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2026:PHHC:006575-DB



**121 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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Date of Decision: January 19, 2026

M/S EARTHSHAstra ECOTECH PRIVATE LIMITED

.....Petitioner

Versus

THE STATE OF PUNJAB AND OTHERS

..... Respondents

**CORAM:- HON'BLE MRS. JUSTICE LISA GILL
HON'BLE MR. JUSTICE RAMESH CHANDER DIMRI**

Present: Mr. Ramanjit Singh, Advocate for the petitioner.

Mr. R.S. Pandher, Addl. AG, Punjab.

Mr. Parambir Singh, Advocate for respondents No. 2 and 3.

LISA GILL, J.

1. Prayer in this writ petition reads as under:-

“(1) Issue a suitable writ, order or direction especially in the nature of Certiorari setting aside the Corrigendum dated 29.11.2024 whereby the Respondents have unlawfully and in an unauthorized manner directed forfeiture of Earnest Money Deposit (EMD) of Rs.42,00,000/- submitted by the Petitioner for the work of "Selection of Concessionaire for execution/installation and Operation & Maintenance of 200 TPD Waste (Organic) and other Biodegradable Waste as feed at Jamalpur Site, Ludhiana, Punjab

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under Public-Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (the 'DBFOT')", on completely subjective and whimsical grounds;

(ii) For issuance of a suitable writ, order or direction especially in the nature of Mandamus, thereby directing the Respondents to release the Earnest Money Deposit (EMD) amounting to Rs. 42,00,000/- to the Petitioner Company, particularly in the absence of any forfeiture clause in the Request For Proposal (RFP) issued by the Respondents, and further directing the Respondents to comply with the terms and conditions of the RFP In accordance with the principles of law;

(iii) Further, for issuance of a suitable writ, order or direction especially in the nature of Certiorari for setting aside the Letter dated 28.11.2024 Issued by Respondent No. 2 whereby the bid dated 26.06.2024 submitted by the Petitioner Company in consortium with M/s Arc Biofuel Pvt. Ltd. has been arbitrarily rejected on the basis of a misleading Technical Advisory Committee Resolution dated 08.11.2024, and further, whereby the Petitioner has been illegitimately and capriciously debarred from participation in future procurements of the procuring entity for a period of 2 years without providing any opportunity of personal hearing and thereby being violative of the mandatory principles of natural justice.;

(iv) Further, for issuance of a suitable writ, order or direction especially in the nature of Mandamus thereby directing the Respondents to allow the Petitioner to participate in future procurements issued by the Procuring entity and other relevant authorities, as per applicable rules and regulations;

(v) Such other order or direction which this Hon'ble Court may deem fit, just and proper under the circumstances of the case may also be passed in favour of Petitioner Company in the interest of justice.”

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2. Learned counsel for petitioner submits that respondent – Municipal Corporation, Ludhiana floated tender inviting online bids in March, 2024 (Annexure P-2) for “Selection of Concessionaire for Execution/Installation and Operation & Maintenance of 200 TPD Waste to CBG (WtG) Plant bases on Segregated Municipal Solid Waste (Organic) and other Biodegradable Waste as feed at Jamalpur Site, Ludhiana, Punjab under Public-Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (the “DBFOT”)”. It is submitted that tender was earlier cancelled on three occasions on the pretext of administrative reasons and thereafter again floated on 26.06.2024. Petitioner being fully eligible submitted its bid. Alongwith technical bid, petitioner in consortium with M/s Arc Biofuel Pvt. Ltd. also deposited an amount of Rs.42 lakhs in terms of Clause 2.20 of RFP document. Financial bids were opened on e-procurement portal on 16.08.2024. It was noticed by authorities that present petitioner in consortium with M/s Arc Biofuel Pvt. Ltd. had quoted maximum royalty, resulting in maximum Net Present Value (NPV) of Rs.50,26,49,879.67/- therefore, it emerged as H-1 Bidder. It was recommended on 16.08.2024 that sanction be accorded for scheduling a presentation of highest bidder. It is submitted that instead of allotting the work to petitioner, it was called for presentation to discuss the project methodology and cost breakdown. Petitioner/its authorized representative could not, however, appear on the designated dates and petitioner ultimately appeared on 10.09.2024 and all the issues, which were raised by procuring entity, were answered. Petitioner was expecting the work to be allotted, however, show cause notice dated 29.10.2024 was issued wherein it is stated that clarification on financial bid of Rs.132.90 crores and annual royalty of Rs.6.6 crores approximately for twenty years could

