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**IN THE COURT OF LXXXIII ADDL. CITY CIVIL & SESSIONS JUDGE,
COMMERCIAL COURT, BENGALURU (CCH-84)**

**Present: Sri S. Sudindranath, LL.M., M.B.L.,
LXXXIII ADDL. CITY CIVIL & SESSIONS JUDGE
BENGALURU.**

COM.EX.NO.687/2024

Dated on this 17th day of September 2025

Decree Holder M/S G S PRAKASH RAO
A Registered Partnership Firm having its
office at H.No.1-10-63/4/3, 3rd Floor,
Chikoti Gardens, Begumpet,
Hyderabad-500016.

(By Sri. Girish K V, Advocate)

// Versus //

**Judgment
Debtor** UNION OF INDIA
Represented by Chief Engineer (Air
Force)
No.2, DC Area, MES Road,
Yeshwanthpur Post,
Bangalore - 560022.

(By Sri. Sathish B, Advocate)

Orders on Memo of Calculation filed by the DHR.

The facts in brief are that the present EP is filed by the
DHR against Union of India for execution of settlement

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agreement drawn up between the parties dated 23-08-2024 under Section 73 of the Arbitration and Conciliation Act which is deemed to be an award under Section 74 of the Act.

2. The salient features of the said settlement agreement are that under paragraph 1 and 2, the JDR has agreed to pay to the DHR sum of Rs. 1,75,92,186 inclusive of taxes as full and final settlement within one month from the date of execution of the settlement agreement. Paragraph 5 of the settlement agreement is important and is extracted below;

“Procuring entity and contractor hereby agree that this settlement agreement shall have the same status and effect as that of an arbitral award on agreed terms upon the substance of the dispute in accordance with Section 74 of Arbitration and Conciliation Act 1996 and shall be capable of execution as such.”

3. At paragraph 8 of the settlement agreement, it is stated that the settlement agreement is being executed under one-time dispute settlement scheme of Government of India.

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4. Contending that the Union of India has not paid the settlement amount within one month of the settlement agreement as agreed, the present EP is filed on 16-10-2024.

5. Order sheet discloses that after filing of the present EP, JDR took several adjournments and ultimately on 24-06-2025, JDR filed a memo that JDR has transferred the entire due amount to the account of the DHR. The DHR contended that interest component has not been paid and in these circumstances, DHR has filed the present memo of calculation on 10-07-2025.

6. Under the present memo of calculation, DHR acknowledges the payment of settlement amount of Rs. 1,75,92,186 on 13-06-2025 and thereby claims that there is a delay of 293 days in paying the settled amount and by recourse to Section 31 (7) (b) of the Arbitration and Conciliation Act contends that interest is payable at rate of 2% higher than the current rate of interest and on this ground claims the interest component of Rs. 14,82,804.

7. To the said memo of calculation of the DHR, the JDR has not filed any objections and nor has the JDR filed its

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own memo of calculation, although sufficient opportunity was granted.

8. I have heard the learned counsel for DHR on the memo of calculation.

9. The only point that arises for my consideration is :-

Whether the DHR is entitled to interest on the settled amount and if so, to what extent?

10. My answer to the above point is **as per finding** for the following:-

REASONS.

11. As already noted supra, the present EP is filed to execute the settlement agreement between the parties. The date of the settlement agreement is not forthcoming from the document itself because in the settlement agreement, the date is left blank and the parties have also not stated the date while signing the same. Anyhow, the DHR in the EP has stated that the said settlement agreement is dated 23-8-2024, which is acceptable because the covering letter forwarding the settlement agreement to the DHR is dated

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30-8-2024, which makes it clear that the settlement agreement was earlier to said date and therefore the date of 23-8-2024 as stated by the DHR requires acceptance.

12. As already noted, under the settlement agreement, the JDR has undertaken to pay amount of Rs. 1,75,92,186 and as per the memo of calculation, the DHR admits having received the said settled amount on 13-6-2025 (as per paragraph 4 of the memo of calculation).

