IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.7923 OF 2026

Yashraj Global Infracon LLP, Pune]
Through its Partner :]
Mr. Ketan Pandit Undre] .. Petitioner

Versus

1. The Superintending Engineer,]
Bhavan Rachana Department,]
Pune Municipal Corporation, Pune]

2. The Municipal Commissioner,]
Pune Municipal Corporation, Pune]

3. The State of Maharashtra] .. Respondents

Mr. Vishal Kanade with Ms. Shraddha Dubepatil, Advocates for the Petitioner.

Mr. R.M. Pethe, Advocate for Respondent Nos.1 and 2.

Ms. Neha S. Bhide, Government Pleader, with Mr. Kedar B. Dighe, Additional Government Pleader and Mrs. R.M. Shinde, Assistant Government Pleader for Respondent No.3.

CORAM : RAVINDRA V. GHUGE, ACJ. &
GAUTAM A. ANKHAD, J.

DATE : 3rd August, 2026.

JUDGMENT (per: Gautam A Ankhad, J)

1. Rule. Rule is made returnable forthwith and heard finally by the consent of the parties.

2. The Petitioner challenges the decision/Circular dated 20th

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March, 2026 issued by Respondent No.1, whereby the Petitioner has been blacklisted for a period of one year without a show cause notice proposing such action or being afforded an opportunity of hearing.

3. The facts giving rise to the Petition are briefly stated as follows :

(a) On 7th August, 2025, Respondent Nos.1 and 2 floated Tender No. 54 of 2025 for carrying out remaining works at the Exhibition Centre (Phase-3) at Kothrud, Survey No.69 and 70.

(b) On 11th December, 2025, the bids were opened by Respondent Nos.1 and 2 and the Petitioner emerged as 'L1' bidder.

(c) On 15th December, 2025, the Model Code of Conduct came into force on account of the Municipal Corporation elections in the State of Maharashtra and remained operative till 19th January, 2026.

(d) On 17th December, 2025, Respondent No.1 called upon the Petitioner to deposit additional security deposit within eight days. The Petitioner was informed that upon its failure to comply, the Respondents would take appropriate action as per the tender conditions.

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(e) On 19th December, 2025, the Petitioner informed Respondent No.1 that, in view of the operation of the Model Code of Conduct, the contract could not be awarded during the said period.

(f) In response, on 21st January, 2026, the Petitioner was put to notice that Respondent No.1 was initiating further action for not complying with the tender conditions as well as the requirement for furnishing additional security deposit as per its letter of 17th December, 2025.

(g) On 29th January, 2026, the Petitioner informed Respondent No.1 of its inability to perform the works awarded due to increase in costs and requested for cancellation of the tender.

(h) On 20th March, 2026, Respondent No.1 blacklisted the Petitioner for one year, rendering it ineligible to undertake works of Respondent No.2. Aggrieved by the impugned Circular / impugned order, the Petitioner has filed this present Petition.

4. Mr. Kanade, learned counsel appearing on behalf of the Petitioner, submits that the impugned Circular has been issued in gross

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violation of the Principles of Natural Justice. Respondent No.1 has passed the blacklisting order without issuing a specific show cause notice that it intended to impose a penalty of blacklisting. The Respondents have not afforded a hearing to the Petitioner before issuing the impugned Circular. Under clause 15(1) of the tender conditions, several punitive options are available, including declaring the Petitioner ineligible or forfeiting the security deposit amounts. The blacklisting is disproportionate to the alleged breach and adversely affects the Petitioner's ongoing businesses. He relies upon the judgment of the Hon'ble Supreme Court in ***Gorkha Security Services Vs. Government (NCT of Delhi) & Ors.***[1] in support of his submissions and prays that the impugned Circular ought to be quashed and set aside.

5. On the other hand, Mr. Pethe, learned advocate for Respondent Nos. 1 and 2 submits that the Petitioner, after participating in the tender and emerging as the successful bidder, failed to comply with the tender conditions and ultimately expressed its unwillingness to execute the work. He submits that the Petitioner was put to notice by Respondent No.1's letters of 17th December, 2025 and 21st January, 2026 and was warned that action under the tender conditions would follow in the event of non-compliance. Since Clause 15 of the tender

1 (2014) 9 SCC 105

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contemplates blacklisting, no separate show cause notice specifically proposing such action is necessary. Reliance is placed upon the judgment of the Hon'ble Supreme Court in ***Grosons Pharmaceuticals (P) Ltd. Vs. State of U.P. & Ors.***[2] to submit that no reliefs ought to be granted in this petition.

6. Having heard the learned counsel and perused the record, we find merit in the Petition. It is an admitted position that no show cause notice was issued specifically informing the Petitioner that Respondent No.1 proposed to blacklist it. It is also undisputed that a hearing was not granted by Respondent No.1 before the impugned Circular was issued.

7. It is settled law that blacklisting has serious consequences as it affects the commercial standing and future participation in public contracts. An order of blacklisting cannot be sustained unless the affected party is first put on clear notice that such action is proposed and is afforded an opportunity to show cause against the proposed action. The absence of such notice has deprived the Petitioner of an opportunity to explain why the extreme penalty of blacklisting ought not to be imposed, particularly when clause 15 of the tender conditions contemplates several other consequences for breach, including forfeiture

2 (2001) 8 SCC 604

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of security deposit. In ***Gorkha Security Services (supra)***, the Hon'ble Supreme Court has reiterated the requirement of a show cause notice and held that a show cause notice must not merely allege the defaults committed, but must also specifically indicate that the authority proposes to impose the penalty of blacklisting. Only then can the noticee effectively demonstrate why such an extreme consequence should not follow.

8. We are unable to accept Mr. Pethe's submission that the communication dated 21st January, 2026 itself constitutes a valid show cause notice. The said communication merely states that further action under the tender conditions would be initiated, due to the Petitioner's failure to furnish the additional security deposit and other documents. It neither discloses that blacklisting was under contemplation, nor calls upon the Petitioner to show cause against such proposed action. Vague averments of a proposed action cannot be equated to a show cause notice on a contemplated serious and prejudicial action of blacklisting. The mandatory requirement laid down in ***Gorkha Security Services* (supra)** is not satisfied.

9. Mr. Pethe's reliance on the decision in *Grosons Pharmaceuticals (P) Ltd.* (supra), is also misconceived. In that case, the

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concerned party had been served with a specific show cause notice proposing the action of blacklisting and a reply was filed before the order of blacklisting was passed. It was in those circumstances that the Hon'ble Supreme Court upheld the action, observing that the explanation of the noticee had been duly considered by the competent authority as well as by the High Court. The ratio of the said decision is inapplicable to the facts of the present case, where admittedly no show cause notice proposing blacklisting was ever issued to the Petitioner.

10. In our view, the impugned Circular is in gross violation of the Principles of Natural Justice. The same is set aside and **the Petition is allowed in terms of prayer clause (a),** which reads as under:-

> *'(a) That this Hon'ble Court may be pleased to issue Writ in the nature of Mandamus or such other writ, order or direction thereby calling for the records and proceedings pertaining to the Impugned Circular dated 20.03.2026 issued by Respondent No.1 and after examining the legality and validity of the same, be pleased to quash and set aside the Impugned Circular.'*

11. **Rule is made absolute in the above terms**. There shall be no order as to costs.

[GAUTAM A. ANKHAD, J.] **[ACTING CHIEF JUSTICE]**

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