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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of decision: 25th March, 2026*

\+ W.P.(C) 3876/2026 & CM APPL. 19038/2026

SANJEEV KUMAR SINGH .....Petitioner

Through: Mr. Jitender Mehta, Mr. Lalit Kumar, Mr. Abhinav Kumar, Mr. Shivam Pahal and Mr. Avneesh Singh, Advocates

versus

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED .....Respondent

Through: Mr. Saurav Agrawal, Mr. Anshuman Chowdhary, Mr. Kiran Devrani and Mr. Samayra Adlakha, Advocates

**CORAM:**
**HON'BLE MR. JUSTICE AMIT BANSAL**

**AMIT BANSAL, J. (Oral)**

1. The present writ petition has been filed seeking quashing of the impugned letter dated 20th March, 2026 issued by respondent/Indian Railway Catering and Tourism Corporation Limited ('IRCTC'). In terms of the said letter, the Contract awarded in favour of the petitioner for running a Food Plaza at Patliputra Railway Station was terminated along with forfeiture of security deposit remitted by the petitioner in the form of a Bank Guarantee.

2. Briefly stated, the case set up by the petitioner is as under:

i. The respondent/IRCTC issued E-Tender dated 17th September, 2025 ('Tender') for Operation and Management of Food Plaza at Patliputra Railway Station.

ii. As a condition of the Tender, the petitioner paid Earnest Money Deposit ('EMD') of Rs. 3,00,000/-.

iii. On 14th November, 2025, the respondent/IRCTC issued a Letter of Award in favour of the petitioner ('Letter of Award') for setting up Operation and Management of the aforesaid Food Plaza.

iv. In terms of the Tender, the petitioner furnished a Bank Guarantee towards 10% security deposit, *i.e.* ₹8,63,950/- to the respondent/IRCTC.

v. Since the Tender required furnishing of security deposit of the entire tenure of the agreement + additional 180 days, the Bank Guarantee of 5 years given by the petitioner was not acceptable to the respondent/IRCTC.

vi. The respondent called upon the petitioner to submit a revised Bank Guarantee in terms of the tender conditions. However, since the petitioner failed to submit the Bank Guarantee for the aforesaid period, the contract was terminated.

3. Aggrieved by the same, the present writ petition has been filed.

4. Mr. Jitender Mehta, counsel appearing on behalf of the petitioner, submits that there was a general difficulty for the petitioner not being able to furnish a Bank Guarantee for the aforesaid period as under the Credit Guarantee Fund Trust for Micro and Small Enterprises Scheme ('CGTMSE Scheme'), the Bank Guarantee could be issued by a bank only for a period of five years. Hence, the petitioner being an MSME (Micro, Small and

Medium Enterprise), was not in a position to submit a Bank Guarantee for the period of 9 years with additional 180 days, as required under the Tender. There was no justification for the respondent to insist on a Bank Guarantee for the period of 9 years and the respondent should have accepted the Bank Guarantee as furnished by the petitioner.

5. Mr. Mehta further submits that the respondents have terminated the Contract without giving any show cause notice to the petitioner which is in violation of Clause 8.1 of the Tender.

6. Lastly, it is submitted that the respondent could not have forfeited the amount of security deposit given by the petitioner.

7. Mr. Anshuman Chaudhary, counsel appearing on behalf of respondent/IRCTC, submits that since the Contract awarded to the petitioner is yet to be executed, there is no requirement of issuance of a show cause notice.

8. He further submits that sufficient opportunity was given to the petitioner to meet the requirement of furnishing the Bank Guarantee for the requisite period, as stipulated in the Tender. However, the petitioner failed to do so.

9. I have heard the counsel for the parties.

10. In terms of Clause 2.4 of the Tender, licensee was required to submit a Bank Guarantee of 10% of the total contract value. The security deposit could be given through a Bank Guarantee subject to the condition that the Bank Guarantee would be valid up to the period of 180 days beyond the completion of the tenure of the contract. It is not in dispute that the tenure of the contract was for a period of nine (9) years. The clause 2.4 is reproduced

as under:-

2.0 FINANCIAL TERMS AND CONDITIONS

| | | | |
|---|---|---|---|
| 2.4 | Security Deposit | : | Licensee will pay Security Deposit equivalent to 10% of total contract value i.e. 10% amount of {(Quoted Annual License fee + GST) x Tenure of contract} + (Total User charges for the complete tenure of contract + GST) within 7 (seven) days from the date of issuance of the LOA by IRCTC. the Successful Bidder shall accept the LOA along with deposit of the Security Deposit.<br>However, IRCTC on receiving request from the successful Bidder, may at its absolute discretion, permit extension of period for deposit of Security Deposit up to a period of **14 (Fourteen)** days. In case of failure to deposit the Security Deposit within above the above time period, LOA will be annulled with forfeiture of EMD and firm will be debarred from participation in the future projects of IRCTC for a period of one year.<br><br>The Security Deposit is payable by licensee through NEFT/RTGS OR through unconditional and irrevocable **Bank Guarantee (BG)** OR **Fixed Deposit (FD)** (issued by any Nationalized Bank or Scheduled Commercial Bank with validity upto 180 days beyond the completion of the tenure of the contract) as per **Annexure-C2.**<br><br>All charges whatsoever such as premium; commission etc. with respect to the Security Deposit (RTGS/BG/FD) shall be borne by the Successful Bidder.<br><br>*No claim shall lie against IRCTC in respect of interest on Security Deposit or depreciation thereof. The Earnest Money of the successful bidder will be returned without interest after the Security Deposit as required is furnished.* |

11. The petitioner furnished a bank guarantee of ₹8,63,000/- in favour of the respondent. However, the Bank Guarantee was for a period of five (5) years.

