22.06.2026
Court No. 12
Item No.21
Sandip

MAT 920 of 2026
In
W.P.A. 11098 of 2026

M/s. Sundaram Enterprises, represented by one of the partners namely Mrs. Anima Mandal & Anr.
Vs.
The Union of India & Ors.

Mr. Sirsanya Bandopadhyay
Ms. Utsa Podder
...... for the Appellants.

Mr. Amit Kumar Nag
Ms. Rishita Sarkar
Ms. Barnisha Samanta
...... for the IOCL.

1. The appeal arises out of an order dated May 14, 2026, passed by a learned Single Judge in WPA 11098 of 2026. The appellants had challenged an order of termination of the contract with regard to transport of LPG, by road, for the State of West Bengal. The contract had been entered into between the appellants and the Indian Oil Corporation of India Limited (IOCL). The standard agreement was executed on October 30, 2025. The vehicle/tank trucks which were involved, were not owned by the appellants. The

IOCL permitted the appellants to participate in the tender process, under the ATS frame work. The clause provided that, a person who had an agreement for sale with a truck owner, could participate in the tender process. If the bid was accepted by the tendering authority, transfer of the vehicle ought to be effected within four months from the issuance of the letter of intent.

2. Admittedly, the appellants had time till December 27, 2025 to complete the formalities with regard to the transfer and registration of the tank trucks in his name. This requirement was a part of the tender conditions and has been provided under Clause 5 of the Corrigendum No.3 published on April 4, 2025. The clause is quoted below:-

> "In case the bidder fails to submit the required documents with change of name, etc. within 4 months of issue of LOI, suitable penal action shall be taken, which may include EMD forfeiture, caution money forfeiture, termination of order of such TTs and blacklisting of such TTs. Under no circumstances will the abovementioned timeline be extended. In such cases, the contracting Corporation reserves the right and shall be at liberty to induct TTs as per the methodology mentioned in the tender to fulfil the shortfall arising thereof."

3. It provided that, in the event the bidder failed to submit the required documents with change of name, etc., within four months of issue of LOI, suitable penal action would be taken, which may

include EMP forfeiture, caution money forfeiture, termination of the order and blacklisting.

4. In this case, action was taken in terms of the clause by issuing a notice to show cause dated March 5, 2026. The appellants suffered an order of suspension. The notice to show cause which contained the order of suspension, was challenged by filing a writ petition. The writ petition was disposed of by setting aside the order of suspension. An opportunity was provided to the appellant to file a supplementary reply to the show cause notice and the authority was directed to decide the matter. The proceeding resulted in issuance of an order of termination. This termination order was challenged by filing the writ petition.

5. The learned Single Judge did not pass any interim order and kept the matter for hearing upon exchange of affidavits. His Lordship gave reasons as to why the decision of the authority did not call for any interference at the interim stage. His Lordship was of the view that, adequate time had been granted to the appellants to complete the paper work in respect of the change of name of the vehicle. The authority was not required to consider the difficulty on the part of the appellants to obtain

the change of name of the tank trucks, because the proposed vendor was using the same tank trucks for transport of LPG in respect of a contract between the said vendor and the IOCL. Only because IOCL had extended the contract of the vendor of the appellants, the appellants could not be absolved from their duty to comply with the tender conditions.

6. In a nut shell, His Lordship was of the, prima facie, view that the authority did not act contrary to the terms and conditions of the contract and the action could not be said to be either perverse or arbitrary.

7. We are not in agreement with His Lordship on one issue. His Lordship observed that, the appellants had the liberty to arrange for another tank truck of which he was the owner, for the purpose of execution of the work. Probably, this situation could not have arisen at all, because the document on which the contract was awarded to the appellants, was the agreement for sale with a particular person. When the appellants came to know that transfer of the name within the prescribed period under the contract was not possible, on account of the extension of the contract of their vendor with

IOCL, it was not open for them to use another tank truck in respect of the self-same contract.

8. His Lordship has kept the writ petition for a final decision. As such, we are not inclined to go deeper into those issues.

9. However, we are only on the issue of grant of an equitable relief in the facts and circumstances of the case. We are also of the view that, the disputes which have arisen between the parties should be adjudicated as per the agreed forum under the contract. Clause 9 of the Notice Inviting Tender as also the arbitration agreement under Clause 39 thereof, provide for settlement of disputes between the parties which arise out of the subject contract, by arbitration.

10. The disputes which have arisen, relate to interpretation of the terms of the contract and other factual issues, which are to be decided by the proper forum.

11. As a court of equity, we find that IOCL utilized the tank trucks of the appellants even after the expiry of four months for the purpose of transportation of LPG without issuing any notice or warning that the time for change of name had expired and the defect should be rectified. After use of the vehicle from December 27, 2025 till March 5, 2026 without any objection, a show

cause notice was issued. Thereafter, the appellants continued to execute the contract by transporting LPG as per the contractual terms, till the decision was finally taken by the authority. The change of name has been completed, but with a slight delay.

12. Under such circumstances, equity demands that, the appellants should be allowed to continue with the work for a period of one month within which time the appellants shall take recourse before the appropriate forum, for adjudication. Further interim protection as per the relevant law can also be taken from the appropriate court.

13. We are not inclined to go into the correctness of the decision of the authority. The same shall be adjudicated by the learned Arbitrator.

14. Upon weighing the balance of convenience and inconvenience, we hold that the same is in favour of granting an equitable protection to the appellants to continue to execute the contract till the appropriate forum is approached. This order will not affect IOCL prejudicially, inasmuch as, such transportation will have to be done through other existing contractors, if the appellants are not allowed to continue.

15. We make it clear that, all claims and counter-claims and the validity and veracity of the order passed by the authority, shall be adjudicated by the appropriate forum. This protection given by us will not create any additional right in favour of the appellants.
16. The learned advocate for the parties submit that, nothing remains to be decided in the writ petition. However, this prayer must be made before the learned Single Judge, as we are not in *seisin* of the writ petition.
17. Accordingly, the appeal is disposed of.
18. Parties are directed to act on the basis of the server copy of this order.

(Shampa Sarkar, J.)

(Ajay Kumar Gupta, J.)