Sr. No. 01

HIGH COURT OF JAMMU & KASHMIR AND LADAKH
AT JAMMU

WP (C) No. 357/2023 c/w
CCP (S) No. 115/2023

Date of pronouncement: 16.07.2026
Date of uploading: 20 .07.2026.

M/s SPBL Energy Pvt. Ltd. .....Applicant(s)/Petitioner(s)

Through :- Mr. Sunil Sethi, Sr. Advocate with
Mr. Ankesh Chandel, Advocate

v/s

Jammu Power Development Corporation Ltd. and Another .....Respondent(s)

Through :- Mr. Amit Gupta, Sr. Advocate with
Mr. Sumit Moza, Advocate
Mr. Khem Chand, Advocate vice
Mr. Jatinder Choudhary, Advocate

CORAM: HON'BLE MR. JUSTICE SANJAY PARIHAR, JUDGE

ORDER (ORAL)

1. Respondent No. 1, Jammu Power Development Corporation Limited (JPDCL), issued an e-Tender bearing No. CE/PJ/JPDCL/RDSS/LR/ED-KATHUA/07 (PKG-06) dated 27.07.2022 for the *Development of Distribution Infrastructure in Electric Division Kathua (ED-Kathua, Sub-Divisions Hiranagar and Kathua), Projects JPDCL, Jammu Province, Union Territory of Jammu & Kashmir*, under the Revamped Distribution Sector Scheme (RDSS).

2. The petitioner participated in the aforesaid tender process and, as per the pleadings, emerged as the lowest (L-1) bidder .While the process for finalization of the tender was underway, a complaint was submitted by one Mr. Rajeev Talreja, son of Shri Prakash Chandra Talreja, resident of Kanpur, Uttar Pradesh, who is stated to be a former associate of the petitioner. In the complaint, it was alleged that the petitioner-company

had already been blacklisted for having indulged in financial irregularities.

3. Pursuant to the said complaint, the respondents convened a meeting in which both the representative of the petitioner and the complainant were afforded an opportunity of being heard. Upon consideration of the matter, the respondents granted clearance in favour of the petitioner and directed it to furnish an affidavit undertaking that, in the event any document submitted by it was subsequently found to be false, forged, or otherwise contrary to the facts, or if any adverse order was passed against it, the Letter of Intent (LoI) issued in its favour would stand cancelled *ab initio*.

4. According to the petitioner, following the meeting held on 22.11.2022, there remained no impediment to the award of the contract, and the petitioner legitimately expected the issuance of the Letter of Intent as the successful L-1 bidder. However, to the petitioner's surprise, Respondent No. 1, vide communication No. CE/PJ/6870-74 dt. 03.02.2023, cancelled the tender process. The impugned communication states that the cancellation was effected pursuant to the legal opinion rendered by the Department of Law, Justice and Parliamentary Affairs (DLR) and under the directions of the competent higher authorities, without assigning any further reasons.

5. The petitioner has thrown a challenge to the said cancellation order by this writ petition, *inter alia* on the ground that the order of cancellation is totally illegal, arbitrary and in flagrant violation of principles of natural justice as no adequate opportunity of being heard was ever provided to him following the meeting dated 22.11.2022. The order sans any reason.

Since, the reasons are not there, as such, the order suffers from *mala fide* exercise of power. The process adopted by the respondent in ordering cancellation of the tender is arbitrary, irrational and the decision is such which no responsible authority, acting reasonably and in accordance with law could have arrived at. The petitioner, therefore, has through the medium of the writ petition seeks writ of certiorari for quashing the cancellation order and with writ of mandamus calling upon the respondents to issue Letter of Allotment (LoA) in his favour.

