IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 17.10.2025

CORAM

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.31542 of 2025
and
W.M.P.Nos.35330 & 35331 of 2025

Tvl. Red Rose Garments,
Represented by its Proprietor
No.271, SNVS Compound,
Kongu Main Road,
Tiruppur – 641 607. ... Petitioner

Vs.

1. Assistant Commissioner (ST)
   Tiruppur North 1 Assessment Circle
   Tiruppur – 641 601.

2. Commercial Tax Officer/Assistant Commissioner (ST),
   Kongunagar Circle,
   Tirupur-II. ... Respondents

Writ Petition is filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus, calling for the records relating to letter in Roc.304/2025/A1 dated 08.07.2025 along with Roc. GSTIN No.33ANCPP8191N1ZF/2024 dated 01.07.2025 issued by the 1st respondent in pursuant to directing the 2nd respondent to block the Electronic Credit Ledger of the petitioner and quash the same and consequently direct the 2nd respondent to unblock/remove the blocking of the Electronic Credit Ledger of the petitioner.

For Petitioner : Mr.T.Ramesh

For Respondents : Mr.V.Prashanth Kiran
Government Advocate

ORDER

In this Writ Petition, the petitioner has challenged the impugned order dated 01.07.2025 / 08.07.2025 issued by the 1st respondent, directing the 2nd respondent to block the Electronic Credit Ledger of the petitioner.

2. The aforesaid impugned Order dated 01.07.2025 / 08.07.2025 reads as under:

"I submit that to Tvl.SRI VISHWESHWARA KNITS (33ANCPP8191N1ZF), Tiruppur Arrear Rs.2,82,41,714/- is a non existent person at the time place verification and effected inward supplies and availed ITC and passed on ITC to same dealers (effected purchase and sales to same dealers). The following tax payers who are active / in active in GST have effected purchases from

the non existent person and availed Input Tax Crredit as per GSTR-1 filed by Tvl.SRI VISHWESHWARA KNITS (33ANCPP8191N1ZF), Tiruppur as below:

