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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 22.09.2025

\+ EFA(OS) (COMM) 1/2025 & CM APPL. 3491/2025, CM APPL. 3492/2025

MS. NATIONAL INSURANCE COMPANY LIMITED .....Appellant

Through: Mr. Amandeep Singh, Mr. Pradeep Desodya and Mr. Shreyas Vaghe, Advs.

versus

DIGITAL WORLD THROUGH ITS PROPRIETOR MR ASHOK GUPTA & ANR. .....Respondents

Through: Mr. Vijay Sardana, Adv.

CORAM:
HON'BLE MR. JUSTICE NAVIN CHAWLA
HON'BLE MS. JUSTICE MADHU JAIN

NAVIN CHAWLA, J. (ORAL)

1. This appeal has been filed challenging the order dated 28.08.2024 passed by the learned Single Judge of this Court in O.M.P. (ENF.) (COMM.) 117/2024, titled ***Digital World v. M/s National Insurance Company Limited & Anr.,*** disposing of the Enforcement Petition filed by the respondent no.1 herein seeking enforcement of the arbitral award dated 14.08.2020 passed by the learned Sole Arbitrator, with the following directions:

> *"**23**. For the said reasons, it is directed that the judgment-debtor shall pay interest at the rate of 12 % per annum on Rs. 3,44,33,478/- from 17.05.2022 till 15.12.2022."*

Brief facts:

2. To give a brief background of the facts out of which the present appeal arises, the learned Sole Arbitrator, appointed by the Order dated 01.04.2016 passed by the learned National Consumer Dispute Redressal Commission, New Delhi, to adjudicate disputes that had arisen between the parties in relation to the Insurance Contract, passed the arbitral award in the following terms:

> *"5. OPERATIVE SECTION OF THE AWARD*
> *I. The arbitral Tribunal holds that the Claimant is entitled to INR 2,00,000 (Two Lakh) on account of the damage to the building of the Claimant towards the claim of the Claimant under Claim No. 1.*
> *II. The arbitral Tribunal holds that the Claimant is entitled to the net depreciated value of its plant and machinery amounting to INR 1,81,60,056 (One Crore Eighty-One Lakh Sixty Thousand Fifty-Six) towards the claim of the Claimant under Claim No. 2.*
> *III. The arbitral Tribunal holds that the Claimant is entitled to INR 16,639 (Sixteen Thousand Six Hundred and Thirty-Nine) towards loss of furniture and fixtures towards the claim of the Claimant under Claim No.3.*
> *IV. The arbitral Tribunal holds that the Claimant is entitled to an amount of INR 9,70,735 (Nine Lakh Seventy Thousand Seven Hundred and Thirty Five) towards loss of stocks of fabrics and other materials whether they belong to the client of the Claimant or to the Claimant towards the claim of the Claimant under Claim No. 4.*
> *V. The arbitral Tribunal therefore awards the principal amount of INR 1,93,47,430 (One Crore Ninety Three Lakh Forty Seven Thousand Four Hundred and Thirty) (2,00,000.00 + 1,81,60,056.35 + 16,639.00 + 9,70,735.00) under claims no. 1, 2, 3 and 4 in favour of the Claimant and against the Respondent No. 1.*
> *VI. The arbitral Tribunal rejects the claims of the Claimant under Claims No. 5, 6 and 8 as not*

> *payable under the Insurance Policy.*
> *VII. The arbitral Tribunal awards pre-award interest amounting to INR 1,31,02,645 (One Crore Thirty One Lakh Two Thousand Six Hundred and Forty Five) under claim no. 7 in favour of the Claimant and against the Respondent No. 1.*
> *VIII.* ***The sum awarded comprising the simple interest awarded and principal amount less interim award i.e. INR 3,11,94,796 (INR 1,31,02,645 + INR 1,93,47,430 - INR 12,55,279) (Rupees Three Crore Eleven Lakh Ninety Four Thousand Seven Hundred and Ninety Six) will carry post award simple interest at the rate of 12% per annum from 15.08.2020 till the date of payment.***
> *IX. The arbitral Tribunal directs that the Respondent No. 1 shall pay to the Claimant costs of INR 24,77,325 (Twenty-Four Lakh Seventy-Seven Thousand Three Hundred and Twenty-Five).”*
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> *(**Emphasis Supplied**)*

3. Challenging the said award, the appellant filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 (in short, ‘Act’), being O.M.P. (COMM.) 547/2020, along with an application seeking stay on the operation of the Impugned Award, being I.A. 10708/2020.