6. The respondents, while resisting the writ petition, have contended that the petitioner has approached this Court without clean hands and has deliberately concealed material facts. It is submitted that the petitioner-company was already under an order of blacklisting at the relevant time and had furnished a false affidavit declaring that it was not blacklisted. The respondents further contend that the terms and conditions of the Notice Inviting Tender (NIT) expressly reserved in their favour the right to reject any or all bids or bidders and to discontinue or cancel the bidding process at any stage without assigning any reason whatsoever. Therefore, the petitioner cannot claim any vested or enforceable right merely because it emerged as the lowest (L-1) bidder.

7. It is further submitted that, while submitting its bid, the petitioner furnished an affidavit affirming that it had not been blacklisted by any authority. According to the respondents, the mere participation in the bidding process or declaration as the L-1 bidder did not confer any indefeasible right upon the petitioner to be awarded the contract. The respondents allege that the petitioner intentionally concealed the fact that

it had been blacklisted by Dakshin Anchal Vidyut Vitran Nigam Limited (DVVNL), Agra, for a period of three years on account of submission of forged/manipulated bank guarantees amounting to Rs. 11.55 crore on 11.05.2022. It is also asserted that the petitioner had earlier been blacklisted by the Construction and Design Services, Uttar Pradesh Jal Nigam Limited, Lucknow, for a period of seven years, i.e., from 2017 to 2024, for failure to complete the allotted work within the stipulated time.

8. The respondents further state that a meeting was convened on 16.11.2022, in which the officers of the respondent-Corporation as well as representatives of the petitioner participated. Upon deliberation, the petitioner was directed to furnish an affidavit undertaking that, in the event any document submitted by the firm was subsequently found to be false, forged, or otherwise in contravention of the tender conditions, or if any adverse judgment or direction was passed against it, the Letter of Award (LoA), if issued, would stand rendered void *ab initio*.

9. It is further submitted that the petitioner had challenged the initial order of blacklisting passed by DVVNL, Agra before the High Court of Judicature at Allahabad. By order dated 31.05.2022, the High Court quashed the blacklisting order on the ground of violation of the principles of natural justice while granting liberty to the authorities to pass a fresh order in accordance with law. Pursuant thereto, the earlier order of blacklisting was withdrawn vide communication dated 19.07.2022. Thereafter, DVVNL constituted a committee to inquire into the allegations against the petitioner. Upon completion of the inquiry, the Committee concluded that the petitioner had submitted forged bank guarantees amounting to Rs.

11.55 crore, whereupon DVVNL passed a fresh order dated 18.11.2022 blacklisting the petitioner-company. It is in these circumstances that the respondents contend they were justified in cancelling the proposed award of contract, as the petitioner had suppressed the material fact of its blacklisting and had furnished a false declaration while participating in the tender process.

10. Learned Senior Counsel appearing for the respondents submitted that the bid document unequivocally stipulates that the mere issuance of a Letter of Intent does not confer any vested or enforceable right upon the successful bidder to be awarded the contract. It was contended that the petitioner had deliberately suppressed the material fact of his blacklisting and had furnished a false affidavit declaring that he was not blacklisted. Such concealment and misrepresentation, according to the respondents, amounted to fraud, vitiating the entire tender process. Consequently, the respondents were fully justified in cancelling the Letter of Intent. It was further submitted that although the petitioner alleged violation of this Court's interim order dated 22.02.2023 on the ground that a fresh tender bearing RFB dated 31.03.2023 had been issued, the said interim order had not been served upon the respondents at the relevant point of time. In any event, immediately upon the aforesaid submission being brought to the notice of the respondents, the entire process initiated pursuant to the fresh tender was kept in abeyance.

11. During the course of hearing, this Court called upon the petitioner to explain the allegations concerning the submission of fraudulent bank guarantees. In response, learned Senior Counsel for the petitioner

submitted that Punjab & Sind Bank had already issued No Objection Certificates in favour of the petitioner certifying that nothing remained outstanding against him. It was, therefore, argued that the allegation regarding submission of fake or forged bank guarantees was wholly misconceived and devoid of merit.

