



2025:DHC:4337-DB



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IN THE HIGH COURT OF DELHI AT NEW DELHI***Date of Decision: 21st May, 2025***

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W.P.(C) 5465/2025 & CM APPL. 24919/2025**RAMESH KUMAR WADHERA****.....Petitioner****Through: Mr. Naveen Malhotra and Mr. Ritvik
Malhotra, Advocates.****versus****DEPUTY DIRECTOR INT DIRECTORATE GENERAL OF GST
INTELLIGENCE AND ORS****.....Respondents****Through: Mr. Pranay Mohan Govil, Sr.
Standing Counsel.
Mr. Aditya, SSC for CBIC with Ms.
Arya Suresh, Advocate.****CORAM:****JUSTICE PRATHIBA M. SINGH****JUSTICE RAJNEESH KUMAR GUPTA****Prathiba M. Singh, J. (Oral)**

1. This hearing has been done through hybrid mode.
2. The present petition has been filed under Articles 226 and 227 of the Constitution of India read with Section 151 CPC, *inter alia*, challenging the impugned Order-in-Original dated 4th February, 2025 (*hereinafter, the 'impugned Order-in-Original'*) passed by the Office of the Commissioner, Central Tax (Delhi West), which was passed pursuant to the Show Cause Notice dated 2nd August, 2024 (*hereinafter, the 'SCN'*) issued by the Directorate General of GST Intelligence.

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Signing Date: 27.05.2025
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3. The ground on which the challenge has been raised in the present petition, is that the notices of hearing were not served upon the Petitioner and the impugned Order-in-Original has been passed without hearing the Petitioner.

4. On the last date of hearing, *i.e.*, 28th April, 2025 the Court considered the allegations made in the SCN as also the demands raised therein. Subsequently, the Court, with some consternation, observed that the parties involved in this particular SCN and the impugned Order-in-Original, along with the firms concerned, are also involved in certain other Show Cause Notices and other proceedings initiated in respect of wrongful availment of Input Tax Credit (‘ITC’) under the Goods and Services Tax regime.

5. The Court further on the said date, observed that there are various allegations against lawyers which have been raised in the SCN and the impugned Order-in-Original. The said allegations were made in respect of how the said lawyers played a role in incorporating all the alleged firms in order to enable wrongful availment of ITC.

6. It was also observed on 28th April, 2025 that this matter has some commonality with ***W.P.(C)14788/2024*** titled ***Akhil Krishan Maggu & Ors. Vs. Deputy Director (Int.) Director General Of Gst Intelligence And Ors.***

7. In view thereof, on 28th April, 2025 the following directions were passed:

“8. In view of the above, let the Respondent No. 1 - Directorate General of GST Intelligence (hereinafter “DGGI”) place on record a status report giving the details of all Show Cause Notices and other investigations/proceedings initiated against all the firms and the individuals who are allegedly involved in the present SCN and impugned Order-in-Original



dated 4th February, 2025.

9. Let the said status report be filed by the next date of hearing.

10. Mr. Ritwik Saha, Id. Counsel for the Respondent No. 1 - DGGI shall communicate the present order to the concerned officer, DGGI, for necessary information and compliance.”

8. The matter is again taken up for hearing today. On the last date of hearing, i.e., 28th April, 2025, the Directorate General of GST Intelligence ('DGGI') was directed to place on record a status report giving details of all the Show Cause Notices and other investigations which may have been initiated against the various firms and individuals involved in the present SCN and the impugned order in original dated 4th February, 2025.

9. Accordingly, a status report has been filed on behalf of the DGGI. The same has been taken on record.

10. On a perusal of the said status report, it is observed that a list of 73 cases has been attached which contains the details of other Show Cause Notices and orders issued by the State GST Authorities against the noticees of the SCN. Further, the status report reveals that the entire investigation pertaining to this matter started when high value transactions were noticed in respect of four firms. The said status report is relevant and the same is extracted hereunder for ready reference:

“In compliance of the order dated 28.04.2025 passed by this Hon'ble Court, the Respondent No. 1, respectfully submits the following status report in the present matter:

1. The Office of Respondent No. 1 received a specific communication dated 04.03.2019 from



the Chief Manager, Allahabad Bank, Jawala Heri Market, Paschim Vihar, New Delhi, informing of high-value transactions related to GST refunds credited to the following four (04) bank accounts within the preceding two (02) months. The communication highlighted that:

