



2026:DHC:4360-DB



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IN THE HIGH COURT OF DELHI AT NEW DELHI

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Date of Decision: 14.05.2026

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W.P.(C) 3189/2026, CM APPL. 15311/2026 & CM APPL. 15312/2026

M/S THREE HANDS INFRASTRUCTURE (INDIA) PVT. LTD.

.....Petitioner

Through: Mr.Adv.[appearance not given.]

versus

DELHI STATE INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.Respondents

Through: Ms. Maneesha Dhir, Ms. Ayushi Misra, Adv. and Mr. Waseem Siddiqui, Ms. Anjali Tyagi from DSIIDC.

CORAM:**HON'BLE MR. JUSTICE ANIL KSHETARPAL****HON'BLE MR. JUSTICE AMIT MAHAJAN****J U D G M E N T (O R A L)****ANIL KSHETARPAL, J.:**

1. The principal issue which arises for consideration in the present Petition is whether the Respondent was justified in withdrawing the Letter of Intent dated 16.12.2024 on the ground that the Petitioner's bid was below the applicable threshold value as determined under the methodology adopted by the Respondent for the purposes of the e-auction process.

2. By way of the present Petition, the Petitioner seeks issuance of a writ in the nature of Certiorari for quashing of the communication dated 26.06.2025 whereby the Respondent withdrew the Letter of Intent ['LOI'] dated 16.12.2024 issued in favour of the Petitioner in



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Petitioner further seeks a direction to the Respondent to issue a Demand-cum-Allotment Letter in its favour.

FACTUAL MATRIX:

3. In order to appreciate the controversy involved in the present Petition, the relevant facts, in brief, are required to be noticed.

4. The Respondent conducted an e-auction on 06.09.2024 for allotment of industrial plots in the Narela Industrial Area. The Petitioner participated in the auction process in respect of the subject plot admeasuring 1270.52 sq. metres and emerged as the highest bidder with a bid amount of Rs.12,23,96,048/-.

5. Prior to participation in the auction, the Petitioner deposited an Earnest Money Deposit ['EMD'] of Rs.58,69,802/-. Thereafter, the Respondent issued a LOI dated 16.12.2024 requiring the Petitioner to deposit the balance amount towards 25% of the premium within seven (07) days. Pursuant thereto, the Petitioner deposited an additional amount of Rs.2,47,29,210/- on 20.12.2024, taking the total deposited amount to Rs.3,05,99,012/-.

6. The grievance of the Petitioner is that despite deposit of the aforesaid amount, the Respondent did not issue the Demand-cum-Allotment Letter and, after a lapse of approximately six (06) months, issued the impugned communication dated 26.06.2025 withdrawing the LOI on the ground that owing to a 'technical glitch', the bid in question had been accepted despite being below the prescribed threshold price.

7. The Respondent subsequently refunded an amount of



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Rs.3,19,54,038/- to the Petitioner on 09.07.2025. Aggrieved thereby, the Petitioner sent a notice dated 12.08.2025 to the Respondent seeking reinstatement of the LOI. The Petitioner thereafter submitted representations before the Chairman and the Managing Director of the Respondent seeking reconsideration of the decision withdrawing the LOI.

8. In response thereto, the Respondent issued a communication dated 10.12.2025 stating, *inter alia*, that in terms of Clause 3 of Chapter VI of the e-auction document, DSIIDC had adopted and applied the DDA e-Auction Cell (LD) File No. F1(Misc.) E-auction/2019/349 dated 28.06.2019 ['DDA E-Auction Circular'] for determining acceptance or rejection of the highest bids received in the e-auction process and in accordance with the same, the Petitioner's bid, being below the applicable threshold value, was not eligible for acceptance.

SUBMISSIONS OF THE PARTIES:

9. Submissions of the Petitioner:

9.1. Learned counsel for the Petitioner submits that once the Petitioner had been declared the highest bidder and the Respondent had accepted 25% of the bid amount pursuant to the LOI dated 16.12.2024, a concluded contract came into existence between the parties and valuable rights accrued in favour of the Petitioner. It is contended that the Respondent could not have unilaterally withdrawn the LOI after retaining the deposited amount for a period of nearly six (06) months.



