GSTAT

State Bench Prayagraj

Division Bench Court No. I

APL/80/ALB/2026

M/S GRACE BOOK CENTRE **.....Appellant**

Versus

COMMISSIONER CONCERNED UTTAR PRADESH LUCKNOW, COMMISSIONER, STATE GST OFFICE UP. & ORS. **.....Respondent**

Quorum

Hon'ble Mahtab Ahmad, Member(Judicial)
Hon'ble Ashish Varma, Member (Technical)

Counsel for Appellant	**Counsel for Respondent**
ARUN KUMAR KUSHWAHA, ADV.	SMT. VIBHA MISHRA, DC/SR
ANURAG SINGH, ADV.	SHRI SUNEEL KUMAR NIRMAL, AC/ASR

Form GST APL-04A

[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

Whether remand order : No

Order reference no. : ZN090411126000030H **Date of order :** 16/11/2026

1.	GSTIN/Temporary ID/UIN - 09AANFG7600F1ZD	
2.	Appeal Case Reference no. - APL/80/ALB/2026	Date - 23/06/2026
3.	Name of the appellant - M/S GRACE BOOK CENTRE , 32ramgst@gmail.com , 9956068786	

4.	Name of the respondent - 1. Himanshu , himanshu.2381979@gov.in , 7235001296 2. Commissioner Concerned Uttar Pradesh Lucknow	
5.	Order appealed against - AD090124143533B	
	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - ZD0907250740655	Date - 07/07/2025
6.	Personal Hearing - 16/11/2026 27/10/2026	
7.	Status of Order under Appeal - Reject - Order under Appeal is annulled	
8.	Order in brief - The appeal is ALLOWED.	
	Summary of Order	
9.	If demand order then whether demand quantified: No	

Place :PRAYAGRAJ
Date : 16.11.2026

Shri Pankaj Yadav
Designation : Legal Assistant
Jurisdiction :Prayagraj

JUDGEMENT

Per: Ashish Varma, Member (Technical)

This appeal under **Section 112(1)** of the Central Goods and Services Tax Act, 2017 and the Uttar Pradesh Goods and Services Tax Act, 2017 (together, "the Act") is filed by M/s Grace Book Centre ("the Appellant"), a partnership firm trading in books, notebooks and stationery at Civil Lines, Prayagraj. It is directed against Order-in-Appeal No. ZD0907250740655 dated 07.07.2025 ("the OIA") passed under **Section 107** by the Additional Commissioner, Grade-2 (Appeals) III, State Tax, Prayagraj ("the First Appellate Authority"), which dismissed the Appellant's appeal and affirmed Order-in-Original No. ZD0907210247 22J ("the OIO") passed ex parte under **Section 74(9)** by the Assistant Commissioner, State Tax, Sector-12, Prayagraj ("the Adjudicating Authority"). By the OIO the following were confirmed for July 2017 to March 2018 (F.Y. 2017–18): tax of Rs. 1,17,360 (CGST Rs. 58,680 and SGST Rs. 58,680); interest under **Section 50** of Rs. 75,569.76 (rounded in Forms GST APL-01 and APL-04 to Rs. 75,570, being Rs. 37,785 each of CGST and SGST); and penalty under **Section 74(1)** of Rs. 1,17,360. The total is Rs. 3,10,289.76, rounded to Rs. 3,10,290, which is the figure we use below.

A. Facts and proceedings

2. The Appellant is registered under the Act (GSTIN 09AANFG7600F1ZD). On 31.03.2018, at about 4:10 PM, the Special Investigation Branch, State Tax, Prayagraj ("the SIB") surveyed its premises. The survey note (paper-book p. 14) is handwritten and, in the copy on record, faint and partly illegible. It records

that sales of about Rs. 70,000 had been made on that day up to the time of the survey, and refers to the entry of sales in the Busy accounting software. A stock list (p. 15), signed at the spot, records the items found with approximate quantities and, for several items, indicative rates; it was neither totalled nor reconciled with the books. Page 16 is a printed seizure form on which the entries are blank or illegible. According to the show cause notice and the OIO, a cash memo book bearing serial Nos. 1051 to 1100 (dated 24.02.2018 to 28.03.2018) was seized, recording stationery sales of Rs. 16,909 and printed with a VAT TIN in place of the GSTIN, and the stock found was not verified against the books, purchase invoices or stock register.

