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2026:GAU-AS:12223

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

Case No. : WA/303/2026

INDIAN OIL CORPORATION LTD. AND 2 ORS.
IOCL, A GOVERNMENT OF INDIA ENTERPRISE, THROUGH ITS CHIEF GENERAL MANAGER LPG, INDIAN OIL BHAVAN, SECTOR - III, NOONMATI, GUWAHATI -781020, ASSAM.

2: THE GENERAL MANAGER OPERATIONS AND ENGG
INDIAN OIL CORPORATION LIMITED AOD STATE OFFICE
NOONMATI
GUWAHATI - 781020
ASSAM.

3: THE ENGINEER-IN-CHARGE
LPG BOTTLING PLANT
DIMAPUR
INDIAN OIL CORPORATION LIMITED
NAGALAND - 797103

VERSUS

MESSRS CREATING ADVERTISING AND 3 ORS.
A PROPRIETORSHIP FIRM HAVING ITS REGISTERED OFFICE AT GITANJALI BHAWAN, S.N. BOSE ROAD, DESHBANDHU PARA, SILIGURI-734004, REPRESENTED BY SRI SOUMEN DAS, PROPRIETOR OF M/S CREATION ADVERTISING, A PROPRIETORSHIP FIRM HAVING ITS REGISTERED OFFICE AT GITANJALI BHAWAN, S.N. BOSE ROAD, DESHBANDHU PARA, SILIGURI-734004.

2:M/S EDISON INTERNATIONAL
A PROPRIETORSHIP FIRM HAVING ITS REGISTERED OFFICE AT 14
LOWER GROUND FLOOR
T.N. TOWER A.T. ROAD
GUWAHATI - 781001
ASSAM
REPRESENTED BY SRI HEMAN HALOI

PROPRIETOR OF M/S EDISON INTERNATIONAL

3:M/S RHINO ENTERPRISE
A PROPRIETORSHIP FIRM HAVING ITS REGISTERED OFFICE AT
SIMLAGURI BARPETA ROAD
DISTRICT - BARPETA
ASSAM - 781313 REPRESENTED BY MD. MAHIRUL ISLAM
PARTNER OF ENTERPRISE

4:THE UNION OF INDIA
REPRESENTED BY SECRETARY
MINISTRY OF PETROLEUM AND NATURAL GAS
JANPATH ROAD
NEW DELHI - 110001

Advocate for the Petitioner : MR. M SARMA,
Advocate for the Respondent : MR A SAIKIA, MR. A K SAIKIA(R1,2,3),DY.S.G.I.,MR. N N B CHOUDHURY(R1,2,3),MR. K KASHYAP(R1,2,3)

BEFORE

HONOURABLE THE CHIEF JUSTICE MR. ASHUTOSH KUMAR
HONOURABLE MR. JUSTICE ARUN DEV CHOUDHURY

ORDER

25-08-2026
(Arun Dev Choudhury, J)

1. We have heard Mr. M. Sarma, learned counsel appearing for the appellants, and Mr. N. N. B. Choudhury, learned Senior Counsel, assisted by Mr. K. Kashyap, learned counsel appearing for the respondent Nos. 1, 2 & 3.

2. The present intra-court appeal arises from a common Judgment and Order dated 06.05.2026, passed in WP(C) No. 800/2026, WP(C) No.804/2026 & WP(C) No. 805/2026, whereby the learned Single Judge held that, by order dated 22.01.2026, the concerned authorities of the appellants had arbitrarily denied the respondents a real, meaningful and effective opportunity of being heard before visiting

with the drastic penalty of "Holiday Listing" for a period of one year.

It was also held that the decision to put the respondents on the Holiday List was based on the "Holiday Listing Guidelines" dated 19.01.2023, which was issued much after the execution of the Purchase Orders.

3. Furthermore, the non-disclosure of the findings in the Vigilance Report and the Joint Inspection Report to the respondents, while placing reliance on those reports to reach the satisfaction for taking such a drastic measure, was a clear violation of the principles of natural justice.

Accordingly, the order dated 22.01.2026 passed by the appellants/Indian Oil Corporation Ltd. (IOCL) authorities was set aside and quashed.

