



2026:DHC:4842



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IN THE HIGH COURT OF DELHI AT NEW DELHI

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Judgment reserved on: 15.04.2026

Judgment pronounced on: 29.05.2026

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O.M.P. 1150/2012

KRR INFRA PROJECTS PVT LTD

.....Petitioner

Through: Mr. Anmol Wadhwa,
Contemnor No. 1.
Dr. Amit George, Mr. Rajeev
Kumar and Mr. Adhishwar
Suri, Advocates for Contemnor
Nos. 3 to 5.

versus

UNION OF INDIA & ORS

.....Respondents

Through: Ms. Anubha Bhardwaj, CGSC
along with Ms. Ananya
Shamshery, Ms. Riddhi Grover,
Mr. Mayank Bawa, Advocates
along with Mr. Yogesh Mittal,
DGMAP.

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O.M.P. 1151/2012

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CORAM:

**HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR**

J U D G M E N T

HARISH VAIDYANATHAN SHANKAR, J.

**CCP(O) 97/2013 (Contempt petition under Sections 10 & 11 of the
Contempt of Court Act) in O.M.P. 1150/2012**

**CCP(O) 96/2013 (Contempt petition under Sections 10 & 11 of the
Contempt of Court Act) in O.M.P. 1151/2012**

1. The present Contempt Petitions, being *CCP(O) No. 97/2013* and *CCP(O) No. 96/2013*, have been instituted under Sections 10 and 11 of the **Contempt of Courts Act, 1971¹** read with Section 151 of the **Code of Civil Procedure, 1908²**, arising out of ***O.M.P. No. 1150/2012*** and ***O.M.P. No. 1151/2012³***, respectively, by the Petitioner herein, i.e., **Union of India⁴**, seeking the reliefs in the following terms:

“(a) Summon the respondent and further be pleased to initiate the contempt proceedings and punish the contemnor for the contempt of order dated 15.02.2013; and/or;

(b) Pass any other appropriate order or direction that this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case and in the interest of justice;”

¹ CCP Act

² CPC

³ Section 9 Petitions

⁴ UOI



2. By way of the said Contempt Petitions, the UOI alleges wilful disobedience of the directions passed by this Court *vide* Order dated 15.02.2013 in the Section 9 Petitions, which were similarly worded. The relevant extract of the said Order passed in one of the Section 9 Petitions, *namely*, O.M.P. No. 1151/2012, reads as follows:

“Rejoinder has not been filed. Same be filed within one week. Learned counsel for the respondents states that the bank guarantees are expiring on 2nd March, 2013. Learned counsel for the petitioner states that he will verify the position and in case the same are not renewed, the petitioner shall see that the same are kept alive till the disposal of the petition. Subject to keeping the bank guarantees alive, the interim order to continue.
List on 19.03.2013.”

3. This Judgment shall decide the aforesaid Contempt Petitions instituted by the UOI seeking initiation of contempt proceedings against the common Respondents/Contemnors, *namely*,

- (i) B. Vasu/Respondent No. 1,
- (ii) **KRR Infra Projects Pvt Ltd**⁵/ Respondent No. 2,
- (iii) Kunam Raghava Reddy/ Respondent No. 3,
- (iv) Kunam Rajani/ Respondent No. 4,
- (v) Anil Reddy Kunam/ Respondent No. 5,

for the alleged deliberate and wilful disobedience of the Order dated 15.02.2013 passed by this Court in the Petitions filed under Section 9 of the Arbitration and Conciliation Act, 1996.

4. Since both the Contempt Petitions arise out of substantially identical facts and circumstances, emanate from similar orders passed by this Court, involve common parties, and raise overlapping questions of law and fact concerning the alleged non-renewal of **Bank**

⁵ KRR



Guarantees⁶ despite statements made before this Court, the same are being disposed of by way of this common Judgment.

5. For the sake of convenience and brevity, the facts, pleadings, and documents in *CCP(O) No. 97/2013* shall be referred to as the lead case, unless the context otherwise requires.

BRIEF FACTS:

6. KRR is stated to be a private limited company incorporated under the provisions of the Companies Act, 1956, and engaged in the execution of civil construction and infrastructure projects.

7. The present dispute arises out of two construction contracts awarded by the UOI, acting through the Directorate General, Married Accommodation Project, in relation to the construction of dwelling units along with allied services at Kolkata.

8. The first contract pertained to the construction of dwelling units, including allied services for Officers at RRC Line, OD Line, Rasponja, Hasting Line, and Dakshinishwar, Kolkata, whereas the second contract pertained to the construction of dwelling units, including allied services for Officers at Commissionate Road, II Line, and Salt Lake, Kolkata.

9. Pursuant to the tenders floated by the UOI, KRR submitted its bids. After following the due procedure, agreements were executed between the parties. In terms of Clause 26 of the **Special Conditions of Contract**⁷, KRR furnished various BGs for Rs. 3,24,00,000/- and Rs. 1,75,80,000/-, respectively. For ease of reference, the relevant details with respect to the bank guarantees, which are the subject

⁶ BGs

⁷ SCC



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matter of the present petitions, are reproduced below:

(i) BGs for First Project -

S. No.	Bank Guarantee No.	Amount (Rs.)	Date	Bank
1.	2010-11/49	3,24,00,000/-	24.01.2011 to 21.02.2015	State Bank of India

