IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 6TH DAY OF NOVEMBER, 2026

PRESENT

THE HON'BLE MRS. JUSTICE ANU SIVARAMAN

AND

THE HON'BLE MR. JUSTICE T.P.VIVEKANANDA

MISCELLANEOUS FIRST APPEAL NO.2778 OF 2020 (AA)
C/W
MISCELLANEOUS FIRST APPEAL NO.2799 OF 2020 (AA)

IN MFA No.2778/2020

BETWEEN:

SRI MADHUSUDAN REDDY
S/O K. PAPI REDDY
AGED ABOUT 36 YEARS
HOUSE NO.641/B, 5TH CROSS
HAL-II STAGE
KODIHALLI
BANGALORE-560 008

...APPELLANT

(BY SRI. P. B. RAJU, ADVOCATE)

Digitally signed by PAVITHRA N
Location: High Court of Karnataka

AND:

1. SMT. ASHA T.
   W/O SRI SHIVAKUMAR
   AGED ABOUT 38 YEARS
   R/AT FLAT NO.204, IIND FLOOR
   SCION VISTA APARTMENTS

5TH CROSS
G. M. PALYA
BANGALORE-560 075

2. SRI VENUGOPAL T.
S/O LATE THAMANNA
AGED ABOUT 43 YEARS

3. SRI MANOHAR H. T.
S/O LATE THAMANNA
AGED ABOUT 41 YEARS

4. SMT. P. GANGAMMA
S/O LATE THAMANNA
AGED ABOUT 74 YEARS

SL. NO. 2 TO 4 ARE
RESIDENTS OF HITHERAHALLI VILLAGE
BUDIGERE POST, CHANNARAYAPATNA HOBLI
DEVANAHALLI TALUK
BANGALORE DISTRICT

5. SRI SURAJ R. MANJESHWAR
SOLE ARBITRATOR
OFFICE AT NO.11
1ST FLOOR, 17-F CROSS
INDIRANAGAR-II STAGE
BANGALORE 560 038

…RESPONDENTS

(BY SRI. VENKATACHALAPATHI S. K., ADVOCATE FOR R1 TO R4;
R5 IS SERVED AND UNREPRESENTED)

THIS MFA IS FILED UNDER SECTION 37 (1)(c) OF THE ARBITRATION AND CONCILIATION ACT, AGAINST THE ORDER DATED 20.01.2020 PASSED IN A.S.NO.15004/2019, ON THE FILE OF THE VTH ADDITIONAL DISTRICT JUDGE, BENGALURU RURAL DISTRICT AT DEVANAHALLI, ALLOWING THE APPLICATION FILED UNDER SECTION 34 OF ARBITRATION AND CONCILIATION ACT 1996.

IN MFA NO. 2799/2020

BETWEEN:

SRI MADHUSUDAN REDDY
S/O K. PAPI REDDY
AGED ABOUT 36 YEARS
HOUSE NO.641/B
5TH CROSS, HAL-II STAGE
KODIHALLI, BANGALORE 560 008

...APPELLANT

(BY SRI. P. B. RAJU, ADVOCATE)

AND:

1. SMT. MARIYAMMA
   W/O LATE SRI N. BYRAPPA
   AGED ABOUT 82 YEARS
   R/AT FLAT NO.204
   IIND FLOOR, SCION VISTA APARTMENTS

5TH CROSS, G. M. PALYA
BANGALORE 560 075

2. SRI SURAJ R. MANJESHWAR
SOLE ARBITRATOR
OFFICE AT: NO.11
1ST FLOOR, 17-F CROSS
INDIRANAGAR II STAGE
BANGALORE 560 038

...RESPONDENTS

(BY SRI. KESHAV K., ADVOCATE FOR R1;
R2 IS SERVED AND UNREPRESENTED)

THIS MFA IS FILED UNDER SECTION 37(1)(c) OF ARBITRATION AND CONCILIATION ACT, AGAINST THE JUDGMENT AND AWARD DATED 20.01.2020 PASSED IN A.S. NO.15003/2019 ON THE FILE OF THE V^TH ADDITIONAL DISTRICT JUDGE, BENGALURU RURAL DISTRICT AT DEVANAHALLI, BENGALURU ALLOWING THE APPLICATION FILED UNDER SECTION 34 OF ARBITRATION AND CONCILIATION ACT, 1996.