3. A show cause notice dated 30.12.2020 (Ref. ZD0912200251720) was issued under **Section 74** by the Assistant Commissioner, State Tax, Sector-12. Its body lists four matters found at the survey, each followed by the words "it is clear that" and a call to explain: (1) a sale of Rs. 70,000 was admitted, bills were said to be made manually, but no invoice was issued, from which it is inferred that the Appellant shows sales at its convenience; (2) the stock found was not verified against books, purchase invoices and stock register, from which it is inferred that books are not kept in the regular course; (3) the cash memo book bore a VAT TIN, from which it is inferred that sales were made "with the object of evading tax" from an irregular bill book instead of the regular invoice book; and (4) the Appellant did not attend with its books in response to a summons under **Section 70** for verification of the stock, from which it is inferred that purchases and sales were made outside the books. The summary in Form GST DRC-01 states, against both "brief facts" and "grounds", only: "Suppression of fact, Misstatement. On the basis of SIB survey reports." The notice computes tax for

each month from July 2017 to March 2018 on identical turnovers of Rs. 1,00,000 (CGST 2.5% and SGST 2.5%) and Rs. 67,000 (CGST 6% and SGST 6%), that is Rs. 1,67,000 a month and Rs. 15,03,000 in all, and proposes tax of Rs. 1,17,360, interest of Rs. 63,954 and penalty of Rs. 1,17,360, together Rs. 2,98,674. It does not say how those turnovers were arrived at. The date for reply and hearing was 18.01.2021.

4. The OIO is signed 17.07.2021 and was uploaded with Form GST DRC-07 on 19.07.2021. It records that notices for 18.01.2021 and 23.03.2021 were served online by e-mail, and that the Appellant neither replied nor produced any documentary proof in verification of the figures declared in its returns. It then states that the Appellant has "declared total turnover of Rs. 15,03,000" for the period, fixes that turnover, reproduces the monthly grid of the notice (Rs. 1,00,000 and Rs. 67,000 in every month), and arrives at tax of Rs. 1,17,360, interest of Rs. 75,569.40 and penalty of Rs. 1,17,360. In its last sentence it holds that the "evaded turnover" for the period is Rs. 1,30,200, and that the liability on it is Rs. 58,680 each of CGST and SGST.

5. The Appellant appealed in Form GST APL-01 (ARN AD090124143533B) on 31.01.2024, giving 19.07.2021 as the date of communication of the OIO, with a pre-deposit under **Section 107(6)** of Rs. 14,670 (CGST Rs. 7,335 and SGST Rs. 7,335), described as 12.5% of the disputed tax. It pleaded that the notices were issued only online and were not known to it, that the survey was ocular, that its returns in Forms GSTR-1, GSTR-3B and GSTR-9 had been filed, and gave its sales figures. Hearing was notified for 18.09.2024 and 27.09.2024 and, by show cause notices, for 09.10.2024, 18.11.2024 and 09.01.2025. On

09.01.2025 the Appellant's counsel appeared and the hearing was partly held and adjourned to 24.02.2025; no one appeared on that date or on the further dates 25.04.2025 and 04.07.2025. By the OIA the First Appellate Authority, observing that the Appellant had nothing to say on the adverse facts found at the survey and that its object appeared to be to keep the disputed amount in abeyance, decided the appeal ex parte on the record, citing *Makhan Lal Sarkar v. Assistant Commissioner of Revenue*, W.P.A. No. 2146 of 2024, **NTN (Vol. 84) 413** (Calcutta High Court), for the proposition, as quoted in the OIA, that an order in appeal does not violate natural justice where several opportunities of hearing were afforded and the petitioner chose not to appear. It confirmed the OIO.

