IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE ACTING CHIEF JUSTICE P.SAM KOSHY

AND

THE HON'BLE SRI JUSTICE NARSING RAO NANDIKONDA

WRIT PETITION No.27873 of 2025
(CNR No. HBHC010427172025)

DATE: 30.10.2026

Reserved on : 31.08.2026 **Pronounced on : 30.10.2026**

Uploaded on : 31.10.2026

Between:
M/s. Kanwar Enterprises Private Limited.

…Petitioner

AND

The Joint Commissioner – State Tax,
Warangal Division, Warangal – PIN 506 001, and 5 Others.

…Respondents

ORDER: *(per Hon'ble the Acting Chief Justice P.Sam Koshy)*

Heard Mr. T. Narendra Kumar, learned counsel for the petitioner, and Mr. Swaroop Oorilla, learned Special Government Pleader for State Tax appearing for the respondents.

2. The instant Writ Petition under Article 226 of the Constitution of India has been filed by the petitioner challenging the Revised Pre-Revision Notice issued by the respondent No.1, dated 08.04.2025, for under Sections31, 32 and 77 of the Telangana Value Added Tax Act, 2005 (for short the 'Act').

3. *Vide* the impugned order, the respondent No.1 issued a Revised Pre-Revision Notice under Section 32 of the Act flagging discrepancies in deductions made towards sub-contract payments by the petitioner.

4. The facts of the case are that the petitioner is a private limited company engaged in the business of executing works contracts, having its head office at New Delhi and branches across India, and was stated to have been awarded a works contract by its client, M/s. Bharat Heavy Electricals Limited. The said contract being predominantly labour-oriented with only a limited component of materials, since the client supplied most of the materials required as free issues without transfer of title, such materials being required to be used by the petitioner in execution of the works contract. In relation to the said works contract, the petitioner was registered in the

State of Telangana under the Act, as well as under the Central Sales Tax Act, 1956, bearing TIN 36445234092. Initially placed on the rolls of Kothagudem Circle, Warangal Division, thereafter migrated to the Goods and Services Tax regime, being allotted GSTIN 36AACCK6205E1ZW by the State authority.

5. Subsequent to its GST registration, multiple representations were made by the petitioner to respondent No.4 seeking VAT refund, having regard to the limitations on filing of Tran-1 credits or refunds, and VAT assessments / audits were also sought by the petitioner since the amount of VAT-TDS credit was not being reflected in the DCB Reports as per the instructions governing Form VAT 200 (e-VAT Return); refunds were accordingly sought and evidence together with books of account were placed on record.

6. It was submitted that Writ Petition No.26980 of 2022 had earlier been filed by the petitioner seeking redressal of the respondents failure to grant the VAT refund of Rs.33,67,347/- which is said to be legitimately due to the petitioner. It was contended that the said sum stood due and payable since Tran-1 credit of Rs.67,10,665/- had already been availed by the petitioner in terms of

the instructions governing Form VAT 200 (e-VAT Return), as evidenced by the Payment Report-cum-DCB Report generated from the VATIS Portal. It was stated that the relevant facts, filings, and prayers had been placed on record through Form VAT 352, dated 27.07.2021, filed in response to the Intimation of Refund of Rs.1,00,78,012/- issued in Form VAT 351, dated 16.07.2021, by respondent Nos.1 and 3, and were evidenced by the following documents:

i. The assessment, verification and approval of respondent No.1 by ADM1C dated 21.09.2019, as reflected in the submissions and order of respondent No.3 *vide* AAO No.45025 in Form VAT 305 dated 29.10.2019.

ii. The ADC Order of the learned Joint Commissioner (ST), bearing ADC Order No.2343, dated 17.12.2020, together with the record of findings therein.

iii. The re-assessment order passed by respondent No.3 pursuant to the directions of the Appellate Joint Commissioner (ST), *vide* A.O. No.47350, dated 23.04.2021, in respect of the VAT refund of Rs.1,00,78,012/-.

iv. The notice issued by respondent No.3 titled "Notice for Claim of Refund by a VAT Dealer" in Form VAT 351 dated 16.07.2021.