12. Learned Senior Counsel for the petitioner further contended that the complaint lodged by the petitioner's business rival was false and motivated. It was submitted that in the meeting held on 16.11.2022, the competent authority had categorically concluded that the allegations levelled against the petitioner were not substantiated and had merely directed the petitioner to furnish an affidavit, which was duly submitted. Despite such clearance, the respondents, without affording any opportunity of hearing, proceeded to cancel the Letter of Intent. Such action, it was urged, is manifestly arbitrary, contrary to the principles of natural justice, and unsustainable in law. It was further argued that every administrative order affecting valuable rights must disclose the reasons which weighed with the authority while arriving at its decision.

13. While fairly conceding that the scope of judicial review in contractual and tender matters is limited, learned Senior Counsel for the petitioner submitted that where the decision-making process is arbitrary, unreasonable, lacking in transparency, or unsupported by reasons, constitutional courts are not only empowered but duty-bound to exercise the power of judicial review.

14. Placing reliance upon *Tata Cellular v. Union of India*, (1994) 6 SCC 651, it was argued that administrative action remains amenable to judicial

review on the well-recognized grounds of illegality, irrationality, unreasonableness, and procedural impropriety. It was submitted that once the petitioner had successfully qualified both the technical and financial bids in accordance with the tender conditions, the subsequent cancellation of the Letter of Intent by means of a cryptic and non-speaking order was arbitrary and liable to be set aside.

15. Reliance was also placed upon the judgment reported in *2024 SCC Online 1682* to contend that the impugned order neither records the reasons nor discloses the material or opinion which formed the basis of the decision to cancel the Letter of Intent. It was further submitted that the internal deliberations and file noting's, which allegedly culminated in the impugned order, have not been produced before this Court. Such non-disclosure, according to the petitioner, reflects an unfair and opaque decision-making process warranting judicial scrutiny. It was further argued that once the petitioner had been found eligible and issued the Letter of Intent pursuant to the meeting dated 16.11.2022, any subsequent adverse decision taken behind his back, without associating him in the process or granting him an opportunity of hearing, stands vitiated, particularly when the allegations concerning the fraudulent bank guarantees and blacklisting had already been clarified before the competent authority.

16. Learned Senior Counsel further invoked the doctrine of legitimate expectation, submitting that citizens are entitled to expect fairness, consistency, transparency, and predictability in administrative decision-making. It was argued that the respondents, having earlier accepted the

petitioner's explanation and proceeded to issue the Letter of Intent, could not arbitrarily reverse their decision without following a fair procedure. Any departure from such standards of good administration, it was contended, would render the impugned action arbitrary and violative of Article 14 of the Constitution of India.

17. *Per contra*, learned Senior Counsel appearing for the respondents submitted that the petitioner had himself approached the authorities with unclean hands by suppressing material facts, submitting false documents, and swearing a false affidavit denying his blacklisting, despite the contrary factual position. It was argued that mere participation in the tender process or even the issuance of a Letter of Intent does not create any vested or enforceable right in favour of the petitioner. The respondents, therefore, were fully competent to cancel the tender process upon discovering the petitioner's concealment and misrepresentation. It was further contended that the doctrine of legitimate expectation has no application where the contract has not attained finality and where the authority has altered its position in the larger public interest. The Letter of Intent, it was submitted, merely constitutes an offer subject to fulfilment of all the prescribed terms and conditions.

18. Learned Senior Counsel for the respondents further submitted that the scope of judicial review in matters relating to award of public contracts is extremely limited. The decision of the tendering authority regarding the suitability of a bidder cannot be characterized as arbitrary merely because another view is possible. It was contended that no element of public interest would be served by compelling the respondents to honour the

Letter of Intent. On the contrary, entrusting a public contract valued at approximately ₹161.23 crores to a bidder who had allegedly been blacklisted on more than one occasion would seriously prejudice public interest and undermine the integrity of the public procurement process.

