GAHC010050892026

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THE GAUHATI HIGH COURT
(HIGH COURT OF ASSAM, NAGALAND, MIZORAM AND ARUNACHAL PRADESH)

Case No. : WP(C)/1487/2026

UNITED DRILLING TOOLS LIMITED
HAVING ITS REGISTERED OFFICE AT 139A, FIRST FLOOR, ANTRIKSH BHAVAN, 22 KASTURBA GANDHI MARG, NEW DELHI 11001, ALSO HAVING ITS OFFICE ADDRESS AT 26TH FLOOR, ASTRALIS TOWER, SUPERNOVA COMPLEX, SECTOR 94 NOIDA, 201301 DIST. GB NAGAR, UTTAR PRADESH, INDIA REPRESENTED BY ITS DULY AUTHORIZED REPRESENTATIVE MR. ANAND MISHRA, COMPANY SECRETARY.

VERSUS

OIL INDIA LIMITED AND 3 ORS
A COMPANY INCORPORATED UNDER THE COMPANIES ACT 1956 AND HAVING ITS REGISTERED OFFICE ADDRESS AT DULIAJAN, DIBRUGARH, 786602 REPRESENTED BY THE RESIDENT CHIEF EXECUTIVE, OIL INDIA LTD., DULIAJAN, DIBRUGARH, ASSAM.

2:THE OFFICDR OF THE DIRECTOR OPERATIONS

OIL INDIA LTD.
CORPORATE OFFICE
OIL HOUSE
PLOT NO. 19 SECTOR 16A
NOIDA 201301 UTTAR PRADESH.

3:THE OFFICE OF THE GENERAL MANAGER
MATERIALS
OIL INDIA LTD.
DULIAJAN
DIBRUGARH
ASSAM 786602

4:THE OFFICE OF THE GENERAL MANAGER

MATERIALS
OIL INDIA LTD.
DULIAJAN
DIBRUGARH
ASSAM 786602

5:THE OFFICE OF THE EXECUTIVE DIRECTOR (C AND P)
OFFICIATING
OIL INDIA LTD. DULIAJAN
DIBRUGARH
ASSAM 78660

BEFORE

HON'BLE MR. JUSTICE DEVASHIS BARUAH

For the Petitioner(s) : Ms. G. Goswami, Sr. Advocate
: Mr. A. Neog, Advocate

For the Respondent(s) : Mr. D. Saikia, Sr. Advocate
: Mr. A. Sharma, Advocate

- Date on which Judgment was reserved : N/A
- Date of Pronouncement of Judgment : **25.08.2026**
- Whether the pronouncement is of the Operative Part of the Judgment : Yes
- Whether the full Judgment has been Pronounced : No

JUDGMENT AND ORDER (ORAL)

Heard Ms. G. Goswami, the learned Senior counsel assisted by Mr. A. Neog, the learned counsel appearing on behalf of the Petitioner and Mr. D. Saikia, the learned Senior counsel assisted by Mr. A. Sharma, the learned counsel appearing on behalf of the

Respondent Nos. 1, 2, 3 and 4.

PREFACE:

2. The present writ petition has been filed by the Petitioner seeking the following reliefs:

> "*(a) Certiorari shall not be issued to set aside/quash the order dated 10.10.2025 issued by OIL blacklisting the Petitioner and putting the Petitioner under the Holiday List of OIL for 2 years w.e.f. 29.07.2025;*
>
> *(b) Certiorari shall not be issued to set aside/quash the order dated 12.12.2025 issued by OIL cancelling the contract dated 03.03.2025 and encashing the performance security submitted by the Petitioner vide letter dated 19.12.2025;*
>
> *(c) Certiorari shall not be issued to set aside/quash the order dated 15.12.2025 issued by OIL affirming the Banning Order dated 10.10.2025;*
>
> *(d) Certiorari shall not be issued to set aside/quash the new tender no vide Bid Number: GEM/2025/B/6558258 issued by OIL on 11.08.2025."*

3. At the outset, the learned Senior counsel appearing on behalf of the Petitioner submitted that insofar as the reliefs sought for at Serial Nos. (b) and (d), the Petitioner would not like to insist in the present proceedings and would like to avail a separate proceedings as envisaged under law and as such, necessary liberty be granted to the Petitioner. The learned Senior counsel also submitted that the instant writ petition be confined to the reliefs sought for at Serial Nos. (a) and (c).

4. A perusal of the reliefs at Serial Nos. (a) and (c) would show that the Petitioner's grievance in the present writ petition is the order dated 10.10.2025 whereby the Petitioner as well as all its associate firms were blacklisted for a period of 2 (two) years with effect from 29.07.2025 as well as the order dated 15.12.2025 which was affirmed by the Appellate Authority.

BRIEF FACTS OF THE CASE:

5. The Petitioner is a company engaged in the business of manufacture and supply of several critical patented products used by the Respondent OIL such as wire line winches, stabilizers and casing pipes. It is claimed by the Petitioner that the Petitioner has been doing business with the Respondents for the last 35 years.

6. On 01.08.2024, a Notice Inviting Tender was issued for supply, installation and commissioning of 2 (two) numbers of truck mounted hydraulic wire line winches at a contract value of Rs.13,73,60,000/-. The Petitioner participated in the said tender process and in doing so, executed the Integrity Pact which is a requirement for each bidder. On 03.03.2025, the contract was awarded to the Petitioner as the single bidder.

