



WEB COPY

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23-02-2026

CORAM

THE HON'BLE MR.JUSTICE S.M.SUBRAMANIAM

AND

THE HON'BLE MR.JUSTICE C.KUMARAPPAN

W.A.Nos.1178 and 1183 of 2022 and

C.M.P.Nos.7441 and 7477 of 2022

The Chairman-cum-Managing Director,
Madras Fertilizers Ltd.,
Manali, Chennai-68.

..Appellant

-VS-

1. V.Venkataraman
2. K.Vaidyanathan
3. D.Boobalan
4. S.Devaraj
5. R.Ponusamy
6. S.Subramaniam
7. R.Parthasarathy
8. D.Venkatesan
9. B.Muralimohan
10. V.Purushothaman
11. V.Geetha
12. Awatiger M.B
13. M.S.Satyanarayana
14. S.Nagalingam

The Writ Petition in respect of the 15th
Petitioner stand dismissed as withdrawn as per
order dated 23/03/2016

15. T.Maheswaran
16. M.Mane
17. S.ShanmugaSundaram
18. P.Purushotham
19. K.Kannaiyan
20. P.S.Kalirajan

21. The Government of India
Rep. by its Joint Secretary (P and A) and CVO,



Dept. of Fertilizers,
Ministry of Chemicals and Fertilizers,
Room No.221-A Wing, Shastri Bhavan, New
Delhi.-110001

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22. The Government of India
Rep. By its Secretary,
Department of Public Enterprises,
Ministry of Heavy Industries and Public
Enterprises, Public Enterprises Bhavan, Block
No.14, CGO Complex, Lodhi Road, New Delhi
– 110 003.

..Respondent(s)

WA No. 1183 of 2022

1. The Chairman-cum-Managing Director
Madras Fertilizers Ltd.,
Manali, Chennai-68.
2. The Deputy General Manager-P&A,
Madras Fertilizers Ltd.,
Manali, Chennai-68.

..Appellants

Vs

1. Ct. Meyyappan
2. The Government of India
Rep. by its Joint Secretary (P and A) and CVO,
Dept. of Fertilizers, Ministry Of Chemicals And
Fertilizers, Room No.221-A Wing, Shastri
Bhavan, New Delhi.-110001
3. The Government of India
Rep. by its Secretary , Department of Public
Enterprises, Ministry of Heavy Industries and
Public Enterprises, Public Enterprises Bhavan,
Block No.14, CGO Complex, Lodhi Road,
New Delhi-110003

..Respondent(s)

WA No. 1178 of 2022

Prayer: To set aside the order dated 15.03.2022 in WP.No. 32505 of 2012.



WA No. 1183 of 2022

Prayer: To set aside the order dated 15-03-2022 in W.P.No.32297 of 2012.

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For Appellant(s):

Mr.Jayesh B.Dolia, Senior Counsel
For M/s.Aiyar And Dolia (in both)

For Respondent(s):

Mr.K.S.Viswanathan, Senior Counsel
For Mrs.T.Hemalatha for R1, 3 to 5, 7 to 20 (in
WA 1178/2022) and for R1 (in WA1183/2022)
Mr.R.Subramanian, ACGSC for R21 & 22 (in WA
1178/2022) and for R2 & R3 (in WA1183/2022)
R2 & 6 - Died- Steps Due.

J U D G M E N T

(Judgment of the Court was delivered by S.M.Subramaniam J.)

The present Intra Court Appeals under Clause-15 of the Letters Patent have been instituted to assail the Writ Order dated 15.03.2022 in W.P.Nos.32505 and 32297 of 2012.

2. Madras Fertilizers Limited has filed the present Writ Appeals mainly on the ground that the Payment of Gratuity Act, 1972 has been amended to substitute words "Rupees Three Lakhs and Fifty Thousand" with words "Rupees Ten Lakhs" under sub-Section 3 of Section 4 of the Act. An Office Memorandum was notified on 24.05.2010 and Respondents / Employees retired from service prior to the amendment. Therefore, their claim seeking gratuity amount of Rs.10,00,000/- is untenable.



3. Mr.Jayesh B.Dolia, learned Senior Counsel appearing for the Appellant would contend that when the Office Memorandum was notified on 24.05.2010, the said Memorandum would not have retrospective application so as to claim enhanced gratuity amount in respect of the employees, who retired prior to the amendment. Learned Senior Counsel drew the attention of this Court with reference to the Government of India Office Memorandum dated 26.11.2008, wherein revision of scale of pay with effect from 01.01.2007 was granted to Board level and below Board Level Executives and non-Unionised Supervisors in Central Public Sector Enterprises (CPSEs). The appellant had already extended the benefit of revised scale of pay and all other benefits under the said Scheme. Therefore, the gratuity alone has been denied on the ground of affordability, which is contemplated under the very same Government Office Memorandum dated 26.11.2008. He would rely on Clause 3 of the said Memorandum dated 26.11.2008 to establish that affordability for implementation of pay revision is the discretion of the appellant and they have exercised the discretion only to the extent of limiting the gratuity. Therefore, Writ Court has committed an error in not considering the same.

