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

TUESDAY, THE FOURTH DAY OF AUGUST
TWO THOUSAND AND TWENTY SIX

PRESENT

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

<u>WRIT PETITION NO: 21286 OF 2026</u>

Between:

M/s.Keshan Industries LLP, Rep. by its Partner Sri Rajneesh Keshan, Office at 26F, Telangana Industrial Park, Nagpur Highway Road, Muppireddypally, Toopran, Medak District, Telangana-502 334.

...Petitioner

AND

1. The Union of India, Rep. by its Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi -110 001
2. The Central Board of Indirect Taxes and Customs, Rep. by its Chairman, Department of Revenue, Ministry of Finance, North Block, New Delhi-1
3. The Commissioner of Central Tax, Medchal CGST Commissionerate, GST Bhavan, Hyderabad, Telangana.
4. The Joint Commissioner of Central Tax (Adj.), Medchal CGST Commissionerate, GST Bhavan, Hyderabad, Telangana.
5. The Deputy / Assistant Commissioner of Central Tax, Sangareddy Division, Medchal CGST Commissionerate, Telangana.

...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 an appropriate Writ, Order or Direction, more particularly one in the nature of Writ of Mandamus (a)Declaring the action of the 4th respondent in passing the impugned Order-in-Original No.01/2026 dated 25.04.2026 passed by the 4th Respondent for the tax period April 2023 to July 2023, insofar as it confirms a demand of Rs.18,58,92,670/- under Section 74(9) of the CGST Act, confirms interest under Section 50(3) thereof, and imposes an equal penalty of Rs.18,58,92,670/- under Section 74(9) read with Section 122(1)(vii) and Section 122(2)(b) of the CGST Act, as being illegal, without jurisdiction, in breach of the principles of natural justice, founded upon extra-statutory criteria, arbitrary, and violative of Articles 14, 19(1)(g) and 265 of the Constitution of India and consequently (c) consequentially direct the Respondents to refund or re-credit to the Petitioner the sum of Rs.2,00,00,000/- appropriated under the impugned Order, together with applicable interest and (b)Declaring Section 122 of the Central Goods and Services Tax Act, 2017 to be ultra vires the Constitution of India, as the said Section being an independent penal provision bereft of any machinery provision as to the proper officer, the period of limitation, the procedure for inquiry, hearing and adjudication, and the manner of quantification of penalty, and therefore illegal, manifestly arbitrary and violative of Article 14 of the Constitution of India.

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 stay the operation, execution and all further proceedings in pursuance of the impugned Order-in-Original No.01/2026 dated 25.04.2026 passed by the 4th Respondent, including any recovery under Section 79 of the CGST Act, any attachment of the bank accounts, books of account, stock-in-trade or business premises of the Petitioner, and any other coercive measures for the recovery of the demand, interest and penalty confirmed thereunder, and to pass such other interim order or orders as this Hon'ble Court may deem fit and proper, as otherwise the Petitioner will be put to grave and irreparable loss, hardship and prejudice.

Counsel for the Petitioner: Sri. B. KRISHNA REDDY
Counsel for the Respondent No.1: Mr. M.S. ACHYUTH BHARATHWAJ,
Standing Counsel for Central Governement
Counsel for the Respondent Nos.2 to 5: Mr. DOMINIC FERNANDES,
Senior Standing Counsel for
CENTRAL BOARD OF INDIRECT
TAXES AND CUSTOMS (CBIC)

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.21286 OF 2026

Dated: 04.08.2026

Between:

M/s. Keshan Industries LLP,
Toopran, Medak District,
Rep. by its Partner Sri Rajneesh Keshan ...**Petitioner**

and

The Union of India,
Rep. by its Secretary, Ministry of Finance,
Department of Revenue, North Block,
New Delhi-110 001 and 4 others ...**Respondents**

ORDER:

Heard Mr. B. Krishna Reddy, learned counsel appearing for the petitioner; Mr. M.S. Achyuth Bharathwaj, learned Central Government Standing Counsel, appearing for respondent No.1 and Mr. Dominic Fernandes, learned Senior Standing Counsel for Central Board of Indirect Taxes and Customs (CBIC), appearing for respondent Nos.2 to 5.

