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W.P.No.20510 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08.06.2026

CORAM

**THE HONOURABLE DR. JUSTICE G. JAYACHANDRAN
AND
THE HONOURABLE MRS.JUSTICE N.MALA**

Writ Petition No.20510 of 2026
and
W.M.P.Nos.22044 and 22045 of 2026

Harshita-ALTIS JV
rep.by M/s Harshita Constructions,
Flat No.202, Second Floor,
'Bhuvana Vijayam Apartments',
Beside HDFC Bank, Tadepalle,
Guntur, PIN 522 501,
Andhra Pradesh.

..Petitioner

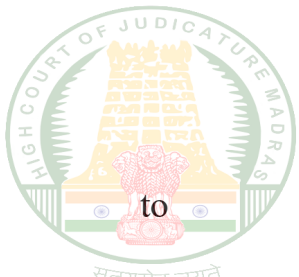
/versus/

1.The Chief Engineer/Construction/West,
Southern Railway(Construction),
Egmore, Chennai 600 008.

2.KMC Constructions Limited-Hyderabad,
Represented by its Managing Director,
Door No.1-80/40/SP/58-65, Shilpa Homes Layout,
Gachibowli, Hyderabad 500 032,
Telangana.

..Respondents

Writ Petition has been filed under Article 226 of the Constitution of India
praying to issue a Writ of Certiorarified Mandamus to call for the records pertaining



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Letter of Acceptance vide Letter
to
No.CONS-HQ-ENGG/CAO-CN-MS-EPC-NL/03/2025/ 10921470153648, dated

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23.03.2026 and quash the same consequently direct the first respondent to grant Letter of Acceptance to the petitioner for the work of “Construction of New Railway BG Line between Tindivanam and Nagari (Reach I & II) on EPC Mode” with an advertised tender value of Rs.856,18,19,075.0.

For Petitioner :Mr.S.R.Krishnamurthy for
N.Ramiah

For Respondent :Dr.G.Babu, CGSPC for R1
Mr.P.H.Arvinthpandian, Sr.C. for
Mr.Avinash Krishnan Ravi for R2

=====

ORDER

(Order of the Court was delivered by N.MALA,J.)

Letter of Acceptance issued in respect of construction of New Railway BG Line between Tindivanam and Nagari (Reach I & II) on EPC Mode is the subject matter of challenge in this Writ for Certiorarified Mandamus, filed by the representative of M/s Harshita Construction, a participant in the bid floated by the Railways along with the second respondent M/s KMC Constructions Limited. Contending that the second respondent in whose favour Letter of Acceptance is issued, was an insolvent as on



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date of issuance of the Letter of Acceptance, the writ petition has been filed narrating, how the second respondent is disqualified from participating in the tender process.

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2. During the vacation, the Division Bench of this Court, perused the records and passed an ad-interim injunction with the following observations:-

“Notice to the respondents returnable by 02.06.2026. Private notice is also permitted.

2.Learned counsel for the petitioner is also permitted to serve the learned standing counsel for the first respondent/Southern Railway.

3.It is represented that the second respondent company is presently undergoing Corporate Insolvency Resolution Process (CIRP) and moratorium order has been passed under Section 14 of Insolvency and Bankruptcy Code (IBC). It is further submitted that performance guarantee is yet to be furnished by the second respondent. Hence, there shall be an order of interim injunction.”

3. Admittedly, the tender floated was for a major infrastructure project of the Southern Railways (construction), Egmore, Chennai, in public interest. The project is valued at a whopping cost of Rs.856,18,19,075/- as per the tender document. The present litigation is instituted by an unsuccessful tenderer.



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4. The learned counsel appearing for the petitioner prayed for extension of the interim order stating that there is an apparent suppression of material facts about the financial condition of the second respondent company, the successful bidder. According to the learned counsel, eventhough the proceedings pending against the second respondent were listed out and placed by the petitioner in his objections dated 14.05.2026, the first respondent ignoring the same went ahead and issued the impugned Letter of Acceptance.

