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Whether only operative part of the judgment is pronounced or whether full judgment is pronounced : FULL

APHC010279912026

[3584]

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

WRIT APPEAL NOs: 640, 641 and 642 of 2026

M/s.Integral Trading and Logistics, ...Appellant

Vs.

The Board of Trustees of Visakhapatnam Port Authority and Others ...Respondent(s)

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CORAM : THE CHIEF JUSTICE LISA GILL

SRI JUSTICE CHALLA GUNARANJAN

DATE : 16th October 2026

Present:

Advocate for Appellant: VEMA RAMANJANEYULU, rep.by SRI O.MANOHER REDDY, SENIOR COUNSEL

Advocate(s) for Respondent(s): RAVITEJA PADIRI, SHAIK MOHAMMED ISMAIL

COMMON JUDGMENT: (per Hon'ble Sri Justice Challa Gunaranjan)

Since all these writ appeals preferred under Clause 15 of Letters Patent are directed against common order dated 08.05.2026 in Writ Petition Nos.5630, 5639 and 5646 of 2026,

whereby learned Single Judge dismissed the writ petitions, the same are taken up for consideration and disposed by way of common order.

2. Brief facts emanating from filing of present appeals are as under:

(a) 4th respondent issued following notices even dated 22.12.2025 inviting tenders for the works as set out hereunder:

Appeal No.	W.P. No.	Notice No.	Works to be done
640	5639	55/2025-26/ IM&EE/MOF/ WQ-1RE O&M/ Dt.22.12.2025	Operation & Maintenance of existing WQ-1 & WQ-1RE Terminal for carrying out cargo handling operations with Harbour Mobile Cranes (HMCs) (1+1 Nos.) and other associated equipment including Administration and Marketing.
641	5630	54/2025-26/ IM&EE/MOF/ EQ-3 O&M/ Dt.22.12.2025	Operation & Maintenance of existing EQ-3 Terminal for carrying out clean cargo handling operations with Harbour Mobile Crane (HMC) and other associated equipment including Administration and Marketing.
642	5646	52/2025-26/ IM&EE/MOF/ EQ-4 O&M/ Dt.22.12.2025	Operation & Maintenance of existing EQ-4 Terminal for carrying out cargo handling operations with Harbour Mobile Cranes (HMCs) (1+1 Nos.) and other associated equipment including Administration and Marketing.

(b) The appellant/writ petitioner participated in the bidding and after technical and financial evaluation of all the bids, it stood as L1

along with another bidder by quoting 0.01% royalty per metric tonne. 4th respondent, by impugned proceedings dated 19.02.2026, informed that the competent authority has accorded approval to annul the bidding process and accordingly cancelled the tender. Thereafter, 4th respondent again floated fresh tenders by issuing a tender notice even dated 25.02.2026.

(c) Thus, appellant/writ petitioner preferred subject writ petitions, mounting challenge to the decision of annulling and cancelling the initial tender and proceeding with fresh tender to be illegal and arbitrary and consequently sought direction to award the contract in its favour in pursuance to the initial tenders.

(d) The appellant/writ petitioner primarily canvassed that the impugned cancellation was without notice and secondly, that the decision to cancel was not based on proper assessment of appellant's capacity to deliver the contract at the offered price, which is a *sine qua non* to hold that the bid quoted by the appellant was abnormally low. Thus, the entire decision-making process and the procedure adopted were vitiated on account of procedural impropriety and suffer from severe arbitrariness.

(e) 4th respondent, on the other hand, pressed into service Clause 44 of the bid document, which reserved in itself right to

accept or reject any of the bids before award of contract, besides pleading that the price quoted by appellant was abnormally low and that the technical committee had opined and recommended to reject L1 bids and annul the entire bidding process and further invite fresh tenders.

(f) The learned Single Judge, having tested aforesaid stands of parties, held that mere participation in tender and becoming lowest bidder does not confer any vested right until the contract is awarded and further, Clause 44 of bid document amply enabled 4th respondent to accept or reject any bid and further annul the entire bidding process at any time before award of contract, thus, sustained the impugned proceedings and consequential action of 4th respondent in issuing fresh tenders.

(g) Aggrieved by the same, present appeals are preferred.

3. Heard Sri O.Manoher Reddy, learned Senior Counsel assisted by Sri Verma Ramanjaneyulu, learned counsel for appellant and Sri Ravi Teja Padiri, learned standing counsel appearing for respondents.

4. (a) Learned Senior Counsel would mainly contend that appellant's (L1) bid ought not have been annulled and entire tender cancelled on the ground that the bid quoted was abnormally low,

without providing any prior notice and calling for clarification from the appellant for the purpose of assessing its capability to deliver the contract at the price offered. Learned Senior Counsel tried to press into service Clause 5.6.4 of CVC guidelines to state that before any such decision is taken, the bidder ought to have been given an opportunity to submit its perspective as to how the price quoted was reasonable. By not following aforesaid procedure, it is stated that 4th respondent has committed procedural impropriety which is clearly arbitrary and illegal, thus calling interference of the Writ Court.

