

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

**FRIDAY, THE TWELFTH DAY OF JUNE
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: 17496 OF 2026

Between:

M/s. Shalimar Industries,, rep. by its Proprietor, Mr. Raju Bai Virani,
SRY.No.21/4, Plot No.33, Kailash Nagar, Dasnapur, Adilabad, Telangana-504
001.

...PETITIONER

AND

1. Assistant Commissioner,, Office of the Assistant Commissioner of Central Tax, Nizamabad Division, Medchal Commissionerate, KNAR Estate, 3rd Floor, Nizamabad-503 001.
2. Assistant Commissioner of Central Tax,, Circle VI, Office of the Commissioner of Central Tax and GST, Hyderabad Audit-II Commissionerate, Group 62, Door No.1-98/B/20, 21, Sanvi Yamuna Pride, Krithika layout, Madhapur, Hitech City, Hyderabad-500 081
3. Additional Commissioner of Central Tax and GST, (Appeals-II), Office of the Commissioner of Customs and Central Tax, Appeals - II Commissionerate, 7th Floor, GST Bhavan, L.B.Stadium Road, Basheerbagh, Hyderabad-500 004.
4. State of Telangana,, rep by its Principal Secretary to Government, Revenue (CT-II) Department, Secretariat, Hyderabad.
5. Union of India,, rep. by its Principal Secretary, Government of India, Ministry of Finance, 3rd Floor, Jeevan Deep Building, Sansad Marg, New Delhi-110 001.

...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 Writ of Mandamus or any other appropriate writ or order or direction (a) setting aside the Order-in-Original dated 17.11.2024 passed by the 1st Respondent levying tax and penalty of Rs.1,54,33,258/- under Section 73 and 74 of the Central Goods and Services Tax Act, 2017 and the Telangana Goods and Services Tax Act, 2017 for the years 2017-18 to 2022-23 as being illegal, without jurisdiction, barred by limitation, legally unenforceable and (b) setting aside the appeal order dated 12.3.2026 passed by the 3rd Respondent confirming the order of the P Respondent, as being illegal, without application of mind, contrary to the records and in complete contravention to the provision of the Central Goods and Service Tax Act, 2017 and the Telangana Goods and Services Tax Act, 2017.

I.A. NO: 1 OF 2026

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 of all further proceedings pursuant to the impugned order dated 17.11.2024 passed by the 1st Respondent for the years 2017-18 to 2022-23 and the appeal order dated 12.3.2026 passed by the 3rd Respondent under the Central Goods and Service Tax Act, 2017 and the Telangana Goods and Services Tax Act, 2017 pending disposal of the Writ Petition, as otherwise the Petitioner will be put to severe loss and hardship.

Counsel for the Petitioner: SRI K. P. AMARNATH REDDY

**Counsel for the Respondent Nos.1 to 3: SRI. DOMINIC FERNANDES
(SENIOR STANDING COUNSEL FOR CBIC)**

Counsel for the Respondent No.4: GP FOR STATE TAX

**Counsel for the Respondent No.5: SRI BHUJANGA RAO,
SC FOR CENTRAL GOVERNMENT**

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.17496 of 2026

Dated:12.06.2026

Between:

M/s. Shalimar Industries

...Petitioner

and

Assistant Commissioner,
Office of the Assistant Commissioner of Central Tax,
Nizamabad Division, Medchal Commissionerate,
KNAR Estate, 3rd Floor, Nizamabad – 503 001,
and 4 others.

...Respondents

ORDER:

Learned counsel Sri K.P.Amarnath Reddy appears for the petitioner.

Sri Dominic Fernandes, learned Senior Standing Counsel for Central Board of Indirect Taxes and Customs (CBIC), appears for respondents No.1 to 3.

2. Heard the learned counsel for the parties.
3. Both the order-in-original dated 17.11.2024 along with the summary of the order in Form GST DRC-07 dated 21.11.2024 and the appellate order dated 12.03.2026 pertaining to the financial years 2017 - 18 to 2022 - 23 are under challenge by the petitioner, whereby the respondents have fastened GST liability, including Reverse Charge Mechanism (RCM) liability on raw cotton transactions, despite the petitioner's specific contention that the purchases were made for trading purposes.
4. The impugned proceedings have been conducted by invoking both Sections 73 and 74 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as, "the Act"). After availing the appellate remedy, the petitioner has approached this court with the contention that the appellate authority failed to appreciate the detailed explanations, invoices, e-way bills, bank statements, reconciliation statements and other supporting documents furnished by the petitioner while mechanically confirming the demand. The respondents wrongly treated the petitioner's purchases of raw cotton as attracting RCM liability, despite specific contention and documentary proof that such purchases were made for trading purposes and not for ginning activities. The

order-in-original and the appellate order were passed without proper consideration of the petitioner's submissions and evidence. They are cryptic, unsupported by reasons and reflect complete non-application of mind. The petitioner is aggrieved by the confirmation of demand, interest and penalty aggregating to Rs.1,54,33,258/- for the period covering 2017 - 18 to 2022 - 23.