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by the Respondent regarding a purported 'technical glitch' is wholly untenable as the reserve price reflected on the auction portal for the subject plot was lower than the bid amount offered by the Petitioner and, therefore, there was no occasion to reject the bid.

9.3. Referring to the communication dated 10.12.2025 issued by the Respondent, learned counsel submits that the Respondent sought to justify withdrawal of the LOI on the basis of the DDA E-Auction Circular relating to determination of acceptance or rejection of bids received in the e-auction process. It was submitted that the aforesaid guidelines were incorrectly applied by the Respondent inasmuch as plots of dissimilar size and category were allegedly clubbed together for determining the threshold value. It is contended that large-sized industrial plots admeasuring more than 1000 sq. metres constituted a distinct category and ought not to have been clubbed with smaller plots for the purpose of threshold computation.

9.4. It is further contended that if only comparable plots situated in Block-A, Narela are taken into consideration, the Petitioner's bid satisfies the threshold criteria prescribed under the aforesaid guidelines.

10. Submissions of the Respondent:

10.1. *Per contra*, learned counsel for the Respondent submits that the e-auction process was governed by the terms and conditions contained in the E-Auction Document duly approved by the competent authority. She submits that Clause VI of the E-Auction Document expressly provided that the Corporation may implement a threshold technique to avoid disposal of plots which had not received a reasonable bid

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increment. It is further submitted that the Petitioner had participated in the e-auction with full knowledge of the said terms and conditions and had also furnished the requisite affidavit accepting the same.

10.2. It is submitted that the E-Auction Document further provided that confirmation of the highest bid was subject to approval of the Managing Director, DSIIDC and that the Respondent reserved the right to reject any or all bids without assigning any reason.

10.3. Learned counsel submits that although the Petitioner's bid was initially processed and the LOI dated 16.12.2024 came to be issued, the same occurred on account of an inadvertent administrative error in computation of the applicable threshold value. It is submitted that the said error came to light during examination of a representation received from another applicant, whereafter an internal inquiry was conducted by the Respondent. Upon recalculation in accordance with the DDA E-Auction Circular, it was found that the Petitioner's bid, as also the bids in respect of six other plots, fell below the applicable threshold value and were therefore not eligible for acceptance.

10.4. Learned counsel submits that the threshold value was determined in terms of the methodology prescribed under the DDA E-Auction Circular by grouping similar categories of plots and taking into consideration accepted bids from auctions conducted during the preceding one year together with H-1 bids received in the current auction. It is further submitted that the subject plot was categorised as a "Narela Non-Corner Plot" and, upon application of the prescribed formula, the threshold value was calculated at Rs.97,715.35769 per sq. metre, whereas the Petitioner's bid worked out to Rs.96,335.3965 per

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sq. metre.

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10.5. Learned counsel submits that the earlier computation showing a lower threshold value had occurred due to erroneous inclusion of all H-1 bids from earlier auctions instead of only accepted bids from the preceding one year, as contemplated under the applicable formula. It is further submitted that upon discovery of the error, the Respondent considered the issue at the appropriate level and ultimately decided to uniformly cancel the allotments in respect of all seven (07) plots where LOIs had been inadvertently issued despite bids being below the threshold value and the said decision was taken to ensure equal treatment to all similarly situated bidders and to avoid any allegation of arbitrariness or discrimination.

10.6. Learned counsel further submits that no Demand-cum-Allotment Letter was ever issued in favour of the Petitioner and no final approval of the bid was granted by the competent authority. Consequently, no vested or enforceable right accrued in favour of the Petitioner merely on issuance of the LOI.

