A.F.R.

Judgment reserved on 08.10.2026
Judgment delivered on 03.11.2026





2026:AHC:229077-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT – C No. - 44444 of 2025

Amit Kumar …..Petitioners(s)

Versus

Ghaziabad Development Authority (Gda) And 2 Others …..Respondents(s)

Counsel for Petitioners(s) : Anuj Srivastava, Pranshu Gupta
Counsel for Respondent(s) : C.S.C., Tejasvi Misra

Court No. - 29

HON'BLE SIDDHARTHA VARMA, J.
HON'BLE KUNAL RAVI SINGH, J.

(Per : Hon'ble Kunal Ravi Singh, J.)

1. Learned counsel for the petitioner, learned Standing Counsel for the State respondents and Sri Tejasvi Misra, learned counsel for Ghaziabad Development Authority are present.

2. The Ghaziabad Development Authority (hereinafter referred to as ("*the Authority" for brevity*) advertised in daily newspapers regarding auction of various commercial/ residential plots, educational institution plots and nursing home plots on 15.10.2025. Amongst various plots advertised for auction, one of the plots was Plot No. A-252, area 67.60 sq. mtrs approx., situated in Block-A, Kaushambi Yojana, Ghaziabad.

3. In the auction held on 15.10.2025 for the said plot, the minimum reserve price as per the brochure was ₹93,000/- per sq. mtrs. and along with the petitioner, two other bidders participated in the said auction. The petitioner bid an amount of ₹1,11,000/- per sq. mtrs. which was accepted to be the highest bid and the petitioner, in pursuance of his bid being the highest bid, also signed the bid sheet on 15.10.2025. Thereafter, as per Clause 5(iii), the petitioner waited for the allotment letter which was to be sent to the successful applicant by means of e-mail/ registered post. When the said e-mail/ registered post was not forthcoming, the petitioner e-mailed to the respondent Authority on 23.10.2025 with a specific prayer to issue an allotment letter of the said plot and it was further stated that the petitioner is willing to pay 25% of the bid amount as per the terms and conditions of the allotment letter.

4. The petitioner also addressed a formal letter to the Vice Chairman, Ghaziabad Development Authority (*"respondent no. 1" for brevity*) on 25.10.2025 again requesting to issue the allotment letter in terms of the concluded auction and his willingness to pay 25% of the amount as per the terms and conditions of the bid document.

5. On 27.10.2025, the petitioner received an e-mail from the Authority addressed to the petitioner enclosing therein a rejection note of the highest bid of the petitioner. The attachment along with the e-mail merely stated as follows:

> "अवगत कराना है कि भूखंड *A-252* कौशांबी के सापेक्ष प्राप्त उच्चतम बोली ₹*1,11,000/-* दिनांक *15-10-2025* आस्वीकार है। नीलामी निरस्त की गई है। रिफंड हेतु बैंक को सूचित कर दिया गया है।"

6. Upon being informed that the bid was rejected, the petitioner e-mailed to the Authority as well as helpline center of the Authority on 28.10.2025 requesting the official copy of the cancellation order issued by the Authority in respect of the said plot. However, no reply was forthcoming on the said e-mail, but the petitioner was told that the bid of

the petitioner was rejected on the ground that the Authority was expecting a higher bid and, therefore, the bid was cancelled.

7. After the cancellation of the bid, the respondent Authority issued a fresh auction notice on 02.12.2025 including therein the Plot No. A-252 which had been cancelled by the Authority by means of communication dated 27.10.2025.

8. As the petitioner was aggrieved by the rejection of the highest bid, the present petition came to be filed on 11.12.2025 and when the matter was taken up on 17.12.2025, learned counsel representing the Authority sought time to seek instructions in the matter. Thereafter, when the matter ultimately came up on 07.09.2026, the Court directed for production of original records of the proceedings relating to cancellation of the petitioner's bid for Plot No. A-252 and in pursuance thereof, the original records pertaining to the cancelled auction as well as the fresh auction conducted by the Authority were produced and retained by the Court.

PETITIONER'S SUBMISSIONS:

9. Learned Counsel for the Petitioner has made the following submissions in respect of the reliefs prayed for in the writ petition:

(i) The cancellation order is illegal and arbitrary, as the petitioner being the highest bidder in the auction proceedings was entitled for issuance of allotment letter.