(b) To buttress aforesaid submissions, learned Senior Counsel submitted that as the appellant already has sufficient infrastructure in place at the project site, it was well within its financial wisdom in quoting the royalty of 0.01%, which was clearly explained by reply, thus, on that ground, the bid could not have been rejected.

(c) In support of aforesaid submissions, reliance has been placed on judgment of the Hon'ble Apex Court in **Subodh Kumar Singh Rathour v. Chief Executive Officer and others**[1].

[1] (2024) 15 SCC 461

5. (a) Conversely, Mr.Raviteja Padiri, learned counsel appearing for respondents, while supporting impugned judgment under challenge, submitted that in terms of Clause 32 of bid document, appellant had quoted 0.01% of royalty along with another bidder, whereas L2, L3, and L4 quoted 19.96%, 30%, and 34.95% respectively, thus, in view of huge variation in the percentage of royalties quoted, technical committee found that the price quoted by L1 bidder was abnormally low. Therefore, having regard to reasonableness of prices compared with other bidders, it was recommended for annulment of L1 price bid and cancellation of bidding process itself.

(b) It is further stated that Clause 44 of bid document bestows power on 4th respondent to cancel the bid at any stage before award of contract, therefore, it was well within their rights and in the best interest of the tendering agency, bid was cancelled and that appellant would not have any vested right as such to seek confirmation of bid and awarding the contract.

(c) It is also submitted that, in order to remedy aforesaid anomaly, 4th respondent, while issuing fresh tenders, has specified reserve price so that bidders shall not breach the minimum royalty per metric tonne, as otherwise the bids would be invalidated. Thus,

having taken due care in the re-tendering process, all bids received were accordingly evaluated and contracts have been awarded in favour of successful bidders. It is stated that even the appellant participated in fresh bids and quoted prices ranging from 22% to 27% royalty. Thus, the decision taken by 4th respondent cannot be found fault with and rightly, learned Single Judge sustained the same, which does not call for any interference.

(d) In support of above submissions, he placed reliance on judgment of Hon'ble Apex Court in **Principal Chief Conservator of Forest and others v. Suresh Mathew and others**[2].

(e) Thus, he would urge to dismiss the appeals.

6. We have given anxious consideration to the submissions made by learned counsel for parties and perused the record.

7. As per the conditions of bid document, the price quoted by bidders in terms of percentage of royalty per ton shall be the basis for evaluating and arriving at the lowest bidder. The tendering authority has reserved within it the right to accept or reject any of the bids under Clause 44, which is not in dispute. The bids received from five bidders, as seen from record, are as under:

[2] 2025 SCC OnLine SC 933

Sl.No.	Name of the Bidder	% Royalty per Metric Tone (exclusive of GST) quoted by the Bidder	Rank
1	M/s.Bothra Shipping Services Pvt. Ltd.	0.01	L1
2	M/s.Integral Trading and Logistics	0.01	L1
3	M/s.Orca Logistics Private Limited	19.96	L2
4	M/s.Synergy Shipping Pvt. Ltd.	30.00	L3
5	M/s Delta Infralogistics (Worldwide) Limited	34.95	L4

8. The senior technical committee consisting of technocrats of tendering authority analysed the price bids of technically qualified firms and opined as under:

> "From the above, the Sr.Tender Committee observed that the two firms, i.e., M/s.Bothra Shipping Services and M/s.Integral Trading and Logistics have quoted the lowest percentage i.e., 0.01% Royalty per Metric Tonne (exclusive of GST) for carrying out the subject work. The Committee further noted that the percentage royalty per tonne quoted by both the L1 bidders for carrying out the subject work is very low and amounts to techno-commercially non-responsive bids, as per Procedure for Bid Submission, Clause 43 "Award of Contract" and as per Clause 44. "VPA's Right to Accept or Reject any or all the Bids". VPA reserves the right to accept or reject any bid and to annul the bidding process at any time prior to Award of Bidder without thereby

incurring any liability to the effected bidder or bidders on the grounds of VPA's action.

Further to submit that Clause No.5.6.3 "Reasonableness of Prices" in the Manual for Procurement of Works, "in every recommendation of the Tender Committee for award of Contract it must be declared that the rates recommended are reasonable. The comparison may be made with similar works awarded elsewhere. The last purchase price (LPP) may be updated taking into consideration inflation during the interim period and geographical conditions.

It was brought to the notice of the Sr. Tender Committee that similar work was awarded recently to an L1 bidder M/s.Green Energy Resources Pvt. Limited, for 25% Royalty per Metric Tonne (exclusive of GST).

In view of the above, the Sr.Tender Committee recommends to reject the L1 bids and to annul the bidding process and to invite fresh tenders duly obtaining approval of the Competent Authority."