19. It was accordingly submitted that the decision to cancel the Letter of Intent was taken bona fide, in accordance with the applicable tender conditions, and solely in public interest. In such circumstances, the extraordinary jurisdiction of this Court under Article 226 of the Constitution ought not to be exercised to protect the private commercial interest of the petitioner at the cost of larger public interest. The respondents, therefore, prayed for dismissal of the writ petition.

20. Heard both the counsel at length and gone through the record. In 2023 Legal Eagle (SC) 589, there Tata Motors had submitted a bid for electric propulsion system guaranteeing operating range of 200 KM with 80% State of Charge. Another company, namely, EVEY Trans Pvt. Ltd. to had submitted its bid. The EVEY claimed that the Tata Motors was the only bidder which referenced standard test condition instead of actual road conditions while stating that it complied with the tender requirement of minimum operating range. The tender bids were opened and thereafter technical suitability evaluation was also conducted and it ousted Tata Motors and others to be technically non-responsive resulting into the rejection of Tata Motor’s bid and the bid offered by EVEY was deemed to be technically responsive.

21. Aggrieved of its technical disqualification, the Tata Motors filed a writ petition before the Bombay High Court, which upheld the disqualification

of Tata Motors and rejected their claim from being considered as an eligible bidder. The High Court in a separate order had also declared EVEY as an unsuccessful bidder. When the matter reached to the Apex Court it was held as under:

> *"We are of the view that the High Court should have been a bit slow and circumspect in reversing the action of BEST permitting EVEY to submit a revised Annexure Y. We are of the view that the BEST committed no error or cannot be held guilty of favoritism, etc. in allowing EVEY to submit a revised Annexure Y as the earlier one was incorrect on account of a clerical error. This exercise itself was not sufficient to declare the entire bid offered by EVEY as unlawful or illegal.*
>
> *Ordinarily, a writ court should refrain itself from imposing its decision over the decision of the employer as to whether or not to accept the bid of a tenderer unless something very gross or palpable is pointed out. The court ordinarily should not interfere in matters relating to tender or contract. To set at naught the entire tender process at the stage when the contract is well underway, would not be in public interest. Initiating a fresh tender process at this stage may consume lot of time and also loss to the public exchequer to the tune of crores of rupees. The financial burden/implications on the public exchequer that the State may have to meet with if the Court directs issue of a fresh tender notice, should be one of the guiding factors that the Court should keep in mind. This is evident from a three-Judge Bench decision of this Court in Association of Registration Plates v. Union of India and Others, reported in (2005) 1 SCC 679.*
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> *The law relating to award of contract by the State and public sector corporations was reviewed in Air India Ltd. v. Cochin International Airport Ltd., reported in (2000) 2 SCC 617 and it was held that the award of a contract, whether by a private party or by a State, is essentially a commercial transaction. It can choose its own method to arrive at a decision and it is free to grant any relaxation for bona fide reasons, if the tender conditions permit such a relaxation. It was further held that the State, its corporations, instrumentalities and agencies have the public duty to be fair to all concerned. Even when*

some defect is found in the decision-making process, the court must exercise its discretionary powers under Article 226 with great caution and should exercise it only in furtherance of public interest and not merely on the making out of a legal point. The court should always keep the larger public interest in mind in order to decide whether its intervention is called for or not. Only when it comes to a conclusion that overwhelming public interest requires interference, the court should interfere.

As observed by this Court in Jagdish Mandal v. State of Orissa and Others, reported in (2007) 14 SCC 517, that while invoking power of judicial review in matters as to tenders or award of contracts, certain special features should be borne in mind that evaluations of tenders and awarding of contracts are essentially commercial functions and principles of equity and natural justice stay at a distance in such matters. If the decision relating to award of contract is bona fide and is in public interest, courts will not interfere by exercising powers of judicial review even if a procedural aberration or error in assessment or prejudice to a tenderer, is made out. Power of judicial review will not be invoked to protect private interest at the cost of public interest, or to decide contractual disputes."

