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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **W.P.(C) 19355/2025, CM APPL. 80732/2025 & CM APPL. 80733/2025**

**M/S. ESCORTS HEART INSTITUTE AND RESEARCH
CENTRE LIMITED**

.....Petitioner

Through: Mr. V. Lakshmikumaran, Mr.
Yogendra Aldak & Mr. Kunal
Kapoor, Advs.

versus

**ADDITIONAL COMMISSIONER, CGST AUDIT-1
& ORS.**

.....Respondent

Through: Mr. Aditya Singla, SSC.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE SHAIL JAIN

ORDER

% 19.12.2025

1. This hearing has been done through hybrid mode.
2. The issue that has been raised in this case relates to health services provided by the Petitioner at Escorts Hospital. A notice dated 29th September, 2025 has been issued to the Petitioner under Section 76 of the Central Goods and Service Tax Act, 2017, which deals with *amount collected as tax but not paid to Government*, on the ground that insofar as medicines, consumables etc. are concerned which are billed at MRP by the Petitioner Hospital, GST is being collected by the Petitioner but not being paid to the Government.
3. Hence, the show cause notice dated 29th September, 2025, along with DRC-I (*hereinafter, 'the impugned SCN'*) was issued, wherein a demand raised is to the tune of Rs. 6.66 crores.
4. The submission of Mr. Lakshmikumaran, Id. Counsel for the Petitioner,



is that health services are fully exempt from GST and hence, if any medicines, medical devices or consumables are dispensed to the patient as part of the health services which are administered to the patients, no GST would be liable to be paid thereon, and in fact no GST is being collected by the Petitioner Hospital. He, however, clarifies that whenever sales are made by the pharmacy located in the hospital, GST is collected and is also paid by the Petitioner.

5. Mr. Singla, on the other hand, submits that medical devices and medicines which are dispensed even to the in-patients, the tax is being collected by the Petitioner but not being paid to the Government. Hence, the impugned notice has been issued to the Petitioner and the proceedings have been initiated on such ground.

6. The case raises an interesting issue in respect of health services and medicines/ devices or other consumables which are dispensed to in-patients as part of administration of health in hospitals. The hospitals, invariably, depending upon the circumstances, administer medicines and also give consumables and devices to in-patients. The same are obviously billed either as part of the overall package or on an item-by-item basis. However, in this case, the Petitioner claims that it does not separately reflect any GST on the invoice raised on the patients. Under such circumstances, the question would be whether GST would be liable to be paid on this component or not.

7. Issue Notice. Mr. Aditya Singla, Id. SSC accepts notice on behalf of the Respondent.

8. The Respondent shall fill its counter affidavit within a period of four weeks. Rejoinder thereto, be also filed within four weeks thereafter.

9. In the meantime, the Court would like to have the benefit of the stand



of the Petitioner and the adjudication order, if any, passed by the adjudicating authority pursuant to the impugned SCN.

10. Accordingly, it is directed that a proper reply be filed by the Petitioner to the impugned SCN. Let the said reply be filed by the Petitioner by 31st January, 2026. As part of the adjudication proceedings, since there would be factual issues that would be involved, the Petitioner shall also place before the adjudicating authority, along with its reply, copies of invoices, as also details of procurement of the medicines and other consumables / devices and the tax paid at the stage when the same are procured and thereafter, the manner in which they are billed to the patients at the time the health services are administered.

11. The proceedings in the SCN, before the adjudicating authority shall continue, a hearing shall be afforded and the final order may be passed, but the same shall not be given effect to during the pendency of this writ petition. Copy of the adjudication order, if any, shall also be placed on record.

12. Insofar as invoices as have been filed with the present petition, which show the name and other details of the patients, the same may be returned to the Petitioner's counsel who may file redacted copies of the same.

13. List on 17th March, 2026.

PRATHIBA M. SINGH, J.

SHAIL JAIN, J.

DECEMBER 19, 2025/neha/ss