cal 8065

8 Decision of the Delhi High Court dated 05.11.2025 passed in O.M.P. 478 of 2006

9 Decision of the Calcutta High Court dated 12.12.2018 passed A.P.No.555 of 2010,

10 (1999) 7 SCC 339

funds without any cause. He submits that in view thereof, the Arbitral Tribunal has rightly accepted that the wrongful withholding of shares has led to financial losses and that the Applicant has borrowed funds at high interest rate for urgent medical needs. He further points out that insofar as the legal costs are concerned, the Tribunal has considered the sum of Rs.2,00,000/- as reasonable amount which does not deserve any interference. In support, he relies upon the following decisions:

- (i) Secretary, Irrigation Department, Government of Orissa and Ors. vs. G.C. Roy¹¹,**
- (ii) Consolidated Construction Consortium Ltd. vs. Software Technology Parks of India¹²,**
- (iii) National Highway Authority of India vs. Gammon India Ltd.¹³,**
- (iv) Associate Builders vs. Delhi Development Authority¹⁴,**
- (v) Vedanta Limited vs. Shenzhen Shandong Nuclear Power Construction Co. Ltd.¹⁵,**
- (vi) Executive Engineer, Dhenkanal Minor Irrigation Division, Orissa and Ors. vs. N.C. Budharaj (deceased) by LRS. and Ors.¹⁶,**
- (vii) Atlanta Infrastructure Ltd. vs. Municipal Corporation of Greater Mumbai and Ors.¹⁷,**

8. Rival contentions now fall for determination :

9. The facts are undisputed that the Respondent had handed

11 (1992) 1 SCC 508

12 (2025) 7 SCC 757

13 2014 SCC Online Cal 17407

14 (2015) 3 SCC 49

15 (2019) 11 SCC 465

16 (2001) 2 SCC 721

17 (2018) 15 SCC 230

over his shares to the Petitioner's share transfer agents on 4th March, 2024 for issuance of new shares , which were not issued despite lapse of period of about 8 months. The Learned Arbitral Tribunal framed the necessary issues and relevant for our purpose is Issue No. 7 as to whether the Respondent has suffered any financial loss due to non-issuance of shares and whether any compensation should be awarded in case of wrongful denial of share issuance. The finding of the Arbitral Tribunal on the said issue is as under:

"66. In this regard, the Tribunal finds that the Applicant surrendered the original share certificate to the Respondent's RTA Agent on March 4, 2024. As per Yahoo Finance, the closing price of Eicher Motors Limited's share was Rs.3,751.45 as on March 4, 2024. From the date of lodging these shares till the date of this arbitral award, interest is payable i.e. for 392 days. The Applicant has demanded interest @ 12% per annum, which the Tribunal finds it reasonable. Accordingly, the interest works out to be:

*Rs.3,751.45 *1,000*392/365*12% = Rs.4,83,474/-"*

10. The submissions recorded by the Arbitral Tribunal in paragraph 65 of the Impugned Award indicates that the claim for damages/compensation was on the basis of financial loss caused due to : (a) deprivation of opportunity to liquidate or earn returns on the shares (b) borrowing of funds at high interest rates for

urgent medical needs. The first ground is thus case of loss of profits, which requires evidence to be led. In ***Unibros vs All India Radio [2023 SCC OnLine 1366]***, the Hon'ble Apex Court has held in context of construction contract that to support the claim for loss of profit, it is imperative to substantiate the presence of a viable opportunity through compelling evidence. The same principle will apply in the present case and the burden was upon the Respondent to prove that there was an opportunity to earn profits which opportunity was lost by reason of withholding of shares by the Petitioner. There is no such evidence led by the Respondent.

11. The second ground for claiming compensation/damages is that the Respondent had to borrow funds at high interest for urgent medical needs. There is no oral or documentary evidence adduced by the Respondent to prove the borrowing of funds or the urgent medical needs. There is not even a finding of the Arbitral Tribunal that any financial loss was occasioned by reason of withholding of shares and without any such finding, the Arbitral Tribunal has awarded interest as compensation.