Sl. No.	**Name & GSTIN (TVL)**	**Circle**	***Month & Year***	***Total Taxable Value***	***SGST***	***CGST***	***IGST***
1.	Vivin Tex 3AALFV0758M1ZP	Anuppar palayam	June 2019	4,41,224	11,031	11,031	0-
2.	PMR Textile 33AASFP7199K1ZB	Anuppar palayam	June 2019	36,00,000	90,000	90,000	0-
			Nov-2019	13,74,288	34,357	34,357	0-
3.	Sidharth Apparels 33AYHPP65291122	North-1	March 2020	4,82,62,816	12,06,570	12,06,570	0-
			June 2020	1,49,48,575	3,73,714	3,73,714	0-
			July 2020	1,39,83,725	3,49,593	3,49,593	0-
			Aug 2020	1,33,57,830	3,33,946	3,33,946	0-
			Sep 2020	1,25,81,775	3,14,544	3,14,544	0-
			Oct 2020	1,32,62,170	3,31,554	3,31,554	0-
			Nov 2020	1,16,70,495	2,91,762	2,91,762	0-
			Dec 2020	1,01,08,800	2,52,720	2,52,720	0-
			Jan 2021	89,02,270	2,22,557	2,22,557	0-
			Feb 2021	2,44,88,910	6,12,223	6,12,223	0-
			Mar	2,06,37,76	5,15,944	5,15,944	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
			2021	1			
4.	Sree Sakambhari Industry 33ADIFS0939 H1Z1	Kongu Nagar	Sep 2020	61,479	1,537	1,537	0-
			Oct 2020	61,764	1,544	1,544	0-
			Nov 2020	63,285	1,582	1,582	0-
			April 2021	2,19,342	5,484	5,484	0-
5.	Muphil Apparel 33BLLPS2245E1Z6	Rural	Nov 2020	18,14,140	45,354	45,354	0-
			Dec 2020	25,27,680	63,192	63,192	0-
6.	Jagan Knit Faabs 33AJFPJ2823A1ZY	Anuppar palayam	Nov 2020	33,482	837	837	0-
7.	AisdhaFashions 33BOAPA9666R1ZF	Avinashi	Jan 2021	17,22,405	43,060	43,060	0
			Feb 2021	37,32,430	93,311	93,311	0-
			Mar 2021	36,97,560	92,439	92,439	0-
			April 2021	79,92,190	1,99,805	1,99,805	0-
			July 2021	78,79,950	1,96,999	1,96,999	0-
			Aug 2021	39,19,760	97,994	97,994	0-
			Sep 2021	67,63,090	1,69,077	1,69,077	0-
			Oct 2021	41,45,519	1,03,638	1,03,638	0-
			Dec 2021	45,57,600	1,13,940	1,13,940	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
			Jan 2022	17,05,000	42,625	42,625	0-
			Feb 2022	42,50,335	1,06,260	1,06,260	0-
			Mar 2022	41,57,050	1,03,926	1,03,926	0-
			April 2022	75,35,445	1,88,386	1,88,386	0-
			July 2022	9,90,765	24,769	24,769	0-
			Aug 2022	20,87,310	52,183	52,183	0-
			Oct 2022	20,65,440	51,636	51,636	0-
			March 2024	5,34,870	13,372	13,372	0-
			April 2024	9,96,000	24,900	24,900	0-
			May 2024	10,33,670	25,842	25,842	0-
			June 2024	20,56,446	51,411	51,411	0-
			July 2024	18,65,810	46,645	46,645	0-
			Aug 2024	7,59,847	18,996	18,996	0-
8.	Sri Balaji Exports 33EURPR6689K1ZF	South	Jan 2021	18,92,525	47,313	47,313	0-
			Feb 2021	16,09,485	40,237	40,237	0-
			April 2021	19,18,625	47,966	47,966	0-
			July 2021	31,13,375	77,834	77,834	0-