22. This authority is considered as *locus classicus* in the LOI/LOA matters. In *"Siemons Public Communication Networks Pvt. Ltd. and Another vs. Union of India"* 2008 16 SCC 215 it was held as under:

"On examining the facts and circumstances of the present case, we are of the view that none of the criteria has been satisfied justifying Court's interference in the grant of contract in favour of the appellants. When the power of judicial review is invoked in the matters relating to tenders or award of contracts, certain special features have to be considered. A contract is a commercial transaction and evaluating tenders and awarding contracts are essentially commercial functions. In such cases principles of equity and natural justice stay at a distance. If the decision relating to award of contracts is bonafide and is in public interest, Courts will not exercise the power of judicial

> *review and interfere even if it is accepted for the sake of argument that there is a procedural lacuna.*
>
> *In the instant case, as has been rightly contended by the learned Addl. Solicitor General appearing for Union of India, the contract is in respect of sensitive Army equipment's which are urgently needed. It cannot be held that the process adopted or decision made is so arbitrary or irrational that no responsible authority acting reasonably or in accordance with the relevant law could not have taken such a decision. The inevitable conclusion is that the appeal is devoid of any merit and deserves dismissal, which we order. However, there shall be no order as to costs."*

23. In 2024 SCC Online SC 1682 respondent no. 2 had issued letter of intent dated 27.06.2022 in favour of the appellant, accepting the quotation offered by him and declaring his firm as the successful bidder and pursuant to that, work order was also issued in their favour. Subsequently, the Ministry of Urban Development and Municipal Affairs issued an order directing the maintenance of roads and drainage including the subject contract shall be handed over to the Kolkata Metropolitan Development Authority (KMDA), it was on that basis, the appellant was directed by the respondent to stop the work and on failure of the appellant the contract was cancelled which was challenged before the High Court, which ordered to dismiss the writ petition.

24. When the matter reached to the Apex Court it was held that the power exercised by the respondent was nothing, but a classic textbook case of an arbitrary and capricious exercise of powers by the respondent to cancel the tender that was issued to the appellant on the basis of extraneous considerations. So, consideration in that case was set aside.

25. In the "State of Himachal Pradesh and Another vs. M/s OASYS Cybernetics Pvt. Ltd." 2025 INSC 1355 in that case the Food and Supply Department of Himachal Pradesh had engaged M/s OASYS Cybernetics for supply, installation and maintenance of Electronic Point-of-Sale (epos) devices at Fair Price Shops across the State. The said arrangement, being a rental model, continued in operation for several years and formed the technological base for the State's PDS till its expiry. Multiple tenders were directed and Letter of Intent was ultimately issued in favour of the said company for supply, installation and maintenance of upgraded *epos* devices for five years. The said letter of intent, required the company to fulfil several pre-requisites before any agreement could be executed or work formally awarded. One of the unsuccessful bidders laid complaint to the department by alleging that the company has suppressed material facts which would render him unfit for participation in the tendering. Specifically, it was alleged that the company and its predecessor entity had been blacklisted in the States of Andhra Pradesh and Madhya Pradesh for allegedly causing losses to the public exchequer due to poor performance. In that factual backdrop the Letter of Intent granted in favour of the company was cancelled which was challenged before the High Court which set aside the cancellation on the ground that same is arbitrary and is found devoid of any reasons. Setting-aside the High Court order the apex court held as under,

> *"Before we part with the instant appeal, it bears reminding that the tender in question was not a commercial exercise in isolation but an instrument of social welfare, intended to secure efficient and transparent delivery of subsidized foodgrains to the most vulnerable citizens. The Public Distribution System remains, for millions, the thin line between*

sustenance and deprivation. When projects of such public importance are delayed or derailed by procedural lapses, the ultimate cost is borne not by the contracting parties but by those at the last mile of governance.