THESE MISCELLANEOUS FIRST APPEALS HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 18.09.2026 AND COMING ON FOR PRONOUNCEMENT OF JUDGMENT THIS DAY, **ANU SIVARAMAN J.,** PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MRS. JUSTICE ANU SIVARAMAN
and
HON'BLE MR. JUSTICE T.P.VIVEKANANDA

CAV JUDGMENT

(PER: HON'BLE MRS. JUSTICE ANU SIVARAMAN)

These Miscellaneous First Appeals are filed by the appellant under Section 37 of the Arbitration and Conciliation Act, 1996 ('Arbitration Act' for short) challenging the judgments dated 20.01.2020 passed by the learned V Additional District and Sessions Judge, Bengaluru Rural District at Devanahalli ('trial Court' for short) in A.S. No.15004/2019 and 15003/2019, wherein the trial Court allowed the petition filed by respondents No.1 to 4 in MFA No.2779/2020 and respondent No.1 in MFA No.2779/2020, respectively under Section 34 of the and set aside the award dated 24.06.2019 passed by the learned Sole Arbitrator.

2. We have heard Shri. PB Raju learned counsel appearing for the appellant in both the appeals, Shri. Keshav K learned counsel appearing for respondent No.1 in MFA No.2779/2020 and Shri. Venkatachalapathi S K learned counsel appearing for respondents No.1 to 4 in MFA No.2778/2020.

3. The learned counsel appearing for the appellant submits that the parties herein entered into a Memorandum of Understanding ('MoU' for short) and a Supplementary MoU, both dated 10.06.2016. The MOUs related to the joint development of land measuring 5 acres in Sy.No.220/P52 (old Sy.No.109/10) of Handrahalli Village, Channarayapatna Hobli, Devanahalli Taluk, Bengaluru Rural District ('Schedule A property'). Under the MOUs, respondents No.1 in MFA No.2778/2020 and respondents No.1-4 in 2779/2020 and others agreed to execute a comprehensive Joint Development Agreement. Before doing so, they were to discharge the mortgage loan of Rs.50,00,000/- availed from Axis Bank against the Schedule A property. They were also to provide a 30 feet wide road to the property through Sy.No.203/1 and 203/2 of the same village, which belong to them. Further, they were to have the survey number rectified from 220/P52 to 109/10 and effect phodi. The appellant paid an advance of Rs.15,00,000/-, and the balance of Rs.35,00,000/- was payable on execution of the Joint Development Agreement and Power of Attorney.

4. It is submitted that alleging breach of the MOUs by the petitioners/respondents herein, the appellant invoked the arbitration clause by notice dated 31.07.2017, and the Sole Arbitrator was appointed. The learned Arbitrator took up the matter on 28.10.2017 and issued notice to the respondents. By the award dated 24.06.2019, the learned Arbitrator allowed the claim. Respondents No.1 to 4 and others were directed to discharge the mortgage loan, provide the 30 feet wide road access, and rectify the survey number and effect phodi and execute the MoU and the Supplementary MoU dated 10.06.2016.

5. Respondents No.1- 4 in MFA No.2778/2020 and respondent No.1 in MFA No.2779/2020 challenged the award in A.S.No. 15004/2019 and 15003/2019, respectively before the trial Court. The trial Court had considered two issues, namely, whether the award passed in contravention of Section 29A of the Arbitration (Amendment) Act, 2015 is sustainable under law and whether the applicants have made out any ground to set aside the impugned award?

6. The trial Court answered the first question in the negative and the second in the affirmative. It was found from the arbitral order sheet that the Arbitrator entered upon the reference on 28.10.2017, and that the respondents appeared on 22.11.2017. It was held that, under Sections 29A(1) and (3) of the Arbitration Act, the award had to be made within 12 months, extendable by a further 6 months with the consent of the parties. The maximum time available to the Tribunal was therefore 18 months, and any extension beyond that could only be granted by the Court under Section 29A(4) of the Act.

