

CASE LAW UPDATES

Case Brief : Hemant D. Shah HUF & Anr. v. Chittaranjan D. Shah HUF & Ors., 2026

Hanspal Bakul · 16 Oct 2026

(Bench: J.B. Pardiwala and K. Vinod Chandran JJ.) The case brief on **Hemant D. Shah HUF & Anr. v. Chittaranjan D. Shah HUF & Ors. (2026)** clarifies the evolving jurisprudence on **joining non-signatories to arbitration** proceedings in India.

Facts

The dispute concerns Unit No. 2 (3,500 sq. ft.) in a Worli, Mumbai commercial building, owned by the partnership firm M/s Prospective Traders. The firm was reconstituted on 09.12.1985, bringing in the appellants and respondents 1 and 2 as partners. That deed contains the arbitration clause.

The appellants say they never retired and that the 03.07.1995 retirement deed is forged. Respondent 2 retired in 2005, and the firm continued as a proprietorship under respondent 1. In 2009, respondents 3 and 4 were inducted as partners in a new partnership.

The appellants filed a **Section 11 application**. The High Court decided limitation in their favour but refused to join respondents 3 and 4, since **they were non-signatories and did not fall within any recognised exception**. The appellants appealed.

Arguments

Appellants: The 1995 retirement deed is forged, so the 1985 partnership continues and the asset belongs to it. All later arrangements, including the 2009 induction of respondents 3 and 4, depend on that deed. The dispute cannot be decided fully without them.

Respondents 1 and 2: The partnership was dissolved after respondent 2's retirement, following the appellants' retirement in 1995. Their rights over the property rest on these subsequent arrangements.

Respondents 3 and 4: They are non-signatories to the 1985 deed and distanced themselves from it. The High Court found they were not persons claiming through or under a signatory and **were outside the Group of Companies doctrine, so they cannot be forced into the arbitration.** They also raised limitation and estoppel, since the appellants did not include them in an earlier arbitration.

Issues

- Whether respondents 3 and 4, though non-signatories to the 1985 deed, **are veritable parties who can be joined in the arbitration.**
- Whether the High Court was right in refusing their impleadment because they fell outside the “**claiming through or under**” and **Group of Companies exceptions.**

Judgement

The Court held that respondents 3 and 4 **are veritable parties and modified the High Court’s order only to that extent.** It accepted that the *Group of Companies doctrine does not apply here but said Cox and Kings Ltd v. SAP India Pvt Ltd still helps.*

That decision says courts cannot rigidly exclude everyone who did not sign, and Section 7’s *writing requirement does not rule out binding non-signatories.*

The Court also relied on Hindustan Petroleum Corporation Ltd v. BCL Secure Premises Pvt Ltd, where a referral court can examine whether a non-signatory is truly a party. There, *a sub-contractor had no semblance of intent to create a legal relationship with the awardee, so it was not a veritable party.*

Here the dispute is about ownership of the property. If the 1995 deed is invalid, the parties revert to the 1985 partnership, and the rights of respondents 3 and 4 would be directly affected. *The finding is only prima facie. Limitation and estoppel against the appellants are left open for the Arbitral Tribunal.*

Ratio Decidendi

Whether a non-signatory is a veritable party depends on the facts of each case and cannot be decided by a fixed formula.

If the outcome of the arbitration would substantially affect a non-signatory's rights, the referral court can prima facie treat it as a veritable party. **This holds even where the Group of Companies doctrine and the "claiming through or under" test do not apply.** *The Arbitral Tribunal still decides the final question of whether the non-signatory is bound.*