

GSTAT

State Bench Raipur

Division Bench Court No. Court I

APL/123/RPR/2026

AKASH SALES CORPORATION

.....Appellant

Versus

**COMMISSIONER OF STATE TAX, COMMISSIONER OF STATE
TAX, NAVA RAIPUR ATAL NAGAR CHHATTISGARH & ORS.**

.....Respondent

Quorum

Hon'ble Pradeep Kumar Vyas, Member (Judicial)

Hon'ble Chandra Bhushan Singh, Member (Technical)

Counsel for Appellant

MS. ANUJA BHANDARI SHUKLA, CA

Counsel for Respondent

MR. ASHUTOSH MISHRA, ADVOCATE

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.: ZN220051026000090H

Date of order: 13/10/2026

1.	GSTIN/Temporary ID/UIN - 22AFOPA7269L2Z4	
2.	Appeal Case Reference no. - APL/123/RPR/2026	Date - 25/06/2026
3.	Name of the appellant - AKASH SALES CORPORATION, kanchansale@yahoo.in, 9752122277	
4.	Name of the respondent - 1. Office of the State Tax Commissioner, Nava Raipur, Atal Nagar, Chhattisgarh,	

	cctd.cg@gov.in, 8962326279 2. Commissioner of State Tax, cctd.cg@giv.in, 00000000000	
5.	Order appealed against - AD2209240054881	
	(5.1) Order Type - Demand Order	
	(5.2) Ref Number - ZD220226008449L	Date - 11/02/2026
6.	Personal Hearing - 13/10/2026 18/09/2026 07/09/2026 30/07/2026	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	Order in brief - The order dismisses the appeal against detention penalty, holding that the claimed onward movement of scrap was unsupported by a valid e-way bill accurately describing the journey. The central determination concerns substantive compliance with movement-document requirements following an onward sale during transit. On intention to evade tax, the Tribunal holds that Section 129 does not prescribe mens rea as an independent jurisdictional prerequisite. However, penalty is not automatic: the authority must examine the alleged contravention, the taxpayer's explanation and whether the discrepancy is substantive or merely technical. On sale during transit, Section 10(1)(b) of the IGST Act permits onward supply without physical receipt by the intermediary. This recognition does not dispense with Rules 138 and 138A or automatically amend the destination declared in existing transport documents. The supplier's e-way bill remained valid in time but identified Bhilai as destination. The driver's statement and subsequent documents established diversion towards Raipur; temporal validity alone therefore did not cover the changed movement. The appellant's subsequent e-way bill incorrectly declared physical dispatch from Bhilai, although the goods admittedly never reached there. It had also expired before interception, without demonstrated extension or replacement. The combined defects were material, rather than an isolated clerical error or explained delay. The recorded northern-Raipur interception location was not displaced by a map identifying another Dhaneli. No contemporaneous transport evidence substantiated the alternative route or reconciled the journey with the declared origin and destination. Matching goods and vehicle particulars were insufficient to establish the asserted uninterrupted movement. Location alone was not treated as proof of evasion, nor was absence of tracking evidence treated as an independent contravention. Authorities granting relief for genuine delays, corrected documents or minor omissions were distinguished on their facts. The minor-error circular did not cover the cumulative	

defects; general penalty principles did not authorise reduction once the prescribed statutory penalty applied.

Payment through DRC-03 for release neither admitted liability conclusively nor waived appeal. Nevertheless, independent merits examination justified affirming the penalty, with credit for payment and protection against double recovery.

Summary of Order

9. If demand order then whether demand quantified: Yes

Section-I

Particulars	Central tax		State/UT tax		Integrated tax		Cess		Total	
	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount
1	2	3	4	5	6	7	8	9	10	11
(a) Tax	0		0		0		0		0	0
(b) Interest	0		0		0		0		0	0
(c) Penalty	1	220372	1	220372	0	0	0		2	440744
(d) Fees	0		0		0		0		0	0
(e) Others										0
(f) Refund										0

10.	For Other orders and Demand orders which are not quantified:	
Issues as raised by proper officer	Issues as determined by Appellate/Revisional authority	Order by GST Appellate Tribunal
Levy of Penalty	The Ld. Appellate Authority imposed penalty under Section 129 of the CGST Act, 2017 of Rs 2,20,372 in CGST and Rs 2,20,372 in CGST on the allegation that the E-Way Bill had expired at the time the conveyance was intercepted, and therefore the goods were being transported without a valid E-Way Bill.	Appeal Dismissed.

