



2026:AHC:67540-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT TAX No. - 1881 of 2026

M/S Rathi Nu Steel And Another

.....Petitioner(s)

Versus

Union Of India And 2 Others

.....Respondent(s)

Counsel for Petitioner(s) : Praveen Kumar

Counsel for Respondent(s) : A.S.G.I., Dhananjay Awasthi, Saumitra Singh

Court No. - 3

**HON'BLE SAUMITRA DAYAL SINGH, J.
HON'BLE SWARUPAMA CHATURVEDI, J.**

1. Heard Sri Praveen Kumar, learned counsel for the petitioner and Sri Dhananjay Awasthi, learned counsel for the Revenue.

2. Challenge has been raised to the order dated 26.12.2025 passed under Section 122 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as 'the Act') for the period 2018-19 to 2021-22.

3. Submissions have been advanced, that the proceedings have been indicated and concluded in absolute violation of principles of natural justice. Though show cause notice was issued on 30.06.2025 neither in the summary of that notice nor in the detailed notice, any date was fixed for submission of reply or for personal hearing. Only this much was indicated in the detailed notice that the petitioner may file its reply within thirty days. The petitioner claims he filed an application seeking RUD's dated 21.07.2025. RUD's were provided in October 2025 without any covering letter and no further date was fixed and communicated to the petitioner. The petitioner further disputes issuance or receipt of any of the letters dated 10.12.2025, 19.12.2025 and 23.12.2025 for the dates 17.12.2025, 22.12.2025 and 24.12.2025, respectively. Referring to paragraph 387.1 of the impugned

order, it is clearly borne out that neither those 'letters' were not served on the petitioner nor it was represented before the adjudicating authority.

4. In such circumstances, the impugned order has been passed wholly *ex parte*, without affording due opportunity to the petitioner to file reply or to be heard. Further violation of Section 75(3) has been alleged inasmuch as against proposed penalty demand of Rs.1,79,11,321/-, the adjudicating authority has imposed penalty of Rs.7,16,95,284. That too is wholly unsustainable.

5. Being confronted with the above, learned counsel for the revenue would submit notices were issued.

6. Having heard learned counsel for the parties and having perused the record, to the extent on a plain reading of the notices and the impugned order, it is clear to the Court that a show cause notice dated 30.06.2025 did not disclose to the present petitioner the date for filing reply and the date for personal hearing and further inasmuch as the facts specifically pleaded in paragraph no.24 of the writ petition that further letters dated 10.12.2025, 19.12.2025 and 23.12.2025 were not served on the petitioner, are corroborated from the perusal of the impugned order itself, the matter may not detain us any further. Also, it cannot be denied that the penalty imposed far exceeds the penalty proposed. That may never be done in the scheme of the Act.

7. Accordingly, the impugned order is set aside only to the extent of the present petitioner. Matter is remitted to the adjudicating authority to pass a fresh order after affording due opportunity of hearing to the petitioner.

8. The writ petition is **allowed**.

9. In face of the impugned order having being now served upon the petitioner, petitioner may treat the same as part of the show cause notice and file its final reply within a period of two weeks from today. Thereupon the respondent no.3 shall communicate to the petitioner the date of personal hearing with atleast 15 days' clear notice. The petitioner undertakes to co-operate in the proceeding and not seek any undue or long adjudication. The adjudicating authority may thus ensure to conclude the proceeding on or before 30.05.2026.

10. It is made clear that the present order has been passed in the peculiar facts of the present petitioner as noticed above. It may have no impact upon the other proceedings wherein the co-noticees may have participated.

(Swarupama Chaturvedi,J.) (Saumitra Dayal Singh,J.)

March 31, 2026

Abhilash