12. Based on acceptance of case of Respondent of loss of profit and financial loss by reason of borrowing of funds, the Arbitral Tribunal has granted interest as compensation. The findings of

Learned Arbitral Tribunal is based on no evidence and suffers from patent illegality under Section 34 (2-A) of Arbitration Act.

13. In the case of *Vedanta Limited vs. Shenzhen Shandong Nuclear Power Constructions Co. Ltd.* (supra), the Hon'ble Apex Court was considering a challenge to the rate of interest awarded by the Arbitral Tribunal. The Hon'ble Apex Court held that Interest is defined as the return or compensation for the use or retention by one person for a sum of money belonging to or owned by reason to another. It held that an award of interest compensates a party for its forgone return on investment or for money withheld without justifiable cause. In the present case the amount is not awarded as interest on crystallised sum of money but is awarded as compensation for withholding of shares. The determination of compensation requires a finding of financial loss or loss of profits based on evidence, which in this case is missing.

14. Further the computation of interest as compensation is based on the price of shares premised on share price of "Yahoo Finance" without granting any opportunity to the Petitioner to meet the said document. Section 24(3) of Arbitration Act mandates supply of all documents to the parties on which reliance is placed by Arbitral Tribunal in making its decision. In the present case, after

conclusion of hearing, the material was sourced by the Arbitral Tribunal itself without supplying a copy to the Petitioner and without granting any opportunity to the Petitioner. The computation based on such document would amount to patent illegality.

15. In the case of *Union of India vs. Recon, Mumbai* (supra), the learned Single Judge of this Court has held that the patent illegality would include a finding based on no evidence at all or a finding based on documents taken behind the back of the parties.

16. In the case of *Edifice Developers & Project Engineering Ltd.* (supra), the Hon'ble Division Bench of this Court was considering a claim arising out of works contract where the learned Arbitrator therein had allowed the claim for overhead losses without any evidence being led. It held that the fundamental basis that had permeated the award is contrary to law as no evidence was led for the losses. It further noted the decision of Hon'ble Apex Court in the case of *P.R. Shah, Shares and Stock Brokers Private Limited vs. B.H.H. Securities Pvt. Ltd. [(2012) 1 SCC 594]* that the Arbitral Tribunal cannot make use of his personal knowledge of the facts of the dispute which is not part of the record.

17. In the case of *Secretary to the Government of India Ministry*

of Shipping, Road Transport and Highways, New Delhi (supra), the learned Single Judge set aside the arbitration award on the ground that the material which was the basis on which the Arbitrator determined the quantum of compensation was not placed on record till the proceedings were closed for rendering award and were taken on record behind the back of the party after reserving the award. It held that the manner in which the only material which constitutes the basis for the enhanced compensation was introduced renders the award vulnerable and held that the arbitration award is vitiated on the ground of patent illegality.

18. In the case of ***Microsoft Corporation vs. Zoai Founder*** (supra), a similar challenge on the ground of the Arbitrator's reliance on its own research was held to vitiate the Award on the principle that an Arbitrator should not rely upon evidence which he/she has gathered at least without putting it to the affected party which is in fact an aspect of fairness and of giving the party an opportunity to be heard in terms of Section 18 of the Act.

19. The decisions relied upon by learned Counsel for Petitioner squarely applies to the facts of the present case where no evidence has been adduced by the Respondent to prove the loss of profit or financial loss caused to the Respondent and despite thereof the

Arbitral Tribunal has taken into consideration material sourced by the Arbitral Tribunal without furnishing the document to the Petitioner and awarded interest as compensation.

