



2026:DHC:7740



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**% *Date of Decision: 09.09.2026*# **CNR No. DLHC010424122026**+ **W.P.(C) 13083/2026 & CM APPL. 60860/2026****E COMPUSELL LIMITED**

.....Petitioner

Through: Mr. Apoorv Diwedi, Ms.
Swapnil Shukla and Ms. Aditi
Chaudhary, Advocates

versus

UNION OF INDIA & ORS.

.....Respondents

Through: Mr. Rohan Jaitley, CGSC with
Mr. Akshay Sharma, Mr. Dev
Pratap Shahi, Mr. Varun
Pratap Singh and Mr Yogya
Bhatia, Advocates for UOI
Mr. Harshvardhan Jha, G.P.
for Respondent No. 1
Ms. Binsy Susan, Mr. Akshay
Sharma, Ms. Shweta Sahu and
Ms. Deeksha Pokhriyal,
Advocates for R-4/GEM

CORAM:**HON'BLE DR. JUSTICE SWARANA KANTA SHARMA****JUDGMENT****DR. SWARANA KANTA SHARMA, J. (Oral)**

1. By way of the present writ petition, the petitioner seeks following reliefs:

“a. Issue a Writ of Certiorari, or any other appropriate writ, order, or direction, quashing the Cancellation Order No. 4926/Order Cancellation/Laser Jet Printer dated 27.07.2026 issued by Respondent No. 3;



- b. Issue a Writ of Certiorari, or any other appropriate writ, order, or direction, quashing the Show Cause Notice No. 4926/PV(I)/Show Cause/Laser Jet Printer dated 04.08.2026 issued by Respondent No. 3;
- c. Issue a Writ of Mandamus, or any other appropriate writ, order, or direction, directing Respondent Nos. 2 and 3 to accept the 189 LaserJet printers delivered under GeM Contract No. GEMC-511687705081700 and release the payment of Rs. 37,81,701 due thereunder; or, in the alternative, to conduct a fresh, functional evaluation of the cartridge technology in accordance with IS/ISO/IEC 19752:2017, in the presence of the Petitioner and an independent technical observer;
- d. Issue a Writ of Mandamus, or any other appropriate writ, order, or direction, restraining Respondent Nos. 2 and 3, their officers, servants, and agents, from re-tendering, refloating, or awarding the same procurement requirement to any other vendor, until final disposal of this Petition;
- e. Issue a Writ of Mandamus, or any other appropriate writ, order, or direction, restraining Respondent Nos. 2 and 3, their officers, servants, and agents, from invoking, forfeiting, or encashing the Performance Security Deposit (ePBG) of Rs. 1,89,085.05 furnished by the Petitioner on 12.06.2026;
- f. Issue a Writ of Mandamus, or any other appropriate writ, order, or direction, restraining Respondent No. 4, its officers, servants, and agents, from taking any adverse action against the Petitioner or its allied/associate entities on the GeM portal, including but not limited to imposition of any moratorium, debarment, blacklisting, suspension, or negative rating, pursuant to or in connection with the Cancellation Order dated 27.07.2026 and/or the Show Cause Notice dated 04.08.2026, or otherwise arising out of GeM Contract No. GEMC-511687705081700;
- g. Issue a Writ of Mandamus, or any other appropriate writ, order, or direction, restraining Respondent No. 4, its officers, servants, and agents, from giving effect to, recording, processing, or acting upon the cancellation of GeM Contract No. GEMC- 511687705081700 and/or GeM Bid No. GEM/2025/B/6487719 on the GeM portal, and from permitting or recording cancellation of the underlying bid/tender on its systems, pending final disposal of this Petition;
- h. Declare that the Incident Management Policy and/or General Terms and Conditions of Respondent No. 4, insofar as they permit a buyer to unilaterally trigger punitive consequences, including moratorium, debarment, blacklisting, or adverse rating, against a seller, without providing a reciprocal, effective, and neutral mechanism for a seller to obtain equivalent redressal against an arbitrary, defaulting, or non-responsive buyer, are arbitrary, unreasonable, and violative of Article 14 of the Constitution of India,



