

HC: GST Twist in Coal Tender: Court Favors Fair Play

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REFER THE DECISION OF THE HON'BLE BOMBAY HIGH COURT IN THE CASE OF

SMS Ltd. v. Western Coalfields Ltd., [2025] 179 taxmann.com 265 (Bombay High Court)

Western Coalfields Limited had floated an e-tender for coal winning — a high-value project where several big companies competed to win the bid. Among them was **SMS Ltd.**, a reputed contractor.

The tender documents were clear: “Quote your price exclusive of GST.” Everyone understood this. SMS Ltd., following the rule, carefully calculated its costs and quoted a fair price — **exclusive of GST**. When the bids were opened, SMS Ltd. emerged as the **L-1 bidder**, meaning it offered the lowest price.

But then came an unexpected twist. After declaring SMS Ltd. as the successful bidder, the authorities at Western Coalfields suddenly claimed that the price quoted should be **treated as inclusive of GST**. This meant they were trying to deduct the GST portion from the total, effectively reducing the contract value that SMS Ltd. would receive.

SMS Ltd. protested, saying, “The tender itself said *exclusive of GST*! How can you change the rule now?” The company reminded them that in earlier tenders, Western Coalfields had always mentioned whether prices were *inclusive* or *exclusive* of GST — so there was no scope for confusion.

Finding no resolution, SMS Ltd. approached the **Bombay High Court** under **Article 226**, challenging the arbitrary decision. The Court examined the documents and agreed — the tender terms were crystal clear, and the authorities’ later interpretation was **unfair and unreasonable**. Once the tender had been evaluated and the bidder declared L-1, **the rules could not be changed mid-way**.

The Court held that the respondents’ act of treating the quoted price as GST-inclusive was **arbitrary and contrary to the tender conditions**. It directed that the bid of SMS Ltd. be treated as **exclusive of GST**, as originally stated.

Thus, the story ended with a reminder to all government agencies: **Tender terms are sacrosanct. You cannot change the rules after the game has been played.**

"जीवो और जीने दो" — यही हो हमारा संकल्प।

🙏 **जय जिनेन्द्र!** 🙏