IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 09.04.2026

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THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

OP No. 448 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),
Rep. by its Partner Mr.S.Jaikumar

..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 construction of staff quarters Type II – 20 units, type III – 09 units and Type V – 3 units at various stations in Kannur-Mangalore Section in Palakkad 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 In spite of granting two extensions of time with price variation, the respondent refused to grant price variation in respect of third and fourth extensions. As regards the third and fourth extensions, in spite of the petitioner submitting rider agreement dated 12.12.2017 pertaining to another contract with the Railways, wherein price variation was granted partly, the Arbitral Tribunal disregarded such evidence;*
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> *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 & 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 (i) 14.12.2015 for extension of the agreement from 09.01.2016 to 30.06.2016, (ii) 05.08.2016 for extension of the agreement from 01.07.2016 to 31.10.2016, (iii) 21.11.2016 for extension of the agreement from 01.11.2016 to 31.03.2017 and (iv) 29.06.2017 for extension of the agreement from 01.04.2017 to 31.07.2017 respectively under Clause 17-A(ii) of the General Conditions of Contract and the rider agreements for the third and fourth extensions of time are 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 third and fourth 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 PVC calculations have been made upto CC X. For further bills and final bill, clear instructions with regard to RBI indices are awaited from Railway Board	2,55,421/-
2	Legal cost	1,00,000/- (lumpsum)
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)	15,325/- From 24.08.2017 @ 12% simple interest
	Total	8,70, 746/-

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

first 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 third and fourth 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:

> ***Reasons for the award:***
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> *On going through the relevant records, it is noticed that the initial currency of this work was upto 08.01.2016. Total 4 currency extension were provided in the entire contract till the completion of the work. Out of these 4, first and second extensions were granted with applicability of PVC duly vetted by Finance and Rider Agreement also executed accordingly. Balance two extensions were granted without PVC and Rider Agreement also executed accordingly.*
>
> *The respondent made it clear in his submission that the PVC amount for the period upto 31.10.2016 for which*

the extension was granted with PVC have been paid and no PVC due to the claimant. Moreover, claimant's claim of considering the PVC is mandatory if the extension is granted under 17(A) or 17(B) as similarly done in some other Railways, sufficient time was given to submit the record of similar cases with other Railways, but claimant could not submit any proof to substantiate his claim. In view of the above, claimant's claim is not valid.

7. The Arbitral Tribunal has taken note of the fact that the third and fourth 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.

SENTHILKUMAR RAMAMOORTHY, J.

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