12. In this regard, the respondent/IRCTC sent a letter to the petitioner on 1st December, 2025 calling upon the petitioner to furnish a revised Bank Guarantee which should be valid for the period as required under tender condition, *i.e.* nine (9) years + 180 days.

13. On 17th December, 2025, the petitioner responded to the aforesaid communication by the respondents stating that under the CGTMSE Scheme, the bank can only issue a Bank Guarantee for a maximum period of five (5)

years since the petitioner was an MSME.

14. In this regard, the respondent wrote to the Branch Manager of the bank issuing Bank Guarantee to the petitioner, *i.e.* Yes Bank Ltd., on 8th January, 2026. Relevant extracts from the said communication are set out below:-

> IRCTC vide letter dt.14.11.25 has awarded the contract of Food Plaza at Patliputra Railway station to M/s Rathour Services for a period of 9 years wherein M/s Rathour Services is required to submit Bank Guarantee for a period of 9 years.
>
> M/s Rathour Services vide mail dated 06.01.2026 has forwarded a letter dt. 06.01.2026 issued by Your Bank wherein it has been stated that "*as per CGTMSE Guidelines of BG, from the guarantee sanction date for a block of 5 years or loan termination date, whichever is earlier, review would be undertaken after 5 years by CGTMSE before renewal for next 5 years*" *and further that "any bank guarantee cannot be issued for more than 5 years."*
>
> In this regard, it is requested to clarify the following points:
>
> 1. Whether the above said letter dt. 06.01.2026 has been issued by your bank.
> 2. Whether as per CGTMSE scheme of Govt. Of India, the BG issued by the banks has a limitation for guarantee period upto 5 years only.

15. The bank responded to the aforesaid communication of the respondent confirming that they had issued the letter dated 6th January, 2026 and confirming that under the CGTMSE Scheme no bank guarantee could be issued beyond the five (5) years tenure.

16. The petitioner sent a communication dated 13th March, 2026 to the respondent stating that the respondent had failed to respond to the earlier communications of the petitioner.

17. Accordingly, the respondent issued the impugned letter dated 20th March, 2026 terminating the contract of the petitioner and forfeiting the security deposit given by the petitioner.

18. In light of the specific stipulation in the Tender requiring a security

deposit for a period of entire tenure of contract and additional 180 days, no fault can be found in the decision of the respondent in not accepting the Bank Guarantee furnished by the petitioner for a period of five years. It is rightly pointed out on behalf of the respondent that the respondent is strictly bound to follow the terms and conditions of the Tender and cannot grant waiver to bidders on a selective basis. This would result in other bidders raising grievances of discriminatory treatment. It is a settled position of law that an essential condition of a tender has to be strictly complied with and writ jurisdiction cannot be utilised to make a fresh bargain between the parties [Ref.: ***Vidarbha Irrigation Development Corpn. v. Anoj Kumar Agarwala***, (2020) 17 SCC 577].

19. Insofar as the case of the petitioner with regard to non-issuance of a show cause notice is concerned, it has rightly been pointed out by the respondent that the contract was yet to be executed in favour of the petitioner.

20. In terms of the Letter of Award dated 14th November, 2025, issued in favour of the petitioner, the petitioner was required to remit the security deposit as well as Annual License Fee. The Contract could be executed between the parties only after the petitioner had fulfilled the aforesaid requirements. Since there was no concluded contract between the petitioner and the respondent, there was no requirement of issuance of a show cause notice.

21. In any case, the communication dated 1st December, 2025 clearly indicates that the petitioner was put to sufficient notice with regard to non-fulfilment of the tender conditions.

22. In view thereof, no fault can be found with the impugned termination letter dated 20th March, 2026. However, insofar as the forfeiture of the security deposit is concerned, there was no justification for the same as Clause 2.4 only contemplated forfeiture of EMD deposited by the bidder and not the security deposit. In any case, once the respondent itself has found fault with the security deposit furnished by the petitioner and did not accept the same, there was no justification for the respondent to forfeit the security deposit.

23. To be noted, the respondent has already forfeited the amount of ₹3,00,000/- paid by the petitioner towards EMD. The respondent/IRCTC was only authorised to deduct the amount of EMD and not the amount of security deposit.

24. In view thereof, the present writ petition is disposed of while upholding the termination letter dated 20th March, 2026, issued by the respondent/IRCTC. However, the respondent is directed to forthwith the refund the amount of security deposit deducted by the respondent within three (3) weeks from today.

**AMIT BANSAL, J**

**MARCH 25, 2026**
**ds**