



Serial No.01
Supplementary List

HIGH COURT OF MEGHALAYA
AT SHILLONG

CRP No.7 of 2025

Date of Hearing :26.09.2025

Date of Decision:14.11.2025

Power Grid Corporation of India Ltd.
A Government of India Undertaking,
having registered Office at B-9,
Qutab Institutional Area, Katwaria
Sarai, New Delhi, 110016 and
Regional Headquarter at Lapalang,
Dongtiéh, Lower Nongrah, Shillong,
East Khasi Hills District, Meghalaya –
793006.

Represented by Shri. Ashim Kumar
Paul, S/o Shri Ahindra Kumar Paul,
Aged about 41 years, Deputy
General Manager, Power Grid
Corporation of India Limited.
R/o Quailong Quarter No.C4,
Power Grid Corporation of India Ltd.,
Lapalang, East Khasi Hills District,
Meghalaya.

.....PETITIONER.

-VERSUS-

M/s Mega Electricals having registered office at
Raj apartment, 3 J.B. Road, Silpukhri,
Guwahati, Assam-781003.

.....RESPONDENT



Coram:

Hon'ble Mr. Justice B. Bhattacharjee, Judge

Appearance:

For the Petitioners/Appellant(s) : Mr. A. Kumar, Sr. Adv. with
Mr. N. Khera, Adv.
Ms. A. Syiem, Adv.

For the Respondent(s) : Mr. V. K. Jindal, Sr. Adv. with
Mr. S. Goenka, Adv.

JUDGMENT AND ORDER

The order dated 05-02-2025 passed in Commercial Arbitration Execution No. 2/2024 by the Judge, Commercial Court, Shillong is called in question by the petitioner in this revision petition. By the order dated 05-02-2025, the learned Commercial Court rejected the objection filed by the petitioner/award debtor to the calculation sheet submitted by the respondent/award holder in the executing proceeding.

1. On 01-03-2012, the respondent was awarded a contract by the petitioner under Agreement No.NESH/CSM/O&M/1500-145/CA/3325 for work of construction of Pile Foundation at location 42 of 400KV D/C Ranganadi Balipara Line. Due to the existing dispute between the parties, the matter was referred to



arbitration and an Arbitral Tribunal was constituted. The Arbitral Tribunal after thorough adjudication passed an award on 30-12-2016 in favour of the respondent. The petitioner challenged the award by preferring an application under Section 34 of the Arbitration and Conciliation Act, 1996, which was dismissed vide judgment dated 22-12-2023 passed in Commercial Arbitration Case No.14 of 2018. The petitioner made no further challenge to the said arbitral award by preferring any appeal under Section 37 of the Arbitration and Conciliation Act, 1996. Thereafter, the respondent instituted Commercial Arbitration Execution No. 2/2024 for execution of the arbitral award dated 30-12-2016 before the Judge, Commercial Court, Shillong (hereinafter referred to as the Executing Court) to recover Rs. 3,87,46,270.18/- (rupees three crores eighty-seven lakhs forty-six thousand two hundred seventy and eighteen paise) as on 29-02-2024 plus daily interest of Rs. 9171.68 till the date of payment. The petitioner deposited a sum of Rs. 2,98,94,010 on 16-07-2024 by a demand draft which was handed over to the respondent. The petitioner also filed objection to the calculation made by the respondent and submitted a separate calculation sheet. According to the petitioner, the total amount payable by the petitioner as on 16-07-2024 was Rs. 2,98,94,010 and after the deposit of the demand draft, the arbitral award stood satisfied. The Executing Court after hearing the parties, by impugned order dated 05-02-



2025 rejected the objection filed by the petitioner and directed for payment of the remaining amount within a period of one month. Being aggrieved, the petitioner has preferred this revision petition before this Court.

2. Assailing the impugned order, Mr. A. Kumar, learned Senior Counsel assisted by Mr. N. Khera, learned Counsel appearing for the petitioner submits that the learned Executing Court has travelled beyond its jurisdiction by granting interest on a sum distinct from what has been awarded by the Arbitral Tribunal. He submits that the Arbitral Tribunal in the award dated 30-10-2016 specifically directed that simple interest be paid on the awarded amounts of Rs.1,26,55,793/- and Rs.5,32,096/- w.e.f. 05-07-2013 and 21-03-2015 respectively till the date of payment, but the Executing Court has effectively modified the award and converted simple interest into compound interest by accepting the method of calculation of the respondent. Relying on the decisions of the Apex Court in *Sarup Singh v. Union of India*, (2011) 11 SCC 198 and in *Meenakshi Sxena v. ECGC Ltd.*, (2018) 7 SCC 479, he submits that the Executing Court is bound by the arbitral award and has no power to modify or interpret it. He further submits that the Executing Court while passing the impugned order failed to appreciate the fact that the Arbitral Tribunal granted pre-award and post-award interest only on the specific sum and not on any aggregate amount and thereby came



