IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE ACTING CHIEF JUSTICE SRI P. SAM KOSHY
AND
THE HON'BLE SRI JUSTICE NARSING RAO NANDIKONDA

WRIT PETITION No.14136 of 2026

(CNR No: HBHC010113172026)

DATE: 13.10.2026

Reserved on: 30.04.2026 **Pronouncement on: 13.10.2026**

Uploaded on: 14.10.2026

Between:

M/s. Charanji Distributors

...Petitioner

AND

The Principal Commissioner of Central Tax and others

...Respondents

ORDER: *(As per the Hon'ble Sri Narsing Rao Nandikonda)*

Heard **Mr. B.S. Prasad**, learned Senior Counsel representing **Ms. B. Nishitha**, learned counsel appearing for the petitioner; **Mr. Raghavendra Rao**, learned counsel appearing for respondent Nos.1 & 2 and **Mr. Dominic Fernandes**, learned Senior Standing Counsel for CBIC appearing for respondent No.3. Perused the entire material on record.

2. This Writ Petition is filed under Article 226 of the Constitution of India seeking the following relief:

> *"to pass a writ order or direction more particularly in the nature of a writ of mandamus declaring that the Show Cause Notice No.91/2024-25-GST dated 17.02.2025 issued by the Respondent No.3 insofar as it invokes Section 122 of the CGST Act against the Petitioner as being void, illegal, arbitrary, violative of Article 14 and 20 of the Constitution of India, violative of principles of natural justice issued/passed without jurisdiction as no proper officer had been assigned under Section 122 prior to CBIC Circular No,254/11/2025-GST dated 27.10.2025 and consequently quash and set aside the Order-in-Original No.74/GST/2025-26-Adjn.(JC)-HYD-GST dated 15.10.2025 passed by the Respondent No.2, insofar as it imposes penalties on the Petitioner, M/s Charanji Distributors, under Section 122(1)(ii) and Section 125 of the CGST Act/TGST Act and pass"*

3. The petitioner herein is a proprietary concern registered under the provisions of the Central Goods and Services Tax Act, 2017 (for short, "the CGST Act"), carrying on business in the name and style of M/s. Charanji Distributors, bearing GSTIN No.36AARPG8273A1ZM, and is engaged in the business of trading in two-wheeler and three-wheeler automobile spare parts. The petitioner claims to be an authorized dealer of

established brands, including SKF India Limited, Bosch Limited and Tata Steel Limited, and procures goods from various suppliers, including M/s. Roxy Automotives, M/s. Roxy Automobiles, M/s. Cyber Automobiles, Mr. Jaspreet Singh Lamba and others.

4. It is contended that the Directorate General of Goods and Services Tax Intelligence (DGGI), Hyderabad Zonal Unit, conducted an investigation into the affairs of the petitioner on the allegation that the petitioner had issued invoices facilitating availment and passing on of fraudulent Input Tax Credit (ITC) without actual supply of goods or services to other registered persons/entities. In the course of the investigation, the premises of the petitioner were visited on 24.05.2022. Statements of Sri Parth Goyal, son of the petitioner, were recorded under Section 70 of the CGST Act, including statements dated 24.05.2022 and 23.01.2023.

5. The main grievance of the petitioner is that the DGGI issued Form GST DRC-01A, intimating the proposed demand/penalty and calling upon the petitioner to submit its

response. Thereafter, a show-cause notice bearing No. 91/2024-25-GST was issued on 17.02.2025, which was addressed to M/s. Charanji Distributors and Sri Parth Goyal and not to the petitioner, Smt. Sravya Goyal. By invoking Section 122(1)(ii) of the CGST Act, the petitioner was proposed to be subjected to a penalty equivalent to the entire ITC allegedly passed and quantified at Rs.17,27,04,518/-, apart from penalties for various alleged statutory contraventions.

6. It is further contended that the impugned order-in-original record shows that the postal covers containing the notices would reveal of granting an opportunity of personal hearing, but were returned by the postal authorities with the endorsement "addressee left". According to the petitioner, the said endorsement establishes that the notices were never effectively served upon the petitioner and, consequently, the petitioner was not afforded a meaningful opportunity to appear and defend its case. It is therefore contended that the impugned order was passed in violation of the principles of natural justice.

