IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2026

(@ SLP (C) No. 31342 of 2025)

MEGHALAYA POWER GENERATION CORPORATION LTD.
(MePGCL) ....APPELLANT

VERSUS

ODIMAR SYIEMSAD AND ORS. ...RESPONDENTS

O R D E R

1. Leave granted.

2. In this appeal, the appellant, namely, Meghalaya Power Generation Corporation Ltd., a government undertaking ('the Corporation'), has questioned the judgment dated 01.09.2025 passed by the High Court[1] in a Writ Appeal[2], insofar as it directs the Corporation to pay compensation of Rs. 21,59,242/- to respondent no.1 ('the unsuccessful bidder').

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KAPIL TANDON
Date: 2026.01.19
17:42:57 IST
Reason:

[1] Division Bench of the High Court of Meghalaya at Shillong
[2] WA No. 36 of 2024

3. Facts giving rise to filing of this appeal in a nutshell are, that on 04.07.2023, the Corporation issued a notice inviting tenders for construction of a multipurpose indoor stadium at Nongtrai Village, Mawsynram, East Khasi Hills, at an estimated cost of Rs. 2,87,89,896/-. In response to the aforesaid tender notice, five bidders submitted their bids who were found to be technically qualified. On 08.09.2023, the financial bids were opened. Four out of five bidders had quoted a sum of Rs. 2,87,89,896/- and were jointly declared lowest bidders, whereas the unsuccessful bidder had quoted a sum of Rs. 2,87,89,897.34/-, that is Rupee 1.34 more and was declared L2.

4. The Tender Committee, on 07.02.2024, interacted with the lowest bidders. Three of the bidders withdrew their bids and consented to award the contract in favour of respondent no.2 ('the successful bidder'). On 15.02.2024, a work order was issued in favour of the successful bidder.

5. The unsuccessful bidder filed a writ petition seeking quashing of the work order issued in favour of the successful bidder. The learned Single Judge *vide* judgment dated 07.06.2024 recorded a finding that lowest bidders had acted in collusion. The learned

Single Judge, therefore, quashed the work order issued in favour of the successful bidder and directed a fresh tender.

6. The Corporation as well as the successful bidder filed intra-court appeals before the Division Bench of the High Court[3]. The High Court *vide* judgment dated 01.09.2025 recorded the following conclusions: (i) there was not enough evidence to hold that the bidders were operating as a cartel, (ii) a proper technical evaluation of the bids was conducted, (iii) the Tender Committee was theoretically correct in not inviting the unsuccessful bidder in the meeting on 07.02.2024 as he was not the lowest bidder but propriety demanded that all the five bidders ought to have been called in the meeting, (iv) the tender process may not have been perfect but the award of contract to the successful bidder was neither illegal nor wrongful, and (v) no act of impropriety can be attributed to members of the Tender Committee. However, the High Court held that some injustice has been caused to the unsuccessful bidder, and all the five bidders ought to have been called to revise their bids and the unsuccessful bidder has been

[3] **W.A. No. 36 of 2024 and W.A. No. 38 of 2024**

deprived of his legitimate expectation of being called for negotiations. The High Court on the basis of a decision of this Court in ***A.T. Brij Paul Singh & Bros.*** v. ***State of Gujarat***[4], held that profit in a works contract can be estimated at 15% of the value of the work. However, the High Court awarded the unsuccessful bidder compensation at the rate of 7.5% of the value of the work and quantified the amount of compensation at Rs. 21,59,242/-.

7. Being aggrieved, the Corporation is in appeal before us.

8. Learned counsel for the Corporation submitted that High Court even though it did not find any illegality in the tender process, grossly erred in awarding compensation in exercise of writ jurisdiction. Learned Counsel for successful bidder has supported the stand taken by the Corporation. However, despite service of notice none has appeared on behalf of the unsuccessful bidder.