to a wrong conclusion. The learned Senior Counsel contends that the Executing Court wrongly applied the proposition of the decision of *Hyder Consulting (UK) Ltd. v. State of Orissa, (2015) 2 SCC 189* regarding the interpretation of ‘sum’ as the pre-award interest would not necessarily become part of the principal amount for the purpose of calculating post-award interest. He submits that in the absence of any specific direction in the arbitral award, the sum awarded could not have been interpreted to include pre-award interest by the Execution Court. This aspect of the matter, according to him, stands clarified by the judgement of the Apex Court in *Morgan Securities and Credits Private Limited v. Videocon Industries Limited, (2023) 1 SCC 602* wherein it was held that the arbitrator has the discretion to award post-award interest on a part of the sum. Further, by placing reliance on the decision of *D. Khosla and Company v. Union of India, (2024) 9 SCC 476*, the learned Senior Counsel submits that when the amount awarded refers to the principal amount, the Executing Court could not have considered the awarded amount to mean a distinct amount for calculating post-award interest as the award nowhere specifically contemplate for awarding interest on the aggregate of principal amount and interest for pre-award period; there cannot be two distinct amounts for calculating interest.

3. It is next contended by the learned Senior Counsel that the Executing Court erred in allowing the respondent to charge



interest on the entire portion of the principal amount by ignoring the fact that the petitioner has made deposit of 25% of the awarded amount in pursuance of the order dated 20-05-2019 in Commercial Arbitration Case No. 14 of 2018 which was withdrawn by the respondent. He submits that when simple interest is awarded, such interest ought to accrue exclusively on the unpaid portion of the principal amount, interest must necessarily cease to accrue on the satisfied principal portion. In support of the contention, he places reliance on the decision of *Nepa Limited v. Manoj Kumar Agarwal*, (2023) 17 SCC 659. The learned Senior Counsel submits that the arbitral award did not contemplate nor directed payment of post award interest on aggregate of awarded amount and pre-award interest and by accepting the calculation sheet of the respondent, the Executing Court has granted what has not been awarded by the Arbitral Tribunal. He further submits that the respondent has not disputed that the Arbitral Tribunal has granted interest for the pre-award and post award period only on the principal amount and that the arbitrator has discretion to grant post award interest on part sum also. He, therefore, submits that the impugned order dated 05-02-2025 cannot be sustained in law and is liable to be set aside and quashed.

4. Mr. V. K. Jindal, learned Senior Counsel assisted by Mr. S. Goenka, learned Counsel appearing for the respondent, on the



other hand, submits that the Executing Court has not exceeded its jurisdiction by granting interest on a sum distinct from what has been awarded by the Arbitral Tribunal. He submits that the Executing Court has not modified the Arbitral Award by granting post award interest on a sum of Rs. 1,86,02,067.42/-. By referring to the calculation sheets submitted by the petitioner and the respondent, he submits there is no dispute between the parties as regard the quantum of the award amount as on the date of award i.e. 30-12-2016. He contends that the term ‘amount awarded’ or ‘sum awarded’ means the aggregate of the principal and the interest, if so awarded. To elaborate further, the learned Senior Counsel submits that the decision of *State of Haryana & Ors. Vs. S.L. Arora & Company, (2010) 3 SCC 690* which held that a sum directed to be paid by an arbitral award refers only to the award of sums on substantive claims and that in absence of any provision for interest upon interest in the contract, Arbitral Tribunal is not empowered to award interest upon interest or compound interest, has been overruled in the *Hyder Consulting (supra)* case wherein it was held that under Section 31(7)(a) of the Arbitration and Conciliation Act, 1996, Arbitral Tribunal is empowered to include pre-award interest in sum for which award is made. Once so included, pre-award interest loses its character of interest and becomes part and parcel of sum awarded. Hence, sum for the purpose of Section 31(7)(b) comprises principal



amount and such pre-award interest, as Arbitral Tribunal may award. He submits that the Apex Court in *UHL Power Company Limited Vs. State of Himachal Pradesh*, (2022) 4 SCC 116 has reaffirmed the proposition laid down in *Hyder Consulting (supra)*. The learned Senior Counsel, therefore, submits that the word ‘amount awarded’ shall mean the aggregate of the principal amount and the interest accrued thereon and the interest component loses his characteristics and becomes part of ‘amount awarded’. Thus, it is submitted that the Executing Court did not commit any illegality or irregularity in passing the impugned order dated 05-02-2025.