7. On 03.05.2025, an FIR was registered under the provisions of the Bharatiya Nyaya Sanhita, 2023 (for short 'BNS') and the

Prevention of Corruption Act, 1988 (for short 'the Act of 1988') by the CBI, New Delhi, against various persons including one Shri Prayas Chakravorty - Deputy GM of Oil India and 2 (two) officials of the Petitioner company, namely Shri Jyoti Kumar Singh, DGM Sales and Marketing; and Mr. Kanal Gupta, Managing Director of the Petitioner Company. The said FIR was registered and numbered as RC2172025A0012 under the provisions of Section 61(2) of the BNS read with Sections 7, 9, 10 and 12 of the Act of 1988.

8. All the 3 (three) persons who were named in the FIR, i.e. Shri Prayas Chakravorty, Shri Jyoti Kumar Singh and Shri Kanal Gupta were arrested. Subsequent thereto, on 27.06.2025, a Charge Sheet was submitted against Shri Prayas Chakravorty, Shri Jyoti Kumar Singh and Shri Kanal Gupta as well as the Petitioner company under Section 61(2) of the BNS and Sections 7, 9, 10 and 12 of the Act of 1988. Vide an order dated 14.08.2025, cognizance was taken under Section 61(2) of the BNS and Sections 7, 9, 10 and 12 of the Act of 1988 against Shri Prayas Chakravorty, Shri Jyoti Kumar Singh and Shri Kanal Gupta as well as the Petitioner company.

9. Subsequent thereto, the Supplementary Charge Sheet was submitted on 22.12.2025 wherein at Paragraph 16.7, it was mentioned that during the course of further investigation, no

irregularity could be found in the allotment of tenders to the Petitioner. It was also mentioned that the payments have been made to the Petitioner after receipt of the materials and all materials have been found received and duly recorded in the Goods Received Notes, (GRNs). In addition to the above, it was opined in the said Supplementary Charge Sheet that no involvement of other officers of OIL could be revealed in the allotment of tender dated 01.08.2024 (Purchase Order dated 03.03.2025) and no evidence could be found which show that other employees of the Petitioner company were involved in bribing Shri Prayas Chakravorty and other employees of the OIL for other tenders/purchase orders, awarded to the Petitioner.

10. The employees as well as the Managing Director of the Petitioner were granted bail.

11. In the meantime, on 04.05.2025, OIL wrote to the Petitioner informing the Petitioner about the events of 03.05.2025. On 02.07.2025, OIL informed the Petitioner that the events narrated in the FIR prima facie constituted violation of Section 2(1)(i) of the Integrity Pact and other provisions of the tender and OIL had therefore decided to suspend delivery of materials against the tender.

12. On 15.07.2025, the Petitioner responded requesting OIL to

revoke the order of suspension pending completion of investigation under the FIR and adjudication by the competent Court. However, on 29.07.2025, a Show Cause Notice was issued to the Petitioner asking the Petitioner to Show Cause as to why the Petitioner should not be blacklisted. The Petitioner was also placed under suspension for a period of 3 (three) months.

13. The Petitioner responded to the Show Cause Notice by submitting a Preliminary Reply dated 13.08.2025, thereby requesting for several documents referred to in the Show Cause Notice and also denied all allegations leveled in the FIR/Show Cause Notice and sought the indulgence of the Oil India in at least keeping the Show Cause Notice in abeyance pending investigation. The documents which were sought for by the Petitioner were:

(a) CBI's letter dated 04.05.2025;

(b) Note prepared by the concerned Department of Oil under Clause 8(i) of the 2023 Banning Policy;

(c) Committee report under Clause 8(i) of the 2023 Banning Policy;

(d) Document to show that the Show Cause Notice was vetted by OIL's legal department under Clause 4(iii) of the 2023 Banning Policy;

(e) Competent Authorities' approval for issuance of the Show Cause Notice again in terms with Clause 4 of the 2023 Banning Policy; and

(f) Any other documents relied on in the Show Cause Notice.

14. It is averred by the Petitioner that on 01.09.2025, OIL responded to the Petitioner's letter dated 13.08.2025 stating that the documents sought for by the Petitioner being internal documents of OIL could not be provided to the Petitioner. The Petitioner was further provided another opportunity to submit the Show Cause reply by 08.09.2025. It is further apparent from the materials on record that the Petitioner sought for further extension of time for submitting the detailed reply.

15. On 22.09.2025, the Petitioner instead of submitting the reply to the Show Cause Notice filed a writ petition being WP(C) No.5719/2025 before this Court. This Court vide an order dated 24.09.2026 issued notice but was not inclined to stay the Show Cause proceedings. However, this Court granted the Petitioner 7 (seven) days time to file its reply.

16. The final reply was filed by the Petitioner on 03.10.2025.

17. During the pendency of the said writ petition, on 10.10.2025, the impugned order of blacklisting was passed whereby the

Petitioner and all its allied firms were placed under Holiday List of OIL and thereby debarring them from participating against OIL's future tenders for a period of 2 (two) years with effect from 29.07.2025 i.e. the date of the suspension order.

18. The Petitioner thereupon preferred an Appeal on 08.11.2025 to the Director (Operations) under Clause 10 of the Banning Policy.

19. On 12.12.2025, the contract entered into with the Petitioner dated 03.03.2025 was cancelled and the performance security submitted against the work order dated 03.03.2025 was forfeited.

20. On 15.12.2025, the Appellate Authority dismissed the Appeal thereby affirming the order of putting the Petitioner in the Holiday List dated 10.10.2025.

