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W.A.No.2600 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 16.04.2026
DELIVERED ON : 29.04.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

WA No.2600 of 2025
and CMP Nos.20754 and 20752 of 2025

Senthil Enterprises,
Rep by its Proprietor, R.Senthilkumar,
No.3/292, Chinraj Kottai,
Mungilmaduvu, Ajjanhalli Post,
Pennagaram Taluk,
Dharmapuri District.

Appellant(s)

Vs

1. Tamil Nadu Minerals Ltd (TAMIN)
Rep by its Managing Director,
No.31, Kamarajar Salai, TWAD House,
Chepauk, Chennai - 600 005.
2. The General Manager
Tamil Nadu Minerals Ltd, (TAMIN)
No.31, Kamarajar Salai, TWAD House,
Chepauk, Chennai - 600 005.
3. The Deputy Manager - Production
Tamil Nadu Minerals Ltd, (TAMIN)
No.31, Kamarajar Salai, TWAD House,
Chepauk, Chennai - 600 005.



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4. The Divisional Manager
Tamil Nadu Minerals Limited, (TAMIN),
Krishnagiri Division, Krishnagiri District.

Respondent(s)

PRAYER: Appeal filed under Clause 15 of the Letters Patent to set aside the impugned order dated 31.07.2025 passed in W.P.No.27022 of 2023 by the learned Single Judge.

For Appellant(s): Mr. E.Om Prakash
Senior Counsel
for Mr. M.R.Jothimanian

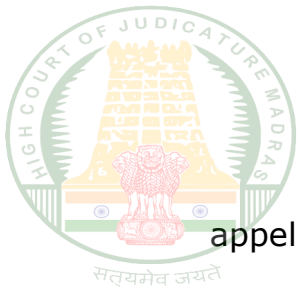
For Respondent(s): Mr. B.Vijay

JUDGMENT

THE CHIEF JUSTICE

Impugning the order dated 31.07.2025 passed by the learned Single Judge in W.P.No.27022 of 2023, the unsuccessful writ petitioner has filed this appeal.

2.1. The nub of the matter runs thus: Pursuant to the tender notification issued by the first respondent on 29.11.2021, the appellant participated in the tender process and a work order was issued on 20.5.2022. An agreement was entered into between the



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appellant and respondents on 4.7.2022. Subsequently, the appellant started work and made production of dimensional granite blocks for quantity of 208.979 CBM till 15.9.2022.

2.2. It is stated that, on 19.9.2022, the second respondent issued a notice for temporary stoppage of work with effect from 30.9.2022 for material stagnated due to non-approval of buyers owing to inherent defects in raw materials as well as quality issues. The appellant continued the production work till 30.9.2022 and made production of granite blocks for quantity of 378.74 CBM.

2.3. It is averred that the first respondent agreed to release 50% payment against Rs.87,68,579/- for 208.979 CBM and the respondents had paid 50% amount, however the remaining amount has not been paid till date. The appellant requested the first respondent to release the remaining 50% amount. However, the first respondent, vide order dated 23.6.2023, cancelled the contract without any notice and failed to settle the labour payment for the work. While the agreement period was for two years, the contract was terminated without any notice in an arbitrary manner.

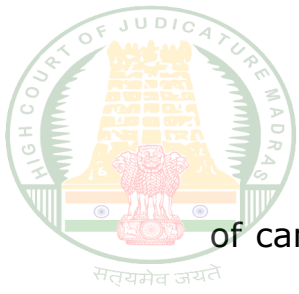


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2.4. Assailing the said order dated 23.6.2023, the appellant filed a writ petition. The learned Single Judge, by the order impugned in this appeal, dismissed the writ petition holding that the dispute between the parties is arising out of the contract and involves disputed questions of fact, which can be resolved only by the civil court. Hence, the present appeal.

3.1. Learned Senior Counsel appearing on behalf of the appellant submitted that no notice was issued by the first respondent before cancellation of contract for production of dimensional granite blocks and no fault on the part of the appellant for stopping the production was stated in the letter dated 19.09.2022.

3.2. It is further submitted that in the cancellation order dated 23.06.2023, it is stated that buyers have not come forward to buy materials, as the dimensional granite blocks produced are having defects like predominant of uneven of white specks spread over entire dyke which is inherent defects notice in the raw blocks as well as finished Granite Blocks/slabs. He added that from the order



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of cancellation itself it is clear that the first respondent stopped the quarry operation due to inherent defects.

3.3. It is further submitted that the reasons that weighed with the learned Single Judge are based on the counter affidavit filed by the respondents and such reason does not find place in the cancellation order. The respondents cannot improve their case based on the counter affidavit.

4.1. Mr.B.Vijay, learned counsel for the respondents, submitted that dimensions of the granite blocks have been specified by the respondents in the agreement itself and the appellant did not produce granite blocks as per the dimensions specified and failed to achieve the minimum target prescribed under the contract.

4.2. It is further submitted that though the granite blocks produced by the appellant did not satisfy the requirements under the contract, the respondents paid 50% of the bill amount by taking a lenient view. It is added that there are discrepancies in the invoices raised by the appellant in terms of quantity and quality,



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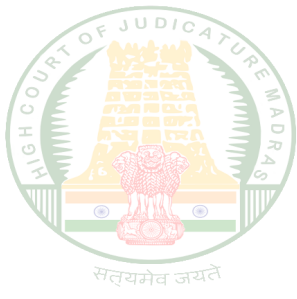
and the dispute raised by the appellant for non-payment of bills requires to be adjudicated by letting in evidence before the civil court.