Signature

Place: RAIPUR
Date: 13.10.2026

RAIPUR Chandra Bhushan Singh
Designation: Member
Jurisdiction: Raipur

ORDER**PER: C. B. SINGH, MEMBER (TECHNICAL)**

1. This appeal, preferred under Section 112(1) of the Chhattisgarh Goods and Services Tax Act, 2017 and the corresponding provisions of the Central Goods and Services Tax Act, 2017 (collectively, “the CGST/CGGST Acts”), read with Section 20 of the Integrated Goods and Services Tax Act, 2017 (“the IGST Act”), challenges Order-in-Appeal No. 329/2025/GST/Appeal dated 15.09.2025, passed by the Joint Commissioner (Appeals), State Tax, Durg. By that order, the appellate authority affirmed the penalty of ₹4,40,744/- (CGST ₹2,20,372/- and SGST ₹2,20,372/-) under Section 129(1)(a), arising from case No. 19/2024-25 and the order dated 25.06.2024 of the Assistant Commissioner, State Tax, Raipur Circle-4.

FACTUAL MATRIX

2. The appellant, M/s Akash Sales Corporation, Bhilai, purchased 34.770 MT of M.S. scrap from M/s Ananya Trading Co., West Bengal, under Invoice No. 53 dated 04.05.2024. The invoice records dispatch from East Coast Railway, Waltair Division, Diesel Loco Shed, Visakhapatnam, through V.R. Transport Carrier, under L.R./R.R. No. 88 dated 04.05.2024, in vehicle No. CG04NZ6923. The taxable value was ₹12,03,042/-, with IGST of ₹2,16,547.56.
3. The e-way bill no. 811410251746 was generated on 04.05.2024 at 8:48 PM for that purchase. It was a 'Bill From - Dispatch From' transaction: Ananya Trading Co. was the bill-from party; Visakhapatnam the dispatch-from place; the appellant at Bhilai the sole bill-to and ship-to party; V.R. Transport Carrier and document No. 88 were stated; vehicle CG04NZ6923 and approximate distance 625 km were declared. It remained valid up to 08.05.2024 at 11:59 PM.
4. While the goods were still in transit and had admittedly not reached Bhilai, the appellant issued Invoice No. 383 dated 05.05.2024 to Shri Bajrang Power & Ispat Ltd., Borjhora, Raipur for the same 34.770 MT scrap. The invoice, taxable value ₹12,23,938.77 with CGST and SGST of ₹1,10,185.81 each, mentions the same vehicle, destination Raipur and the words 'DIRECT DELIVERY FOR'. *The appellant claims this was an onward sale during transit.*
5. Against Invoice No. 383 the appellant generated e-way bill no. 821410311395 on 05.05.2024 at 11:14 AM. It declared the transaction as 'Regular', showed the appellant's Bhilai address as 'Dispatch From', Shri Bajrang Power & Ispat Ltd., Borjhora / Raipur as 'Ship To', approximate distance 41 km and the same vehicle. Transporter ID / name and transport-document particulars were blank. It expired at 11:59 PM on 06.05.2024. The appellant itself pleads that the goods had not reached Bhilai and their exact location was unknown when this e-way bill was generated.
6. On 07.05.2024 the vehicle was intercepted at Dhaneli Chowk by Assistant Commissioner, Circle - 4, Raipur. The statement of the driver Raj Nag describes the consignment from Visakhapatnam to Raipur and, significantly, records production of the appellant's subsequent Invoice No. 383 and e-way bill no. 821410311395. It does not record the earlier supplier invoice/e-way bill as the movement documents then relied upon. Physical verification found the same quantity of 34.770 MT scrap. MOV-02 and MOV-06 recorded expiry of the e-way bill as the discrepancy/basis of detention; MOV-04 and MOV-07 also followed. Thus, although the first e-way bill remained temporally

alive, the e-way bill produced for the appellant's claimed onward transaction had expired and no extension is shown.