21. The Petitioner on coming to learn about the termination of the contract as well as the blacklisting of the Petitioner vide the order dated 10.10.2025, which have been further affirmed by the Appellate Authority on 15.12.2025, withdrew the writ petition being WP(C) No.5719/2025 with a liberty to challenge the communication dated 12.12.2025 whereby the contract pertaining to the work order dated 03.03.2025 was terminated and the performance security was forfeited. Liberty was granted while withdrawing the writ petition on 16.12.2025.

22. The Petitioner thereupon approached this Court by filing the present writ petition on 10.03.2026.

23. The learned Coordinate Bench of this Court vide an order dated 16.03.2026 issued notice. No interim directions was passed though the Petitioner sought for.

24. The Respondent Nos. 1 to 4 filed their affidavit-in-opposition on 30.03.2026 wherein the justifications were provided as to why the contract was terminated and the performance security was forfeited. In addition to that, the Respondent Nos. 1 to 4 have also supported the impugned Banning Order dated 10.10.2025 as well as the Appellate Order dated 15.12.2025. It is categorically mentioned in the said affidavit-in-opposition that after issuance of the Show Cause Notice to the Petitioner on 29.07.2025, various opportunities were granted to the Petitioner to submit the reply. The Petitioner instead of submitting the reply, filed a preliminary reply on 13.08.2025 whereby the Petitioner requested for certain internal documents of OIL for preparing the final reply on the Show Cause Notice. It was further mentioned that vide the letter dated 01.09.2025, the Petitioner was duly informed that the documents sought for are pertaining to internal proceedings and the referred letter of the CBI was a mere forwarding letter of the subject FIR. The Petitioner was further advised to submit the final reply, if any,

within 08.09.2025 and in the event of no response, the preliminary reply dated 13.08.2025 would be treated as the final reply.

25. It was further stated in the affidavit-in-opposition that the Petitioner did not submit any reply rather sought for another 3 (three) weeks' time to file a reply vide a communication dated 04.09.2025. The Respondent OIL vide the letter dated 06.09.2025 extended the timeline upto 15.09.2025 to file the reply. However, instead of filing the reply, the Petitioner approached this Court by filing the writ petition being WP(C) No.5719/2025 challenging the OIL's Show Cause Notice cum Suspension Letter dated 29.07.2025. The said writ petition was listed for motion on 24.09.2025, on which date this Court while issuing notice categorically observed that there was no case made out for passing any interim directions till the next date. However, during the course of the proceedings, the learned counsel who appeared on behalf of the OIL in WP(C) No.5719/2025 served the documents to the Petitioner's counsel. The said aspect was recorded at Paragraph No.12 of the order dated 24.09.2025. This Court further vide the said order, permitted the Petitioner to file the reply within 7 (seven) days before the Competent Authority.

26. It was further stated in the affidavit-in-opposition that the Petitioner submitted the final reply on 03.10.2025. However, as the

final reply was submitted on 03.10.2025, the Respondent Authorities did not take note of the said reply taking into account that the final reply was submitted beyond the period of 7 (seven) days and proceeded to decide the proceedings on the basis of the earlier preliminary reply submitted by petitioner on 13.08.2025.

Subsequent thereto, on the recommendation given by the Final Committee on 08.10.2025 whereby it was recommended that the Petitioner should be put in the Holiday List till the conclusion of the judicial proceedings, the Competent Authority, vide a Speaking Order dated 10.10.2025 had put the Petitioner in the Holiday List for a period of 2 (two) years w.e.f. 29.07.2025. It was further mentioned that the Respondent OIL had also vide the letter dated 12.12.2025, cancelled the contract dated 03.03.2025 awarded to the Petitioner and the performance security was forfeited. In addition to that, the Respondents have in their affidavit-in-opposition justified the order dated 10.10.2025.

27. The Respondents have filed an additional affidavit on 11.06.2026 thereby bringing on record the certified copy of the charge sheet which was filed on 27.06.2025.

28. The Petitioner filed an additional affidavit on 23.07.2026 whereby the representation submitted on 25.02.2026 and 29.04.2026 seeking revocation of the order of debarment were

brought on record.

29. In the backdrop of the above, let this Court now consider the respective submissions made on behalf of the parties.

SUBMISSIONS MADE ON BEHALF OF THE LEARNED COUNSEL FOR THE PARTIES:

30. Ms. G. Goswami, the learned Senior counsel appearing on behalf of the Petitioner submitted that putting a company in a Holiday List amounts to blacklisting. Blacklisting of a company amounts to a civil death entailing grave consequences. Under such circumstances, the action on the part of the Respondent Authorities to proceed with the Show Cause proceedings initiated on the basis of the Show Cause Notice dated 29.07.2025 without considering the Show Cause Reply dated 03.10.2025 is unreasonable and unfair apart from violating the principles of natural justice. The learned Senior counsel appearing on behalf of the Petitioner submitted the principles of natural justice not only is confined to issuance of a Show Cause Notice, but also the consideration of the reply and if the reply had not been taken into account on a very technical ground that it was submitted on 03.10.2025, which was otherwise required to be submitted on 01.10.2025 and 02.10.2025 being a holiday, shows that the action on the part of the Respondent Authorities in passing the impugned

order is unfair and unreasonable thereby violating the mandate of Article 14 of the Constitution.

