IN THE COURT OF SHRI SUNIL CHOUDHARY
DISTRICT JUDGE-01, WEST, TIS HAZARI COURTS,
DELHI

DLWT01-002286-2025
RCA DJ No. 25/2025

M/S TARC Projects Limited
Having its Registered Office at :
Plot No.67, Najafgarh Road,
Kirti Nagar, New Delhi-110015
Through A.R. Mr. Rajeev Trehan

Also at:
C-3, 2nd Floor, Qutub Institutional,
Katwaria Sarai, New Delhi-110016. … Appellant

Versus

M/S Kay Kay Facilities and Engineering
Services Pvt. Ltd.
Having its Registered Office at:
Plot No.1569, Sector 45,
Gurugram, Haryana, 12203

Also at:

3685, Sec-23 A, Gurugram,
Haryana-122017. … Respondent

Date of Institution	:	12.03.2025
Date of Reserving Judgment	:	29.07.2026
Date of Judgment	:	29.07.2026

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J U D G M E N T

1. Vide this judgment, this Court shall decide the present appeal filed by appellant/ plaintiff against defendant/respondent challenging the judgment and decree dated 22.01.2025 passed in CS SCJ 1192/24 by the Court of Ld. Civil Judge-03, West, THC, Delhi to the extent of denial of future interest and granting *pendente lite* of 9% interest instead of interest @18% per annum as claimed.

2. By way of impugned judgment and decree, suit was decreed in favour of appellant for the sum of Rs.1,33,000/- alongwith interest @ 9% per annum from 16.04.2024 till the date of decree, however, Ld. Trial Court had declined the future interest and granted the *pendente lite* interest @ 9% per annum.

3. The facts of the case are that appellant/ plaintiff filed the suit against respondents/ defendants for recovery of Rs.1,33,000/- alongwith pendente lite and future interest @ 18% per annum. It is stated that appellant/ plaintiff engaged in the business of construction of luxury residence estate and respondent/ defendant company is engaged in the business of providing security services. The respondent/ defendant approached the appellant/ plaintiff with desire to provide security services, thereafter, the parties entered into an agreed dated 09.01.2023 for appointment of security services at the plaintiff's project. It was alleged by appellant/ plaintiff that there were several defaults with regard to security provided at the said project and the appellant/ plaintiff was constrained to terminate the said agreement vide an

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email dated 01.03.2023 as per clause 9(a) of the agreement.

4. It is further submitted that during the course of business as per the invoices raised by the defendant, the plaintiff had remitted the amount of Rs. 4,00,419.28/- to the defendant on 08.05.2023, however, even after the remission of the aforesaid amount, the defendant had failed to remit the amount to their workers deployed at the plaintiff's project. Thereafter, 6 security guards and gunman filed a complaint before the office of the Joint Labour Commissioner, West, Delhi claiming their amount due from the defendant, and plaintiff was also made one of the party in the said matter. The defendant further failed to appear before the Joint Labour Commissioner on various dates.

5. The plaintiff had also issued legal notice dated 25.11.2023 & 28.12.2023 to the defendant, however, the defendant neither made the outstanding payment to the workers/labours nor joined the proceedings before the Ld. Joint Labour Commissioner. Further, Ld. Joint Labour Commissioner vide its order dated 16.04.2024 directed the plaintiff to remit the amount to the workers, initiated the proceedings and in compliance of same the plaintiff has paid an amount of Rs.1,33,000/- to the workers (as mentioned in paragraph 17 of the plaint). Further, vide the said order, Ld. Joint Labour Commissioner had also granted liberty to the plaintiff to recover the said amount from defendant. Based on these facts and order dated 16.04.2024 of Ld. Joint Labour Commissioner, the plaintiff has filed the suit under Order XXXVII CPC for recovery of Rs.1,33,000/- along-with interest.

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6. In pursuance of the suit, summons were issued to respondent/ defendant. Even though the summons were duly served, the respondent/ defendant failed to appear before the Ld. Trial Court.

7. Ld. Civil Judge once again issued summons upon respondent/ defendant, however, the respondent/ defendant failed to appear. It is submitted that being given a reasonable opportunity to appear before Ld. Trial Court, but respondent/ defendant failed to appear and consequently, Ld. Trial Court passed the judgment/ decree in favour of appellant/ plaintiff and against the respondent/ defendant.

