



2026:DHC:5260



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

Judgment reserved on: 27th April, 2026
Judgment pronounced on: 2nd July, 2026

+ **W.P.(C) 16962/2022 & CM APPL. 53749/2022**

KAVERI INFRASTRUCTURE PVT LTD.,Petitioner

Through: Mr. Satvik Varma, Senior Advocate
with Mr. Udit Chauhan, Mr. Shantanu
Parmar, Mr. Yash Agarwal & Mr.
Balram, Advocates.

versus

DELHI JAL BOARD, THROUGH ITS CHIEF EXECUTIVE
OFFICER,Respondent

Through: Mr. Karunesh Tandon, Mr. Sarthak
Mittal and Mr. Prabin Mohan,
Advocates.

CORAM:
HON'BLE MR. JUSTICE AMIT BANSAL

JUDGMENT

AMIT BANSAL, J.

1. The present writ petition has been filed seeking quashing of the speaking order dated 22nd July, 2022 passed by the respondent/Delhi Jal Board ('DJB'), by which the petitioner has been blacklisted/debarred from participating in the tendering process of the respondent.

FACTUAL BACKGROUND

2. Brief facts relevant for deciding the present writ petition are set out below.



3. The petitioner is a company engaged in field of installation of water supply and sewerage rehabilitation works, tube well installation and deep bore hand pump projects.
4. On 9th September, 2004, the respondent issued a Notice Inviting Tender for renovation of old pipelines. The petitioner applied for the said tender and the work was awarded to the petitioner.
5. The Central Bureau of Investigation ('CBI') registered an FIR on 23rd April, 2007 alleging that the petitioner had secured a ₹35.84 crore contract through corrupt and extraneous considerations involving its then Managing Director and the respondent's CEO. Pursuant thereto, the respondent debarred the petitioner from participating in future tenders *vide* its circular dated 25th June, 2007.
6. The petitioner filed a writ petition, W.P.(C) 5398/2007, seeking quashing of the aforesaid circular issued by the respondent. This Court *vide* its judgment dated 14th September, 2007 quashed the debarment circular dated 25th June, 2007, while granting liberty to the respondent to issue a fresh notice outlining allegations against the petitioner and affording an opportunity to the petitioner to refute the same.
7. On 10th October, 2007, the respondent issued a fresh show cause notice pursuant to the aforesaid judgment. The petitioner filed its reply to the said show cause notice.
8. In the meanwhile, the respondent challenged the judgment passed by this Court on 14th September, 2007 before the Supreme Court by filing a Special Leave Petition ('SLP'). On 12th November, 2007, the said SLP was withdrawn with liberty to file a Letters Patent Appeal ('LPA') before this Court. Pursuant thereto, LPA 1351/2007 was filed by the respondent.



9. The petitioner filed another writ petition, W.P.(C) 1128/2008, as the respondent refused to issue tender to the petitioner for work of rehabilitation of trunk sewage from Jhilmil Colony to Jagriti, SPS, Shahdara. The Division Bench of this Court *vide* interim order dated 18th February, 2008, permitted the petitioner to participate in the tender process, holding that till the time the proceedings initiated by CBI are finalized, there is no stigma cast on the petitioner.

10. The respondent filed two Special Leave Petitions, SLP (C) 5447/2008 and SLP(C) 5449/2008 against the interim order passed by the Division Bench of this Court on 18th February, 2008. The Supreme Court, *vide* its order dated 14th March, 2008, did not interfere with the order passed by the Division Bench, while directing the respondent to accord a personal hearing to the petitioner.

11. On 28th March, 2008, the respondent decided the show cause notice dated 10th October, 2007, holding that the petitioner shall not be allowed to participate in the tender process till such time the outcome of the investigation being carried out by CBI is made available to the respondent. It was further held that the competent authority, *i.e.* the respondent, shall review the decision immediately after receiving the report of the CBI investigation.

12. In light of the aforesaid blacklisting order passed by the respondent, the LPA 1351/2007 and W.P.(C) 1128/2008 were disposed of by the Division Bench as infructuous *vide* order dated 12th May, 2008.

