IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD
(Special Original Jurisdiction)

TUESDAY, THE THIRD DAY OF FEBRUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT PETITION NO: 19357 OF 2025

Between:

M/s. Creative Enterprises, Rep by the Proprietor Shri Krovvidi Lakshmi Narasimham, S/o Shri Ranga Rao, F-7, Baba Cafe Point, Road No. 12, Nacharam, Hyderabad, Telangana.

...PETITIONER

AND

1. The State of Telangana, Represented by its Principal Secretary, Commercial Taxes, Secretariat, Hyderabad.
2. The Commissioner of the Commercial Taxes Department, Telangana State, C.T Complex, Nampally, Hyderabad-500 001.
3. The Assistant Commissioner, Ramgopalpet-Ranigunj II Circle, Begumpet Division, H.No.6-3-789, 3rd Floor Pavani Prestige, Ameerpet, Hyderabad 500 016.

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue a direction or Orders, more particularly in the nature of a writ of Mandamus or any other appropriate Writ, declaring that blocking of Input Tax Credit of the Petitioner to the tune of Rs. 13,38,98,200.00 (Rupees Thirteen Crore Thirty Eight Lakh Ninety Eight Thousand and Two Hundred only) showing in Electronic Credit Ledger of the Petitioner at GSTN portal as void ab-initio, without jurisdiction, illegal, arbitrary, violation of principles of natural justice and principle of audi alteram partem, and violation of Article 19(1)(g) and 300A of the Petitioner

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to grant stay an interim relief to lift the blocking of Input Tax Credit of the Petitioner to the tune of Rs. 13,38,98,200.00 (Rupees Thirteen Crore Thirty Eight Lakh Ninety Eight Thousand and Two Hundred only) showing in Electronic Credit Ledger of the Petitioner at GSTN portal as void ab-initio, without jurisdiction, the action of the Respondent pending disposal of this Writ Petition.

Counsel for the Petitioner: SRI M.UMASHANKAR

Counsel for the Respondents: SRI SWAROOP OORILLA,
SPECIAL GOVT PLEADER FOR STATE TAX

The Court made the following: ORDER

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH

AND

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT PETITION No.19357 of 2025

DATED: 03.02.2026

Between:

M/s. Creative Enterprises,
Rep. by the Proprietor Shri Krovvidi Lakshmi Narasimham,
S/o. Shri Ranga Rao, F-7, Baba Cafe Point, Road No.12,
Nacharam, Hyderabad, Telangana.

... Petitioner

AND

The State of Telangana,
Represented by its Principal Secretary,
Commercial Taxes, Secretariat, Hyderabad & 2 others

... Respondents

ORDER:

Heard Mr. M.Uma Shankar, learned counsel appearing for the petitioner and Mr. Swaroop Oorilla, learned Special Government Pleader for State Tax appearing for the respondents.

2. The petitioner assailed the blocking of its Electronic Credit Ledger allegedly beyond the period of one year on the ground that it is *void ab initio*, without jurisdiction and violative of the statutory Rules.

3. On 28.08.2025, when the matter was taken up, upon hearing learned counsel for the petitioner, learned Special Government Pleader for State Tax submitted that if the blocking of the Electronic Credit Ledger of the petitioner has remained for more than one year, it would be unblocked. He also sought to seek instructions on the blocking of the Electronic Credit Ledger on 30.05.2025 and 17.06.2025. The counter affidavit was filed thereafter. On 17.12.2025, after hearing the parties, the following order was passed taking note of the stand of the respondents in their counter affidavit:

> "Sri M. Uma Shankar, learned counsel appears for petitioner.
>
> Sri K. Sai Akarsh, learned Assistant Government Pleader appears for Sri Swaroop Oorilla, learned Special Government Pleader for State Tax, for respondents.
>
> The counter-affidavit filed on behalf of respondent No.3 fails to answer whether any proceedings under Section 73/74 of the Central Goods and Services Tax Act, 2017 (for short 'the Act'), have been issued for illegal or irregular availment of Input Tax Credit (ITC) by the petitioner. The counter-affidavit alleges that the Electronic Credit Ledger (ECL) of the petitioner was blocked because of availment of ITC against supplies from non-existent suppliers. ECL has been re-blocked on 30.05.2025, the day on which it was unblocked, in terms of Rule 86A of the Central Goods and Services Tax Rules, 2017. The petitioner is against the re-blocking of ECL. It is submitted that there was no ITC available at the time of blocking.

> Learned counsel for the respondents is allowed two (2) weeks' time to seek instruction on the issue whether any proceedings have been initiated against the petitioner under Section 73/74 of the Act.
>
> List after two (2) weeks."

4. Learned Special Government Pleader for State Tax appearing for the respondents has produced the copy of the order-in-original dated 01.05.2025 passed against the petitioner on the basis of a show cause notice dated 17.10.2024 wherein the Proper Officer has imposed tax liability to the tune of Rs.1,36,05,587/- after disallowing the Input Tax Credit. It has also imposed further tax liability on account of Less Reported turnover in GSTR3B compared to P&L turnover and interest thereupon to the tune of Rs.81,66,124/-. Petitioner has also been imposed penalty under Section 122(1)(vii), Section 122(1)(ii) and Section 122(2)(b) as also under Section 125 of the Telangana Goods and Services Tax Act, 2017 (hereinafter referred to as 'the TGST Act') for not filing GSTR09C to the tune of Rs.2,76,47,444/-. Late fee has been imposed for delayed filing of GSTR09 to the tune of Rs.1,45,200/-. The grand total of the tax liability, interest, fee and penalty over all these heads comes to Rs.4,95,64,354/-. It is submitted that after passing of the order-in-original, the Electronic Credit Ledger of the petitioner was blocked on 30.05.2025 again. The period of one year in terms of Rule 86A of the Central Goods

and Serv ces Tax Rules, 2017 has not expired since the date of blocking. It is submitted that there were no Input Tax Credit available at the time of blocking.

5. The writ petition was filed in July, 2025. The writ affidavit, however, conspicuously fails to refer to any of these facts.

6. Learned counsel for the petitioner submits that the challenge in the present writ petition is limited to blocking of the Electronic Credit Ledger only. Therefore, other ancillary facts now being brought to the notice of the Court were not required to be referred to.

7. However, we do not appreciate the stand of the petitioner. In writ proceedings, a party has to come clean before the Court disclosing all relevant material facts germane to the issue in controversy. The blocking of the Electronic Credit Ledger was accompanied by a proceeding under Section 74 of the TGST Act. This was a material fact required to be disclosed in the writ petition for the Court to form an opinion on the cause of action raised herein. We do not encourage such an approach on the part of the petitioner. At the same time, since the re-blocking of the Electronic Credit Ledger has a background in the imposition of tax, interest, fee and penalty in a proceeding under Section 74 of the TGST Act to the tune of

Rs.4,95,64,354/- and the period of one year has not expired since the blocking of the Electronic Credit Ledger on 30.05.2025, this Court does not find any reason to interfere in the matter.

8. The Writ Petition is, accordingly, dismissed. However, there shall be no order as to costs.

9. The order-in-original be kept on record.

Miscellaneous applications pending, if any, shall stand closed.

Sd/- K. MADHAVI
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. One CC to Sri M.Umashankar, Advocate [OPUC]
2. Two CCs to the Special GP for State Tax, High Court for the State of Telangana, at Hyderabad[OUT]
3. Two CD Copies

T J/DAN

Ys

HIGH COURT

DATED:03/02/2026

ORDER

WP.No.19357 of 2025

DISMISSING THE WRIT PETITION
WITHOUT COSTS

6 copies
23/2/26