HC-KAR

NC: 2026:KHC:53041
WP No. 28906 of 2026

CNR: KAHC010626542026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 24TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE K. V. ARAVIND

WRIT PETITION NO. 28906 OF 2026 (GM-CPC)

BETWEEN:

1. M/S. PEPPER INTERACTIVE COMMUNICATIONS
NO.19/5-19/6, 6TH FLOOR,
KAREEM TOWERS, CUNNINGHAM ROAD,
BENGALURU - 560 052,
AUTHORIZED REPRESENTATIVE,
MR. ROSHAN MOHAN.

...PETITIONER

(BY SRI. HIRAN KRISHNASWAMY, ADVOCATE)

AND:

1. M/S. CRESURGE E BUSINESS
SOLUTION PVT. LTD.,
A REGISTERED PRIVATE LIMITED COMPANY
HAVING ITS OFFICE AT 3RD FLOOR,
MANANDI PLAZA, ST. MARKS ROAD,
SHANTALA NAGAR, ASHOK NAGAR,
BENGALURU - 560 050.
AUTHORIZED REPRESENTATIVE,
MR. AKSHAY KUMAR.

...RESPONDENT

(BY SRI. CHINTAN CHINNAPPA AND
SRI. N. VENKATESH KAMATH, ADVOCATES)

THIS WRIT PETITION IS FILED UNDER ARTICLE 227 OF THE CONSTITUTION OF INDIA PRAYING TO SET ASIDE THE IMPUGNED ORDER DATED 23.07.2026 PASSED BY THE LD. LXXXII ADDL DISTRICT AND SESSIONS JUDGE (COMMERCIAL COURT), AT BENGALURU (CCH83) IN COM.AP.11/2026 (ORDER ENCLOSED AS ANNEXURE A) AND ETC,.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE K. V. ARAVIND

ORAL ORDER

The present writ petition impugns the order dated 23.07.2026 passed in Com.A.P.No.11/2026 by the LXXXII Additional City Civil and Sessions Judge, Bengaluru (for short, 'the Commercial Court'), whereby the Commercial Court ordered stay of the operation and execution of the award in Execution Petition No.1143/2025, subject to the deposit of 75% of the awarded amount.

2. Learned counsel appearing for the petitioner submits that the Commercial Court committed an error in entertaining the application seeking stay of the award, when the petition itself was filed with a delay of 346 days. Learned counsel submits

that the withdrawal of the application filed under Section 5 of the Limitation Act, on the premise that there was no delay, is contrary to the email correspondence issued by the Arbitration and Conciliation Centre, Bengaluru, produced at Annexure-F, whereby the passing of the award was notified to the respondent herein for further compliance.

2.1 Learned counsel further submits that the petition is not maintainable for non-compliance with Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006 (for short, 'the Act'), as no pre-deposit was made before presentation of the petition. It is submitted that the right to maintain an application under Section 19 is conditional and, in the absence of compliance with the statutory requirement, no right accrues to the applicant.

2.2 Learned counsel further submits that the deposit contemplated under Section 19 of the Act includes the amount awarded together with the interest directed to be paid under the arbitral award. It is submitted that, under the impugned order, the direction to deposit 75% of the awarded amount has been erroneously interpreted as requiring deposit of 75% of the

principal amount alone, excluding interest. It is contended that, until the issue of delay was adjudicated, the Commercial Court ought not to have granted any further relief to the respondent.

3. *Per contra*, Sri Chintan Chinnappa and Sri N. Venkatesh Kamath, learned counsel appearing for the respondent, submit that the statement regarding the delay of 346 days was made reckoning the limitation from the date of the award. However, it is submitted that the period of limitation would commence from the date of receipt of the award. As no award was served on the respondent, the question of commencement of limitation would not arise. It is, therefore, submitted that the application filed under Section 5 of the Limitation Act was subsequently withdrawn, having been filed under an erroneous understanding.

3.1 It is further submitted that no award was served on the respondent till the date of filing of the petition. In view of the aforesaid circumstance, the Commercial Court proceeded to consider the application seeking stay of the award while keeping the issue of limitation open.

3.2 Learned counsel further submits that Section 16 of the 2006 Act provides for interest at three times the bank rate notified by the Reserve Bank of India, which is to be computed on a monthly basis. However, under the impugned award, the learned Arbitrator has directed payment of interest at the rate of 15% per month. It is submitted that, since the manner in which the interest is to be computed itself is an issue pending consideration before the Commercial Court, the interest component cannot, at this stage, be included while determining the amount to be deposited under Section 19 of the Act.

