



2026:AHC:51434-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT TAX No. - 1576 of 2026

Lava International Limited

.....Petitioner(s)

Versus

Union Of India And 3 Others

.....Respondent(s)

Counsel for Petitioner(s) : Ishita Farsaiya
Counsel for Respondent(s) : A.S.G.I., Dhananjay Awasthi

Court No. - 3

HON'BLE SAUMITRA DAYAL SINGH, J.
HON'BLE VIVEK SARAN, J.

1. Heard Sri Rahul Agarwal, learned Senior Advocate assisted by Ms. Ishita Farsaiya, learned counsel for the petitioner and Sri Dhananjay Awasthi, learned counsel for the revenue.

2. The petitioner is aggrieved by the adjudication order dated 15.12.2025. It proposes to file statutory appeal under Section 107 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the 'Act'). According to the statute the petitioner is obligated to deposit 10% of the disputed demand of tax to maintain its appeal against the above described order without making any deposit towards the disputed demand of penalty arising under the same order.

3. However, for absolutely no justifiable reason, the adjudicating authority has created two demand notices (on form DRC-07) - one for the demand of tax Rs. 26,64,93,343/- and equal penalty and another for other penalty Rs. 6,18,74,024/-. Thus, one DRC-07 dated 16.12.2025 for Rs. 53,29,86,686/- and another DRC-07 dated 16.12.2025 for Rs. 3,64,36,912/- have been issued by Sri Rahul Kumar Yadav, Additional Commissioner, Sector-7, Gautambudhar Nagar.

4. By issuing two demand notices, the adjudicating authority has created an obstacle in the path of the petitioner to file a single appeal against the adjudication order dated 15.12.2025. The petitioner has been forced to file two appeals against a single order arising from one show-cause notice. For that reason in the second appeal, against the demand of penalty Rs. 3,64,36,912/-, the petitioner would be forced to deposit 10% of that disputed demand.

5. To the extent the statute contemplates that any appeal against one adjudication order creating demand of tax and penalty a single appeal may be maintained against deposit of 10% of the disputed demand of tax, without any obligation on the assessee at that stage, to deposit any amount towards penalty demand. The error or act of the adjudicating authority to bifurcate the demand created by the adjudication order is *prima facie* inexplicable to us.

6. Faced with that, learned counsel for the revenue states that the adjudicating authority may be permitted to withdraw the two DRCs issued by it, both dated 16.12.2025 and be further permitted to issue a fresh composite DRC with respect to demand of tax and penalty arising under the adjudication order dated 15.12.2025, within a period of one week from today. To the extent, such request has been made by the revenue, we find no occasion in accepting the same. However, the limitation to file the appeal would start running from the date of service of the fresh DRC-07.

7. We further allow the petitioner to file statutory appeal against the adjudication order dated 15.12.2025 against deposit of 10% of the disputed demand of tax under that order. Subject to such compliance being made, no other or further recoveries be made from the petitioner, during pendency of

that appeal.

8. With the aforesaid observation, present writ petition is **disposed of**.

9. No other or further observation is being made as to the conduct of the adjudicating authority and no further direction is issued keeping in mind the assurance given by learned counsel for the revenue that such error will not be repeated by the adjudicating authority, in future.

(Vivek Saran,J.) (Saumitra Dayal Singh,J.)

March 13, 2026

Abhilash

