



IN THE HIGH COURT OF KARNATAKA, AT DHARWAD

DATED THIS THE 12TH DAY OF FEBRUARY, 2026

PRESENT

THE HON'BLE MR. JUSTICE M.I.ARUN

AND

THE HON'BLE MR. JUSTICE B. MURALIDHARA PAI

COMMERCIAL APPEALS NO.100016 OF 2021 C/W
COMMERCIAL APPEALS NO.100003 OF 2021

COMAP NO.100016/2021:

BETWEEN:

SRI. SHRISHAIL, S/O YAMANAPPA TARIHAL,
AGE: 37 YEARS, OCC: NILL,
R/O: 137/1, NAVA VEERABHADRA NAGAR,
AT POST, MARIHAL, TQ: DIST: BELAGAVI

... APPELLANT

(BY SRI. S.B. MALLIGAWAD, ADV. FOR SRI. JAGADISH PATIL,
ADVOCATE)

AND:

1. THE BRANCH MANAGER,
MANNAPPURAM FINANCE LTD.,
GOVAVES CIRCLE, BELAGAVI.
2. REGIONAL MANAGER,
MANNAPPURAM FINANCE LTD.,
MANNAPPURAM HOUSE,
VALAPAD, PO, THRISUR,
KERALA – 620 680.

...RESPONDENTS

(BY SRI. MANJUNATH S. TORANGAL, ADV. FOR R1 & R2
APPEARED THROUGH V.C.)

THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 37(1)(C)
OF THE ARBITRATION AND CONCILIATION ACT, 1996 R/W SECTION
13(1) OF THE COMMERCIAL COURTS, COMMERCIAL DIVISION AND
COMMERCIAL APPELLATE DIVISION OF HIGH COURTS ACT, 2015
PRAYING TO SET ASIDE THE ORDER DATED 03.03.2021 PASSED BY

Digitally signed by
VISHAL NINGAPPA
PATTHAL
Location: High
Court of Karnataka,
Dharwad Bench,
Dharwad



NC: 2026:KHC-D:2211-DB
COMAP No. 100016 of 2021
C/W COMAP No. 100003 of 2021

THE PRINCIPAL DISTRICT AND SESSIONS JUDGE, BELAGAVI IN ARBITRATION PETITION NO.03/2020; SET ASIDE THE AWARD DATED 05.12.2019 PASSED BY THE SOLE ARBITRATOR IN ARBITRATION CASE NO.210/2018; AWARD THE COST OF THE PROCEEDINGS AND ETC.,

COMAP NO.100003/2021:
BETWEEN:

SRI. SHRISHAIL S/O. YAMANAPPA TARIHAL,
AGE: 37 YEARS, OCC: NIL,
R/O: 137/1, NAVA VEERABHADRA NAGAR,
AT POST: MARIHAL, TQ & DIST: BELAGAVI.

... APPELLANT

(BY SRI. S.B. MALLIGAWAD, ADV. FOR SRI. JAGADISH PATIL,
ADVOCATE)

AND:

1. THE BRANCH MANAGER,
M/S MUTHOOT FINANCE LTD.,
KHADEBAZAR, BELAGAVI.
2. CHIEF MANAGER – AUDIT,
M/S MUTHOOT FINANCE LTD.,
HAVING ITS REGISTERED OFFICE,
AT. 2ND FLOOR, MUTHOOT CHAMBERS,
BANERJEE ROAD, KOCHI 682 018.

...RESPONDENTS

(BY SRI. S.B. SHAIKH, ADV. FOR R1 & R2 - APPEARED THROUGH VC)

THIS COMMERCIAL APPEAL IS FILED U/S.37(1)(C) OF THE ARBITRATION AND CONCILIATION ACT, 1996 READ WITH SECTION 13(1) OF THE COMMERCIAL COURTS, COMMERCIAL DIVISION AND COMMERCIAL APPELLATE DIVISION OF HIGH COURTS ACT, 2015 PRAYING TO SET ASIDE THE ORDER DATED 02.02.2021 PASSED BY THE PRINCIPAL DISTRICT AND SESSIONS JUDGE, BELAGAVI IN A.S.NO.15/2019 (ANNEXURE – A). SET ASIDE THE AWARD DATED 09.08.2019 PASSED BY THE SOLE ARBITRATOR IN ARC NO.53/2018 (ANNEXURE – B). AWARD THE COST OF THE PROCEEDINGS. ANY OTHER RELIEF THIS HON'BLE COURT DEEM FIT IN THE INTEREST OF JUSTICE AND EQUITY.