Sl. No.	**Name & GSTIN (TVL)**	**Circle**	***Month & Year***	***Total Taxable Value***	***SGST***	***CGST***	***IGST***
			August 2021	27,90,705	69,768	69,768	0-
			July 2022	9,07,405	22,685	22,685	0-
			Aug 2022	5,87,925	14,698	14,698	0-
			Oct 2022	11,69,755	29,244	29,244	0-
			Nov 2022	14,46,763	36,169	36,169	0-
			Dec 2022	14,04,622	35,116	35,116	0-
			Apr 2023	10,06,630	25,166	25,166	0-
			May 2023	1,76,840	4,421	4,421	0-
			June 2023	31,28,392	78,223	78,223	0-
			July 2023	52,44,213	1,31,105	1,31,105	0-
			Feb 2024	19,24,863	48,122	48,122	0-
9.	Carloo Carments 33CTBPA310911ZY	Gandhi nagar	Jan 2021	2,02,800	5,070	5,070	0-
			Oct 2021	19,71,400	49,335	49,335	0-
			Jan 2022	32,22,700	80,568	80,568	0-
			Feb 2022	18,13,000	45,325	45,325	0-
			Mar 2022	29,38,135	73,453	73,453	0-
10.	Sakthi Apparels	Gandhi	Jan	2,38,607	5,965	5,965	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
	33BMFPC0063D1ZW	Nagar	2022				
			Mar 2022	12,30,015	30,750	30,750	0-
			Aug 2022	34,73,025	86,826	86,826	0-
			Oct 2022	20,88,170	52,204	52,204	0-
			Jan 2022	11,80,000	29,500	29,500	0-
			Feb 2022	16,87,500	42,188	42,188	0-
			March 2022	29,94,880	74,872	74,872	0-
11.	Bose Experts 33AAHEB8418N1Z6	Gandhi Nagar	Mar 2021	2,05,788	5,145	5,145	0-
			Oct 2021	2,58,700	6,468	6,468	0-
12.	4 Designs 33AZTPV1172C1Z8	Central II	March 2021	33,21,390	83,035	83,035	0-
13.	SCM Garments Pvt Limited 33AAJCS7850A1Z1	North-1	Mar 2021	26,765	669	669	0-
14.	TAS Textiles India Private Limited 33AAFCT3868D1ZD	Anuppar palayam	Feb 2022	43,460	1,082	1,082	0-
			Mar 2022	3,24,592	8,115	8,115	0-
			Apr 2022	1,41,251	3,531	3,531	0-
			June 2022	3,58,524	8,963	8,963	0-
			July 2022	6,25,879	15,647	15,647	0-
15	Dollar Industries	Kongu	Oct	95,256	2,381	2,381	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
	Limited	Nagar	2021				
16.	Easwar Clothing Company 33AAKFC0436G1ZV	South	Oct 2021	5,01,970	12,549	12,549	0-
17.	RED Rose Garments 33ABWPV1510B1ZU	Kongu Nagar	May 2022	49,84,974	1,24,624	1,24,624	0-
			June 2022	45,65,875	1,14,147	1,14,147	0-
			July 2022	54,07,290	1,35,182	1,35,182	0-
			Aug 2022	56,75,575	1,41,889	1,41,889	0-
			Sep 2022	67,45,935	1,68,648	1,68,648	0-
			Oct 2022	31,71,145	79,279	79,279	0-
			Nov 2022	35,26,954	88,174	88,174	0-
			Dec 2022	33,72,890	84,322	84,322	0-
			Jan 2023	66,35,809	1,65,895	1,65,895	0-
			Feb 2023	16,57,890	41,447	41,447	0-
			Mar 2023	1,76,73,400	4,41,835	4,41,835	0-
			May 2023	16,92,570	42,314	42,314	0-
			July 2023	5,76,220	14,406	14,406	0-
			Aug 2023	82,64,529	2,06,613	2,06,613	0-
			Sep 2023	41,40,025	1,03,501	1,03,501	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
			Oct 2023	69,90,480	1,74,762	1,74,762	0-
			Nov 2023	35,21,775	88,044	88,044	0-
			Dec 2023	56,53,926	1,41,348	1,41,348	0-
			Jan 2024	15,56,800	38,920	38,920	0-
			Feb 2024	65,32,390	1,63,310	1,63,310	0-
			Mar 2024	1,79,14,779	4,47,870	4,47,870	0-
			April 2024	44,05,160	1,10,129	1,10,129	0-
18.	Wear Me Appaarels 33AQVPK2504N1Z1	North I	Sep 2022	24,128	603	603	0-
			Oct 2022	30,870	772	772	0-
19.	FAAther Care Apparels Private Limited	North I	Nov 2022	15,47,920	38,698	38,698	0-
			Dec 2022	28,59,340	71,484	71,484	0-
20.	GTN Enterprises Ltd 33AACCG3607J1ZV	Anuppar palayam	Dec 2022	41,727	1,043	1,043	0-