7. The petitioner further contended that as on the relevant dates, no proper officer had been assigned the statutory functions contemplated under Section 122 of the CGST Act. Reliance is placed upon the subsequent Board circular/notification whereby, for the first time, the competent authority assigned the functions under Section 122 to the designated proper officers. The said subsequent assignment itself demonstrates that respondent Nos.2 and 3 had no jurisdiction either to issue the show-cause notice under Section 122 or to adjudicate the proceedings thereunder.

8. It is contended that Section 2(91) of the CGST Act defines the expression “proper officer” to mean the Commissioner or the officer of the central tax who is assigned by the Commissioner in the Board to perform the functions under the relevant provision of the Act. It is further contended that Section 5(1) of the CGST Act provides for the exercise of powers conferred by or under the Act by such officers of central tax as may be empowered by the Board in that behalf. On the basis of the above provisions, the petitioner contends that the initiation and adjudication of

proceedings under Section 122, proposing a penalty of Rs.17.27 crores, were without jurisdiction and without fulfillment of the mandatory statutory requirements.

9. The main contention of the petitioner is that the impugned show-cause notice dated 17.02.2025 and the impugned order-in-original dated 15.10.2025 are *void ab initio* for want of jurisdiction, since, according to the petitioner, no proper officer had been duly assigned the relevant functions under Section 122 of the CGST Act either on the date of issuance of the show-cause notice or on the date of passing of the order. It is further contended that a penalty under Section 122(1)(ii) cannot be imposed in a penalty-only proceeding in the absence of a prior or concurrent adjudication determining the alleged tax liability/evasion under Section 74 of the CGST Act.

10. The petitioner also contended that the penalty cannot lawfully be imposed in respect of ITC which had already been reversed by the recipient entities, since, no tax loss or tax evasion survives in respect of such transactions where the revenue has already been made good.

11. It is further contended that the impugned order-in-original is based substantially upon the statements recorded during the investigation, which are inadmissible in law and/or were obtained under coercion or duress. The petitioner therefore disputes the evidentiary value and voluntariness of the statements relied upon by the adjudicating authority.

12. Another principal contention is that the imposition of penalty upon the petitioner under Section 122(1)(ii) and the simultaneous imposition of penalty upon Sri Parth Goyal under Section 122(1A) in respect of the same transactions amounts to impermissible double penalization and is violative of Article 20(2) of the Constitution of India. It is contended that the invocation of the provisions of Section 122 in respect of the same alleged acts of commission results in the petitioner and Sri Parth Goyal being subjected to multiple penalties arising out of the same alleged contravention.

13. It is also contended that Section 122 cannot be invoked simultaneously under different clauses to impose multiple penalties for the very same acts of commission, and that the

impugned order-in-original consequently results in double penalization for the same alleged contravention.

14. The petitioner further assails the impugned order on the ground of violation of the principles of natural justice. No effective notice was served upon it and no real and meaningful opportunity of hearing was afforded before passing the impugned order. It is contended that the principles of natural justice require effective service of notice and a reasonable opportunity to defend, and that mere mechanical dispatch of notices, which were subsequently returned undelivered with the postal endorsement “addressee left”, cannot constitute effective service so as to sustain an adjudication having serious civil and financial consequences.

15. The petitioner is a proprietary concern carrying on business in the name and style of M/s. Charanji Distributors and is stated to be registered within the jurisdiction of the Narayanguda Gunj Market office. A show-cause notice dated 17.02.2025 was issued proposing, *inter alia*, imposition of penalty under Section 122 of the CGST Act.

16. The petitioner further contended that the imposition of penalty upon the petitioner under Section 122(1)(ii), coupled with the simultaneous imposition of penalty upon Sri Parth Goyal under Section 122(1A) in respect of the same transaction, constitutes double penalisation. It is therefore contended that the impugned order is liable to be interfered with on the ground that the same alleged acts of commission have resulted in multiple penalties being imposed upon the petitioner and Sri Parth Goyal.