v. The representation made by the petitioner's Chartered Accountant to the Commissioner of Commercial Taxes seeking application of the Circular bearing CCT's Ref. No. A(1)/11/2014 dated 04.06.2018.

vi. The petitioner's representation dated 27.07.2021, along with Form VAT 352 dated 26.06.2021, seeking the VAT refund of Rs.33,67,347/-.

vii. The representation made by the petitioner's Chartered Accountant to respondent No.1, dated 23.09.2021, together with the acknowledgement of even date.

viii. The facts and evidence placed on record in the petitioner's subsequent Writ Petition No.11697 of 2023 concerning the non-entertainment of applications for rectification, copies of the AAO No.45025 in Form VAT 305 dated 29.10.2019, the ADC Order No.2343 dated 17.12.2020, the re-assessment order vide A.O. No.47350 dated 23.04.2021, Form VAT 352 dated

26.06.2021, and the Chartered Accountant's replies dated 23.09.2021 having been enclosed with the writ petition.

7. It was stated that in response to Writ Petition No.26980 of 2022, a counter affidavit dated 01.08.2022 came to be filed by respondent No.3, wherein it was admitted that the petitioner was eligible for a VAT refund of Rs.1,00,78,012/-, but it was nonetheless insisted that a sum of Rs.14,64,333/- be paid by the petitioner under the TSGST Act, 2017 which was arrived at, according to the petitioner, by adjusting the Tran-1 credit of Rs.67,10,665/- and interest of Rs.2,48,31,680/- against the VAT excess credit of Rs.1,00,78,012/-, a stand which, it was contended, was arrived at while ignoring the following facts:

i. The instructions under Form VAT 200 (e-VAT Return) regarding availability of e-VAT TDS credit reflected in Forms 501A and 501B.

ii. The petitioner's follow-ups, representations, and applications for VAT refund as set out above.

iii. The limitations on filing of Tran-1 Forms under Section 140 of the TSGST Act, 2017.

iv. Circular No.2, CCT's Ref. AII(3)/402/2012 dated 03.01.2013, issued by the Commissioner (CT).

v. The Circular bearing CCT's Ref. No. A(1)/11/2014 dated 04.06.2018, and the instructions contained therein.

vi. The payment reports and DCB (VAT credit) reports downloaded from the Telangana VATIS Portal.

vii. The arbitrary and illegal approach of respondent No.4 in not entertaining the rectification application filed under Section 161 of the TSGST Act, 2017.

In light of these submissions, a reply affidavit, together with all material evidence, was stated to have been placed before the Court by the petitioner, seeking the VAT refund.

8. It was further stated that notwithstanding the aforesaid facts, considerable inconvenience was caused to the petitioner by respondent No.3, thereby compelling the petitioner to file Writ Petition No.11697 of 2023, challenging the Tran-1 GST demands which was stated to have been considered by this Hon’ble Court and a better affidavit filed by the petitioner was allowed *vide* proceedings dated 16.06.2023, with a direction being issued to the respondents to

file their counter affidavit. It was further submitted that in I.A. No.2 filed in Writ Petition No.11697 of 2023, this Hon'ble Court upon appreciating the facts and the submissions of the petitioner's counsel, was of the opinion that a strong case for grant of relief had been made out, and the Court's proceedings dated 11.09.2023, followed by those dated 27.08.2024 and 02.09.2024, together with the synopsis filed in Writ Petition No.11697 of 2023, were relied upon, relief being sought in the interest of justice and equity, read with the material evidence on record.

9. It was thereafter stated that an intimation of enquiry in the form of a Pre-Revision Notice dated 28.08.2023 was received by the petitioner's counsel from respondent No.1. The said proceedings having been initiated solely in light of, and reproducing word-for-word, the observations made by the Deputy Accountant General/AMG-III, Office of the Accountant General (Audit), Telangana, Hyderabad, dated 11.11.2022, without any independent observation or application of mind and without jurisdiction and without authority, contrary to Rule 51 of the Telangana Value Added Tax Rules, 2005 (for short the 'Rules'); contrary to Section 32 of the

Act; contrary to respondent No.1's own approval by Form ADM1C dated 21.09.2019, as reflected in the submissions and Order of respondent No.3 *vide* AAO No.45025 in Form VAT 305 dated 29.10.2019; and contrary to the Orders of the Appellate Joint Commissioner (ST) *vide* ADC Order No.2343 dated 17.12.2020, the said Pre-Revision Notice having adopted a confused approach by demanding tax on the Tran-1 credit, notwithstanding that the said issue was *sub judice* before this Hon'ble Court in Writ Petition No.11697 of 2023.