It is therefore incumbent upon every stakeholder the Government, its technical partners, and private participants to treat such undertakings with the seriousness their human impact demands. Administrative caution and technological innovation must work hand in hand to ensure that reform does not lose sight of its moral anchor: service to the poorest. Future exercises in public procurement, particularly those that underpin welfare delivery, must thus be executed with greater institutional coherence, foresight, and accountability so that legality, efficiency, and compassion operate in concert, and the constitutional promise of equitable distribution finds tangible expression."

26. The Apex Court, therefore, proceeded to set aside the judgment of the High Court by holding that the appellant shall be at liberty to issue a fresh tender for supply, installation and maintenance of ePoS devices by further observing as under,

"The moot question in this petition is that whether the petitioners have a right to seek allotment after having participated in the tendering process or not.

It is well settled that the tender is only an invitation to offer and the other party makes an offer pursuant to the invitation to offer, as such, it is not obligatory to the authority issuing tender to accept the offer and no right is created on the basis of merely being L-1. Thus, the respondents were well within their right to cancel the tender before the acceptance was made. A Right would only be arisen when a contract comes into existence.

The invitation to offer merely invites the other party to make negotiations and makes an order. This offer was yet to be accepted by the respondents for a contract to come into existence which could be enforceable for the parties. It is a well settled position of law that merely by participating in the tender, no right is created in favour of the bidder and the tenderer cannot be precluded from its option to cancel the tendering process on any grounds. The tendering process, thus, can be cancelled at any stage before finalization and issuance of letter of acceptance as there was no concluded contract between the parties. Thus, the legitimate expectations on the petitioners having altered their positions on the basis of being declared L-1 has no significance as there was no contract between the parties.

> *This apart, the scope of judicial review in contractual matter is very circumspect. The law with regard to interference of the Courts in judicial review of the administrative decisions is well settled under Article 226."*

27. The aforesaid propositions, as enumerated above, lay down the principles that are required to be kept in mind while deciding issues arising out of the contractual obligations of the State. The settled legal position, therefore, is that judicial review in contractual matters is confined to testing administrative actions on the touchstone of illegality, irrationality, mala fides, and procedural impropriety. The Writ Court should not interfere unless the action of the State is so arbitrary that no reasonable or responsible authority, acting in accordance with law, could have arrived at such a decision. Interference is, therefore, warranted only where the action is palpably unreasonable, manifestly arbitrary, or wholly irrational. This principle has been reiterated by the Hon'ble Supreme Court in *2024 SCC Online SC 1682*, relied upon by learned counsel for the petitioner. The Supreme Court further held that once a decision has been made, all opinions, deliberations, and internal file noting's forming part of the decision-making process become relevant for the purposes of judicial review. It was categorically observed that internal discussions or file noting's which have culminated in, and have been approved and formalized as, the final decision of the competent authority may be examined to ascertain the reasons and purpose underlying such decision in the course of judicial review.

28. In the present case, it is an admitted position that the petitioner stood blacklisted by Dakshin Anchal Vidyut Vitran Nigam Limited (DVVNL)

on the allegation that it had furnished a forged bank guarantee amounting to ₹11.55 crore. It is also not in dispute that, at the time of submission of the Notice Inviting Tender (NIT), the petitioner had already been blacklisted for a period of seven years by Construction and Design Services, Uttar Pradesh Jal Nigam Ltd., Lucknow. Learned Senior Counsel for the petitioner submitted that the issue of blacklisting by Uttar Pradesh Jal Nigam was deliberated upon during the meeting held on 16.11.2022, wherein the complainant failed to establish the said blacklisting. Consequently, the respondents merely required the petitioner to furnish an affidavit declaring that the company was not blacklisted.

29. It was further contended that, although the earlier order of blacklisting passed by DVVNL had been set aside by the Allahabad High Court with a direction to reconsider the matter, DVVNL, upon reconsideration, passed a fresh order dated 18.11.2022 holding the petitioner guilty of furnishing a forged bank guarantee of ₹11.55 crore. Upon receipt of this information, the respondents proceeded to pass the impugned order. According to the respondents, under the terms and conditions of the NIT, the petitioner was under an obligation to make a full and truthful disclosure regarding its eligibility, including whether it had been blacklisted, and the declaration furnished by the petitioner was found to be false.

