



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 09.04.2026

CORAM

THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

OP No. 447 of 2019

M/s.JV Engineering Associat
Rep. by its Partner Mr.S.Jaikumar
Civil Engineering Contractors,
17, Kuttakattu Valasu,
Elumathur (PO), Modakkurichi (via)
Erode 638 104 (Tamil Nadu),

..Petitioner

Vs

General Manager,
CORE, Allahabad, Represented by
Deputy Chief Engineer, Railway Electrification,
Chennai, Egmore.

..Respondent

Petition filed under Section 34(2)(b)(ii) of The Arbitration and Conciliation Act, 1996 to set aside the Award dated 07.11.2018 passed by Shri V.K.Manoharan, the Sole Arbitrator.

For Petitioner: Ms.Pavithra M
for M/s P.J.Rishikesh

For Respondent: Mr. P.T. Ramkumar
Standing Counsel

ORDER

An arbitral award dated 07.11.2018 pertaining to a contract for the proposed construction of staff quarters Type II-04 (4 units in ground floor) Type III-01 Unit (01 unit in second floor) and Type IV – 1 unit in ground floor at Tirunelveli junction in Madurai Division of Southern



Railway is the subject of challenge in this petition. The present challenge is the second round. In the first round, the petitioner assailed the award on the ground that the arbitrator was disqualified. Learned single Judge accepted the ground of challenge and set aside the award. On appeal, a Division Bench of this Court, by judgment dated 11.08.2021 in O.S.A.No.119 of 2021, concluded that the petitioner had waived/consented in terms of Section 12(5) of the Arbitration and Conciliation Act, 1996 (A & C Act) to the appointment of the arbitrator. Therefore, the order of the learned single Judge was set aside and the award was restored. The Supreme Court rejected the special leave petition against said judgment. Matters were however remanded to this Court for consideration on merits.

2. Learned counsel for the petitioner assails the arbitration award on the following grounds:

2.1 Although extensions of time were granted under Clause 17-A(ii) of the General Conditions of Contract, for reasons not attributable either to the contractor or the Railways, price variation was refused;

2.2 The award is inadequately and improperly reasoned. In Dyna Technologies Private Limited vs. Crompton Greaves Limited [(2019) 20 SCC 1], the Supreme Court interfered with an arbitral award on the ground that provision of reasons is mandatory under Section 31(3) of A



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& C Act unless parties agree otherwise. Applying said principle to this case, learned counsel contends that the award is vitiated by inadequate or improper reasoning.

3. In response, learned standing counsel for the Railways submits that the petitioner signed rider agreements dated 15.07.2014 and 16.02.2015 respectively for extension of the agreement from 08.04.2014 to 31.08.2014 and from 01.09.2014 to 31.12.2014 respectively under Clause 17-A(ii) of the General Conditions of Contract without applicability of price variation. He referred to the counter statement before the Arbitral Tribunal in support of his contention. Referring to the arbitral award, learned counsel pointed out that the Arbitral Tribunal took note of the fact that the rider agreements were executed in relation to the first and second extensions without price variation. As regards the reference to the submission of the rider agreement pertaining to an unconnected contract, learned counsel contends that price variation cannot be granted merely because it was agreed to in another contract.

4. The claims made by the petitioner before the Arbitral Tribunal are as under:

S.No.	Details of Claims	Claim Amount in Rs.
1	The value of PVC as the extant RBI indices	3,01,234/-
2	Legal cost	1,00,000/- (lumpsum)



S.No.	Details of Claims	Claim Amount in Rs.
3	Compensation for mental agony, unnecessarily making me to run pillar to post just to establish the genuineness of my claim	5,00,000/- (lumpsum)
4	Interest for the delay in making the payment of PVC (Unspecified, depending on the period of delay)	18,074/- From 24.08.2017 @ 12% simple interest
	Total	9,19, 308/-

5. Out of the above claims, the claims for legal cost and interest are contingent on the petitioner succeeding in relation to the primary claims for price variation and compensation for mental agony. A claim for compensation for mental agony cannot be made in relation to a commercial contract between parties. In any event, no evidence has been adduced in support of the claim for mental agony. Therefore, no case is made out to interfere with the rejection of said claim.

6. As regards the claim for price variation, learned counsel for the petitioner contended that price variation was granted in respect of the two extensions of time. She also submitted that price variation was granted in relation to an unconnected contract with the Railways with price variation notwithstanding the rider agreement. The agreed position is that the rider agreements were executed in the case at hand in relation to the two extensions without price variation. As a creature of contract, the Arbitral Tribunal is bound by the terms of such rider agreements unless the petitioner were to establish that such rider agreements are



either void or voidable. There was neither pleading nor evidence to support and establish that rider agreements were void or voidable. In those circumstances, the Arbitral Tribunal examined the claim for price variation and held as follows:

After expiry of the initial currency on 07.04.2014, at the request of the claimant to extend the currency at the same rates and conditions of the contract without positive PVC, the same was granted upto 31.08.2014 without positive PVC. Rider Agreement No.535/RE/MS (Rider) dated 15.07.2014 was also executed accordingly.

The second extension was given upto 31.12.2014 under clause 17(A)(II) of GCC on the request by the contractor that he will not claim any positive PVC benefits of PVC provided in the agreement condition for the bills passed after the original currency period to extend the currency at the same rates and conditions of the contract. The extension was given without applicability of PVC. Rider Agreement No.535/RE/MS (Rider) dated 16.02.2015 was also executed accordingly.

In fact, the petitioner has requested for an extension of time by expressly stating in letter dated 25.08.2014 that 'we will not claim any



positive price variation benefits of price variation clause provided in the agreement conditions for the bills passed after the original currency period.'

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7. The Arbitral Tribunal has taken note of the fact that two extensions were given without price variation and that the rider agreements were executed in that regard. For reasons discussed above, the Arbitral Tribunal was bound to take note of the contractual clauses accepted by the parties. Therefore, I find no infirmity warranting interference under Section 34 of the A & C Act. Hence the challenge to the arbitral award fails and the original petition is dismissed without any order as to costs.

09.04.2026

Index: Yes/No
Neutral Citation: Yes/No
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To

The General Manager,
CORE, Allahabad, Represented by Deputy Chief
Engineer, Railway Electrification, Chennai,
Egmore.



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SENTHILKUMAR RAMAMOORTHY, J.

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