(ii) Details of BGs with regard to mobilization of advance are as follows -

S. No.	Bank Guarantee No.	Amount (Rs.)	Date	Bank
1.	2010-11/73	40,00,000	03.02.2011 to 02.03.2013	State Bank of India
2.	2010-11/74	40,00,000	03.02.2011 to 02.03.2013	State Bank of India
3.	2010-11/72	40,00,000	03.02.2011 to 02.03.2013	State Bank of India
4.	2010-11/71	40,00,000	03.02.2011 to 02.03.2013	State Bank of India
5.	2010-11/70	40,00,000	03.02.2011 to 02.03.2013	State Bank of India
6.	2010-11/68	40,00,000	24.01.2011 to 21.02.2013	State Bank of India

(iii) BGs for Second Project -

S. No.	Bank Guarantee No.	Amount (Rs.)	Date	Bank
1.	2010-11/27	1,75,80,000	17.01.2011 to 16.02.2015	State Bank of India



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(iv) Details of BGs with regard to mobilization of advance are as follows -

S. No.	Bank Guarantee No.	Amount (Rs.)	Date	Bank
1.	2010-11/46	25,00,000	18.01.2011 to 17.02.2013	State Bank of India
2.	2010-11/48	50,00,000	18.01.2011 to 17.02.2013	State Bank of India

10. As per the contractual stipulations, both projects were required to be completed within the prescribed contractual period after handing over of the respective sites. It is the case of the UOI that KRR failed to adhere to the agreed timelines and committed defaults in performance of its contractual obligations. Consequently, the UOI initiated steps for the invocation and encashment of the aforesaid BGs furnished by KRR.

11. Aggrieved thereby, KRR instituted the Section 9 Petitions, being *O.M.P. No. 1150/2012* and *O.M.P. No. 1151/2012*, *inter alia*, seeking restraint against the invocation and encashment of the aforesaid BGs.

12. The Section 9 Petitions were initially listed in December 2012 and thereafter came to be listed on various subsequent dates. Ultimately, the matters were taken up on 15.02.2013, when this Court passed the Order dated 15.02.2013 in both the Petitions, from which the present Contempt Petitions arise.

13. It is stated that on 18.02.2013, KRR allegedly addressed a communication to the concerned bank requesting extension of the validity of the BGs. However, notwithstanding the said request, the



BGs forming the subject matter of the present Petitions were not renewed or extended and consequently expired upon the lapse of their respective validity periods.

14. The grievance of UOI in the present proceedings is that, despite the continuation of interim protection on the aforesaid condition, the BGs were allegedly not renewed and were permitted to lapse upon expiry. Further, in accordance with the Order dated 15.02.2013, while the UOI refrained from proceeding with the encashment of the BGs in view of the statement recorded before this Court and the continuance of the interim order, the Respondents' subsequent failure to renew or perpetuate the validity of the BGs amounted to deliberate and wilful disobedience of the Order dated 15.02.2013.

15. In these circumstances, the present Contempt Petitions came to be instituted by UOI alleging the commission of civil contempt.

16. Initially, the Petitions were instituted against Respondent Nos. 1 and 2, *namely*, B. Vasu and KRR Infra Projects Pvt. Ltd.

17. Subsequently, the array of parties was amended and proceedings were also pursued against the persons stated to be directors/promoters of KRR, *namely* Kunam Raghava Reddy/Respondent No. 3, Kunam Rajani/Respondent No. 4, and Anil Reddy Kunam/Respondent No. 5 (*now deceased*).

18. The Respondents/Contemnors thereafter entered appearance and filed their respective Replies and Affidavits.

19. Broadly stated, the defence set up on behalf of the Respondents is that there was no deliberate or wilful disobedience of the Order dated 15.02.2013; that the company had suffered severe financial distress during the relevant period; that attempts had allegedly been



made to secure extension of the BGs from the State Bank of India; and that certain Respondents were either not Directors at the relevant point of time or were merely employees having no authority or control over the renewal of the BGs.

20. It is also pertinent to note that the Section 9 Petitions subsequently came to be dismissed for non-prosecution *vide* Orders dated 05.12.2013.

21. However, the present Contempt Petitions continued to remain pending for adjudication in relation to the alleged breach of the Order dated 15.02.2013 passed therein.

CONTENTIONS ON BEHALF OF THE PETITIONER/ UOI:

22. Learned counsel appearing on behalf of the UOI has submitted that the present Contempt Petitions have been instituted on account of deliberate and wilful disobedience of the Order dated 15.02.2013 passed by this Court in the Section 9 Petitions, whereby continuation of interim protection against invocation/encashment of the subject BGs was expressly made conditional upon the said BGs being kept alive till disposal of the Petitions.

23. It has been submitted that the KRR had obtained interim protection restraining the UOI from invoking and encashing the BGs furnished under the respective contracts and, in order to secure continuation of the said protection, a categorical statement was made before this Court on 15.02.2013, that reads as under:

“..... Learned counsel for the petitioner states that he will verify the position and in case the same are not renewed, the petitioner shall see that the same are kept alive till the disposal of the petition. Subject to keeping the bank guarantees alive, the interim order to continue.



List on 19.03.2013.”

(emphasis supplied)

24. Learned counsel has submitted that the UOI, acting upon the statement recorded before this Court and being bound by the interim order passed pursuant thereto, refrained from proceeding with the encashment of the BGs. However, despite having secured the continuance of the interim protection, the Respondents failed to renew and keep the BGs alive, as a consequence whereof, the BGs expired upon the lapse of their respective validity periods.

25. It has further been contended that the conduct of the Respondents in allowing the BGs to lapse, despite continuation of interim protection solely on the condition that the BGs would be kept alive, amounted to clear, conscious, and wilful disobedience of the Order dated 15.02.2013 and the statement made before this Court.