30. Learned Senior Counsel for the petitioner submitted that the order dated 18.11.2022 passed by DVVNL had subsequently been stayed by the Uttar Pradesh Lokayukta and that the respondents were informed of the said development on 12.12.2022. It was argued that, despite being apprised of the stay order, the respondents proceeded to cancel the contract without

affording the petitioner an effective opportunity of hearing. It is true that, during the meeting held on 16.11.2022, it was observed that the alleged blacklisting by Uttar Pradesh Jal Nigam was not clear and that the process for award of the contract should be finalised expeditiously. However, on 24.11.2022, the respondents informed the petitioner that the complainant had once again brought to their notice that the petitioner had been blacklisted by DVVNL by order dated 18.11.2022.

31. Learned counsel for the respondents contended that the order dated 12.12.2022 passed by the Uttar Pradesh Lokayukta, relied upon by the petitioner, was without jurisdiction. It was submitted that, pursuant to the directions issued by the Allahabad High Court on 31.05.2022, DVVNL had reconsidered the matter and, after conducting a detailed enquiry, concluded that the petitioner had committed fraud by furnishing a forged bank guarantee of ₹11.55 crore. This submission was disputed by learned Senior Counsel for the petitioner, who relied upon a communication dated 06.12.2021 issued by Punjab & Sind Bank stating that no dues were outstanding against the petitioner.

32. The communication relied upon by the petitioner is dated 06.12.2021, whereas the fresh order of blacklisting was passed by DVVNL on 18.11.2022 after reconsideration pursuant to the directions of the Allahabad High Court. Thus, the fact that the petitioner stood blacklisted was duly brought to the notice of the respondents. Whether the order of blacklisting was justified, whether the Lokayukta possessed jurisdiction to stay its operation, or whether the order was otherwise valid, are questions beyond the scope of the present proceedings. The relevant consideration is

that the petitioner's antecedents were under scrutiny and, despite repeated opportunities, the petitioner failed to satisfactorily dispel the doubts raised regarding its blacklisting.

33. The contract in question related to the development of distribution infrastructure in Electric Division, Kathua under the Revamped Reforms-based and Results-linked Distribution Sector Scheme (RDSS). The work included bifurcation of long feeders, reconductoring, augmentation and replacement of distribution transformers, replacement of worn-out wooden poles, barbed wires and stranded conductors, and installation of capacitor banks at 66/11 KV and 33/11 KV substations for voltage regulation. The project, valued at ₹161.23 crore, is undoubtedly of significant public importance, particularly for strengthening electricity infrastructure in rural areas of District Kathua. Merely because the petitioner emerged as the L-1 bidder did not confer upon it an indefeasible right to the award of the contract. The respondents were fully justified in verifying the petitioner's credentials before proceeding further.

34. The record further demonstrates that the respondents afforded adequate opportunity to the petitioner to clarify its position. During the meeting dated 16.11.2022, it was resolved that the petitioner would furnish an affidavit stating that, if any document submitted by it was subsequently found to be forged or if any adverse order or direction affecting its eligibility came to light, the Letter of Award/contract would stand cancelled ab initio without any further notice, in addition to such penal consequences as may be warranted under the applicable rules and guidelines. Although the petitioner furnished the requisite undertaking, it

failed to satisfactorily explain the subsequent order of blacklisting dated 18.11.2022 issued by DVVNL. Even after the respondents, by communication dated 24.11.2022, called upon the petitioner to clarify the matter, the documents produced by it failed to remove the doubts regarding its eligibility.