- a. The accounts were newly opened at the branch;*
- b. The refund amounts were immediately withdrawn post-credit;*
- c. All firms shared the same registered address.*
- d. As a precautionary measure, the Bank alerted DGGI Hars. for necessary action. The details of the accounts are as follows:*

S. No.	Name of the Firm (M/s) and registered address	Bank Account Number	GST No.	Amount Credited (in Rs.)
1	Monal Enterprises, Chamber No. 104, FF, WZ-31, Jwalaheri Market, Paschim Vihar, New Delhi 110063	50466458913	07BLOPM4508F1Z0	3,77,93,135/-
2	Aircon Overseas, 106, FF, WZ-19A, Opposite Dusshera Park, Jwalaheri Market, New Delhi 110063	50440685682	07ANUPT0383J1ZA	21,71,192/-
3	Micra Overseas,	50442661502	07EKHPP2384H1ZT	1,71,40,499/-



	106 FF, WZ-19A, Opposite Dusshera Market, New Delhi 110063			
4	Ganeshi Inc., WZ-19, Office No 106, Opposite Dusshera ground, Jwalaheri Market, New Delhi 110063	50468776673	07CESPK139 9L1ZO	4,61,16,902/-
TOTAL 10,32,21,718/-				

2. Upon examination of the GST returns filed by the aforementioned firms, significant discrepancies were observed among various returns. Based on the information so received and corroborated with data from the CBIC-ACES-GST system and the e-Way Bill portal, office of the Respondent No. 1 undertook follow-up actions to safeguard government revenue. Searches were accordingly conducted at the registered premises of the four firms on 12.04.2019.

Search proceedings were duly recorded in the respective panchnamas. All four entities were found to be non-existent or non functional at their declared business premises, clearly indicating the creation and operation of fictitious firms with the intent to defraud the exchequer.

3. The statements of the purported proprietors of the said firms-Deepak Kumar Mishra (M/s Monal Enterprises), Santosh Prasad (M/sMicra Overseas, Praveen Tiwari (M/s Aircon Overseas, and Manoj



Kumar (M/s Ganeshi Inc.)—were recorded. In their statements, they categorically disclosed the involvement of certain masterminds in orchestrating the fraudulent availment of IGST refunds, including the petitioner Ramesh Wadhera, who has been identified as the principal mastermind behind the entire operation.

*4. It is relevant to note that Petitioner is a habitual offender and has a history of cases instituted by the Directorate of Revenue Intelligence (DRI) and Customs authorities. Petitioner along with another mastermind, Sanjeev Maggu, he had previously orchestrated similar fraudulent schemes involving the creation of dummy proprietorships or partnerships in the names of unsuspecting individuals for the purpose of defrauding the government. This has been elaborated in Paragraph **68.f.v** of Show Cause Notice [page no. 948 of the writ petition] (SCN) No. 06/2024 dated 02.08.2024 issued to the petitioner and other noticees. In the present matter, Sanjeev Maggu has also been identified as a co-mastermind alongwith the petitioner in the fraudulent availment of Input Tax Credit (ITC) through fake entities.*

5. The so-called proprietors of the aforementioned four firms further stated that they had no knowledge or control over the affairs of the firms and that they had merely provided their identification documents, such as PAN and Aadhaar Cards, to one Mukesh Kumar, identified as a Manager of the Petitioner. They admitted to signing numerous papers and documents without understanding its implications. Investigation has revealed that a total of 25 bogus/fake firms were created using the identities of individuals such as labourers, drivers, cooks, and street vendors. These entities fraudulently availed ITC amounting to over 275 crores. Searches and verification conducted in relation to these firms confirmed that they were all non-existent/non-functional at their declared principal



places of business.

6. In light of the above, searches were also conducted on 28.08.2019 at the residential premises of three co-noticees- Sanjeev Maggu, Akhil Krishan Maggu, Dhruv Krishan Maggu. During the search, Dhruv Krishan Maggu (son of Sanjeev Maggu) was present, and his statement was recorded under Section 70 of the CGST Act. In the said statement, he admitted to being a partner of Sanjeev Maggu, Akhil Krishan Maggu, and Ramesh Wadhera in connection with the operation of the fake firms. Accordingly, Dhruv Krishan Maggu was arrested on 29.08.2019 under Section 69 of the CGST Act, 2017 read with Section 20 of the IGST Act, 2017 for his active involvement in the fraudulent availment of ITC and subsequent IGST refunds.