7. It was further held that the Arbitration Act does not require any party to file an application or raise an objection for the mandate to terminate. Termination follows automatically once the period expires. Since the award was passed beyond 18 months, it could not stand. In the instant case, the award itself violated a statutory mandate, and such an award cannot be allowed to stand merely because a

party did not object. Therefore, the award was set aside as patently illegal.

8. The learned counsel appearing for the appellant contends that the scope of interference under Section 34 of the Arbitration Act is narrow. It is further pointed out that the other respondents before the Arbitral Tribunal, namely respondents No.2, 3, 4, 5, 7 and 8 there, did not challenge the award and must be taken to have accepted it. It is further contended that respondents No.1 to 4 took part in the arbitral proceedings voluntarily. They did not object to the jurisdiction of the Sole Arbitrator. If the respondents believed that the time had lapsed and the Tribunal had lost its authority, they were required to raise that plea before the Tribunal under Section 16 of the Arbitration Act. However, they raised it only in 2019, after the matter had been reserved for award. It is therefore argued that they waived their objection, and Section 4 of the Arbitration Act applies.

9. It is further contended that under Sections 29A(5) and 2(h) of the Arbitration Act, only a party to the Arbitration Agreement can seek an extension of time. The

trial Court, incorrectly accepted respondent No.1's contention that the Arbitrator ought to have approached the Court for extension. It is also contended that the trial Court erred in holding that the mandate terminates automatically without any objection from the parties. It is contended that the willing participation of the parties itself amounts to consent to extension under Section 29A(3) of the Arbitration Act, since the Act does not require express written consent.

10. It is further contended that the Court has power under Section 29A(4) of the Arbitration Act to extend the period even after it has expired. The trial Court ought to have extended the time on his own and validated the proceedings and the award. It is argued that the purpose of Section 29A of the Arbitration Act is to ensure speedy disposal. It is not meant to nullify proceedings in which the parties participated without objection.

11. The learned counsel appearing for the appellants places reliance on the following judgments:-

- ***C. Velusamy v. K. Indhera,*** vide order ***dated 03.02.2026*** passed in ***SLP(C) No. 6551/2025;***

- ***Government of India and Another v. Sri Devraj Urs Medical College*****,** vide order ***dated 04.08.2026*** passed in ***Civil Appeal No.10669/2010;***

- ***Rajkumar Singh v. Madhukar & Another*****,** vide order ***dated 25.07.2017*** passed in ***Civil Revision Application No.78/2016;***

- ***Shipping Corporation of India Ltd. v. Machado Brothers & Ors.,*** vide order ***dated 25.03.2004*** passed in ***Civil Appeal No.1855-1856/2004;***

- ***M/s. Balaji Developers v. M.G.Gangaiah*****,** vide order ***dated 08.07.2022*** passed in ***W.P.No.23837/2021;***

- ***Sri. Ashish K Philip v. M/s. Caledon Technologies India Pvt. Ltd.,*** vide order ***dated 16.04.2025*** passed in ***W.P. No.8842/2025;***

- ***Union of India v. M/s. M.K.Infrastructure (P) Ltd.,*** vide order ***dated 08.05.2025*** passed in ***Arb. A. No.04/2024;***

- ***Board of Control for Cricket in India v. Kochi Cricket Pvt.Ltd.,*** vide order ***dated 15.03.2018,*** passed *in* ***(2018) 6 SCC 287;***

- ***Shapoorji Pallonji & Co. Pvt. Ltd. v. Jindal Thermal Power Ltd.,*** vide order ***dated 23.01.2020,*** passed in ***O.M.P.(Misc.) (Comm.) 512/2019;***

- ***ONGC Petro Additions Ltd. v. Fernas Construction Co. Inc,*** vide order ***dated 21.07.2020,*** passed in ***O.M.P. (Misc.) (Comm.) 256/2019, I.A. 4989/2020;***