5. Per contra, the learned Central Government Senior Panel Counsel, appearing for the first respondent as well as the learned Senior Counsel appearing for the second respondent filed detailed counter-affidavits, explaining *inter alia*, that neither on the date of opening the bid i.e. 17.12.2025, or on the date of granting ad-interim exparte injunction on 27.05.2026, there was any moratorium order against the second respondent or any proceedings pending. According to the learned counsel for the respondents, even before the injunction order was passed, performance guarantee was furnished by the second respondent and accepted by the first respondent. According to the learned counsels, the two grounds on which the exparte injunction was granted were not available on the date of passing of the order. However, due to suppression



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and misrepresentation of facts by the petitioner, the interim injunction order was passed and hence it ought not to be extended.

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6. We have given our anxious consideration to the rival submissions and perused the materials on record. We find that the first reason assigned by the Bench for granting the interim order is the alleged moratorium order passed under Section 14 of the Insolvency and Bankruptcy Code(IBC). To support and impress upon the Court the above conclusion, the petitioner has enclosed the orders passed by the National Company Law Tribunal on 22.04.2022 and 26.11.2024. However, we find that these orders were subsequently set at naught on 29.04.2022 and 29.11.2024 respectively as under:

ORDER

“IA(IBC0/435/2022):-

This application is filed by Interim Resolution Professional (IRP) in terms of Section 12A of IBC Code, 2016 for leave to withdraw the CIRP proceedings already initiated against the Corporate Debtor by virtue of the order of this Adjudicating Authority in the company petition vide order dated 22.04.2022.

Heard, Learned Senior Counsel Shri S.Ravi, for corporate debtor appeared via video conference. He submitted that the matter has been settled. Pursuant to the "Memorandum of Understanding Cum Settlement" dated 28.04.2022, Corporate Debtor has made the payment of Rs.35,65,135/- towards full and final settlement. Form FA is enclosed with the application. Perused the record and



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satisfied with reasons. We, are therefore inclined to allow this application and grant leave for withdrawal.

Hence, this IA (IBC) 435/2022 is allowed and CP (IB) No. 209/9/HDB/2019 is dismissed as withdrawn. The Corporate Debtor is released from all the rigour of law and is allowed to function independently through its Board of Directors with immediate effect.”

ORDER

“TA (IBC)/2302/2024

Present: Mr. Maharshi Viswaraj, Ld. Counsel for IRP along with Mr. Narender Reddy Banala, Ld. IRP for the Applicant.

B. Harinath Rao, Ld. Counsel for the IDBI and Consortium.

Mr.T.K Bhaskar, Ld. Sr. Counsel along with

Ms. Niyatha, Ld. Counsel for the Corporate Debtor

As per the order dated 26.11.2024, the IRP has filed a memo containing the list of Financial Creditors, who have conveyed their "no objection" for the withdrawal of the CIRP.

The instant application has been moved for the withdrawal of the CIRP against the Corporate Debtor. This application meets all the statutory requirements and accordingly. permission is granted for the withdrawal of the CIRP against the CD. Therefore, this application is disposed of.”

7. Hence, the first reason assigned by the Division Bench for granting ad-interim injunction is contrary to the materials on record and hence untenable.

8. The second reason assigned by the Court for granting injunction is that the



performance guarantee was not furnished. The counter filed by the first respondent along with the documents particularly, the performance guarantee deed and the stamp duty endorsement, shows that the performance guarantee was furnished as early as on 13.05.2026, much before the presentation of the writ petition on 25.05.2026 and the interim order dated 27.05.2026. Hence, the observation of the Division Bench, that the performance guarantee was not furnished, based on an apparently false submission of the learned counsel for the petitioner, is unsustainable.

9.For the aforesaid reasons, we find that the interim order passed on incomplete and distorted facts has to necessarily be vacated. Eventhough, the matter was taken up for extension of interim orders, the learned counsel for the petitioner made his submissions on the merits of the case by referring to certain other proceedings which do not form part of the writ petition or type set of papers and contended that the 2nd respondent is facing insolvency proceeding and other disqualifications and that though the same were pointed out in his objections dated 14.05.2026, the same were not considered and the tender was erroneously awarded to the 2nd respondent.

