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IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

CWP-11494-2026 (O&M)

Date of Decision: 7th July, 2026.

M/S. SRO INDIA

.....Petitioner(s)

V/s

STATE OF PUNJAB AND ANOTHER

.....Respondent(s)

CORAM: **HON'BLE THE ACTING CHIEF JUSTICE**
 HON'BLE MR. JUSTICE ROHIT KAPOOR

Present Ms. Muskan Gupta, Advocate, and
 Mr. Vivek Sharma, Advocate,
 for the petitioners.

Ms. Samdisha Kaur, AAG, Punjab assisted by
Mr. Gagan Sharma, STO, Special Investigation & Preventive
Unit, Amritsar.

ASHWANI KUMAR MISHRA, A.C.J. (Oral)

1. Show Cause Notice (DRC-01A) dated 02.02.2025
(Annexure P-5) is assailed in this Writ Petition, primarily on the ground that
there is no application of mind to the facts involved in the present case by
the Officer concerned, who has resorted to the use of an Artificial
Intelligence (AI) Tool for issuance of the said notice.

2. The aforesaid submission of the petitioner is founded upon the
document annexed to the show cause notice, which has also been uploaded
on the portal referring to the various AI-based aids. Suggestions with regard
to the manner in which the order could be passed or improved also find
reference, and the same has been uploaded on the portal. The optional
enhancement suggested by the AI Tool as uploaded on the portal is
reproduced hereinafter:-

“Optional Enhancement (for Order-in-Original)”

If you want, I can:

- *Tighten this further with case-law citation paragraph-wise*
- *Convert it into Order-in-Original reasoning*
- *Add “knowledge and connivance inferred from facts” language*
- *Draft a defence-proof rebuttal against “buyer not responsible” plea.*

Just say “add OIO version” or “make it lethal”

Enhanced Verification Findings on Non-Movement of Goods (Vehicle-wise Analysis). ”

3. Learned counsel for the petitioner submits that the order has been prepared with the use of AI and that the application of mind on part of the Officer, as is warranted under the statute, is clearly missing.

4. Learned State counsel, on the instructions received from Mr. Gagan Sharma, STO, on the other hand states that the references of AI at the fag end of the show cause notice have inadvertently been uploaded on the portal.

5. We are not impressed by the explanation offered on behalf of the respondent-Department inasmuch as the statute expects the competent authority not only to examine the facts of the case, but also apply his/her mind before issuing a show cause notice. Use of an AI Tool for preparation and issuance of show cause notice is not shown to be permissible under the statute.

6. Since we find that the show cause notice has been issued primarily relying upon the AI Tool, which does not have the requisite

sanction in law, as such the said show cause notice (DRC-01A) dated 02.02.2025 and the consequential proceedings thereof cannot be sustained in law and are quashed, accordingly.

7. Liberty however stands reserved with the competent authority to pass a fresh order in accordance with law, by examining the facts of this case with independent application of mind.

8. All pending applications, if any, in this case are disposed of accordingly.

**[ASHWANI KUMAR MISHRA]
ACTING CHIEF JUSTICE**

**[ROHIT KAPOOR]
JUDGE**

July 7, 2026
Ess Kay

<i>Whether speaking / reasoned</i>	:	<i>Yes</i>	/	<i>No</i>
<i>Whether Reportable</i>	:	<i>Yes</i>	/	<i>No</i>