7. Penalty of ₹4,40,744/- (200% of tax payable) was paid through DRC-03 dated 09.05.2024, ARN AD220524006034T, following which the goods and vehicle were released. The adjudicating authority passed the substantive order dated 25.06.2024; the subsequent DRC-07 reflects nil outstanding demand.
8. The Joint Commissioner (Appeals) affirmed the penalty, holding that the supplier's e-way bill declaring Bhilai as destination did not cover the subsequent delivery towards Raipur; the appellant's onward e-way bill showed Bhilai as dispatch point despite the goods, as claimed, not reaching Bhilai and had expired before interception. Paragraph 4.3.9 of the Order-in-Appeal records interception at Dhaneli Chowk on the Raipur–Bilaspur Road.

PLEADINGS AND FINAL HEARING

9. The appellant contends that there were two genuine commercial supplies but only one continuous physical movement of the same goods in the same vehicle; Section 10(1)(b) of the IGST Act recognises sale/delivery during transit; the supplier's e-way bill was still valid on 07.05.2024; and expiry of the second e-way bill and entry of Bhilai as dispatch point were procedural lapses without intention to evade tax. It relies on Circular No. 64/38/2018-GST and, inter alia, *A.A. Plastics, Prahlad Rai Vijay Kumar, Orson Holdings, Balaji Traders, Hindustan Steel, Ashok Kumar Sureka, Rawal Wasia Yarn Dying and Neva Plantation*, the applicability of which is considered, to the extent relevant, in the discussion that follows. It also invokes Section 126. Ground No. 2 concerning further pre-deposit was withdrawn in rejoinder.
10. The respondent submits that a lawful sale during transit does not dispense with Rules 138 and 138A. Once Invoice No. 383 and a separate e-way bill were generated for Bhilai-to-Raipur transaction, the actual movement had to be covered by a valid document correctly reflecting it. The first e-way bill still showed Bhilai as destination; the second showed Bhilai as physical dispatch point although expired before interception. The respondent also referred to Section 135, HSN particulars and the supplier's registration State; those collateral matters are dealt with separately.
11. At final hearing on 18.09.2026, Ms. Anuja Bhandari Shukla, learned Chartered Accountant for the appellant, emphasised identity of goods, quantity and vehicle, the continued validity of the first e-way bill, Section 10(1)(b), and the location map of interception produced by the appellant. She accepted that the appellant did not know the exact location of the vehicle when generating the second e-way bill and therefore entered Bhilai as dispatch point. She, in reply to the alleged place of interception, submitted that movement towards Bilaspur could be undertaken through more than one route and that interception location alone could not establish evasion. Shri Ashutosh Mishra, learned Authorised Representative for the respondent, maintained that the first e-way bill could not cover a changed destination merely because it remained alive, while the second e-way bill was both factually inaccurate as to dispatch and expired. He relied also on the recorded Dhaneli Chowk location and the failure to reconcile the actual movement with either document.

ISSUES FOR DETERMINATION

12. The following issues arise for determination:

- (i) whether intention to evade tax is a jurisdictional pre-condition under Section 129(1);
- (ii) the effect of Section 10(1)(b) to the claimed onward sale during transit, and the movement-document requirements;
- (iii) whether the still-live first e-way bill covered the movement after diversion from Bhilai towards the location of interception or even Raipur;
- (iv) whether the second e-way bill truthfully and validly corresponded to that movement, having regard to its Bhilai dispatch declaration, expiry and the interception location;
- (v) whether the cumulative defects were merely technical or constituted substantive contravention; and
- (vi) the effect of DRC-03 payment and whether the impugned order calls for interference.