5. Learned counsel for the petitioner has taken the plea that for the previous years where the proceedings under Section 73 of the Act have become time barred, the proper officer has deliberately invoked Section 74 of the Act without its ingredients, just for the purpose of availing the extended period of limitation. Learned counsel for the petitioner, therefore, submits that a composite order both under Sections 73 and 74 of the Act could not be passed in respect of different financial years without the ingredients of Section 74 of the Act being satisfied and also without consideration of the documentary evidence and the specific contentions of the petitioner etc. The matter may therefore be remanded for reconsideration by the appellate authority.

6. The matter was adjourned yesterday for the learned Senior Standing Counsel for CBIC to seek instructions.

7. Today, the learned Senior Standing Counsel for CBIC submits, on instructions, that the matter may be remanded to the appellate authority to reconsider these issues in accordance with law.

8. Having regard to the aforesaid facts and circumstances and the submissions of the learned counsel for the parties, the impugned order-in-appeal dated 12.03.2026 is set aside and the matter is remanded to the appellate authority to pass a fresh order in accordance with law after an opportunity of hearing to the petitioner. Since the matter is being remanded, the petitioner is allowed liberty to raise additional grounds within a period of two weeks from today.

9. The writ petition is accordingly disposed of. There shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

**SD/- A.V.S. PRASAD
DEPUTY REGISTRAR**

//TRUE COPY//

SECTION OFFICER

To,

1. Assistant Commissioner,, Office of the Assistant Commissioner of Central Tax, Nizamabad Division, Medchal Commissionerate, KNAR Estate, 3rd Floor, Nizamabad-503 001.
2. Assistant Commissioner of Central Tax,, Circle VI, Office of the Commissioner of Central Tax and GST, Hyderabad Audit-II Commissionerate, Group 62, Door No.1-98/B/20, 21, Sanvi Yamuna Pride, Krithika layout, Madhapur, Hitech City, Hyderabad-500 081
3. Additional Commissioner of Central Tax and GST, (Appeals-II), Office of the Commissioner of Customs and Central Tax, Appeals - II Commissionerate, 7th Floor, GST Bhavan, L.B.Stadium Road, Basheerbagh, Hyderabad-500 004.
4. The Principal Secretary to Government, Revenue (CT-II) Department, Secretariat, State of Telangana,, Hyderabad.

5. The Principal Secretary, Government of India, Ministry of Finance, 3rd Floor, Jeevan Deep Building, Sansad Marg, Union of India., New Delhi-110 001.
6. One CC to Sri K. P. Amarnath Reddy, Advocate [OPUC]
7. One CC to Sri Dominic Fernandes (senior standing counsel for CBIC) [OPUC]
8. One CC to Sri Bhuganga Rao, SC for Central Government[OPUC]
9. Two CCs to the GP for State Tax, High Court for the State of Telangana, at Hyderabad[OUT]
10. Two CD Copies

TJ
GJP

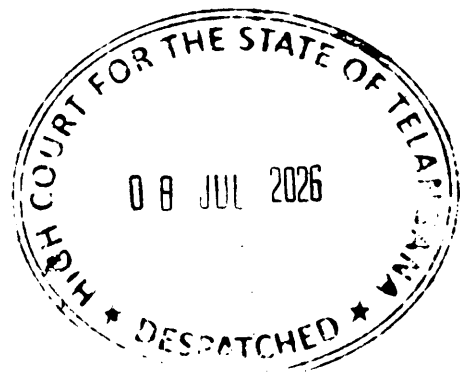
A handwritten signature in black ink, appearing to be 'B. J.', written over the typed initials 'TJ GJP'.

HIGH COURT

DATED: 12/06/2026

ORDER

WP.No.17496 of 2026



DISPOSING OF THE WRIT PETITION

WITHOUT COSTS

(13)
18/06/26
K.B