IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED :03.02.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.2911 of 2026
and
W.M.P.Nos.3255 and 3256 of 2026

Tvl.Shree Ashapuri Steel and Alloys,
GSTIN:33AAZPF4930H1ZJ,
Represented by its Proprietor Bhera Ram,
S.F.No.90/3A3, Athipalayam Road,
Chinnavedampatti,
Coimbatore – 641 049. ... Petitioner

Vs.

The State Tax Officer-2,
Date Analytics,
Commercial Taxes Building,
Dr.Balasundaram Road,
Coimbatore-641 018. ... Respondent

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, to call for the records pertaining to the impugned Order in Form GST DRC-07 bearing reference no.ZD3312254495593/2019-2020 dated 30.12.2025 issued by the Respondent and quash the same.

For Petitioner : Mr.S.Durai Raj
For Respondent : Mr.TNC Kaushik,
Additional Government Pleader

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O R D E R

Mr.TNC.Kaushik, learned Additional Government Pleader, 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 is before this Court challenging the impugned order dated 30.12.2025 in Form GST-07 passed for the tax period 2019-2020. By the impugned order, the proposal in the Show Cause Notice in Form DRC-01 dated 29.09.2025 that preceded the impugned order has been confirmed.

4. In the impugned order, it has been observed as under:-

“RFID violation:

> In GST, RFID (Radio Frequency Identification) violation relates to non-compliance with e-way bill rules. If RFID tags used or aren’t properly scanned at checkpoints, it can lead to:
>
> -E-way bill mismatch
>
> -Vehicle detention
>
> -Penalties under GST

<u>In GST, if RFID data isn't reflected or there's a weighment mismatch, penalties can be imposed under:</u>

-Section 122 of CGST Act, 2017: Detention or seizure of goods for contravention of e-way bill rules.

-Section 129 of CGST Act, 2017: Detention or seizure of goods for contravention of e-way bill rules.

-Rule 138 of CGST Rules, 2017:E-way bill requirements, including RFID tagging

Possible grounds for this case to impose penalty:

-RFID data not updated or mismatch

-Weighment mismatch indicating potential tax evasion

-Non-compliance with e-way bill rules

*-Upto 100% of tax amount (if tax evasi*on is detected)

The RFID movement for inward transactions of the taxpayer was analysed and found that there is "No record available" for all the inward transactions relating to 2019-20. During the verification of the documents produced by the taxpayer, it was observed that the taxpayer has made following intrastate inward transactions i.e purchases made from other states like from Tvl.MainStar Steels, GSTIN-32DLEPS5345B1ZB, Tvl.ASHIQUE METALS, GSTIN-32AWGPB3452K1Z5, Tvl.SRI ANGALA ESWARI TRADERS, GSTIN:34CJIPA8132J1ZB. But there is no RFID DATA fro the inward transactions from the above taxpayers. Similarly for intrastate (withinstate) purchases from 100kms like purchases made from Tvl.i.e A.K STEELS from Madurai (GSTIN-33ARCPJ8754D1ZX), Tvl.J K TRADERS from Trichy (GSTIN-33AYTPR9732M2ZE), Tvl.SRI SRINIVASA METAL from Erode (GSTIN:33AFZPV1483L1Z1) also there is no RFID Movement data from the above taxpayers. The main point to be noted here is that for these notable transactions which are **non reflection of RFID data, weighment slip has also not been provided by the taxpayer for the above and below mentioned transactions.**