13. The petitioner challenged the blacklisting order passed by the respondent on 28th March, 2008 by filing another writ petition being W.P.(C) 5704/2008. An interim order was passed in the said writ petition on 20th



August, 2008, staying the aforesaid blacklisting order. The respondent preferred an appeal against the said order being LPA 524/2008, which was allowed by the Division Bench and the interim order passed on 20th August, 2008 was set aside. The petitioner filed an SLP being SLP(C) 23889/2008. The Supreme Court disposed of the said SLP *vide* order dated 15th October, 2008, directing the CBI to expeditiously complete the investigation in the matter.

14. The W.P.(C) 5704/2008 filed by the petitioner was dismissed by a Coordinate Bench of this Court *via* judgment dated 12th August, 2009. The said order was challenged by the petitioner by way of an LPA being LPA 488/2009, which was dismissed as withdrawn on 9th August, 2011 in view of the fact that charges had been framed in the criminal case.

15. The CBI Court *vide* judgment dated 29th October, 2013 convicted the petitioner company and its Managing Director of offences under the Indian Penal Code, 1960 ('IPC') and Prevention of Corruption Act, 1988.

16. Another writ petition, W.P.(C) 2073/2017 was filed by the petitioner challenging the decision of the respondent not to award a fresh tender in favour of the petitioner. The said petition was dismissed as withdrawn on 1st November, 2019.

17. The petitioner was once again constrained to approach this Court by filing W.P.(C) 6748/2022 as the petitioner was denied further tender documents for fresh tenders floated by the respondent. The said writ petition was disposed of by this Court *vide* order dated 28th April, 2022 by stating that the writ petition be treated as a representation by the respondent.

18. Pursuant to the said order, the impugned speaking order dated 22nd July, 2022 was passed by the respondent, stating that the petitioner will not



be allowed to participate in the tender process till the outcome of investigation being carried out by the CBI.

19. The said order was challenged by the petitioner by filing an application being CM APPL. 44654 in the earlier disposed of writ petition W.P.(C) 6748/2022. However, the said application was withdrawn by the petitioner with liberty to file a comprehensive writ petition challenging the aforesaid order.

20. Hence, the present writ petition has been filed.

SUBMISSIONS ON BEHALF OF PARTIES

21. Mr. Satvik Verma, senior counsel appearing on behalf of the petitioner, has made the following submissions:

- i. The impugned order dated 22nd July, 2022 is arbitrary as it does not provide a period of debarment, which is against the respondent/DJB's own guidelines and guidelines issued by Central Public Works Department ('CPWD'). As per the said guidelines, a maximum period of debarment is provided and debarment cannot be for an unlimited period of time.
- ii. The impugned order is arbitrary as it does not lay down the period of debarment and therefore, is not in conformity with the judgments passed by the Supreme Court in this regard. Reliance is placed on the judgment in *Kulja Industries Ltd. v. Chief General Manager*¹ ('*Kulja Industries*').
- iii. The impugned order to the extent it keeps debarment of the petitioner active till the conclusion of the CBI case (including appeals) is unlawful

¹ (2014) 14 SCC 731.



and arbitrary. Reliance is placed on the judgment in *Sabharwal Medicos Pvt Ltd. v. Union of India*² ('*Sabharwal Medicos*').

iv. The impugned order merely reiterates that contents of the earlier debarment/blacklisting order passed by the respondent on 28th March, 2008. Therefore, it is submitted that the debarring/blacklisting of the petitioner was premeditated and the impugned order has been passed mechanically.

22. Mr. Karunesh Tandon, counsel appearing on behalf of the respondent, has made the following submissions:

i. The issue with regard to debarment/blacklisting of the petitioner for indefinite period of time has already been affirmed in the judgment passed by this Court on 12th August, 2009 in the earlier writ petition filed by the petitioner being W.P.(C) 5704/2008. Therefore, the said issue could not have been re-opened by the petitioner by filing a fresh writ petition and obtaining a direction that the representation of the petitioner be decided afresh by the respondent. The impugned order passed by the respondent on 22nd July, 2022 is a mere reiteration of the previous blacklisting order passed on 28th March, 2008, which has been upheld by this Court.