5. The learned Senior Counsel for the respondent further submits that the cases of *Morgan Securities (supra)*, *D. Khosla (supra)* and *Manoj Kumar Agarwal* relied on behalf of the petitioner have no application in the instant case as the facts and situation involved in those cases were entirely different. It is also submitted that the deposit of 25% of the principal amount will not absolve the petitioner from paying interest on the entire part of the awarded amount as the deposit was a conditional deposit made pursuant to the passing of the interim order for the purpose of obtaining stay of the award. He submits that the petitioner in their calculation sheet has not included the interest for the period of 05-07-2013 to 20-05-2019 on the amount of Rs. 32,96,972/- (25% of the awarded amount) which the petitioner is legally bound to pay.



He submits that since the post-award interest is mandate of law, the same cannot be curtailed by the petitioner and the objection of the petitioner in this regard has been dealt with by the Executing Court adequately and found to be not legally sustainable. The learned Senior Counsel, therefore, submits that there is no error in the passing of the impugned order dated 05-02-2025 and the same requires no interference by this Court.

6. Having heard the learned Senior counsels for the parties, it appears that the main controversy involved in the matter is with regard to the question as to whether the interest awarded in the arbitral award dated 30-10-2016 for the pre-award period shall merge with the principal amount for the purpose of calculation of post-award interest. The law in this regard has been explained in *Hyder Consulting (supra)* case wherein it was held: -

“13. Thus, it is apparent that vide clause (a) of sub-section (7) of Section 31 of the Act, Parliament intended that an award for payment of money may be inclusive of interest, and the “sum” of the principal amount plus interest may be directed to be paid by the Arbitral Tribunal for the pre-award period. Thereupon, the Arbitral Tribunal may direct interest to be paid on such “sum” for the post-award period vide clause (b) of sub-section (7) of Section 31 of the act, at which stage the amount would be the sum arrived at after the merging of interest with the principal; the two components having lost their separate identities.”



7. The propositions laid down in *Hyder Consulting (supra)* was reaffirmed by the Apex Court in *UHL Power Company Limited (supra)*.

8. Further, the Apex Court in *Morgan Securities (supra)* case, after extensive analysis of the decision of *Hyder Consulting (supra)*, came to a finding that the arbitrator has the discretion to award post-award interest on a part of the sum. The relevant paragraphs are extracted below: -

“25. Section 31 (7)(a) confers a wide discretion upon the arbitrator in regard to the grant of pre-award interest. The arbitrator has the discretion to determine the rate of reasonable interest, the sum on which the interest is to be paid, that is whether on the whole or any part of the principal amount, and the period for which the payment of interest is to be made – whether it should be for the whole or any part if the period between the date on which the cause of action arose and the date of the award. When a discretion has been conferred on the arbitrator in regard to the grant of pre-award interest, it would be against the grain of statutory interpretation to presuppose that the legislative intent was to reduce the discretionary power of the arbitrator for the grant of post-award interest under clause (b). Clause (b) only contemplates a situation where the arbitration award is silent on post-award interest, in which event the award holder is entitled to a post-award interest of eighteen per cent.

26. The arbitrator has the discretion to grant post-award interest. Clause (b) does not fetter the discretion of the



arbitrator to grant post-award interest. It only contemplates a situation in which the discretion is not exercised by the arbitrator. Therefore, the observations in Hyder Consulting on the meaning of “sum” will not restrict the discretion of the arbitrator to grant post-award interest. There is nothing in the provision which restricts the discretion of the arbitrator for grant of post-award interest which the arbitrator otherwise holds inherent to their authority.

28.5. Section 31 (7) (b) does not fetter or restrict the discretion that the arbitrator holds in granting post-award interest. The arbitrator has the discretion to award post-award interest on a part of the sum.”

9. It follows from the above that the Arbitral Tribunal has the discretion within overall framework of section 31(7) of the Arbitration and Conciliation Act, 1996, to provide interest till the date of payment. Once such discretion is exercised by the Arbitral Tribunal in granting interest, question of additional or compound interest under clause (b) of sub-section (7) of Section 31 would not arise. The principle of *Hyder Consulting (supra)* would apply when the Arbitral Tribunal leaves a matter unqualified or silent. In an arbitral award, the phrase “part of the sum” refers to a specific portion of the total monetary amount awarded by the Arbitral Tribunal. This phrase is primarily used when an arbitrator grants pre-award interest and post-award interest. The Arbitral Tribunal has discretion to award interest on the whole amount or



on a part of it. Pre-award interest, once awarded, typically merges with the principal amount for post-award interest unless the award specifies otherwise.