- ***M/S Sara International Pvt. Ltd. v. South Eastern Railways & Anr.*** vide order ***dated 11.12.2020,*** passed in ***Arb. No. 28/2020;***

- ***TATA Sons Pvt. Ltd. v. Siva Industries & Holdings Ltd. & Ors.*** vide order ***dated 01.05.2023,*** passed in ***Arbitration Case (Civil) No. 38/2017;***

- ***RKEC Projects Ltd. v. The Cochin Port Trust & Anr.,*** vide order ***dated 20.03.2024,*** passed in ***I.A. No.1/2013 in Ar. No. 53/2019;*** and

- ***Ayyasamy v. A. Shanmugavel & Ors.,*** vide order ***dated 27.08.2024,*** passed in ***C.M.A (MD). No.108/2020.***

12. The learned counsels appearing for the petitioner/respondents contend that, the award is barred by Section 29A of the Arbitration Act. The respondents' case is that the Arbitrator entered upon the reference on 31.07.2017, as recorded in the award itself, and respondent No.1 appeared on 22.11.2017. Therefore, the award ought to have been passed by 30.07.2018, but it was passed only on 24.06.2019. The parties did not consent to an extension

under Section 29A(3) of the Arbitration Act, and the Court did not extend the period under Section 29A(4) of the Arbitration Act. It is pointed out that, when the claimant filed I.A.No.2 on 15.05.2019 seeking an injunction and police protection, respondent No.1 filed objections on 27.05.2019. In those objections, it was specifically stated that the mandate of the Arbitrator had terminated. Despite this, the Arbitrator passed orders on I.A. No.2 on 10.06.2019, relying on Section 19 of the Arbitration Act and observing that the parties had agreed to the procedure he adopted. It is contended that this shows bias and undue haste on the part of the Arbitrator, who passed the award more than ten months after his mandate had expired.

13. It is also contended that the Schedule A property, does not match the position on the ground. It is landlocked, and can only be reached by crossing the Schedule B property and another landlocked property belonging to one Shri. Ramachandrappa. It is argued that the award is therefore incapable of implementation, and the dispute was not capable of settlement by arbitration. It is further

submitted that Axis Bank had initiated recovery proceedings against Shri. Shivakumar in O.A. No.2183/2014 before DRT-I, which was allowed on 19.06.2015. It is contended that in view of Section 34 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, the Arbitrator had no jurisdiction over the property, and that the claimant suppressed these proceedings. It is further contended that the award is patently illegal, contrary to the substantive law, and in conflict with the public policy of India.

14. In ***Shapoorji Pallonji and Co. Pvt. Ltd. v. Jindal India Thermal Power Ltd.***, reported in ***2020 SCC OnLine Del 2611***, the Delhi High Court held that the amended Section 29A(1) of the Arbitration Act, being procedural law, would apply to arbitrations pending on the date of the amendment. In ***ONGC Petro Additions Ltd. v. Fernas Construction Co. Inc.***, reported in ***2020 SCC OnLine Del 2582***, the Delhi High Court followed ***Shapoorji Pallonji's*** *case* (supra) and held that the amended Section 29A(1) of the Arbitration Act, would apply to all arbitrations

seated in India which were pending as on 30.08.2019 and had commenced after 23.10.2015. The decision of the Orissa High Court in ***SARA International Pvt. Ltd. v. South Eastern Railways and Another***, reported in ***2020 SCC OnLine Ori 973*** adopted a similar position. These decisions have been affirmed by the Apex Court in ***Tata Sons Pvt. Ltd. v. Siva Industries and Holdings Ltd. and Others*** reported in ***(2023) 5 SCC 421***, wherein the Apex Court held that since Section 29-A(1), as amended, is remedial in nature, it should be applicable to all pending arbitral proceedings as on the effective date i.e. 30-8-2019."

