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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **W.P.(C) 6847/2021 and CM APPL. 21645/2021**

M/S SAI COMMUNICATION

.....Petitioner

Through: Mr. A.K. Singh, Mr. Kamlesh Kamal,
Mr. Gourav Prasad, Mr. Ankit
Kumar, Advocates

versus

UNION OF INDIA AND ANR

.....Respondents

Through: Mr Vikrant N Goyal, Advocate.

CORAM:
HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

ORDER
02.02.2026

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1. The instant petition is for the following reliefs:

“a. Pass an order quashing/setting aside the memorandum dated 1st July 2021 and impugned order dated 14.07.2021 bearing file no. C.13011/01/2021 passed by the respondent no. 1 being ultra-virus illegal and un-constitutional.

b. Pass a direction that the petitioner shall not be prohibited from participating in any of the bidding process for any of the respondent's tender.

c. Pass a such other or further order or orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case.”

2. The facts of the case, as stated, would indicate that on 23.06.2021, the petitioner was awarded a contract for the hiring of 335 Data Entry Operators (Human Resource Outsourcing Services) through the GeM Portal hosted by



respondent no. 2 (hereinafter “**said Contract**”). When the petitioner was in the process of executing and performing the awarded contract, it received a memorandum dated 01.07.2021 from the respondent (hereinafter “**said Memorandum**”/“**SCN**”), which *inter alia*, noted that complaints have been received against the petitioner alleging violation of Clause 4.1 of the Service Level Agreement. The petitioner, thereafter, sent its reply to the said Memorandum dated 05.07.2021 (hereinafter “**said Reply**”), and upon it not receiving a reply from respondent no. 1 another communication dated 10.06.2021, was also sent by the petitioner.

3. However, to the petitioner’s shock, *vide* order dated 14.07.2021, the respondent found the petitioner in violation of Clause 4.1 of the Service Legal Agreement and the said Contract, and (1) terminated the said Contract; (2) blacklisted the petitioner; and further sought recovery of amounts from the petitioner, failing which, it was claimed, that an FIR would be lodged against the petitioner (hereinafter “**said Order**”/“**Impugned Order**”). It is this order, which is assailed in this petition.

4. The Court *vide* order dated 02.08.2021 passed an interim order, directing a stay on the operation of the Impugned Order insofar as it directs the Director General, Health Services to disengage the petitioner in respect of all other ongoing projects.

5. Learned counsel for the petitioner submits that owing to the afore-noted directions passed by the Court, the petitioner has been participating in the contracts being floated by the respondent. The order of termination and the debarment, therefore, has not been given effect to, till date. The termination of the contract would also not require any adjudication as the



period of that tender has been over and fresh tenders had been invited. As of now, the only issue requiring consideration relates to the blacklisting of the petitioner.

6. *Qua* this issue, the petitioner, *inter alia*, contends that the blacklisting was wholly uncalled for and is without application of mind. In any case, it is contended that the blacklisting cannot be made applicable till the lifetime of the petitioner. On the other hand, the respondents justify the said order.

7. Having considered the submissions made by learned counsel for the parties, it appears that the Impugned Order has been passed on the basis of surmises and conjectures. The said order of 6 paragraphs, records at paragraph no. 2, that the Ministry became aware of the petitioner having asked for and taken money from persons proposed to be engaged by them before their deployment in the Ministry which is against Clause 4.1 of the Service Level Agreement. Further, at paragraph no. 3, it is recorded that the said Reply submitted by the petitioner was found to be contrary to their record. The material portion of the Impugned Order reads as under:

“2. As per the terms and conditions of the contract, M/s Sai Communication was required to comply with the various clauses of the Service Level Agreement. It came to the notice of the Ministry that M/s Sai Communication has asked for and taken money from persons proposed to be engaged by them before their deployment in the Ministry of Health and Family Welfare which is against the clause 4.1 of the Service Level Agreement. A memorandum dated 02.07.2021 was issued to the aforesaid agency seeking its explanation within 3 days.

3. The representation dated 05.07.2021 submitted by the firm in response to Memorandum of Ministry has been examined and it is observed that the assertion made by M/s Sai Communication is contrary to the available records and it has been established that M/s Sai Communication has demanded / taken money for deployment of staff in the Ministry of Health and Family Welfare.



4. *Keeping in view the facts stated above, it has been decided by the Competent Authority to terminate the Contract Order No. GEMC-511687726217330 dated 23.06.2021 with immediate effect and also to blacklist the firm viz. Sai Communication, 432, Sant Nagar, East of Kailash, New Delhi-110065 due to breach of the terms and conditions of the contract and violation of clause 4.1 of the Service Level Agreement.*

5. *Further, M/s Sai Communication is directed to pay back the amount received from the concerned manpower as registration or other fees within a period of 10 days failing which an FIR would be lodged against the M/s Sai Communication.*

6. *This issues with the approval of the Competent Authority.”*

8. A bare perusal of the Impugned Order would indicate that the same does not contain any indication/information pertaining to—*first*, from where the Ministry got the information which it contends violates Clause 4.1 of the Service Level Agreement; *second*, why the said information cannot be furnished to the petitioner; and *third*, why the said Reply of the petitioner, which was a representation in furtherance of the SCN, was rejected.

9. Naturally, if the petitioner were to know who its accuser was, and what, in meaningful and actual terms, are the allegations against it; it would have been in a better position to defend itself and justify its actions. If, however, for any reason the information could not have been communicated to the petitioner owing to it being privileged, the reasons for secrecy ought to have borne out from the Impugned Order.

10. Additionally, the blacklisting/debarment under the Impugned Order also cannot be permanent in nature. The period of debarment, invariably depends, *inter alia*, on the seriousness of mis-conduct, recurring nature of the concerned act, and the past history of the offender. It can, however, not be permanent, as is the case under the Impugned Order. Reliance may be placed on the decisions of the Supreme Court in the case of *State of Odisha*



and Ors. v. Panda Infraproject Ltd.¹ and M/s. Kulja Industries Ltd. v. Chief Gen. Manager BSNL.²

11. Having considered the overall facts and circumstances of the case, the law discussed above, the passage of time and the fact that the petitioner still continues to, perform various contracts, with the respondents, there does not seem to be any reason to give effect to the Impugned Order dated 14.07.2021. Hence, the interim order is made absolute.

12. With the aforesaid observations, the instant petition stands disposed of.

PURUSHAINDRA KUMAR KAURAV, J

FEBRUARY 2, 2026

Nc/ksr

¹ (2022) 4 SCC 393.

² AIR 2014 SC 9.