2. This writ petition is filed for the following relief:

> "... to issue an appropriate Writ, Order or Direction, more particularly one in the nature of Writ of Mandamus: (a) Declaring the action of the 4th respondent in passing the impugned Order-in-Original No.01/2026 dated 25.04.2026 passed by the 4th Respondent for the tax period April 2023 to July 2023, insofar as it confirms a

> demand of Rs.18,58,92,670/- under Section 74(9) of the CGST Act, confirms interest under Section 50(3) thereof, and imposes an equal penalty of Rs.18,58,92,670/- under Section 74(9) read with Section 122(1)(vii) and Section 122(2)(b) of the CGST Act, as being illegal, without jurisdiction, in breach of the principles of natural justice, founded upon extra-statutory criteria, arbitrary, and violative of Articles 14, 19(1)(g) and 265 of the Constitution of India and consequently direct the Respondents to refund or re-credit to the Petitioner the sum of Rs.2,00,00,000/- appropriated under the impugned Order, together with applicable interest; and
> (b)Declaring Section 122 of the Central Goods and Services Tax Act, 2017 to be ultra vires the Constitution of India, as the said Section being an independent penal provision bereft of any machinery provision as to the proper officer, the period of limitation, the procedure for inquiry, hearing and adjudication, and the manner of quantification of penalty, and therefore illegal, manifestly arbitrary and violative of Article 14 of the Constitution of India; and pass such other order or orders as this Hon'ble Court may deem fit and proper in the circumstances of the case and in the interest of justice."

3. However, after some arguments, learned counsel for the petitioner seeks liberty to the petitioner to prefer an appeal against the impugned order-in-original dated 25.04.2026. He submits that some delay might have been occurred in preferring the appeal and therefore, the same may be directed to be considered sympathetically.

4. Learned Senior Standing Counsel for CBIC submits that the petitioner was at liberty to prefer an appeal against the impugned order-in-original taking all the grounds as are available to it in law and on facts.

5. However, upon hearing the learned counsel for the parties, since the petitioner seeks liberty to prefer an appeal, we do not

wish to comment on the merits of the contentions raised by the parties.

6. Accordingly, we grant liberty to the petitioner to prefer an appeal within a period of two weeks with statutory pre-deposit and a delay condonation application. The petitioner may take all such grounds in law and on facts in the memo of appeal as are available to it. Needless to say, the appellate authority would consider the question of delay taking into account the facts and circumstances of the case and if it is satisfied on the point of delay, proceed to decide the appeal on merits in accordance with law.

7. The Writ Petition is, accordingly, disposed of with the aforesaid liberty. There shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

SD/- A.H.S.GOWRI SHANKAR
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi -110 001, Union of India,
2. The Chairman, Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance, North Block, New Delhi-1
3. The Commissioner of Central Tax, Medchal CGST Commissionerate, GST Bhavan, Hyderabad, Telangana.
4. The Joint Commissioner of Central Tax (Adj.), Medchal CGST Commissionerate, GST Bhavan, Hyderabad, Telangana.
5. The Deputy / Assistant Commissioner of Central Tax, Sangareddy Division, Medchal CGST Commissionerate, Telangana.
6. One CC to Sri. B. KRISHNA REDDY, Advocate [OPUC]
7. One CC to Sri. ACHYUTH BHARATHWAJ, Senior Standing Counsel for for CENTRAL GOVT, Advocate [OPUC]

8. One CC to SRI DOMINIC FERNANDES, Senior Standing Counsel CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS CBIC (OPUC)
9. Two CD Copies

PSR

TKS

HIGH COURT

DATED: 04/08/2026

ORDER

WP.No.21286 of 2026

DISPOSING OF

THE WRIT PETITION

WITHOUT COSTS.

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14/8/26