IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 11-02-2026

CORAM

THE HONOURABLE MS. JUSTICE P.T. ASHA

WP Nos. 48359 and 48363 of 2025
and WMP Nos. 54004 of 2025 and 503 of 2026

WP No. 48359 of 2025
1. M/s. Vamsee Shipping Carrier
Private Limited
Rep. By Its Managing Director, Regd
Office The Lenice Loungeno. 27, F
Block, Ii Floor, Ii Avenue Anna Nagar,
Chennai 600 102

Petitioner(s)

Vs

The Chief General Manager
Indian Oil Corporation Limited
Marketing Division, Southern Region,
Indian Oil Bhavan, 139, Mahatma
Gandhi Road, Chennai 600 034

Respondent(s)

WP No. 48363 of 2025
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Respondent(s)

WP No. 48359 of 2025

PRAYER: Writ Petition has been filed under Article 226 of the Constitution of India praying to issue a writ of Certiorarified Mandamus calling for the records of the Respondent Ref No. IOC/TNSO/OPS/vamsee, dated 01.12.2025 and consequential e mail dated 03.12.2025 and quash the same and consequently direct the Respondent Corporation and permit the petitioner to take part in all their future tender.

WP No. 48363 of 2025

PRAYER: Writ Petition has been filed under Article 226 of the Constitution of India praying to issue a writ of Certiorarified Mandamus calling for the records of the Respondent Corporation with respect to the proceedings dated 25.11.2025 under reference No. IOC/TNSO/OPS/ barge/ Chennai/ FST/ and quash the same and as being in violation of the principles of natural justice and arbitrary.

For Petitioner(s):	Mrs.Dakshayini Reddy, Senior Counsel for M/s.S.Suneetha
For Respondent(s):	M/s. Mohammed Fayaz Ali, Standing Counsel

COMMON ORDER

Since the genesis for both the writ petitions is the same, a single order is being pronounced. The writ petition in W.P.No.48359 of 2025 had been filed by the petitioner challenging the communication dated 01.12.2025 in and by which the petitioner has been blacklisted and debarred from participating in any of the tender conducted by Indian Oil Corporation Limited (IOCL) for a period of six months effective from the date of the letter and the writ petition in W.P.No.48363 of 2025 is filed challenging the order cancelling the Letter of Acceptance dated 11.02.2025 issued in favour of the petitioner.

FACTS OF THE CASES:

2. The facts of the cases are set out briefly hereinbelow.

2.1. The petitioner is a private company engaged in the business of providing barges for re-fuelling of ships which come to the various ports at Chennai, Ennore, Kattupalli, etc. The petitioner has been in this business for over a period of 15 years and has *carved a niche* for themselves in the said business.

2.2. The petitioner was the successful bidder for a tender floated by the respondent corporation for the year 2017-2018 to provide barge services for the purpose of Bunker supply of black oil and white oil through barge to the coastal/foreign run vessels berthed in the ports of Chennai, Ennore, L&T Kattupalli port, Adani Kattupalli Port berth and outer anchorages of all the ports. The scope of the tender for the year 2017-2018 required the petitioner company to execute the work with two barges, barge of 1000 KL capacity and another of 600 KL capacity.

2.3. This tender is valid for three years from 30.08.2018 to 31.08.2021. The petitioner had also successfully executed the work for the period of three years without complaint from any quarters. Taking note of the excellence offered by the petitioner, the tender was extended for the period of two years from 31.08.2021 to 30.08.2022 and from 31.08.2022 to 30.08.2023. This extension was as per the terms of the tender condition. Thereafter, on 15.06.2023, the respondent corporation had issued a tender for the very same scope of work. However, the tender documents required the petitioner company to provide three barges – two barges of 800 KL each and one barge of 600 KL.

2.4. At the time of the issuance of the tender, the petitioner was in possession of the following three barges:

MV Vamsee-II-1000 KL capacity;
MV Jalabala – 600 KL capacity;
MV San Pride – 1095 KL capacity.

Of these barges, MV San Pride had been taken on lease. As per the tender conditions, the tender documents were to be opened on 11.07.2023 and the validity of the tender was for a period of 180 days from the date of opening of the technical bid. The tender was therefore, valid till 06.01.2024. The petitioner was the sole tenderer and instead of awarding the contract to the petitioner, the respondent corporation sought extension of the bid till 31.03.2024. The petitioner company agreed to the same and thereafter, once again by a letter dated 15.03.2024, the respondent corporation sought extension till 31.05.2024 and finally, the validity was extended till 28.02.2025. Thereafter, a Letter of Acceptance was given on 11.02.2025 accepting the tender of the petitioner company.