ii. This Court in exercise of the jurisdiction under Article 226 of the Constitution of India cannot examine the policy decision taken by the respondent to blacklist the petitioner for an unlimited period on the ground of misconduct. In the proceedings initiated by CBI, the CBI Court convicted the Managing Director of the petitioner for misconduct, amounting to preparing forged documents to get the tender. It is the

² 2013 SCC OnLine Del 3839.



exclusive right of the State to decide who the State should trade with and the Court cannot interfere with the same.

iii. The present writ petition is barred by limitation. The order blacklisting the petitioner for an unlimited period was passed on 22nd March, 2008 and the petitioner remained silent for a period of 11 years. Therefore, under the garb of challenging the impugned order passed on 22nd July, 2022, the petitioner is seeking to challenge the blacklisting order of 28th March, 2008, which has already been upheld by this Court.

ANALYSIS AND FINDINGS

23. I have heard the counsel for the parties and perused the material placed on record.

24. The impugned order dated 22nd July, 2022 (Annexure P-1 to the writ petition) states that the petitioner “*shall not be allowed to participate in the tendering process till the outcome of the investigation carried out by the CBI/finalization of the Court proceedings/finalization of the appeal, if any filed, in the CBI cases before the Hon’ble High Court/Supreme Court is made known to the DJB*”. No specific time period has been provided for the debarment of the petitioner. The various contingencies mentioned in the impugned order are open-ended and cannot be limited to a particular timeframe. Notably, the impugned order is quite similar to the earlier blacklisting order passed by the respondent on 28th March, 2008 (Annexure P-12 to the writ petition). The relevant extract from the order dated 28th March, 2008 passed by the respondent is set out below:

“And now after carefully considering the circumstances leading to the issuance to the issue of show-cause notice and reply and submission made by M/s Kaveri Infrastructure Pvt. Ltd., the Competent Authority has taken a decision that M/s Kaveri Infrastructure Pvt. Ltd., shall not be



allowed to participate in the tendering process till such time the outcome of the investigations being carried out by CBI is made known to Delhi Jal Board. It has also been decided by the Competent Authority that Delhi Jal Board would review the aforesaid decision immediately after the report of CBI investigations is made available.”

[emphasis supplied]

25. Since the aforesaid order was passed by the respondent on 28th March, 2008, the petitioner and its Managing Director have been held guilty of offences under Sections 120B and 420 of the IPC and Sections 13(1)(d) and 13(2) of the Prevention of Corruption Act, 1988 *vide* judgment dated 29th October, 2013 (Annexure P-20 to the writ petition).

26. It is stated that the petitioner and its Managing Director have filed appeals against the said conviction which are pending before this Court.

27. Pertinently, the impugned order does not take note of the conviction of the petitioner and its Managing Director. It does not even mention as to which criminal case is pending against the petitioner and its Managing Director. The impugned order is a mere reiteration of the earlier blacklisting order passed on 28th March, 2008 and has been passed in a mechanical manner with a predetermined mindset of blacklisting the petitioner. At the very least, the impugned order could have taken note of the subsequent events such as the conviction of the petitioner and its Managing Director.

28. As per the Rules for Enlistment of Contractors in Delhi Jal Board 2023, the maximum period of blacklisting prescribed is for two years. Relevant extract from the said Rule is set out below:

“... 13.0 Disciplinary Action

13.1... Where the contractor has made himself liable for disciplinary action, the Enlistment Authority shall have the right to demote him to a lower class, or to suspend business with him or debar the defaulting contractor from participating in tender process for a period minimum 6



months and not exceeding two years or to cancel enlistment of the contractor based on the recommendations of the Debarment Committee...”

[emphasis supplied]

29. Similarly, in the Rules for Enlistment of Contractors in CPWD, 2022, the maximum period of blacklisting has been stipulated as two years. Relevant extract from the said Rule is set out below:

“ ... 13.0 *Disciplinary Action*

13.5 Consequent to imposition of any penalty under Rule 13.6, the contractor shall be debarred from any enlistment with CPWD for a period not exceeding two years.”

30. In terms of the impugned order passed in the present case, the debarment of petitioner is open ended. The impugned order does not provide any specific time period for debarment and is therefore *ex facie* not in conformity with the Rules of the respondent/DJB as referred to above.

