IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THE HON'BLE SRI JUSTICE P.SAM KOSHY

AND

THE HON'BLE SRI JUSTICE NARSING RAO

NANDIKONDA

WRIT PETITION No.23846 of 2026

Dated:30.07.2026

Between:

M/s Autoform Engineering India Private Limited **…Petitioner**

and

Commissioner of Central Tax and 2 others **…Respondents**

ORDER:

Heard Mr. Karthik Ramana Puttamreddy, learned counsel for the petitioner, Mr. D. Raghavendra Rao, learned Senior Standing Counsel for the Central Board of Indirect Taxes and Customs (CBIC), appearing for respondent Nos.1 and 2, and Mr. N. Bhujanga Rao, learned Deputy Solicitor General of India, appearing for respondent No.3. Perused the record.

2. The instant writ petition has been filed assailing the order dated 08.09.2025 passed by the Customs, Excise and Service Tax

Appellate Tribunal, Regional Bench at Hyderabad (hereinafter referred to as "the CESTAT") in Service Tax Appeal No.30095 of 2022.

3. Vide the impugned order, the CESTAT observed that there exist two conflicting views rendered by two different High Courts on the interpretation of Section 142(3) of the Central Goods and Services Tax Act, 2017 (for short, "the CGST Act"). One is the judgment of the jurisdictional High Court, namely, the High Court for the State of Telangana in *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad*, decided on 20.02.2024, and the other is the judgment of the Madhya Pradesh High Court in *M/s. Rungta Mines v. CCE, Bistupur*.

4. In view of the conflicting opinions expressed by the two High Courts on the same issue, the Tribunal directed constitution of a Larger Bench to decide the following questions:

> **A.** Whether refund of CENVAT credit in cash is permissible in terms of Section 142(3) of the CGST Act, even when there is no provision for grant of a similar cash refund or re-credit under the erstwhile CENVAT Credit Rules (existing law) or otherwise?

B. Whether the doctrine of vested rights and the other pleas taken by the appellant would override the provisions of Section 142(3) of the CGST Act for grant of refund in cash, notwithstanding the express statutory provisions?

5. Assailing the order directing constitution of a Larger Bench, learned counsel for the petitioner contended that the course adopted by the Tribunal is legally unsustainable and contrary to settled principles of judicial discipline. It was argued that once the jurisdictional High Court had authoritatively decided the issue in *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad*, the said judgment became binding on the Tribunal within its territorial jurisdiction. Therefore, the Tribunal could neither take a different view nor refer the issue to a Larger Bench for determining which of the conflicting High Court judgments ought to be followed.

6. It was further contended that, even assuming a Larger Bench was required to be constituted, such a course could only be adopted by the High Court and not by the Tribunal. The Tribunal, being subordinate to the jurisdictional High Court, has no authority to examine whether the judgment of the jurisdictional High Court

should prevail over that of another High Court, particularly when the former is binding upon it.

7. Learned counsel for the petitioner placed reliance upon the decision of the Hon'ble Supreme Court in *East India Commercial Co. Ltd., Calcutta v. Collector of Customs, Calcutta*, particularly paragraph 31 thereof, wherein it has been categorically held that the judgments of a High Court are binding upon all Tribunals and subordinate Courts functioning within its territorial jurisdiction. The Hon'ble Supreme Court further held that such judgments cannot be ignored either while initiating proceedings or while deciding the rights of the parties.

8. Learned counsel further submitted that, while deciding *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad*, the jurisdictional High Court had already considered the judgment in *M/s. Rungta Mines v. CCE, Bistupur* and had distinguished the same by holding that it was not applicable to the facts of the case before it. Therefore, according to the petitioner, the Tribunal was not justified in reopening the very issue by constituting a Larger Bench.

9. During the course of hearing, it was brought to the notice of this Court that the judgment rendered by this Court in *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad* has been challenged before the Hon'ble Supreme Court by way of SLP (Civil) No.17834 of 2025. It was further submitted that notice has been issued in the said Special Leave Petition and the Hon'ble Supreme Court has also passed an interim order directing that, if the refund has not already been acted upon, the same shall not be acted upon until further orders.

10. Having considered the submissions advanced on behalf of the parties, this Court is of the considered opinion that the Tribunal was confronted with an unusual situation arising out of conflicting judgments rendered by two different High Courts on the same issue, coupled with the fact that the judgment of the jurisdictional High Court is presently under consideration before the Hon'ble Supreme Court, where an interim order is also operating.

10.1 Nevertheless, this Court is of the view that the Tribunal ought not to have constituted a Larger Bench for the purpose of examining the correctness or applicability of the judgment rendered

by the jurisdictional High Court. Such an exercise is impermissible in law, as the judgment of the jurisdictional High Court continues to bind all Tribunals and authorities functioning within its territorial jurisdiction unless it is stayed, reversed or overruled by the Hon'ble Supreme Court.

10.2 At the same time, directing the Tribunal to proceed with the appeal solely on the basis of the judgment in *Granules India Ltd.* may also result in conflicting decisions by different Benches of the Tribunal across the country, particularly when another High Court has taken a contrary view and the issue is already seized of by the Hon'ble Supreme Court. Such a situation would only add to the uncertainty in the legal position governing the interpretation of Section 142(3) of the CGST Act.

10.3 In the considered opinion of this Court, the more appropriate course for the Tribunal would have been to defer further proceedings in the appeal until the Hon'ble Supreme Court renders its decision in the pending Special Leave Petition arising out of the

judgment in *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad*.

11. In view of the aforesaid, the impugned order dated 08.09.2025 directing constitution of a Larger Bench cannot be sustained and is accordingly set aside. However, Service Tax Appeal No.30095 of 2022 pending before the CESTAT shall remain pending, and further proceedings therein shall remain deferred until the final outcome of SLP (Civil) No.17834 of 2025 pending before the Hon'ble Supreme Court arising out of the judgment in *Granules India Ltd. v. Commissioner of Central Tax, Hyderabad*.

12. With the aforesaid observations and directions, the writ petition stands allowed. There shall be no order as to costs.

Miscellaneous applications, if any pending, shall stand closed.

P. SAM KOSHY, J

NARSING RAO NANDIKONDA, J

30.07.2026
AQS