15. The learned counsel for the appellant has relied on ***Board of Control for Cricket in India v. Kochi Cricket Pvt. Ltd.***, reported in ***(2018) 6 SCC 287***, wherein the Apex Court, referring to ***Hitendra Vishnu Thakur v. State of Maharashtra*** reported in ***(1994) 4 SCC 602***, observed that the timelines laid down in Section 29A of the Arbitration Act, though procedural in nature, create new obligations, and that a procedural statute should not generally be applied retrospectively,

where the result would be to create new obligations or to impose new duties in respect of transactions already accomplished. In ***Shipping Corporation of India Ltd. v. Machado Brothers and Others***, reported in ***(2004) 11 SCC 168***, the Apex Court held that the Court may take note of subsequent events which render the original proceeding infructuous. However, in the instant case the amendment which came into force on 30.08.2019 cannot be applied to arbitral proceedings which had already terminated with the award dated 24.06.2019.

16. In ***Rohan Builders (India) Pvt. Ltd. v. Berger Paints India Ltd.*** reported in ***(2025) 10 SCC 802***, the Apex Court held that the mandate of the Arbitral Tribunal terminates on the expiry of the period under Section 29A of the Arbitration Act, unless it is extended by the Court. In ***RKEC Projects Ltd. v. The Cochin Port Trust and Another*** passed in ***I.A. No.1/2023 in A.R. No.53/2019*** passed on ***20.03.2024***, held that the Court may extend the mandate even after the award has been passed, if sufficient cause is shown on an application

under Section 29A(5) of the Arbitration Act. In ***C. Velusamy v. K. Indhera*** reported in ***2026 INSC 112***, the Apex Court further held that an award passed after the expiry of the mandate is ineffective and unenforceable, unless the Court extends the mandate on an application under Section 29A(5) on sufficient cause being shown.

17. Having considered the contentions advanced and the decisions on the point, we are of the opinion that even if the 2019 Amendment to the Arbitration Act is held to be retroactive in operation as being procedural, the said Amendment cannot be made applicable to the award in question in the instant case, which had already been rendered on 24.06.2019, that is, before the amendment was notified. Therefore, as on the date of the Notification of the 2019 Amendment on 30.08.2019, there was no proceeding whatsoever pending before the arbitrator for the application of the procedural law retroactively. The award had already been rendered on 24.06.2019, which was way beyond the period provided under Section 29A of the Arbitration Act, as

stood as on the said date. This aspect of the matter has been clearly considered by the District Court as well.

18. The language of Section 29A of the Arbitration and Conciliation Act is quite decisive. The provision as it stood before the amendment of 2019 specifically stated that the award shall be made within a period of 12 months from the date the Arbitral Tribunal enters upon the reference. Section 29A(3) provided that the parties may, by consent, extend the period specified in sub-section (1) for a further period not exceeding 6 months. However, Section 29A(4) specifies that, if the award is not made within the period specified in sub-section (1) or the extended period specified under sub-section (3), the mandate of the arbitrator(s) shall terminate unless the Court has, either prior to or after the expiry of the period so specified, extended the period. It is therefore clear that, if the award is not made within 12 months of the Tribunal entering on the reference or the extended period of 6 months then, the mandate of the arbitrator would cease unless the time is extended by the Competent Court. In the instant case, even if the period for

passing the award is deemed to have been extended by 6 months by the conduct of the parties, the mandate of the arbitrator would have ceased on the expiry of 18 months from the arbitrator entering on the reference since there was no attempt to extend the time by approaching the Court under Section 29A (4) of the Act. The contention raised that the parties had not objected to the award being passed beyond the statutory time limit cannot make any difference since the mandate of the Arbitral Tribunal stood terminated on the expiry of 18 months.

19. In the said circumstances, we are of the opinion that the decisions which are relied on to contend that the 2019 Amendment being procedural would apply to pending arbitrations, cannot make any difference to the situation available in the instant case. Accordingly, the Miscellaneous First Appeals are ***dismissed.***

All pending Interlocutory Applications shall stand *disposed of* in both the appeals.

Sd/-
(ANU SIVARAMAN)
JUDGE

Sd/-
(T.P.VIVEKANANDA)
JUDGE

cp*/PN