2.5. On account of the aforesaid circumstances, it took nearly 19 months for the respondent corporation to accept the tender of the petitioner company which it submitted on 11.05.2023. Meanwhile, since the tender had not been confirmed, the barge which was leased namely MV San Pride was recalled by its owner and redeployed to UAE. The petitioner company, therefore, after the issuance a Letter of Acceptance addressed letters to the respondent corporation vide letters dated 20.02.2025, 07.03.2025, 23.06.2025 and 10.07.2025 bringing to the notice of the respondent corporation that on account of the delay committed by the respondent corporation in accepting the tender, the petitioner was not in a position to immediately deploy the third barge. The petitioner company had also reminded the respondent corporation that they were continuing to execute the earlier contract of the year 2017-2018 by using two barges which is in their possession.

2.6. However, without considering the above, the respondent corporation proceeded to first cancel the letter of acceptance by a letter dated 25.11.2025 and thereafter, by the impugned letter dated 01.12.2025 had blacklisted the petitioner and debarred them from participating in any tender of the respondent corporation for a period of six months effective from the date of the said letter. Challenging the above orders, these two writ petitions in W.P.No.48363 of 2025 and W.P.No.48359 of 2025 had been filed respectively.

2.7. The respondent corporation has filed a vacate stay petition in W.P.No.48359 of 2025 in which apart from denying the various averments in the affidavit filed in the support of the writ petition, the respondent corporation would submit that the petitioner while submitting the bid had given a written undertaking and a declaration, as part of the tender document, that if they fail to initiate the execution of the awarded contract or commit any breach of the tender documents, they will be debarred from all the future tenders of IOCL for a period of the six months from the date of communication of such debarment.

2.8. The respondent would submit that before the issuance of the Letter of Acceptance, internal evaluation and administrative approvals are required. Therefore, at the request of the petitioner, the respondent had extended the bid till 31.03.2024, 31.05.2024, 31.12.2024 and finally, till 28.02.2025. At no point of time, the petitioner had brought to the notice of the respondent that they did not possess three barges. The possession and existence of three barges was mandatory and a non- negotiable condition. It is only after the issuance of the Letter of Acceptance ie., *vide* letters dated 20.02.2025, 07.03.2025, 23.06.2025 and 10.07.2025, the petitioner contended that the third barge was no longer available with them and sought relaxation of the tender conditions contending that the delay in Letter of Acceptance had caused the recall of the barge. The respondent would further submit that the availability of the third barge was imperative and since the petitioner had failed to comply with this eligibility condition, the Letter of Acceptance was cancelled and thereafter, the petitioner was blacklisted in view of the written undertaking given by them.

3. Mrs.Dakshayini Reddy, Senior Counsel for M/s.S.Suneetha, learned counsel appearing on behalf of the petitioner after taking the Court through various dates and events submitted that it was the respondent corporation who had created an enormous delay in accepting the tender, as a result of which, three barges which the petitioner had taken on lease was recalled by their owners. She would further submit that the petitioner had assured the respondent that they would at the earliest ensure the presence of the third barge. She would further submit that even to date the petitioner is serving the earlier tender at the very same rates as fixed in 2017-2018. She would further submit that the delay having arisen on account of the respondent not accepting the tender within the given time, it would not lie in the mouth of the respondent to point fingers at the petitioner. She would further submit that the petitioner in the letter dated 23.06.2025 had brought it to the notice of the respondent that with the available barges they would be able to achieve the very same quantity that three barges could achieve.

4. She would also highlight the fact that non-availability of the third

barge was brought to the notice of the respondent corporation as soon as letter of acceptance had been issued and by e-mail dated 20.02.2025, the respondent had debarred the petitioner. She would, therefore, submit that the cancellation is without any basis. Further, she would submit that the blacklisting is without any basis or justification. The respondent despite blacklisting is continuing to engage the service of the petitioner with reference to the earlier contract. Further, no show cause notice has been issued prior to the blacklist of the petitioner. She would rely upon the judgement of Hon'ble Supreme Court reported in 2025 SCC Online SC 343 in the case of Techno Prints Vs. Chattisgarh Textbook Corporation and Another, wherein, it is observed as follows:

> *"32.We may put it in a slightly different way. Take for instance, the show case notice in the present case is the final order of blacklisting. The final order in any case cannot travel beyond the show cause notice. Therefore, we take the show cause notice as the final order. Whether it makes out a case for blacklisting? This should be the test to determine whether it is a genuine case to blacklist a contractor or visit him with any other penalty like forfeiture of EMD, recovery of damages etc. We say so because once an order of blacklisting is passed the same would put an end to the business of the person concerned. It is drastic step. Once the final order blacklisting the Contractor is passed then the Contractor is left with no other option but to go to the High Court invoking writ jurisdiction under Article 226 of the Constitution and challenge the same."*