(ii) The cancellation order, which was communicated to the petitioner, did not state any reasons except the fact that the bid of the petitioner was cancelled. However, the petitioner was orally intimated that the bid was cancelled on the ground that the Authority was expecting a higher bid than the price fetched in the auction.

(iii) The mere expectancy of a higher bid cannot be a ground for cancelling the concluded auction. Mere fact that the plot could have

fetched a higher price in future is not a ground available to cancel the concluded auction proceedings unless and until it is hit by fraud, collusion, suppression of material fact etc. which would taint the entire auction proceeding and vitiate the entire auction. To buttress his contention, learned counsel for the petitioner has placed reliance on the Supreme Court judgment passed in ***Golden Foods Products India Vs. State of U.P. and others***[1]**.** Once the highest bid was accepted in the auction proceeding which was conducted in a physical manner by fall of hammer, then on the fall of hammer the highest bid by the petitioner stood accepted and the auction stood concluded. No further requirement of any confirmation was needed and the only requirement left was the formalities to be completed regarding payment.

(iv) The entire action done by the Authority is a colourable exercise of power which is perverse in law because once a public authority conducted a valid competitive process and received the highest bid, rejection of that bid had to rest upon material rationally demonstrating why the offer was unacceptable. What required examination was whether the reason for rejecting the highest bid was a lawful and sufficient reason.

SUBMISSIONS OF RESPONDENT NOS. 1 & 3:

10. Learned counsel appearing for the Authority has made the following submissions to refute the submissions advanced by learned counsel for the petitioner :

(i) The auction proceeding did not stand concluded on the fall of the hammer, as Clause (xi) of the bid document specifically states as follows:

(xi) नीलामी समिति की सस्तुतियों को मानने या न मानने तथा बोलीदाताओं की बोली को स्वीकार करने अथवा न करने का पूर्ण अधिकार/अन्तिम निर्णय उपाध्यक्ष, गाजियाबाद विकास प्राधिकरण का होगा। उपाध्यक्ष के निर्णय पर किसी भी बोलीदाता को आपत्ति का	(xi) The full authority/final decision to accept or not accept the recommendations of the auction committee and to accept or not accept the bidder's bid will be of the Vice Chairman Ghaziabad Development Authority. No bidder

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अधिकार नहीं होगा।	will have the right to object to the decision of the Vice-Chairman.

Once the bid document reserves the right of confirmation upon the Vice Chaiman/ Auction Committee, then mere falling of hammer would not mean that the auction stood concluded in favour of the petitioner.

(ii) The auction is done to fetch the highest possible price. Therefore, when in an earlier auction for the same plot, bid price of ₹1,95,000/- per sq. mtrs. was rejected, then the present price of ₹1,11,000/- per sq. mtrs. cannot be accepted, as in an earlier auction the price received was much higher which was not accepted by the Authority.

(iii) Mere acceptance of a bid in an auction would not give any rights to the petitioner as unless and until the auction is confirmed, no rights would flow in favour of the petitioner.

(iv) The subsequent auction that took place on 29.12.2025 fetched the highest bid of ₹2,06,000/- per sq. mtrs. which was confirmed by the Auction Committee. Without impleading the highest bidder as approved by the Auction Committee, the writ petition is not maintainable and as such is liable to be dismissed.

11. Learned Standing Counsel for the State-Respondent 2 has adopted the same reasoning as advanced by learned counsel for the Development Authority. It is next submitted that the impugned cancellation order suffers from no illegality and as such, no interference is required.

POINTS OF DETERMINATION:

12. In light of the rival submissions, following points of determination are framed to adjudicate the issue in hand:

(i) Whether the cancellation intimation dated 27.10.2025 amounts to colourable exercise of power in as much as it does not state the reason for cancellation of the highest bid?

(ii) Whether the justification given by the Authority in cancelling the bid, i.e. expectation of a higher bid in future auctions, is justified?

(iii) Whether non-impleadment of the highest bidder in the auction conducted on 29.12.2025 would render the present writ petition liable to be dismissed?

(iv) What relief can be granted if the answer to Question No. 1 is in the affirmative?

DISCUSSIONS:

13. Before this Court considers the rival submissions made by learned counsel for the respective parties, it is necessary to examine the records produced by the Authority in pursuance of the earlier order of this Court dated 07.09.2026.