THESE APPEALS, COMING ON FOR ORDERS THIS DAY,
JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: THE HON'BLE MR. JUSTICE M.I.ARUN
AND
THE HON'BLE MR. JUSTICE B. MURALIDHARA PAI

ORAL JUDGMENT

(PER: THE HON'BLE MR. JUSTICE M.I.ARUN)

Commercial Appeal No.100016/2021 is filed with the
following prayers:

- "1. Set aside the order dated 03-03-2021
passed by the Principal District and
Sessions Judge, Belagavi in Arbitration
Petition No.03/2020;*
- 2. Set aside the award dated 05-12-2019
passed by the sole arbitrator in Arbitration
Case No.210/2018;*
- 3. Award the cost of the proceedings.*
- 4. Any other relief this Hon'ble court may
deem fit in the interests of justice and
equity."*

2. Commercial Appeal No.100003/2021 is filed with
the following prayers:

- "1.Set aside the order dated 02.02.2021
passed by the Principal District and Sessions
Judge, Belagavi in A.S.No.15/2019
(Annexure - A).*



2. *Set aside the award dated 09.08.2019 passed by the sole arbitrator in ARC No.53/2018 (Annexure – B).*
3. *award the cost of the proceedings.*
4. *any other relief this Hon'ble court deem fit in the interest of justice and equity."*

3. The appellant is said to be a Clerk working in Kaalika Daivagnya Co-operative Credit Society, Belagavi.

4. On the ground that the appellant pledged gold with the respondents and obtained a gold loan and thereafter committed default in repayment of the said loan, arbitration proceedings have been initiated by the respondents against the appellant herein, in terms of the agreement.

5. Arbitral awards have been passed against the appellant. Aggrieved by the same, the appellant has preferred arbitral suits under Section 34 of the Arbitration and Conciliation Act, 1996 (for short, 'the Act') in the Court of Principal District Judge, Belagavi. The same have been dismissed. Aggrieved by the same, the present Commercial Appeals have been filed.



6. The case of the appellant is that he is working as a Clerk in Kaalika Daivagnya Co-operative Credit Society, Belagavi. The Society has given loan to its members on the security of certain gold being pledged with the Society by the borrowers. During the period when the currency notes of denomination of Rs.1,000/- and Rs.500/- were devalued and recalled, there was a cash crunch in the Society and it was not able provide necessary cash to its members when they sought for withdrawal of the money in their respective deposits. That the borrowers had also committed default in repayment of their loans. Hence, the Manager of the Society requested the appellant to get cash from the respondents so that money can be disbursed to the account holders by the Society. For that purpose, the gold that was pledged in the Society was pledged with the respondents. Subsequently, criminal proceedings have been initiated against some of the officials of the Bank including the Manager and the appellant herein on the false allegation that they misused the gold and taken money from the



respondents. It is submitted that the appellant is not the borrower, but it is the Society and he has merely signed the documents pertaining to the loan transactions with the respondents at the instance of the Manager.

7. It is further submitted that initiation of arbitral proceedings as done in the instant case is also erroneous.

8. On the aforementioned grounds, it is prayed that the commercial appeals be allowed.

9. The learned counsel appearing for the respondents deny the aforementioned submissions of the appellant. They submit that Kaalika Daivagnya Co-operative Credit Society, Belagavi, never had any transaction with them. It is submitted that the appellant herein pledged the gold and borrowed money from them. He committed default in repayment of the loan. However, they admit that upon an investigation conducted by the police, the gold pledged by the appellant has now been seized by the police and the respondents have realized that the appellant had no



authority to pledge the gold and the gold did not belong to the appellant, but to the customers Kaalika Daivagnya Co-operative Credit Society, Belagavi. It is submitted that because of the seizure of the gold and due to default committed by the appellant, the respondents could not recover the loan amount. Hence, they instituted arbitration proceedings, as agreed upon between the parties, in the loan agreement. Based on the pleadings and the evidence let in along with the documents produced, the Arbitrator has passed the arbitral awards. It is further submitted that there is no error in the arbitral awards. It is contended that the arbitral awards have been rightly confirmed by the District Court at Belagavi. That there is no error in the same. For the said reason, it is prayed that the appeals be dismissed.

10. The documents placed before this Court reveal that loan agreements have been entered into between the parties. The appellant has executed the loan agreements in his individual capacity and not in the capacity of a Clerk of



the Kaalika Daivagnya Co-operative Credit Society, Belagavi. The documents also reveal that the gold did not belong to the appellant, but to the customers of the Kaalika Daivagnya Co-operative Credit Society, Belagavi. A criminal investigation is launched against the several employees of the Kaalika Daivagnya Co-operative Credit Society, Belagavi, including the appellant herein for misuse of the gold pledged with the Bank for their personal purpose. The gold pledged by the appellant with the respondents has been seized by the jurisdictional police. As there was default committed by the appellant in repayment of the loan borrowed from the respondents-financial institutions, proceedings have been initiated against the appellant in accordance with the agreement, and an arbitral award has been passed against the appellant. The same has been confirmed in the arbitration suit. The submission of the appellant is more than like a story without being backed by any document, probably advanced by the accused including



the appellant herein to escape from the criminal investigation launched against them.

11. We do not see any merit in the appeals and the same are accordingly dismissed.

Sd/-
(M.I.ARUN)
JUDGE

Sd/-
(B. MURALIDHARA PAI)
JUDGE

KMS/ CT:ASC
List No.: 1 Sl No.: 1