STATUTORY FRAMEWORK

13. Section 68 authorises verification of goods in movement. Rule 138 requires generation of an e-way bill on prescribed particulars and Rule 138A requires the person in charge to carry the prescribed invoice/bill/delivery challan and e-way bill or its number. Rule 138(10) also provides, subject to its prescribed conditions and time window, for extension of e-way-bill validity where exceptional circumstances prevent completion of transportation within the original period. The statutory object is to connect the goods, persons, conveyance and actual movement with the movement document.
14. Section 129(1), as applicable in May 2024, operates where goods are transported or stored while in transit 'in *contravention of the provisions of the Act or the rules made thereunder*'. It does not add intention to evade tax as an independent ingredient, in contrast to Section 130(1). Where the owner comes forward, Section 129(1)(a) prescribes *payment of penalty equal to two hundred per cent. of the tax payable on such goods*. Section 129(3) requires notice specifying the proposed penalty and a reasoned order, while Section 129(4) preserves the opportunity of hearing; the opening non-obstante clause does not displace these safeguards, while it secures full operation of S.129 where its conditions are attracted. Section 126(6) excludes the general penalty disciplines where the Act fixes a sum or percentage; nevertheless, the anterior question whether the alleged discrepancy is substantive enough to attract Section 129 must still be decided on the facts and after considering the defence.
15. Section 10(1)(b) of the IGST Act recognises delivery to a recipient or another person on the direction of a third person before or during movement and deems the third person to have received the goods for place-of-supply purposes. It therefore permits an intermediate purchaser to effect an onward supply without first taking physical delivery. It does not, however, deem the destination in an existing transport/e-way-bill record to have changed or dispense with Rules 138 and 138A. The official 'Bill To-Ship To' clarification dated 23.04.2018 likewise distinguishes commercial billing from actual dispatch: where the intermediary generates the e-way bill for direct delivery, the actual dispatch place is to be stated as 'Dispatch From'. Circular No. 64/38/2018-GST protects specified minor discrepancies; it does not treat an expired document coupled with a materially incorrect physical dispatch point as an enumerated minor error.

DISCUSSION AND FINDINGS

A. Mens rea under Section 129

16. Section 129(1) applies where goods are transported or stored while in transit in contravention of the Act or Rules; it does not expressly make intention to evade tax a separate ingredient. In *Asian Switchgear (P) Ltd. v. STO*, (2024) 123 GSTR 175, the Division Bench of the Hon'ble Calcutta High Court directly considered the requirement of mens rea and held that it need not be independently proved for imposition of this civil statutory penalty. The Court nevertheless emphasised that penalty is not automatic: the authority must, consistently with Sections 129(3) and (4), consider the explanation actually offered and give reasons for accepting or rejecting it. We adopt this distinction. The general civil-penalty principle also finds support in *Union of India v. Dharmendra Textile Processors*, (2008) 13 SCC 369; *Chairman, SEBI v. Shriram Mutual Fund*, (2006) 5 SCC 361; and *State of Gujarat v. Saw Pipes Ltd.*, 2023 SCC OnLine SC 428, the latter two being noticed in *Asian Switchgear*. In *Guljag Industries v. Commercial Taxes Officer*, (2007) 7 SCC 269, the Hon'ble Supreme Court directly considered and held, under the Rajasthan Sales Tax Act, that breach of the prescribed transit-document obligation attracted civil statutory penalty without proof of guilty intention. These decisions under other enactments support the general principle; its application here remains governed by Section 129 and the explanation established on the record.
17. In *Shree Radhemani Multitrade (P) Ltd. v. State of Chhattisgarh*, 2025 SCC OnLine Chh 3375, the Hon'ble jurisdictional High Court declined to interfere with detention and show-cause proceedings, distinguishing *CST v. Satyam Shivam Papers (P) Ltd.*, (2022) 14 SCC 157 and *Falguni Steels v. State of U.P.*, (2024) 1 HCC (All) 365 on their facts. As that decision arose before final adjudication, it does not dispense with consideration of the taxpayer's explanation. *Satyam Shivam Papers* and *Falguni Steels* are authorities relating to pre-01.01.2022 regime.

B. Sale during transit and effect of the first e-way bill

18. We accept that the onward sale cannot be regarded as unlawful merely because the appellant had not physically received the goods at Bhilai. The decisive question is whether it was actually an onward sale and, following the change of destination, the continuing physical movement was supported by a valid e-way bill accurately reflecting that movement.
19. The first e-way bill documented Visakhapatnam as actual dispatch point and the appellant at Bhilai as the ship-to destination. Its validity until 08.05.2024 establishes that the movement as originally declared remained temporally authorised; it does not establish that the document continued to correspond to a later movement to a different destination. The contemporaneous evidence in fact establishes diversion. MOV-01 records the driver's journey as Visakhapatnam to Raipur, not Visakhapatnam to Bhilai, and records his production of Invoice No. 383 and the corresponding second e-way bill. Read with the appellant's own case of an onward sale to Shri Bajrang Power & Ispat Ltd., this shows that the claimed original Bhilai destination had been displaced during transit.
20. We therefore do not rest the decision on absence of proof of diversion, nor hold that the first e-way bill was automatically cancelled by the claimed onward sale. The point is narrower: once the actual destination had changed from Bhilai towards Raipur, the first e-way bill, though still alive in time and correctly matching the original consignment and vehicle, no longer truthfully represented the destination of the movement being

undertaken. Its subsisting validity cannot by itself answer the statutory requirement for the diverted movement.