and be struck down/set aside to that extent;

i. In the alternative to prayer (h) above, issue a Writ of Mandamus, or any other appropriate writ, order, or direction, directing Respondent No. 4 to review, revise, and amend its Incident Management Policy and General Terms and Conditions so as to provide a neutral, independent, and reciprocal grievance redressal mechanism for sellers against buyers, including proportionate consequences for buyers who act arbitrarily, wrongfully reject compliant goods, or default in their contractual obligations, and to file a compliance report before this Hon'ble Court within such time as may be directed;

j. Declare that the policy and practice of Respondent No. 4 permitting a buyer to unilaterally cancel a concluded GeM contract without assigning verifiable reasons, without any oversight, review, or approval by Respondent No. 4, and without affording the affected seller an opportunity of hearing, is arbitrary and violative of Article 14 of the Constitution of India; and issue a Writ of Mandamus, or any other appropriate writ, order, or direction, directing Respondent No. 4 to institute a mandatory pre-cancellation notice-and-hearing procedure, routed through its Incident Management system, before any buyer-initiated cancellation of a GeM contract is given effect to or acted upon;

k. Declare that the dispute resolution/arbitration clause contained in the General Terms and Conditions of Respondent No. 4, insofar as it vests the power to unilaterally appoint the sole arbitrator in the 'Buyer Organization'/'Primary Buyer,' is void and unenforceable, being contrary to Section 12(5) read with the Seventh Schedule of the Arbitration and Conciliation Act, 1996, and issue directions for independent appointment of arbitrators in relation to disputes arising on the GeM portal, in accordance with law;

l. Pass ad-interim ex-parte orders in terms of prayers (f) and (g) above, pending admission, notice, and final disposal of this Petition;

m. Award the costs of this Petition to the Petitioner; and”

2. Briefly stated, the facts of the present case, as set out in the petition, are that the petitioner had participated in GeM Bid No. GEM/2025/B/6487719 floated by respondent no. 3, Ammunition Factory Khadki, Pune, for procurement of 189 A4/Legal size monochrome LaserJet Printers. The bid prescribed, *inter alia*, a “Composite Cartridge” with a minimum yield of 3,000 prints, along with prescribed print speed, BIS compliance and one-year warranty.



It is stated that the bid did not prescribe any particular cartridge shell design, internal fastening mechanism, assembly method or resemblance to any particular brand. The petitioner's CWC-P4843 model was technically qualified along with six other bidders and, upon conclusion of the Reverse Auction, was declared L-1 on 07.02.2026. The petitioner had thereafter supplied the entire consignment of 189 printers to respondent no. 3. It is stated that on 14.02.2026, respondent no. 3 had rejected the entire consignment solely on the allegation that the cartridge had "Separate Toner and Drum" technology instead of "Composite Cartridge" technology. The said conclusion was arrived at after physically dismantling the cartridge and removing its internal fastening pins, without conducting any functional, operational or print-yield test. The petitioner had immediately disputed the rejection and explained that the toner and drum formed an integrated cartridge assembly intended to be replaced as a whole, and offered samples and a live demonstration. Before the Committee constituted by respondent no. 3, the petitioner had demonstrated the integrated functioning and common service lifecycle of the toner and drum. The petitioner's technical position was independently corroborated by Projects & Development India Limited (PDIL), which, *vide* Report dated 26.02.2026, certified that the printer complied with the bid specifications and that the cartridge was a composite unit with integrated drum and toner. Government Polytechnic, Pune, also certified compliance of the printers with the bid specifications *vide* Testing Report dated 07.03.2026. Despite the aforesaid independent Government reports, respondent No. 3 had



