IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 05.12.2025

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.47532 of 2025
and
W.M.P.Nos.53071 & 53073 of 2025

Needle Industries (India) Private Limited
Rep.by its Director -Manufacture
Mr.T.A.Devagnanam
No.7/57, Ooty Coonoor Road
Yellanalli, The Nilgiris 643 243. ... Petitioner

Vs.

The Assistant Commissioner (St)
Coonoor Circle
Commercial Tax Office
C.T.Building, Jail Hill
Ooty 643 001. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records relating to the Impugned Order vide FORM GST DRC-07 bearing Reference Number: ZD330225205595M dated 20.02.2025, passed by the Respondent herein, to quash the same.

For Petitioner : Mr.Shiva Kumar G

For Respondent : Ms.Amirtha Poonkodi Dinakaran
Government Advocate

ORDER

Ms.Amirtha Poonkodi Dinakaran, learned Government Advocate takes notice for the Respondent.

2. This Writ Petition is being disposed of at the stage of admission itself with the consent of the learned counsel for the Petitioner and the learned Government Advocate for the Respondent.

3. The petitioner is before this Court against the impugned order dated 20.02.2025 passed in Form GST DRC-07 for the tax period 2020-2021. The impugned order was preceded by a Show Cause Notice in DRC-01 dated 26.11.2024 to which the petitioner replied on 26.12.2024.

4. Ordinarily, this Writ Petition would have been dismissed with liberty to file a statutory appeal against the impugned order subject to the petitioner depositing 25% of the disputed tax.

5. However, it is noticed that in this case, in the Show Cause Notice dated 26.11.2024 to which the petitioner had replied on 26.12.2024, about 15 different defects were pointed out. In the reply, the petitioner has given a detailed rebuttal to the respective defects pointed out in the said Show Cause Notice dated 26.11.2024 issued for the tax period 2020-2021.

6. The impugned order dated 22.02.2025 records the reply of the petitioner and ultimately confirms the demand insofar as Defect No.11, which is relating to tax on the sale of scrap. According to the petitioner, the petitioner had indeed paid the tax on the sale of scrap, details of which were given in Annexure-XIII to the reply dated 26.12.2024.

7. The petitioner attempted to rectify the impugned order by filing an application for rectification, which has now been rejected vide order dated 09.10.2025. It is in that background the petitioner has filed this Writ Petition on 28.11.2025.

8. The learned counsel for the petitioner submitted that the petitioner may be granted liberty to file a statutory appeal before the Appellate Authority on such terms as may be ordered by this Court.

9. A reading of the impugned assessment order indicates that there is no discussion by the respondent while passing the impugned order, although part of the demand viz., Defect Nos.1 to 10 and 12 to 15 proposed in the Show Cause Notice dated 26.11.2024 has been dropped.

10. Under similar circumstances, Orders have been quashed and cases have been remitted back to pass a fresh order on terms subject to such Assessee depositing 10% to 100% of the disputed tax depending upon the length of delay in approaching the Court. I do not find any reason to take a different view in this case.

11. Considering the fact that there is no semblance of reasoning in the impugned order while confirming the demand, the case is remitted back to the respondent, subject to the petitioner depositing 10% of the disputed tax in cash from the Petitioner's Electronic Cash Register within a period of thirty (30) days from the date of receipt of a copy of this order. The respondent

shall thereafter, pass appropriate orders on merits, after considering the petitioner's reply dated 26.12.2024 in sofar as Defect No.11 is concerned.

12. Within such time, the Petitioner shall also file an additional reply if any to the Show Cause Notice in GST DRC-01 dated 26.11.2024 together with requisite documents to substantiate the case by treating the impugned Order dated 20.02.2025 as an addendum to the Show Cause Notice dated 26.11.2024.

13. In case the Petitioner complies with the above stipulations, the Respondent shall proceed to pass a final order on merits and in accordance with law as expeditiously as possible, preferably, within a period of three (3) months of such reply/per-deposit. Subject to the Petitioner complying with the above stipulations, the attachment of the bank account of the Petitioner shall also stand automatically vacated.

14. It is made clear that bank attachment shall be lifted subject to the petitioner depositing 10% of the disputed tax as ordered above and the petitioner is not in arrears of any other amount barring the amount demanded vide the impugned Order.

15. In case the Petitioner fails to comply with any of the stipulations, the Respondent is at liberty to proceed against the Petitioner to recover the tax in accordance with law as if this Writ Petition was dismissed *in limine* today.

16. Needless to state, before passing any such order, the Respondent shall give due notice to the Petitioner.

17. This Writ Petition stands disposed of with the above observations. No costs. Connected Writ Miscellaneous Petitions are closed.

05.12.2025

Index : Yes/No
Speaking order : Yes/No
Neutral Case Citation : Yes/No
dna

To:

The Assistant Commissioner (St)
Coonoor Circle
Commercial Tax Office
C.T.Building, Jail Hill
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This case is listed under the caption "for being mentioned" at the instance of the learned counsel for the Petitioner.

2. The learned counsel for the Petitioner has brought to the attention of this Court, after the order was passed on 05.12.2025, the Respondent had recovered the entire disputed tax confirmed by the impugned order on 06.01.2026.

3. The learned Government Advocate for the Respondent also confirms the same.

4. Recording the same, Paragraph Nos.13, 14 and 15 of the order dated 05.12.2025 shall be deleted and substituted with the following paragraphs in the order dated 05.12.2025:-

> "13.In view of the recovery made from the Petitioner subsequent to this order dated 05.12.2025, further pre-deposit by the Petitioner as ordered above stands waived.

> 14.The Respondent shall proceed to pass a final order on merits and in accordance with law as expeditiously as possible, preferably, within a period of three (3) months of such reply. The attachment of the bank account of the Petitioner shall also stand automatically vacated."

5. Registry is directed to re-number the subsequent paragraphs accordingly and carry out other necessary corrections and issue fresh order copy to the parties.

6. All other observations made in the order dated 05.12.2025 remain unaltered.

25.02.2026

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C.SARAVANAN, J.

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25.02.2026