14. An examination of the record reveals a rather startling situation. In respect of the said plot, the first advertisement issued was in pursuance of a decision taken by the respondent no.1 on 09.07.2025 directing for holding of auction of Plot No. A-252 amongst various other plots on 30.07.2025. In pursuance of the said advertisement, an auction took place on 30.07.2025 in which 12 other individuals participated. The reserved price of the plot was ₹93,000/- per sq. mtrs. and the highest price that was received for the said plot was ₹1,95,000/- per sq. mtrs. However, the auction held on 30.07.2025 was not approved by the Authority on the ground that since the plot has been put for auction for the first time, therefore, in future the said plot may be auctioned for a higher price. Accordingly, the plot was again put for auction. Resolution No. 122 of the Auction Committee dated 02.08.2025 is reproduced hereinbelow:

"122. कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (क्षेत्रफल 67.60 वर्ग मीटर लगभग)

कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (आरक्षित दर ₹ 93,000.00 प्रति वर्ग मीटर) की नीलामी हेतु बारह बोलीदाताओं द्वारा प्रतिभाग किया गया, जिसका विवरण निम्नवत् है :–

क्र0 सं0	बोलीदाता का नाम	आवेदन पत्र संख्या	आरक्षित दर (₹ प्रति वर्गमी0)	बोली में प्राप्त दर (₹ प्रति वर्गमी0)
1.	मनोज कुमार	13	93,000.00	1,94,000.00
2.	मेट्रो इंडिया लिमिटेड	23	93,000.00	95,000.00
3.	हेमन्त गुप्ता	27	93,000.00	1,60,000.00
4.	संजय अग्रवाल	57	93,000.00	1,61,000.00
5.	कुनाल गर्ग	102	93,000.00	1,65,000.00
6.	श्याम माधव यदुवंशी	114	93,000.00	1,95,000.00
7.	मंजीत सिंह	166	93,000.00	बोली देने से इंकार
8.	हरप्रीत सिंह	169	93,000.00	1,81,000.00
9.	प्रगति गोयल एवं नितिन गोयल	200	93,000.00	1,83,000.00
10.	अनिशा गुप्ता	214	93,000.00	बोली देने से इंकार
11.	सुमित सिंह	261	93,000.00	बोली देने से इंकार
12.	फॉर्च्यून ग्रैंड मैनेजमेंट प्रा0लि0	265	93,000.00	बोली देने से इंकार

(as extracted from the original records)

15. The plot was once again put for auction amongst other plots by means of approval granted by the respondent Authority on 12.08.2025 in which the auction was to be held on 11.09.2025 for Plot No. A-252. Four bidders participated in the said auction. The reserved price of the plot remained the same, i.e. ₹93,000/- per sq. mtrs. and the highest bid that was received was ₹1,56,000/- per sq. mtrs. However, the highest bid was also cancelled on the ground that in the earlier round of auction held on 30.07.2025, the maximum bidding price was ₹1,95,000/- and as the current bid price was lower than the earlier bid price of ₹1,95,000/-, therefore, the present bid price cannot be confirmed. Accordingly, the plot was again put up for re-auction. Resolution No. 112 is hereinafter reproduced hereinbelow:

“112. कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (क्षेत्रफल 67.60 वर्ग मीटर लगभग)

कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (आरक्षित दर ₹ 93,000.00 प्रति वर्ग मीटर) की नीलामी हेतु चार बोलीदाताओं द्वारा प्रतिभाग किया गया, जिसका विवरण निम्नवत् है :–

क्र0 सं0	बोलीदाता का नाम	आवेदन पत्र संख्या	आरक्षित दर (₹ प्रति वर्गमी0)	बोली में प्राप्त दर (₹ प्रति वर्गमी0)
1.	प्रदीप कुमार तिवारी	151	93,000.00	1,55,000.00
2.	जगविन्दर सिंह	178	93,000.00	1,49,000.00
3.	मनोज कुमार प्रभाकर	188	93,000.00	1,28,000.00
4.	साईपाल	221	93,000.00	1,56,000.00