reiterated its rejection without producing any laboratory report, testing methodology or independent technical material in rebuttal. In an effort to resolve the matter amicably and in good faith, the petitioner had repeatedly offered to supply an upgraded model with a modified external cartridge appearance at no additional cost and sought respondent no. 3's instructions as to whether one sample should first be supplied for evaluation or the entire quantity of 189 units. However, respondent no. 3 did not respond to the said proposals. Separately, a Government e-Marketplace [GeM] incident concerning furnishing of the Performance Security was raised against the petitioner. The Petitioner furnished the requisite ePBG of Rs.1,89,085.05/- following which respondent no. 3 accepted the Mutual Resolution Request on 22.06.2026 and the GeM incident stood formally closed. Despite the closure of the aforesaid GeM incident and without responding to the petitioner's pending proposals, respondent no. 3, on 27.07.2026, issued an order cancelling the GeM Contract on the general allegation that the petitioner had failed to execute the order in accordance with its terms and conditions. Thereafter, respondent no. 3 issued impugned Show Cause Notice dated 04.08.2026 invoking MILSPM-2023 and proposing administrative action, including moratorium/ debarment of the petitioner from the GeM portal. The petitioner submitted a detailed reply dated 07.08.2026, reiterating that the printers complied with the tender specifications and that the rejection was based upon an undisclosed criterion concerning the internal construction of the cartridge. In these circumstances, the petitioner has approached this



Court with the aforesaid reliefs.

3. At the outset, the learned counsel appearing for the respondent no. 1/Union of India contends that the present writ petition is not maintainable on account of lack of territorial jurisdiction as the petitioner as well as respondent nos. 2 and 3 are situated in Pune, and the entire cause of action has arisen in Pune, Maharashtra. The learned counsel also argues that even otherwise, the writ petition is not maintainable as the petitioner has an alternative remedy of invoking the arbitration clause, more so since no order of debarment/blacklisting etc. has yet been passed.

4. The learned counsel appearing for the petitioner contends that the impugned cancellation and consequential debarment proceedings are arbitrary, unreasonable and contrary to the tender conditions, particularly when the petitioner had successfully qualified technically, was declared L-1, supplied the entire consignment, and produced independent Government reports certifying compliance. It is argued that the office respondent no. 4, i.e. GeM is situated in Delhi and some of the prayers, which have been sought in this petition, are against the respondent no. 4; therefore, the present writ petition is maintainable before this Court.

5. This Court has **heard** arguments advanced by the learned counsels appearing for either side, and has perused the material available on record.

6. Since a preliminary objection as to the territorial jurisdiction of this Court has been raised, this Court proposes to deal with the same



at the outset. Clause (1) of Article 226 of the Constitution of India enables a High Court to exercise jurisdiction throughout the territories in relation to which it exercises jurisdiction, whereas clause (2) of Article 226 confers jurisdiction upon a High Court to issue directions, orders or writs if the cause of action, wholly or in part, arises within its territories, notwithstanding that the seat of the authority concerned may lie outside.

7. However, it is well-settled that every fact pleaded in a writ petition does not constitute a cause of action. It has been held in ***Union of India v. Adani Exports Ltd.***: (2002) 1 SCC 567 and in ***Alchemist Ltd. v. State Bank of Sikkim***: (2007) 11 SCC 335 that the facts pleaded must bear a nexus to the *lis* and must form an integral part of the cause of action.

8. Tested on the aforesaid principles, this Court finds that the material cause of action in the present case has arisen, in its entirety, at Pune, Maharashtra. The bid was floated, the contract concluded, the consignment of 189 printers supplied, the cartridge inspected and dismantled, and the consignment rejected on 14.02.2026, all at Pune; the demonstration before the Committee, and the technical reports of PDIL and the Government Polytechnic relied upon by the petitioner, likewise emanated from Pune; and the two communications under challenge, i.e. the Cancellation Order dated 27.07.2026 and the Show Cause Notice dated 04.08.2026, were both issued by respondent no. 2 i.e. Munitions India Ltd. Pune, on the directions of respondent no. 3 i.e. Ammunition Factory Khadki, Pune. Both these communications



were addressed to the petitioner, at its office at Shivajinagar, Pune. Prayers (a) to (e) of the writ petition lie solely against respondent nos. 2 and 3, both of whom are situated at Pune, Maharashtra.