9. In aforesaid background, the submissions advanced by learned Senior Counsel for appellant need to be examined. It is his submission that as per Clause 5.6.4 of CVC Guidelines, before any decision is taken as to whether the bid of an agency was abnormally low, the tendering authority is mandatorily required to seek an explanation/clarification from such bidder in order to

assess its capability to deliver the contract at the offered price. Clause 5.6.4 reads as under:

> "5.6.4 **Consideration of Abnormally Low Bids**
>
> An Abnormally Low Bid is one in which the Bid price in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the Bidder to perform the contract at the offered price. Procuring Entity may in such cases seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to scope, schedule, resource mobilization, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, procuring entity determines that the Bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the Procuring Entity may reject the Bid/ Proposal. However, it would not be advisable to fix a normative percentage below the estimated cost, which would automatically be considered as an abnormally low bid.
>
> As a safeguard, it should be closely monitored that final payments in such cases do not abnormally increases due to extra Items. Further, there is no abnormal increase in quantities of the item for which contractors have initially quoted very high rates."

10. The language employed in Clause 5.6.4, in our considered view, would not mandatorily require the tendering authority to issue

notice and call for explanation before decision is taken to assess the capability of lowest bidder in delivering the contract at the price offered. If the material available before the tendering authority is sufficient for making such decision, then there is definitely no need to call for any clarification.

11. The technical committee has made threadbare analysis of the prices quoted by all technically qualified bidders and examined variation of price quoted in assessing the reasonableness of prices in terms of Clause 5.6.3 r/w Clause 5.6.4. It was also noted that similar work was recently awarded for 25% royalty per metric tonne. Thus, the committee opined that a bid for 0.01% royalty would definitely be abnormally low. In that view of the matter, 4th respondent decided to annul the bid of appellant and even cancelled the tendering process and called for fresh tenders. Clause 44 of bid document clearly envisages that at any point of time, the tendering authority can reject the bid before awarding the contract.

12. It is very well-settled now that mere participation in a bidding process and standing as L1 and even for that matter, the issuance

of an LOA would not confer any vested right on the bidder to seek confirmation of the contract.

13. Learned Senior Counsel for appellant placed reliance on the judgment of the Hon'ble Apex Court in **Subodh Kumar Singh Rathour**[1] to contend that there is gross procedural impropriety and arbitrariness attributable to 4th respondent in the process of decision-making. Though there is no quarrel with regard to the proposition laid down above, as observed by us, 4th respondent was not under any legal obligation to issue notice before annulling the bid of L1, much less, when there was sufficient material before them in coming to such a conclusion. Neither the decision made can be said to be afflicted by arbitrariness.

14. In **State of Punjab and others v. Mehar Din**[3], the Hon'ble Apex Court, while examining similar issue of cancellation of tender by a tendering authority, reiterated the law laid down in ***Jagdish Mandal v. State of Orissa***[4] and upheld the action of the tendering authority by negativing the challenge.

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[3] (2022) 5 SCC 648
[4] (2007) 14 SCC 517

15. For better appreciation of the facts of the present, Paragraph No.22 of **Jagdish Mandal's case** is reproduced as under:

> "*22.* Judicial review of administrative action is intended to prevent arbitrariness, irrationality, unreasonableness, bias and mala fides. Its purpose is to check whether choice or decision is made "lawfully" and not to check whether choice or decision is "sound". When the power of judicial review is invoked in matters relating to tenders or award of contracts, certain special features should be borne in mind. A contract is a commercial transaction. Evaluating tenders and awarding contracts are essentially commercial functions. Principles of equity and natural justice stay at a distance. If the decision relating to award of contract is bona fide and is in public interest, courts will not, in exercise of power of judicial review, interfere even if a procedural aberration or error in assessment or prejudice to a tenderer, is made out. The power of judicial review will not be permitted to be invoked to protect private interest at the cost of public interest, or to decide contractual disputes. The tenderer or contractor with a grievance can always seek damages in a civil court. Attempts by unsuccessful tenderers with imaginary grievances, wounded pride and business rivalry, to make mountains out of molehills of some technical/procedural violation or some prejudice to self, and persuade courts to interfere by exercising power of judicial review, should be resisted. Such interferences, either interim or final, may hold up public works for years, or delay relief

and succour to thousands and millions and may increase the project cost manifold."

(Emphasis supplied)

16. It was further held that the decision to invite fresh tenders would afford fresh opportunity to all prospective bidders, inter se, to compete on an equal footing. Therefore, in the absence of any demonstrable prejudice to public interest, the decision so taken would not warrant judicial interference. Accordingly, having found no illegality, arbitrariness or perversity in the well-considered and reasoned order of the learned Single Judge, we see no justifiable cause to interfere with the same. The appeals, being devoid of merit, are accordingly dismissed. No costs.

As a sequel, miscellaneous petitions pending consideration, if any, in this case shall stand closed.

LISA GILL, CJ **CHALLA GUNARANJAN, J**

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