8. Ld. Trial Court awarded the appellant a sum of Rs.1,33,000/- alongwith pendente lite interest @9% per annum from the date of order of Ld. Labor Commissioner i.e. 16.04.2024 till the date of the decree i.e. 22.01.2025 and cost was also awarded in favour of appellant/ plaintiff. However, the Ld. Trial Court failed to award future interest in favour of appellant. Prayer is made to pass future interest on the decreed amount at the rate of 18% per annum from the date of decree until realization.

9. Notice of appeal was issued to the respondent/defendant, however, despite being served by way of publication in newspaper, respondent / defendant chose not to appear before this Court.

10. The following point for determination arises in the present appeal :

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1. Whether the appellant was entitled for future interest on the decretal amount ?

2. Whether the appellant was entitled for 18% per annum interest on the principal amount ?

11. In the present case, the suit was filed by the appellant against the respondent under Order XXXVII CPC for recovery of Rs.1,33,000/- alongwith *pendente lite* and future interest @ 18 % per annum. Summons were issued against the respondent in the prescribed proforma for the suit under Order XXXVII CPC, however, the respondent/ defendant had not put up its appearance as required Order XXXVII Rule 2 CPC. Since there was no memo of appearance filed on behalf of respondent / defendant, the Ld. Trial Court had decreed the suit in terms of Order XXXVII Rule 2(3) CPC. The Ld. Trial Court taking into consideration the provision of Order XXXVII Rule 2(3) CPC granted the interest @ 9% per annum only upto the date of decree.

12. Ld. counsel for appellant has placed reliance upon the following judgments :

a) Harakaran Dass Deep Chand vs. Viren Agrotech Pvt Ltd, MANU/DE/4174/2014;
b) Asea Brown Boveri Ltd vs. Goindwal Steel Ltd, DRJ 1992 (22);
c) Vinod Yadav & Ors vs Mamta Yadav & Ors, MANU/DE/4638/2024;
d) Arcelormittal India Pvt Ltd vs. JSC OGCC Kazstroyservice, MANU/DE/3724/2023;

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13. Perusal of the said judgments shows that Hon'ble High Court has granted future interest in similar circumstances while decreeing the suit.

14. Further, in case of ***SANDEEP GOEL vs. M/S ZAVENIR DEVELOPERS PRIVATE LIMITED 2026:DHC: 5089***, The Hon'ble High Court of Delhi has dealt with the issue of future interest in the case of suit filed under Order XXXVII CPC. Relevant paragraphs of said judgment is reproduced as under :

> "61. The second aspect for consideration is the Appeal filed by the Plaintiff who had sought the enhancement of pendente lite interest @ 15% to be compounded quarterly instead of 9% p.a. and also for future interest at the same rate, which has not been granted to the Plaintiff.
> 62. The short question is whether the Plaintiff was entitled to pendent lite and future interest, at the agreed rate of 15% with quarterly rest.
> 63. To appreciate the contention, it is relevant to refer to Order 37 Rule 2(3) of CPC which specifically provides that in case the Respondent fails to enter an appearance and in default of his entering an appearance, the allegations in the plaint shall be deemed to be admitted and the plaintiff shall be entitled to a decree for any sum, not exceeding the sum mentioned in the summons, together with interest at the rate specified, if any, up to the date of the decree and such sum for costs as may be determined by the High Court, from time to time, by rules made in that behalf and such decree may be executed forthwith.
> 64. It is therefore, evident that in a Summary Suit, the Plaintiff is entitled to the agreed rate of interest, till the date of Decree. However, thereafter, S.34 CPC, becomes applicable.

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65. In this regard, it would be pertinent to refer Section 34 CPC which provides that in a money decree, in addition to any interest adjudged for principal sum for any period prior to the institution of the Suit, the Court may grant interest from the date of decree to the date of payment or such earlier date, as the Court may deem fit.

66. In the case of Space Enterprises (supra) while considering whether in a Suit under Order 37 CPC, the court is entitled to grant pendente lite and future interest, it was held that awarding of pendente lite and future interest is a matter of discretion of the Court, but it should not reflect any arbitrariness. In case the agreed rate of interest is held to be not exorbitant, unconscionable and against public policy of keeping the interest pegged at a reasonable rate of interest which may vary by one or two per cent from the rate of interest at which banks lend and advance monies for the purpose of commercial transactions, it may be granted.

67. The Courts are thus, well within their right to grant the interest in the money decree. The power to award pendente lite and future interest flows from Section 34 of the CPC; it is based on the principle that a party deprived of the use of money rightfully due to it, ought to be compensated for the period during which such money remained withheld.