31. The learned Senior counsel further drawing the attention of this Court to the Banning Policy of OIL, 2023 submitted that Para 4 stipulates as to when an agency can be considered for debarment. For the purpose of such consideration, there is a requirement of a determination that the bidder had breached the Code of Integrity as per Rule 175 of the General Financial Rules, (GFR), 2017. The learned Senior counsel submitted that without a determination that there is a violation of Rule 175 of the GFR, the question of the debarment does not arise. The learned Senior counsel further submitted that in Para 5.1 also, it is the mandate that in respect of an ongoing contract, a contractor shall be put on a banning/debarment list of OIL after following the due process. There is a requirement of determination/conclusion arrived at, that the irregularities have been committed and then only such action of termination be taken.

32. The learned Senior counsel referring to the impugned order dated 10.10.2025 submitted that there is no determination or conclusion arrived at by the Respondent Authorities independently but merely on the basis of the FIR lodged by the CBI, the Charge Sheet submitted and the cognizance taken by the Court, the

decision was taken that continuing business with the Petitioner facing a criminal trial of bribery or corruption poses significant reputational, operational and compliance risk for OIL and it is under such circumstances, the impugned banning order was passed.

33. The learned Senior counsel further referred to Rule 151 of the GFR and submitted that a debarment from bidding is permitted when a bidder is convicted under the Act of 1988 or the Indian Penal Code or any law for the time being in force. Again, referring to Rule 175 of the GFR, and more particularly Rule 175(2), the learned Senior counsel submitted that there has to be a conclusion reached that bidder or the prospective bidder as the case may be, had contravened the Code of Integrity to take appropriate measures. The learned Senior counsel therefore submitted that in the present facts and circumstances, the impugned order of banning cannot be sustained in law. The learned Senior counsel further submitted that if the impugned banning order cannot be sustained in law, the consequential appellate order dated 15.12.2025 cannot also be sustained in law.

34. Mr. D. Saikia, the learned Senior counsel appearing on behalf of the Respondents on the other hand submitted that as per the Banning Policy, 2023, the power has been conferred upon the

Respondents to take action for debarment if there is a breach to the Code of Integrity as per Rule 175 of the GFR. The learned Senior counsel submitted that Rule 175 of the GFR specifically prohibits making offer, solicitation or acceptance of bribe, reward or gift, or any material benefit, either directly or indirectly, in exchange of an unfair advantage in the procurement process or to otherwise influence the procurement process. In the instant case, it would show from the FIR as well as the charge sheet that specific allegations have been made against the Petitioner as well as his officials. Based upon the various documents, a prima facie finding has been arrived at. It was prima facie established that the Petitioner had violated the integrity pact and accordingly, the impugned order dated 10.10.2025 was passed.

35. The learned Senior counsel further submitted that all opportunities were granted to the Petitioner and as such, they cannot be allowed to make a submission that the principles of natural justice were violated.

36. The learned Senior counsel further referred to the recommendations of the Final Committee as regards the violation of Section 2 of the Integrity Pact wherefrom it would show that every contention made by the Petitioner were taken into consideration.

37. The learned Senior counsel submitted that Rule 175 empowered the Respondent OIL to take appropriate measures when a breach of the Code of Integrity is prima facie established and therefore the Respondent OIL can very well act before the conclusion of trial in order to safeguard its interest.

38. The learned Senior counsel also submitted that it is not known as to when the criminal trial would culminate and therefore based upon the documents which are available including the FIR and the charge sheet and the cognizance order, prima facie satisfaction was established that a case has been made out for debarment of the Petitioner for violating the Code of Integrity.

39. The learned Senior counsel for the Respondents further submitted that a perusal of Para 5.1 of the Banning Policy would show that what is required is prima facie establishment of the charges and in the instant case, the satisfaction was more than prima facie established.

ANALYSIS AND DETERMINATION:

40. Blacklisting has always been viewed by the Courts as a drastic remedy and the orders passed have been subjected to rigorous scrutiny. In ***Erusian Equipment & Chemicals Ltd. Vs. State of West Bengal*** *reported in* ***(1975) 1 SCC 70***, the Supreme Court observed

that blacklisting has the effect of preventing a person from the privilege and advantage of entering into a lawful relationship with the Government for the purpose of gains. It was further observed that the fact that the disability is created by the order of blacklisting indicates that the relevant authority is to have an objective satisfaction. In the case of ***B.S.N. Joshi & Sons Ltd. Vs. Nair Coal Services Ltd.*** *reported in* ***(2006) 11 SCC 548***, the Supreme Court observed that when a contractor is blacklisted by a Department he is debarred from obtaining a contract, but in terms with the Notice Inviting Tender where a tenderer is declared to be a defaulter, he may not get any contract at all. It may result in winding up his business. In other words, it would entail a disastrous effect upon the contractor. In the case of ***Blue Dreamz Advertising Private Limited and Another Vs. Kolkata Municipal Corporation and Others*** *reported in* ***(2024) 15 SCC 264***, the Supreme Court observed that the debarment is issued for protecting public interests from those contractors and recipients who are non-responsible, lacks business integrity, or engages in dishonest or illegal conduct, or are otherwise unable to perform satisfactorily. In other words, the debarment as a remedy is to be invoked in cases where there is a harm or potential harm for the public interest, particularly in cases where a person's conduct has demonstrated that debarment as a penalty alone will protect public interest and deter the person from repeating his actions which have a tendency to put public interest in jeopardy. The Supreme Court further observed in the said judgment about the implication of a person blacklisted, inasmuch as any person blacklisted is rendered ineligible and thereby the person would not only be debarred from dealing with the employer concerned, but because of his disqualification, the person's dealings with other entities are also proscribed. It was also observed that it is common that in Notice Inviting Tenders, one of the conditions of eligibility is that the agency should not be blacklisted from anywhere.