5. We have heard learned counsel for the parties and given our anxious consideration to the submissions advanced.

6. To decide the issue involved in this case, it is seemly to refer to relevant portion of the cancellation order dated 23.06.2023, which reads thus:

"2. Since the dimensional granite blocks produced are having defects like predominant of uneven of white white specks spread over entire dyke which is inherent defects notice in the raw blocks as well as finished granite blocks/slabs, which resulted in lack of demand for the product and subsequent continuous production had resulted in stock accumulation.

3. Hence, TAMIN had invoked clause 7(xxviii) and had issued a Order No.Rc.No.1512/D/2022-1, dated 19.09.2022 which was a temporary work stoppage order directing you to stop any further work in the designated quarry w.e.f. 30.09.2022, which was



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adhered by you and Rs.50,49,783/- (Rupees Fifty Lakhs Forty Nine Thousand Seven Hundred and Eighty Three only) of the TLC payment due to you was released on various dates even though the blocks were not approved by the tender buyers and other buyers are not willing to buy the material.

*4. We, under the power vested under Section 8(ii) of the Total Labour Contract Agreement dated 04.07.2021, the competent authority had decided to cancel the tender awarded to your from w.e.f. 20.06.2023 **as there was no improvement of sale of granite extracted by you at the subject quarry.***

5. However, it has been decided to repay the Security Deposit amount of Rs.5,90,000/- (Rupees Five lakhs and ninety thousand only) to you as the product extracted by you were not saleable ones.

6. Hence, in the light of above situations, the Total Labour Contract awarded to you for production of quality granite blocks in Sudanur SF.No.1 Black Granite Quarry demarcated portion Pit-B is hereby cancelled as per agreement conditions stated above.”

[emphasis supplied]



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7. From the aforesaid order, it is clear as day that the reason for cancellation is inherent defects noticed in the raw blocks. For passing the said order, the respondents have invoked Clause 8(ii) of the contract, which empowers the respondents to withdraw/cancel the Contractor, if not satisfied with the performance during the contract period.

8. Even as per the earlier communication dated 19.9.2022, the respondents have requested the appellant to stop the quarrying work as the granite blocks produced by the appellant have been stagnated in the quarry due to non-approval of tender buyers and other buyers due to predominant and uneven white specks.

9. In none of the proceedings issued by the respondents, any reason is ascribed to the appellant for non-compliance of any of the terms of the contract entered into between the parties. All of a sudden, the respondents have cancelled the contract and have withheld 50% payment and it is stated by the learned Senior Counsel for the appellant that the machinery of the appellant is still at the quarry site.



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10. In the order dated 23.6.2023 passed by the second respondent, there is no reason pointing out any lapse on the part of the appellant. All that has been stated is *"Since the dimensional granite blocks produced are having defects like predominant of uneven of white white specks spread over entire dyke which is inherent defects notice in the raw blocks as well as finished granite blocks/slabs, which resulted in lack of demand for the product and subsequent continuous production had resulted in stock accumulation"*. Moreover, it is stated that *"the competent authority had decided to cancel the tender awarded to your from w.e.f. 20.06.2023 as there was no improvement of sale of granite extracted by you at the subject quarry"*.

11. The requirement to record reasons is fundamental to the doctrine of fairness and serves as an essential safeguard against the arbitrary exercise of administrative power. To ensure that decisions are based on relevant grounds, rather than extraneous factors, recording of reasons is essential, as it upholds the principle that justice must not only be done but must also be seen to be



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done. This practice has become an indispensable component of the decision-making process, acting as a vital element of "due process" that validates the exercise of authority.

12. In the present case, the counter affidavit of the respondents filed in the writ petition alleges that the appellant failed to produce the required quantity of defect-free saleable granite blocks, and that a "lenient" decision was taken to release only 50% of the payment. However, such justification is absent in the order impugned in the writ petition. This discrepancy highlights a significant gap between the administrative decision to cancel the contract and the subsequent legal pleadings, as the specific reasons for withholding payment were never formally communicated in the decision of the respondents.

13. The Supreme Court in *Mohinder Singh Gill v. Chief Election Commissioner*¹, emphatically held that that when an authority makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and it cannot be supplemented

1 (1978) 1 SCC 405



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by fresh reasons in the shape of affidavit or otherwise. Or else, an order which was bad in the beginning, may, by the time it comes to court on account of a challenge, get validated by additional grounds later brought out in the counter affidavit.

14. For the foregoing reasons, we allow of the appeal with the following directions:

- (i) The order dated 31.7.2025 passed by the learned Single Judge is set aside;
- (ii) The order dated 23.6.2023 impugned in the writ petition is set aside and the matter is remanded to the second respondent;
- (iii) The second respondent is directed to afford an opportunity of hearing to the appellant and consider all his claims in the light of documents, if any submitted, including the claims pertaining to pending bills and machinery, in accordance with law and pass a speaking order and communicate the same to the appellant; and



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(iii) The entire exercise shall be completed by the second respondent within a period of four weeks from the date of receipt of a copy of this order.

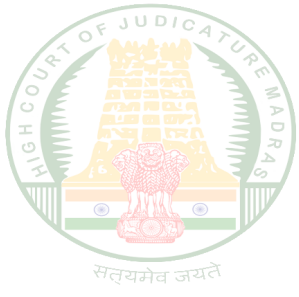
There shall be no order as to costs. Consequently, interim applications stand closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
29.04.2026

Index : Yes/No
Neutral Citation : Yes/No
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To:

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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

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