



W.P. No.5647/2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	Pronounced on
27.03.2026	08.04.2026

CORAM

THE HONOURABLE MR. JUSTICE M.DHANDAPANI

W.P. NO. 5647 OF 2026

AND

W.M.P. NOS. 6129 & 6132 OF 2026

SRICO Projects Pvt. Ltd.

Rep. by its Managing Director

Mr. Mechineni Srinivasa Rao

.. Petitioner

- Vs -

The Deputy Chief Engineer (Construction)

Southern Railway

No.532, 2nd Floor, Constable Road

Ayanavaram, Chennai – 23.

.. Respondent

Writ Petition filed under Article 226 of the Constitution of India praying this Court to issue a writ of certiorarified mandamus calling for the records relating to the order of the respondent dated 10.02.2026 as displayed in the official portal to quash the same and to consequently direct the respondent to accept the PBG (Performance Bank Guarantee) and to permit the petitioner to continue the contract pursuant to LoA (Letter of Acceptance) dated 15.12.2025 and to complete the same as per the time stipulated therein.



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For Petitioner : Mr. L.Chandrakumar
For Respondent : Mr. AR.L.Sundaresan, ASG
Assisted by
Mr.Ravi Meenakshisundaram,
CGSC

ORDER

The impugned order of cancellation of the tender granted to the petitioner due to the default alleged by the respondent in not achieving the timelines prescribed in the tender has resulted in the filing of the present writ petition.

2. It is the case of the petitioner that on the basis of the tender floated on 8.7.2025 for augmentation of infrastructure facilities at the Carriage and Wagon Works, Perambur, the petitioner participated in the same by submitting his tender on 31.7.2025 on which date the technical bid was opened and on being fully satisfied with the technical bid offered by the petitioner, the respondent had requested to extend the bid validity upto 30.11.2025 and as a sequel thereof, the same was extended by the petitioner before the period of expiry of the tender.

3. It is the further averment of the petitioner that thereafter on 6.11.2025, the financial bid was opened in which also the petitioner was successful and once again, extension was sought for by the respondent, as the respondent could not



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finalise the bid and once again the same was extended upto 15.12.2025. Thereafter, Letter of Acceptance (for short 'LoA') was issued on 15.12.2025 and the process stood completed and validated in favour of the petitioner. The petitioner was directed to submit Performance Bank Guarantee (for short 'PBG') on 8.1.2026, which was received on 12.01.2026. Barring the above, there was no communication between the petitioner and the respondent. However, as PBG was not issued by the petitioner, in the absence of any communication between the parties, seven days' notice was issued on the official portal of the respondents on 27.1.2026, which the petitioner was unaware of. However, the petitioner's official team visited the office on 4.2.2025 wherein 48 hours notice was served upon the petitioner and immediately, the petitioner issued the PBG through its banker on 6.2.2026. Thereafter, to know about the progress of the work relating to the tender, the officials of the petitioner visited the respondent along with the original PBG on 9.2.2026 and 10.2.2026 and the respondent, including the Director (Technical) were appraised of.

4. It is the further averment of the petitioner that to its utter shock and surprise, a termination notice dated 10.2.2026 was served on the petitioner to which the petitioner submitted its request for withdrawal of the termination by



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pointing out that there was no violation. It was also pointed out that though the petitioner had been successful and had followed all the procedures and complied with all the formalities without there being any violations, however, the authority has exercised the power arbitrarily without recourse to the Tender Transparency Act and the Rules and has cancelled terminated the tender.

5. It is the further averment of the petitioner that the impugned order would reveal that it is manifestly arbitrary inasmuch as it would disclose that it has been issued on extraneous consideration coupled with bias, both administrative and pecuniary, which have played a pivotal role in issuance of the said order of termination and that it is flagrant violation of the Act and Rules.