10. It was further submitted that the Pre-Revision Notice dated 28.08.2023, issued by respondent No.1 in terms identical to the AG Audit Report dated 11.11.2022, arbitrarily alleged that the petitioner had not furnished contract-wise break-ups for the period 2015-16, and disregarded all material facts, including the reasons recorded by the Appellate Joint Commissioner in the ADC Order dated 17.12.2020, notwithstanding that the petitioner had executed only one contract in each of the years 2015-16 and 2016-17, and had placed on record all evidence, workings, and verifications in that behalf.

11. It was also submitted that the Pre-Revision Notice did not satisfy the essential ingredients of a show-cause notice as contemplated under Section 32(4) of the Act, read with Rule 50(2) of the Rules, and that, in view of the ADC Orders passed by the Appellate Joint Commissioner (ST), respondent No.1 was barred from initiating proceedings in exercise of revisional powers, and was in any event not empowered to issue a revisional notice under Section 52 of the Rules.

12. These contentions having been placed before this Hon'ble Court through the petitioner's reply affidavit filed in Writ Petition No.11697 of 2023, with a prayer that the said submissions be considered, since the petitioner had, according to its case, been persistently and illegally victimised by the respondents without valid reason, all of which was sought to be substantiated through strict proof and the filings made in the Writ Petitions referred to above.

13. It was submitted that upon consideration of the aforesaid facts, read with the counter affidavit filed in Writ Petition No.11697 of 2023, this Hon'ble Court passed the following order in Writ Petition No.26980 of 2022:

> *"4. In light of the subsequent developments, the Petitioner is at liberty to appear before the authority and make submissions and respond to the pre-revision notice and take all the references available including the aspect of limitations and jurisdiction. The petitioner shall appear before the authority on or before 10.10.2023 and no fresh notices to be issued by the Respondent. Further the respondent authority shall take into considerations all the material submissions that may be submitted by the petitioner and decide the same in accordance with law."*

In obedience to the said order, it was stated that a reply was submitted by the petitioner to respondent No.1 raising all available references, including the aspects of limitation and jurisdiction, *vide* reply dated 07.10.2023, which was acknowledged by respondent No.1 on 10.10.2023.

14. It was submitted that contrary to the categorical directions of this Hon'ble Court, a fresh notice, styled as a "Revised Pre-Revision Notice" dated 08.04.2025 was issued by respondent No.1, wherein, in the light of certain newly averred facts, it was proposed to revise the ADC Order No.2343, dated 17.12.2020, and tax was once again sought to be demanded against the Tran-1 credit notwithstanding that the said issue remained *sub judice* before this Hon'ble Court in Writ Petition No.11697 of 2023.

15. In response to the Revised Pre-Revision Notice dated 08.04.2025, personal hearings were attended by the petitioner's legal counsel, at which all earlier submissions were reiterated *vide* reply dated 14.04.2025, including the aspects of jurisdiction and limitation, in terms of the liberty granted by this Hon'ble Court and it was prayed before respondent No.1 that the proceedings initiated by the earlier officer being without jurisdiction, without authority, and without independent observation, be dropped and all the facts and evidence having been placed before respondent No.1 in support thereof.

16. It was submitted that although respondent No.1 (the Deputy Commissioner, CT) appreciated the genuineness of the submissions made, it was nonetheless conveyed to the petitioner during the personal hearing, that his office was under obligation to respond to the queries raised by the AG Audit, records being called for in that regard, and the petitioner was instructed not to raise objections as to the legality of the notices or the proceedings, having regard to the stated limitations of his office.

