IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 03.02.2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

W.P.No.3697 of 2026
and
W.M.P.Nos.4093 & 4094 of 2026

M/s. Sri Sakthi Vinayakar Electrical & Hardwares,
(Represented by its Partner Mr. Purushothaman. T)
No. 3/354, Naal Road, Gudimangalam,
Udumalaipettai, Tiruppur,
Tamil Nadu - 642 201.

..Petitioner

Vs

The Deputy State Tax Officer – I,
Udumalpet (North)
144B Kalpana Road, Chithrakoodam,
Udumalpet, Tiruppur – 642126.

..Respondent

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records in the Impugned Orders passed by the Respondent in the Form GST DRC 07 vide Reference No. ZD3302251729186 dated 18.02.2025 along with its detailed order vide Ref. No. ZD3311242070931 in ARN/Case ID AD3311240684482 for the tax period Apr 2020 to Mar 2021 dated 18.02.2025 and quash the same.

For Petitioner	:	Mr.K.A.Parthasarathy
For Respondent	:	Mrs.K.Vasanthamala, Government Advocate.

ORDER

Mrs.K.Vasanthamala, 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. In this Writ Petition, the Petitioner has challenged the impugned Order dated 18.02.2025, which was preceded by a Show Cause Notice in GST DRC-01 dated 25.11.2024 wherein the Petitioner was called upon to appear for personal hearing. However, the Petitioner had not taken advantage of the same and thus, suffered the impugned Order dated 18.02.2025.

4. The case of the Petitioner is that the impugned order is arbitrary, contrary to law and violative of principles of natural justice and that the Respondent has wrongly invoked Section 17(5) of the Central Goods and Services Tax Act, 2017, which deals with blocked input tax credit.

5. It is submitted that the Petitioner is engaged in the business of trading in hardware materials, including cement, iron and steel as per Section 16 of the CGST Act, 2017, the Petitioner is entitled to avail input tax credit on goods

used in the course or furtherance of business. The restriction under Section 17(5) would apply only in specific circumstances such as works contract or construction of immovable property for own use, and not to a trader dealing in such goods. Therefore, denial of input tax credit on cement is legally unsustainable and contrary to the statutory scheme of the Act.

6. The learned counsel for the Petitioner further submits that due to inadvertence and sufficient cause, the Petitioner could not file a detailed reply to the Show Cause Notice issued under Section 73 nor participate in the personal hearing. It is further submitted that the Petitioner has been regularly filing returns under Section 39 of the CGST Act, 2017 and has complied with all statutory requirements.

7. The Petitioner is now in a position to place all relevant documents and explanations before the Respondent and seeks one more opportunity in the interest of justice.

8. At this stage, the learned counsel for the Petitioner submits that the Petitioner is willing to pre-deposit 25% of the disputed tax as a condition for *denovo* adjudication.

9. Recording the above submission, the case is remitted back to the Respondent to pass a fresh order on merits subject to the Petitioner depositing 25% of the disputed tax in cash or 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.

10. Within such time, the Petitioner shall also file a reply to the Show Cause Notice in GST DRC-01 dated 25.11.2024 together with requisite documents to substantiate the case by treating the impugned Order dated 18.02.2025 as an addendum to the Show Cause Notice dated 25.11.2024.

11. 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/pre-deposit. Subject to the Petitioner complying with the above stipulations, the attachment of the bank account of the Petitioner if any, shall also stand automatically vacated.

12. It is made clear that bank attachment shall be lifted subject to the Petitioner depositing 25% of the disputed tax as ordered above and the Petitioner not being in arrears of any other amount for any other tax period barring the amount demanded under the impugned Order.

13. 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.

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

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

03.02.2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

kmm

C.SARAVANAN, J.

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