
***WITH THE SUPREME COURT’S RULING, IS THE 30-DAY
EXTENSION UNDER SECTION 34(3) NOW AN ABSOLUTE
DEADLINE WITH NO EXCEPTIONS? - AN ANALYSIS OF
THE SUPREME COURT’S RULING IN ‘MY PREFERRED
TRANSFORMATION & HOSPITALITY PVT. LTD. & ANR.
VS. FARIDABAD IMPLEMENTS PVT. LTD.’***

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Case Background

The appellants (*My Preferred Transformation Hospitality*) had entered into lease agreements with the respondent (*Faridabad Implements*), who owned the property. When disputes arose, the respondent initiated arbitration proceedings, which resulted in an arbitral award in their favor on February 4, 2022. The appellants received a digital copy of the award that day and a signed hard copy on February 14, 2022, which started the limitation period.

As per Section 34(3) of the Arbitration and Conciliation Act (ACA), the three-month period to challenge the award expired on May 29, 2022. Additionally, the 30-day condonable period ended on June 28, 2022, coinciding with the High Court’s summer vacation (June 4 to July 3, 2022). Relying on a Delhi High Court notification from May 20, 2022, the appellants submitted their Section 34 petition along with a delay condonation application on July 4, 2022, the first working day after the vacation. Meanwhile, the respondent proceeded with the execution of the arbitral award.

High Court’s Decision Under Sections 34 and 37 of the ACA

On February 7, 2023, the Single Judge dismissed the Section 34 application, stating that it was time-barred. The appellants then appealed under Section 37, but the Division Bench also dismissed it on April 3, 2024.

The High Court clarified that the limitation period began on February 14, 2022, when the

appellants received a signed copy of the award. According to Section 34(3), the three-month deadline for filing a challenge expired on May 14, 2022. Consequently, the court ruled that the additional 30-day period permitted for condonation of delay does not constitute a prescribed limitation period. It also held that the benefit of Section 10 of the General Clauses Act could not be extended to this additional period. Despite the fact that a review petition was pending, the High Court reaffirmed the binding precedent set in the Supreme Court's *Bhimashankara Sahakari* ruling and dismissed all related applications.

Issues Raised Before the Supreme Court

The Supreme Court examined the following key legal questions:

1. To what extent do the provisions of the Limitation Act apply to proceedings under Section 34 of the ACA?
2. Does Section 4 of the Limitation Act apply to Section 34(3)? If so, does it apply only to the three-month limitation period, or does it extend to the additional 30-day condonable period?
3. Based on the answer to the second issue, does Section 10 of the General Clauses Act (GCA) apply to Section 34(3), and if so, how?

Supreme Court's Findings

On the first issue, the Court analyzed Section 29(2) of the Limitation Act, which states that if a special or local law prescribes a different limitation period, Section 3 of the Limitation Act will apply as though that period was listed in the Schedule. Additionally, Sections 4 to 24 of the Limitation Act will be applicable unless explicitly excluded. This means that Section 4 of the Limitation Act is incorporated into laws with special limitation periods unless specifically stated otherwise. Since the three-month limitation period under Section 34(3) ended on a working day (May 29, 2022), the Supreme Court held that Section 4 of the Limitation Act did not apply in this case.

Regarding the second issue, the Court explained that once the Limitation Act is deemed applicable to arbitration and ACA proceedings, it is essential to assess its role in Section 34 cases. The statutory provision clearly establishes a three-month limitation period for

challenging an arbitral award, with a discretionary 30-day extension if a party can demonstrate sufficient cause. However, the Court emphasized that the additional 30-day condonable period is not part of the prescribed limitation period. Therefore, Section 4 of the Limitation Act—which allows filing on the next working day if the limitation period ends on a holiday—applies only to the three-month period and not to the 30-day extension.

On the third issue, the Court ruled that Section 10 of the General Clauses Act does not apply to Section 34(3). The reasoning was that the proviso to Section 10 of the GCA explicitly excludes its application when the Limitation Act is applicable. Since the Limitation Act governs arbitration-related proceedings, parties cannot claim the benefit of Section 10. The Court concluded that Section 4 of the Limitation Act does not extend relief to a party when the three-month limitation period expires on a working day. If the 30-day condonable period ends during court holidays, it does not automatically extend, and neither Section 4 nor any other provision of the Limitation Act provides an exception. Consequently, the applicability of Section 10 of the GCA was ruled out based on its explicit wording.

Conclusion

The Supreme Court dismissed the appeal, upholding the High Court's ruling that the petition was time-barred and affirming the strict enforcement of limitation periods under Section 34(3) of the ACA. The Court did not impose any additional costs on the parties but urged the legislature to consider amendments to prevent the loss of legal remedies due to procedural technicalities.

Analysis

This ruling underscore the need for litigants to be highly diligent in adhering to procedural timelines. It also highlights the judiciary's limited discretion in extending statutory deadlines under the ACA.

The decision suggests that Parliament should reconsider the relationship between the ACA's rigid timelines and the Limitation Act, particularly in light of modern legal and practical considerations. The Court reaffirmed the principle that arbitration challenges require strict adherence to deadlines to ensure minimal judicial interference. Any relaxation of these limitations would require a clear legislative amendment.

Section 10 of the General Clauses Act allows for extensions when a deadline falls on a court holiday, but it does not apply in cases governed by the Limitation Act. As a result, an applicant cannot rely on Section 10 when the additional 30-day condonable period expires during a court vacation.

Several courts across India have upheld similar interpretations, confirming that Section 4 of the Limitation Act applies strictly to the three-month period and not to the 30-day extension. This principle has been consistently reinforced in cases such as *Bhimashankar Sahakari Sakkare Karkhane Niyamita v. Walchandnagar Industries Limited*, *State of West Bengal v. Rajpath Contractors and Engineers Ltd.*, and *Assam Urban Water Supply & Sewerage Board v. Subhash Projects & Marketing Limited*. The Himachal Pradesh High Court's recent ruling in *National Highway Authority of India vs. Narayan Dass* reaffirmed this stance.

While the ruling upholds strict procedural discipline, it raises concerns about situations where parties may lose their right to challenge an award due to unavoidable delays. This decision serves as a cautionary reminder of the importance of timely filings in arbitration cases, reinforcing the balance between procedural efficiency and substantive justice.

Given the Court's suggestion for legislative reform, Parliament could consider amending Section 34(3) to allow for condonation of delay in exceptional cases—particularly when procedural hurdles arise due to court vacations—provided there is substantial justification. This would help strike a balance between efficiency in arbitration proceedings and ensuring access to justice.