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

WRIT PETITION NO. 2305 OF 2026

1. RSV Group (LLP) through its Authorized Representative – Mr. Netaji Chandradas Gulankwar, Office at Shop No. 1, Kabra Complex, Chamorshi Road, Gadchiroli-442605. **PETITIONER**

// V E R S U S //

1. The State of Maharashtra, Through Secretary Revenue and Forest Department, Mantralaya, Mumbai-440032
2. The Collector, Gadchiroli. **RESPONDENTS**

Mr. Akshay Naik, Senior Advocate a/b Mr. Madhur Deo, Advocate for the Petitioners.
Mr. Devendra Chauhan, GP, Senior Advocate, a/b Mr. N. S. Rao, AGP a/w Mr. C. J. Dhruv, for the Respondent-State.

CORAM : ANIL S. KILOR AND RAJ D. WAKODE, JJ.
DATE : 16th APRIL, 2026.

JUDGMENT:

1. Heard.

2. **Rule.** Rule made returnable forthwith. Heard finally with the consent of learned Counsel appearing for the parties.

3. The petitioner- Limited Liability Partnership by way of this petition seeking to quash and set aside the communication/order dated 11.03.2026, issued by the respondent No.2, cancelling the e-auction conducted for sand ghats situated at Gadchiroli Sub-Division.

4. The brief facts of the present case are as under:

5. The respondents issued auction notice for conducting auction for sand ghats situated at five different sub-divisions including Gadchiroli Sub-Division which has 17 sand ghats. The auction was conducted on 4th March 2026.

6. The petitioner was found to be the highest bidder and eligible for sand ghats situated at Gadchiroli Sub-Division. Accordingly, the respondents issued Letter of Intent asking the petitioner to deposit the bid amount and to pay other amounts as specified therein.

7. The petitioner thereupon, deposited the bid amount and other amounts except amount which were to be deposited on issuance of challans by the respondents for non issuance of such challans.

8. However, on 11.03.2026, the petitioner received the impugned communication informing cancellation of auction. Hence, this petition.

9. We have heard the learned counsel for the respective parties.

10. Shri Naik, learned Senior Advocate for the petitioner argues that since the Letter of Intent in fact is a Letter of Acceptance, it is a concluded contract, therefore, cancelling it unilaterally is illegal.

11. It is submitted that even if it is presumed that it is not a concluded contract, still it cannot be cancelled under the pretext that on re-auction higher price can be fetched as it will be a matter of chance. For this purpose, reliance is placed on the judgment of the Hon'ble Supreme Court of India in the case of ***Golden Food Products India Versus State of Uttar Pradesh and Others*** reported in ***2026 SCC OnLine SC 24.***

12. It is further argued that the complaints made by third party are baseless and cannot be the ground for cancellation. It is submitted that the complaints, which are relied upon are manufactured one. To substantiate argument a reliance has placed on the judgment of the Hon'ble Supreme Court of India in the case of ***Sushil Kamalnayan Bharuka and others versus State of Maharashtra and others,*** reported in ***2026 SCC OnLine SC 259.***

13. On the other hand, Shri Chauhan, learned Senior Advocate and Government Pleader argues that the respondents have not committed any illegality in cancelling the auction. It is submitted that conditions mentioned in LOI for execution of a registered agreement clearly show that it is a LOI and not LOA.

14. It is argued that respondent-State being the custodian of the natural resources, it is the bounden duty of the respondents to see that highest price should be received. In the said process, cancellation of the auction and conducting fresh auction is just and proper.

15. It is further submitted that there were complaints of cartelization. Since, the complaints are of serious nature the enquiry has been initiated. It is further submitted that dispute involved in this petition is of commercial nature and therefore, the scope of judicial review is limited. In support of his submission, he has placed reliance upon the judgments of the Hon'ble Supreme Court of India in the case of ***Shanti Construction Pvt. Ltd. Versus State of Odisha and Others***, reported in ***2025 SCC OnLine SC 2368***, and ***State of Himachal Pradesh and Another Versus OASYS Cybernatics Pvt. Ltd.,*** reported in ***2025 SCC OnLine SC 2536.***

16. Shri Chauhan, learned Government Pleader has lastly drawn attention of us to the letter dated 27.03.2026 issued by the petitioner, withdrawing the amounts deposited by the petitioner towards bid amount and other amounts on issuance of LOI by the respondent. He therefore, submits that such withdrawal of the amount is nothing but giving up of a challenge raised in this petition.

17. Having heard the learned counsel for the parties and considering the

rival submissions, we have perused the record.

18. The record shows that the auction process held by the respondents for sand ghats of Gadchiroli Sub-Division, five bidders including the petitioner participated. The petitioner was found to be the highest one and accordingly the Letter of Intent was issued to him on 05.03.2026.

19. According to the petitioner, though letter dated 05.03.2026 is styled as Letter of Intent it is a Letter of Acceptance and hence, this is a concluded contract.

