

**WRIT APPEAL NO: 410 of 2026**

M/s. VRED EXIM and another

...Appellants

Vs.

The State of Andhra Pradesh and others

...Respondents

Advocate for Appellants : Mr. B. Abhay Siddhanth Mootha

Advocates for Respondents : GP for Transport

Mr. Mulla Sohail Shareef

**CORAM : THE CHIEF JUSTICE DHIRAJ SINGH THAKUR
SRI JUSTICE R RAGHUNANDAN RAO****DATE : 9th April 2026****P C :**

The present Writ Appeal, under Clause 15 of the Letters Patent, has been preferred against the judgment and order, dated 24.02.2026, passed in W.P.No.28747 of 2025. By virtue of the judgment and order impugned, the writ petition filed by the petitioner/appellant herein, challenging the decision of the official respondents to permit the private respondent No.4 to establish the Automated Testing Station in Bapatla District, was dismissed.

2. The case set up by the petitioners was that, in the bid document, the relevant clause envisaged the successful bidder to enter in a lease agreement within thirty days from the Award of the contract, failing which the Award would get cancelled automatically. In this case, it is stated that the private respondent No.4 came to be declared as H1, whereas the appellant herein was declared as H2.

3. It is stated that the contract was awarded on 16.04.2025 and that, despite the mandatory clause, the private respondent No.4 did not enter into a lease agreement with the owner of the proposed site, which was located in Karlapalem Mandal, Bapatla District. Contrary to that, it was stated that the private respondent No.4 changed the location and offered Yazali Village at Karlapalem Mandal, Bapatla District.

4. According to Clause 5(c), falling under 'Section 4 – Scope of Work, the site offered ought not to have been at a place which was beyond the radius of 30 kms from the District Magistrate Office. In the instant case, it is not denied that the alternate site, which was offered by the successful bidder/private respondent No.4, was within the prescribed distance.

5. It is, in that backdrop, that the learned counsel for the appellant set up a case that failure to execute a lease agreement by the successful bidder within a prescribed 30 days' time, as was clearly envisaged in bid document, would have automatically cancelled the Award of the contract and, therefore, in the normal circumstances, the official respondents ought to have awarded the contract to the petitioner/appellant herein in terms of Clauses (g) and (h) falling under Section 3, which reads as under:

“(g) As soon as the Bid is accepted by the Competent Authority, its written intimation duly signed by Procuring Authority with seal in the form of Letter of Intent (LOI) shall be sent to the Successful Bidder by email by Procuring Authority and Successful Bidder will submit an application to the Transport Commissioner within 15 days for the initial registration certificate on the National Single Window System (NSWS) portal as per the procedure prescribed in the Central Motor Vehicles Rules, 1989.

(h) If the Bidder, whose Bid has been accepted, fails to submit an application on NSWS Portal within 15 days from the date of issuance of Letter of Intent (LOI) as per the procedure prescribed in this RFP, the Competent Authority will cancel the LOI of H-1 and will issue LOI afresh for H-2 with the condition that if the percentage of Transport Department's share quoted by "H-2" in the financial proposal is less than the percentage

quoted by "H-1", then he has to give written consent to the payment of revenue share to the Transport Department equal to the percentage of share quoted by the "H-1" applicant within 7 days from the date of issue of LOI. On submission of written consent through mail by "H-2", it will have to submit application on NSW portal within 15 days from the date of issue of LOI."

6. We, however, are unable to convince ourselves on the argument that failure on the part of the successful bidder after the Award of the contract to enter into a lease agreement in regard to the parcel of land offered for establishing the unit, the contract would get awarded to H2, in this case, the petitioner/appellant herein, in terms of Clause (h), inasmuch as Section 3(h) dealing with 'Acceptance of the Successful Bid and Award of LOI' pertains to a case where there is a failure to submit an application to the Transport Commissioner within 15 days for initial registration certificate on the National Single Window System (NSWS) portal as per the procedure prescribed in the Central Motor Vehicles Rules, 1989.

7. There is no other clause to which our attention could be drawn to establish that failure on the part of the successful bidder to enter into a lease agreement would automatically lead to Award of the contract in favour of H2 and that such a condition would be invoked only upon failure on the part of the successful bidder to apply for initial registration in terms of Section 3(g) only.

8. We have gone through the judgment and order impugned where the learned single Judge has placed reliance upon ***M/s. Master Marine Services Pvt. Ltd. Vs. Metcalfe & Hodgkinson Pvt. Ltd. and another***¹ whereby the Apex Court has held that even when some defect is found in the decision making process, the Court must exercise its discretionary powers under Article 226 with great caution and should exercise it only in furtherance of public interest and not merely on the making out of a legal point.

¹ (2005) 6 SCC 138

9. In the present case, we find that although there was a condition which has been relied upon heavily by the learned counsel for the appellant that the Award of the contract would automatically come to an end, yet the fundamental requirement of location of the automated testing station had been fulfilled by the successful bidder, inasmuch as it was located within 30 kms from the District Magistrate Office.

10. We have also gone through the stand taken by the official respondents in which before permitting the change of location, the site in question was inspected and it was found that the second location which was offered was closure to the Office of the District Magistrate.

11. Be that as it may, we do not find any *prima facie* case for staying the operation of the judgment and order impugned in the present case at this stage, or, for that matter, restraining the respondents from continuing, for the time being, with the business of testing for which the contract stood allotted.

12. The direction with regard to imposition of costs of Rs.25,000/- by the learned single Judge, however, is stayed.

13. Admit.

14. List the matter for hearing on 02.07.2026.

DHIRAJ SINGH THAKUR, CJ

R RAGHUNANDAN RAO, J

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