10.In reply, the learned Central Government Senior Panel Counsel, appearing for the 1st respondent, while denying the said contentions submitted that on



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scrutiny of the objections though received belatedly, the allegations were found to be totally false. He also submitted that even the grounds raised by the petitioner in the writ petition were suitably answered in the counter and therefore the writ petition was meritless and deserved to be dismissed.

11.In view of the vacation of the injunction order and in the light of the arguments addressed by both sides counsels, on the merits of the matter, we are of the view that keeping the litigation pending may further affect the timely execution of the project, and so in the larger public interest, we have proposed to dispose of the main writ petition itself.

12.Heard both the learned counsels and perused the records.

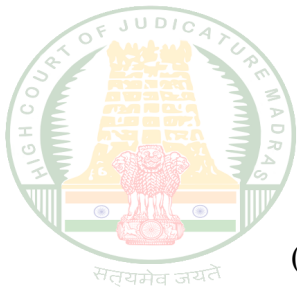
13.The caption of the tender, “Proposed Construction of New Broad Gauge Railway Line between Tindivanam and Nagari Railway Stations Project”, on the face of it shows that it is an infrastructure project initiated by Southern Railway (construction), Egmore, Chennai, in public interest. The project is a Mega project valued at Rs.856,18,19,075/- as per the tender documents. The tender is floated for construction of New Railway BG line between Tindivanam and Nagari. It is common



knowledge that Broad Gauge line improves freight capacity, enables higher operating speeds and ensures seamless national connectivity. Therefore there is no manner of doubt that the project subserves overriding and overwhelming public interest. The disgruntled petitioner, L-2 in the tender process, in order to stall the Mega infrastructure project, has approached this Court challenging the Letter of Acceptance dated 23.03.2026, awarded in favour of the 2nd respondent, L-1.

14. Upon perusal of the counter filed by the 1st respondent, we find that in addition to the para-wise reply, grounds of objections raised by the petitioner in paragraphs 15(a) to 15(i) of the writ petition are replied and they read as follows:

- (a) The Letter of Acceptance (LOA) dated 23.03.2026 was issued to the 2nd Respondent strictly in accordance with Clause 2.2 of the RFP document governing the 'Eligibility and qualification requirements of Bidders'. There has been no violation of any tender condition, and the bid was verified through standard procurement metrics.
- (b) The 2nd Respondent fully satisfied all mandatory technical and financial conditions required under the RFP, and being the lowest eligible bidder, they hold a legitimate legal right to be awarded the execution of the contract.
- (c) The Railway Administration has evaluated all relevant documents, certificates, and declarations submitted by the bidder through the online IREPS portal, ensuring that the award strictly aligns with public interest and statutory compliance.



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(d) No relaxation or deviation from the essential tender conditions was provided to any bidder. The criteria were published uniformly only via the IREPS portal and applied identically across all participating entities.

(e) Since all technical and financial qualification criteria were fulfilled by the lowest eligible bidder, the Petitioner's claim that essential tender conditions were non-compliant is legally untenable and factually incorrect.

(f) In strict accordance with Clause 1.2.6 Introduction of Section-1 of the RFP, which say that *"the term 'LOWEST BIDDER' shall mean the Bidder who qualifies the Technical Bid criteria (Qualification Stage) and is quoting the lowest Bid Price, subject to the provisions of Clause 1.2.7, the Project will be awarded to the Lowest Bidder"* the bids were evaluated solely on the basis of the lowest implementation cost. The LOA issued to the lowest eligible bidder as per standard financial transparency laws.

(g) The Petitioner was 2nd lowest bidder as per their financial bid and hence, the project cannot be awarded to the 2nd lowest bidder. As Clause 1.2.7 Introduction of Section-1 of the RFP, in case such Lowest Bidder withdraws or is not selected for whatsoever reason, the Authority shall annul the Bidding Process and invite fresh Bids.

(h) The contract satisfies all parameters of transparency, and no deviations or discrepancies exist between the evaluation based on bidders' online submissions and the RFP conditions.

(i) The internal or external commercial activities of third-party firms in other states are entirely irrelevant to the execution of this Tindivanam-Nagari infrastructure project.



