



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 17TH DAY OF FEBRUARY, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 4831 OF 2026 (T-RES)

BETWEEN:

M/S. SRI NANDI KHADI GRAMODYOGA SANGHA,
GSTIN: 29AAHAS5535Q1ZM,
A KHADI AND VILLAGE INDUSTRIES REGISTERED
UNDER THE KHADI AND VILLAGE INDUSTRIES
COMMISSION (KVIC) AND ALSO
A REGISTERED PERSON UNDER THE
PROVISIONS OF THE CENTRAL GOODS AND
SERVICES TAX ACT, 2017 AND
HAVING ITS REGISTERED OFFICE AT
MALAMACHANAHALLI, SIDLAGHATTA TALUK,
CHIKKABALLAPUR DISTRICT-562102,
REPRESENTED BY ITS AUTHORISED SIGNATORY.

...PETITIONER

(BY SMT. NISARGA K. MANE., ADVOCATE)

AND:

1. STATE OF KARNATAKA,
DEPARTMENT OF FINANCE,
REPRESENTED BY ITS PRINCIPAL SECRETARY.
2. THE JOINT COMMISSIONER OF COMMERCIAL
TAXES,
REPRESENTED BY ITS OFFICER,
KORAMANGALA, BENGALURU.



3. THE DEPUTY COMMISSIONER
OF COMMERCIAL TAXES,
REPRESENTED BY ITS OFFICER,
(AUDIT)-5.2, DGSTO- 05,
KORAMANGALA, BENGALURU

...RESPONDENTS

(BY SRI. HEMAKUMAR, AGA)

THIS WP IS FILED UNDER ARTICLE 226 OF THE
CONSTITUTION OF INDIA PRAYING TO ISSUE A WRIT OF
CERTIORARI OR ANY OTHER APPROPRIATE WRIT, ORDER OR
DIRECTION QUASHING THE ORDER REJECTING THE APPEAL
ON THE GROUND OF LIMITATION PASSED BY THE APPELLATE
AUTHORITY UNDER SECTION 107 OF THE CGST/KGST ACT.
ANNEXURE-A, APPEAL NO.GST.AP.NO.678/25-26 DATED
29.08.2025 AND ETC.,

THIS PETITION, COMING ON FOR PRELIMINARY
HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV



ORAL ORDER

The petitioner has sought for setting aside of the order passed in appeal, whereby the appeal filed by the petitioner under Section 107 of the Central Goods and Services Tax / Karnataka Goods and Services Tax Act, challenging the order in original came to be rejected on the ground of it being time barred. The petitioner has also challenged the order in original at Annexure-D.

2. It is the case of the petitioner that the order in original has culminated in a demand being raised on the basis of a show-cause notice, while the petitioner did not reply to the show-cause notice.

3. Learned counsel for the petitioner submits that reply to the show-cause notice was due to bonafide lapse and if the petitioner is afforded an opportunity, the stand by the adjudicating authority that the total turnover contains a taxable turnover itself would be demonstrated to be a mistaken assumption. It is submitted that most of



the turnover is exempted and insofar as the stand that the turnover included taxable turnover, they have material to demonstrate otherwise.

4. Sri. Hemakumar, learned Additional Government Advocate submits that the petitioner is solely responsible for not having taken any stand insofar as the reply to the show-cause notice is concerned.

5. It is also noticed that the appeal came to be rejected only on the ground that appeal was filed beyond the period of limitation. Taking note that dismissal of the appeal on the point of limitation would not have the effect of merger of the order in original along with the order in appeal, the validity of the order in original can also be looked into in the present proceedings.

6. In light of the stand taken by the petitioner that they are exempt from tax liability and if given an opportunity would point out that the assumption by the adjudicating authority that there is taxable turnover is



mistaken, it would be appropriate to afford the petitioner an opportunity to take stand as regards the show-cause notice on its merits. Also taking note of the nature of business and trade of the petitioner being a Khadi Gramodyoga Sangha, it would be appropriate to afford another opportunity for the petitioner to participate in the adjudicating proceedings on merits.

7. Accordingly, the order at Annexures-A and D are set aside. Matter is remitted to the stage of reply to show-cause notice. All contentions are kept open. Petitioner to appear before respondent No.3 without further notice on 09.03.2026.

8. Further, it is submitted that pursuant to the order in original, the authorities have issued instruction and there has been freezing of the petitioner's bank account.

9. The petitioner to pay 10% of tax demand which is apart from the amount deposited at the time of filing of



the appeal. Instructions to the banker would stand withdrawn immediately upon deposit of 10% of the tax demand as ordered.

Accordingly, petition is ***disposed of***.

**Sd/-
(S SUNIL DUTT YADAV)
JUDGE**

MCR