5. Per contra, Mr.Mohammed Fayaz Ali, Standing Counsel on behalf of the respondent corporation would submit that the cancellation was not only on the basis of the non-availability of the petitioner to supply the third barge,

but, it was on account of the fact that the petitioner had failed to comply with two main conditions of the tender documents, firstly, payment of the security deposit as per Clause no.8 given in page numbers 6 and 7 of the tender document and secondly, executing the contract agreement on non judicial stamp paper of requisite stamp fee. Even in the Letter of Acceptance, the respondents had directed the petitioners to comply with these formalities. These requirements were once again reiterated in the letter and email dated 20.02.2025, wherein, the petitioner was called upon to place the third barge within 30 days from the date of letter of acceptance and also complete the signing of the document and deposit of security deposit.

6. The learned counsel for the respondent corporation would further submit that in Annexure 10 of the tender document, the petitioner had signed the bid security declaration in which they had expressly accepted that if they fail to sign and accept the Integrity Agreement or commit any breach of the other tender conditions, they would be liable for debarred from bidding in the future tenders of the respondent corporation for a period of six months effective from the date of letter of debarment and it is this right that has been ascertained by the respondent by cancelling the tender vide letter dated 25.11.2025 followed by the blacklisting on 01.12.2025. He would rely upon the judgment of the Hon'ble High Court of Judicature of Bombay in the case of ***Bhagwati Builders Vs.***

Maharastra State Warehousing Corporation, Pune and Another reported in *2022 SCC OnLine Bom 1257*, wherein, after relying upon the judgment of Hon'ble Supreme Court in the case of *Patel Engineering Limited Vs. Union of India* reported in *(2012) 11 SCC 257*, the learned Judges of the Hon'ble Bombay High Court observed that the blacklisting of a person does not require the statutory grant of power and the only limitation to the exercise of this authority is that the State must act fairly and rightly and not in arbitrary fashion. That apart, the learned Judges had observed that wherever such a clause is incorporated in the tender, there is no necessity of any show cause notice, since the parties are already put on notice of the consequence of not adhering to the terms of the contract. He would further submit that the orders cannot be called into question.

7. Heard the rival submissions and perused the materials available on record.

DISCUSSION:

8. The Letter of Acceptance dated 11.02.2025 clearly stated that the petitioner should come forward to pay the security deposit and execute the contract agreement. As per the tender conditions, Clause B(1), the successful tenderer was required to execute the agreement and to furnish the required

security deposit within 30 days of the issuance of the Letter of Acceptance and in the case of any failure, the respondent has the right to reject the tender. It was this clause that had been incorporated in the Letter of Acceptance dated 11.02.2025. Further, on 20.02.2025, the petitioner was once again reminded about the fact that they had to execute the contract and furnish the security deposit.

9. Admittedly, the petitioner had failed to comply with these requisites. The argument that the cancellation was only on the ground of the fact that the third barge was not provided is totally erroneous in the light of the Letter of Acceptance dated 11.02.2025 which also makes the payment of the security deposit and execution of the contract as pre-requisites. Even with reference to making the third barge available, it is seen that on 20.02.2025, the petitioner while accepting the Letter of Acceptance had assured the respondent corporation that they would make the third barge available within six months. However, till November, 2025, ie.,nearly nine months after the Letter of Acceptance, the petitioner had not produced the third barge. ***Therefore, the cancellation of the Letter of Acceptance cannot be found fault with and accordingly, W.P.No.48363 of 2025 is dismissed. Consequently, connected miscellaneous petition stands closed. No costs.***

10. Coming to the issue of blacklisting, admittedly, the petitioner has not been issued with the show cause notice by the Board for blacklisting and the learned counsel for the respondent had drawn strength from the judgment of Hon'ble Division Bench of the Bombay High Court to contend that once the tenderer had himself given an undertaking that they could be blacklisted if the terms of the contract is not complied with that would itself constitute show cause notice and there was no necessity to issue a separate show cause notice.

11. The Hon'ble Division Bench of the Bombay High Court has observed as follows:

> "*26. The law on the subject discussed thus would indicate unequivocally that the State or its instrumentality is under a duty to follow the principles of equality and fair play before a person is blacklisted. It also makes it clear that blacklisting leads to virtual "civil death" of a person as it deprives the person from getting any award of Government contracts. Therefore, it is necessary that principles of natural justice are followed before a person is subjected to such a severe penalty. That means, such a person must be issued a show cause notice giving the details of the alleged breaches committed by him and the penalty proposed against him, which may be either imposition of fine or blacklisting or both, so that such person gets an opportunity to submit his explanation to the State or the authority and in some cases, it may happen that the explanation given by such a person is found to be satisfactory and the action of blacklisting such a person avoided. Such being the purpose of show cause notice, the bidding of law is that the show cause notice must be given to the person concerned to enable him to resist, to refute and to explain the adversity and possibly tide over it. But, there could be a few cases as well where the person concerned is already put on notice that if he did certain act, a particular consequence would follow unavoidably. In such cases, doing of*