17. For the sake of convenience and for a proper appreciation of the rival contentions, the relevant provisions of Sections 122 and 125 of the CGST Act, 2017, are extracted herein below:

> ***Section 122 — Penalty for certain offences***
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> ***(1)*** *Where a taxable person who—*
>
> *ii) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder;*
>
> *shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or*

distributed irregularly, or the refund claimed fraudulently, whichever is higher.

(3) *Any person who—*

(a) *aids or abets any of the offences specified in clauses (i) to (xxi) of sub-section (1);*

(e) *fails to issue invoice in accordance with the provisions of this Act or the rules made thereunder, or fails to account for an invoice in his books of account,*

shall be liable to a penalty which may extend to twenty-five thousand rupees.

(1A) *Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.*

Section 125 — General penalty

Any person, who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act, shall be liable to a penalty which may extend to ***twenty-five thousand rupees****."*

18. The contention of the respondents-Revenue is that, during the course of investigation into the fraudulent availment and utilisation of input tax credit by various entities without any corresponding supply of goods or services, intelligence was developed by the DGGI, Hyderabad Zonal Unit. During the course of the said investigation, it was noticed that M/s. Charanji Distributors is engaged in the business of trading in

two-wheeler and three-wheeler automobile spare parts. Smt. Shravya Goyal is the proprietor of M/s. Charanji Distributors, while her son, Sri Parth Goyal, is stated to be looking after the business activities of the said firm. Sri Parth Goyal is also the proprietor of M/s. Shruti Distributors and is engaged in the trading of automobile spare parts.

19. It is further contended that, pursuant to the issuance of spot summons, the statement of Sri Parth Goyal, authorised representative of M/s. Charanji Distributors, was recorded. From the said statement and the material collected during the investigation, it was allegedly found that the goods shown to have been supplied by M/s. Charanji Distributors to various recipient firms did not correspond with the nature of business activities carried on by such recipients. During the course of investigation, summons were issued to several recipient entities and their statements were recorded, including M/s. RVR, M/s. Sai Pranav Infra, M/s. Mega Engineering and Infrastructure Limited, M/s. KCVR Infra Projects Private Limited, M/s. SCR Nirmal Private Limited, M/s. Wensar Construction Company

Limited, M/s. KVB Projects Limited, M/s. GKR Infra India Private Limited, M/s. Brunda Infra Private Limited, M/s. CVR Buildcon Private Limited, M/s. KSR Marine Services Private Limited, M/s. AVR Constructions Company Limited, M/s. KSR Infra Private Limited, M/s. Sanio Infra Projects Private Limited, M/s. Dwarakamayi Constructions Private Limited and other entities and proprietorship concerns referred to in the investigation.

20. It is also contended that voluntary statements of the owners of vehicles whose registration particulars were mentioned in the e-way bills raised by M/s. Charanji Distributors in favour of M/s. MEIL were recorded. Statements were also recorded from persons associated with M/s. Cyber Automobiles, M/s. Manakanta Engineering Works, M/s. Rajkumar Agencies and M/s. Kaleshwari Mail Lorry Sources. On the basis of the statements so recorded and the invoices and other material collected during the course of investigation, it was concluded that M/s. Charanji Distributors had contravened the provisions of Section 31 of the CGST Act, 2017, r/w. Rule 46 of

the CGST Rules, 2017, corresponding provisions of the TGST Act, 2017 and Section 20 of the IGST Act, 2017, by issuing tax invoices without any corresponding supply of goods.

21. It was further alleged that the petitioner had furnished incorrect particulars of outward supplies in its returns and had thereby contravened the relevant provisions of Section 37 of the CGST Act, 2017, read with the corresponding Rules, by reporting transactions on the basis of invoices without underlying supplies. It was also alleged that the petitioner had failed to correctly disclose and discharge its actual tax liability in terms of Section 39 of the CGST Act, 2017 and the corresponding provisions of the TGST Act, 2017, read with Section 20 of the IGST Act, 2017.