4. Mr.K.S.Viswanathan, learned Senior Counsel assisted by Mrs.T.Hemalatha, learned counsel for R1, 3 to 5 and 7 to 20 would oppose, by stating that the part implementation of Office Memorandum dated 26.11.2008 would defeat the purpose and objectives of the Scheme. Admittedly, respondent employees received revised scale of pay and all other benefits



granted in the said Memorandum. Once revised scale of pay and the consequential monetary benefits are ordered by the appellant, they cannot deny gratuity alone, since gratuity is calculated based on the number of years of services rendered as well as the revised scale of pay received by employees. Gratuity being a consequential benefit arise on account of revision of pay effected pursuant to the Office Memorandum dated 26.11.2008, Writ Court has rightly considered the issue and thus, the present appeals are to be rejected.

5. This Court has considered the rival submissions made between the parties to the *lis*.

6. Clause-13 of the Office Memorandum dated 26.11.2008 reads as under:

"13. Gratuity: The ceiling of gratuity of the executives and non-unionised supervisors of the CPSEs would be raised to Rs.10 lakhs with effect from 01.01.2007."

7. Clause-3 speaks about affordability for implementation of pay revision. Clause-17 is about the Issue of Presidential Directive, effective date of implementation and payment of allowances, etc. Once revised scale of pay has been given without reference to the affordability under Clause-3 r/w Clause-17, then the benefit of gratuity under Clause-13 cannot be denied to employees, more specifically, Clause-3 is all about revision of pay scale. Once affordability has not been raised for revising the scale of pay and for grant of



increment, Dearness Allowance, House Rent Allowance, Lease Accommodation, City Compensatory Allowance and other allowances / perks, consequential benefit of gratuity, which is granted based on number of years of services rendered by an employee and the scale of pay cannot be denied. Such implementation would completely weed out the spirit of the Memorandum and would defeat its objectives. Affordability, if at all, must be considered during appropriate time by the Management. Once they have taken a decision regarding affordability and extended the benefit of revision of scale of pay along with all other consequential monetary benefits, then the gratuity as contemplated under Clause-13 of the Office Memorandum alone cannot be denied. Therefore, Writ Court has rightly considered the issue in a right perspective and more specifically relying on the principles laid down by the Apex Court of India.

8. Mr.Jayesh B.Dolia, learned Senior Counsel would also rely on the judgment of the Supreme Court in the case of **Krishna Gopal Tiwary and another vs. Union of India and others**¹. Factually, the case is distinguishable, since in the case before Apex Court, the issue raised was about payment of tax deducted at source on gratuity amount paid to employees. However, in the present case, it is all about payment of gratuity and thus, the said case is of no avail to the appellant.

¹(2022) 18 SCC 555



9. Mr.K.S.Viswanathan, learned Senior Counsel would submit that in respect of Bharath Earth Movers Limited at Bangalore, the High Court of Karnataka has already taken a similar view that enhanced gratuity under Clause-13 of the Memorandum dated 26.11.2008 has been paid. The said decision of the Single Judge of the Karnataka High Court was affirmed by the Division Bench of the High Court in W.A.No.443 of 2019 dated 05.03.2021 and the said judgment was confirmed by the Supreme Court of India in Special Leave to Appeal (C) Nos.16004-16005 of 2021 dated 15.11.2021.

10. The Apex Court modified the judgment of the Division Bench of Karnataka High Court in respect of payment of rate of interest and it is clarified that interest on the short fall in payment of gratuity would be payable at the rate of 8.5% per annum and not at the rate of 8.5% per month. Therefore, in the present case, the interest would be payable at the rate of 8.5% per annum as decided by the Apex Court of India.

11. Mr.Jayesh B.Dolia, learned Senior Counsel for the appellant would submit that interest has not been claimed by the respondent employees in the writ proceedings. Interest on payment of gratuity is a statutory requirement and belated settlement of gratuity would attract interest. However, the Apex Court has restricted the rate of interest to 8.5% per annum and the said interest is to be paid to the respondent employees, while settling the balance amount of gratuity payable by the appellant.



12. In view of the above discussions, this Court is of the view that Writ Court has considered the issue in a right perspective and in consonance with the principles to be applied.

13. Consequently, both Writ Appeals stand dismissed. No costs.
Connected Miscellaneous Petitions are closed.

(S.M.S.,J.) (C.K.,J.)
23-02-2026

Index: Yes
Speaking order
Neutral Citation: Yes
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To:

1. The Joint Secretary (P and A) and CVO,
Government of India
Dept. of Fertilizers,
Ministry of Chemicals and Fertilizers,
Room No.221-A Wing, Shastri Bhavan, New Delhi.-110001
2. The Secretary,
Government of India
Department of Public Enterprises,
Ministry of Heavy Industries and Public Enterprises,
Public Enterprises Bhavan,
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W.A.Nos.1178 and 1183 of 2



S.M.SUBRAMANIAM J.
AND
C.KUMARAPPAN J.
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W.A.Nos.1178 and 1183 of 2022

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