6. The present appeal was filed in Form GST APL-05 on 23.06.2026, with a further pre-deposit of Rs. 11,736.

B. Submissions

7. Shri Arun Kumar Kushwaha, learned Counsel for the Appellant, submitted that (i) all notices were issued only on the portal during the transitional period of GST and the pandemic, no physical copy was served, and the Appellant was unaware of them; (ii) the demand rests on an ocular survey of one afternoon, without stock-taking, reconciliation, or segregation of exempt and taxable goods; (iii) printed books are exempt, over 82% of the Appellant's turnover is of such books, and the sale noted on 31.03.2018 fell in the seasonal peak preceding the academic session; (iv) **Section 74** requires fraud, wilful misstatement or suppression of facts to evade tax, which cannot be inferred from the use of an old bill book; (v) tax of Rs. 1,17,360 against an alleged evaded turnover of Rs. 1,30,200 implies a rate exceeding 90%; (vi) the Appellant filed

its returns declaring a turnover of Rs. 36,98,572.75, whereas the OIO speaks of declared turnover of Rs. 15,03,000 for which there is no basis; and (vii) the OIA is a non-speaking order contrary to **Section 107(12)**.

8. The learned Departmental Representative submitted that the survey revealed un-invoiced sales of Rs. 70,000 on the date of the survey and an impounded cash memo book (Nos. 1051–1100) reflecting Rs. 16,909, issued with the old VAT TIN; that the Appellant did not attend with its books in response to the summons under **Section 70** and did not respond to the online notices; and that the First Appellate Authority, after giving several dates of hearing, of which the Appellant's counsel availed only one, rightly affirmed the OIO on the record.

D. Questions for determination

9. The following questions arise:

i) whether the demand could be sustained under **Section 74(1)** in the absence of foundational facts of fraud, wilful misstatement or suppression of facts to evade tax;

ii) whether the quantification of the demand is sustainable on the survey material, the returns and the exemption of printed books;

iii) whether the OIO and the OIA comply with **Section 74(9)** and **Section 75(6)**, and **Section 107(11)** and **(12)**, respectively; and

iv) what consequential order should follow, including the effect of **Section 75(2)** and whether the matter should be remitted under **Section 113(1)**.

We have heard learned Counsel and the learned Departmental

Representative and perused the record, including the survey note, the notice, the OIO, the first appeal and the OIA.

E. Whether Section 74 was validly invoked

10. **Section 74(1)** applies where it appears to the proper officer that tax has not been paid or short paid, or input tax credit has been wrongly availed or utilised, "by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax". It is the stringent provision of the Act: the order may be issued within five years of the due date of the annual return (**Section 74(10)**), as against three years under **Section 73(10)**, and the penalty equals the tax. The words quoted are conditions for its application, and the burden of establishing them lies on the Revenue. Under the corresponding proviso to the Central Excise Act, 1944, the Supreme Court has held that "suppression", keeping company with "fraud" and "collusion", means a deliberate failure to disclose full information with intent to evade payment of duty, the burden of proving which is on the Revenue: **Continental Foundation Jt. Venture v. Commissioner of Central Excise, Chandigarh-I, (2007) 216 ELT 177 (SC)** (Civil Appeal No. 3139 of 2002, decided on 29.08.2007, paras 10 and 12). Likewise, a penalty equal to the duty is a punishment for deliberate deception with intent to evade, and does not follow from mere non-payment or short payment: **Union of India v. Rajasthan Spinning & Weaving Mills, (2009) 13 SCC 448 = 2009 (238) ELT 3 (SC)** (paras 18–19). The Supreme Court has recently reiterated, in **Audi Automobiles v. Commissioner of Central Excise and Service Tax, Indore, 2026 INSC 858** (August 2026) by referring to **Continental Foundation**, that misstatement and suppression are qualified by "wilful", that is, by intent to evade.

