IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD
WRIT PETITION NO.1167 OF 2026

M/S. SHINDE AND SONS, THROUGH ITS AUTHORISED PARTNER MR. SATISH BUDHAJIRAO SHINDE,
AGE: 60 YEARS, BUSINESS,
R/O: OCCUPATION: AMBIKANAGAR,
AHILYA NAGAR, DISTRICT AHILYANAGAR. ..Petitioner

VERSUS

EXECUTIVE DIRECTOR, GODAVARI MARATHWADA IRRIGATION DEVELOPMENT CORPORATION, THROUGH ITS OFFICE AT SINCHAN BHAVAN, JALNA CHHATRAPATI SAMBHAJINAGAR ROAD, ..Respondent

...

Mr. G. K. Naik-thigle, Advocate for Petitioner.
Mr. P. R. Katneshwarkar, Senior Advocate i/by Mr. S. C. Arora, Advocates for Respondent.

...

CORAM : S. G. CHAPALGAONKAR, J.
DATED : 16th FEBRUARY, 2026.

JUDGMENT:-

1. Rule. Rule made returnable forthwith. By consent of parties, matter is taken up for final hearing at the admission stage.

2. The petitioner impugns common order dated 22.01.2026 passed below Exhibits-1, 53, 61 and 65 by District Judge, Parbhani in Arbitration R.D. No.23/2025.

3. On 07.03.2006, Arbitration Award has been passed in favour of petitioner for grand total of Rs.33,15,29,515/- alongwith interest @ 15% per annum. The Award has attained finality by order of Hon'ble Supreme Court dated 03.11.2025, whereby future interest component is modified @ 9% instead of 15% per annum. The

respondent/Judgment Debtor deposited amount of Rs.85,26,70,000/- before Executing Court. The petitioner/Decree Holder filed application below Exhibit-53 seeking withdrawal of amount and directions against respondent/Judgment Debtor to deposit balance amount in Court. The petitioner/Decree Holder placed on record his own calculations depicting entitlement of additional amount as per final order passed by Hon'ble Supreme Court. The respondent/Judgment Debtor filed application below Exhibit-61 claiming refund of excess amount deposited in Court. The Executing Court passed common order below Exhibit-1 in Arbitration R.D. No.23/2025 while deciding applications below Exhibits-53, 61 and 65. The petitioner/Decree Holder had entitled to withdraw amount of Rs.59,79,91,228/- towards full and final satisfaction of decree and Judgment Debtor held entitled for refund of balance amount. The aforesaid common order is subject matter of challenge in present Writ Petition.

4. Mr. Thigle, learned Advocate appearing for petitioner would submit that Executing Court was under obligation to decide application below Exhibit-65 in terms of directions given by this Court vide order dated 22.12.2025. However, Executing Court unnecessarily clubbed multiple applications for decision and passed erroneous order. Mr. Thigle submits that petitioner was not given an opportunity of hearing on applications below Exhibits-53 and

57. He would further submit that Executing Court committed serious jurisdictional error while preparing its own calculations sheet with assistance of Account and Finance Department of Court and practically divested from basic Award as modified by Apex Court. He would submit that Executing Court misinterpreted arbitral Award. The Executing Court lost sight of fact that Award would include sum adjudicated and *pendente lite* interest. The future interest, essentially refers to post Award interest. However, Executing Court adopted erroneous approach while interpreting order of Apex Court. In support of his contentions Mr. Thigle relies upon observations of Supreme Court in case of ***Hyder Consulting (UK) Limited Vs. Governor, State of Orissa through Chief Engineer***[1] to contend that "*once the interest is "included in the sum" for which the award is made, the original sum and the interest component cannot be segregated and be seen independent of each other. The interest component then looses its character of an "interest" and takes the colour of "sum" for which the award is made.*"

5. Mr. Thigle further relies upon language of Section 31(7)(a) of Arbitration and Conciliation Act, 1996 (for short 'Act of 1996') and points out difference in term "Award" after introduction of Act of 1996. According to Mr. Thigle, even component of cost missed consideration by Executing Court while computing final amount

1 **(2015) 2 SCC 189.**

payable to petitioner under Award. Mr. Thigle further relies upon observations of Supreme Court in case of ***UHL Power Company Limited Vs. State of Himachal Pradesh***[2].