4. In support of their respective submissions, learned counsel for both parties have relied upon the decisions of the Delhi High Court in ***Indian Oil Corpn. Ltd. v. Fepl Engineering (P) Ltd., 2020 SCC OnLine Del 2799***, and of the High Court of Calcutta in ***Board of Major Port Authority for the Shyama Prasad Mookerjee Port v. Marine Craft Engineers (P) Ltd., 2023 SCC OnLine Cal 2200***.

5. Learned counsel appearing for the respondent, fairly submits that, in order to demonstrate the bona fides of the respondent, the respondent is willing to deposit the entire

awarded amount together with interest at the rate of 15% per annum, as computed in the Chartered Accountant's certificate produced as Document No.7 before the Commercial Court, amounting to Rs.4,32,992/-.

6. Considered the submissions made by learned counsel for the parties.

7. It is evident from the pleadings that the petition was filed with a statement that it was presented with a delay of 346 days, along with an application under Section 5 of the Limitation Act seeking condonation of delay. On 23.07.2026, learned counsel for the respondent withdrew the said application, contending that the period of limitation is to be reckoned from the date of service of the award and that, in the absence of such service, the question of limitation would not arise. However, the Commercial Court has kept the question of limitation open for consideration.

8. In view of the issue of limitation being pending consideration before the Commercial Court, if the submissions advanced by learned counsel for both parties are adjudicated

upon in the present petition, the same is likely to prejudice the interests of both parties. Accordingly, the said contentions are kept open to be urged before and considered by the Commercial Court.

9. Insofar as the rate of interest awarded by the learned Arbitrator is concerned, the same is required to be considered in the light of Section 16 of the Act. On a plain reading of the award, it appears that interest has been awarded at the rate of 15% per month. However, a perusal of Section 16 of the Act indicates that the rate of interest is to be determined with reference to the bank rate notified by the Reserve Bank of India and multiplied by three. The said provision deals with the rate of interest, whereas the manner of computation is required to be considered separately. Section 16, *prima facie*, comprises two aspects: first, the rate of interest; and secondly, the manner of computation of the quantum of interest. The interpretation and applicability of Section 16 itself is a matter pending consideration before the Commercial Court.

10. Section 19 of the Act mandates pre-deposit of the amount in terms of the decree or award. In the present case,

however, the quantum of interest payable under the award is itself not free from dispute. The quantum of the amount payable, including the interest component, is yet to be determined.

11. In similar circumstances, the Division Bench of the Delhi High Court, in ***Indian Oil Corpn. Ltd. v. Fepl Engineering (P) Ltd.***, ***2020 SCC OnLine Del 2799***, accepted the deposit of 75% of the principal amount awarded as sufficient to demonstrate the bona fides of the appellant and entertained the appeal. In the present case, the respondent has fairly submitted that it is willing to deposit the entire awarded amount together with interest at the rate of 15% per annum.

12. Though it is contended that the pre-deposit is required to be made prior to the presentation of the petition, the Delhi High Court, in the aforesaid judgment, entertained the appeal upon the deposit being made subsequent to its presentation.

13. In view of the larger issues raised before the trial Court, which both parties would be entitled to agitate before the said Court, this Court is inclined to interfere with the impugned

order only to a limited extent, by issuing the following directions:

I. The trial Court shall adjudicate the issue of limitation before proceeding to consider the petition on merits.

II. The impugned order dated 23.07.2026 stands modified to the extent that the respondent herein shall deposit entire award amount together with interest at the rate of 15% per annum, within the period stipulated by the Commercial Court.

III. In the event the deposit has already been made, the respondent shall deposit the differential amount within the time stipulated by the trial Court.

IV. The contentions raised by the respective parties shall be considered by the trial Court on their own merits, without being influenced by any observations made in the present order.

V. Amount of Rs.4,32,992/- referred to hereinabove is tentative and not conclusive, and shall be subject to adjudication by the trial Court. All rights and contentions of the parties are kept open.

With the above observations and directions, the writ petition stands ***disposed of***.

Sd/-
(K. V. ARAVIND)
JUDGE

DDU
List No.: 1 Sl No.: 42