FINDINGS & ANALYSIS:

11. This Court has considered the submissions made on behalf of the parties and carefully perused the record.

12. At this stage, it becomes necessary to notice the relevant stipulations contained in the E-Auction Document governing the auction in question. Relevant Clauses of the same is reproduced as under:

“VI. GENERAL TERMS & CONDITIONS OF THE E-AUCTION AND ALLOTMENT

1. The competent authority may, without assigning any reasons, withdraw any Industrial Plots/Kiosk Plots/Built-up Kiosks from the e-Auction at any stage.



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3. *The accepting officer, subject to confirmation of the MD, DSIIDC, normally accepts the highest bid for a plot/Kiosk, provided that it is above the reserve price and deemed to be competitive enough to reflect the market value of the plot/kiosk auctioned for. The confirmation of the highest bid shall be at the sole discretion of the MD, DSIIDC who does not bind himself/herself to confirm the highest bid and reserves the right to reject any or all bids without providing a reason. Any bid not fulfilling any of the prescribed conditions or incomplete in any respect shall be rejected. **“The Corporation may implement a threshold technique to avoid disposing of plots that have not received a reasonable bid increment,”.***

4. *If the bid is not accepted, the Earnest Money will be refunded to the bidder without any interest, If due to any reason, DSIIDC has to withdraw the Industrial Plot/Kiosk Plots/Built-up Kiosks from e-auction (including non-handing over of the possession of the Industrial Plots/Kiosk Plots/Built-up Kiosks to the successful bidder/allottee due to any reason like excess area or less area, etc. or due to any reason whatsoever); then the EMD and the bid premium deposited together with bid processing fee (excluding GST), will be refunded to the successful bidder/allottee without any interest up to a period of six months from the date of e-auction.”*

A perusal of the above shows that Clause 3 of Chapter VI of the E-Auction Document expressly provided that the Corporation may implement a threshold technique in order to avoid disposal of plots which had not received a reasonable bid increment. The relevant clause further stipulated that confirmation of the highest bid was subject to approval by the Managing Director, DSIIDC and that the Corporation reserved the right to reject any or all bids without assigning any reason.

13. The affidavit filed on behalf of the Respondent pursuant to order dated 29.04.2026 discloses that the threshold value was determined in terms of the methodology contained in the DDA E-Auction Circular. The methodology, *inter alia*, contemplates grouping of plots situated in a region where plots are of similar category and thereafter calculation of a threshold value on the basis of accepted bids from the preceding one year together with H-1 bids received in the



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current auction.

14. The Respondent has specifically placed on record the data set considered for categorisation of “Narela Non-Corner Plots” and the computation undertaken thereupon. For convenience, the same is reproduced as under:

NARELA NON CORNER PLOTS

Plot No.	Block	Area (Sq.m.)	H1 Bid	H1/sq mtr
1301	H	349.72	41014128.00	117277.0445
1302	H	349.72	41564128.00	118849.7312
1305	H	368.32	39682768.00	107739.9218
1307	H	368.32	43032768.00	116835.2737
1354	H	368.32	46582768.00	126473.6316
1355	H	368	44382768.00	120605.3478
D-10	A	442.47	68684228.00	155229.1184
1306	H	368.32	45232768.00	122808.3406
1356	H	368.32	48582768.00	131903.6924
A-14	A	885.38	89609112.00	101209.7766
1353	H	368.32	56882768.00	154438.4448
A-6	A	1184.21	113221004.00	95608.89032
1308	H	368.32	46282768.00	125659.1225
A-7	A	1228.1	113576440.00	92481.42659
A-8	A	1270.52	122396048.00	96335.39653
A-9	A	1314.24	121535776.00	92476.0896
			Sum of H1/ sq mtr	1875931.249
			Avg of H1/ sq mtr	117245.7031
			ST Dev of H1 / sq mtr	19530.34537
			Threshold Price/ sq mtr	97715.35769

As per the said computation, the threshold value applicable to the subject plot worked out to Rs.97,715.35769 per sq. metre, whereas the Petitioner’s bid translated to Rs.96,335.3965 per sq. metre.