17. In view of the limitations and directions communicated by respondent No.1, support was sought by the petitioner from respondent No.3 in respect of its records and evidence was furnished regarding maintenance of books of account under Rule 31(1) of the Rules, including sample ledger copies pertaining to Manuguru (Contract-1, for the financial year 2015-16) and Ramagundam (Contract-2, for the financial year 2016-17), TDS returns, and certified audited financial statements. It was submitted that since the petitioner had maintained books of account with contract-wise break-ups along with computerised ledger copies, the allegation of non-maintenance of books of account under Rule 31(1) of the Rules would not survive and the return of such books of account was accordingly sought, all of which was placed before this Hon'ble Court along with the material evidence and prayers made *vide* e-mail communications dated 18.04.2025 and 19.04.2025.

18. Subsequent to the petitioner's reply dated 16.06.2025, the office of respondent No.1 verbally directed the petitioner to approach respondent No.3 and pursuant to such direction an order came to be received by the petitioner from respondent No.1 *vide* DC Order

No.144, dated 22.04.2025, wherein it was submitted and ought to be considered along with Rule 64 of the Rules, together with the petitioner's request for return of its records.

19. While passing the said order dated 22.04.2025 at the last minute, respondent Nos.1 and 2 proceeded on erroneous averments and with inordinate delay, that:

i. It was erroneously recorded that the petitioner had concealed the pendency of its writ petition concerning the Tran-1 credit, without appreciating the facts and difficulties arising from Form VAT 200 (e-VAT Return) instructions, the DCB Reports, or the VATIS Payment Reports, as set out above; and

ii. Confusion was displayed as to the identity of the Appellate Authority, being the Joint Commissioner (ST), who was also the Appellate Deputy Commissioner (CT), it being erroneously recorded, in the words of the order, that "Despite the Appellate Authority's power to enhance or modify the audit officer's order, no such action was taken", a finding which was contended was not only arbitrary and illegal, being contrary to the material facts and the precedents governing the case, but

was also contrary to Sections 31, 32 and 77 of the Act, Rule 51 of the Rules, Section 174(2) of the Telangana Goods and Service Tax Act, 2017 (for short the 'TSGST Act') and the directions of this Hon'ble Court in Writ Petition No.26980 of 2022, and further, was contrary to respondent No.1's own instructions which were stated to have been deliberately disregarded as evidenced by the petitioner's e-mail submissions dated 18.04.2025.

20. Aggrieved by the aforesaid action of respondent No.1, who was also arrayed as respondent No.2, being wholly improper, illegal, unconstitutional, without jurisdiction, without authority, without independent application of mind, without a reasoned order, contrary to his own admissions, contrary to Section 32 of the Act, contrary to Rules 51 and 64 of the Rules, and barred by limitation, and the said order being contrary to the directions of this Hon'ble Court in Writ Petition No.26980 of 2022, with the alternative remedy being neither efficacious nor adequate, and the petitioner having been persistently victimised without valid reason since the year 2017 onwards, the petitioner was constrained to approach this Hon'ble Court under

Article 226 of the Constitution of India for a Writ of Mandamus, or such other appropriate writ, order, or direction, on the grounds set out therein, among others.

21. Learned counsel for the petitioner argued that the period of limitation for passing *suo-motu* revision under Section 32 of the Act is 4 years from the date on which the order proposed to be revised is served on the petitioner and in the present case, the impugned order passed by respondent No.1 is clearly barred by limitation as not only reversed the appeal order, dated 17.12.2020, of the ADC but also the original order dated 29.10.2019 passed by the respondent No.3, which was admittedly served on the petitioner on 26.06.2025 (i.e. beyond 5½ years) with inordinate delay which is barred by limitation under Section 32 of the Act and amounts to without jurisdiction and also *non-est* in the eyes of the law.

22. Learned counsel for the petitioner further argued the respondents not only caused undue delay in the proceedings or orders but also persistently and consistently failed to act without any valid justification or regard for the weight of evidence. The petitioner, despite repeated follow-ups and earnest prayers, was subjected him to

victimisation. This pattern of inaction is evidenced by strict and continuous proofs dating back to 2017. The respondents neither responded to nor acknowledged the petitioner's submissions, nor did they comply with the Departmental Circulars and Instructions, notwithstanding the evidentiary record presented herein.

