

Non-Reportable

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

**Civil Appeal No. _____ of 2026
Special Leave Petition (C) No.25835 of 2026**

M/S Unicon Engineers

... Appellant(s)

Versus

**M/s Super Steam Boiler
Engineers Pvt Ltd.**

... Respondent (s)

ORDER

Leave granted.

2. By the impugned order, an interim order issued by a learned Single Judge, was affirmed by the Division Bench. The learned Single Judge on a challenge made by the respondent herein against an arbitration award, directed deposit of 75% of Rs.30,71,386/- (the claim amount allowed in favour of the appellant herein) along with simple interest @ 6.5% per annum from 18.09.2010 to 04.07.2025, failing which the appeal under Section 34 was liable to be rejected. The appeal filed therefrom resulted in the impugned order, which affirmed the interim order.

3. We have heard Ms. Mrinal Kanwar, learned AoR appearing for the appellant and Mr. Arjun Amanchi, learned Counsel appearing for the respondent.

4. Learned Counsel for the appellant specifically took us to Sections 16 and 19 of the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as 'the Act of 2006') to contend that in making a deposit, the compound interest with monthly interest at three times of the bank rate notified by the Reserve Bank of India, also has to be reckoned to compute the 75% of the total amounts in the award. Reliance was placed on ***Goodyear India Limited v. Norton Intech Rubbers Private Limited and Anr.***¹ and ***Gujarat State Disaster Management Authority v. Aska Equipments Ltd.***²

5. Learned Counsel for the respondent, however, argued that there is a lack of clarification insofar as the interest granted, in which circumstances, the appellant themselves had approached the Arbitral Tribunal for clarification, which was declined by the Arbitral Tribunal. It

¹ (2012) 6 SCC 345

² (2022) 1 SCC 61

was only in the circumstances of such confusion arising from the order itself that the High Court, as an interim measure, directed deposit of 75% of the award amount along with 6.5% simple interest.

6. Section 16 is a *non-obstante* clause which gives short shrift to the terms of any agreement or any law for the time being in force, making the buyer liable to pay compound interest with monthly rests to the supplier at three times of the bank rate notified by the Reserve Bank of India. Section 19 also mandates that any court entertaining an application for setting aside a decree, award or order, arising from an award made by the Council itself or by any institution providing alternative dispute resolution services to which the reference is made by the Council, shall not entertain the same, unless the supplier has deposited 75% of the '*amount in terms of the decree, award or as the case may be, the other order in the manner directed by such court*'. Proviso also requires such amounts deposited, to be disbursed to the supplier on such conditions as it is deemed necessary, during the pendency of the application/appeal.

7. There can be no dispute that it is not the claim amount alone, which has to be reckoned at the time of computing 75% and it is the '*amount in the terms of the decree, award or any other order in the manner directed by such court*'. **Goodyear India Limited**¹ held that under Section 19, the Court has no discretion to either waive or reduce the amount of 75% of award as a pre-deposit for entertaining the application/appeal. The words '*in the manner directed by such court*' only enables an order of instalment at the discretion of the Court. **Gujarat State Disaster Management Authority**² also reiterated that the court has no discretion to deviate from the condition of pre-deposit of 75% of the award amount under Section 19 and that the discretion is only insofar as granting instalment.

8. We also notice the contention raised by the learned Counsel for the respondent that there was a confusion in the terms of interest as ordered in the award. We have looked at the award, and it clearly reads so: -

'64. In the result, the counter claims are rejected and the Respondent is directed to pay the Claimant a sum of Rs. 30,71,386/- (Rupees Thirty Lakhs Seventy One Thousand Three Hundred and Eighty Six Only) along

with the compound interest with monthly rests at three times the bank rate of 6.50% notified by the Reserve Bank of India under Notification No. RBI/2024-25/111 DOR.RET.REC.57/ 12/01.001/ 2024-25 dated 07.02.2025 and as stipulated in Section 15 & 16 of the MSMED Act, 2006 from 18.09.2010 till the date of realization. No cost.'

9. There is absolute clarity insofar as the interest having been awarded at three times of the bank rate, which at the time of award, was notified as 6.5% by the Reserve Bank of India, which also has to be computed with monthly rests. Hence, the interest has to be calculated @ 19.5% per annum with compound interest at monthly rests.

10. Neither can it be said that there was lack of clarity nor can it be said that interim order passed by the learned Single Judge, as affirmed by the Division Bench, is valid in law. On the clear statutory mandate, 75% of the amount awarded should include the claim allowed and the interest awarded.

11. The respondent who is applicant before the High Court shall calculate the interest @ 19.5%, computed on a compounded basis with monthly rests and pay 75% of the same, after deducting the simple interest @ 6.5% already

deposited, within a period of two months from today. Till such time, the application under Section 34 shall stand deferred. Insofar as the amounts already deposited, the appellant would be entitled to seek for disbursal of the same on such conditions as the Court may direct. On the further deposit also, the said amounts can be disbursed, again on such conditions as determined by the Court; ensuring security to facilitate refund if the claim or any part of it is rejected.

12. The appeal is allowed without any observations on the merits of the matter which shall be considered by the High Court after hearing both parties, if the deposit as directed herein is made, or else application under Section 34 shall stand rejected.

13. Pending application(s), if any, shall stand disposed of.

..... J.
(J. B. PARDIWALA)

..... J.
(K. VINOD CHANDRAN)

**NEW DELHI;
AUGUST 13, 2026.**

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 for Special Leave to Appeal (C) No.25835/2026

[Arising out of impugned final judgment and order dated 02-04-2026 in OSA (CAD) No. 142/2025 passed by the High Court of Judicature at Madras]

M/S UNICON ENGINEERS

Petitioner(s)

VERSUS

M/S SUPER STEAM BOILER ENGINEERS PVT LTD.

Respondent(s)

FOR ADMISSION

Date : 13-08-2026 This petition was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE J.B. PARDIWALA
HON'BLE MR. JUSTICE K. VINOD CHANDRAN

For Petitioner(s) :Ms. Mrinal Kanwar, AOR
Mr. Vaibhav Rajsingh Rathore, Adv.
Ms. Nandini Singh Parmar, Adv.

For Respondent(s) :Mr. Arjun Amanchi, Adv.
Mr. Shambo Nandy, AOR
Mr. Daksh Sharma, Adv.

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

1. Leave granted.
2. The appeal is allowed in terms of the signed order.
3. Pending application(s), if any, stands disposed of.

(CHANDRESH)
ASTT. REGISTRAR-cum-PS

(Signed order is placed on the file)

(POOJA SHARMA)
COURT MASTER (NSH)