From GSTIN & Name	To GSTIN & Name	From Place & Pin	To Place & Pin	EWS No. & Dt	Doc.No. &Dt.	Cess Vol.	Tax Vol	NSN	NSN Disc.	Latest Vehicle No.	MONTH	REMARKS
32DLEPS535481ZB/ MAIN STAR STEELS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	/ 679313	Coimbatore / 641049	561138945257-05/10/2019 19:47:00	18-05/10/2019	575575	103603.5	7204	SS SCRAP	KA01C131	OCT.19	No Record Available
32AQQGPB3 452K1Z5/ ASHIQUE METALS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Ernakulam /683580	Coimbatore/641049	5111152372791-06/12/2019 20:28:00	IGST-B-B-140-06/12/2019	274225	49360.0	72042190	Waste and scrap of stainless steel	KL07M5445	DEC.19	No Record Available
32AQQGPB3 452K1Z5/ ASHIQUE METALS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Ernakulam /683580	Coimbatore/641049	571158870974-04/01/2020 18:21:00	IGST-B-B-140-04/01/2020	280700	50526	72042190	Waste and scrap of stainless steel	KL113363	JAN.20	No Record Available
32AQQGPB3 452K1Z5/ ASHIQUE METALS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Ernakulam /683580	Coimbatore/641049	551158399712-02/01/2020 19:49:00	IGST-B-B-153-02/01/2020	324275	58369.5	72042190	Waste and scrap of stainless steel	TN41R1004	JAN.20	No Record Available
34CJIPA81 32J1ZB/ SRI ANGALA ESWARI TRADERS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Iyyanar Nagar, Kosapalayam/605013	Coimbatore/641049	511168900292-18/02/2020 16:46:00	91-18/02/2020	603650	108657	7204	SS SCRAP	TN28ACB327	FEB.20	No Record Available
34CJIPA8132J1ZB32J1ZB/SRI ANGALA ESWARI TRADERS	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Iyyanar Nagar, Kosapalayam/605013	Coimbatore/641049	531172766488-04/03/2020 18:44:00	97-04/03/2020	466750	84015	7204	SS SCRAP	TN28ACB327	MAR.20	No Record Available
33AFZPV1483L1Z1483L1Z1/ SRI SRINIVASA METAL MART	33AAZPF493 0H1ZJ/ SHREE ASHAPURI STEEL AND ALLOYS	Erode-538003/638003	Coimbatore/641049	501166740473-09/02/2020 08:01:00	47-09/02/2020	214700	38646	7204	Old Waste Silver Scrap	TN33AX5563	FEB.20	No Record Available

There is no violation of principles of natural justice and Articles 14 and 19(1)(g) of the Constitution of India as mentioned by the taxpayer. The taxpayer is deviating the fact that he has not produced the valid documents called for by the Department. All the above analysis and verifications of the documents produced by the taxpayer clearly prove that the reply filed by the taxpayer is not acceptable. Hence all the ITC on inward supply transactions are liable to be penalized @ 100% as per section 122(1)(vii) read with section 74 of the CGST / SGST Act. No taxpayer will do a business of the above said goods dealt by him without weighing the goods involved in the *business transactions. How come a taxpayer will mention the quantity of the goods in the invoices without weighing them? How come a taxpayer can arrive the purchase or sales value for a business transaction involving the nature of goods like the ones dealt by the taxpayer in hand without knowing the weight of the goods?Hence weight places the prime place in this nature of business and the weighment slip documents called for by the Department is most essential and correct one for further analysis of the taxpayer. Hence the fact being so, taxpayer's contention that weighment slip is not a statutory document is not acceptable. The taxpayer has himself declared that weighment slips are not available for most of the cases and RFID movment data also show no records for the inward transactions of the taxpayer. Hence all the above facts and analysis clearly prove that all the ITC on inward supply transactions are liable to be penalized @ 100% as per section 122(1)(vii) read with section 74 of the CGST / SGST Act. When the Department calls for the documents for verification, the taxpayer has to produce them without failure. But in this case, the taxpayer has not produced all the called for documents (like weighment slips). Hence finally it is concluded that the entire ITC claimed is determined to be disallowed as detailed below:*

Year	IGST	CGST	SGST	Total
2019-20	400758	4539961	4539961	9480680

All the ITC on inward supply transactions are liable to be penalized @ 100% as per section 122(1)(vii) read with section 74 of the CGST / SGST Act. Therefore the taxpayer is liable to pay penalty of Rs.94,80,680/- (IGST-Rs.4,00,758/- CGST-Rs.45,39,961/- and SGST-Rs.45,39,961/-)