9. We have considered the submissions and have perused the record. The direction issued by the High Court to award compensation to the unsuccessful bidder cannot be sustained for the following reasons:

[4] **AIR 1984 SC 1703**

(i) The direction to pay the compensation is contradictory to the finding recorded by the High Court with regard to process of tender, especially in view of the following findings: (i) there was no cartelization amongst the bidders, (ii) a proper technical evaluation of the bids was conducted, (iii) no act of impropriety to members of the Tender Committee, and (iv) the award of contract to the successful bidder is neither illegal nor improper.

(ii) The finding that all five bidders could have been asked to revise their bids, is at best, a view on what might have been a better course. It is not a finding of either illegality or arbitrariness in the tender process.

(iii) A bidder has a right to fair consideration of its bid and there was no finding that the said right was infringed by the Tender Committee.

(iv) Admittedly, the successful bidder was the lowest tenderer, and the unsuccessful bidder could not have any legitimate right to be called for negotiation. In any event, even if the legitimate expectation of the unsuccessful bidder was

established, it by itself does not give rise to claim for damages in a writ petition.

(v) The High Court travelled beyond the reliefs prayed for in the writ petition which was confined only to quashing of the work order issued in favour of the successful bidder and erred in awarding compensation in a writ proceeding.

(vi) The High Court ought to have appreciated that no foundation for the claim of compensation was laid in the pleadings and the Corporation had no occasion to contest the relief granted by the High Court.

(vii) The High Court erred in relying on the decision in ***A.T Brij Paul Singh*** (supra) and ought to have appreciated that the said decision related to claim for damages under Section 73 of the Indian Contract Act, 1872 for wrongful rescission of a concluded works contract where loss of profits was a natural consequence of the breach. In the instant case, no contract was awarded to the unsuccessful bidder and therefore, there was no loss of profit which was capable of assessment.

(viii) A Writ Court, which finds the decision-making process to be valid cannot simultaneously impose monetary liability on a

Government Undertaking on the premise that same process has caused injustice to the unsuccessful bidder.

10. For the aforementioned reasons, the impugned judgment dated 01.09.2025 passed in writ appeal, insofar as it directs payment of compensation of Rs. 21,59,242/- to the unsuccessful bidder, is quashed and set aside. The remaining part of the judgment dated 01.09.2025 is upheld. The successful bidder shall be at liberty to proceed in terms of the contract awarded to him.

11. In the result, the appeal is allowed. There shall be no order as to costs.

12. Pending application(s), if any, shall stand disposed of.

.....J.
[PAMIDIGHANTAM SRI NARASIMHA]

.....J.
[ALOK ARADHE]

NEW DELHI;
NOVEMBER 17, 2026.

ITEM NO.31 COURT NO.4 SECTION XV

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s). 31342/2025

[Arising out of impugned final judgment and order dated 01-09-2025 in WA No. 36/2024 passed by the High Court of Meghalya at Shilong]

MEGHALAYA POWER GENERATION CORPORATION LTD. (MEPGCL) Petitioner(s)

VERSUS

ODIMAR SYIEMSAD & ORS. Respondent(s)

IA No. 276539/2025 - PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES

Date : 17-11-2026 This matter was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE PAMIDIGHANTAM SRI NARASIMHA
HON'BLE MR. JUSTICE ALOK ARADHE

For Petitioner(s) :Mr. Aditya S. Pandey, Adv.
Mr. Avijit Mani Tripathi- 2648, AOR
Mr. Z.H. Isaac Haiding, Standing Counsel
Mr. Daniel Stone Lyngdoh, Adv.
Ms. Marbiang Khongwir, Adv.

For Respondent(s) :Ms. Aditi Tripathi- 3192, AOR
Mr. Shuaib Hussain, Adv.

UPON hearing the counsel the Court made the following
O R D E R

1. Leave granted.

2. The Civil Appeal is allowed in terms of the Signed Order.

3. Pending application(s), if any, shall stand disposed of.

(KAPIL TANDON) (NIDHI WASON)
ASTT. REGISTRAR-cum-PS ASSISTANT REGISTRAR
(Signed Order is placed on the file)