31. It is submitted on behalf of petitioner that even the legal position with regard to blacklisting of contractor has evolved since the judgment dated 12th August, 2009 passed by this Court in W.P.(C) 5704/2008, and that a contractor can no longer be blacklisted for an indefinite period.

32. In this backdrop, it may be apposite to refer to some of the recent rulings with regard to permanent blacklisting of contractors.

33. In *Kulja Industries* (supra), the Supreme Court was dealing with a case where the contractor had been blacklisted on account of drawing excess amounts from BSNL by submitting fake and duplicate bills. A case was registered by the CBI against the officials of the petitioner therein alleging offences under Section 120B read with Section 420 of the IPC and Section 13 of the Prevention of Corruption Act, 1988 and a chargesheet was filed. In



these circumstances, the blacklisting order was passed permanently banning the petitioner therein from having any business dealings with BSNL/the respondent therein. The Bombay High Court dismissed the writ petition filed by the petitioner therein, and the petitioner challenged said order before the Supreme Court.

34. The Supreme Court quashed the order permanently blacklisting the petitioner therein by holding that debarment can never be permanent. The Supreme Court also laid down the guidelines in respect of factors that may be considered while blacklisting a Contractor. The relevant extracts from the said judgment are set out below:

“22. The guidelines also stipulate the factors that may influence the debarring official’s decision which include the following:

- (a) The actual or potential harm or impact that results or may result from the wrongdoing.*
- (b) The frequency of incidents and/or duration of the wrongdoing.*
- (c) Whether there is a pattern or prior history of wrongdoing.*
- (d) Whether the contractor has been excluded or disqualified by an agency of the Federal Government or has not been allowed to participate in State or local contracts or assistance agreements on the basis of conduct similar to one or more of the causes for debarment specified in this part.*
- (e) Whether and to what extent did the contractor plan, initiate or carry out the wrongdoing.*
- (f) Whether the contractor has accepted responsibility for the wrongdoing and recognized the seriousness of the misconduct.*
- (g) Whether the contractor has paid or agreed to pay all criminal, civil and administrative liabilities for the improper activity, including any investigative or administrative costs incurred by the Government, and has made or agreed to make full restitution.*
- (h) Whether the contractor has cooperated fully with the government agencies during the investigation and any court or administrative action.*
- (i) Whether the wrongdoing was pervasive within the contractor's organization.*



(j) *The kind of positions held by the individuals involved in the wrongdoing.*

(k) *Whether the contractor has taken appropriate corrective action or remedial measures, such as establishing ethics training and implementing programs to prevent recurrence.*

(l) *Whether the contractor fully investigated the circumstances surrounding the cause for debarment and, if so, made the result of the investigation available to the debarring official.*

23. As regards the period for which the order of debarment will remain effective, the guidelines state that the same would depend upon the seriousness of the case leading to such debarment.

24. Similarly in England, Wales and Northern Ireland, there are statutory provisions that make operators ineligible on several grounds including fraud, fraudulent trading or conspiracy to defraud, bribery, etc.

25. Suffice it to say that “debarment” is recognised and often used as an effective method for disciplining deviant suppliers/contractors who may have committed acts of omission and commission or frauds including misrepresentations, falsification of records and other breaches of the regulations under which such contracts were allotted. What is notable is that the “debarment” is never permanent and the period of debarment would invariably depend upon the nature of the offence committed by the erring contractor.”

26. In the case at hand according to the respondent BSNL, the appellant had fraudulently withdrawn a huge amount of money which was not due to it in collusion and conspiracy with the officials of the respondent Corporation. Even so permanent debarment from future contracts for all times to come may sound too harsh and heavy a punishment to be considered reasonable especially when (a) the appellant is supplying bulk of its manufactured products to the respondent BSNL, and (b) the excess amount received by it has already been paid back.”

[emphasis supplied]

35. In ***Kulja Industries*** (supra), even though there was a serious charge of fraud against the contractor/petitioner therein in collusion with the officials of respondent therein, yet the Supreme Court held that there cannot be permanent debarment of the contractor.