4. The learned Single Judge of this Court, *vide* Order dated 19.11.2020, was pleased to grant stay on the enforcement of the award, subject to the appellant depositing the awarded amount, with up to date interest, with the Registrar General of the Court.

5. The appellant deposited the awarded amount along with interest on 04th January, 2021.

6. The said O.M.P. came to be dismissed by the learned Single Judge *vide* Judgment dated 08.04.2022.

7. Challenging the same, the appellant filed an appeal under Section 37 of the Act, being FAO (OS) 202/2022.

8. In the meantime, the respondent filed an application, being I.A. 7708/2022, in the above O.M.P., seeking withdrawal of the amount deposited by the appellant.

9. On 17.05.2022, the learned Single Judge, taking note of the submission made by the learned counsel for the appellant that the appellant is in the process of filing of an appeal against the order dismissing its application under Section 34 of the Act, deferred the orders on the application for a period of two weeks.

10. The appeal was eventually dismissed by the Division Bench of this Court *vide* its Judgment dated 08.08.2022.

11. It is only thereafter that *vide* Order dated 15.12.2022, the amount deposited by the appellant was allowed to be withdrawn by the respondent.

12. The respondent herein filed the abovementioned enforcement petition seeking to recover the post award interest and the litigation cost in terms of the award passed by the learned Sole Arbitrator.

13. The learned Single Judge, in the Impugned Order has held that as the amount stood deposited by the appellant with the Registrar General of this Court in compliance with the Order dated 19.11.2020, and no application was filed by the respondent seeking its withdrawal before 17.05.2022, interest was not payable for the period between the date of deposit and the date of filing of the application by the respondent.

14. The learned Single Judge further held that as the application seeking withdrawal of the amount deposited by the appellant was

opposed by the appellant, and the amount was finally released only *vide* Order dated 15.12.2022, the appellant shall pay interest at the rate of 12% per annum on the deposited amount from 17.05.2022 till 15.12.2022.

Submissions by the learned counsel for the appellant:

15. The learned counsel for the appellant submits that the learned Single Judge has failed to appreciate that the appellant never opposed the release of the amount to the respondents. Only a submission was made on 17.05.2022 that the appellant is in the process of filing of an appeal, which was a submission of fact. He submits that, therefore, the appellant cannot be burdened with the liability to pay further interest on the deposited amount.

16. He further submits that in terms of the Arbitral Award, a principal amount of Rs. 3,11,94,796/- had been awarded in favour of the respondent and against the appellant. It was further directed that this principal amount shall carry post-Award interest at the rate of 12% per annum from 15.08.2020 till the date of payment. He submits that as the payment had been made on 04.01.2021, *albeit* by deposit in Court, no interest beyond the said date is payable, and even if it is payable, it can only be on the principal amount, that is, Rs. 3,11,94,796/-.

17. He submits that the learned Arbitral Tribunal had also directed payment of cost of Rs. 24,77,325/-, which amount carried no interest post the Award. Therefore, interest on this amount cannot be awarded by the learned Single Judge.

18. The learned counsel for the appellant further submits that the amount deposited by the appellant pursuant to the Order dated

19.11.2020 was invested in a fixed deposit and, therefore, earned interest. The interest that has been earned on this amount, however, has not been directed by the learned Single Judge to be adjusted against the interest liability fastened by it in the impugned order.

Submissions of the learned counsel for the respondents:

19. On the other hand, the learned counsel for the respondents submits that the respondent had, in fact, filed an application, being I.A. 3593/2021, seeking withdrawal of the amount deposited by the appellant. The said application was opposed by the appellant, because of which, the amount was not released to the respondent.

20. The respondent then filed the subsequent application, being I.A. 7708/2022, seeking release of the amount, which again was opposed by the appellant and orders thereon were deferred by the Court, *vide* Order dated 17.05.2022. He submits that the amount was thereafter directed to be released only *vide* Order dated 15.12.2022. He submits that, therefore, the interest liability should accrue on the appellant from 16.02.2021, when the earlier application, that is, I.A. 3593/2021 had been filed by the respondent.