In a nutshell the principles of natural justice was followed by giving the taxpayer by giving three personal hearing opportunites vide reference 3,4,5 and 7 cited. Reasonable opportunities of personal hearing was given to the taxpayer by following principles of natural justice vide reference 3,4,5 and 7 cited.Opportunity of first hearing was given vide notice dated 31.10.2025 to appear on 17.11.2025. Opportunity of second hearing was given vide notice dated 18.11.2025 to appear on 27.11.2025. Opportunity of third hearing was given vide notice dated 28.11.2025 to appear on 09.12.2025. ***Thus principles of natural justice was rightly followed in this case by giving three opportunities of personal hearing to the taxpayer.*** *The proposals in the notice was communicated and served to the* *taxpayer through common portal on 24.09.2025 and Show cause notice in Form GST DRC-01 was communicated and served to the taxpayer through common portal on 29.09.2025 as provided under clause(d) of sub section(1) of section 169 of the CGST and TNGST Acts 2017 and information of such notice were also communicated to the taxpayer's registered mobile number through SMS and to the registered email ID of the taxpayer. The taxpayer appeared for the personal hearing opportunity given to them on 17.11.2025 and 27.11.2025.*

At the time of personal hearing the taxpayer was informed about penalty dues to be paid by them as per the show cause notice is issued under Section 74 of the TNGST / CGST Act 2017.

SUMMARY OF PENALTY DUES TO BE PAID BY THE TAXPAYER

Defect	IGST Penalty due (Rs)	CGST Penalty due (Rs)	SGST penalty due (Rs)	Total
1.Inward ITS disallowed	400758	4539961	4539961	9480680
TOTAL	400758	4539961	4539961	9480680

Thus the taxpayer is liable to pay CGST penalty due of Rs.4,00,758/-, SGST penalty due of Rs.45,39,961/- and CGST penalty due of Rs.45,39,961/- as all the ITC on inward supply transactions are liable to be penalized @ 100% as per section 122(1)(vii) read with section 74 of the CGST / SGST Act 2017 for 2019-20.

5. The petitioner has primarily assailed the impugned order on the ground that it purportedly violates Section 75(7) of the respective GST Enactments. According to the petitioner, no proper notice was issued as to basis on which the penalty under Section 122(1)(vii) has been imposed.

6. The learned counsel for the petitioner has drawn the attention of this Court to the Show Cause Notice in Form DRC-01, particularly to Defect

No. II, wherein the allegation was that the petitioner had not produced any proof of documents for inward supply, such as e-way bills and proof of payment.

7. The case of the petitioner now appears to be that the freight was paid by the supplier and, therefore, the petitioner would neither have the lorry receipts nor the weighment slips and such documents would apply only to the supplier.

8. However, it is inconceivable as to how the petitioner, who claims to have purchased goods on credit, could have received the goods without any weighment slips. There ought to have been a proper matching of all documents to substantiate that the petitioner had validly availed Input Tax Credit availed which is provisional and can be denied if an assessee fails to prove its receipt or any of the other condition specified in is Sec.16 of the Respective GST Enactments.

9. In the impugned order, the respondent has concluded that the petitioner has also not produced Radio Frequency Identification details (RFID). These are required to prove that the petitioner had indeed received the goods on which Input Tax Credit was availed which was late. Thereafter, passed to the recipient, purportedly based on the supply made by the

petitioner, thus penalty under Section 122(1)(vii) has been imposed cannot be assailed on merits before this Court.

10. As such I do not find any merits in the challenge to the impugned order, as there is no violation of Section 75(7) of the respective GST Enactments. Therefore, the writ petition is liable to be dismissed.

11. At best, liberty can be granted to the petitioner to file an appeal against the impugned order before the Appellate Authority under Section 107 of the respective GST Enactments within the limitation period remaining for such an appeal to be filed before the Appellate Authority.

12. The Writ Petition is dismissed with the above liberty. No costs. Connected W.M.Ps are closed.

03.02.2026

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Neutral Citations: Yes/No

To:

1. The Designated Committee
   Sabka Vishwas Legacy Disputes Resolution Scheme, 2019
   (office of the Commissioner of GST & Central Excise)
   6/7, A.T.D.Street, Race Course,
   Coimbatore – 641 018.

2. The Deputy Commissioner,
   1441, Elgi Building, Trichy Road,
   Coimbatore – 641 018

C.SARAVANAN, J.

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