26. Learned counsel for the Petitioner further submitted that under Clause 26 of the SCC, the mobilization advance released to KRR was contractually required to be secured and recovered through the mechanism contemplated under the agreements, including the furnishing and maintenance of valid BGs. It has been contended that substantial mobilization advances had been released by the UOI and that the Respondents had failed to fulfil their contractual obligations, thereby compelling the UOI to initiate steps towards the invocation of the BGs.

27. It has additionally been contended that the plea sought to be raised by the Respondents regarding financial hardship or inability to secure renewal of the BGs cannot absolve them from compliance with a solemn statement recorded before this Court, particularly when



continuance of the interim protection was expressly made conditional upon the BGs remaining alive.

28. Learned counsel for the Petitioner has further submitted that the subsequent stand taken by certain Respondents that they were not Directors or persons-in-authority of KRR at the relevant point of time or that they lacked knowledge of the proceedings was an afterthought and liable to be rejected.

29. In this regard, it has been contended that the Contempt Petitions initially came to be instituted against Respondent No. 1 and Respondent No. 2, and thereafter, upon disclosures made during the course of proceedings regarding the actual management and directorship of KRR, the additional Directors/Promoters were impleaded in order to ensure effective adjudication of the Contempt proceedings.

30. On the aforesaid basis, learned counsel for the UOI has submitted that the actions of the Respondents disclose deliberate and contumacious disregard of the said Order passed by this Court and, therefore, the Respondents are liable to be proceeded against and punished for civil contempt under Sections 10 and 11 of the CCP Act.

CONTENTIONS ON BEHALF OF THE RESPONDENTS/ CONTEMNORS:

31. **Per contra**, the Respondents/Contemnors have opposed the present Contempt Petitions and have contended that there has been no deliberate, intentional, or wilful disobedience of the Order dated 15.02.2013 passed by this Court in the Section 9 Petitions.

32. As per the record, Respondent No. 1, *namely*, B. Vasu, filed an



Affidavit dated 28.07.2016 in the Contempt Petitions, wherein it has been contended that he was merely a salaried employee of KRR and was neither the promoter nor the ultimate decision-maker in relation to the affairs of KRR. It has further been averred that the decisions concerning renewal and perpetuation of the BGs were entirely within the domain of the Promoters/Directors of KRR and that he had no independent authority to take decisions in that regard.

33. It has further been submitted by Respondent No. 1 that he had resigned from the Company on health grounds w.e.f. 15.06.2013, and that his resignation came to be accepted upon completion of the notice period on 13.07.2013.

34. Respondent No. 1 has also contended that upon being summoned by this Court, he had duly appeared and furnished particulars regarding the Promoters/Directors of KRR, pursuant to which notices were subsequently issued to the said Directors.

35. Respondent No. 1 had further tendered an unconditional apology and prayed for exoneration from the Contempt proceedings on the ground that he had acted *bona fide* and had complied with all directions issued by this Court.

36. Respondent No. 2/KRR, along with Respondent No. 5, Kunam Anil Reddy, filed a detailed Counter Affidavit/Reply dated 07.12.2018. In the said reply, the said Respondents have contended that during the relevant period, the Company was executing multiple infrastructure projects across different States and had over-extended itself financially, which allegedly resulted in severe financial distress and eventual classification of its accounts as **Non-Performing Assets**⁸

⁸ NPA



by the State Bank of India on 27.11.2012.

37. The said Respondents have further contended that several contracts awarded to KRR by various authorities had also come to be terminated during the relevant period, thereby aggravating the financial condition of KRR. In support thereof, reliance has been placed upon, *inter alia*, the termination letter dated 25.06.2012 issued by the Airports Authority of India in relation to the Tirupati Airport Project.

38. It has further been contended that after the Order dated 15.02.2013 was passed by this Court, the management of KRR immediately approached the State Bank of India seeking extension and renewal of the BGs. In this regard, reliance has been placed upon a letter dated 18.02.2013 addressed by KRR to the State Bank of India requesting extension of the validity of the BGs. However, according to the said Respondents, the State Bank of India declined to renew the BGs in view of the deteriorated financial position of KRR and the classification of its accounts as NPA.

39. The said Respondents have further contended that despite best efforts undertaken by KRR to secure renewal of the BGs and to arrange alternate financial resources, the guarantees could not be kept alive due to circumstances beyond the control of KRR. It has, thus, been submitted that the essential ingredient of “wilful disobedience” was absent and, therefore, no case of Civil Contempt was made out.

40. The said Respondents also contended that substantial recoveries had already been effected by the UOI against the mobilization advance and that considerable amounts payable to the Company, along with plant and machinery belonging to KRR, continued to



remain with the UOI. It has additionally been contended that disputes pertaining to invocation and recovery under the BGs were already the subject matter of arbitral proceedings and, therefore, no prejudice had been caused to the Petitioner.

41. Respondent No. 3, *namely*, Kunam Raghava Reddy, filed his Reply/Affidavit in December, 2018, wherein he has adopted the stand taken by Respondent No. 2, KRR, in its Reply dated 07.12.2018 and reiterated that there had been no deliberate or intentional disobedience of the Order dated 15.02.2013. It has specifically been contended that Respondent No. 3 had resigned from the Board of Directors of KRR w.e.f. 09.09.2016, and that the requisite documents evidencing resignation and filings before the Registrar of Companies had been placed on record.

42. Respondent No. 3 has further contended that KRR had suffered acute financial distress during the period 2012-2013 and that several other employers had also invoked BGs issued by KRR, thereby placing additional financial burden upon the Company and materially impairing its ability to secure renewal of the subject BGs.

