IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 18.11.2025

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THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.Nos.44641 & 44644 of 2025
and
W.M.P.Nos.49789, 49790, 49793 & 49794 of 2025

M/s. Tiruchendur Murugan Chemicals
Represented by its Proprietor
Ms. Siva Jothi Vel Soundaraya
272, Kulathupalayam, Murugampalayam Road,
Vidhyalayam, Veerapandi,
Tiruppur - 641 605. ... Petitioner in both W.Ps

Vs.

1. The Assistant Commissioner
   Erode – I Division
   No.81, Bharathi Nagar,
   Veerappanchatram Post, Soolai,
   Erode – 638004.

2. The Assistant Commissioner (ST)(FAC)
   Tirupur Rural – II
   Emperor Building, Opp to IDBI Bank,
   Indira Nagar, 1st Street,
   Tiruppur – 641602.

3. The Commercial Tax Officer
   Emperor Building, Opp to IDBI Bank,
   Indira Nagar, 1st Street,
   Tiruppur – 641602. ... Respondents in both W.Ps

Prayer in W.P.No.44641 of 2025: Writ Petition filed under Article 226 of the

Constitution of India, for issuance of a Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned email communication dated 17.10.2025 issued by the 1st Respondent and quash the same and direct the 1st Respondent to unblock the Petitioner's electronic credit ledger.

Prayer in W.P.No.44644 of 2025: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned communications dated 09.06.2025 and 14.10.2025 issued by the 3rd Respondent and quash the same and direct the 3rd Respondent to unblock the Petitioner's electronic credit ledger.

For Petitioner in both W.Ps	:	Mr.Derrick Sam
For R1 in both W.Ps	:	Mrs.Revathi Manivannan Senior Standing Counsel
For R2 & R3 in both W.Ps	:	Mrs.P.Selvi Government Advocate

COMMON ORDER

Mrs.Revathi Manivannan, learned Senior Standing Counsel, takes notice for R1 and Mrs.P.Selvi, learned Government Advocate, takes notice for R2 in both the writ petitions.

2. By this Common Order, these writ petitions are being disposed of at the time of admission with the consent of the learned counsel for the petitioner, learned Senior Standing Counsel for R1 and learned Government Advocate for R2.

3. The petitioner is before this Court against the impugned Communications dated 09.06.2025 and 14.10.2025 issued by the 3rd Respondent and impugned Communication dated 17.10.2025 issued by the 1st respondent.

4. By the impugned communications, the Input Tax Credit availed by the petitioner has been blocked for a total sum of Rs.3,45,90,548/- as detailed below:

S. No.	**Tax Period**	**Date of Show Cause Notice**	**Date of impugned Order**	**Amount of blocked/unblocked credit**		**Reason**
				Central Tax	**State / Ut Tax**	
1.	2025 (01.06.2025 to 10.11.2025)	04.09.2025	09.06.2025	53,97,794.00	53,97,794.00	Supplier found non functioning ,,As per JC(ST)Tiruppur No.1319/25/A3 Dated 3.6.25 Tvl. Grace Agencies, 33AWVPL8957C1ZZ non existent.
2.	2025 (01.06.2025 to 10.11.2025)	04.09.2025	14.10.2025	70,77,150.00	70,77,150.00	Supplier found non functioning ,,As per JC(ST)Ref.No.59 08/25/A 3Dt: 6.10.25 Tvl.VINAYAGA TRADERS GSTIN:33ILBPB03 05P1ZE Non Existent
3.	2025 (01.06.2025 to 10.11.2025)	04.09.2025	17.10.2025	48,20,330.00	48,20,330.00	Recipient found non-functioning

5. It is noticed that irrespective of the blocking of the Input Tax Credit, a Show Cause Notice in DRC-01 has also been issued to the petitioner on 04.09.2025 by the 2nd respondent, which is pending adjudication.

6. The learned counsel for the petitioner has placed reliance on the order passed by this Court in W.P.No.38819 of 2025 dated 14.10.2025, wherein, it has been ordered as follows:

> *"The larger issue as to negative blocking of the credit has been decided by this Court in* ***Tvl.Skanthaguru Innovations Private Limited, Represented by its Authorized Representative Vs. Commercial Tax Officer, Chennai and others,*** *vide its Order dated 28.11.2024. There are however contra views also taken by other Courts.*
>
> *3. Balancing the interest of the parties, this Court in W.P.(MD) No.21209 of 2025 vide its Order dated 04.08.2025, directed the party to deposit approximately 10% of the disputed amount which was also covered by a Show Cause Notice issued in GST DRC-01 dated 23.04.2025.*
>
> *4. In this case also, after the credit was blocked on 19.09.2025, a Show Cause Notice in GST DRC-01 has been issued on 25.09.2025 to recover the aforesaid amount of Input which was availed by the Petitioner purportedly without corresponding supply.*
>
> *5. Thus, to balance the interest of the parties, this Court is*

inclined to pass an interim order by directing the Respondent to lift the order blocking the Input Tax Credit subject to the Petitioner depositing Rs.10,00,000/- in cash.

6. If the Petitioner deposits the aforesaid amount, the Respondent may unblock the Input Tax Credit.

7. List on 12.11.2025 for filing of counter affidavit and for further orders. Meanwhile, the Petitioner is directed to file a reply to the Show Cause Notice in GST DRC-01 dated 25.09.2025 and cooperate with the Respondent in the adjudication proceedings."

7. As a matter of fact, the petitioner is required to give proper representation for unblocking the blocked Input Tax Credit to enable the respondents to pass appropriate orders under Rule 86A(2) of the respective GST Rules. The petitioner will have to explain the case afresh to the respondents as to why the Input Tax Credit that was blocked should be unblocked, despite it being a negative blocking.

8. Considering the same, the petitioner is given liberty to submit a proper representation to the 1st and 3rd respondents within a period of 15 days from the date of receipt of a copy of this order.

9. Upon receipt of such representation, the 1st and 3rd respondents shall

pass appropriate orders under Rule 86A(2) of the respective GST Rules, within a period of 15 days from the date of that representation given by the petitioner.

10. Accordingly, these Writ Petitions stand disposed of. Consequently, connected miscellaneous petitions are closed. No costs.

18.11.2025

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Neutral Citation : Yes / No

To

1. The Assistant Commissioner
   Erode – I Division
   No.81, Bharathi Nagar,
   Veerappanchatram Post, Soolai,
   Erode – 638004.

2. The Assistant Commissioner (ST)(FAC)
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C.SARAVANAN, J.

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W.P.Nos.44641 & 44644 of 2025

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