

ITEM NO.34

COURT NO.15

SECTION XI

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Petition(s) for Special Leave to Appeal (C) No(s). 13644/2026

[Arising out of impugned final judgment and order dated 17-02-2026 in AUS37AACA No. 21/2026 passed by the High Court of Judicature at Allahabad]

M/S LAXMI ELECTRIC AND MOTOR WINDING WORKS

Petitioner(s)

VERSUS

BHARAT SANCHAR NIGAM LIMITED (B.S.N.L.) & ANR.

Respondent(s)

IA No. 115706/2026 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT, IA No. 115716/2026 - EXEMPTION FROM FILING O.T.

Date : 24-04-2026 This matter was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE ARAVIND KUMAR

HON'BLE MR. JUSTICE PRASANNA B. VARALE

For Petitioner(s) Mr. Himanshu Tyagi, AOR
Mr. Sparsh Saxena, Adv.
Mr. Kartik Bhatnagar, Adv.

For Respondent(s)

UPON hearing the counsel the Court made the following
O R D E R

1. Heard.
2. Issue notice.
3. The present Special Leave Petition assails the interim order dated 17.02.2026 passed by the High Court of Judicature at Allahabad in appeal filed under Section 37 of Arbitration and Conciliation Act, 1996 (for short, 'the Act') bearing No.21/2026 whereby while entertaining the appeal preferred by the respondent(s), the High Court directed deposit of the

principal award amount together with interest @ 8%, though the sole arbitrator by award dated 07.03.2020 has granted statutory interest under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006(for short, 'MSME Act')

4. *Prima facie* it appears that the arbitral award had granted statutory interest in terms of Section 16 of the MSME Act which provides for compound interest with monthly rates at three times the Bank rate notified by the Reserve Bank of India and the same has also been upheld by the Commercial Court at Aligarh, while dismissing the application filed under Section 34 of the Act *vide* order dated 11.11.2025.

5. It further appears from the records that during execution proceedings, the Commercial Court at Aligarh, by order dated 05.01.2026 had recorded deposit of Rs.31,55,298/- by judgment debtor in full satisfaction of the decree. Yet none of the advocates brought this that to the notice of the High Court when the impugned order came to be passed.

6. In such circumstances, the direction of the High Court restricting the interest components at 8% at an interim stage of the proceedings, when the appeal filed under Section 37 of the Act still, is still pending, *prima facie* amounts to substantial modification of the award itself and particularly when the Executing Court had already recorded satisfaction of the decree.

7. Hence, pending further consideration of the appeal/petition there shall be stay of the operation of the

impugned order dated 17.02.2026 to the extent it restricts the statutory interest awarded under Section 16 of the MSME Act and directs adjustment/refund of any alleged excess amount.

8. It is further directed that no coercive steps shall be taken against the petitioner for refund, recovery or adjustment of any amount already released pursuant to the execution proceedings in the teeth of and the order dated 05.01.2026 passed by Executing Court recording satisfaction of the decree.

9. The amount already deposited and released in favour of the petitioner shall not be recovered during the pendency of the present proceedings.

10. List this matter after six weeks.

(NIRMALA NEGI)
ASTT. REGISTRAR-cum-PS

(AVGV RAMU)
COURT MASTER (NSH)