36. The judgment in ***Kulja Industries*** (supra) was followed by a Coordinate Bench of this Court in ***Coastal Marine Construction and***



Engineering Limited v. Indian Oil Corporation Limited³(‘***Coastal Marine Construction***’). The relevant observations made in the said judgment are set out below:

“58. It is apparent from the above that the measure of blacklisting is imposed on a deviant supplier. However, the object is not to commercially eliminate the contractor. Thus, it is essential that the punishment imposed on the concerned person is commensurate with his actions. In its guidelines, IOCL had also provided that ordinarily the period of blacklisting should not exceed three years except in extraordinary circumstances. Thus, three years has been provided as an indicative upper limit of the blacklisting period.

59. In terms of paragraph 5 of the Blacklisting Guidelines, the maximum period of blacklisting should be maximum period of three years. In the present case, IOCL has awarded the maximum period of debarment that could be ordinarily imposed. If one examines this period of debarment with reference to the grounds as listed in paragraph 2.1 of the Blacklisting Guidelines, it would be apparent that the action taken is wholly disproportionate to the allegation made against the petitioner. The punitive measure of blacklisting a contractor for a period of three years, would be imposed in cases of malpractices such as bribery, corruption, fraud and pilferage, bid rigging/price rigging [paragraph 2.1(a)]

60. Such measure would also be imposed in cases where fake, false or forged documents/certificates have been issued by a contractor [paragraph 2.1(c)] or where a contractor has deliberately indulged in construction and erection of defective works or supply of defective materials [paragraph 2.1(g)]. Keeping the gravity of such offences in mind it is at once clear that blacklisting the petitioner for the maximum permissible period on account of an alleged breach of contract and where there is a real controversy as to the allegation, is ex facie arbitrary and disproportionate.”

[emphasis supplied]

37. In ***Costal Marine Construction*** (supra), the Court noted that the applicable Blacklisting Guidelines prescribed three years as the maximum

³ 2019 SCC OnLine Del 6542.



period of blacklisting and held that such maximum period is intended for grave misconduct, including fraud, corruption, forgery and bid rigging. The Court, therefore, held that blacklisting must remain within the framework of the Rules/Guidelines and has to be proportionate to the nature of the alleged misconduct.

38. Similarly, in *Sabharwal Medicos* (supra), the petitioner therein was facing charges for use of forged tender documents for supplying medicines to the respondents therein, which resulted in an FIR by CBI under Sections 420, 468, 471 read with Section 120 of the IPC. In these circumstances, a blacklisting order was passed against the petitioner therein which was open-ended and did not provide any duration of blacklisting. A Coordinate Bench of this Court set aside the blacklisting order holding that blacklisting cannot be for an indefinite period of time. The relevant observations in this regard are set out below:

“17. A perusal of the impugned order dated 26.9.2011 would show that no duration of the blacklisting/debarring has been fixed in the said order, meaning thereby that the impugned order has the effect of permanent blacklisting/debarring of the petitioners before this Court.

In Vinay Construction Co. v. Municipal Corporation of Delhi 116 (2005) DLT 14, this Court rejected the contention that there can be indefinite period of blacklisting, holding that since blacklisting carries a very severe consequence and needs to be for a prescribed period.

In Writ Petition No. 17517 of 2002 titled A. Rajendran v. The General Manager decided on 16.10.2003, the Madras High Court, noticing that the order of blacklisting the petitioner did not specify the period of blacklisting, quashed the said order, thereby upholding the contention that blacklisting could not be for an indefinite period.

Conceding that blacklisting/debarring cannot be for an indefinite period, the learned Additional Solicitor General stated, on instructions, that the impugned order would remain in force only during the pendency of the



criminal prosecution pending against Mr. Jitender Sabharwal/Mr. Sanjeev Wasan. The concession given by the learned Additional Solicitor General, to my mind, is not sufficient since it is not possible to say as to how much time the trial against these two persons will take to conclude. An order blacklisting/debarring a person during the pendency of the criminal prosecution against him is in the nature of blacklisting/debarring for an indefinite period. An order of this nature must necessarily indicate a definite time period after which the blacklisting/debarring is to come to an end. In these circumstances it becomes imperative for the Court to suitably modify the impugned order so as to restrict the blacklisting/debarring to a definite period.