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14.1.Reiterating the submissions made above in support of the impugned LOA, the 1st respondent submitted that as per RFP Clause 1.2.7, in any scenario where the selected bidder cannot be awarded the contract, the authority can only annul the entire bidding process and invite fresh bids but cannot award the contract to L-2. The 1st respondent's counsel elaborated his submission by stating that absolutely no provisions or mechanism within the contract guidelines were available by which the lowest bidder could be by-passed and the contract awarded to L-2 bidder and therefore, the petitioner has no *locustandi* to demand the LOA in his favour. The respondent therefore submitted that any forced re-invitation of bids or prolonged stay in operation would severely delay the commissioning of the nationally vital infrastructure project and would have a catastrophic domino effect, severely harming other active contractors of Reach III to VI, by escalating project costs and heavily damaging the public exchequer.

15.In this factual scenario, it would be useful to refer to few judgments of the Hon'ble Supreme Court, with regard to the scope of judicial review in matters relating to award of contract and tenders of the Government/Public Sector Undertakings. In the case of ***Raunaq International Ltd. Vs. I.V.R. Construction Ltd. and others,***



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reported in (1999) 1 SCC 492, the Hon'ble Supreme Court, while deciding a challenge to the award of contract by Maharashtra State Electricity Board, in para 11 held as follows:

“11. When a writ petition is filed in the High Court challenging the award of a contract by a public authority or the State, the court must be satisfied that there is some element of public interest involved in entertaining such a petition. If, for example, the dispute is purely between two tenderers, the court must be very careful to see if there is any element of public interest involved in the litigation. A mere difference in the prices offered by the two tenderers may or may not be decisive in deciding whether any public interest is involved in intervening in such a commercial transaction. It is important to bear in mind that by court intervention, the proposed project may be considerably delayed thus escalating the cost far more than any saving which the court would ultimately effect in public money by deciding the dispute in favour of one tenderer or the other tenderer. Therefore, unless the court is satisfied that there is a substantial amount of public interest, or the transaction is entered into mala fide, the court should not intervene under Article 226 in disputes between two rival tenderers.”

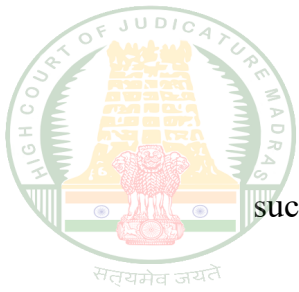
15.1. In the case of *Silppi Constructions Contractors v. Union of India and Ors.* reported in 2019 SCC OnLine SC 1133, the Hon'ble Supreme Court sounded a word of caution with regard to the limitation and the havoc that could be caused by needless interference in commercial matters. The Court held that, the Courts must



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allow reasonable leeway to Government and Public Sector Undertakings in the matters of contract and that the Court must not interfere, where such interference would cause unnecessary loss to the public exchequer. The relevant paragraph of the aforesaid judgment reads as follows:

“19. This Court being the guardian of fundamental rights is duty-bound to interfere when there is arbitrariness, irrationality, mala fides and bias. However, this Court in all the aforesaid decisions has cautioned time and again that *courts should exercise a lot of restraint while exercising their powers of judicial review in contractual or commercial matters*. This Court is normally loathe to interfere in contractual matters unless a clear-cut case of arbitrariness or mala fides or bias or irrationality is made out. One must remember that today many public sector undertakings compete with the private industry. The contracts entered into between private parties are not subject to scrutiny under writ jurisdiction. No doubt, the bodies which are State within the meaning of Article 12 of the Constitution are bound to act fairly and are amenable to the writ jurisdiction of superior courts but this discretionary power must be exercised with a great deal of restraint and caution. The courts must realise their limitations and the havoc which needless interference in commercial matters can cause. In contracts involving technical issues the courts should be even more reluctant because most of us in Judges' robes do not have the necessary expertise to adjudicate upon technical issues beyond our domain. As laid down in the judgments cited above the courts should not use a magnifying glass while scanning the tenders and make every small mistake appear like a big blunder. In fact, the courts must give “fair play in the joints” to the government and public sector undertakings in matters of contract. Courts must also not interfere where



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such interference will cause unnecessary loss to the public exchequer.”