41. From the settled propositions of law, it is clear that the blacklisting is a drastic measure and therefore, it is the requirement of law that when such drastic measures are taken, there has to be an objective satisfaction of the competent authority.

42. In the backdrop of the above, let this Court consider as to whether the impugned order dated 10.10.2025 calls for any interference.

43. The materials on record would show that the Petitioner herein was granted a contract on 03.03.2025. On 03.05.2025, an FIR was lodged by the Central Bureau of Investigation, New Delhi, against one Shri Prayas Chakravorty, the Deputy GM of Oil India and 2 officials of the Petitioner. The said Shri Prayas Chakravorty and the

2 officials of the Petitioner were arrested. They were granted bail subsequently. Be that as it may, charge sheet was submitted not only against Shri Prayas Chakravorty but also against the 2 officials of the Petitioner Company as well as the Petitioner Company. Pursuant to the charge sheet which was submitted on 27.06.2025, cognizance was taken by the Court vide order dated 14.08.2025 under Section 61(2) of the BNS and Sections 7, 9, 10, and 12 of the Act of 1988.

44. It is also relevant to take note of that a Supplementary Charge Sheet was submitted on 22.12.2025. In the Supplementary Charge Sheet more particularly at Paragraph Nos. 16.5, 16.6 and 16.7, it was categorically mentioned that upon further investigation, no irregularity could be found in the allotment of tenders to the Petitioner. Taking into account its relevance, Paragraph Nos. 16.5, 16.6, 16.7 of the Supplementary Charge Sheet are reproduced herein under:

> "***16.5.*** *That after investigation a charge sheet dated 27.06.2025, was filed before this Hon'ble Court against 04 accused persons viz. Prayas Chakravorty (A-1), Jyoti Kumar Singh(A-2), Kanal Gupta (A-3) and M/s. United Drilling Tools Limited (UDTL) through its Authorized Representatives (A-4) for the offence u/s. 61(2) of BNS and under sections 7, 9, 10 and 12 of the PC Act, 1988 (as amended in 2018) and substantive offences thereof. The further investigation of this case was also kept open to ascertain the role of other officers of*

OIL/UDTL in the instances of bribes of this case as well as in other tenders allotted to M/s. UDTL.

16.6. *During the course of further investigation, apart from the tender/Purchase Order No.GEMC-511687779896608 dated 03.03.2025, other tenders which were allotted to M/s UDTL by Oil India Limited, Duliajan during the period 2020 to 2025, have also been scrutinized. Further investigation has revealed that accused Prayas Chakravorty was not associated with the said tenders/Purchase Orders as he was on deputation in Directorate General of Hydrocarbons (DGH), Noida, from 2017 to May, 2024. During further investigation, no association of Sh. Prayas Chakravorty has been found with any other tender allotted to M/s UDTL by OIL since 2020 except Purchase Order No.GEMC-511687779896608 dated 03.03.2025.*

16.7. *During the course of further investigation no irregularity could be found in the allotment of tenders to M/s UDTL. Further, it is revealed that the payments have been made to the vendor M/s. UDTL after the receipt of materials. All materials have been found received and duly recorded in Goods Received Notes (GRNs). No criminal involvement of other officers of OIL could be revealed in the allotment of tender bearing number GeM/2024/B/5237250 dated 01.08.2024 (Purchase Order no. GEMC-511687779896608 dated 03.03.2025. No evidence could be found which show that other employees of M/s. UDTL was also involved in bribing to Prayas Chakravorty and other employees of OIL, for other tenders/purchase orders, awarded to M/s. UDTL."*

45. In the meantime, prior to the submission of the Supplementary Charge Sheet on 22.12.2025, the Show Cause

Notice was issued on 29.07.2025 asking the Petitioner to show cause as to why the Petitioner should not be blacklisted. The record reveals that the Petitioner sought for various documents and on the ground of not furnishing those documents, the Petitioner claiming that it was not provided an adequate opportunity, filed a writ petition before this Court which was registered and numbered as WP(C) No.5719/2025. It is however relevant to take note of that on 13.08.2025, the Petitioner submitted a preliminary reply to the Show Cause Notice dated 29.07.2025. The Respondent OIL, while granting opportunities to the Petitioner to submit the Show Cause Reply, at all times informed the Petitioner that in the circumstance no reply was submitted, the Show Cause proceedings shall be decided on the basis of the preliminary reply dated 13.08.2025.

46. The order dated 24.09.2025 passed in WP(C) No.5719/2025 is of relevance inasmuch as this Court while issuing notice making it returnable on 17.10.2025 did not pass any interim directions staying the Show Cause proceedings. This Court opined that the act on the part of the Respondent OIL to issue the Show Cause Notice and putting the Petitioner under suspension, prima facie appeared to be in consonance with Para 4.3 of the Banning Policy. However, this Court granted the Petitioner liberty to file the reply within 7 (seven) days from 24.09.2025 before the Competent

Authority.

47. The period of 7 (seven) days from 24.09.2025 expired on 01.10.2025. The Petitioner submitted the reply on 03.10.2025 and this aspect is duly admitted by the Respondents in their affidavit-in-opposition at Paragraph Nos. 15 and 16.