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15. The contention advanced on behalf of the Petitioner is essentially two-fold. Firstly, it is contended that once the LOI had been issued and the amount towards 25% premium had been accepted, a concluded contract came into existence and the Respondent could not thereafter withdraw the LOI. Secondly, it is contended that the threshold methodology itself was incorrectly applied inasmuch as plots of dissimilar size and category were clubbed together for determining the threshold value.

16. Insofar as the first contention is concerned, this Court finds that the E-Auction Document unequivocally stipulated that confirmation of the highest bid was subject to approval by the Managing Director, DSIIDC and that the Respondent reserved the right to reject any bid prior to allotment. Admittedly, no Demand-cum-Allotment Letter came to be issued in favour of the Petitioner at any stage. The record further indicates that upon discovery of the error in computation of the threshold value, the matter was examined internally and the decision to withdraw the LOIs issued in respect of all seven (07) similarly situated plots was approved by the competent authority.

17. In the considered opinion of this Court, mere issuance of an LOI in the facts of the present case cannot be construed as creation of an indefeasible or vested right in favour of the Petitioner, particularly when the governing terms of the auction expressly reserved to the Respondent the discretion to reject bids prior to final allotment and made confirmation subject to approval by the competent authority.

18. That apart, the material placed on record indicates that the Respondent did not single out the Petitioner alone for cancellation.



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six (06) other plots, where the bids were similarly found to be below the threshold value, were also withdrawn uniformly. The Respondent further refunded the amounts deposited by the Petitioner along with interest calculated at the rate of 10% per annum.

19. Insofar as the challenge to the computation methodology is concerned, this Court finds that the DDA E-Auction Circular itself contemplates grouping of plots belonging to a “similar category”. The same is reproduced as under:

Methodology for calculation of threshold shall be as below:-

Step 1	Collect Data (reserve price, area and H1 Premium) in respect of plots situated in a ‘region where plots are of similar category’ which were auctioned during last one year (including the current auction) bids- a) In case of previous auction, bids that were accepted. b) In case of current auction where bids are received (including single bids). Explanation: “Region where plots are of similar category needs to be selected judicially and carefully so that plots of similar category/type are grouped together.
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The Respondent has categorised the subject plot under the category of “Narela Non-Corner Plots” and has taken into account accepted bids from previous auctions as well as H-1 bids received in the current auction for the said category.

20. The submission advanced on behalf of the Petitioner that only plots admeasuring more than 1000 sq. metres situated in Block-A, Narela ought to have been considered, essentially seeks substitution of the categorisation methodology adopted by the Respondent. In exercise of jurisdiction under Article 226 of the Constitution of India,



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this Court does not sit as an appellate authority over commercial or technical decisions taken by the Respondent in the course of an auction process, unless the decision is demonstrated to be manifestly arbitrary, *mala fide* or wholly irrational.

21. In the present case, no material has been placed before this Court to demonstrate that the categorisation adopted by the Respondent was actuated by *mala fides* or that the threshold criteria was selectively applied only against the Petitioner. On the contrary, the record indicates that the same methodology was uniformly applied to all similarly situated plots and the consequent decision to withdraw the LOIs was taken uniformly in respect of all seven (07) plots.

22. This Court is also unable to lose sight of the fact that the threshold value itself could only be determined after completion of the auction process since the formula prescribed under the DDA Circular necessarily takes into account the H-1 bids received in the current auction. Consequently, the contention of the Petitioner that the reserve price reflected on the auction portal was lower than the bid amount offered by the Petitioner does not by itself render the impugned decision arbitrary once the bid is found to be below the applicable threshold value computed under the prescribed methodology.

CONCLUSION:

23. In view of the aforesaid discussion, this Court is of the considered opinion that the decision of the Respondent to withdraw the LOI dated 16.12.2024 upon discovery of the error in computation of the threshold value cannot be said to be arbitrary so as to warrant interference in exercise of writ jurisdiction under Article 226 of the



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Constitution of India.

24. The present Petition is, accordingly, dismissed. The pending applications also stand closed.

ANIL KSHETARPAL, J.

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