11. As to how these conditions must be invoked, the Supreme Court held in **M/s Tata Steel Limited v. Union of India, 2026 INSC 920** (decided on 25.08.2026; SLP (C) No. 16859 of 2026) that the officer must himself be satisfied that the short payment resulted from fraud, wilful misstatement or suppression; that "[t]he foundational facts which led to the inference … should be evident from the notice itself"; and that "[t]he mere employment of such words will not indicate an application of mind" (paras 11, 13 and 14). The same view was taken in **M/s G.R. Infra Projects Limited, Ratlam v. State of Madhya Pradesh, Civil Appeal No. 11277 of 2026 (arising out of SLP (C) No. 33594 of 2025)** (decided on 19.08.2026), where a notice that merely referred to "fraud or concealment of facts", without particulars, was set aside. The Allahabad High Court has likewise held in **M/s Safecon Lifescience Pvt. Ltd. v. Additional Commissioner, Grade-2, Writ Tax No. 389 of 2023** that proceedings under **Section 74** cannot be sustained where there is no finding of fraud, wilful misstatement or suppression with intent to evade tax; the special leave petition against that decision was dism2issed by the Supreme Court on 17.07.2026.

12. At the relevant time **Explanation 2 to Section 74** described "suppression" as non-declaration of facts or information which a taxable person is required to declare in a return, statement, report or other document, or failure to furnish information on being asked for in writing by the proper officer. It did not dispense with the requirement of **Section 74(1)** that the non-payment or short payment be "by reason of" the suppression and "to evade tax".

13. Tested on these principles, the notice of 30.12.2020 does not satisfy them. Its own summary says nothing beyond "Suppression of fact, Misstatement. On the basis of SIB survey reports." Its four heads are inferences ("it is clear that") drawn from the survey: from the absence of an invoice for sales said to be billed manually, from non-verification of the stock, from the printed format of a bill book, and from non-attendance on a summons. None states a fact showing that tax was withheld. The notice does not identify any fact which the Appellant was required to declare in its returns and did not; it does not allege unaccounted purchases, shortage or excess of stock, suppressed receipts or any other circumstance from which an intention to evade tax could be inferred; and it does not reconcile the survey observations with the returns filed on the common portal. Only the third head uses the words "with the object of evading tax", and there as a conclusion from the format of the bill book alone. Fraud, wilful misstatement and suppression are thus asserted by phrase and not by facts.

14. The Revenue relies on the non-attendance on the summons under **Section 70** and the non-response to the online notices. The summons preceded the notice and is one of its four heads; but non-attendance on a summons is a default with its own consequences under the Act, and the inference from it that purchases and sales were made outside the books is a conjecture, not a fact. The later failure to reply to the notices occurred after the notice issued, whereas the foundational facts must exist, and be disclosed in the notice, when it issues (***Tata Steel***, para 14), and no demand may be confirmed on grounds other than those in the notice (**Section 75(7)**). Non-participation may entitle the officer to decide on the material before him; it does not supply a finding that tax was withheld with intent to evade. The turnover was, moreover, disclosed in the returns on the Revenue's

own portal, and facts known to the department cannot be said to have been suppressed (***Audi Automobiles***, above). On this ground alone the invocation of **Section 74** cannot be sustained.

F. The survey material and the quantification of the demand

15. A survey gathers information, and its findings must be corroborated before they are treated as proof of unreported turnover. The sale of about Rs. 70,000 was noted at about 4:10 PM on 31.03.2018, the last day of the financial year and the eve of the academic session, when sales of text books are seasonally at their highest, as the Appellant pleaded and as is a matter of common experience. It cannot be extrapolated to the preceding nine months. A stock list was prepared at the survey, but it was not totaled or reconciled with purchases, the stock register or the Busy records, and the notice itself records only that the stock was not verified against the books; no shortage, excess or unrecorded purchase is alleged anywhere. The survey note, as we read it, records that sales are made on manual bills and entered later in Busy; the notice's statement that "no invoice was issued" is therefore not borne out by the very note on which it rests, and a sale covered by a bill is not a suppressed sale. Nor did the survey separate the sale of exempt printed books from that of taxable stationery.