6. It is the further averment of the petitioner that the remarks made in the impugned order dated 10.2.2026 would clearly establish that it has been issued in total misconception and misconstruction of the confirmation of the contract through LoA and inspite of the PBG having been issued by the petitioner on 6.2.2026, the same was not received and acknowledged except for a reference to the letter dated 5.2.2026. Therefore, left with no efficacious remedy, the present writ petition has been filed.



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7. Learned counsel appearing for the petitioner submitted that though as per the tender process, the petitioner has to submit the PBG within 60 days from the date of issuance of LoA, which falls on 14.2.2026, but the petitioner had obtained the PBG prior to the last date, but without considering the same on 10.2.2026 the termination order was passed for non-compliance of the tender conditions is bad.

8. It is the further submission of the learned counsel that though the petitioner had taken steps to submit the PBG on 6.2.2026, however, the respondent failed to receive and acknowledge the same and, therefore, the act of the respondent in not receiving the PBG cannot be fastened on the petitioner to mulct the petitioner with delay in compliance.

9. It is the further submission of the learned counsel that though the petitioner has complied with all the conditions prescribed in the LoA, however, without properly appreciating all the facts and the compliance made by the petitioner, the impugned order of termination had come to be passed which is wholly unsustainable. Accordingly, he prays for allowing the writ petition.



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10. Per contra, learned Addl. Solicitor General appearing for the respondent submitted that the main timelines, which were prescribed in the LoA was not complied with by the petitioner which has led to the termination of the tender. It is the further submission of the learned Addl. Solicitor General that a programme chart was to be submitted within 15 days of issuance of LoA, but the same has not been submitted by the petitioner inspite of the petitioner being put on notice.

11. It is the further submission of the learned Addl. Solicitor General that despite issuance of notice dated 8.1.2026, and further notice on 27.1.2026 as mandated under Clause 62 of the General Conditions of Contract, the petitioner failed to commence the work and show any progress. Further, even after the 48 hour notice, the petitioner had not commenced work and the programme chart was also not submitted by the petitioner, which is violation of the conditions of the tender.

12. It is the further submission of the learned Addl. Solicitor General that non-submission of PBG is only one of the violations and not the sole reason for



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termination of the tender of the petitioner, as in all spheres of the conditions stipulated, there have been violation by the petitioner and in particular, the learned Addl. Solicitor General placed his submissions on the clauses in the LoA to submit that there has been gross violations by the petitioner and, therefore, left with no viable alternative, after following the due process, the tender issued in favour of the petitioner was terminated as per the terms and conditions stipulated in the LoA and, therefore, no interference is warranted with the same.

13. This Court gave its careful consideration to the submissions advanced by the learned counsel appearing on either side and perused the materials available on record.

14. The facts with regard to award of tender is not in dispute. The timelines prescribed in the LoA and the action of the petitioner for complying with the timelines alone have resulted in the termination of the tender. Therefore, the relevant portion of the LoA, which has a bearing on the present case is pivotal for deciding the issue and, therefore, the same is quoted hereunder :-

"You are requested to submit Performance Guarantee in the form as given in Clause 24 of Tender document part A to C.



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equivalent to 5% of the contract value amounting to Rs. 17328051.89 (Rupees One Crore Seventy-Three Lakh Twenty-Eight Thousand And Fifty-One Rupees And Eighty-Nine Paise Only) within 21 days from the date of issue of Letter of Acceptance, valid up to stipulated date of completion plus 60 days so that contract agreement can be executed. However, a Penal Interest of 12% per annum shall be charged for the delay beyond 21 (Twenty One) days, i.e. from 22nd day of after the date of issue of LOA. Further, if the 60th day happens to be a declared holiday in the concerned office of the Railway. submission of PG can be accepted on the next working day. In all other cases, if the Contractor fails to submit the requisite PG even after 60 days from the date of issue of LOA, the contract is liable to be terminated. In case contract is terminated, Railway shall be entitled to forfeit Earnest Money Deposit and other dues payable against that Contract. In case a tenderer has not submitted Earnest Money Deposit on the strength of their Registration as a Start up recognized by Department of Industrial Policy and Promotion (DIPP) under Ministry of Commerce and Industry, DIPP shall be informed to this effect. The failed Contractor shall be debarred from participating in re-tender for that work. The PG should be submitted after the LOA has been issued, but before signing of the contract agreement This PG shall be initially valid up to the stipulated date of completion plus 60 days beyond that. In case the time for completion of work gets extended, the contractor shall get the validity of PG extended to cover such extended time for completion of work plus 60days. The PG has