6. Per contra, Mr. Katneshwarkar, learned Senior Advocate instructed by Mr. Arora, learned Advocate appearing for respondent supports impugned order relying upon observations of Supreme Court in case of ***D. Khosla and Company Vs. Union of India***[3] to contend that "*Neither Act of 1940 empowers the Arbitrator or Court to award interest upon interest or compound interest nor there is any other provision which provides for grant of compound interest or interest upon interest. Even Section 34 Code of Civil Procedure is silent in this regard whereas Sub-Section (3) of Section 3 of Interest Act, 1978 specifically prohibits same.*" Mr. Katneshwarkar would further invite attention of this Court to Arbitration Award, particularly findings against Claim No.15 regarding interest part, *pendente lite* and future, wherein learned Arbitrator assessed principal Award of Rs.22,02,63,010/- and granted *pendente lite* interest for three months and past period interest from 30.09.2002 to 03.01.2003 and *pendente lite* interest from 03.01.2003 to 07.03.2006 for 40 months. He would, therefore, urge that Executing Court has rightly calculated interest on principal Award amount as directed by Supreme Court. Mr.

---

2 **(2022) 4 SCC 116.**
3 **(2024) 9 SCC 476.**

Katneshwarkar would further submit that petitioner had tendered comprehensive written notes of argument. He was given full opportunity to advance argument on Exhibits-53, 61 and 65 simultaneously. As such, Executing Court has passed comprehensive order after considering rival contentions.

7. Having considered submissions advanced by learned Advocates appearing for respective parties, core issue that arises for consideration in this petition is whether petitioner is entitled for future interest on principal amount of Rs.22,02,63,010/- or he is entitled for interest on component of principal amount plus *pendente lite* interest of Rs.11,01,31,505/-. In short controversy is whether *pendente lite* interest would be treated as part of principal Award on which future interest @ 9% is chargeable from date of Award. The Executing Court observed in paragraph no.25 that "*interest cannot be added to original principal amount to increase principal amount from 07.03.2006. The principal can never be changed because of addition of interest and it shall remain Rs.22,02,63,010/-, which shall be base amount for calculation of interest till date of realization of amount*." The Executing Court has further relied upon preposition of law espoused in case of ***D. Khosla and Company*** (supra) that interest on interest or compound interest post Award cannot be granted under Act of 1940. Therefore, calculations depicted by petitioner/Decree Holder

to increase principal amount by adding interest or adding compound interest on amount due are not acceptable. Eventually, Executing Court worked out entitlement of petitioner to tune of **Rs.68,26,70,504.39/- (Principal amount Rs.22,02,63,010/- + Rs.46,24,07,494.39/- towards interest @ 9% per annum for period from 30.09.2002 to 22.01.2026**).

8. At this stage, reference can be given to Section 31(7)(a) of Act of 1996, which reads thus:

> *"**Section 31. Form and contents of arbitral award.***
> *(7)(a) Unless otherwise agreed by the parties, where and insofar as an arbitral award is for the payment of money, the **arbitral tribunal may include in the sum for which the award is made interest, at such rate as it deems reasonable, on the whole or any part of the money, for the whole or any part of the period between the date on which the cause of action arose and the date on which the award is made**.*
>
> *(b) A sum directed to be paid by an arbitral award shall, unless the award otherwise directs, carry interest at the rate of two per cent. higher than the current rate of interest prevalent on the date of award, from the date of award to the date of payment."*

9. The Supreme Court while interpreting aforesaid provision observed that Section 31(7)(a) of Act of 1996 deals with "*grant of post-award interest. Pre-award interest is to ensure that arbitral proceedings are concluded without unnecessary delay. Longer the proceedings, would be the period attracting interest. Similarly, post-award interest is to ensure speedy payment in compliance of award. Pre-award interest is at the discretion of Arbitral Tribunal,*

while post-award interest on awarded sum is mandate of statute. If Arbitral Tribunal has awarded post-award interest payable from date of award to date of payment at a particular rate in its discretion then it will prevail else party will be entitled to claim post-award interest on awarded sum at the statutory rate." Further, in case of ***Hyder Consulting (UK) Limited*** (supra) Supreme Court in paragraph nos.27 to 30 observed as under:

> *"27. Section 31(7)(a) employs the words "...the arbitral tribunal may include in the sum for which the award is made interest...". The words* ***"include in the sum" are of utmost importance. This would mean that pre-award interest is not independent of the "sum" awarded.*** *If in case, the Arbitral Tribunal decides to award interest at the time of making the award, the interest component will not be awarded separately but* ***it shall become part and parcel of the award.*** *An award is thus made in respect of a "sum" which includes within the "sum" component of interest, if awarded.*
>
> *28. Therefore, for the purposes of an award, there is no distinction between a "sum" with interest, and a "sum" without interest.* ***Once the interest is "included in the sum" for which the award is made, the original sum and the interest component cannot be segregated and be seen independent of each other.*** *The interest component then looses its character of an "interest" and takes the colour of "sum" for which the award is made.*
>
> *29. There may arise a situation where, the Arbitral Tribunal may not award any amount towards principal claim but award only "interest". This award of interest would itself then become the "sum" for which an award is made under Section 31(7)(a) of the Act. Thus, in a pre-award stage, the legislation seeks to make no distinction between the sum award and the interest component in it.*
>
> *30. Therefore, I am inclined to hold that the amount award under Section 31(7)(a) of the Act, whether with interest or without interest, constitutes a "sum" for which the award is made."*