23. Learned counsel for the petitioner contended that the respondents acted in contrary to the directions of this Court in Writ Petition No.26980 of 2022, by instructing the petitioner not to raise any objections on the aspect of limitations and jurisdiction; and the same has been adduced by the petitioner with its evidences and submissions, record of personal hearings, e-mails and the facts as recorded by their own authority *vide* its DC Order No.144, resulting in sheer violation of Principle of Natural Justice of the petitioner.

24. On the contrary, the learned Special Government Pleader for State Tax contended that in terms of Rule 17 (1) (g) of the Rules where the VAT dealer has not maintained the correct value of goods at the time of incorporation, he shall pay the tax @ 14.5% of the total consideration received or receivable subject to the deduction

specified. In such cases, the petitioner shall not be eligible to claim the Input Tax Credit.

25. It was also contended by the learned Special Government Pleader for State Tax that the cost of consumables used in works contract and details of amount paid towards hiring labour (to whom it was paid and related agreement copies) are not forthwith coming from the file. That the non-submission of requested statement of accounts are in violation of rule 25(10), 31(3) of the Rules, and since the revisional authority is transferred and new revisional authority had taken charge the present Pre-Revisional show cause notice was issued to the petitioner.

26. Having heard the contentions put forth on either sides and on perusal of records, the question that falls for our consideration is whether the Revised Pre-Revision Notice dated 08.04.2025 issued under Sections 31, 32 and 77 of the Act, and the consequential Order No.144, dated 22.04.2025, seeking to revise the Assessment Order dated 29.10.2019 and the Appellate Order dated 17.12.2020, are sustainable in law, having regard to:

i. The period of limitation prescribed under Section 32 of the Act for exercise of *suo motu* revisional power;

ii. The mandatory requirements of a valid show-cause notice under Section 32(4) of the Act read with Rule 50(2) of the Rules; and

iii. The binding directions issued by this Hon'ble Court in Writ Petition No.26980 of 2022.

27. Section 32 of the Act confers upon the revisional authority the power to call for and examine the record of any order passed by a subordinate authority and to pass such order as it deems fit, but that power is not unbridled; it is hedged in by a specific period of limitation running from the date on which the order sought to be revised was served upon the affected party. The relevant provision reads as under:

> *"**32. Revision by Commissioner and other prescribed authorities.***
>
> *(1) The Commissioner may suo motu call for and examine the record of any order passed or proceeding recorded by any authority, officer or person subordinate to him, under the provisions of the Act including sub-section (2) and if such order or proceeding recorded is prejudicial to the interests of revenue, may make such enquiry, or cause such enquiry to be made and subject to the provisions of the Act, may initiate proceedings to revise, modify or set aside such order*

or proceeding and may pass such order in reference thereto as he thinks fit."

28. On the facts before us, the order sought to be revised is not confined to the Assessment Order dated 29.10.2019 (AAO No.45025, Form VAT 305) alone; the Revised Pre-Revision Notice dated 08.04.2025, and the impugned Order No.144 dated 22.04.2025, in terms, propose to unsettle even the Appellate Order dated 17.12.2020 passed by the Appellate Deputy Commissioner (ADC No.2343), an order that had itself attained a degree of finality upon being given effect to by way of the re-assessment order dated 23.04.2021. Whichever of the two orders is taken as the trigger point for limitation, the position is equally fatal to the Revenue: the assessment order is dated 29.10.2019, and the appellate order is dated 17.12.2020; the Revised Pre-Revision Notice came to be issued only on 08.04.2025, and it is not in dispute that the same along with the consequential Order No.144, was served upon the petitioner only on 26.06.2025 — a date falling more than 5 ½ years after the assessment order and well over 4 years after the appellate order. On either reckoning, the exercise of revisional jurisdiction falls outside the four-year window prescribed under Section 32, and the impugned notice

and order are, for this reason alone, without jurisdiction and *non-est* in the eye of law.

29. We are unable to accept the submission of learned Special Government Pleader for State Tax that a change in the incumbent holding the office of revisional authority, or the pendency of an audit objection raised by the Accountant General can operate to extend or revive a period of limitation that the statute itself has fixed. Limitation prescribed under a taxing statute for exercise of a revisional power is a jurisdictional fact and its expiry extinguishes the power itself, and no administrative exigency. However genuine, can resuscitate a jurisdiction that has already lapsed by efflux of time.