22. Subsequently, pursuant to the issuance of the show-cause notice, an Order-in-Original dated 15.10.2025 was passed by the Joint Commissioner, Customs and Central Excise, Hyderabad GST Commissionerate, Hyderabad.

23. The main grievance of the petitioner is that the show-cause notice as well as the consequential Order-in-Original were issued and passed without jurisdiction. It is contended that the foundation of the impugned show-cause notice and the Order-in-Original rests substantially upon the voluntary statements of Sri Parth Goyal recorded on 24.05.2022 and 23.01.2023, wherein he is stated to have admitted the issuance of invoices without actual supply of goods to certain recipients. The petitioner, however, contends that the said statements were not voluntary in the true sense and were obtained under duress and coercion during the course of the investigation.

24. The petitioner further contended that the entire proceedings are vitiated for want of jurisdiction, on the ground that no officer had been assigned as the 'proper officer' under Section 122 of the CGST Act, 2017, either as on the date of issuance of the show-cause notice or as on the date of passing of the Order-in-Original. It is submitted that Section 2(91) of the CGST Act defines 'proper officer' to mean the Commissioner or the officer of the central tax who is assigned by the

Commissioner in the Board to perform the functions under the Act. Reliance is also placed upon CBIC Circular No.254/11/2025-GST dated 27.10.2025, to contend that the assignment of the proper officer under the relevant provision came to be made only subsequently.

25. The impugned show-cause notice was issued on 17.02.2025 and the Order-in-Original was passed on 15.10.2025, both being prior to the issuance of the aforesaid Circular dated 27.10.2025. Therefore, it is contended that as on the relevant dates, there was no valid assignment of an officer as the proper officer competent to issue the show-cause notice or to adjudicate the proceedings and pass an order under Section 122 of the CGST Act. Consequently, the petitioner submitted that the entire proceedings stand vitiated for want of jurisdiction and that the impugned show-cause notice, being without jurisdiction, could not constitute a valid foundation for the subsequent adjudication. It is further contended that an order passed without jurisdiction is *coram non judice* and is a nullity in the eye of law.

26. From the record, it appears that the investigation was conducted by the DGGI, Hyderabad Zonal Unit and that the impugned proceedings were initiated on the basis of the material collected during such investigation, including the statements recorded from the concerned persons and the invoices and other documents allegedly seized or collected during the course thereof. Since the petitioner has questioned the very jurisdiction of the authority which issued the show-cause notice and passed the Order-in-Original, the question of assignment of the 'proper officer' assumes significance.

27. It is also relevant to note that the respondents place reliance upon CBIC Circular No.254/11/2025-GST dated 27.10.2025. However, the petitioner pointed out that the said Circular was issued subsequent to both the impugned show-cause notice dated 17.02.2025 and the Order-in-Original dated 15.10.2025. Thus, the precise question that arises for consideration is whether, on the dates on which the show-cause notice was issued and the Order-in-Original was passed, there existed a valid assignment of the concerned officer as the 'proper

officer' competent to exercise jurisdiction under the relevant provision of the CGST Act.

28. We have heard the submissions of the learned Senior Counsel for the petitioner and the learned Standing Counsel appearing for the respondents. The learned Standing Counsel has drawn the attention of this Court to the circular dated 27.10.2025 and has also relied upon the judgment of the learned Co-ordinate Bench of this Court in ***Alokadci Holdings Pvt. Ltd. v. Commissioner of Central Tax***[1], particularly paragraph 10 which is extracted hereunder:

> *Section 160 of the CGST Act deals with the Assessment Proceedings, etc., not to be invalid on certain grounds. As per Sub-Section (1) thereof, no assessment, reassessment, adjudication, review, revision, appeal, rectification, notice, summons or other proceedings done, accepted, made, issued, initiated, or purported to have been done, accepted, made, issued, initiated in pursuance of any of the provisions of this Act shall be invalid or deemed to be invalid merely by reason of any mistake, defect or omission therein, if such assessment, re-assessment, adjudication, review, revision, appeal, rectification, notice, summons or other proceedings are in substance and effect in conformity with or according to the intents, purposes and requirements of this Act or any existing law. As per sub-section (2)*