43. Respondent No. 4, *namely*, Kunam Rajani, filed her Reply/Affidavit in December-2018, wherein it has been contended that she was not a Director of KRR on the relevant date, i.e., 15.02.2013, having already resigned from KRR w.e.f. 25.03.2012. In support thereof, Respondent No. 4 has relied upon copies of her resignation letter, acceptance thereof by KRR, and the statutory filings made before the Registrar of Companies evidencing cessation from directorship.

44. Respondent No. 4 has further adopted the stand taken by KRR



in its Reply dated 07.12.2018 and contended that there was no wilful or deliberate disobedience of the said Order. It has additionally been contended that the inability to renew the BGs arose solely on account of the severe financial condition of KRR and circumstances beyond the control of the Respondents.

45. Dr. Amit George, learned counsel appearing on behalf of Respondent Nos. 3 and 4, during the oral arguments, has submitted that the said Respondents came to know about the pendency of the present Contempt proceedings only in the year 2018 upon service being effected upon them. He has submitted that prior thereto, Respondent No. 1 was managing the affairs of KRR and was representing himself as being in charge of KRR's operations.

46. Learned counsel has further contended that Respondent Nos. 3 and 4 were not directors of KRR at the relevant point in time when the alleged undertaking was recorded by this Court on 15.02.2013, and, therefore, no liability for contempt could be attributed to them in the absence of any direct role, participation, or knowledge concerning the proceedings in question.

47. Dr. Amit George has also placed reliance upon the judgment rendered by the Division Bench of this Court in **Vijay Kumar Bhatia v. Som Datt Enterprises Ltd.**⁹, to contend that "wilful disobedience" constitutes an essential ingredient for attracting Civil Contempt jurisdiction and that where non-compliance arises on account of genuine financial hardship or circumstances beyond the control of a party, the same would not amount to contumacious conduct warranting initiation of Contempt action. The relevant portion of the

⁹ 2018 SCC OnLine Del 12764
O.M.P. 1150/2012 & O.M.P. 1151/2012



said Judgment reads as follows:

“19. The above submissions have been considered. The key question to be addressed by the Court is, keeping in view the facts and circumstances of the case, can the Appellant be said to have committed civil contempt as defined under Section 2 (b) of the Act? In other words is the conduct of the Appellant ‘wilful disobedience’ of ‘any judgment, decree, direction, order, writ or other process of a Court’ or ‘wilful breach of an undertaking given to a Court’? The key adjective that is required to be focused on is ‘wilful’.

27. It is in the above context that the Court has to examine whether the failure by the Appellant to comply with the undertaking given to the Court to make payment which was recorded in the order dated 30th July, 1997 in the execution proceedings can be stated to be ‘wilful’. What comes across is the inability of the Appellant to make payment and not that the Appellant wilfully breached the undertaking given to the Court.

28. There must be some credible material to show that the Appellant has deliberately and consciously avoided making payment despite having the resources. That is absent in the present case. In other words, there is nothing placed on record either before the learned Single Judge or this Court that helps conclude that the present Appellant deliberately misled the Respondent or even the Court by giving a false undertaking with no intention of complying with such an undertaking. This was the crucial aspect that was required to be examined by the learned Single Judge.

29. The Court finds no finding in the impugned order of the learned Single Judge that the conduct of the Appellant answers the description of ‘civil contempt’ under Section 2 (b) read with Section 12 of the Act. In other words, there is no finding by the learned Single Judge that the conduct of the Appellant constitutes ‘wilful breach of the undertaking given to the Court.’

30. To reiterate, while the Appellant could be said to be in breach of the undertaking given by him to the Court, the facts placed on record do not persuade this Court to hold that he was in ‘wilful breach’ of such undertaking given to the Court.”

(emphasis supplied)

48. On the aforesaid basis, learned counsel appearing on behalf of Respondent Nos. 3 and 4, has submitted that the present case does not disclose any deliberate, conscious, or contumacious disobedience of the Order dated 15.02.2013 and that the inability to renew the BGs



arose solely on account of severe financial constraints and circumstances beyond the control of the Respondents. It has, therefore, been prayed that the present Contempt Petitions, being devoid of the essential ingredient of “*wilful disobedience*”, are liable to be dismissed.

ANALYSIS:

49. This Court has perused the record, pleadings, affidavits, and documents placed on record in the present Contempt Petitions and has considered the submissions advanced by learned counsel for the parties. With the assistance of learned counsel, this Court has also examined the relevant Orders passed in the Section 9 Petitions, along with the Replies and Affidavits filed on behalf of the respective Respondents/Contemnors.

50. Before adverting to the merits of the rival submissions and examining whether the Respondents/Contemnors are liable to be proceeded against for Civil Contempt, it would be apposite to briefly examine the scope and purport of Civil Contempt under the CCP Act.

51. Section 2(b) of the CCP Act defines “Civil Contempt” in the following terms:

“2. Definitions.-

In this Act, unless the context otherwise requires,-

(b) ‘civil contempt’ means wilful disobedience to any judgment, decree, direction, order, writ or other process of a court or wilful breach of an undertaking given to a court;”

52. A plain reading of the aforesaid provision makes it abundantly clear that every act of non-compliance would not *ipso facto* amount to Civil Contempt. The statute consciously employs the expression



“*wilful disobedience*”, thereby requiring the Court to examine whether the alleged breach was deliberate, intentional, and contumacious in nature.