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to be executed in favour of the President of India acting through Financial Advisor & Chief Accounts Officer, Construction, Southern Railway, Egmore, Chennai-8 only. The Bank Guarantee towards PG should be sent to Dy. Chief Engineer, Construction, Near My Lady's garden, Park Town, Chennai 600 003 by the issuing bank under Registered Post (AD). This LOA is the due notice for submission of PG and that no further communication will be sent to you reminding for submission of PG. In case of failure to submit PG within stipulated date, action taken under Clause 16(4) of GCC is final and binding.

The entire work shall be completed within 24 month from the date of issue of Letter of Acceptance. You should submit a suitable programme for achieving the mile stones, within 15 days of receipt of this letter in consultation with the Asst. Executive Engineer in charge, failing which a PENALTY of Rs.50,000/- (Rupees Fifty Thousand only) will be levied. You should carry out the work as per the Mile-stone Statement furnished in the scope of work / enclosed to this Letter of Acceptance, and as per the agreed program. You are expected to adhere to the progress of work as per Mile-stone Statement mentioned above and in case of your failure in achieving first 2 mile stones, the contract is liable to be terminated at your cost in addition to the Penalty to be imposed for delays at the discretion of the Engineer-in-charge."

(Emphasis Supplied)



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15. Even a bare perusal of the conditions stipulated in the LoA clearly reveals that the PBG should be submitted within 21 days from the date of issue of LoA. The LoA was issued on 15.12.2025 and reckoning 15 days time from the said date, by 4.1.2026, the PBG ought to have been issued. However, it is not disputed by the petitioner that PBG was taken only on 6.2.2026 and sought to be produced before the respondent. Though the petitioner claims that seven day notice and 48 hour notice were issued for submission of PBG, however, the time for reckoning the date for submission of PBG starts from the date on which the LoA was issued, which is clearly evident from the LoA and the time cannot be elasticized to 14.2.2026 merely on the ground that notices have been issued. Further, the basis on which the time limit for submission of PBG as 14.2.2026 has been fixed by the petitioner is not clear, as it is even the case of the petitioner that LoA was issued on 15.12.2025 and, therefore, for all purposes, the 21 days time starts ticking from the date the LoA was issued. Therefore, clearly there is no compliance of the condition relating to submission of LoA.

16. Secondly, the LoA provides that within 15 days of receipt of LoA, a suitable programme for achieving the milestone ought to be submitted by the petitioner and failure of the same will result in a penalty. Further, the petitioner



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had been directed to adhere to the progress of the work as per the decided milestone. However, it is the specific case of the respondent that the programme for achieving the milestone has not been submitted by the petitioner.

17. In this regard, reference can be had to the letter dated 8.1.2026 of the respondent in which there is a clear statement that the submission of programme chart as also deployment of graduate engineer and site office, as mandated in Condition 51 of the Special Conditions of Contract have not been complied with by the petitioner. The respondent has also pointed out that the non-compliance of the said terms results in imposition of penalty.

18. Further, in the very same letter, the respondent has pointed out that the petitioner ought to have submitted the PBG within 21 days of the issuance of LoA, viz., on 4.1.2026, however till date of the letter, viz., 8.1.2026, the petitioner has not submitted the PBG. It is the admitted case of the petitioner that the PBG was issued only on 6.2.2026 and that being the case, there is a clear violation of the terms of the LoA. Further, there is no material evidencing the fact that there is compliance of the other terms, viz., submission of programme chart and deployment of graduate engineer for work and to maintain a site office. In view



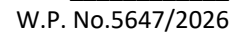
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of the conspicuous absence of material to establish that the violations pointed out are not made out, necessarily it has to be held that the conditions prescribed in LoA have been clearly violated/not complied with.

