IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 23.09.2025

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.22600 of 2022
and
W.M.P.No.21652 of 2022

Rajendran Rengaswamy ... Petitioner

Vs.

1.The Director General of Income Tax (Investigation),
New Building, 2nd Floor,
New No.46, Old No.108,
M G Road, Nungambakkam,
Chennai – 600 034.

2.The Director of Income Tax (Investigation),
New Building, 2nd Floor,
New No.46, Old No.108
M G Road, Nungambakkam,
Chennai – 600 034.

3.The Income Tax Officer (Investigation),
Income Tax Staff Quarters Campus,
Meenambalpuram,
Madurai – 625 002.

4.The Income Tax Officer,
Central Circle 2,
2, V P Rathinasamy Nadar Road,
Viswanathapuram, Madurai – 625 002.

5.The Branch Manager,
Muthunaicken Patti Branch,
Puliyurnatham P.O
Dindigul District. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Mandamus, directing the respondents to transfer the amount of Rs.2,30,00,000/- unlawfully encashed by collecting Demand Draft in favour of 2nd respondent contrary to the provision of Section 132B of the Income Tax Act into the Petitioner's account held with 5th respondent bank along with interest under Section 244B of the Income Tax Act.

For Petitioner : M/s.G.Vardini Karthik

For Respondents : Mr.A.P.Srinivas
Senior Standing Counsel
for R1 to R4

ORDER

The Petitioner is before this Court for a Writ of Mandamus to transfer the amount of Rs.2,30,00,000/- which was encashed on 23.05.2022. It appears that the Petitioner was intercepted at the Madurai Airport on 27.03.2022. He was found in possession of Rs.16,50,000/- in cash. The Petitioner appears to have given an explanation that he was working as a Manager in M/s Godrej Agrovet Limited, Vilayawada, Andhra Pradesh and that the aforesaid sum of Rs.16,50,000/- belonged to M/s.QCIAD Solutions Private Limited and that it was handed over to the Petitioner by the General Manager of the said company who incidentally was the brother-in-law of the Petitioner namely one Mr.R.Raghunandan. It appears that thereafter the proceedings under Section 132 was taken followed with issuance of Notice under Section 153A of the Income Tax Act, 1961 which has now culminated in assessment orders for the Assessment Years 2019 – 2020 to 2022 – 2023 under Section 147 read with 143(3) of the Act.

2. It is submitted that on 23.05.2022, a demand draft was obtained for a sum of Rs.2,30,00,000/- and was directly recovered from the Petitioner's bank account.

3. The learned Senior Standing Counsels counsel for the 1st to 4th Respondents would submit that, at best, the Petitioner can given a representation for refund and if such representation is given, it will be considered and disposed on merits.

4. The learned counsel for the Petitioner on the other hand would submit that the petitioner had indeed given a representation on 29.06.2021. However,

the 1st to 4th Respondents by their letter dated 11.08.2022 have stated that case was pending with ACIT, Central Circle – 2, Madurai and any amount seized under Section 132 can be disposed only as per Section 132B of the Income Tax Act, 1961.

5. The learned counsel for the Petitioner further submits that language of Section 132B makes it clear that assets seized under Section 132 or requisition made under Section 132A can be dealt only against an "existing liability" under the Income Tax Act. It is submitted that since no liability existed on the date of the seizure of encashment on 23.05.2022, the amount has to be refunded back.

6. That apart, it is submitted that, at best, the Respondents can retain only 20% from the aforesaid amount towards the pre-deposit to secure the interest of the revenue and that the Petitioner is agreeable for adjustment of Rs.41,81,326/- as against the demand confirmed for the above mentioned assessment orders as detailed below:-

Assessment Years	***Assessed Income***	***Demand***	***20% of Total disputed demand***
2019-2020	35,40,260	32,37,132	6,47,426

Assessment Years	***Assessed Income***	***Demand***	***20% of Total disputed demand***
2020-2021	73,56,677	96,98,265	19,39,653
2021-2022	76,00,170	58,88,391	11,77,678
2022-2023	37,15,261	20,82,848	4,16,569

Therefore, the Petitioner agrees for retention of Rs.41,81,326/- to secure the interest of the revenue.

7. The learned counsel for the Petitioner has also placed reliance on the decision of this Court rendered in ***M/s.Southern Explosives Company Private Limited*** Vs. ***The Principal Commissioner of Income Tax and others*** in W.P.No.2334 of 2022 dated 01.08.2023.

8. I have considered the submissions made by the learned counsel for the Petitioner and the learned Senior Standing Counsel for the 1st to 4th Respondents.

9. The decision of this Court in ***M/s.Southern Explosives Company Private Limited*** Vs. ***The Principal Commissioner of Income Tax and others*** vide order dated 01.08.2023 in W.P.No.2334 of 2022 is distinguishable. This

case was heard and thereafter the Commissioner (Appeals) called for a remand report on several dates. However, no orders was passed in the appeal filed against the Assessment orders which are impugned before the Commissioner (Appeals). It appears an Assessment order dated 19.01.2024 has been passed pursuant to proceeding initiated.

10. The Petitioner would have filed an appeal thereafter in terms of Section 246A of the Income Tax Act, 1961 before the Commissioner (Appeals). It is not clear whether the case has been taken up for hearing after the appeal was purportedly filed by the Petitioner. Therefore, there is no scope for giving any positive direction in favour of the Petitioner in the facts and circumstances of the case.

11. However, it is open for the Petitioner to give an appropriate representation with a request for refund of the amount to the 4th Respondent who shall consider and pass appropriate orders on merits. This exercise shall be completed by the 4th Respondent within a period of four weeks from the date of receipt of any such representation given by the Petitioner.

12. This Writ Petition stands disposed of with the above observations. No costs. Consequently, connected Writ Miscellaneous Petition is closed.

23.09.2025

Neutral Citation : Yes / No

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C.SARAVANAN, J.
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