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Arb.O.P (Com.Div.) No.312 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02.04.2025

CORAM

THE HON'BLE Mr. JUSTICE ABDUL QUDDHOSE

Arb.O.P (Com.Div.) No.312 of 2023

Globe Ground India Private Limited,
rep. by its Authorised Signatory

... Petitioner

Versus

1.Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi.

2.Airport Director,
Airport Authority of India,
Chennai Airport,
Chennai.

... Respondents

Prayer: Arbitration Original Petition (Commercial Division) filed under Section 34(2)(a)(ii) & 34(2)(b)(ii) of the Arbitration and Conciliation Act, 1996 to set aside the Award dated 18.05.2023 passed by the learned Sole Arbitrator in respect of the disputes between the petitioner and the first respondent under the License Agreement dated 27.07.2016.

For Petitioner : Mr.Anirudh Krishnan



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For Respondents : Ms.Preethi Mohan

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ORDER

This petition has been filed under Section 34 of the Arbitration and Conciliation Act, challenging the impugned Arbitral Award dated 18.05.2023.

2.This petition is being re-heard by this Court pursuant to the order of remand passed by the Hon'ble Division Bench of this Court through its order dated 24.09.2024 passed in O.S.A. (CAD) No. 56 of 2024 and C.M.P. No.12717 of 2024. By the said order, the Division Bench of this Court has made it clear that this Court will have to decide on the sole question as to whether the Arbitrator in the impugned arbitral award has decided the interest component correctly or not, since the said contention was not raised by the petitioner earlier, while this Court was hearing this petition at the first instance. The order passed by the Division Bench is a consent order.

3.Learned counsel for the petitioner, after drawing attention of this Court to the impugned arbitral award, would submit that dual rate of interest as directed by the Arbitrator in the impugned Arbitral Award is not permissible under law. To support the said proposition, the learned counsel

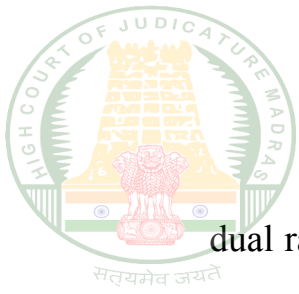


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for the petitioner drew the attention of this Court to a judgment of the Hon'ble Supreme Court in the case of **Vedanta Limited vs. Shenzhen Shandong Nuclear Power Construction Company Limited reported in 2019 11 SCC 465**. Relying upon paragraph Nos.14 and 15 of the said decision, the learned counsel for the petitioner would submit that dual rate of interest awarded by the Arbitrator under the impugned Arbitral Award is un-justified and therefore, the same has to be set aside by this Court.

4.On the other hand, the learned counsel for the respondents would submit that the decision relied upon by the learned counsel for the petitioner has no bearing for the facts of the instant case. She would submit that in the instant case, in the impugned arbitral award, separate rates of interest has been granted pre and post passing of the impugned arbitral award. She drew the attention of this Court to the impugned arbitral award and would submit that the petitioner was directed to pay the interest at the rate of 8% prior to the date of the impugned arbitral award and was directed to pay compound interest at the rate of 10% post the passing of the impugned arbitral award. Therefore, she would submit that the decision, relied upon by the learned counsel for the petitioner, in Vedanta Limited case, referred to supra, has no applicability for the facts of the instant case as that was the case dealing with



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dual rates of interest awarded for the very same period and it is not so in the instant case. Learned counsel for the respondents also drew the attention of this Court to a judgment of the Hon'ble Supreme Court in the case of **Reliance Infrastructure Ltd. vs. State of Goa reported in 2023 SCC Online SC 604** and in particular, she referred to paragraph Nos.33 and 34 and would submit that Vedanta Limited case has been clearly distinguished in the said decision and in Reliance Infrastructure case, it has been held that awarding of interest for different periods at different rates is legally permissible under law.

5.This Court, after giving due consideration to the submissions made by both the counsels, is of the considered view that there is no ground made out by the petitioner for challenging the impugned Arbitral Award under Section 34 of the Arbitration and Conciliation Act in view of the settled law that the Arbitrator can award interest at different rates for different periods as seen from the decision rendered by the Hon'ble Supreme Court in Reliance Infrastructure case.

6.The decision relied upon by the learned counsel for the petitioner has no applicability to the facts of the instant case as in that case the Hon'ble Supreme Court was dealing with a case, where dual interest rates were



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awarded for the very same period and further the Hon'ble Supreme Court was dealing with a case involving International Commercial Arbitration, where the case on hand involves domestic arbitration. Further, it is a well settled law that this Court cannot modify the interest portion of the impugned Arbitral Award passed by an Arbitrator under Section 34 of the Arbitration and Conciliation Act, 1996. Though the said issue is now subject matter of consideration by the Constitution Bench of the Hon'ble Supreme Court, but as on date, the law remains that modification of an Arbitral Award is not permissible under law. Since the issue is answered against the petitioner by this Court, this Court does not find any merit in this petition as the impugned arbitral award has been passed in accordance with law. Accordingly, this petition stands dismissed. No costs.

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ABDUL QUDDHOSE, J.
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