7. Investigation further revealed that the proprietors of the four aforementioned firms were mere name-lenders who had been lured or coerced into signing documents to facilitate fraudulent IGST refunds against exports. It came to light that Deepak Kumar Mishra, projected as the proprietor of M/s Monal Enterprises, was in fact working as a cook at M/s Dudleys Kitchen, Gurugram, Haryana, which was confirmed by the Manager of M/s Dudleys Kitchen vide letter dated 15.05.2019.

8. Scrutiny of banking transactions revealed that the refund amounts received in the bank accounts of the fake firms were transferred to M/s Bhagwati Trading Co., a firm which had no business transactions with the said entities. The statement of Puneet Bhatia, the proprietor of M/s Bhagwati Trading Co., under Section 70 of the CGST Act was recorded on 27.08.2019, wherein he stated that his cousin Pankaj Bhatia was in control of the operations of M/s Bhagwati Trading Co. Pankaj Bhatia, in his statements dated 28.08.2019 and 29.08.2019, admitted to having handled cash and banking transactions on behalf of Ramesh Wadhera. He identified various fake firms operated by Ramesh Wadhera, Sanjeev Maggu, Akhil Krishan Maggu, and



Dhruv Krishan Maggu.

9. It is further submitted that investigation has been completed, and Show Cause Notice No. 06/2024 dated 02.08.2024 has been issued by the Joint Director, DGGI Hars, to the petitioner and other noticees, proposing disallowance and recovery of ITC amounting to ₹75,52,20,738/-, along with interest under Section 50 and a penalty equivalent to the fraudulently availed/utilized ITC under Section 74(1) of the CGST Act, 2017/Delhi GST Act, 2017 read with Section 122(2)(b) of the CGST Act/Delhi GST Act, 2017 and Section 20 of the IGST Act, 2017. Investigations clearly revealed that the said amount of inadmissible ITC was availed through 25 fake firms created and operated by the masterminds including the petitioner.

10. Incriminating electronic evidence, including chat messages and other digital data extracted from the mobile phones of Ramesh Wadhera and Mukesh Kumar, reveal their active connivance with co-conspirators such as Akhil Krishan Maggu. These communications expose a premeditated conspiracy involving the planting of dummy proprietors and the creation of fake firms to fraudulently claim GST refunds. These evidences have been comprehensively detailed in the aforementioned SCN dated 02.08.2024.

11. The demands raised in the SCN have been confirmed by the Adjudicating Authority vide Order-in-Original No.97/CGSTWEST/GST/S GARG/ADC/2024-25 dated 04.02.2025 issued by the Additional Commissioner, CGST West Commissionerate, New Delhi in respect of all noticees, except Akhil Krishan Maggu, Sanjeev Maggu, and Dhruv Krishan Maggu, who were granted a stay on the adjudication proceedings by the Hon'ble Delhi High Court vide order dated 22.10.2024 in Akhil Krishan Maggu & Ors. v. DD, DGGI & Ors. WP No. 14788/2024. Consequently, the adjudication



proceedings in respect of these three individuals have been kept in abeyance.

Penalties have also been imposed on other noticees under various provisions of the GST laws.

12. The petitioner, along with other masterminds and associates, has been identified as a key orchestrator and actual beneficiary of the fake invoicing racket and the illicit financial gains arising therefrom. While the petitioner may not be proprietor or partner in any of the fake entities, the investigation and SCN reveal that he was instrumental in creating and operating a web of fictitious firms through dummy individuals, solely to derive illegal financial benefit. These findings have been confirmed in the SCN and the Order-in-Original dated 04.02.2025.

13. Investigations unequivocally establish that Ramesh Wadhera is the principal conspirator in the racket involving fake firms. His involvement in conceiving, managing, and executing the fraudulent activities is discussed in detail in Para 68.f of the SCN dated 02.08.2024 [page no. 925 of the Writ Petition]. His habitual offending behaviour is also established through multiple past investigations conducted by DRI in customs evasion matters. DRI and Customs authorities have also taken action against entities such as M/s Ambay Trading Co., M/s Stalk Overseas, M/s Swadeshi Enterprises, M/s Numero Enterprises, M/s Roxan Solutions Inc., and M/s Aircon Overseas, as outlined in Paras 71.a to 71.e of the said SCN [page no. 968 to 971 of the writ petition].