21. He further submits that this interest liability should and has rightly been directed to be paid on the entire amount deposited by the appellant, as the respondent was deprived of the benefit of the use of the same.

22. He submits that as far as the interest earned on the FDR amount is concerned, the respondents have no objection if the same is adjusted against the amount that would become due and payable by the appellant to the respondents in terms of the Impugned Order.

Analysis and findings:

23. We have considered the submissions made by the learned counsels for the parties.

24. At the outset, we would note that the finding of the learned Single Judge that due to deposit of the awarded amount by the appellant with the Court, the interest liability of the appellant would stop, has not been challenged by the respondents. There is neither any cross-appeal nor any cross-objections filed in the present appeal. The said finding, therefore, has been rendered final.

25. Similarly, there is no challenge to the finding of the learned Single Judge that the respondents sought the release of the amount only through application, that is, I.A. 7708/2022.

26. The learned counsel for the respondents has shown us an application, being I.A. 3593/2021 filed on 16.02.2021, by which the respondent had sought release of the amount deposited by the appellant. He has also shown us certain orders passed by the learned Single Judge on this application, which merely indicate that the learned Single Judge, in its wisdom, decided to take the O.M.P. itself for final hearing rather than adjudicating separately on the application. The orders that have been produced before us do not reflect any opposition to the application by the appellant. Presumably, for this reason, the respondent has neither filed any cross-appeal nor any cross-objections in the present appeal challenging the direction of the learned Single Judge that the interest liability shall accrue on the appellant only from 17.05.2022 and not before that date. We shall, therefore, refrain ourselves from considering the challenge of the respondents, orally made to this portion of the order of the learned Single

Judge.

27. On the merits of the challenge of the appellant to the Impugned Order, we find that the appellant opposed the release of the amount deposited by it pursuant to the Order dated 19.11.2020 to the respondents. The submission of the learned counsel for the appellant that only a factual submission was made on 17.05.2022 that the appellant is in a process of filing an appeal against the Order dated 08.04.2022, by which the O.M.P. had been dismissed, does not impress us. A bare reading of the Order dated 17.05.2022 would show that the amount was not released to the respondent only because of the objection of the appellant, because of which the order of release was deferred by the learned Single Judge. The amount was finally directed to be released to the respondent vide Order dated 15.12.2022.

28. The respondent, therefore, was denied the benefit of the use of the amount deposited by the appellant between the period 17.05.2022 till 15.12.2022. The learned Single Judge, therefore, has committed no error in burdening the appellant with the liability to pay interest for this period.

29. On the submission of the learned counsel for the appellant that the interest liability could have been fastened on the appellant only on principal amount awarded by the learned Arbitral Tribunal, we again find no merit. As noted hereinabove, the respondent has been denied the use of the entire amount of Rs. 3,44,33,478/- that was deposited by the appellant, between the period 17.05.2022 till 15.12.2022. The interest liability, therefore, has to be fastened on the entire amount of Rs. 3,44,33,478/-. Merely because the learned Arbitrator in the Arbitral

Award had not directed interest to be paid on the costs awarded, would not disentitle the respondent from claiming interest even on this amount, once the appellant creates hurdle in the respondent obtaining this amount from the Court.

30. At the same time, the appellant has to account for the interest that the respondent would have earned because the above amount stood deposited in a fixed deposit. This has also been fairly conceded by the learned counsel for the respondents.

31. The learned Single Judge, therefore, while rightly directing the appellant to pay interest at the rate of 12% per annum on Rs. 3,44,33,478/- from 17.05.2022 till 15.12.2022, has erred in not directing the adjustment of the amount which the respondent would have earned on the above amount because of it being invested in a fixed deposit.

32. The Impugned Order dated 28.08.2024 shall, therefore, stand modified only to the limited extent that any interest earned by the respondents on the fixed deposit during the above period, shall be duly adjusted for determining the final liability of the appellant in terms of the Impugned Order.

33. With the above modification, the appeal, along with the pending applications, stands disposed of.

NAVIN CHAWLA, J

MADHU JAIN, J

SEPTEMBER 22, 2025/bs/k/*VS*