उपरोक्त नीलामी में सर्वोच्च बोलीदाता श्री साईपाल (आवेदन पत्र संख्या–221) की बोली धनांक ₹ 1,56,000.00 प्रति वर्ग मीटर प्राप्त हुई है। जो न्यूनतम निर्धारित दरों से 67.74 प्रतिशत उच्च है। अवगत कराना है कि पूर्व नीलामी दिनांक 30.07.2025 में उक्त भूखण्ड हेतु सर्वोच्च उच्चतम बोली धनांक ₹ 1,95,000.00 प्रति वर्ग मीटर प्राप्त हुई थी, जिसकी तुलना में वर्तमान नीलामी दिनांक 11.09.2025 को सर्वोच्च बोलीदाता श्री साईपाल की प्राप्त सर्वोच्च बोली धनांक ₹ 1,56,000.00 प्रति वर्ग मीटर न्यायोचित प्रति नहीं होती है। अतः समिति विस्तृत विचारोपरान्त कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 को पुनः विज्ञापन/आगामी नीलामी के माध्यम से विक्रय किये जाने की संस्तुति करती है।"

(as extracted from the original records)

16. Thereafter, by means of Resolution dated 23.09.2025, the Plot No. A-252 was again put up for auction to be held on 15.10.2025. For the said auction, there were three bidders including the highest bidder of the auction conducted on 11.09.2025, namely Mr. Saipal. In the said auction, reserved price was Rs. 93,000/- per Sq, mtrs. and the highest bid that was received in the said auction was Rs. 1,11,000/- per Sq, mtrs. by the petitioner. The second highest bid was of Mr. Saipal Singh of Rs. 1,10,000/- which was significantly lower than to his earlier bid on 11.09.2025 of Rs. 1,56,000/-. However, the highest bid was also cancelled on the ground that in the earlier round of auction held on 30.07.2025, the maximum bidding price was ₹1,95,000/- and as the current bid price was lower than the earlier bid price of ₹1,95,000/-, therefore, the present bid price cannot be confirmed. Accordingly, the plot was again put up for re-auction. Resolution No. 109 is hereinafter reproduced hereinbelow:

"109. कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (क्षेत्रफल 67.60 वर्ग मीटर लगभग)

कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 (आरक्षित दर ₹ 93,000.00 प्रति वर्ग मीटर) की नीलामी हेतु तीन बोलीदाताओं द्वारा प्रतिभाग किया गया, जिसका विवरण निम्नवत् है :–

क्र0 सं0	बोलीदाता का नाम	आवेदन पत्र संख्या	आरक्षित दर (₹ प्रति वर्गमी0)	बोली में प्राप्त दर (₹ प्रति वर्गमी0)
1.	अमित कुमार	09	93,000.00	1,11,000.00
2.	मैट्रो इण्डिया लि0 द्वारा राहुल अग्रवाल	14	93,000.00	96,000.00
3.	साईपाल सिंह	55	93,000.00	1,10,000.00

(टिप्पणियां एवं आदेश)

उपरोक्त नीलामी में सर्वोच्च बोलीदाता श्री अमित कुमार (आवेदन पत्र संख्या–09) की बोली धनांक ₹ 1,11,000.00 प्रति वर्ग मीटर प्राप्त हुई है। जो न्यूनतम निर्धारित दरों से 19.35 प्रतिशत उच्च है। समिति के संज्ञान में लाया गया कि पूर्व नीलामी दिनांक 30.07.2025 में उक्त भूखण्ड हेतु सर्वोच्च उच्चतम बोली धनांक ₹ 1,95,000.00 प्रति वर्ग मीटर प्राप्त हुई थी, जिसकी तुलना में वर्तमान नीलामी दिनांक 15.10.2025 को सर्वोच्च बोलीदाता श्री अमित कुमार की प्राप्त सर्वोच्च बोली धनांक ₹ 1,11,000.00 प्रति वर्ग मीटर न्यायोचित प्रति नहीं होती है। अतः समिति विस्तृत विचारोपरान्त कौशाम्बी योजना ब्लॉक–ए0 स्थित आवासीय भूखण्ड संख्या–A-252 को पुनः विज्ञापन/आगामी नीलामी के माध्यम से विक्रय किये जाने की संस्तुति करती है।"

(as extracted from the original records)

17. Thereafter, by means of a fresh auction notice dated 02.12.2025, fresh auction came to be held by means of order dated 29.12.2025 in which the highest bid of Rs. 2,06,000/- was accepted as against the reserved price of ₹93,000/- per sq. mtrs. As this bid was higher than the earlier bid, therefore, the said bid was accepted and the auction bidder was directed to deposit 25% of the bid amount.