13. Now, the only dispute between the parties is in respect of the interest component claimed by the DHR. According to the memo filed by the JDR on 24-6-2025, by paying the settlement amount, the JDR has cleared its entire liability whereas DHR is claiming interest for belated payment of the same. It is to be noted that under the settlement agreement, at paragraph 2, JDR has undertaken to clear the amount within one month. However, nowhere in the settlement agreement is there any clause providing for payment of interest for belated payment in case, the settlement amount is not cleared within one month. However, in this regard, the counsel for DHR relies upon Section 31 (7) (b) of the Arbitration and Conciliation Act. I

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deem it expedient to extract section 31 (7) which provides as follows;

“(a) Unless otherwise agreed by the parties, wherein and insofar as an arbitral award is for 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 2% higher than the current rate of interest prevalent on the date of award, from the date of award to the date of payment.”

14. Therefore, on cumulative reading of Section 31 (7) (a) and (b) of the Act, it becomes clear that the award may provide for interest payable for any period from date of cause of action till the date of award and also provide for interest from date of award till date of realization. However, in so far as post-award interest, if the award does not specify the contrary, it shall be presumed that any amount payable under the award shall carry interest at 2% higher

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than the current rate of interest from date of award till date of realization.

15. As already noted, in the settlement agreement itself, at paragraph 5, it is specifically agreed that the settlement agreement shall have the same status and effect as an arbitral award and shall be capable of execution as an arbitral award. Therefore, it is clear that the provision of Section 31 (7) (b) is applicable to the settlement agreement. Since the settlement agreement does not specify either that any interest is payable on the settled amount from stipulated date of payment till date of realization, nor does it specifically deny any such interest, it follows that under Section 31 (7) (b) of the Arbitration and Conciliation Act, the settlement agreement should be read as providing for payment of interest at rate 2% higher than the current rate of interest from the date of agreed payment till date of realization.

16. In the case on hand, the settlement agreement provides for payment of the settled amount within one month and therefore the settled amount had to be paid on or before 23-9-2024. But admittedly, the amount is paid

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only on 13-6-2025. However, in the present EP, at page 2, the DHR has only prayed for the principal amount and future interest from the date of filing of the EP. **Therefore, impliedly, the DHR has waived interest from 23-9-2024 up to date of filing of the EP, i.e., 16-10-2024.** Therefore, it follows that DHR is entitled to interest on the principal amount only from date of EP up to date of realization, **i.e., from 16-10-2024 to 13-6-2025 - for a period of 9 months.**

17. Insofar as rate of interest is concerned, the DHR is claiming interest at 10.5% per annum. And in support of this, a printout of website of Slice Small Finance Bank is produced assuring interest of up to 8.5%. However, it appears the interest at 8.5% is given only on satisfaction of special conditions and therefore this cannot be taken as the current rate of interest. In the absence of any other material on record, in my view, the current rate of interest can be taken at 6% per annum and 2% over and above that brings it to 8% per annum. Therefore, the DHR is entitled to interest on the principal sum of Rs. 1,75,92,186 at the rate of 8% per annum for a period of 9 months from 16-10-2024

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to 13-6-2025, which comes to Rs. 10,55,529. Accordingly, I hold that DHR is entitled to recover sum of Rs. 10,55,529, which is rounded off to **Rs. 10,56,000** from the JDR towards interest component due to delayed payment of the settled amount. Accordingly, **answering the point for consideration**, I proceed to pass the following :-

ORDER.

The memo of calculation filed by the DHR is disposed off, by holding that, DHR is entitled to recovery of further sum of Rs. 10,56,000/= from the JDR towards interest, for delay in paying the settled amount, for a period of 9 months from 16-10-2024 to 13-6-2025.

[Dictated using MacWhisper Pro 10.8.1, transcript revised, corrected, signed and then pronounced by me in open court on this the **17th day of September, 2025**]

(S. Sudindranath)
LXXXIII ADDL.CITY CIVIL AND SESSIONS JUDGE,
COMMERCIAL COURT, BENGALURU

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