C. The second e-way bill and actual movement

21. The second e-way bill was generated precisely for the appellant's claimed onward transaction and was produced by the driver at interception. It declared a 'Regular' movement from the appellant's Bhilai address to Borjhara / Raipur over about 41 km. The appellant admits, however, that the goods never reached Bhilai and that Bhilai was entered because their actual location was unknown. Thus, the declared physical origin was not a spelling or clerical mistake but a material factual particular which did not correspond to the movement. Transporter/transport-document particulars, in later documents, were also absent. Those omissions are not treated as independently decisive, but form part of the documentary setting.
22. More importantly, e-way bill no. 821410311395 expired at 11:59 PM on 06.05.2024 and no extension or replacement for the onward movement is shown. Rule 138(10) contemplates extension in prescribed exceptional circumstances; the appellant has not shown any attempted extension, impediment to obtaining one, or other circumstance explaining continued movement under the expired document. On interception on 07.05.2024, therefore, the document generated and tendered for the claimed onward transaction was no longer live. The case consequently involves more than short expiry of an otherwise accurate movement document: the document was both expired and materially inaccurate as to the physical point from which the asserted onward movement commenced. The non-extension is relevant to whether the appellant has answered the admitted expiry; it is not relied upon as proof of any intervening local movement. This distinction is consistent with the principle that an explanation for delay, even if accepted, is not necessarily an explanation for non-compliance with the prescribed extension mechanism. Here, however, expiry is not considered in isolation: the appellant's second e-way bill also declared a physical dispatch from Bhilai which admittedly did not occur.

D. Interception location, alternative map and route evidence

23. The recorded place of interception is significant. Paragraph 4.3.9 of the Order-in-Appeal places it at *Dhaneli Chowk on the Raipur–Bilaspur Road*; the detention record directed the vehicle to the *Police Help Centre, Siltara*. Siltara lies in northern Raipur on the Raipur–Bilaspur side, away from the ordinary Visakhapatnam–Bhilai and Bhilai–Borjhara routes. The proceedings were undertaken by the Assistant Commissioner, State Tax, Raipur Circle-4. *Commissioner's Order dated 10.02.2023, effective from 01.03.2023, includes Siltara, Rawabhata and Birsanga in the local areas allocated to Circle-4*. This allocation lends contextual corroboration to the northern-Raipur setting recorded place of interception.
24. The appellant relied on a map identifying *another Dhaneli in southern Raipur* and submitted that more than one route was available for Bilaspur. That submission does not, without evidence connecting the interception to the suggested locality, displace the specific Dhaneli Chowk location recorded in paragraph 4.3.9 of the Order-in-Appeal. The appellant's alternative geographical explanation is therefore not established by the map alone.
25. Nor has the appellant produced contemporaneous, time-stamped material tracing vehicle No. CG04NZ6923 from Visakhapatnam to its interception on 07.05.2024. No GPS or vehicle-tracking record, toll/FASTag entry, driver trip sheet or comparable

transport record has been placed on record to identify the route actually taken, intermediate locations or timings. Such evidence could have tested the suggested trajectory, especially since the appellant accepts that the goods never reached Bhilai and that their exact location was unknown when it generated the second e-way bill. The absence of corroboration weakens the asserted explanation of the movement. The affirmative plea of an uninterrupted journey thus remains uncorroborated.

26. Considered together, the material discrepancies cannot be treated as an isolated clerical or venial lapse. The original Bhilai destination had changed; the first e-way bill did not reflect the diverted destination; the appellant's second e-way bill declared a Bhilai dispatch that had not occurred and had expired before interception; and the actual route has not been substantiated by contemporaneous transport evidence. We do not infer evasion merely from the geographical location. The appellant has nevertheless failed to establish its plea that the discrepancies were merely technical and bona fide. The correspondence of goods description, quantity and vehicle number in both e-way bills is not disregarded; it is insufficient, without reliable evidence of the actual journey, to establish continuity or to reconcile the conflicting physical origin and destination declarations.