18. Perusal of the record reveals that the Authority has continued to re-auction the plot repeatedly in the hope that they would get the price that could be acceptable to the Authority. In the auction, the pertinent thing to note is that the reserved price of earlier auctions was kept at a constant price of ₹93,000/- per sq.mtrs. Even though in the first auction, bid price of ₹1,95,000/- per sq. mtrs was received, which was more than double the reserved price of ₹93,000/-, yet, for a strange reason that the plot was put to auction for the first time, the bid was rejected. Then successively lower bids were received than the last highest bid of ₹1,95,000/-, but higher than

the reserved price of ₹93,000/- per sq. mtrs., which according to the Authority was not acceptable as they were below the first bid price.

19. It is only in the fourth auction that the Authority managed to fetch the highest bid of ₹2,06,000/- per sq. mtrs which was acceptable to the Authority. Looking into the conduct of the Authority while holding the auction, it is indeed strange to notice that the Authority does not believe in finality of an auction. Even though the first bid price was substantially higher than the reserved price fixed, the Authority chose to reject it for a reason that the plot was auctioned for the first time and hence it is possible that it would fetch a higher price. It indeed fetched a higher price in the fourth auction conducted by the Authority, but the bid price was only ₹11,000/- higher. Whether that would constitute a substantial increase in the first bid price of ₹1,95,000/- cannot be discerned from the records, because there is no data available on the record regarding the actual costing done by the Authority and what would be the acceptable reserve price.

20. Another strange reason to note is that the reserved price for the four auctions over a period of three months remained the same, even though after the first auction the authority was well aware that the bid exceeding double of the reserved price had been received. The first ground for rejection was that the plot was to be put for auction for the first time and the second and third rejection grounds were that the bid price did not meet the first bid price of ₹1,95,000/-.

21. We fail to understand as to how the first bid price of ₹1,95,000/- can be the relevant factor in rejection of the bids when the Authority itself did not accept it. Once the Authority has rejected the bid, then the said bid and its relevance would be lost in the subsequent auctions and the subsequent auctions and its respective bids should in normal business transaction, be taken as the highest bid.

22. The record also reflects a very curious tendency of the Authority to cancel the bid repeatedly on the ground that they would receive a higher bid. But even more surprising is the fact of not raising the reserve price. What is the rationale of the Auction committee to form an opinion that a higher bid would be received in future is not reflected in the records. It appears to be a mere speculative exercise in the hope of a big windfall. Unfortunately, in the second and third auctions the highest bid kept falling and it is only in the fourth auction, the bid price was significantly higher than the reserve price but not that substantially higher than the highest bid received in the first auction.

23. In the present case, the reserved price remained constant throughout and to say that there would be a higher bid war between bidders, would be a complete fallacy. The Authority must act in a fair and transparent manner and the constant re-auction does not inspire such confidence. The action on the part of the Authority cannot be treated as an accepted practice which can be attributed to an instrumentality of the State.

24. Learned counsel for the respondent Authority has submitted that the auction in favour of the petitioner did not stand concluded as the Auction Committee/ Vice-Chairman did not confirm the auction as contained in Clause (xi) of the bid document. He submits that the rights would accrue to the petitioner only once the auction stood concluded and as such once no confirmation was granted in favour of the petitioner, the petitioner cannot challenge the cancellation order.

25. It is well settled that a highest bidder has "*no indefeasible right to insist upon award. The tendering authority may reject the highest offer and may, in an appropriate case, cancel the process altogether. A reserve price is a threshold and not a promise of allotment. At the same time, the reservation of such power in the tender conditions does not place its exercise beyond judicial review. Where the decision is challenged, the*

Court is entitled to examine whether the consideration which moved the public authority was relevant; whether the material before it reasonably supported the conclusion; and, whether the power was exercised consistently with the constitutional requirement of non-arbitrariness." Vide (***M/s Dhanlaxmi Merchandise Pvt. Ltd vs. State of Madhya Pradesh and others;***[2]