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15.2. The Hon’ble Supreme Court in the case of *Afcons Infrastructure Limited v. Nagpur Metro Rail Corporation Limited & Anr.* reported in (2016) 16 SCC 818, *held* as follows:

“15. We may add that the owner or the employer of a project, having authored the tender documents, is the best person to understand and appreciate its requirements and interpret its documents. The constitutional courts must defer to this understanding and appreciation of the tender documents, unless there is mala fide or perversity in the understanding or appreciation or in the application of the terms of the tender conditions. It is possible that the owner or employer of a project may give an interpretation to the tender documents that is not acceptable to the constitutional courts but that by itself is not a reason for interfering with the interpretation given.”

15.3. So also in the judgment of the Hon’ble Supreme Court in the case of *M/s.N.G.Projects Limited vs. M/s.Vinod Kumar Jain & Ors.*, in *Civil Appeal No.1846 of 2022*, dated 21.03.2022, in para 22 & 23, it was held as follows:

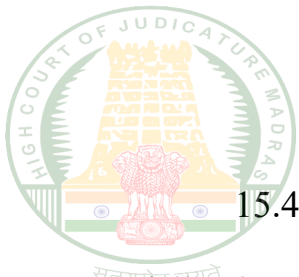
“22. The satisfaction whether a bidder satisfies the tender condition is primarily upon the authority inviting the bids. Such authority is aware of expectations from the tenderers while evaluating the consequences of non-performance. In the tender in question, there were 15 bidders. Bids of 13 tenderers were found to be unresponsive i.e., not satisfying the tender conditions. The writ petitioner was one of them. It is not the case of the writ



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petitioner that action of the Technical Evaluation Committee was actuated by extraneous considerations or was mala fide. Therefore, on the same set of facts, different conclusions can be arrived at in a bona-fide manner by the Technical Evaluation Committee. Since the view of the Technical Evaluation Committee was not to the liking of the writ petitioner, such decision does not warrant for interference in a grant of contract to a successful bidder.

23. In view of the above judgments of this Court, the Writ Court should re-frain itself from imposing its decision over the decision of the employer as to whether or not to accept the bid of a tenderer. The Court does not have the expertise to examine the terms and conditions of the present-day economic activities of the State and this limitation should be kept in view. Courts should be even more reluctant in interfering with contracts involving technical issues as there is a requirement of the necessary expertise to adjudicate upon such issues. The approach of the Court should be not to find fault with magnifying glass in its hands, rather the Court should examine as to whether the decision-making process is after complying with the procedure contemplated by the tender conditions. If the Court finds that there is total arbitrariness or that the tender has been granted in a mala fide manner, still the Court should refrain from interfering in the grant of tender but instead relegate the parties to seek damages for the wrongful exclusion rather than to injunct the execution of the contract. The injunction or interference in the tender leads to additional costs on the State and is also against public interest. Therefore, the State and its citizens suffer twice, firstly by paying escalation costs and secondly, by being deprived of the infrastructure for which the present-day Governments are expected to work.”



15.4. From the aforesaid judgments of the Hon'ble Supreme Court, the following principles emerge, which equally apply to passing of interim orders in infrastructure projects.

i) If the dispute is purely between two tenderers, the Court must be very careful to see, if there is any element of public interest involved in the litigation.

ii) The mere difference in price cannot be the only criteria for interfering with the tender, since price alone cannot be a criteria, as normally in such contracts, the norms and conditions adopted for deciding the best offer include other criteria/norms like expertise in the project work, market reputation, quality of goods and services offered etc.

iii) Even if, public interest is involved in the project, the constitutional Courts can interfere only after weighing the conflicting interests and after satisfying themselves that public interest in holding up the project, far outweighs the execution of the project within the stipulated time.

iv) Constitutional Courts may interfere in contractual transactions of the Government, to prevent arbitrariness, favoritism or



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use of power for collateral purpose or in other words, the contract is tainted with malafides, bias and irrationality.

v) The constitutional Courts must allow fair play in the joints for the Government and Public Sector Undertakings in the matters of contract.

vi) Since the owner/employer of a project is the best person to understand and appreciate its requirements and interpret its documents, the constitutional Courts must defer to such understanding and appreciation of the Tender documents, since the Court's do not have the expertise to examine the technical issues involved in the tender.

vii) Interference by the constitutional Courts would be absolutely barred if it will cause unnecessary loss to the public exchequer.