20. Insofar as the award of Rs.2,00,000/- is concerned, the Arbitral Tribunal has held that considering the legal cost, a sum of Rs.2,00,000/- claimed by the Respondent is reasonable amount. The regime governing the award of costs is set out in Section 31-A of Arbitration Act, which grants a discretion to the Arbitral Tribunal to determine whether the costs are payable, the amount of costs and when such costs are to be paid. The explanation to Section 31-A provides that costs means reasonable costs relating to the fees and expenses of Arbitrators, Courts and witnesses, legal fees and expenses, any administration fees of the institution supervising the arbitration and any other expenses incurred in connection with the arbitral or court proceedings and the arbitral award. The statutory provision further provides that in determining the costs, the Arbitral Tribunal shall have regard to various circumstances including the conduct of all the parties, whether the party has succeeded partly in the case etc. The Arbitral Tribunal has granted a sum of Rs.2,00,000/- as legal cost for which no material and not even the statement of cost is produced by the Respondent.

21. Learned Counsel for the Petitioner has submitted that the Respondent had appeared as party-in-person and conducted the proceedings on his own and therefore had not incurred any legal fees of a lawyer and that the entire arbitration was online and only one hearing of the arbitration was held on 21st March, 2025. The factual aspect has not been disputed by learned counsel for the Respondent. The findings of the Arbitral Tribunal that the legal cost of Rs.2,00,000/- is reasonable is not preceded by any discussion as to why the said cost has been awarded as legal cost and especially when Respondent had not engaged any lawyer or even claimed to have done so.

22. The consistent view taken by the Calcutta High Court and Delhi High Court is that the calculation of costs may be done with discretion vested in the Arbitrator, to be exercised judicially and based on evidence. Cost should be awarded in favour of successful party and if the costs are fixed in an extravagant or exorbitant manner, that may amount to misconduct sufficient for setting aside the Award. Learned Arbitrator should record his reasons for the same. ***(See India Media Services Pvt. Ltd. vs SBPL Infrastructure Ltd. (supra) and Jagson Airlines Ltd vs Bannari Amman Exports Ltd & Anr. (supra).***

23. In the case of ***Oil and Natural Gas Corporation Ltd. vs. Afcons Gunanusa JV*** (supra), the Hon'ble Apex Court held that the costs are typically compensation payable by the losing party to the winning party for the expenses the latter incurred by participating in the proceedings. It held in paragraph 106 and 107, as under:

"106. The principle of the payment of "costs" remains the same in litigation and arbitration even though the form of expenses may vary. Redfern and Hunter on International Arbitration has classified the various components of costs under the following headings:

"• 'costs of the tribunal' (including the charges for administration of the arbitration by any arbitral institution);

• 'costs of the arbitration' (including hiring the hearing rooms, interpreters, transcript preparation, among other things); and

• 'costs of the parties' (including the costs of legal representation, expert witnesses, witness and other travel-related expenditure, among other things)."

The first category of "costs of the tribunal" includes the fees, travel-related and other expenses, payable to the arbitrators. However, this category also includes fees and expenses relating to the experts appointed by the tribunal, administrative secretary or registrar and other incidental expenses incurred by the tribunal in respect of the case. Fees of arbitrators constitute a component of the diverse elements which make up the costs that are payable by one party to another.

107. The purpose of awarding costs is to "indemnify the winning party". The "loser pays" principle apportions the costs between the parties through the costs follow the event "CFE" method. The primary purpose of the CFE method is to "make the claimant whole". The CFE method has been statutorily recognised in some national

legislations. The English Arbitration Act provides that "unless the parties otherwise agree, the tribunal shall award costs on the general principle that costs should follow the event except where it appears to the tribunal that this principle is not appropriate in relation to whole or part of the costs". Since costs are typically awarded at the conclusion of the proceedings on the basis of the relative success or failure of parties, an award of costs forms a part of the final award. However, interim awards or rulings on costs may also be issued."