14. In compliance with directions of the Hon'ble Court vide order dated 28.04.2025, further details regarding other show cause notices and proceedings initiated against the noticee firms and individuals mentioned in SCN dated 02.08.2024 and O-I-0 dated 04.02.2025 have been collated from the Enforcement Module of the GST Back-Office (GST-BO) system. A compilation of SCNs (Form GST DRC-01) and orders issued by



*various State GST authorities is annexed herewith as **Annexure-1**.*

15. As per the available records, 42 noticee firms named in the SCN have been subjected to SCNs and subsequent adjudication proceedings by different State GST authorities. Tax, interest, and penalty demands have been confirmed in most cases, except for a few where complete details are not available on the GST-BO1 portal.

*16. Additional information from DRI and other databases is being compiled and shall be submitted before this Hon'ble Court in due course. As the compilation is voluminous, it is respectfully prayed that this Hon'ble Court may graciously grant further time to file the same
It is submitted accordingly.”*

11. In addition, it is also pointed out to the Court that in terms of order dated 29th January, 2025 the Petitioner had filed a writ petition earlier being **W.P.(C) 1115/2025** which was also rejected by a detailed order.

12. Mr. Malhotra, Id. Counsel on the other hand submits that all the three hearing notices were not received by the Petitioner.

13. The Court has heard the matter. The details of the chart submitted by the Petitioner, which according to it, demonstrates the timeline of hearing notices issued to it has been set out below:

S. NO.	Date of notice of hearing	Date of notice received	Date of hearing	Reply to the notice of hearing	Confirmation of tracking report of speed post
1.	08.01.2025	By speed post - 13.01.2025 at 6 PM	13.01.2025 at 1 PM	14.01.2025	confirmed
2.	15.01.2025	By speed	17.01.2025	21.01.2025	Confirmed



		<i>post –</i> <i>20.01.2025</i>	<i>at 12:30</i> <i>PM</i>		
3.	18.01.2025	<i>By speed</i> <i>post -</i> <i>24.01.2025</i>	<i>22.01.2025</i> <i>at 12:30</i> <i>PM</i>	29.01.2025	<i>Confirmed</i>

14. The above may have persuaded the Court to take a view that the Petitioner was not given a proper hearing. However, what transpires is that after receiving these notices, the Petitioner filed a writ petition being **W.P.(C) 1115/2025** titled, **Ramesh Wadhera v. Deputy Director (INT.) Directorate General of GST intelligence and others**. The said matter was heard on 29th January, 2025 with the following directions:

“4. That then takes us to the challenge which stands raised to the impugned SCN in itself with learned counsel drawing our attention to our order passed in W.P.(C) 14788/2024 to contend that the petitioner is liable to be accorded identical relief. We find ourselves unable to sustain that submission since the said writ petition itself had been instituted by an individual who was not named or had been found in the course of any investigation to be the operator of the various firms concerned.

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6. Bearing in mind the aforesaid, and the seriousness of the allegations which stand levelled, we find no ground to interdict the SCN proceedings.”

15. Thus, in the said matter, the Court has clearly come to the conclusion that the Show Cause Notice does not deserve to be quashed. When the above order was passed, the Petitioner had an opportunity to seek a hearing in the Show Cause Notice from the Court itself, which the Petitioner did not do. The factum of non-service of notice in time of hearing was also not raised



when the Court decided the matter on 29th January, 2025.

16. The nature of the allegations against the Petitioner are extremely serious. There are several co-noticees who have also been involved in illegal and fraudulent transactions. Any relief being granted to the Petitioner in exercise of writ jurisdiction, would in effect, give a premium to such firms who are involved in fraudulent availment of benefits under the GST Act.

17. The Petitioner has all along been aware of the proceedings before the Adjudicating Authority and has not made any efforts on its own to appear for the personal hearing. When it received the first notice dated 8th January, 2025, the Petitioner got in touch with the Department and it appears that the Petitioner made efforts to be present at the next date of hearing. Further, the Petitioner also had the opportunity of seeking a personal hearing, when the order was passed by the Court on 29th January, 2025, which he failed to do.