9. It is, moreover, the petitioner's own pleading in paragraph 23 of the petition that respondent no. 4 (GeM) exercised no oversight, review or approval role whatsoever in respect of the impugned cancellation. The grievance against respondent no. 4 is thus one of omission, and the reliefs claimed against it, in respect of challenging the internal mechanism of the GeM and its Incident Management Policy, are only incidental, whereas the primary cause of action entirely relates to the cancellation of order and issuance of show cause notice by respondent no. 2 and 3, to the petitioner, all of whom are situated in Pune, Maharashtra.

10. In these circumstances, it would be relevant to take note of the decision of the Hon'ble Supreme Court in case of ***State of Goa v. Summit Online Trade Solutions (P) Ltd.***: (2023) 7 SCC 791, wherein it has been held as under:

“14. While dealing with an objection as to lack of territorial jurisdiction to entertain a writ petition on the ground that the cause of action has not arisen within its jurisdiction, a High Court essentially has to arrive at a conclusion on the basis of the averments made in the petition memo treating the contents as true and correct. That is the fundamental principle. Bearing this in mind, we have looked into the petition memo of WP (C) No. 38 of 2017 and searched in vain to trace how at least part of the cause of action has been pleaded by the petitioning company, to have arisen within the territorial jurisdiction of the High Court.

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17. Determination of the question as to whether the facts pleaded constitute a part of the cause of action, sufficient to



attract clause (2) of Article 226 of the Constitution, would necessarily involve an exercise by the High Court to ascertain that the facts, as pleaded, constitute a material, essential or integral part of the cause of action. In so determining, it is the substance of the matter that is relevant. It, therefore, follows that the party invoking the writ jurisdiction has to disclose that the integral facts pleaded in support of the cause of action do constitute a cause empowering the High Court to decide the dispute and that, at least, a part of the cause of action to move the High Court arose within its jurisdiction. Such pleaded facts must have a nexus with the subject-matter of challenge based on which the prayer can be granted. Those facts which are not relevant or germane for grant of the prayer would not give rise to a cause of action conferring jurisdiction on the court. These are the guiding tests.

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21. Even otherwise, the High Court was not justified in dismissing the interim applications. **Assuming that a slender part of the cause of action did arise within the State of Sikkim, the concept of forum conveniens ought to have been considered by the High Court. As held by this Court in *Kusum Ingots v. Union of India and Ambica Industries v. CCE*, even if a small part of the cause of action arises within the territorial jurisdiction of a high court, the same by itself could not have been a determinative factor compelling the High Court to keep the writ petitions alive against the appellant to decide the matter qua the impugned notification, on merit.”**

(emphasis added)

11. The Full Bench of this Court in ***Sterling Agro Industries Ltd. v. Union of India***: 2011 SCC OnLine Del 3162 has also held that even where a miniscule part of the cause of action arises within its jurisdiction, this Court may decline to entertain the petition on the principle of *forum conveniens*.

12. In view of the aforesaid, this Court is of the opinion that no material, essential or integral part of the cause of action has arisen within its territorial jurisdiction.



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13. The present petition is, accordingly, dismissed on the ground of want of territorial jurisdiction, leaving it open to the petitioner to avail of such remedies as may be available to it before the appropriate forum, including approaching concerned jurisdictional High Court, in accordance with law.

14. It is clarified that this Court has expressed no opinion whatsoever on the merits of the rival contentions, and all contentions of the parties are left open.

15. The petition, along with the pending application, stands dismissed.

16. The order be uploaded on the website forthwith.

DR. SWARANA KANTA SHARMA, J

SEPTEMBER 09, 2026/

VS