35. It was argued that the impugned order of cancellation is unreasoned and, therefore, liable to be set aside. This contention does not merit acceptance. The record clearly reveals that, prior to passing the impugned order, the petitioner was repeatedly afforded an opportunity to explain its position regarding the orders of blacklisting passed by the authorities in the State of Uttar Pradesh. Although reliance was placed upon the communication dated 06.12.2021 issued by Punjab & Sind Bank, the respondents were equally confronted with the subsequent order dated 18.11.2022 passed by DVVNL reiterating the petitioner's blacklisting. Once the antecedents of the petitioner came under a cloud, the respondents were justified in invoking the contractual provisions for cancellation of the Letter of Intent. The departmental correspondence reflects repeated efforts to secure clarification from the petitioner before taking the final decision. Having regard to the public importance of the project, the respondents were justified in ensuring that the successful bidder not only fulfilled the eligibility conditions but also possessed unimpeachable credentials. The petitioner has failed to establish arbitrariness, mala fides or violation of the principles of natural justice. The respondents acted on tangible material, followed a transparent process and exercised the contractual powers reserved in their favour in furtherance of public interest.

36. The reliance placed by learned Senior Counsel for the petitioner on *Subodh Kumar Singh Rathore v. Chief Executive Officer & Others* is misconceived. In that case, the Hon'ble Supreme Court found that the cancellation of the tender was neither attributable to any technical deficiency nor to any policy decision affecting the work. Rather, the internal file noting's themselves disclosed uncertainty, as reflected by the expression "may cancel the work order", without assigning any reason demonstrating how the alleged policy change had any bearing on the tender in question.

37. The facts of the present case stand on an entirely different footing. As held by the Hon'ble Supreme Court in *State of Himachal Pradesh & Another v. M/s OASYS Cybernetics Pvt. Ltd.* (supra), the doctrine of legitimate expectation cannot be invoked where the State, acting in public interest, cancels a Letter of Intent after following a fair and discernible process. In the present case, the cancellation was founded upon bona fide considerations directly connected with the respondents' obligation to ensure that a public contract of considerable importance was awarded only to an eligible and reliable contractor.

38. It is not the petitioner's case that, after cancellation of its Letter of Intent, the work was awarded to the second-highest bidder. On the contrary, learned counsel for the respondents submitted that the authorities decided to re-tender the work, though the process was subsequently kept in abeyance pursuant to the directions of this Court. This conduct itself demonstrates that the respondents intended to secure the most suitable bidder rather than confer any undue advantage upon another participant.

Consequently, the impugned action cannot be said to violate Article 14 of the Constitution. The respondents merely insisted upon compliance with the eligibility conditions prescribed under the tender documents.

39. Once the cancellation of the Letter of Intent is found to have been taken bona fide, in public interest and without any element of arbitrariness, favoritism or collateral purpose, no interference is warranted. The cancellation merely resulted in a fresh tender process open to all eligible bidders and was not followed by any clandestine award in favour of another party.

40. The petitioner has failed to place any material before this Court to establish that the impugned action is palpably unreasonable, manifestly arbitrary or wholly irrational. The respondents possessed sufficient material to conclude that the petitioner continued to remain under the shadow of blacklisting when the tender process was undertaken. Although the legality of such blacklisting may be the subject matter of independent proceedings, the petitioner failed to dispel the legitimate concerns entertained by the respondents regarding its eligibility. Having failed to establish complete transparency in its disclosures, the petitioner cannot invoke the equitable jurisdiction of this Court under Article 226 of the Constitution.

41. Consequently, the writ petition is found to be devoid of merit and is, accordingly, dismissed. Interim directions, if any, shall stand vacated.

42. The respondents shall be at liberty to proceed with the re-tendering process in accordance with law. It is, however, clarified that, if the petitioner is subsequently exonerated and otherwise satisfies the eligibility

criteria, it shall be open to it to participate in the fresh tender process, subject to the applicable terms and conditions.

43. The writ petition stands ***disposed of*** accordingly.

(Sanjay Parihar)
Judge

JAMMU
16.07.2026
Manik

Whether this order is speaking: Yes

Whether this order is reportable: Yes