53. In this regard, reference may also be made to the meaning attributed to the expression “*wilful*” in Black’s Law Dictionary, Sixth Edition, wherein the term has been explained to mean an act done knowingly, intentionally, deliberately, and with a conscious disregard of legal obligation, as distinguished from an accidental, involuntary, or unintentional act. The relevant portion of the definition reads as follows:

“Proceeding from a conscious motion of the will; voluntary; knowingly; deliberate. Intending the result which actually comes to pass; designed; intentional; purposeful; not accidental or involuntary. Premeditated; malicious; done with evil intent, or with a bad motive or purpose, or with indifference to the natural consequences; unlawful; without legal justification. An act or omission is “willfully” done, if done voluntarily and intentionally and with the specific intent to do something the law forbids, or with the specific intent to fail to do something the law requires to be done; that is to say, with bad purpose either to disobey or to disregard the law. It is a word of many meanings, with its construction often influenced by its context. In civil actions, the word (willfully) often denotes an act which is intentional, or knowing, or voluntary, as distinguished from accidental. But when used in a criminal context it generally means an act done with a bad purpose; without justifiable excuse; stubbornly, obstinately, perversely.”

54. At this juncture, it would be apposite to refer to the decision of the Hon’ble Supreme Court in ***Celir LLP v. Sumati Prasad Bafna***¹⁰, wherein, while examining the scope and ambit of Civil Contempt under Section 2(b) of the CCP Act, the Hon’ble Supreme Court reiterated that the expression “*wilful disobedience*” necessarily connotes a deliberate, conscious, and intentional act of disobedience.

¹⁰ 2024 SCC OnLine SC 3727



The relevant observations are reproduced hereunder:

“184. In *Ashok Paper Kamgar Union v. Dharam Godha*, (2003) 11 SCC 1, the expression ‘wilful disobedience’ in the context of Section 2(b) of the Act, 1971 was read to mean an act or omission done voluntarily and intentionally with the specific intent to do something, which the law forbids or with the specific intention to fail to do something which the law requires to be done. Wilfulness signifies deliberate action done with evil intent and bad motive and purpose. It should not be an act, which requires and is dependent upon, either wholly or partly, any act or omission by a third party for compliance.

185. Hence, the expression or word “wilful” means act or omission which is done voluntarily or intentionally and with the specific intent to do something which the law forbids or with the specific intent to fail to do something the law requires to be done, that is to say with bad purpose either to disobey or to disregard the law. It signifies a deliberate action done with evil intent or with a bad motive or purpose.

188. In *Ram Kishan v. Tarun Bajaj*, (2014) 16 SCC 204 it was held that the contempt jurisdiction conferred on to the law courts power to punish an offender not only for his wilful disobedience but also for contumacious conduct or obstruction to the majesty of law. It further observed that such power has been conferred for the simple reason that the respect and authority commanded by the courts of law are the greatest guarantee to an ordinary citizen that his rights shall be protected and the entire democratic fabric of the society will crumble down if the respect of the judiciary is undermined. The relevant observations read as under:-

“11. The contempt jurisdiction conferred on to the law courts power to punish an offender for his wilful disobedience/contumacious conduct or obstruction to the majesty of law, for the reason that respect and authority commanded by the courts of law are the greatest guarantee to an ordinary citizen that his rights shall be protected and the entire democratic fabric of the society will crumble down if the respect of the judiciary is undermined. Undoubtedly, the contempt jurisdiction is a powerful weapon in the hands of the courts of law but that by itself operates as a string of caution and unless, thus, otherwise satisfied beyond reasonable doubt, it would neither be fair nor reasonable for the law courts to exercise jurisdiction under the Act. The proceedings are quasi-criminal in nature, and therefore, standard of proof required in these proceedings is beyond all reasonable doubt. It would rather be hazardous to impose sentence for



contempt on the authorities in exercise of the contempt jurisdiction on mere probabilities. [...]"

(Emphasis supplied)

194. In *Patel Rajnikant* (supra) this Court upon examining Section 2(b) of the Act, 1971 held that to hold a person guilty of having committed contempt, there must be a judgment, order, direction etc. by a court, there must be disobedience of such judgment, order, direction etc and that such disobedience must be wilful. The relevant provisions read as under:—

“58. The provisions of the Contempt of Courts Act, 1971 have also been invoked. Section 2 of the Act is a definition clause. Clause (a) enacts that contempt of court means “civil contempt or criminal contempt”. Clause (b) defines “civil contempt” thus:

“2. (b) ‘civil contempt’ means wilful disobedience to any judgment, decree, direction, order, writ or other process of a court or wilful breach of an undertaking given to a court;”

Reading of the above clause makes it clear that the following conditions must be satisfied before a person can be held to have committed a civil contempt:

- (i) there must be a judgment, decree, direction, order, writ or other process of a court (or an undertaking given to a court);
- (ii) there must be disobedience to such judgment, decree, direction, order, writ or other process of a court (or breach of undertaking given to a court); and
- (iii) such disobedience of judgment, decree, direction, order, writ or other process of a court (or breach of undertaking) must be wilful.”

197. Contempt jurisdiction exists to preserve the majesty and sanctity of the law. Courts are the guardians of justice, and their decisions must command respect and compliance to ensure the proper functioning of society. When individuals or entities challenge the authority of courts through wilful disobedience or obstructive behaviour, they undermine the rule of law and create the risk of anarchy. Contempt serves as a mechanism to protect the integrity of the courts, ensuring that they remain a symbol of fairness, impartiality, and accountability.