30. Equally significant is the manner in which the proceedings came to be initiated in the first place. It is not in dispute that the original Pre-Revision Notice dated 28.08.2023, and thereafter the Revised Pre-Revision Notice dated 08.04.2025, were issued in terms that mirror, virtually word for word, the observations recorded by the Deputy Accountant General/AMG-III in the AG Audit Report dated 11.11.2022. A show-cause notice preceding exercise of revisional power under Section 32(4) of the Act, read with Rule 50(2) of the

Rules must reflect the independent formation of opinion by the revisional authority itself upon an examination of the record. It cannot be a mere reproduction of an audit objection, transplanted without any independent application of mind. This distinction is not one of form alone. An audit objection is, at best, information that may trigger an enquiry; it is not, by itself, a substitute for the statutory satisfaction that the Act requires the revisional authority to record in its own right. The relevant provision of the Section 32 of the Act reads as under:

> *"**32. Revision by Commissioner and other prescribed authorities.***
> *(4) No order shall be passed under sub-section (1) or (2) enhancing any assessment unless an opportunity has been given to the dealer to show cause against the proposed enhancement."*

31. This very principle finds support in the decision relied upon by the petitioner in **M/s. Tree Nuts India (P) Ltd., Puri vs. State of Odisha**[1] where a notice issued at the instance of an audit party, without independent application of mind by the assessing / revisional authority was held not to satisfy the requirements of a valid show-cause notice. We find the ratio of that decision squarely applicable to the facts before us since the record leaves no room for doubt that respondent No.1 proceeded, without demur, on the strength of the AG

[1] 2022 (7) TMI 762 (Orissa High Court)

Audit Report alone, reproducing its language and its conclusions, without independently verifying whether the petitioner had, in fact, furnished contract-wise particulars notwithstanding that the petitioner had, on record, demonstrated that it executed only a single contract in each of the years 2015-16 and 2016-17. The relevant paragraph of the said judgment is reproduced below for ready reference:

> *"**16.** The facts of the present case are more or less similar. Here again it is seen from the order of the ACST, that the reopening assessment was made by the STO only on the basis of an audit objection and without any independent application of mind as to whether there had been an escapement of turnover for theperiods in question. Following the decision in **The Indure Limited (supra)**, this Court is of the view that the reassessment orders of the STO cannot be sustained in law. The Tribunal erred in remanding the matters to the STO while the jurisdictional requirement of independent satisfaction by the STO in the manner explained in The Indure Limited (supra) was not existent in the present cases."*

32. We are further of the view that the impugned proceedings cannot be sustained for the independent reason that they were initiated and carried to conclusion in direct defiance of the order passed by this Hon'ble Court in Writ Petition No.26980 of 2022, whereby the petitioner was granted liberty to appear before the authority and respond to the pre-revision notice, taking all references available

including limitation and jurisdiction, and it was expressly directed that "no fresh notices be issued by the respondent".

33. It is not open to a statutory authority to treat a specific and unambiguous direction of this Court as a mere formality to be circumvented at a later date. The issuance of the Revised Pre-Revision Notice dated 08.04.2025 nearly a year and a half after the petitioner had complied with the Court's direction by filing its reply dated 07.10.2023 represents precisely the "fresh notice" that this Court had proscribed. Compounding this, the record discloses that the petitioner was, during the personal hearing, orally instructed not to raise objections as to the legality of the proceedings or as to jurisdiction and limitation notwithstanding that these very objections had been expressly reserved to the petitioner by this Court's earlier order. Such conduct on the part of the authority, effectively directing an assessee not to avail of a liberty granted by this Court cannot be countenanced and constitutes a serious breach of both judicial propriety and the principles of natural justice.

34. We may also deal, for completeness, with the contentions advanced by learned Special Government Pleader for State Tax on merits.