4. The instant case arises out of a contractual dispute between the appellants and the respondents. The appellants had floated a tender for a rate contract covering capital and revenue works at retail outlets (including KSKs), Consumer Pumps, Depots, Terminals, Lube & LPG Plants, Aviation Fueling Stations, Buildings, etc., under the Tinsukia Divisional Office of the IOCL.

The respondents were declared as successful bidders and were issued Purchase Orders bearing Nos. 27906400, 2824175 with value of Rs. 6,15,160.80/- & Rs. 9,81,489.04/- respectively, (in respect of the respondent No.1); Purchase Orders bearing Nos. 28025147 & 28098139 with a value of Rs. 13, 37,030.40/- & Rs. 24,36,084.25/- respectively, (in respect of the respondent No.2) and Purchase Orders bearing Nos. 27886043 & 27981142 with a value of Rs. 21,69,850.07/- & Rs. 25,40,967.52/- respectively (in respect of the respondent No.3).

5. After the issuance of the Purchase Orders, the respondents had duly completed the aforesaid contract works. The records reveal that the appellants had issued a Completion Certificate in respect of the respondent No.1 confirming that the work had been executed as per the drawings and specifications. The Defect Liability Period also expired without any complaint from the end of the appellants.

6. However, nearly three years later, on 07.10.2025, the appellants issued Show

Cause Notices to the respondents, alleging that a subsequent inspection revealed that certain additional items, not covered by the original Purchase Order, had also been executed, resulting in excess payments.

7. By invoking Clause 2.1(a) of the Holiday Listing Guidelines dated 19.01.2023, the appellants issued Show Cause Notices asking the respondents to explain as to why they should not be debarred from participating in future contracts and not be removed from the list of the Approved Vendors/Contractors of the IOCL.

8. Pursuant to the aforenoted Show Cause notices, the respondent Nos. 1, 2 & 3 had filed their replies on 21.10.2025, 20.10.2025 & 14.10.2025 respectively, contending primarily that it was a work contract executed under the continuous supervision of the IOCL officials; if any modifications were carried out in the works, it was only on the verbal instructions of the authorized engineer/officials of the IOCL; it was only after the measurements were jointly taken and verified/certified by the officials/Engineer concerned, the bills were checked and finally paid.

9. The foremost contention of the respondents was that, after expiry of the Defect Liability Period and the satisfactory completion of the contract works, as also after use of the facilities for three years, raising such an allegation of excess payment and putting the firms on the Holiday List was unjust and arbitrary.

10. Mr. Choudhury, learned Senior Counsel appearing for the respondents, contends that the Completion Certificate issued by IOCL itself in respect of respondent No. 1 proves the satisfactory execution and completion of the contract work. The Show Cause Notices, therefore, are absolutely arbitrary.

11. The other contention of Mr. Choudhury is that the Holiday Listing guidelines, which came into force on 19.01.2023, could not have been applied retrospectively to a contract work that had been completed in 2022.

12. It has also been contended that, as contractors, the respondents never hesitated to carry out extra work based on verbal instructions and the site Engineer's assurance that a formal work order would follow, which never materialized. However,

no additional amount for such work was ever claimed or received by the respondents, beyond what was necessary for the project's sustainability.

13. Lastly, the subsequent verification/inspection was carried out without intimating the respondents, and the inquiry report was prepared behind their backs, and such a drastic measure of putting the firms on the Holiday List was taken without giving the firms any opportunity of effective hearing.

14. The learned Single Judge, after framing multiple questions, held that the respondents were denied any meaningful opportunity of being heard before passing the order putting them on the Holiday List for a period of one year. It was also held that the Holiday Listing Guidelines dated 19.01.2023, which was relied upon for putting the respondents on the Holiday List for one year, had been issued long after completion of the works/Purchase Orders.

15. Moreover, the learned Single Judge found that the non-disclosure of the findings contained in the Vigilance Report and the Joint Inspection Report to the respondents, while relying on such reports to justify the Holiday Listing and recovery of the alleged excess payment, constitutes a clear violation of the principles of natural justice and fairness.

16. In view of the aforesaid, we are in total agreement with the findings held by the learned Single Judge. Therefore, this Court does not find any good ground and/or perversity in the impugned common judgment and order dated 06.05.2026 to exercise its intra-Court appellate jurisdiction to upset such determination.

17. Accordingly, the present appeal stands dismissed.

18. There shall be no order as to costs.

JUDGE **CHIEF JUSTICE**

Comparing Assistant