18. In my view, considering the facts & circumstances of the case, the period of debarring/blacklisting of the petitioners before this court should be restricted to five (5) years from 26.9.2012, with a rider that if Mr. Jitender Sabharwal is discharged or acquitted of all the charges against him before expiry of the aforesaid term of five (5) years, the debarring/blacklisting would also come to an end from the date of his discharge/acquittal. Similarly, if Mr. Sanjeev Wasan is discharged or acquitted of all the charges against him, debarring/blacklisting of M/s. Janak Medicos, which is stated to be a proprietorship concern of Mr. Kulbhushan Wasan, will also come to an end from the date of his discharge/acquittal. The impugned orders are modified accordingly.

The writ petitions are dismissed except to the extent the impugned order dated 26.09.2011 is modified hereinbefore. There shall be no order as to costs.”

[emphasis supplied]

39. In *Sabharwal Medicos* (supra), even in respect of offence such as forgery, the Court held that blacklisting cannot be imposed for an indefinite period and must necessarily be restricted to a definite term. Applying this principle, the Court limited the period of blacklisting to five years. Significantly, even though the criminal proceedings were still pending and could have culminated in conviction, the Court did not permit the blacklisting to continue indefinitely and considered a period of five years to be an appropriate outer limit in the facts of the case.



40. The ratio of the said judgments is fully applicable in the facts and circumstances of the present case.

41. In the present case, the impugned order blacklists the petitioner for an indefinite period of time based on the pendency of the criminal investigation against the petitioner. The impugned order does not disclose which criminal investigation is pending against the petitioner. As noted earlier, the petitioner and its Managing Director were convicted as far back as in the year 2013. The petitioner and its Managing Director have filed appeals against the conviction, which are still pending. Needless to state, the petitioner and its Managing Director would be liable to face consequences based on the findings in the criminal proceedings. However, the aforesaid conviction cannot be the basis for a continuous or permanent blacklisting of the petitioner. To be noted, the petitioner has been blacklisted since 2008.

42. The respondents have placed reliance on the earlier judgment of this Court passed on 12th August, 2009 in W.P.(C) 5704/2008, in the petitioner's own case. The LPA filed by the petitioner against the said judgment was dismissed as withdrawn. It is submitted on behalf of the respondent that in light of the aforesaid judgment, the petitioner could not have re-opened the blacklisting issue and the present petition is barred by limitation.

43. I am unable to accept the aforesaid submission made on behalf of the respondent. The fact of the matter is that continued blacklisting of the petitioner is a recurring cause of action and therefore, a right would vest in the petitioner to challenge the same. Notably, the legal position has significantly changed since the aforesaid judgment was passed by this Court on 12th August, 2009. The Supreme Court in *Kulja Industries* (supra) has



categorically held that there cannot be any permanent blacklisting of a contractor.

44. The earlier writ petition, W.P.(C) 6748/2022, filed by the petitioner was disposed of by this Court *vide* order dated 20th April, 2022 directing that the respondent shall decide the representation of the petitioner. Pursuant to the said order, the respondent did in fact decide the representation of the petitioner by passing the impugned order. Therefore, the petitioner was entitled to file the present writ petition as it gave rise to a fresh cause of action.

CONCLUSION

45. In view of the discussion above, it is held that the impugned order dated 22nd July, 2022 passed by the respondent is completely arbitrary and unlawful and the same is hereby quashed.

46. In terms of the judgment in *Kulja Industries* (supra), this Court would have ordinarily remanded the matter back to the respondent to pass a fresh speaking order determining the period of blacklisting. However, taking into account that the petitioner has been continuously blacklisted since 2008, *i.e.* a period of 18 years, this Court is of the view that the blacklisting of the petitioner cannot continue any further. Accordingly, it is directed that the petitioner would be entitled to participate in all future tenders of the respondent/DJB, subject to fulfilment of eligibility norms.

47. The writ petition stands disposed of in the aforesaid terms.

**AMIT BANSAL
(JUDGE)**

JULY 2, 2026/at