10. Conversely Supreme Court in case of ***D. Khosla and Company*** (supra) after taking note of observations made in cases of ***Hyder Consulting (UK) Limited*** (supra) as well as ***UHL Power Company Limited*** (supra) made following observations in paragraph no.24, which reads thus:

> *"24. In the light of the above legal provisions and the case law on the subject, it is evident that ordinarily courts are not supposed to grant interest on interest except where it has been specifically provided under the statute or where there is specific stipulation to that effect under the terms and conditions of the contract. There is no dispute as to the power of the courts to award interest on interest or compound interest in a given case subject to the power conferred under the statutes or under the terms and conditions of the contract but where no such power is conferred ordinarily, the courts do not award interest on interest."*

11. Recently in case of ***North Delhi Municipal Corporation Vs. S. A. Builders Ltd.***[4], Supreme Court observed in paragraph no.60 as under:

> *"60. That apart, it is not the case of the appellant that the interest portion is covered by the contract agreement between the parties. In the absence thereof, Section 31(7)(a) as well as Section 31(7)(b) of the 1996 Act would have their full effect. The sum awarded would mean the principal amount plus the interest awarded from the date of cause of action upto the date of the award. Thereafter, as per Section 31(7)(b) of the 1996 Act, the sum (principal plus interest) would carry interest @ 18% from the date of the award to the date of payment. This would be consistent with the law laid down by this Court in M/s. Hyder Consulting (UK) Ltd (supra)."*

12. In light of aforesaid discussion, interpretation of Section 31(7)(b) of Act of 1996 as adopted by Supreme Court in cases of

4 **(2025) 7 SCC 132.**

Hyder Consulting (UK) Limited (supra) and ***S. A. Builders Ltd.*** (supra) makes it abundantly clear that sum awarded would mean principal amount plus interest awarded from date of cause of action upto date of award (principal + interest). It would carry future interest from date of award till date of payment as awarded by Arbitral Tribunal.

13. In light of aforesaid exposition of law, reference needs to be made to operative part of award, passed in present case by Arbitrator on 07.03.2006, which reads thus:

> *"AND DIRECT THAT*
> *4. The respondents (Godavari Marathwada Irrigation Development Corporation, Aurangabad) shall pay to the Claimants (M/s. Shinde & Sons, Ahmednagar) an amount of Rs.33,15,29,515/- (Rupees Thirty Three Crore Fifteen Lakh Twenty Nine Thousand Five Hundred Fifteen only) in full and final settlement of all claims. The above amount shall bear future interest at 15% per annum till the actual date of payment."*

14. Plain reading to aforesaid Award leaves no room of doubt that learned Arbitrator has passed principal Award for sum of Rs.33,15,29,515/- and while doing so included *pandente lite* interest from 03.01.2003 to 07.03.2006 i.e. for 40 months on principal sum of Rs.22,02,63,010/-. As such, Award includes component of principal sum plus *pendente lite* interest.

15. The aforesaid Award passed by Arbitrator is slightly modified by Supreme Court to the extent of future interest and directed that

interest payable is modified @ 9% instead of 15%, as directed under Award passed by Arbitrator. Eventually, petitioner shall be entitled for amount of Rs.33,15,29,515/- plus future interest @ 9% per annum from date of Award. The interpretation of operative part of Arbitral Award adopted by Executing Court, thereby considering principal amount to the tune of Rs.22,02,63,010/- cannot be countenanced. Hence, Writ Petition deserves to be allowed by setting aside impugned order for modified calculation in tune with observations made hereinabove. Hence, following order:-

ORDER

a. Writ Petition is allowed in aforesaid terms.

b. The petitioner shall be entitled to principal amount of Rs.33,15,29,515/- plus future interest @ 9% per annum as awarded by Supreme Court under order dated 03.11.2025.

c. The Executing Court shall re-calculate amount in terms of this order and pass fresh order regarding disbursement/payment of amount in favour of petitioner or respondent as the case may be.

d. Rule is made absolute in above terms.

(S. G. CHAPALGAONKAR)
JUDGE

Devendra/February-2026