68. In the case of Clariant International Limited and another. Vs Securities & Exchange Board of India 2004 (8) SCC 524 it was held that interest can be awarded in terms of an Agreement or statutory provisions. It can also be awarded by reason of usage or trade having the force of law or on equitable considerations. Interest cannot be awarded by way of damages, except in cases where money due, is wrongfully withheld and there are equitable grounds thereof, for which a written demand is mandatory. In the absence of any agreement or statutory provision or a mercantile usage, interest payable can be only at the market rate. Such interest is payable upon establishment of totality of circumstances, justifying the exercise of such equitable jurisdiction. This judgment was endorsed in Rampur Fertiliser Limited vs. Vigyan Chemicals Industries (2009) 12 SCC 324.

69. Similar observations were made in Thazhathe Thazhathe Purayil Sarabi vs. Union of India (2009) 7 SCC 372, wherein

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it was held that when there is no specific provision for grant of interest on any amount due, the Court may award interest in their discretion, under the provisions of Section 3 of the Interest Act and Section 34 of the CPC.

70. In M/s Tomorrowland Limited vs. Housing and Urban Development Corporation Limited and Anr. 2025 LiveLaw (SC) 205 it was endorsed that the award of interest, is a discretionary exercise steeped in equitable considerations.

71. The law has been succinctly discussed by the Constitution Bench in Central Bank of India (supra), wherein it was held that award of interest pendente lite or post-decree is discretionary and is essentially governed by Section 34 of the CPC, de hors the contract between the parties. In a case, if the Court finds that the principal sum adjudged on the date of Suit and the component of interest, is disproportionate with the principal sum actually advanced, the Court may exercise its discretion in awarding interest pendente lite and post decree interest at a lower rate or may even decline to award such interest. The discretion has to be exercised fairly, judiciously and not for arbitrary or fanciful reasons. As a general principle, in commercial disputes, the award of interest pendente lite or post decree is typically granted as a matter of discretion. This is because such interest serves to compensate the aggrieved party for the time value of money that was due, but was withheld during the legal process.

72. In the present case, while dismissing the Leave to Defend Application and finding the Plaintiff/Appellant Zavenir Developers Private Limited entitled to recovery of Rs.50,00,000/-, had granted pre-Suit interest at the agreed rate. The Court in its discretion, had granted not the agreed rate of interest of 15% with quarterly rest, but has granted pendente lite Simple Interest @ 9% per annum, in its discretion. There is nothing to show that the discretion so exercised, is arbitrary or against the norms of custom usage pertaining to commercial transactions.

73. However, in so far as not granting of future interest is concerned, there is no explanation stated therein. The Plaintiff is, therefore, in terms of Section 34 of the CPC, justified to claim future interest, which is accordingly awarded @ 9%

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simple interest per annum, from the date of Decree till the date of payment." (Emphasis supplied).

15. The Hon'ble High Court in ***SANDEEP GOEL (Supra)*** has observed that Section 34 of CPC empowers the Court to grant reasonable future interest on the decretal amount on the principle that a party deprived of use of money rightly due to it, ought to be compensated for the period during which the said money is withheld from such party. Therefore, this Court is of the considered opinion that Section 34 of CPC empowers the Court to grant the reasonable future interest even when the defendant has not put up his appearance and the suit is decreed under Order XXXVII Rule 2(3) CPC.

16. As far as the rate of interest is concerned, it is observed that the Ld. Trial Court has given proper reasoning for granting 9% interest per annum on the decretal amount which even in the opinion of this Court a reasonable amount of interest. This Court finds no ground to modify or alter the rate of interest granted by the Ld. Trial Court. However, as discussed above, the appellant is entitled for the future interest on the decretal amount. Accordingly, simple interest @ 9% per annum is awarded to the appellant from the date of decree till the date of payment.

17. In view of above discussion, the appeal is partly allowed. Accordingly, the judgment and decree dated 21.01.2025 passed by the learned Trial Court are modified to the extent that the appellant/plaintiff shall also be entitled to future interest @ 9% per annum on the decretal amount from the date of decree till its realization. Appellant is also entitled to cost of the

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appeal. Decree sheet be prepared accordingly. Trial Court Record be sent back along with a copy of this judgment.

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Announced in the open Court
on this 29 th day of July, 2026.

(Sunil Choudhary)
District Judge-01, (West)
Tis Hazari Courts, Delhi