48. In spite of the reply submitted on 03.10.2025, the Respondents admittedly did not take into consideration the contents of the said reply on the ground that the reply was submitted on 03.10.2025 and not on 01.10.2025. It may not be out of place to observe that 02.10.2025 was a holiday and the Final Committee submitted its recommendation on 08.10.2025 at a time when the Petitioner's reply dated 03.10.2025 was already there on records.

49. The question therefore arises as to whether the Respondent Authorities while taking such drastic measures of blacklisting was reasonable and rational to proceed with the adjudication of the Show Cause Notice without taking into account the reply dated 03.10.2025. It may not be out of place to mention that the Petitioner was granted time by the Respondent OIL to file the reply by 15.09.2025. Till 24.09.2025, in spite of not submitting the reply, the Respondent Authorities did not take any action. This Court had granted a liberty to the Petitioner to submit the reply within 7

(seven) days. The Petitioner, no doubt had faulted, in not submitting the reply by 01.10.2025 but submitted the reply on 03.10.2025 when no decision was taken by the Respondents. It is the opinion of this Court that when such drastic measures are in the contemplation to be taken which amounts to a civil death of a Company, the Respondent Authorities ought to have been more rational and reasonable to take on record the reply dated 03.10.2025. No Heaven would have fallen had the reply dated 03.10.2025 was taken on record while arriving at the decision to blacklist the Petitioner.

50. There are various facets of the principles of natural justice. Merely issuance of a notice would not be sufficient if the reply submitted in pursuance to the notice is not taken into consideration. On this ground alone, it is the opinion of this Court that the impugned order dated 10.10.2025 cannot be sustained in law.

51. Let this Court now take note of the merits of the case as regards the challenge to the impugned order dated 10.10.2025. The terms of the tender required each bidder to submit the Code of Integrity Pact. Section 2 of the Integrity Pact stipulates the commitments of the bidder/contractor. Amongst the various commitments, it was the commitment of the Bidder that the

bidder/contractor will not directly or through any other bidder or firm, offer, promise, or give to any of the Principal's employees involved in the tender process or the execution of the contract, or to any third person, any material or immaterial benefit which he or she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract. It is also the bidder's/contractor's commitment that they would not commit any offence under the relevant anti-corruption laws of India.

52. Section 3 of the Integrity Pact further stipulates that if a bidder/contractor has committed a transgression through a violation of Section 2 or in any other form such as to put his reliability or risibility as bidder into question, the Principal would be entitled to disqualify the bidder from the tender process or to terminate the contract, if already signed.

53. Therefore, from a perusal of Section 2 and Section 3 of the Integrity Pact, it is clear that the power conferred upon the Principal to disqualify a bidder from the tender process and exclude from future contracts is subject to commission of a transgression of Section 2. The said aspect is important which would be seen in the later stages of the present judgment.

54. In the backdrop of the above, let this Court now take note of

the Banning Policy, 2023. Para 4.0 is with the heading "**PROVISIONS FOR ACTION IN CASE OF ERRING/DEFAULTING AGENCIES**".

In terms with Para 4.1, an agency can be considered for debarment if it is **determined** that the bidder had **breached** the Code of Integrity as per Rule 175 of the General Financial Rules, (GFR) 2017.

Para 4.1.1 refers to the Code of Integrity contained in Rule 175 of the GFR.

Para 4.2 has no relevance to the present proceedings and as such, not further dealt with.

55. Para 5.0 of the Banning Policy, 2023 is with the heading "**ACTION AGAINST ERRING/DEFAULTING AGENCIES IN RESPECT OF AN ONGOING TENDER/CONTRACT WHERE THE AGENCY HAS ERRED/DEFAULTED**". Para 5.1 of the Banning Policy, 2023 being relevant for the purpose of the present dispute is reproduced herein under:

"***5.1 Action against agencies in respect of an ongoing tender/contract, where the agency has erred/defaulted any of the provisions mentioned above in para 4.1 & 4.2:***

(i) ***The irregularities are prima-facie established during evaluation of bids:***

If it is prima-facie established that, bidder has erred / defaulted any of the provisions mentioned above in para 4.1 & 4.2; the Company shall reject the bid of such bidder and shall not consider for further evaluation/ award. If the bid is rejected after price bid opening and such bidder happens to be the lowest evaluated bidder, the tender shall be scrapped and retendered. Further, the Earnest Money Deposit (EMD)/Bid Security, if applicable and submitted by such bidder shall be forfeited.

(ii) ***The irregularities are prima-facie established after award of the contract:***

(a) During execution of Contract:

If the contractor is found to have erred / defaulted any of the provisions mentioned above in para 4.1 & 4.2, in respect of ongoing contract, such contractor shall be put on banning/debarment list of OIL after following the due process.

The concerned contract/order where irregularities have been committed shall be suspended forthwith by the Engineer-in-charge, who is supervising the contract, with the approval of the concerned Head of Sphere / Fields /Pipeline Headquarter, as applicable. The work/services/supply and payment shall be suspended, after taking into cognizance of provisions under para 5.2 below. The action shall be initiated for putting the vendor on banning/debarment list.

After following the due process, the order/contract where it has been concluded that irregularities have been committed shall be terminated. The contract Performance Bank Guarantee submitted by the Contractor shall be forfeited. Any payment due to the contractor for work already executed and accepted shall be payable after adjustment of any amount due from the contractor as per the *provision of the contract.*

In this case no Risk and Cost Clause will be applicable.