198. When judicial orders are openly flouted or court proceedings are disrespected, it sends a signal that the rule of law is ineffective, leading to a loss of trust in the system. Judicial decisions must remain unimpaired, free from external pressures, manipulation, or circumvention. Acts that attempt to mislead the court, obstruct its



functioning or frustrate its decisions distort the process of justice and would amount to contempt.

199. The contempt jurisdiction of this court cannot be construed by any formulaic or rigid approach. Merely because there is no prohibitory order or no specific direction issued the same would not mean that the parties cannot be held guilty of contempt. The Contempt jurisdiction of the court extends beyond the mere direct disobedience of explicit orders or prohibitory directions issued by the court. Even in the absence of such specific mandates, the deliberate conduct of parties aimed at frustrating court proceedings or circumventing its eventual decision may amount to contempt. This is because such actions strike at the heart of the judicial process, undermining its authority and obstructing its ability to deliver justice effectively. The authority of courts must be respected not only in the letter of their orders but also in the broader spirit of the proceedings before them.

200. Any contumacious conduct of the parties to bypass or nullify the decision of the court or render it ineffective, or to frustrate the proceedings of the court, or to enure any undue advantage therefrom would amount to contempt. Attempts to sidestep the court's jurisdiction or manipulate the course of litigation through dishonest or obstructive conduct or malign or distort the decision of the courts would inevitably tantamount to contempt sans any prohibitory order or direction to such effect.

201. Thus, the mere conduct of parties aimed at frustrating the court proceedings or circumventing its decisions, even without an explicit prohibitory order, constitutes contempt. Such actions interfere with the administration of justice, undermine the respect and authority of the judiciary, and threaten the rule of law."

(emphasis supplied)

55. Thus, as observed by the Hon'ble Supreme Court in ***Celir LLP*** (*supra*), a person can be held guilty of Civil Contempt only when the Court is satisfied that the following three foundational ingredients are established:

- (i) *The existence of a judgment, decree, direction, order or undertaking of a Court;*
- (ii) *Disobedience or breach thereof; and*
- (iii) *Such disobedience is wilful, deliberate and intentional in nature.*



56. In the facts of the present case, there is no dispute with respect to the first two foundational requirements, *namely*, the existence of the orders passed by this Court and the alleged breach or non-compliance thereof. The principal issue that thus falls for consideration before this Court is whether such disobedience was wilful, deliberate and intentional so as to constitute Civil Contempt within the meaning of the CCP Act.

57. It also requires consideration that, in terms of the Orders dated 15.02.2013, the obligation concerning the renewal and continued maintenance of the BGs was cast upon a corporate entity, *namely*, KRR. Consequently, before any liability for contempt can be fastened upon the individuals concerned, the requirements contemplated under Sections 12(4) and (5) of the CCP Act are necessarily required to be satisfied.

58. In the aforesaid legal backdrop, this Court now proceeds to examine the facts of the present case, the nature and effect of the Orders dated 15.02.2013, the conduct of the Respondents/Contemnors and, more particularly, the role attributable to each of the persons sought to be proceeded against in the present Contempt Petitions.

Role of B. Vasu (Respondent No. 1)

59. This Court has carefully considered the stand taken by Respondent No. 1, *namely*, B. Vasu, in his Affidavit dated 28.07.2016, wherein he has sought to portray himself as a mere employee of KRR, devoid of any decision-making authority or control over the affairs of KRR. However, upon a conjoint reading of the material placed on record, this Court finds the said defence to be



untenable and self-contradictory.

60. It is pertinent to note that in IA No. 15789/2013 dated 29.07.2015 filed in CCP(O) No. 97/2013, seeking Cancellation of Bailable Warrants, Respondent No. 1 himself placed on record his Resignation letter dated 15.06.2013, wherein he unequivocally described himself as “Director (Projects)” of KRR Infra Projects Pvt. Ltd.

61. The relieving letter issued by the Company further evidences that he continued in such capacity till 15.07.2013. Significantly, the Orders dated 15.02.2013, which have been violated, was passed during the period when Respondent No. 1 admittedly continued to hold office in the Company.

62. The plea sought to be urged, that Respondent No. 1 was merely a salaried employee and not concerned with the affairs of the Company, cannot be accepted in light of his own documents and conduct on record. The material placed before this Court clearly demonstrates that Respondent No. 1 was actively representing KRR and was sufficiently entrusted with its operational affairs at the relevant point of time.

63. That apart, Respondent No. 1 admittedly remained aware of the proceedings pending before this Court and continued to participate therein. Even in his own Affidavit, Respondent No. 1 has acknowledged that he had furnished details regarding the Promoters/Directors of KRR pursuant to directions of this Court. Such conduct unmistakably establishes his knowledge of the said Order and the obligation cast upon KRR to ensure that the BGs remained alive.

64. In the considered opinion of this Court, once interim protection



against invocation of the BGs had been continued by this Court subject to the condition that the BGs would be kept alive, considering the role that Respondent No. 1 was performing in the Company, particularly with respect to taking care of the legal affairs and furnishing particulars to the Court, and admittedly functioning as Director (Projects) on the relevant date, therefore, he cannot now seek to evade responsibility by taking a belated plea of absence of authority.

65. The subsequent failure to renew or perpetuate the validity of the BGs, despite full knowledge of the Order dated 15.02.2013 and despite continuation of interim protection operating in favour of KRR, clearly discloses conscious disregard of the directions passed by this Court. Accordingly, this Court is of the considered view that Respondent No. 1 cannot escape liability merely by describing himself as a nominal employee, when the contemporaneous record demonstrates otherwise.