[1] Writ Petition No.4426 of 2026 dated 17.02.2026

> *thereof, the service of any notice, order or communication shall not be called in question, if the notice, order or communication, as the case may be, has already been acted upon by the person to whom it is issued or where such service has not been called in question at or in the earlier proceedings commenced, continued or finalized pursuant to such notice, order or communication.*

29. He has further relied upon the circular dated 19.06.2017 and the circular dated 06.07.2022. On the other hand, the learned Senior Counsel for the petitioner has relied upon the judgment reported in ***V. Senthur v. M. Vijayakumar***[2]**.** Having considered the entire gamut of the facts of the case and the circulars placed before this Court, the main grievance of the petitioner is that the officer who issued the show-cause notice and the officer who passed the order-in-original were not the proper officers and consequently, lacked jurisdiction to issue the show-cause notice and pass the order-in-original.

30. On perusal of the record, it is evident that the show-cause notice was issued by the Additional Director, DGGI, Hyderabad Zonal Unit, whereas the order-in-original was passed by the

[2] (2022) 17 SCC 568.

Joint Commissioner, Hyderabad GST. The show-cause notice was issued on 07.02.2025 *vide* Show-Cause Notice No.91/2024-25-GST, and the order-in-original was passed on 15.10.2025. Admittedly, the circular dated 27.10.2025, relied upon by the respondents, came to be issued subsequent to both the show-cause notice and the order-in-original. Therefore, the said circular was not in existence as on the date on which the proceedings were initiated and the order-in-original was passed.

31. However, a perusal of the said circular would indicate that in respect of cases involving a monetary limit of more than Rs.2 crores, the Joint Commissioner is designated as the proper officer competent to issue the show-cause notice and undertake the consequential adjudication.

32. In the present case, the monetary amount involved is more than Rs.2 crores and the order-in-original has been passed by the Joint Commissioner, Hyderabad GST. The Joint Commissioner, therefore, is the competent and proper officer in terms of the applicable allocation of functions. The subsequent circular also makes it clear that the Joint Commissioner is the

proper officer in respect of matters falling within the relevant monetary jurisdiction.

33. It is pertinent to mention here that the officer who passed the Order-in-Original and the officer who is assigned as the proper officer in cases involving monetary limits exceeding Rs.2 crores are one and the same i.e., the Joint Commissioner. Accordingly, in view of Section 160 referred to hereinabove, the order cannot be assailed merely on this ground.

34. In view of the above, the contention of the learned Senior Counsel that the show-cause notice and the order-in-original were issued by an officer lacking jurisdiction cannot be accepted. Therefore, the proceedings cannot be held to be without jurisdiction on the ground urged by the petitioner.

35. Coming to the validity of the show-cause notice and the order-in-original on other grounds, it is not in dispute that the order-in-original is an appealable order. The petitioner has an efficient alternative remedy of filing an appeal before the competent appellate authority. We are, therefore, of the

considered opinion that the issues raised by the petitioner, other than the question of jurisdiction considered hereinabove, can appropriately be raised before the appellate authority.

36. Having regard to the facts and circumstances of the case, we are of the considered opinion that the main contention raised by the petitioner is not tenable in law and therefore, the writ petition is liable to be dismissed. However, since the order-in-original is appealable, the petitioner is at liberty to avail the remedy of appeal in accordance with law and to raise all such pleas as may be available to him before the competent appellate authority.

37. We make it clear that we have not expressed any opinion on the merits of the case. All questions on the merits of the matter are left open to be urged before and considered by the competent appellate authority in accordance with law. If the petitioner prefers an appeal before the competent appellate authority, the period spent in pursuing the present writ petition shall be liable to be excluded, in accordance with law, while

computing the period of limitation, subject to the applicability of Section 14 of the Limitation Act, 1963.

38. Accordingly, the Writ Petition is dismissed. There shall be no order as to costs.

As a sequel, miscellaneous applications, if any pending, shall stand closed.

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P. SAM KOSHY, HACJ

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NARSING RAO NANDIKONDA, J

Date: 13.10.2026.
vjb