21.	Knits Way 33APERG9211L1ZZ	Central 1	Mar 2023	47,07,360	1,17,684	1,17,684	0-
22.	SSS TEX 22AFDPV7128L1Z2	Bazaar	Oct 2023	18,48,200	46,205	46,205	0-
23.	Selvam Overseas 33AEUFS0229K1ZP	North 2	Dec 2023	1,39,73,555	3,49,338	3,49,338	0-
			Jan 2024	42,31,970	1,05,799	1,05,799	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
24.	JK Enterprises 33AAKFJ7936J1ZY	Kongu Nagar	Jan 2024	53,22,360	1,33,059	1,33,059	0-
			Feb 2024	95,56,040	2,38,901	2,38,901	0-
25	Sri Sathyam Cots Spin 33AEFPV3658A1ZM	Palladam -2	Feb 2024	29,87,324	74,683	74,683	0-
26	Baalaji Export	Center	Aug 2020	2,47,544	6,189	6,189	0-
	33ADIPV4072#1Z1	Tiruppur UR III	Sep 2020	4,860	122	122	0-
27.	V.R.Knitwears LLp 33AAQFV9594Q1ZU	Center Tiruppur I	Sep 2020	20,451	511	511	0-
28.	Mocking Bird International 33ABBFM7182P1ZS	Center Tiruppur -IV	Feb 2021	2,68,365	6,709	6,709	0-
			Mar 2021	9,80,226	24,506	24,506	0-
			Apr 2021	15,64,420	39,111	39,111	0-
			July 2021	1,54,966	3,874	3,874	0-
			Oct 2021	7,09,575	17,739	17,739	0-
			Dec 2021	6,47,031	16,176	16,176	0-
			Jan 2022	1,13,100	2,827	2,827	0-
			Feb 2022	80,778	2,019	2,019	0-
			Mar 2022	1,69,627	4,241	4,241	0-
29.	Arrow Exports 33AAKPA2238G1ZT	Center Tirupppur-II	July 2021	2,36,296	5,907	5,907	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
30	1 Knit Fab 33AACR5967L1ZO	Center Tiruppur -III	Dec 2021	2,15,260	5,382	5,382	0-
			Jan	3,22,797	8,070	8,070	0-
			May	51,811	1,296	1,296	0-
31.	Sankavi Red Rose Carments Private Limited	Center Tiruppur II	May 2022	40,72,000	1,01,925	1,01,925	0-
			June 2022	65,08,655	1,82,688	1,82,688	0-
			July 2022	60,56,685	1,68,392	1,68,392	0-
			Aug	62,00,855	1,55,021	1,55,021	0-
			Sep	17,15,645	42,891	42,891	0-
			Oct	31,71,155	79,279	79,279	0-
			Nov	30,28,185	75,705	75,705	0-
			Dec	32,85,190	82,130	82,130	0-
			Jan	31,93,855	79,846	79,846	0-
			Feb	1,28,93,025	3,22,326	3,22,326	0-
			Apr	33,97,500	84,938	84,938	0-
			Nov	1,44,10,555	3,60,264	3,60,264	0-
			Dec	63,32,762	1,58,319	1,58,319	0-
			Jan	41,35,177	1,03,379	1,03,379	0-
			Mar	7,27,770	18,194	18,194	0-
			April	8,86,050	22,151	22,151	0-
			May	19,09,550	47,739	47,739	0-
			June	6,24,120	15,603	15,603	0-
32.	Guga Creation 33AAUFG2275R1ZL	Center Tiruppur -Iv	June 2022	8,00,600	20,015	20,015	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
33	Rainbow Garment Machines 33AATFR9696Q1ZQ	Center Tiruppur -II	Sep 2022	25,08,790	62,720	62,720	0-
34	SPB Textile 33AUPJ3447R2ZO	Center Tiruppur -IV	Oct 2022	1,80,837	4,521	4,521	0-
			Nov 2022	1,08,082	2,702	2,702	0-
			Dec 2022	1,08,197	2,705	2,705	0-
			Jan 2023	3,18,925	7,973	7,973	0-
35.	King Garments 33BEMPR4845F1Z9	Center Tiruppur -IV	May 2023	97,77,865	2,44,447	2,44,447	0-
			Oct 2023	41,88,455	1,04,711	1,04,711	0-
			June 2023	14,11,080	35,277	35,277	0-
36.	Kay Yes Tex 33AAZFK7431L1ZO	Center Tiruppur -II	June 2023	10,54,870	26,372	26,372	0-
37.	Wish Associates 33AGMPC0015B1ZF	Center Tiruppur -II	June 2023	21,05,640	52,641	52,641	0-
38.	Create Enterprises 33HBRPS8875J1ZG	Center Tiruppur -IV	June 2023	18,35,140	45,879	45,879	0-
			Sep 2023	9,49,012	23,725	23,725	0-
39	SRSG Internation 33AOOPG2064G1Z5	Center Tiruppur II	Jan 2024	18,79,200	46,980	46,980	0-
40.	Sri Mahalakshmi Textiles	Center Coimbat	Feb 2024	26,88,814	67,220	67,220	0-