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not be justified by petitioner and that petitioner – firm had accepted that it could not execute the project at quoted amount and had sought to withdraw its bid to which authority had agreed in the best interest of project but formal withdrawal letter was never received. Petitioner was asked to explain as to why appropriate legal action against it should not be taken. Reply dated 29.10.2024 is stated to have been submitted by petitioner. Ultimately, vide order dated 28.11.2024 not only the bid submitted by petitioner was rejected, petitioner was debarred from participation in future procurements for two years and vide order dated 29.11.2024 bid security of Rs.42 lakhs was forfeited.

3. Learned counsel for petitioner vehemently argues that bid submitted by petitioner though may have been rejected, forfeiture of amount in question and debarring the petitioner for two years is not justified, keeping in view the fact that grounds as are available to respondent for resorting to such action are not satisfied. Insofar as the impugned order is concerned, it is only mentioned that petitioner is responsible for delay in execution of project and set back of three months has been suffered by authority in question. Learned counsel refers to clause 4 of RFP, which deals with Fraud and Corrupt Practices which can lead to forfeiture of their Earnest Money Deposit (EMD)/bid security or blacklisting. It is, thus, prayed that this writ petition be allowed.

4. Learned counsel for respondent No. 2 and 3, however, points out there is specific misrepresentation, fraudulent practice in which petitioner has indulged in, which justifies forfeiture of amount in question and blacklisting as has been done. It is submitted that ‘fraudulent practice’ is specifically defined in clause 4.3(b) as under:-

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“(b) **“fraudulent practice”** means a misrepresentation or omission of facts or disclosure of incomplete facts, in order to influence the selection process;”

5. Learned counsel by respondents No. 2 and 3 submits that by quoting unrealistic amount of royalty to be deposited with Municipal Corporation, the petitioner has indulged in fraudulent practice and there has been specific misrepresentation on its part. However, learned counsel for respondents was unable to deny that in impugned order dated 08.11.2024 there is not even a whisper of any fraudulent practice or misrepresentation on the part of petitioner which would bring the action of petitioner within the ambit of clause 4.3B of RFP. It is specifically mentioned in order dated 08.11.2024 that action of forfeiture of bid security and debarment of petitioner from participation in future procurements for a period of three years was taken on account of unnecessary delay of project and wastage of crucial resources of the authority.

6. Learned counsel for respondents, on telephonic instructions from Sh. Aaditiya Dachalwal, IAS, Commissioner, Municipal Corporation, Ludhiana submits that liberty may be afforded to respondents to take proceedings afresh against petitioner in accordance with law in respect to forfeiture of amount in question and blacklisting of petitioner.

7. Keeping in view the facts and circumstances as above, we uphold the rejection of financial bid of petitioner as we find no ground whatsoever to interfere in the decision so taken by respondent. Order of forfeiture of amount in question and blacklisting of petitioner is set aside with liberty to respondent to initiate/take proceedings afresh against petitioner in this respect, in accordance

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with law. We clarify that there is no expression of opinion whatsoever on merits of this aspect, lest there be prejudice to any of the parties.

8. Writ petition is, accordingly, disposed of.

(LISA GILL)
JUDGE

(RAMESH CHANDER DIMRI)
JUDGE

January 19, 2026
Rts

Whether speaking/reasoned: Yes/No
Whether reportable: Yes/No