(b) The irregularities are prima-facie established after execution of the contract during defect liability period:

If it is found after execution of the contract, that the contractor erred / defaulted any of the provisions mentioned above in para 4.1 & 4.2, such agency shall be banned for future business with OIL after following the due process. The contract performance bank guarantee submitted by the contractor shall be forfeited, if the same is in Company custody.

(iii) ***Irregularities prima-facie established after expiry/completion of contract/supply:***

If the contractor is found to have erred / defaulted any of the provisions mentioned above in para 4.1 & 4.2, in respect of expired contract, such contractor shall be put on banning/debarment list of OIL after following the due process. However, this clause shall be applicable if the alleged irregularity is noticed and action initiated within 01 (one) year of last payment made under the contract/supply. The contract performance bank guarantee submitted by the contractor shall be forfeited, if the same is in Company custody."

56. A reading of Para 5.1 would show that against three eventualities, three separate Clauses i.e. Clause (i), Clause (ii) and Clause (iii) are stipulated.

Clause (i) relates to irregularities prima facie established during evaluation of the bids. The opening words of Clause (i) are "if it is prima facie established". It is of importance to note that the said Clause do not provide banning/debarment. However, from a perusal of Clauses (ii) and (iii), it is seen that the contents of the said Clauses do not mention about prima facie established though in the heading it is mentioned that the irregularities are prima facie established. It is also of importance to perceive that Clause (ii) and (iii) of Para 5.1 contemplates banning/debarment. The contents of Clauses (ii) and (iii) would further make it apparent what is conceived is determination/conclusion of the existence of facts which show that the Contractor had erred/defaulted in any of the provisions mentioned in Para 4.1 and 4.2 of the Banning Policy or for that matter, commission of the irregularities. It also formulates the manner in which such decision is to be arrived at i.e. by following the due process. However in respect to Clause (i) of Para 5.1 of the Banning Policy, such formulation of the manner to arrive at the decision is not there.

57. This Court also finds it relevant to observe that a banning policy has to be in consonance with the settled principles of law. A drastic measure of blacklisting which entails the consequence of a civil death to a contractor cannot be based upon a prima facie satisfaction. It has to be determinative to arrive at a satisfaction that the existent facts calls for drastic action against the contractor. It may not be out of place to observe that the term "prima facie" is

latin term meaning "at first sight" or "on the face of it". Therefore, the term "prima facie established" would mean a established on a cursory glance. If this Court accepts that blacklisting/debarment can be carried out merely on being prima facie established, it would result in drastic consequences being taken without a proper assessment on available material facts. It may not be out of place to observe that in the case of ***Blue Dreamz Advertising Private Limited (supra)***, the Supreme Court observed debarring a person albeit for a certain number of years tantamounts to civil death inasmuch as the said person is commercially ostracized resulting in serious consequences for the person and those who are employed by him.

58. Rule 151 of the GFR comes into play when a bidder had been **convicted** of an offence under the Act of 1988 or the Indian Penal Code or any other law for the time being in force causing any loss of life or property or causing a threat to public health as part of execution of a public procurement contract.

59. Rule 175 of the GFR would show that when there is a violation to the Code of Integrity, after providing the person to be affected a reasonable opportunity of being heard, a **conclusion** has to be arrived at that the bidder or the prospective bidder, as the case may be, had **contravened** the Code of Integrity and then the

Competent Authority may take appropriate measures. The term "comes to the conclusion" as appearing in Rule 175(2) also postulates that there has to be an objective satisfaction reached independently on the materials available that the Code of Integrity had been violated. Additionally, Rule 175 of GFR does not mention about prima facie established but rather refers to conclusion.

60. This Court now finds it relevant to take note of the Final Committee's recommendation dated 08.10.2025 as well as the impugned order dated 10.10.2025. A perusal of the recommendation dated 08.10.2025 would show that the satisfaction reached is prima facie satisfaction. The said prima facie satisfaction is not based upon independent assessment or enquiry on the materials available but based upon an FIR filed by the CBI, the Charge Sheet submitted by the CBI, the cognizance taken by the Court and the reluctance of the Respondents to carry on business with a contractor who is being tried before a Criminal Court on the allegation of forgery/bribery.

61. Let this Court now analyze the basis of the prima facie satisfaction. The first document is the FIR submitted by the Central Bureau of Investigation. It is well settled that an FIR is not a substantive evidence. It only triggers the criminal investigation. It can at best be used for the limited purpose of corroborating or

contradicting the informant who lodged, in a criminal trial. {See ***Sk. Hasib Vs. State of Bihar*** *reported in* ***(1972) 4 SCC 773***}.

The next document is the Charge Sheet submitted by the Central Bureau of Investigation. A Charge Sheet is the culmination of the investigation and records the Investigating Officer's opinion - formed on the material collected - that a case for trial against the named accused. It is not a substantive piece of evidence and the contents of the Charge Sheet has to be proved independently by admissible evidence in a criminal trial.

The third document is the order of taking cognizance. The order of taking cognizance implies application of mind of Judicial Court to the suspected commission of offence for the purpose of proceeding under the Code of Criminal Procedure, 1973 or the Bharatiya Nagarik Suraksha Sanhita, 2023.

The above documents solely cannot be made the basis for taking the drastic step of blacklisting without an independent assessment made on the basis of any enquiry by the Competent Authority to arrive at a conclusion that there exists materials justifying the penalty of debarment.

