



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08-07-2026

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**THE HONOURABLE MR JUSTICE P. VELMURUGAN
AND
THE HONOURABLE MRS. JUSTICE K. GOVINDARAJAN
THILAKAVADI**

OSA No. 314 of 2019

Best Cast Constructions (P) Ltd
Represented by its Director V.Vasantha
No.9, 6th Street, .T.N.Nagar, Palanipet
Arakkonam 631 002, Vellore District, Tamil Nadu

(Cause title amended vide order of Court
dated 08.07.2026 made in CMP No.3828 of 2025 in
OSA No.314 of 2019)

Appellant

Vs

1. The Union of India
Rep. by the General Manager
Southern Railway, Park Town
Chennai 600 003
2. The Chief Engineer (Construction)
Office of the Chief Administrative
Officer (Construction)
Southern Railway, Egmore
Chennai 600 008
3. The Deputy Chief Engineer (Construction)
Southern Railway
First Floor, Railway Station Building
Cannanore Railway Station, Kannur 670 001

Respondents

Memorandum of Grounds of Original Side Appeal under Section 37 of the Arbitration and Conciliation Act, 1996 read with Clause 15 of the Letters Patent and Order XXXVI, Rule 1 of the Madras High Court Original Side



Rules, against the judgment and decree dated 29.08.2019 passed by the learned single Judge in O.P.No.144 of 2017 on the file of the Original Side.

For Appellant: Ms.K.Aparna Devi
For Respondents: Mr.P.T.Ramkumar
Standing Counsel for Railways

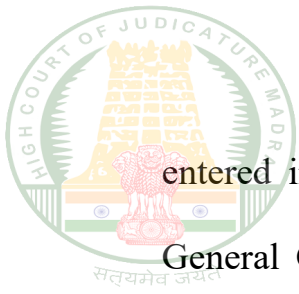
JUDGMENT

(Judgment of the Court was made by P.Velmurugan J.)

This appeal is directed against the judgment and decree passed by the learned single Judge in O.P.No.144 of 2017 dated 29.08.2019.

2. Heard both sides and perused the materials available on record.

3. Admittedly, an award dated 05.03.2016 came to be passed by the learned Arbitrator in favour of the appellant/claimant awarding a sum of Rs.15,91,020/- with interest thereon at 12% per annum from 01.08.2025 till date of the award and interest on the consolidated amount at 18% per annum from 16.05.2016, if the award amount has not been paid or tendered by the respondents on or before 15.05.2016 with costs of Rs.2,00,000/- payable by the respondents. Aggrieved thereby, the respondents filed the original petition under Section 34 of the Arbitration and Conciliation Act challenging only the award of pendente lite interest at the rate of 12% per annum to the appellant/claimant. The learned single Judge, on going through the very terms of the contract



entered into between the parties, particularly clauses 16(3) and 64(5) of the General Conditions of Contract of Indian Railways, set aside that portion of pendente lite interest awarded by the learned Arbitrator and confirmed the award of the learned Arbitrator on all other aspects. Aggrieved by the denial of pendente lite interest, the appellant/claimant has filed the present appeal.

4. The learned counsel for the appellant contended that the learned Arbitrator has awarded the pendente lite interest to the claimant only on the disputed amount towards price variation (claim no.2) arrived in the course of arbitration proceedings and therefore, when the challenge was made by the respondents invoking Section 34 of the Arbitration and Conciliation Act, the learned single Judge, though confirmed the award of the learned Arbitrator on all other aspects, wrongly set aside that portion of the pendente lite interest stating the reason that since the parties have agreed to waive the interest as per specific clauses viz., clauses 16(3) and 64(5) of the terms of contract, the claimant is not entitled for such interest, which requires interference. The learned counsel also placed reliance upon the judgment of the Hon'ble Supreme Court in the case of *Raveechee and Company v. Union of India*, (2018) 7 SCC 664 in support of her contentions.

5. This Court is unable to agree with the contentions of the learned



counsel for the appellant, for the following reasons. Admittedly, the present appeal has been filed invoking Section 37 of the Arbitration and Conciliation Act. Though the scope and object of Section 37 is narrow than Section 34, the challenge pertains to the pendente lite interest alone. Clause 64(5) of the General Conditions of Contract of Indian Railways, reads as follows:-

“64(5). Where the arbitral award is for the payment of money, no interest shall be payable on whole or any part of the money for any period till the date on which the award is made.”

Though the learned counsel for the appellant placed reliance on the judgment of the Hon’ble Supreme Court in *Raveechee and Company case* cited supra that the Arbitrator has got power to award pendente lite interest, a perusal of the same shows that the same could be granted only in the absence of specific bar in the contract. However, in this case, there is a specific clause in the contract itself viz., clause 64(5), wherein the parties have agreed to waive the interest on whole or any part of the money lawfully and therefore the learned Judge, in the light of the judgments of this Court following various decisions of the Hon’ble Supreme Court, has rightly set aside that portion of the award of the learned Arbitrator and held that the claimant is not entitled for the pendente lite interest. Therefore, while invoking Section 37, unless this Court finds that the award is vitiated by patent illegality or is in conflict with the public policy, the Court will



not interfere with the award passed by the learned Arbitrator or the order passed by the learned single Judge. A reading of clause 64(5) of the terms of contract and also the order passed by the learned single Judge, this Court does not find any patent illegality or any grounds made out to interfere with the impugned judgment and decree. Accordingly, the original side appeal is dismissed. There shall be no order as to costs.

(P.VELMURUGAN J.) (K.GOVINDARAJAN THILAKAVADI J.)
08-07-2026

Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No

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