E. Authorities relied upon by the appellant

27. In *Satyam Shivam Papers (supra)*, the delay arose from traffic blockage during a genuine movement; the Hon'ble Supreme Court declined to interfere on the established facts, finding no question of law. The interception also preceded the amendment of Section 129(1)(a). That authority remains relevant, but neither its facts nor the earlier penalty provision determines the effect of the changed destination and the expired, inaccurate onward e-way bill in this appeal.
28. We have considered each of the authorities specifically relied upon in the appellant's grounds. In *AA Plastics (P) Ltd. v. Commr., 2024 SCC OnLine All 10725*, the appellant invokes relief where an amended e-way bill was produced before seizure; the present record shows no corrected or extended onward e-way bill before interception. In *Prahlad Rai Vijay Kumar v. State of U.P., 2024 SCC OnLine All 10665*, the pleaded justification concerned a vehicle breakdown. No comparable breakdown or disabling circumstance explaining the second e-way bill's expiry has been established here. *Orson Holdings Co. Ltd. v. Union of India, 2023 SCC OnLine Guj 5017*, is relied upon for relief in a long-distance movement involving expiry and bona fides; here, in addition to expiry, the claimed onward document declared a physical dispatch from Bhilai which admittedly did not occur. All these authorities are related to pre-01.01.2022 regime contraventions. In *Balaji Traders v. State of U.P., (2024) 132 GSTR 296*, the issue as presented concerned procurement of a Railway Receipt and the absence of demonstrated evasion; that circumstance does not answer the materially incorrect origin and expired onward bill in this appeal. The factual distinction is therefore not expiry considered in isolation, but the combined defects in documents purporting to describe the movement actually undertaken.
29. *Hindustan Steel Ltd. v. State of Orissa, (1969) 2 SCC 627*, relied upon by the appellant, cautions against mechanical penalty for technical or venial breaches. Its principle has been considered in *Asian Switchgear (supra)*: a bona fide defence must be examined, but the provision does not expressly make subjective intention to evade tax an additional jurisdictional element. *Rawal Wasia Yarn Dying (P) Ltd. v. CCT, 2024 SCC OnLine All 1259*, concerned the omission of Part-B particulars where the vehicle information was otherwise available on the invoice; it did not concern an onward bill declaring a dispatch

which had not occurred. *M/s Neva Plantation Pvt. Ltd., 2020-VIL-08-GSTAA (HP)*, is an appellate-authority decision under the earlier statutory regime involving a procedural e-way-bill defect and substitution of a lesser penalty. It neither binds this Tribunal nor establishes a discretion to substitute a lesser amount once the post-01.01.2022 penalty under Section 129(1)(a) is attracted, having regard also to Section 126(6). These authorities have been considered on their pleaded propositions; they do not establish that the defects found here are merely technical.

30. *Ashok Kumar Sureka v. Asst. Commr., State Tax, (2022) 100 GSTR 160*, warrants separate attention because, as relied upon by the appellant, the supplier's first e-way bill was still alive and a second e-way bill related to delivery at another point. The pre-amendment regime decision turned on its particular documents and the bona fides accepted there. In the present case, the second e-way bill declared Bhilai as the physical dispatch point although the goods admittedly never reached Bhilai, had expired by interception, and the recorded Dhaneli Chowk–Siltara location was not satisfactorily reconciled with the movement asserted. The matching goods, quantity and vehicle particulars do not independently establish the uninterrupted route asserted. The appellant's additional reliance upon Circular No. 64/38/2018-GST does not assist: the specified minor discrepancies do not include an expired e-way bill coupled with a materially incorrect dispatch origin.
31. *Sleeveco Traders v. Additional Commissioner, (2023) 108 GSTR 254* is also distinguishable because the original supplier's invoice/e-way bill and the built themselves showed the ultimate purchaser/consignee and destination from inception. *Singhal Enterprises v. State of U.P., 2025 SCC OnLine All 8448* involved an undisputed server glitch preventing generation of the onward e-way bill and interception during unloading. Conversely, *Abinash Kumar Singh v. State of W.B., 2023 SCC OnLine Cal 518*, *Gurbux Singh Gupta v. State of W.B., (2023) 1 HCC (Cal) 647*, *Jageswar Saw v. Commissioner of Revenue, 2026 SCC OnLine Cal 5800* illustrate that expiry or material mismatch in the movement document may be substantive depending upon the facts. *K. P. Sugandh Ltd. v. State, (2020) 83 GSTR 372*, where detention was based on alleged undervaluation despite prescribed movement documents, likewise does not assist the appellant because the present contravention concerns the validity and truthfulness of the movement document itself.