26. When an argument of colourable exercise of power is raised, the Court is concerned with the decision making process and not with the ultimate decision itself. It is a well settled principle of law that judicial review of actions taken by various Authorities can be allowed to see the actual process leading to the final decision. In the present case, what the Court is concerned about is the reason for cancellation and re-auction. The records were called for to see what the decision-making process was in cancelling the bid of the petitioner, as the cancellation e-mail dated 27.10.2025 did not contain any reason. Ordinarily, lack of reasons in cancellation order would be sufficient grounds to cancel the process and the decision and remand the matter back, but in this case as the records were called for by a judicial order, therefore, we are capable of examining the decision taken by the Authority in the cancellation intimation e-mail. The question of remanding back to the Authority also does not arise, as the records reflect that there is a systematic endeavour to cancel the auction as well as the highest bid in the hope of achieving a bigger price. The records and the two successive auctions before the auction of the petitioner clearly shows that the sole reasoning for cancellation of the highest bid was the anticipation of a higher price. The question of cancelling an auction for achieving a higher price is no longer *res integra* as the Supreme Court in the case of ***Golden Food (Supra)*** has held as follows :

> *"32. An auction process has a sanctity attached to it and only for valid reasons that the highest bid can be discarded in an auction which is otherwise held in accordance with law. If a valid bid has been made which is above the reserve price, there should be a rationale or reason for not*

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2 ***2026 INSC 1125***

accepting it. Therefore, the decision to discard the highest bid must have a nexus to the rationale or the reason. Merely because the authority conducting the auction expected a higher bid than what the highest bidder had bid cannot be a reason to discard the highest bid. In the instant case, no other party had placed a bid higher than the appellant herein. There was no infirmity in the conduct of the auction. No other party had complained about the process of auction conducted by the GDA - respondent No.2. The bid offered by the appellant herein was the highest and above the reserve price. In the circumstances, the said bid ought to have been accepted by GDA - respondent No.2 rather than cancelling the same without notice to the appellant herein. Hence, the cancellation of the bid submitted by the appellant herein is quashed."

27. What the Supreme Court has reaffirmed in ***Golden Food (Supra)*** is that the auction conducted has a legal sanctity to it which cannot be set at naught if there is no infirmity in conducting the auction. The infirmity may arise due to reasons of collusion, suppression of material facts or any other reason which would vitiate the auction proceedings. The Court goes to say that the reason to discard the highest bid must have a rationale nexus to it and merely because *"the Authority conducting the auction expected a higher bid than what the highest bidder had offered cannot be a reason to discard the highest bid"*.

We are not concerned with the first auction conducted on 30.07.2025 and the second auction conducted on 11.09.2025, but the decision-making process done in the auction held on 15.10.2025 can be scrutinized by this Court. Thus, upon examination, the entire decision-making process of the Authority in cancelling the auction dated 15.10.2025 is patently illegal and perverse in law as per the ratio laid down in ***Golden Food (Supra)***. No doubt the decision in ***Golden Foods (supra)*** was given after the Authority had taken a decision to cancel but as all the judgments are retrospective unless made to apply prospectively {vide ***P.V. George vs. State of Kerala;[3], (2) Government of India & another vs. Sri Devraj Urs Medical College;[4]},*** therefore the ratio of ***Golden Foods (Supra)*** is applicable in the present case.

3 *(2007) 3 SCC 557*

4 *2026 INSC 799*

28. After examining the records and after evaluating the decision-making process and keeping in mind the ratio as laid down in ***Golden Food (Supra)***, we are not hesitant in holding that the entire decision-making process of the Authority is nothing but a colourable exercise of power and is tainted with arbitrariness and illegalities. The reason we hold so is that the record does not reflect that there is any complaint regarding the auction conducted on 15.10.2025, nor there is any evidence of collusion, fraud, suppression of material facts etc. to vitiate the auction process.

29. Once the highest price is received in an auction, then any Authority/ public body conducting the auction must abide by the highest price received, unless there are extenuating circumstances which would render the entire auction proceedings vitiated. In the present case, we do not find any such factors exist which tainted the auction proceeding and the decision of the Authority, to hold out for a better price by cancelling the auction, is nothing but a colourable exercise of power and we accordingly hold so keeping in mind the ratio as laid down in ***Dhanlaxmi (supra)***.

30. Consequently, cancellation intimation e-mail dated 27.10.2025 along with order of cancellation dated 24.10.2025 is held to be arbitrary and illegal and is, accordingly, set aside.

31. A question may arise that the Resolution of the Auction Committee dated 21.10.2025 confirmed by the Vice-Chairman has not been challenged. The said Resolution was never brought to the knowledge of the petitioner. As the petitioner was never intimated about the same therefore the petitioner was precluded from challenging the same. As we have examined the entire records and have held that the decision-making process undertaken in cancelling the highest bid of the petitioner was

illegal, resultantly the Resolution also loses its effect and cannot be relied upon.