Viii) The party at whose instance interim order is made has to be made accountable for the consequences of the interim order.

Keeping the above principles in view, we proceed to examine the facts of the present case to find out, if interference by this Court is called for in the impugned Letter of Acceptance, dated 23.03.2026.



16. As far as arbitrariness, irrationality and bias are concerned, there is absolutely no pleading and therefore the said considerations do not arise in the present case. As far as public interest goes, the subject project is a Mega project of the Railways, which is aimed at developing the Railways and its infrastructure, which ultimately will benefit the public and in its own way contribute to the National economy. Admittedly, the petitioner in his writ affidavit has not raised any issues relating to public interest being affected by the award of tender in favour of the 2nd respondent.

17. However, while considering public interest, this Court is satisfied that obstructing or delaying the project would only result in escalating the cost, which would have cascading effect on the public exchequer. The 1st respondent specifically stated in its counter that any delay in Reach I & II, which is a subject matter of the impugned LOA will trigger a catastrophic domino effect, severely harming present contracts in Reach III to VI by escalating project cost and heavily damaging the public exchequer. Even the 2nd respondent in his counter has specifically stated that the interim order dated 27.05.2026, is causing a loss of approximately Rs.20,00,000 (Rupees Twenty Lakhs only) per day and is adversely affecting the timely execution of the public infrastructure project. The petitioner has undoubtedly not denied the



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above facts by filing rejoinder/additional pleadings.

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18. In the light of the submission of the 1st respondent, that obstructing or delaying the project would create further domino effect on the active contractors in Reach III to VI, and would escalate the project cost, heavily damaging the public exchequer, this Court is of the view that public interest in carrying out the project within the stipulated time far outweighs the public interest in holding up the project. We are of the further view that the project being a Mega infrastructure project of national importance, valued at Rs.856,18,19,075/- should not be stalled/obstructed, at the instance of the petitioner, an unsuccessful bidder having vested interest only in the Matter. Moreover, we find that no justifiable grounds are established for interfering with the Award of contract. Also relevant to note here, is that even if the impugned LOA is set aside, the petitioner will not benefit since the terms of the tender document do not contemplate the automatic award of contract, to L-2 bidder. The conditions as already mentioned, provide only for re-tender and therefore we are of the firm view, that in larger public interest and in the interest of the Government exchequer, the impugned LOA should not be interfered. We therefore do not find any compelling reasons, to interfere with the Award of Letter of Acceptance dated 23.03.2026, in favour of the 2nd respondent.



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19. We find that the petitioner approached the vacation Court with distorted and misleading facts, and obtained an interim order resulting in delay in commencing the project of national importance. The 2nd respondent in its counter has submitted that for each day's delay it is incurring a loss of Rs.20,00,000 (Rupees Twenty Lakhs only). We are not awarding any damages, but are only imposing costs on the petitioner for misleading this Court in obtaining interim orders and for stalling the project.

20. Accordingly, the writ petition is dismissed with heavy cost of ***Rs.1,00,000/- (Rupees one lakh only) payable to the High Court Legal Services Authority within a period of six (6) weeks from today.*** Consequently, connected Miscellaneous Petitions are closed.

(Dr.G.JAYACHANDRAN,J.)

(N.MALA, J.)

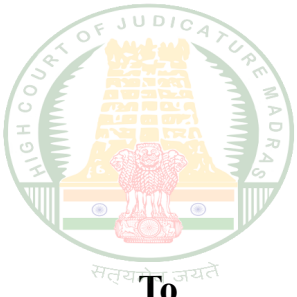
08.06.2026

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Index:yes/no

Neutral citation:yes/no

Speaking Order:Yes/No



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To

1.The Chief Engineer/Construction/West,
Southern Railway(Construction),
Egmore, Chennai 600 008.

2.KMC Constructions Limited-Hyderabad,
Represented by its Managing Director,
Door No.1-80/40/SP/58-65, Shilpa Homes Layout,
Gachibowli, Hyderabad 500 032,
Telangana.



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