a particular thing itself would invite a particular consequence and the authority concerned is not given any discretion to avoid the consequence upon acceptance of the explanation given by the doer of that thing. In such cases, there would be some or the other clause either in the tender document of in the work agreement listing the prohibited acts and consequences that would perforce follow if any of the prohibited acts is committed. <u>Whenever such a clause is incorporated, it is implicit in the nature of contract between the parties that the parties are already put on notice about the prohibited acts and are warned to stay away from those acts, lest the consequence as of necessity would follow.</u> In our opinion, this case is one of such rare cases. In this case, there is a clause in tender document which enumerates various do's and don'ts by a tenderer. Condition No. xviii of Clause 'A' of the tender document is relevant here. It spells out the things which should be done and which should not be done by the contractor. It also prescribes the consequences which will follow upon the contractor or the agency doing certain

things. For the sake of clarity, Condition No. xviii is quoted as follows:—successful contractor does not pay the amount of initial security deposit within the time specified as stipulated by the General Manager (Engg) and complete the contract documents. In all other cases earnest money will be refundable. ***Further it may be noted that lowest Agency who fail to execute agreement and to deposit S.D. will be black listed and debarred from participation in MSWC for future works for 1 years."***

12. However, the Hon'ble Supreme Court in the recent judgment cited on the side of the petitioner has observed as follows:

"32.We may put it in a slightly different way. Take for instance, the show case notice in the present case is the final order of blacklisting. The final order in any case cannot travel beyond the show cause notice. Therefore, we take the show cause notice as the final order. Whether it makes out a case for blacklisting? This should be the test to determine whether it is a genuine case to blacklist a contractor or visit him with any other penalty like forfeiture of EMD, recovery of damages etc. We say so because <u>once an order of blacklisting is passed the same would put an end to the business of the person concerned. It is drastic step.</u>

Once the final order blacklisting the Contractor is passed then the Contractor is left with no other option but to go to the High Court invoking writ jurisdiction under Article 226 of the Constitution and challenge the same."

13. The learned Judges had placed an emphasis that blacklisting of a person is a drastic step and therefore, it required that the show cause notice has to be issued to the tenderer before blacklisting him. They have placed reliance on an earlier judgment of the Hon'ble Supreme Court and stated as follows:

> *"33.As observed by this Court in Erusian Equipment & Chemicals Ltd. Vs. State of W.B., (1975) 1 SCC 70, an order of blacklisting casts a slur on the party being blacklisted and is stigmatic. Given the nature of such an order and the import thereof, it would be unreasonable and arbitrary to visit every contractor who is in breach of his contractual obligations with such consequences. There have to be strong, independent and overwhelming materials to resort to this power given the drastic consequences that an order of blacklisting has on a contractor. The power to blacklist cannot be resorted to when the grounds for the same are only breach or violation of a term or condition of a particular contract and when legal redress is available to both parties. Else, for every breach or violation, though there are legal modes of redress and which compensate the party like the Corporation before us, it would resort to blacklisting and at times by abandoning or scuttling the pending legal proceedings."*

14. The learned Judges have clearly spelt out that blacklisting cannot be resorted to in the cases where there are only breach or violation of a term or condition of a tender contract for which the legal redress is available. The nature of the contract should be so aberrant that it requires an issue of a punitive

measure. In the case on hand, the breach alleged is non-payment of the security deposit, non-execution of the agreement and failure to provide the third barge, all of which, only amounts to the breach of contract for which other legal measures are available under the contract and the respondent had already availed the remedy by cancelling the contract. Despite blacklisting of the petitioner, the respondent are continuing to engage him even today. Therefore, the respondent corporation cannot blacklist the petitioner and debar him from participating in the future tenders of the respondent and continue to engage him with reference to earlier work, such an act is highly arbitrary. ***Therefore, the impugned order dated 01.12.2025 deserves to be set aside and is quashed and accordingly, the writ petition in W.P.No.48359 of 2025 is allowed. Consequently, connected miscellaneous petition stands closed. No costs.***

To sum up, W.P.No.48363 of 2025 is dismissed and W.P.No.48359 of 2025 is allowed.

11-02-2026

Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No
ssa

P.T.ASHA J.

ssa

To

1.The Chief General Manager
Indian Oil Corporation Limited
Marketing Division, Southern Region,
Indian Oil Bhavan, 139, Mahatma
Gandhi Road, Chennai 600 034

WP Nos. 48359 and 48363 of 2025

11-02-2026