16. The quantification cannot be reconciled with the record on any footing. The OIO says the Appellant "declared" turnover of Rs. 15,03,000, and the tax of Rs. 1,17,360 it demands is exactly the tax at the notice's rates on all of that sum: Rs. 1,00,000 at 5% and Rs. 67,000 at 12% make Rs. 13,040 a month, and Rs. 13,040 over nine months is Rs. 1,17,360. Yet the OIO's own conclusion is that the turnover "evaded" is only Rs. 1,30,200. If the Rs. 15,03,000 is what the OIO

says it is, turnover declared in the returns, then it is disclosed turnover; the OIO does not say that tax on it was unpaid, and it gives no credit for tax paid. And tax on the Rs. 1,30,200 alleged to be evaded cannot be Rs. 1,17,360, which is 90.14% of it: the rate of central tax cannot exceed twenty per cent. under **Section 9(1)** of the Central Goods and Services Tax Act, 2017, and the same ceiling applies to State tax under the corresponding provision of the Uttar Pradesh Act, so that the aggregate cannot exceed forty per cent., which on Rs. 1,30,200 would be Rs. 52,080, and on the whole of the material noticed at the survey (Rs. 70,000 and Rs. 16,909, that is Rs. 86,909) Rs. 34,763.60. If, on the other hand, the Rs. 15,03,000 was not declared in the returns, there is no material for it in the record: the survey noted sales of Rs. 70,000 on one day and Rs. 16,909 in the memos, and identical figures of Rs. 1,00,000 and Rs. 67,000 for nine consecutive months do not describe the sales of a seasonal trader. The Appellant's returns, as summarised in its sales details, show a total turnover of Rs. 36,98,572.75, not Rs. 15,03,000. The demand is therefore unsupported either way.

17. The Appellant's sales details, as stated in the first appeal and in the memorandum before us, are as follows. No mismatch with them has been shown by revenue:

Category of supplies	**Turnover (Rs.)**	**CGST (Rs.)**	**SGST (Rs.)**
Exempt / other supplies (stated to be mainly printed school books)	30,56,506.46	Nil	Nil
Taxable B2C sales	6,38,732.89	56,251.76	56,251.76
Taxable B2B sales	3,333.00	294.67	294.67
Total taxable sales (as stated)	6,42,066.29	56,546.43	56,546.43
Total turnover	**36,98,572.75**	**56,546.43**	**56,546.43**

The stated components of taxable sales add up to Rs. 6,42,065.89 and the tax shown is the liability stated to have been discharged through the returns.

18. About 82.64% of the stated turnover is thus of exempt supplies. Printed books are exempt by the notification issued under **Section 11(1)** of the Central Goods and Services Tax Act, 2017, namely **Sl. No. 119 of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017**, and the corresponding notification under the Uttar Pradesh Act. No tax is leviable on such supplies, and a registered person supplying exempted goods issues a bill of supply and not a tax invoice (**Section 31(3)(c)** read with **Rule 49** of the Central Goods and Services Tax Rules, 2017). Any part of the sums noticed at the survey that related to printed books could not give rise to tax, yet neither the survey nor the notice tried to determine what part did; the notice itself asks for details of "tax-free turnover". A demand computed as if the whole of the turnover were taxable has no basis.

19. The principle that an estimate must rest on relevant material and not on suspicion is long settled. In **Dhakeswari Cotton Mills Ltd. v. Commissioner of Income-tax, West Bengal, (1954) 26 ITR 775 (SC) = AIR 1955 SC 65**, the Supreme Court held that an assessing authority, though not bound by technical rules of evidence, cannot make a pure guess, and that its estimate must rest on some relevant material having a rational nexus with the facts. In **K.P. Varghese v. Income-tax Officer, Ernakulam, (1981) 131 ITR 597 (SC) = (1981) 4 SCC 173**, it was held that the burden of proving the understatement on which the charge depends lies on the Revenue and cannot be discharged by assumption.