F. DRC-03 and collateral submissions

32. Payment of ₹4,40,744/- through DRC-03 to secure release does not waive the statutory appeal or constitute a conclusive admission. *M/s ASP Traders v. State of U.P., (2026) 2 SCC 641*, supports that distinction. Section 129(5) deems proceedings in respect of the notice concluded upon payment of the amount referred to in Section 129(1). As explained in *ASP Traders*, that consequence does not, where payment secures release while liability remains contested, foreclose a reasoned determination or appellate scrutiny. The substantive order dated 25.06.2024 is accordingly examined on its merits in this appeal.
33. The respondent's collateral submissions concerning HSN particulars, the State of registration of the original supplier and Section 135 are unnecessary to the result. Section 135 concerns presumption of culpable mental state in prosecution and has no direct application to this civil adjudication. The appeal is decided only on whether, at interception, the goods were being transported under a valid e-way bill truthfully corresponding to the actual movement.

CONCLUSION

34. In view of the foregoing discussion, our conclusions are as follows:

- (i) Intention to evade tax is not an independent jurisdictional pre-condition for action under Section 129(1), as applicable on 07.05.2024. The alleged contravention must nevertheless be assessed on its facts, including the appellant's explanation, and penalty does not follow merely from every minor discrepancy.
- (ii) Section 10(1)(b) of the IGST Act recognises an onward supply during transit without prior physical receipt by the intermediary at Bhilai. It does not, however, dispense with the requirements of Section 68 and Rules 138 and 138A concerning documents corresponding to the actual movement.
- (iii) The supplier's first e-way bill remained valid in time until 08.05.2024, but declared Bhilai as the ship-to destination. The driver's MOV-01 statement describing the journey as Visakhapatnam to Raipur, together with Invoice No. 383, the second e-way bill produced at interception and location of interception establishes a changed destination. The first e-way bill did not, by its continuing temporal validity alone, cover that movement.
- (iv) The second e-way bill described a "Regular" movement originating at Bhilai, although the goods admittedly never reached Bhilai, and it expired before interception on 07.05.2024. The recorded interception at Dhaneli Chowk on the Raipur-Bilaspur Road is not displaced merely by identifying another Dhaneli in southern Raipur. No contemporaneous, time-stamped movement evidence was furnished to substantiate the alternative route or reconcile the actual journey with the declared movement.
- (v) The discrepancies are neither isolated nor merely technical. The first e-way bill continued to show Bhilai as the destination, whereas the appellant claims that the goods were diverted towards Raipur. The second e-way bill declared a fresh movement originating from Bhilai, although the goods admittedly never reached Bhilai, and had expired before interception. The vehicle was intercepted at Dhaneli Chowk on the Raipur-Bilaspur Road, a location not satisfactorily reconciled with either declared movement. Further, no contemporaneous, time-stamped transport evidence has been produced to establish the actual route and chronological progression of the vehicle from Visakhapatnam to the place of interception. *The correspondence of the description of goods, quantity and vehicle number in the two e-way bills does not, in the absence of such corroborative evidence, establish that the consignment intercepted on 07.05.2024 was undergoing an uninterrupted interstate movement originating from Visakhapatnam, or exclude the possibility of intervening movements.* Considered cumulatively, these circumstances establish substantive contravention of the movement-document requirements attracting Section 129(1), rather than a minor discrepancy contemplated by Circular No. 64/38/2018-GST.
- (vi) Payment of ₹4,40,744/- through DRC-03 to secure release neither amounts to conclusive admission nor bars the statutory appeal. Upon independent consideration of the merits, the penalty sustained under Section 129(1)(a) calls for no interference; the amount paid must be duly credited against the liability.

OPERATIVE ORDER

35. The appeal is dismissed. Order-in-Appeal No. 329/2025/GST/Appeal dated 15.09.2025 is affirmed insofar as it upholds penalty of ₹4,40,744/- under Section 129(1)(a) of the CGST/CGGST Acts. The amount paid through DRC-03 shall be duly credited/appropriated against that liability; no double recovery shall be made.
36. Ground No. 2 concerning additional pre-deposit, withdrawn in rejoinder, requires no adjudication. There shall be no order as to costs. Ordered accordingly.

Pronounced in open court on 13.10.2026.

(Pradeep Kumar Vyas)

(Chandra Bhushan Singh)

Dated: 13.10.2026