



W.A.No.1530 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16.06.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

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Abirami Engineering Construction and Co.
Rep by a Partner Cum Authorised Signatory,
5/217D1, Teachers Colony,
Mohandur Road, Namakkal - 637 001.

Appellant(s)

Vs

1. The Engineer-in Chief and Chief Engineer
Public Works Department, Chepauk,
Chennai - 5.
2. The Superintending Engineer
PWD, Buildings (C and M) Circle
Thanjavur - 613 001.
3. The Executive Engineer
PWD, Buildings (C and M)
Pudukottai - 622 001.
4. The Government of Tamil Nadu
Rep by its Secretary
Health and Family Welfare Department,
Chennai - 600 009.

Respondent(s)



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PRAYER: Appeal filed under Clause 15 of the Letters Patent to set aside the impugned order passed by the learned Single Judge dated 18.12.2025 in W.P.No.22476 of 2025 in so far as not awarding 18 percent interest for the delayed payment in the impugned order and relegating the appellant to file separate suit in respect of price escalation issue are concerned.

For Appellant(s): Mr.N.Subramaniyan

For Respondent(s): Mr.R.Veeramani
Government Pleader

JUDGMENT

(Delivered by the Hon'ble Chief Justice)

This writ appeal is filed under Clause 15 of the Letters Patent against the order dated 18.12.2025 passed by the learned Single Judge in W.P.No.22476 of 2025.

2.1. The brief facts leading to the filing of the writ petition and the subsequent appeal are as follows: The appellant herein was the successful bidder for the construction of buildings for the New Government Dental College and Hospital at Pudukkottai. The work value was Rs.55,65,00,000/- for a period of 18 months. The Tender



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Award Committee accepted the tender on 6.8.2021, but the agreement was executed on 28.10.2021. The appellant completed the work on 27.2.2023, ahead of the stipulated completion date of 27.04.2023.

2.2. The main dispute arose regarding the calculation of price escalation. The appellant contended that the base index for price variation should be the quarter of the last date of submission of the bid (09.03.2021), whereas the respondents contended it should be the date of execution of the agreement (28.10.2021). Additionally, there was an admitted liability of Rs.1,79,92,131/- payable to the appellant, which remained unpaid for a considerable period after the completion of work.

2.3. The learned Single Judge, in the impugned order dated 18.12.2025, directed the respondents to pay the admitted amount of Rs.1,79,92,131/- with interest @ 10% p.a. from 15.03.2023 till the date of payment. However, the learned Single Judge declined to adjudicate the issue regarding the base date for price escalation (whether from the bid submission date or agreement date) and



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relegated the parties to file separate civil suits for that specific relief. The learned Single Judge also rejected the claim for commercial interest at 18%, awarding only 10%.

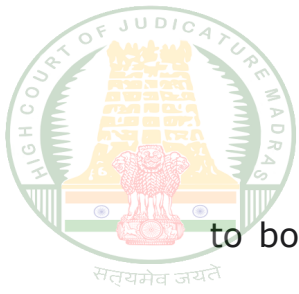
3. Aggrieved by the said order, the appellant has preferred this appeal primarily on two grounds:

(i) The learned Single Judge erred in not awarding commercial interest at 18% p.a., considering the financial hardship faced by the appellant and the commercial nature of the transaction.

(ii) The learned Single Judge erred in relegating the appellant to file a separate suit for adjudicating the price escalation issue, which involves only interpretation of contract documents and questions of law.

QUA THE RATE OF INTEREST AWARDED:

4. Learned counsel appearing for the appellant submitted that since the transaction is commercial in nature and the appellant had



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to borrow funds at high interest rates due to the delayed payment by the State, they are entitled to 18% interest. The learned Single Judge, however, awarded 10% interest.

5. It is settled law that while courts have the discretion to award interest in writ proceedings under Article 226 of the Constitution, however, such interest is typically awarded to do complete justice and compensate for the deprivation of use of money. The rate of interest is discretionary.

6. In the present case, the learned Single Judge has consciously exercised discretion to award 10% interest. Clause 65.1 of the contract explicitly states that the contractor is not entitled to interest on payments in arrear. However, the learned Single Judge held that the said clause cannot be used to deny interest indefinitely and awarded 10% interest striking a fair balance between compensating the appellant and adhering to the principle that punitive commercial rates are not automatically applicable against the State, unless specifically contracted or mandated by statute. We find no perversity or illegality in the



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exercise of discretion by the learned Single Judge in fixing the interest rate at 10% p.a. Hence, this ground fails.

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APROPOS OF THE RELEGATION TO
CIVIL SUIT FOR PRICE ESCALATION ISSUE

7. The core grievance of the appellant is that the learned Single Judge refused to decide whether the base quarter for price escalation is the date of bid submission (09.03.2021) or the date of agreement (28.10.2021), and instead directed the appellant to file a separate suit.

8. Learned counsel for the appellant submits that this is a pure question of law involving interpretation of documents already on record.

9. Upon perusal of the records, we are of the view that the determination of the "base quarter" for price escalation involves factual nuances regarding: (a) Whether there was any default on the part of the appellant in executing the agreement within the



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minimum specified time; (b) The exact communication timeline of the Tender Acceptance; and (c) The specific application of the price variation formula which may require detailed evidence and potentially expert opinion on construction cost indices.

10. While writ courts can interpret contracts under certain limited circumstances, they generally refrain from embarking on intricate factual inquiries that require trial-like procedures. That apart, Clause 69.1 of the General Conditions of the agreement entered into between the parties specifically states that *"In case of any dispute or difference between the parties to the contract In case where the value of claim is more than Rs.50,000/- the parties will seek remedy through the competent civil court."* Moreover, the dispute regarding the applicability of the price escalation clause from a specific prior date involves contested facts. The learned Single Judge correctly identified that this dispute requires a full-fledged trial where evidence can be led and cross-examined.

11. Furthermore, the respondents have already admitted liability for Rs.1,79,92,131/- calculated from the date of agreement.



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The additional amount claimed based on the bid submission date is a distinct and disputed head of claim. The remedy of a civil suit is adequate and efficacious for such monetary claims involving disputed questions of fact and contract interpretation. The principle of alternative remedy applies here. The learned Single Judge did not commit any error in holding that the price escalation dispute needs to be adjudicated independently in a civil forum.

12. The appellant's contention that relegating them to a civil suit causes injustice is not sustainable. The primary relief of payment of the admitted dues has been granted by the learned Single Judge with interest. The remaining dispute is complex and factual, fitting squarely within the domain of a civil court.

13. In view of the above discussions, we find no merit in the writ appeal. The order passed by the learned Single Judge warrants no interference.



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Accordingly, the writ appeal is dismissed. No costs.

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(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
16.06.2026

Index : Yes/No
Neutral Citation : Yes/No
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