32. Learned Counsel for the respondents also submitted that since the highest bidder as confirmed by the approval of the Vice-Chairman dated 02.01.2026 has not been impleaded in the petition, therefore no effective relief can be granted and the petition is liable to be dismissed. It would be relevant to note that the petition came to be filed after the decision was taken on 02.12.2025 to re-advertise the disputed plot. The disputed plot was to be auctioned on 29.12.2025 by the Authority. After the filing of the writ petition, a note was put up by the Law Officer of the Authority on 11.12.2025 stating that the writ petition has been filed regarding the auction held on 15.10.2025 and instructions are to be provided. After filing of the writ petition, the petitioner informed the Authority i.e. respondent No.1 by means of e-mail dated 13.12.2025 to stop the auction to be held on 29.12.2025. The petitioner specifically states that as the writ petition had been filed, therefore auction to be held on 29.12.2025 may be stopped. Thereafter, a letter by registered post was also sent on 13.12.2025 which was received in the office of respondent no.1 on 15.12.2025 and the concerned office was directed to take necessary proceeding in the matter by order of the Vice-Chairman, Ghaziabad Development Authority dated 15.12.2025.

33. Thus, the record reflects that the Authority was in the knowledge of the filing of writ petition and the e-mail and the letter written by the petitioner intimating the status of the writ petition. Thereafter, when the writ petition was taken up on 17.12.2025, learned counsel for the Authority was granted time to seek instructions in the matter, but during the intervening winter holidays of the High Court, the auction proceeding was conducted on 29.12.2025 and on 02.01.2026 the bid of Rs. 2,06,000/- made by one person namely Pramod for the disputed plot was accepted. The record also reflects that thereafter on 19.01.2026, the plot was allotted to the bidder and the remaining 25% of the bid price as per terms and

conditions of the bid document was to be deposited by 26.01.2026. However, report dated 23.03.2026 reflects that the allottee i.e. Pramod has neither deposited 25% of the bid price nor the deed has been executed and therefore, possession is yet to be given to allottee. Record also reflects that till 13.04.2026 the possession had not been handed over to the allottee nor the amount to be deposited by 26.01.2026 i.e. ₹32,70,168/- has yet been deposited by the allottee.

34. A perusal of the above shows that the Authority was well aware of the writ petition being filed in the High Court challenging the cancellation of the highest bid of the petitioner submitted in auction held on 15.10.2025, as there are several correspondence from the petitioner's side intimating respondent no.1/Authority with regard to filing of the writ petition. Furthermore, there is nothing on record which shows that the allottee had been intimated about the pendency of the writ petition before the High Court, as the allottee had refused to make the payment and take possession on the ground that there is certain encroachment over the site and in one of the emails dated 24.01.2026 had sought for cancellation of the allotment.

35. As the subsequent allotment has been done during the pendency of the writ petition, therefore, it is the considered view of the Court that any subsequent auction of the Authority qua the disputed plot would be hit by doctrine of *lis pendens* as enshrined under Section 52 of the Transfer of Property Act, 1882. The doctrine of *lis pendens* is a well recognized principle that the alienation during the pendency of the suit proceeding, such alienee would attract the said doctrine and alienees would be bound by the decision in the pending proceeding. ***(vide Usha Sinha Vs. Dina Ram,[5] & Singhara Singh Vs. Daljit Singh[6])***

36. The Court while dealing with the doctrine of *lis pendens* under Section 52 of the Transfer of Property Act, held that doctrine of *lis*

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5 *(2008) 7 SCC 144*

6 *2024 INSC 770*

pendens is applicable to a transaction during the pendency of the suit. In the said case, the Supreme Court affirmed the judgment of the High Court on the ground that the subsequent sale during the pendency of the suit was hit by the doctrine of *lis pendens* and the subsequent sale was set aside. In the present case, as the allotment has been made during the pendency of the writ proceedings to which the Authority had complete notice, therefore, any alienation of the disputed plot by the Authority would attract the doctrine of *lis pendens* as enshrined under Section 52 of the Transfer of Property Act.