Role of KRR Infra Projects Pvt. Ltd. & Kunam Anil Reddy (Respondent Nos. 2 and 5, respectively)

66. At the outset, it may be noted that Respondent No. 2, *namely* KRR Infra Projects Pvt. Ltd., and Respondent No. 5, *namely* Kunam Anil Reddy, have filed a common Counter-Affidavit/Reply dated 07.12.2018 and have jointly sought to justify the non-renewal of the subject BGs.

67. The principal defence sought to be urged by the said Respondents is that, subsequent to the Order dated 15.02.2013, KRR had addressed a communication dated 18.02.2013 to the State Bank of



India requesting extension of the validity of the BGs. It has been contended that the said request came to be declined by the Bank in view of the deteriorated financial position of KRR, termination of several contracts, and classification of the KRR's account as NPA on 27.11.2012.

68. However, beyond placing reliance upon the aforesaid communication dated 18.02.2013, no cogent material has been placed on record by KRR to substantiate that any genuine or meaningful endeavour was undertaken to comply with the Order dated 15.02.2013 passed by this Court. There is no material, evidencing any follow-up correspondence with the Bank, any alternative arrangement sought to be created for renewal of BGs, or any attempt to furnish collateral securities or substitute financial instruments so as to ensure that the BGs remained alive in terms of the undertaking recorded before this Court.

69. In the considered view of this Court, once interim protection against the invocation of the BGs had been continued solely on the condition that the BGs would remain alive till disposal of the Petitions, a corresponding obligation was cast upon KRR and the persons who were part of the management to take all necessary steps to ensure strict compliance thereof. Mere forwarding of a solitary request letter to the Bank, unsupported by any subsequent effort or demonstrable diligence, cannot be construed as sufficient compliance with the solemn assurance recorded before this Court.

70. This Court also cannot overlook the conduct of KRR during the pendency of the present proceedings. The record reflects repeated non-appearance before this Court despite the issuance of notices from



time to time. The cumulative conduct of KRR reflects indifference towards the proceedings and reinforces the conclusion that the obligation cast by the Order dated 15.02.2013 was not treated with the seriousness it deserved.

71. Insofar as Respondent No. 5, *namely*, Kunam Anil Reddy, is concerned, it has been brought to the notice of this Court that the said Respondent expired during the pendency of the proceedings. Since Contempt jurisdiction is personal and quasi-criminal in nature, the proceedings cannot continue against a deceased contemnor. Consequently, the contempt proceedings, insofar as they relate to Respondent No. 5, stand abated.

Role of Kunam Raghava Reddy (Respondent No. 3)

72. Respondent No. 3, *namely*, Kunam Raghava Reddy, has substantially adopted the stand taken by KRR in its counter-Affidavit/Reply dated 07.12.2018 by attributing the non-renewal of the BGs to the adverse financial condition of KRR.

73. However, upon examination of the material placed on record, this Court is unable to accept the defence sought to be projected by Respondent No. 3.

74. The record unequivocally reflects that on the date when the Order dated 15.02.2013 came to be passed by this Court, Respondent No. 3 was admittedly functioning as a Director of KRR. The documents placed on record by Respondent No. 3 himself indicate that his resignation from the Board of Directors became effective only on 09.09.2016, i.e., substantially after the alleged act of disobedience had already occurred upon expiry of the BGs in February/March,



2013.

75. In the considered opinion of this Court, a person occupying the position of Director in a company cannot be permitted to disassociate himself from obligations arising out of judicial proceedings in which the company itself had sought and obtained equitable interim protection from the Court. The continuance of the interim Order was predicated on the life of the Order, and, therefore, the responsibility to ensure compliance with the terms of the directions necessarily rested upon those managing/conducting/taking care of the affairs or controlling the affairs of KRR at the relevant point of time.

76. Significantly, apart from adopting the explanation furnished by KRR regarding financial hardship, Respondent No. 3 has failed to place any independent material demonstrating that any effective or *bona fide* steps were undertaken by him to ensure compliance with the Order dated 15.02.2013 of this Court. Mere reliance upon the alleged financial incapacity of KRR cannot dilute the binding nature of a direction passed by a Court, particularly where the benefit of interim protection had already been availed on the strength of the assurance recorded before the Court.

77. The subsequent resignation of Respondent No. 3 in the year 2016 does not obliterate or efface the obligations that existed at the time when the alleged Contempt was committed. The relevant consideration for the purposes of contempt jurisdiction is the position held and the responsibility discharged at the time of the occurrence of the alleged disobedience.

78. Viewed thus, this Court is satisfied that Respondent No. 3, being a Director of KRR at the relevant point of time and being



responsible for the affairs of KRR, failed to ensure compliance with the directions contained in the said Order, thereby rendering himself liable for wilful disobedience of the said Order.

79. This Court is also of the considered opinion that reliance placed by learned counsel for the Respondent Nos. 3 and 4 upon **Vijay Kumar Bhatia** (*supra*) is misplaced and clearly distinguishable on facts.

80. In the said case, the Division Bench of this Court was dealing with Contempt arising out of execution proceedings concerning a money decree, wherein the Court found the absence of any material demonstrating deliberate or conscious avoidance on the part of the alleged contemnor. The Division Bench, in fact, noticed that the Decree Holder itself had failed to diligently pursue the execution proceedings, and no finding of “*wilful breach*” had been returned by the learned Single Judge.

81. The present case stands on an entirely different footing. Here, the continuation of protection was expressly made conditional upon keeping the BGs alive. Having availed the benefit of such protection, the Respondents were under a clear obligation to ensure strict compliance with the condition imposed by this Court. The subsequent expiry of the BGs, without any cogent material demonstrating *bona fide* efforts for renewal or compliance, cannot be equated with mere financial inability as contemplated in **Vijay Kumar Bhatia** (*supra*).