These decisions arose under the Income-tax Act, but the principle is of general application to the determination of tax on estimated turnover, and applies with greater force where the taxpayer's returns are available to the officer. Measured against it, a uniform monthly turnover of Rs. 1,67,000, unconnected with the survey or the returns, has no rational nexus with the Appellant's business.

20. As regards the cash memo book bearing the old VAT TIN, we need not decide whether its use was inadvertent. The memos are records of sales of stationery of Rs. 16,909, which indicate recorded, not concealed, transactions; the Revenue has not shown that the sum was left out of the books or the returns. A lapse in the format of the bill is a matter of compliance with **Section 31** and the rules, for which the Act separately provides (for instance **Section 122(1)(i)**); that was not the ground of the notice and cannot be imported into a demand under **Section 74** (**Section 75(7)**), and our observations are confined to that demand. The format of a bill book is not, by itself, evidence of suppression of turnover with intent to evade tax.

G. The OIO and the OIA

21. Service of the notices by e-mail and on the portal is a valid mode (**Section 169(1)(c)** and **(d)**), two dates of hearing (18.01.2021 and 23.03.2021) were notified, and **Rule 142(1A)** provides only that the proper officer "may" communicate an ascertained amount in Form GST DRC-01A. We therefore do not hold the OIO bad for want of service, of a hearing, or of such an intimation. But **Section 74(9)** requires the officer to determine the tax "after considering the representation, if any", and **Section 75(6)** requires him to "set out the relevant facts and the basis of his decision". The OIO, in the absence of a reply, adopted

the notice's monthly grid wholesale as "declared" turnover without saying from where it was taken, did not look at the returns on the department's own portal, stated without any working that the evaded turnover is Rs. 1,30,200, and fastened on the Appellant the whole tax of the grid. A default in appearance means that the taxpayer has put forward no defence; it does not relieve the officer of the duty to apply his mind to the material and to give reasons (**Kranti Associates (P) Ltd. v. Masood Ahmed Khan, (2010) 9 SCC 496**).

22. In the first appeal the Appellant was given several dates, and its counsel appeared once and then did not. We find no breach of natural justice in that, and the passage cited from *Makhan Lal Sarkar* goes no further. But it is concerned with natural justice. It does not relieve the Appellate Authority of the duty under **Section 107(11)** to pass, "after making such further inquiry as may be necessary", an order confirming, modifying or annulling the order appealed against, without remitting it, nor of the duty under **Section 107(12)** to state "the points for determination, the decision thereon and the reasons for such decision". An appeal may be decided on the record in the appellant's absence; the grounds must still be examined and reasons given: **Shatrughan Shaw v. Assistant Commissioner of State Tax, W.P.A. No. 21333 of 2025 (Calcutta High Court, decided 19.11.2025)**. The OIA recites the survey facts and then quotes what it calls **Section 74(1)**, but the words it quotes ("for any reason, other than the reason of fraud, or any willful misstatement or suppression of facts to evade tax") are those of **Section 73(1)**, joined to the penalty of **Section 74(1)**; it thus did not distinguish the two sections or ask whether the ingredients of **Section 74** were made out. It records that the Appellant has nothing to say and upholds the OIO. It does not mention the returns, the exemption of printed books, the

quantification, or the absence of foundational facts, all of which were pleaded in the first appeal. It is a non-speaking order, in breach of **Section 107(12)**.

23. Such infirmities would ordinarily lead us to remit the matter under **Section 113(1)**. We decline to do so. The First Appellate Authority could not itself have remitted (**Section 107(11)**) and was bound to decide on merits. The complete record is before us and the questions are essentially of law and arithmetic. The defect lies at the root: the notice discloses no foundational facts, and the quantification has no rational basis, neither of which a fresh hearing can cure, since a demand cannot be confirmed on grounds other than those in the notice (**Section 75(7)**). We therefore decide the appeal on merits.