18. In view of the recent decision of this Court in ***Mukesh Kumar Garg v. Union of India & Ors. (2025:DHC:3532-DB)*** where similar grounds have been raised for challenge of the Show Cause Notice therein, this Court held that writ jurisdiction ought not to be exercised in such cases. The Court in the said decision, *inter alia*, observed that petitions under Article 226 of the Constitution of India would be liable to be entertained only in case of persons who come with clean hands and not in favour of the persons who present twisted facts or misrepresent the true and correct picture on record. The relevant portion of the said decision is extracted hereunder:

“It is well settled in various decisions of the Supreme Court that petitions under Article 226 of the Constitution of India would be liable to be entertained only in case of persons who come with clean hands and not in favour of the persons who present twisted facts



or misrepresent the true and correct picture on record. The said decisions along with their relevant paragraphs read as under:

● **K.D. Sharma v. SAIL, (2008) 12 SCC 481**

“34. The jurisdiction of the Supreme Court under Article 32 and of the High Court under Article 226 of the Constitution is extraordinary, equitable and discretionary. Prerogative writs mentioned therein are issued for doing substantial justice. It is, therefore, of utmost necessity that the petitioner approaching the writ court must come with clean hands, put forward all the facts before the court without concealing or suppressing anything and seek an appropriate relief. If there is no candid disclosure of relevant and material facts or the petitioner is guilty of misleading the court, his petition may be dismissed at the threshold without considering the merits of the claim.

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38. The above principles have been accepted in our legal system also. As per settled law, the party who invokes the extraordinary jurisdiction of this Court under Article 32 or of a High Court under Article 226 of the Constitution is supposed to be truthful, frank and open. He must disclose all material facts without any reservation even if they are against him. He cannot be allowed to play “hide and seek” or to “pick and choose” the facts he likes to disclose and to suppress (keep back) or not to disclose (conceal) other facts. The very basis of the writ jurisdiction rests in disclosure of true and complete (correct) facts. If material facts are suppressed or distorted, the very functioning of writ courts and exercise would become impossible. The petitioner must disclose all the facts having a bearing on the relief sought without any qualification. This is because “the court knows law but not facts”.”

● **Ramjas Foundation v. Union of India, (2010) 14**



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“21. The principle that a person who does not come to the court with clean hands is not entitled to be heard on the merits of his grievance and, in any case, such person is not entitled to any relief is applicable not only to the petitions filed under Articles 32, 226 and 136 of the Constitution but also to the cases instituted in others courts and judicial forums. The object underlying the principle is that every court is not only entitled but is duty bound to protect itself from unscrupulous litigants who do not have any respect for truth and who try to pollute the stream of justice by resorting to falsehood or by making misstatement or by suppressing facts which have a bearing on adjudication of the issue(s) arising in the case.”

• Prestige Lights Ltd. v. SBI, (2007) 8 SCC 449

“33. It is thus clear that though the appellant Company had approached the High Court under Article 226 of the Constitution, it had not candidly stated all the facts to the Court. The High Court is exercising discretionary and extraordinary jurisdiction under Article 226 of the Constitution. Over and above, a court of law is also a court of equity. It is, therefore, of utmost necessity that when a party approaches a High Court, he must place all the facts before the Court without any reservation. If there is suppression of material facts on the part of the applicant or twisted facts have been placed before the Court, the writ court may refuse to entertain the petition and dismiss it without entering into merits of the matter.”

19. Under these circumstances, the Petitioner is relegated to the remedy of filing an appeal under Section 107 of the CGST Act along with the requisite pre-deposit.

20. In view of the fact that the Order-in-Original is dated 4th February, 2025, the Petitioner is granted time till 10th July, 2025 to file the appeal



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along with the pre deposit, if any. If the appeal is filed, within the timeline granted, the same shall not be dismissed on limitation but shall be considered and adjudicated on merits.

**PRATHIBA M. SINGH
JUDGE**

**RAJNEESH KUMAR GUPTA
JUDGE**

MAY 21, 2025/da/rks

Signature Not Verified

Signed By: NAMITA
DHYANI
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