82. In any event, the claim of financial inability does not inspire the confidence of this Court. The material relied upon by the Respondents for the purpose of canvassing their financial difficulty is merely on the basis of an unsupported averment in the Affidavit that in the year



2012-13, the Respondent Company's bank accounts were declared NPA. Additionally, there is an absence of any corroborative evidence placed on record to substantiate this assertion.

83. Furthermore, it is well known that merely because a borrower's account is declared NPA at a certain point in time, it does not attain the status of permanence, and upon the borrower displaying financial prudence and ensuring proper operations of the account, the account can be declassified from the status of a NPA by a process of "upgrading".

84. In fact, and as is evident, the Company appears to have been admitted into a CIRP process only sometime in the year 2021. There is thus, clearly, no evidence of the alleged financial difficulty being faced by the KRR. To the contrary, the letters relied upon by the Respondents, which have been addressed to the Bank, make it evident that the Respondent was actively involved in various other high-ticket projects and generating revenues from them. These communications also evidence that the Respondent was raising finances from various other sources for the other projects and did not appear to be completely strapped for finances.

85. From the material on record, it is apparent that the Respondent not only had the wherewithal, but also the resources and the attempt on the part of the Respondent to portray otherwise is unacceptable. This Court also takes note of the fact that the State Bank of India was not the only banker with whom the Respondent maintained facilities. The Respondent maintained financial relations with at least one more bank, being the Karnataka Bank and had availed of their services for the issuance of BGs in respect of another project.



Role of Kunam Rajani (Respondent No. 4)

86. Respondent No. 4, *namely*, Kunam Rajani, has filed an independent Reply/Affidavit wherein she has substantially adopted the stand taken by KRR while simultaneously asserting that she was not associated with the affairs of KRR as a Director at the relevant point of time when the Order dated 15.02.2013, came to be passed by this Court.

87. A perusal of the material placed on record reveals that Respondent No. 4 had tendered her resignation from the directorship of KRR much prior to the passing of the Order dated 15.02.2013.

88. In support thereof, Respondent No. 4 has placed on record copies of her resignation letter, the acceptance thereof by KRR, and the corresponding statutory filings made before the Registrar of Companies, evidencing cessation from directorship w.e.f. 25.03.2012.

89. The aforesaid documents have neither been disputed nor rebutted by the Petitioner. The contemporaneous corporate records placed before this Court sufficiently establish that Respondent No. 4 had demitted office nearly one year prior to the date on which the undertaking came to be recorded, and the directions concerning continuation of the BGs were passed by this Court.

90. In the considered view of this Court, contempt jurisdiction, being quasi-criminal in nature, cannot be invoked in the absence of a clear and demonstrable nexus between the alleged contemnor and the act constituting wilful disobedience. Liability for Civil Contempt cannot be fastened merely on account of a past association with a company, unless it is shown that the person sought to be proceeded



against was in charge of and responsible for compliance with the Order dated 15.02.2013 at the relevant point of time.

91. In the present case, the record does not disclose any material indicating that Respondent No. 4 continued to exercise any control over the affairs of KRR after her resignation on 25.03.2012 or that she participated in the proceedings culminating in the Order dated 15.02.2013. On the contrary, the documents on record clearly indicate severance of her directorial relationship with KRR well prior to the alleged act of disobedience.

92. In view of the aforesaid, this Court is unable to hold that Respondent No. 4 had either the authority, responsibility, or functional capacity to ensure compliance with the Order dated 15.02.2013. Consequently, no case of wilful disobedience is made out against Respondent No. 4, and she is accordingly discharged from the present Contempt proceedings.

DECISION:

93. In view of the aforesaid, this Court finds that Respondent No. 1, *namely*, B. Vasu, Respondent No. 2, *namely*, KRR Infra Projects Pvt. Ltd., and Respondent No. 3, *namely*, Kunam Raghava Reddy, were responsible for the affairs and management of Respondent No. 2 Company at the relevant point of time and were fully aware of the directions contained in the Orders dated 15.02.2013.

94. However, no cogent material has been placed on record demonstrating *bona fide* and diligent efforts undertaken to ensure compliance with the said order or to keep the BGs alive in terms thereof.



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95. In the considered opinion of this Court, the conduct of Respondent Nos. 1 to 3 reflects conscious disregard of the condition imposed by this Court while continuing equitable interim protection in their favour. Accordingly, this Court holds Respondent No. 1 - B. Vasu, Respondent No. 2 - KRR Infra Projects Pvt. Ltd., and Respondent No. 3 - Kunam Raghava Reddy, guilty of Civil Contempt for wilful disobedience of the Order dated 15.02.2013 passed by this Court.

96. Insofar as Respondent No. 4, *namely*, Kunam Rajani, is concerned, the record sufficiently establishes that she had ceased to be a Director of KRR much prior to the passing of the Order dated 15.02.2013. Consequently, no case of wilful disobedience is made out against her, and she stands discharged from the present proceedings.

97. Further, in view of the demise of Respondent No. 5, *namely*, Kunam Anil Reddy, the present Contempt proceedings against him stand abated.

98. In view of the foregoing findings, list these Contempt Petitions for hearing on sentencing on 17.07.2026.

99. The Contemnors, *namely*, Respondent No. 1 and Respondent No. 3 are directed to remain present in person before this Court on that date.

HARISH VAIDYANATHAN SHANKAR, J.
MAY 29, 2026/kr/kv