35. Reliance was placed on Rule 17(1)(g) of the Rules for the proposition that where a dealer has not maintained the correct value of goods at the time of incorporation into works executed, tax @ 14.5% of the total consideration would be attracted, with consequential denial of Input Tax Credit. The relevant provision of the Rule 17(1)(g) of the Rules reads as under:

> *"**Rule - 17. Treatment of works contracts***
> *(1) Treatment of VAT dealer executing works contract*
> *.....*
> *(g) Where the VAT dealer has not maintained the accounts to determine the correct value of the goods at the time of incorporation he shall pay tax at the rate of 19[Fourteen and a half percent (14.5%)] on the total consideration received or receivable subject to the deductions specified in the table below. In such cases the contractor VAT dealer shall not be eligible to claim input tax credit and shall not be eligible to issue tax invoices."*

36. This contention, however, presupposes a finding arrived at independently and not merely borrowed from the AG Audit Report that the petitioner had failed to maintain the requisite value

particulars. On the record before us, the petitioner has placed sample ledger copies for both contracts (Manuguru, for the financial year 2015-16, and Ramagundam, for the financial year 2016-17), TDS returns, and certified audited financial statements, demonstrating maintenance of contract-wise books of account in terms of Rule 31(1) of the Rules. Learned Special Government Pleader's further reliance on Rules 25(10) and 31(3) of the Rules on the ground that details of consumables and labour-hiring payments were not forthcoming from the file, does not, in our view, survive independent scrutiny once it is seen that this very allegation traces back to the same unverified audit observation and stands substantially answered by the material the petitioner placed before respondent No.1, including at the personal hearing stage.

37. Nor can it be said that migration of the petitioner to the GST regime, or the transitional Tran-1 credit availed thereunder, operates to deprive the petitioner of the protections available under the Act and the Rules in respect of proceedings relatable to the pre-GST period. Section 174(2) of the TSGST Act expressly saves proceedings, rights, and liabilities accrued under the erstwhile Act, and equally preserves

the limitations and procedural safeguards attaching to such proceedings; it cannot be read as conferring upon the authorities a fresh, unlimited window to reopen assessments that had otherwise attained finality under the VAT regime. The relevant provision of Section 174(2) of the TSGST Act reads as under:

> ***"174. Repeal and Saving***.
>
> *(2) The repeal of the said Acts and the amendment of the Acts specified in section 173 (hereafter referred to as "such amendment" or "amended Act", as the case may be) to the extent mentioned in sub-section (1) or section 173 shall not- (a)revive anything not in force or existing at the time of such amendment or repeal; or (b)affect the previous operation of the amended Acts or repealed Acts and orders or anything duly done or suffered thereunder; or (c)affect any right, privilege, obligation, or liability acquired, accrued or incurred under the amended Acts or repealed Acts or orders under such repealed or amended Acts."*

38. We are also unable to lose sight of the fact that the impugned order itself betrays a fundamental confusion as to the very identity of the Appellate Authority, recording somewhat inexplicably that the Appellate Authority had failed to exercise its power to enhance or modify the assessment order without appreciating that the Appellate Deputy Commissioner and the Joint Commissioner (ST) referred to in the record are one and the same authority.

39. An order that misapprehends even the basic architecture of the very appellate hierarchy it purports to revise cannot be regarded as a reasoned order reflecting due application of mind, and falls foul of the requirement, well embedded in administrative law that quasi-judicial orders be supported by clear and coherent reasoning.

40. Therefore, for all the reasons set out above, we are of the considered opinion that the Revised Pre-Revision Notice dated 08.04.2025, and the consequential Order No.144 dated 22.04.2025, are unsustainable, barred by limitation under Section 32 of the Act, founded on a show-cause notice that discloses no independent application of mind, issued in violation of the binding directions of this Court in Writ Petition No.26980 of 2022, and vitiated by manifest non-application of mind as to the very identity of the appellate hierarchy under the Act. The questions of law are accordingly answered in favour of the petitioner and against the respondents and the instant Writ Petition stands allowed. The Revised Pre-Revision Notice dated 08.04.2025, together with the consequential Order No.144, dated 22.04.2025, passed by respondent No.1 are hereby set aside.

41. As a sequel, miscellaneous petitions pending if any, shall stand closed. However, there shall be no order as to costs.

P. SAM KOSHY, ACJ

NARSING RAO NANDIKONDA, J

Date: 30.10.2026
GSD