37. Mere fact that the Authority had neglected to inform the subsequent allottee about the pendency of the writ petition would not enable the subsequent allottee to claim any right, as the allottee in the present case can be suitably compensated by refund of money along with interest as deemed permissible. In the present case the fact that 25% of the bid amount is yet to be deposited and the deed is yet to be executed in favour of the allottee, therefore there would be no substantial damage to the subsequent allottee which cannot be compensated by pecuniary means. Accordingly, we are of the considered view that non-impleadment of the subsequent allottee would not affect the right of the petitioner to challenge his cancellation order and to seek revival of his auction to the detriment of the subsequent allottee.

38. In the present case, subsequent auction has taken place which has resulted in creation of certain rights in favour of the subsequent allottee, who has not been impleaded in the writ petition. However, as we have held above that the non-impleadment of the subsequent allottee would not render the writ petition liable to be dismissed as the subsequent allottee can be compensated by pecuniary methods, therefore, it is necessary to elucidate as to why the restitution has to be provided to the subsequent allottee.

In ***Delhi Development Authority Vs. Corporation Bank & Ors***[7], the Supreme Court has held that "*the auction purchaser has been caught in the undertow of circumstances, not of its making. Among all the actors in this legal drama, it alone stands innocent. The Auction Purchaser entered the auction proceeding in good faith, placed its bid and deposited its hard-earned money in the belief that the law clothed the auction with legitimacy. The Court further held that the Auction Purchaser neither breached the covenant nor failed in diligence and did not seek to profit from the illegality and the restitution, therefore, becomes not merely a legal device but a moral imperative*." Applying the said ratio, as the subsequent allottee in the present case has entered into the auction in good faith during the pendency of the writ petition without being informed of the pendency by the Authority, therefore, the allottee is entitled to restitution i.e. refund of entire amount deposited along with interest as directed above.

39. We are also of the considered view that by not doing so, it would cause damage far greater than what can be compensated to the subsequent allottee in terms of money.

ANSWER TO THE POINTS OF DETERMINATION:

40. Regarding Issue No. 1 as to whether the cancellation intimation dated 27.10.2025 amounts to colourable exercise of power in as much as it does not disclose the reason for cancellation of the highest bid, the issue is answered in the affirmative holding that there is a colourable exercise of power by the Authority in cancelling the highest bid offered in the auction held on 15.10.2025.

41. Regarding Issue No. 2 as to whether the justification given by the Authority in cancelling the bid, that expectation of a higher bid in future auctions is justified, the issue is answered in the negative holding that in

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7 *2025 INSC 1161*

the light of the ratio laid down in ***Golden Food (supra)***, the decision taken by the Authority is bad in the eyes of law.

42. Regarding Issue No. 3 as to whether non-impleadment of the subsequent allottee renders the writ petition liable to be dismissed, the issue is answered in the negative holding that non-impleadment of the subsequent allottee does not render the writ petition liable to be dismissed and the petitioner can maintain the writ petition to challenge his cancellation.

43. Regarding Issue No. 4, as to what relief can be granted if the answer of Issue No. 1 is in affirmative, following directions are issued:

(i) The cancellation intimation dated 27.10.2025 containing the cancellation order dated 24.10.2025 is set aside. Consequently, the auction held on 15.10.2025 is restored to the highest bid of the petitioner.

(ii) The Authority shall issue an allotment letter in favour of the petitioner and as per the terms and conditions of the bid document, the petitioner will have to make necessary payments. In absence of making payment in time as scheduled, necessary legal consequences as provided will follow.

(iii) As the previous auction proceeding dated 15.10.2025 is revived with consequences to follow, therefore the auction proceedings held on 29.12.2025 and the subsequent allotment letter dated 19.01.2026 do not have any sanctity of law and cannot be relied upon.

(iv) As a result of the above, the subsequent allottee is entitled for the refund of the entire money deposited with the Authority along with 6% interest. The said refund shall be made within a period of one month from the date of production of certified copy of the order. In

case of default, the interest shall stand increased to 9% on the refunded amount.

CONCLUSION :

44. With the above findings and directions, the writ petition stands allowed. There shall be no order as to costs.

45. Let the original records, which were retained by this Court vide order dated 08.10.2026, be returned to Sri Tejasvi Misra, learned counsel representing Ghaziabad Development Authority.

(Kunal Ravi Singh, J.) (Siddhartha Varma, J.)

November 3, 2026
Sumit S

Digitally signed by :-
SUMIT SRIVASTAVA
High Court of Judicature at Allahabad