



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
NAGPUR BENCH, NAGPUR

WRIT PETITION NO.2694 OF 2025

[Atithi Hospitality and Events Associates (A Partnership Firm), Nagpur, through its Partner
Jairam S/o Anant Jaiswal **Vs.** Union of India, through its Secretary, Ministry of Mines, New
Delhi and another]

Office Notes, Office Memoranda of Coram,
appearances, Court's orders of directions
and Registrar's orders.

Court's or Judge's order

Shri Ritesh Dawda, Counsel for Petitioner.

Ms Ishika Jaiswal, holding for Shri S.A. Chaudhari, Counsel for Respondent No.1.

Mrs. Mugdha Chandurkar, Counsel for Respondent No.2.

CORAM : ANIL S. KILOR AND RAJ D. WAKODE, JJ.

DATE : 28th JANUARY, 2026.

1. In the present writ petition, a grievance is raised as regards the cancellation of contract of the petitioner by the respondents, awarded for Manpower Outsourcing Services for the period from 1st November, 2024 to 31st October, 2025. The reason for such cancellation of contract was the third default in making the payment of wages to the workers.

2. It is the case of the petitioner that there is no dispute about the first two defaults in payment of wages to the workers. The petitioner admits that as per the terms and conditions, on the first delayed payment, the penalty is Rs.100/- per day per resource and in the second default, it is Rs.200/- per day per resource. The petitioner further does not dispute that on the third instance of delayed payment, the consequence as provided under the contract is the cancellation of the contract.

3. It is the case of the petitioner that there is no third default, for the reason that out of 26 employees, 25 employees were paid wages within the period prescribed. However, as far as one employee is concerned, it was his own request that the amount of wages should not be deposited in the bank account, as he has applied for opening of new bank account and unless he gets the pass-book, the amount should not be deposited.

Accordingly, there was a delay of one day and the same was because of the request of that employee. It is, therefore, argued that it cannot be treated or termed as 'delay', and the cancellation clause cannot be given effect to.

4. On the other hand, it is argued on behalf of the respondents that two defaults are admitted by the petitioner, and as far as the third default is concerned, the reason cited by the petitioner is an afterthought and therefore, the same should not be considered.

5. After considering the rival contentions, we do not find favour with the argument advanced on behalf of the respondents to the effect that the reason cited by the petitioner is an afterthought, for the reason that out of 26 employees, the petitioner has admittedly paid the wages of 25 employees on time. There is a letter by one employee requesting to deposit the amount of wages in his new bank account once he gets the pass-book from the bank. In this process, due to the request of that particular employee, there was a delay of one day caused in depositing the wages of that employee. Thus, it cannot be treated or termed as 'default' on the part of the petitioner.

6. As per Black's Law Dictionary, 'default' means to be neglectful.

7. It is not the case of the respondents that they enquired with the said employee. It is also not the case of the respondents that, after it was found that the letter cited by the petitioner to show that it was the request of the said employee not to deposit the amount of wages in his account unless he gets the pass-book of new bank account, the said request is not made by the said employee.

8. In that view of the matter, we are of the considered view that it cannot be terms as 'default' on the part of the petitioner.

9. Thus, the clause of cancellation of contract in case of third default for the delayed payment of wages cannot be exercised by the respondents in the above-referred peculiar facts and circumstances of the case.

10. Accordingly, we pass the following order :

(i) The writ petition is allowed.

(ii) The impugned order dated 5th April, 2025 and 29th April, 2025, passed by the respondent No.2 are hereby quashed and set aside.

(iii) So far as the other benefits, if any, accrued because of setting aside of the order of cancellation of contract, the same may be asked for by filing appropriate proceedings, if so permissible under the law. This is so because the period of contract has already lapsed and over.

(iv) As far as the penalty of Rs.10,07,778.20 due to the order of cancellation of contract, the petitioner is at liberty to approach the respondent No.2 and make an application for release of such amount in view of the order passed by this Court, setting aside the order of cancellation of contract. If such application is made by the petitioner, the respondent No.2 shall take decision within a period of two weeks from the date of such application and communicate the decision taken thereon within a period of one week thereafter.

(v) In the circumstances of the case, there shall be no order as to costs.

(RAJ D. WAKODE, J.)

(ANIL S. KILOR, J.)