10. Thus, it becomes necessary for this Court to analyze the arbitral award dated 30-10-2016 insofar as it relates to award of interest for pre-award and post-award period. The operative part of the award reads as follows: -

“..... hereby unanimously award a sum of Rs.1,31,87,889.00 (Rupees one crore thirty-one lakh eighty-seven thousand eight hundred and eight nine only) in favour of the Claimants and direct that the Respondents shall pay the same to the Claimants in full and final settlement of all the disputes and claims brought before us for adjudication under the present reference. We also award and direct that the Respondents shall pay simple interest @12% per annum on the awarded amount of Rs.1,26,55,793.00 (Rupees one crore twenty-six lakh fifty-five thousand seven hundred and ninety-three only) against Claim No.1,2,3,4,5&6 and on the awarded amount of Rs. 5,32,096.00 against the Claim No.7 from 05-01-2013 and from 21-03-2015 respectively being the dates of submission of SOC for Claim No.1-6 and Claim No.7 till the date of payment of the awarded amount by the Respondent to the Claimants within 90 (ninety) days of the receipt of this award. This rate of simple interest @ 12% p.a., would however increase @2% p.a. (subject to a maximum of overall simple interest of 18% p.a.) for every quarter of delay, if any, made by the Respondent in releasing payment of the awarded



amount beyond this stipulated period of 90 days mentioned above.”

11. A careful perusal of the operative part of the award makes it clear that the Arbitral Tribunal had not granted compound interest rather awarded composite interest i.e. simple interest per annum effective from the dates mentioned in the award till the date of payment. Although, the Arbitral Tribunal had granted interest for pre-award and post-award period, the interest was not dissected into two parts, one for the pre-award period and the other for the post-award period. The arbitral award specifically stipulated that simple interest at the rate of 12% per annum on the awarded amount should be paid within 90 days of the receipt of the award and on failure to do so, the rate of simple interest would increase at the rate of 2% per annum subject to a maximum overall simple interest of 18% per annum for every quarter of delay. There is no stipulation made in the award that in case the total amount of award together with interest for the pre-award period was not paid within 90 days of the receipt of the award, future interest should be paid on the total sum due to the claimant from the date of award upto the actual date of payment. In other words, there is no indication of grant of any interest upon interest or compound interest on the principal amount awarded by the Arbitral Tribunal. The respondent did not challenge this aspect of the award. The award has since attained finality and now it is not



open to the respondent to claim either compound interest or post-award interest on the aggregate of the principal amount and pre-award interest by applying general principle of law. Therefore, the calculation sheet of the respondent was not prepared strictly in accordance with the terms set out in the arbitral award and the Executing Court was not correct in passing the impugned order by accepting the calculation.

12. Coming next to the question as to whether the respondent is entitled to charge interest on the entire portion of the principal amount even after deposit of 25% of the awarded amount, it transpires that pursuant to the order dated 20-05-2019 the petitioner had deposited an amount of Rs.32,96,972/- on 27-08-2019 being the 25% of the awarded amount which was withdrawn by the respondent. The said withdrawal was allowed to be made only on the stipulation that the withdrawal would be subject to the outcome of the main case. The Apex Court in *Manoj Kumar Agarwal (supra)* while dealing with the issue of liability of payment of interest on decretal amount in case of partial deposit and withdrawal of the decretal amount upon stay being granted by Appellate Court of decree/award, held that there can be no liability to pay interest on the amount that stands paid/withdrawn. It was further held that interest is payable only on amount that is not paid and it will be incongruous to hold that person would be liable to pay interest even in respect of amount which has been



paid and handed over to decree holder. Therefore, the claim of the respondent with regard to interest on the entire principal amount after 27-08-2019 is not valid in the eye of law. Such interest ought to accrue exclusively on the unpaid portion of the principal amount. Thus, the finding recorded by the Executing Court in this regard on the basis of the calculation of the respondent cannot stand scrutiny of law and is liable to be interfered with.

13. In so far as the calculation sheet submitted by the petitioner is concerned, it transpires that the interest payable on the amount of Rs.32,96,972/- (25% of the awarded amount) was excluded for the period for which the respondent is otherwise entitled to in terms of the arbitral award dated 30-10-2016. The said calculation appears to be not in accordance with the stipulation made in the arbitral award as the respondent is entitled to receive interest on the entire principal amount till 27-08-2019 i.e. the date on which the aforesaid amount was deposited. The petitioner is under obligation to pay interest on the entire principal amount till 27-08-2019 and can claim no interest liability only on the satisfied portion of the principal amount with effect from 27-08-2019. Hence, the calculation sheet of the petitioner also cannot be accepted.

14. For what has been discussed above, the impugned order dated 05-02-2025 cannot be sustained in law and is hereby set aside. The matter is remitted back to the Executing Court for



reconsideration of the issue of interest under the arbitral award dated 30-10-2016. The parties are directed to file their respective calculation sheets afresh before the Executing Court in the light of the observations made herein above. The learned Executing Court, thereafter, shall proceed to dispose of the execution proceeding in accordance with law.

15. The revision petition stands disposed of in the aforesaid terms.

Judge

Meghalaya.
14.11.2025
"Shrity,PS"