24. In the present case, the impugned Award does not indicate that the costs awarded fall under any of the components of costs and even applying the principle that the loser pays considering that this Court has set aside the part of the Award, the said principle will also not apply. The Arbitral Tribunal has termed the costs as legal costs without any reasons for awarding such heavy costs in an online arbitration conducted by the party in person and is not justified in the facts of the case. There is no consideration of the factors laid down in Section 31-A of Arbitration Act and there is no reason given for awarding costs of Rs.2,00,000/-.

25. The judicial pronouncements sets out the consistent view taken by the various High Courts that in the absence of any evidence, the computation of the costs and award of the same would constitute a misconduct warranting interference under Section 34 of the Arbitration Act. Applying the said position of law

to the facts of the present case, the grant of sum of Rs.2,00,000/- especially categorised as legal cost without any evidence of any such legal cost being incurred by the Respondent and particularly, when the Respondent was not represented by any lawyer, constitutes misconduct sufficient for setting aside the Award.

26. Coming to the decisions relied upon by the learned counsel appearing for the Respondent, in the case of ***Secretary, Irrigation Department, Government of Orissa and Ors.*** (supra) the issue before the Hon'ble Apex Court was as regards the power of the Arbitrator to award interest *pendente lite*. The Hon'ble Apex Court noted in paragraph 43 that a person deprived of use of the money to which he is legitimately entitled has a right to be compensated for the deprivation which may be called interest or compensation or damages and that this basic consideration is as valid for the period till the dispute is pending before the Arbitrator as it is for the period prior to the arbitrator entering upon the reference. In that case the contract was works contract and the Claimant was held entitled to certain amounts and interest was awarded for due date of payment till payment. There is no dispute about the power of the Arbitrator to award interest *pendente lite*, however, the said issue does not arise for consideration in the present case.

27. In the case of ***Consolidated Construction Consortium Ltd. vs. Software Technology Parks of India*** (supra), the Hon'ble Apex Court considered whether the Respondent therein was entitled under the terms of contract to levy liquidated damages for the delay. In paragraph 30, the Hon'ble Apex Court noted the findings of the Arbitral Tribunal that the Respondent therein had established that the loss suffered by it indeed occurred due to delay in handing over the new premises. The decision does not assist the case of the Respondent.

28. The decision of ***National High Way Authority of India vs. Gammon India Ltd.*** (supra), and ***Associate Builders vs. Delhi Development Authority*** (supra), sets out the contours of the power exercised by the Court under Section 34 of the Arbitration Act about which there is no quarrel.

29. In the case of ***Executive Engineer, Dhenkanal Minor Irrigation Division, Orissa and Ors.*** (supra), the Hon'ble Apex Court considered the jurisdiction of the Arbitrator to award *pendente lite* interest. The decision follows the Constitution Bench judgment in the case of ***Secretary Irrigation Department of Orissa v. G.C. Roy*** (supra) and was rendered in different factual scenario.

30. In the case of ***Atlanta Infrastructure Ltd. vs. Municipal***

Corporation of Greater Mumbai and Ors., (supra), the Hon'ble Apex Court considered that the Arbitral Tribunal has given good reasons stating that what has been awarded is by way of direct expenses, loss of productivity of machinery and equipment, and by way of loss of overheads and profits. In the present case, there are no reasons given for awarding compensation and the decision will not assist the case of the Respondent.

31. Considering the nature of claim, the award of compensation and award of legal cost is distinct and separate from the award of issuance of share certificates and it is possible to sever the bad part of the Award from the good part while retaining the good part of the Award.

32. In light of the above, the Arbitration Petition succeeds. The Arbitral Award dated 14th April, 2025 to the extent that it awards a sum of Rs.4,83,473/- at the rate of 12% p.a. from 4th March, 2024 till the date of passing of the impugned Award and the legal cost of sum of Rs.2,00,000/- are hereby quashed and set aside.

[Sharmila U. Deshmukh, J.]