



Serial No. 02
Daily List

HIGH COURT OF MEGHALAYA
AT SHILLONG

WA No. 48 of 2025

Date of order: 19.11.2025

Sterlite Interlinks Limited

...Appellant

- versus -

1. The State of Meghalaya represented by its Principal Secretary, Energy Government of Meghalaya, Shillong-793001.
2. Meghalaya Power Transmission Corporation Limited, through its Chief Engineer (Transmission) having office at Lumjingshai, Short Round Road, Shillong-793001.
3. Meghalaya Power Transmission Corporation Limited, through its Director (Transmission) having office at Lumjingshai, Short Round Road, Shillong-793001

.....Respondents

Coram:

Hon'ble Mr. Justice Soumen Sen, Chief Justice
Hon'ble Mr. Justice W. Diengdoh, Judge

Appearance:

For the Appellant : Mr K. Paul, Sr Adv. with
Mr S. Chanda, Adv.
Mr S.K. Hassan, Adv,
Mr R. Srivastava, Adv
Mr P. Mundra, Adv.
Mr S. Sridharan, Adv.

For the Respondents : Mr H. Sehrawat, GA with
Ms O.A.I. Bang, GA
Mr E.R. Chyne, GA
Mr A.S. Dey, GA

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| i) | Whether approved for reporting in Law journals etc.: | Yes/No |
| ii) | Whether approved for publication in press: | Yes/No |



JUDGMENT: (per the Hon’ble, the Chief Justice) (Oral)

The cancellation of the Letter of Award (LOA) by the Meghalaya Power Transmission Corporation Limited (MePTCL) was the subject-matter of challenge in the writ petition filed by the present appellant.

2. The learned single judge in deciding the writ petition has held that there is no concluded contract between the parties and liberty was given to the writ petitioner to initiate appropriate proceedings and seek alternate remedies as available under the agreement through arbitration or before the civil courts for damages or losses, if any, has been suffered by it.

3. The learned counsel for the MePTCL has submitted that the learned single judge was justified in arriving at the conclusion that there has been no formation of contract inasmuch as the materials on record would reveal that there were further negotiations between the parties with regard to certain essential terms, meaning thereby that the parties have not entered into a concluded contract.

4. The learned single judge also recorded in the impugned judgment that the Board cancelled the LOA due to unviability of financial consideration and admittedly there has been no retendering of the work. It is virtually abandonment of the tender process.

5. The judgment is assailed on the ground that the finding of the learned single judge with regard to formation of contract is contrary to the



materials on record. The learned senior counsel for the appellant has referred to the letter dated 29.11.2023 and the letter of cancellation dated 03.04.2024 to demonstrate that the said two letters if read conjointly would show that there has been a formation of contract. It is submitted that on the basis of such agreement, attempts were made to furnish the bank guarantee but due to reluctance of the MePTCL, the said bank guarantee could not be ultimately furnished. The learned senior counsel submits that the cancellation of the LOA is in violation of Article 14 of the Constitution of India.

6. There cannot be any doubt that in contractual matters where the government is a party there has always been an essence and flavour of public law element and any decision to cancel any contract if it is found to be arbitrary or mala fide, the writ court can interfere with such decision in appropriate cases.

7. On a plain reading of the LOA dated 29.11.2023, in our considered opinion, it clearly demonstrates that there has been a concluded contract between the parties. The said documents start with the caption “Letter of Award” and the view that there has been a concluded contract stands fortified by clause 2.1 of the said document which is reproduced below:

“2.1 We confirm having accepted the bid of M/s Sterlite Interlinks Limited referred to at paragraph 1.3 above, read in confirmation with the specifications, terms & conditions of the bidding documents (referred to at para 1.2 above), and award on the bidder



a ‘contract’ (hereinafter referred to as the ‘Contract’) for Monetisation of OPGW Asset of Meghalaya Power Transmission Corporation Limited and as per this Letter of Award.”

(emphasis supplied)

8. Clause 5 has also clearly stated that LOA will constitute the formation of the contract. Clause 5.2 makes it clear that only a formal contract agreement is required to be entered into with the MePTCL. On a plain reading of the said document, it would appear that it defined the essential terms and conditions of the contract as well as the rights and obligations of the parties as would be evident from clause 1 of the LOA where various documents have been referred to which would govern the contractual relationship between the parties.

9. In view of the aforesaid discussion, we are prima facie of the view that there is a binding agreement between the parties. However, the issue is something different. The issue is whether the respondents was justified in cancelling the contract. The respondents had given a justification before the learned single judge that the project appears to be unviable. The MePTCL cannot be asked to continue with such a project notwithstanding the fact that they may have entered into the contract. A contract can be rescinded on a bona fide ground. Moreover, when the project is not likely to benefit the public and it involves public exchequer, the decision of the respondent authorities are to be accepted. Unless the decision of the authority concerned appears to be mala fide or tainted or arbitrary, the said



decision cannot be interfered with in a writ jurisdiction. Moreover, there was no demonstrable fact before the learned single judge to show that before the cancellation, the appellant has incurred any expenditure based on the representation made by the appellant following the LOA. The contract was cancelled within a few months from the LOA.

10. For the aforesaid reasons, we do not interfere with the order of the learned single judge although we have arrived at a prima facie finding that there is a formation of contract.

11. The appeal is dismissed, however, without any order as to costs.

(W. Diengdoh)
Judge

(Soumen Sen)
Chief Justice