20. In the case of ***State of Himachal Pradesh and Another Versus OASYS Cybernatics Pvt. Ltd.,*** reported in ***2025 SCC OnLine SC 2536.*** the Hon'ble Supreme Court has held thus :

> *14. In Dresser Rand (supra), it was re-stated with clarity that* ***"a letter of intent merely indicates a party's intention to enter into a contract with the other party in future. A letter of intent is not intended to bind either party ultimately to enter into any contract."*** *The same principle animated Rajasthan Cooperative Dairy Federation (supra), where this Court observed that until the offer is accepted unconditionally and the preconditions are satisfied, "****no binding legal relationship****" comes into existence. The rationale is thus simple but fundamental: the law of contract distinguishes between a promise to make a promise and a promise performed. The former is not legally binding until its contingencies are fulfilled.*
>
> *15. These authorities collectively articulate a coherent doctrine: and LOI creates no vested right until it passes the threshold of final and unconditional acceptance. It is but a "promise in embryo,"capable of maturing into a contract only upon*

the satisfaction of stipulated preconditions or upon the issue of an LOA. A bidder's expectation that such a contract will follow may be commercially genuine, but it is not a juridical entitlement. To hold otherwise would be to bind the State in contract before it has consciously chosen to be bound-a proposition foreign to both contract law and public administration.

*17. Each requirement was framed as a condition precedent; the LOI itself stated that a "**final award letter**" would issue only after the successful completion of these tasks. This language admits of no ambiguity. The tender architecture was sequential: testing, demonstration, acceptance, then execution. It was never contemplated that the LOI would operate as the contract itself."*

21. From the above referred observations it is evident that the Letter of Intent merely indicates the party's intention to enter into a contract with other party in future. The Letter of Intent is not intended to bind either party ultimately to enter into any contract. The law of contract distinguishes between a promise, to make a promise and a promise performed. The former is not legally binding until its contingencies are fulfilled. Thus, it is held that LOI creates no vested right until it passes the threshold of final and unconditional acceptance. It is but a "promise in embryo," capable of maturing into a contract only upon the satisfaction of stipulated preconditions or upon the issuance of Letter of Acceptance (LOA).

22. By applying the above referred principles if the conditions at the bottom of the Letter of Intent are considered, which say that the petitioner has to comply with all the conditions within 15 days and on such compliances a

registered agreement shall be registered, it is evident that the language of the Letter of Intent with no ambiguity makes it clear that it is not a Letter of Acceptance, but it merely indicates the respondent's intention to enter into a contract with the petitioner in future.

23. Thus, it cannot be said that the aforesaid LOI intends to bind other party ultimately to enter into any contract.

24. In the circumstances, we reject the submission of the learned counsel for the petitioner, that the Letter of Intent in the present matter is not the LOI but, it is a Letter of Acceptance.

25. Once it is held that it is not the Letter of Acceptance, no right is vested in favour of the petitioner in the present matter.

26. As regards the respondent's right to cancel the auction in an attempt to secure the higher price. The respondents are the custodian of the natural resources and they are duty bound to make attempt to fetch maximum price.

27. It will be helpful at this stage to refer to the judgment of the Hon'ble Supreme Court of India in the case of *Shanti Construction Pvt. Ltd.* (supra) and *Principal Chief Conservator of Forest* (supra), wherein it is held thus:

> *16. Now, we advert to the relief which may be granted to the unsuccessful bidder. It is well settled that tenders and public auctions, specially for natural resources, are not mere commercial transactions, but an exercise in public trust. The State as custodian of natural wealth is obligated to secure the best value for public resources consistent with the principles of fairness and transparency [(See : Natural Resources Allocation, In Re, Special*

> *Reference No. 1 of 2012 and Subodh Kumar Singh Rathour (supra)].*

28. Similarly, in the case of *Principal Chief Conservator of Forest (Supra),* the Hon'ble Supreme Court of India has held thus:

> *22. The Division Bench of the High Court, which upheld the judgment of the Ld. Single Judge, was of the opinion that merely because there was a likelihood of the rates being lowered if successive tenders are invited, the same cannot be a justifiable ground at all for cancellation of the contract since it would lead to a situation of an unending tender inviting procedure. However, we are of the opinion that the said observations by the High Court are contrary to the settled principles of law laid down by the Supreme Court that the Government is the protector of financial resources of the state and thus, it has every right to cancel and call for fresh tender if it is in the nature of protecting the financial interests of the State.*

29. By applying the above referred principles, we do not find any error committed by the respondents in cancelling the auction on the ground that the price received is not the just price and to hold re-auction to secure more price.

30. As far as the judgment cited by the learned counsel for the petitioner in the case of *Golden Food Products India* (supra), the same is distinguishable on facts and considering the law laid down in the case of *Shanti Construction Pvt. Ltd. (supra)* and *Principal Chief Conservator of Forest (supra),* which relate to the natural resources, judgment in the case of *Golden Food Products India (supra)* is of no assistance to the petitioner.

31. Having held so we are of the opinion that, this petition lacks merit and deserves to be dismissed.

32. Further considering that the petitioner on its own applied for withdrawal of the amounts deposited by the petitioner in compliance of the conditions of LOI, amounts to withdrawal of the petitioner from the process of auction. Therefore, on this ground also the petition deserves to be dismissed.

33. Accordingly, the Petition is dismissed. Rule stands discharged.

(RAJ D. WAKODE, J.) **(ANIL S. KILOR, J.)**