19. Further, reference can also be had to the letter dated 27.1.2026 of the respondent relating to the 7 days notice issued, wherein, in categorical terms the respondent has pointed out that the petitioner has failed to abide by the instructions to commence the work and to show adequate progress of work and to commence the work and to show adequate progress failing which further action including termination of contract would follow. However, not only the said letter has not been acted upon, the respondent was forced to issue the letter dated 4.2.2026 in which the non-compliance of the various items of work, which were mandated in the LoA have been pointed to have not been complied with. Curiously, there is no whisper from the petitioner with regard to their compliance at the relevant point when the said letters dated 27.1.2026 and 4.2.2026, viz., the notices, were issued to the petitioner.

20. In this backdrop, the letter of 5.2.2026 of the petitioner assumes significance as vide the said letter, which drawing reference to the 48 hour notice



21. It has been the consistent ratio laid down by the Courts that time is the essence of the contract and when a particular time frame is spelt out in the contract for doing a particular work, it has to be done within the said time frame, unless otherwise accepted. In this regard, useful reference can be had to the opinion of Constitution Bench of the Apex Court in ***Chand Rani (Smt) (Dead) by her LRs – Kamal Rani (Smt) (Dead) by LRs (1993 (1) SCC 519***, wherein, the Apex Court has held thus :-

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specific performance of contract to sell real estate, law looks not at the letter but at the substance of the agreement. It has to be ascertained whether under the terms of the contract the parties named a specific time within which completion was to take place, really and in substance it was intended that it should be completed within a reasonable time. An intention to make time the essence of the contract must be expressed in unequivocal language.

(Emphasis Supplied)

22. In the present case, the LoA has clearly spelt out the time within which certain acts have to be done by the successful tenderer. Therefore, time is the essence of the contract and infraction of the same, the authority is vested with power to revisit the contract. When the petitioner has not done the acts within the time specified in the LoA, such as submitting the programme chart and deployment of graduate engineer, establishing site office and not submitted the PBG within the time prescribed under the LoA, that too inspite of grant of extended time by issuance of notice by the respondent, necessarily, the respondent cannot be expected to give the petitioner interminable time to comply with the conditions prescribed in the LoA and, therefore, the termination of the contract cannot be said to be arbitrary or erroneous.



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23. Further, it is to be pointed out that the scope of interference with a tender process and also the award of tender is very limited and under the guise of judicial review, this Court cannot step into the shoes of the authority while interpreting conditions and providing safeguards. The scope of judicial review is only to the limited extent of seeing that there is no perversity or arbitrariness in the act of the authority. The materials, which have been pointed out above, unerringly point to the petitioner as the person, who has not complied with the conditions imposed in the LoA and such being the admitted position, there is clear non-compliance of the conditions imposed in the LoA and for the said non-compliance, the respondent had decided to terminate the tender and had issued the impugned order of termination, the same does not require any interference at the hands of this Court.

24. For the reasons aforesaid, there is no perversity, infirmity or arbitrariness in the order passed by the respondent, which is impugned herein and finding no proper and acceptable reason placed before this Court by the petitioner, this Court holds that no interference is warranted with the impugned order. Accordingly, the writ petition fails and the same is dismissed.



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Consequently, connected miscellaneous petition is closed. There shall be no order as to costs.

08.04.2026

Index : Yes / No

VSI-2/GLN

To

The Deputy Chief Engineer (Construction)
Southern Railway
No.532, 2nd Floor, Constable Road
Ayanavaram, Chennai – 23.



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M.DHANDAPANI, J.

GLN

**PRE-DELIVERY ORDER IN
W.P. NO.5647 OF 2026**

**Pronounced on
08.04.2026**