Sl. No.	Name & GSTIN (TVL)	Circle	*Month & Year*	*Total Taxable Value*	*SGST*	*CGST*	*IGST*
	33AAIFS7175G1ZZ	ore-IVC					
41.	Swetha Creations 33AODPK7584A1Z5	Center Tiruppur -III	Mar 2024	2,14,194	5,355	5,355	0-
42.	VHS Garments Private Limited 33AAJCV 7071L1ZV	Center Tiruppur -II	April 2024	61,19,870	1,52,997	1,52,997	0-
			May 2024	58,37,153	1,45,929	1,45,929	0-
			June 2024	69,59,060	1,73,977	1,73,977	0-
			July 2024	58,53,843	1,46,346	1,46,346	0-
			Aug 2024	75,96,864	1,89,922	1,89,922	0-

Hence the above ITC may be locked and further action may be taken against the above beneficiary.

3. The total amount of credit that is sought to be blocked by the impugned Order is Rs.62,33,318/-, and is based on the ground that petitioner made purchases from various suppliers who did not exist.

4. As on date, the petitioner has also been issued with notices as detailed below:

Sl.No.	Assessment Year	Intimation Notice	DRC 01 A Notice	DRC 01 Notice	Tax Amount (Rs.)
1.	AY 2022-23	28.07.2025	31.07.2025	01.09.2025	31,70,884
2.	AY 2023-24	28.07.2025		01.09.2025	28,42,176
3.	AY 2024-25	28.07.2025	31.07.2025	01.09.2025	2,20,258
				Total	**62,33,318/-**

5. It is also informed by the learned counsel for the petitioner that petitioner has replied to the notices, and the case is listed for hearing before the respondents on 22.10.2025.

6. Learned counsel for the petitioner would further submit that on the date of blocking, a sum of Rs.14,20,766/- was lying in the petitioner's Electronic Credit Ledger and that still there is a negative blocking for balance sum of Rs.48,93,551/-.

7. Learned Counsel for the petitioner would further submit that in view of the blocking of the Electronic Credit Ledger, the petitioner was unable to discharge the tax liabilities for the period between June to September 2025, and in all, the petitioner has arrears of Rs.23,75,480.00 as detailed below:

REDROSE GARMENTS				
	TAXABLE	CGST	SGST	TOTAL
SALES JUNE 2025	2,16,27,944.00	5,40,698.00	5,40,698.00	10,81,396.00
SALES JULY 2025	1,41,79,825.00	3,54,496.00	3,54,496.00	7,08,992.00
SALES AUG 2025	1,15,96,790.00	2,89,920.00	2,89,920.00	5,79,840.00
SALES SEP 2025	1,05,049.00	2,626.00	2,626.00	5,252.00
TOTAL SALES	4,75,09,608.00	11,87,740.00	11,87,740.00	23,75,480.00

8. Learned counsel for the petitioner would further submit that petitioner has to upload returns for the period between June 2025 to September 2025 and that petitioner continues to be in default, as petitioner was unable to upload the returns in Form GSTR-3B for the above said period.

9. Learned Government Advocate appearing for the respondents would submit that since the petitioner has availed input tax credit on the basis of invoices raised by non existing dealers, petitioner was not entitled to input tax credit, and therefore, there is no merit in the present writ petition.

10. That apart, it is submitted that petitioner has replied to the notice issued in Form GST DRC 01 dated 01.09.2025 for the tax period 2023-2024

and also the notices issued in Form GST DRC-01A dated 31.07.2025 for the tax period 2022-2023 and 2024-2025 and that petitioner can await for the orders to be passed.