The reason for passing the impugned debarment order dated 10.10.2025 is the reluctance of the Respondent OIL in carrying on a business with a contractor who is facing a trial on allegations of bribery and corruption. Neither the Banning Policy of the Respondent OIL nor the General Financial Rules, 2017 provides a stipulation that a contractor facing a criminal trial involving allegations of bribery/corruption would be debarred/blacklisted. Rather Rule 151 of the General Financial Rules, 2017 stipulates steps for debarment/blacklisting upon conviction. It is also of importance to note the Rule 175(2) of the General Financial Rules, 2017 permit the Competent Authority to debar impose debarment/blacklisting upon conclusion reached that there is violation to the Code of Integrity.

62. Considering the above, it is therefore the opinion of this Court that the impugned order dated 10.10.2025, by which the Petitioner was put into the Holiday List cannot be sustained in law as it is not based upon an objective satisfaction of the Competent Authority on the basis of the materials available. The filing of an FIR, submission of the Charge Sheet as well as cognizance taken by the Court, in the opinion of this Court cannot be the basis without there being an independent assessment on the basis of the materials available.

63. At this stage, let this Court consider an important aspect which stems from the submission made by the learned Senior counsel

appearing on behalf of the Respondents that the proceedings of debarment cannot await the final culmination of the criminal trial. This aspect is an important aspect taking into account that in the final reply submitted by the Petitioner on 03.10.2025, the Petitioner had made an alternative plea that the debarment proceedings should be stalled pending the criminal trial. It is the opinion of this Court that a proceedings for debarment/blacklisting is a separate proceedings invoked on the basis of the terms of the tender, banning policies etc. It is completely distinct and different from a criminal trial inasmuch as, in a proceedings for debarment, what is to be decided is based upon the materials available before the Competent Authority whether an action of debarment is justified. The touchstone is preponderance of probabilities unlike in a criminal trial where the evidence is to be proved beyond reasonable doubt.

64. Therefore, for deciding a proceedings for debarment, what is required are materials/evidence justifying action to be taken in terms with the terms of the contract, banning policies etc. It has to be decided by following the principles of natural justice and not strictly within the contours of the Bharatiya Sakshya Adhiniyam, 2023. The decision so taken to debar a contractor has to be reasonable, rational, non-arbitrary as well as applying the doctrine of proportionality. In other words, while taking a decision for

debarment, what is to be looked into is as to whether the action taken conforms to Article 14 of the Constitution of India. Therefore, in the opinion of this Court, the pendency of a criminal proceedings would not act as an impediment to initiate or take action for debarment.

65. In the previous segments of the instant judgment, this Court has already opined that the impugned order dated 10.10.2025 cannot be sustained in law primarily for two reasons. First, on the ground of unreasonableness and irrationality inasmuch as the final reply dated 03.10.2025 was not taken into consideration while deciding the show cause proceedings initiated vide the Show Cause Notice dated 29.07.2025. The second reason is that the competent authority without arriving at an independent assessment on the basis of the materials available with the authority have passed the impugned order merely on the basis that an FIR had been lodged, charge sheet filed, cognizance taken and the Respondents' reluctance to carry on business with a company which is alleged of offences pertaining to bribery/corruption.

66. Taking into account the above, it is the opinion of this Court that this is a fit case for remand to the competent authority of the Respondent OIL to take a fresh decision on merits, after setting aside the impugned order dated 10.10.2025 and the Appellate

order dated 15.12.2025.

67. This Court further takes note of the submission made by the learned Senior counsel appearing on behalf of the Petitioner that the Petitioner is not insisting on the relief at Serial Nos. (b) and (d) and have sought liberty to initiate separate proceedings as envisaged under law. It is the opinion of this Court that the blacklisting/debarring is a completely separate cause of action from that of termination of the contract and forfeiture of the security deposit. Under such circumstances, it is therefore the opinion of this Court that the Petitioner should be granted the leave to file separate proceedings, if so advised, as envisaged under law challenging the communication dated 12.12.2025 whereby the contract dated 03.03.2025 was cancelled and the performance security was forfeited and other consequential actions.

CONCLUSION:

68. Accordingly, the instant writ petition therefore stands disposed of with the following observations and directions:

(i) The impugned Banning Order dated 10.10.2025 passed by the Executive Director (C&P) i.e. the Respondent No.4 is set aside and quashed.

(ii) The impugned order dated 15.12.2025 passed by the Director

(Operations) i.e. the Respondent No.2 is set aside and quashed.

(iii) The question as to whether the Petitioner should be debarred on the basis of the Show Cause Notice dated 29.07.2025 is remanded back to the Competent Authority of the Respondent OIL to be decided afresh. This Court further directs that while deciding afresh, the competent authority of Respondent OIL shall not only take into consideration the Petitioner's preliminary reply dated 13.08.2025 but also the final reply dated 03.10.2025, the representations dated 25.02.2026 and 29.04.2026 and further provide the Petitioner an opportunity of personal hearing.

(iv) This Court further directs that the said decision be taken by the Competent Authority of OIL within a period of 60 (sixty) days from the date a certified copy of the instant judgment is served upon the Executive Director, (C&P). Till such decision is taken within the period stipulated above, the suspension of the Petitioner which was imposed vide the communication dated 29.07.2025 shall continue.

(v) The Petitioner herein is granted the liberty in respect to the reliefs sought for at Serial Nos. (b) and (d) to file separate proceedings, if so advised.

(vi) There shall be no order as to costs.

Bijoy Saha Digitally signed by Bijoy Saha Date: 2026.08.27 20:32:32 +05'30'

JUDGE

Comparing Assistant