H. Section 75(2), interest and penalty

24. We have considered **Section 75(2)**, under which, where an Appellate Tribunal concludes that a notice under **Section 74(1)** is not sustainable because fraud, wilful misstatement or suppression of facts to evade tax has not been established, the proper officer is to determine the tax payable as if the notice had been issued under **Section 73(1)**. That provision presupposes that some tax is shown to be payable. Our conclusion does not rest on the absence of the ingredients of **Section 74** alone. For the reasons in paragraphs above, the Revenue has not established that any tax was short-paid or unpaid: the demand rests on a monthly grid of unknown origin, its quantum is irreconcilable with the OIO's own finding of evaded turnover and with the statutory rate ceiling, and the turnover and tax declared in the returns have not been shown to be incorrect. There being no tax shown to be payable, there is nothing to be determined and **Section 75(2)** has no occasion to operate.

25. Interest under **Section 50** and penalty under **Section 74(1)** are consequential on the demand of tax. Where the Appellate Tribunal modifies the amount of tax, interest and penalty stand modified accordingly (**Section 75(8)**). With the demand of tax failing, they cannot survive.

26. We accordingly hold that (i) the invocation of **Section 74(1)** is unsustainable for want of foundational facts of fraud, wilful misstatement or suppression of facts to evade tax; (ii) the quantification of the demand is without basis in the survey material, the returns or the OIO's own findings, and disregards the exemption of printed books; (iii) the OIO does not meet **Section 74(9)** and **Section 75(6)**, and the OIA does not meet **Section 107(11)** and **(12)**; and (iv) no remand is warranted and **Section 75(2)** does not arise. The demand is as follows:

Head of demand	**CGST (Rs.)**	**SGST (Rs.)**	**Total (Rs.)**	**Result**
Tax (Section 74)	58,680.00	58,680.00	1,17,360.00	Set aside
Interest (Section 50)	37,784.88	37,784.88	75,569.76	Set aside
Penalty (Section 74)	58,680.00	58,680.00	1,17,360.00	Set aside
Total	**1,55,144.88**	**1,55,144.88**	**3,10,289.76**	**Set aside**

I. Order

27. In the result, the appeal is **ALLOWED** with the following directions:

i) Order-in-Appeal No. ZD0907250740655 dated 07.07.2025 and Order-in-Original No. ZD090721024722J dated 17.07.2021 (uploaded on 19.07.2021), with the summaries in Forms GST APL-04 and GST DRC-07, are set aside.

ii) The demand of tax of Rs. 1,17,360, interest of Rs. 75,569.76 and penalty of Rs. 1,17,360, together Rs. 3,10,289.76, is dropped, and any recovery proceedings in pursuance of it shall stand withdrawn.

iii) The amounts paid by the Appellant under **Section 107(6)** (Rs. 14,670) and **Section 112(8)** (Rs. 11,736), to the extent actually paid and not already refunded, shall be refunded with interest.

iv) A copy of this order shall be sent to the parties and the authorities in terms of **Section 113(5)**. There is no order as to costs, and pending applications, if any, stand disposed of.

Dated: 16.11.2026

Digitally signed by ASHISH VARMA
Date:16-11-2026 16:12:59 PM

(Ashish Varma)

MEMBER (TECHNICAL)

Digitally signed by MAHTAB AHMAD
Date:16-11-2026 16:25:53 PM

(Mahtab Ahmad)

MEMBER (JUDICIAL)

The judgement is signed, dated and pronounced today in the open court.

Digitally signed by ASHISH VARMA
Date:16-11-2026 16:14:13 PM

(Ashish Varma)

MEMBER (TECHNICAL)

Digitally signed by MAHTAB AHMAD
Date:16-11-2026 16:26:23 PM

(Mahtab Ahmad)

MEMBER (JUDICIAL)

Dated: 16.11.2026