11. It is noticed that the Delhi High Court, in its Order in W.P.(C) 7250/2024 dated 21.10.2024 in the case of ***KARUNA RAJENDRA RINGSHIA PROPERIETOR R R ENTERPRISES v. COMMISSIONER OF CENTRAL GOODS AND SERVICE TAX & ORS.***, has held that the respondents are entitled to proceed under Sections 73 and 74 of the respective GST enactment, for determination of the amount due and that Rule 86A(1) of the Rules does not contemplate an order, the effect of which is to require a taxpayer to replenish his Electronic Credit Ledger with valid availment of ITC, to the extent of ITC used in the past.

12. Specifically, a reference was made to the above said decision and the relevant portion is extracted hereunder:

> "*81. As noted above, the revenue authorities are required to proceed under Sections 73 and 74 of the CGST Act for determination of the amount due. After the proceedings under*

Chapters XII, XIV and XV of the CGST Act have commenced and the Commissioner is of the opinion that for the purpose of protection of government revenue, it is necessary to do so, he may pass an order under Section 83(1) of the CGST Act, provisionally attaching any property including the bank account of a taxpayer. This is also one of the measures that may be resorted to pending conclusion of the proceedings.

82. Rule 86A(1) of the Rules does not contemplate an order, the effect of which is to require a taxpayer to replenish his ECL with valid availment of ITC, to the extent of ITC used in the past, which the Commissioner or an officer authorized by him has reasons to believe, was fraudulently availed or was ineligible. Such an interpretation would in effect amount to construe an Order under Rule 86A(1) of the Rules as an order for recovery of tax. This is obvious because the taxpayer would now have to incur a larger cash outflow for payment of taxes as he would be denied utilization of validly availed ITC, which he would require to accumulate to compensate for the ITC availed and utilized which the Commissioner or an officer authorized by him, has reasons to believe was fraudulently availed or was ineligible."

13. It is further submitted by the learned counsel for the petitioner that the aforesaid decision of the Delhi High Court has also been upheld by the

Hon'ble Supreme Court, by dismissing the department appeal on 09.07.2025 in Special Leave Petition (Civil) Diary No(s). 21136/2025.

14. On the other hand, learned Government Advocate for the respondents would submit that there are no valid grounds to interfere with the impugned order and that there cannot be any negative blocking of the credit.

15. Since the matter would require further consideration, and considering the fact that petitioner is required to discharge tax liabilities to the extent of Rs.23,75,480.00 for the period mentioned above, there shall be a partial stay of the impugned order, limited to 50% of the petitioner's aforesaid tax liability.

16. In other words, the negative blocking shall continue for a sum of Rs.37,05,811/- (48,93,551 – 11,87,740) till the next date of filing of monthly return and payment of tax. The petitioner will be entitled to debit a sum of Rs.11,87,740/- alone from the aforesaid block credit of Rs.48,93,551/-. The petitioner shall replenish the aforesaid block credit of Rs.48,93,551/- before the next due date for payment of tax for the ensuing month. The negative blocking shall continue either an order passed under Rule 86(2) or an order passed under Rule 86A of the respective GST enactments.

17. Meanwhile, the respondents shall also endeavour to pass such orders as expeditiously as possible, preferably, within a period of 30 days from the date of receipt of a copy of this order both under Rule 86A and under Section 73 / 74 as the case may be.

18. With the above observations, this Writ Petition stands disposed of. Consequently, connected miscellaneous petitions are closed. No costs.

17.10.2025

raja

Neutral Citation : Yes / No

To

1. The Assistant Commissioner (ST)
Tiruppur North 1 Assessment Circle
Tiruppur – 641 601.

2. The Commercial Tax Officer / Assistant Commissioner (ST),
Kongunagar Circle, Tirupur-II.

C.SARAVANAN, J.

raja

W.P.No.31542 of 2025

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