IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 06-04-2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

WP No. 12300 of 2026
and
WMP Nos.13439, 13440, 13441 & 13443 of 2026

M/s. Zakir Steel,
Represented by its Proprietor,
Mr MOHAMMED ZUBAIR ZAKIR HUSSIAN,
5/3, Church Road, T.M.P Nagar, Padi, Chennai-50.

..Petitioner(s)

Vs

1. The Joint Commissioner (insitu)
   O/o The Deputy Commissioner of CGST and
   Central Excise,
   Ambattur Divsion, Chennai North Commissionerate
   R-40 A-1 TNHB Building, 100 Feet Road,
   Mogappair (East), Chennai 600 037.

2. The Superintendent Range IV
   Padi : Ambattur: Kancheepuram,
   CHENNAI NORTH COMMISSIONRATE, R-40,
   A-1, TNHB Building,100 Feet Road, Mogappair
   East, Chennai 600 037

3. The Assistant Commissioner of CGST
   and Central Excise,
   AMBATTUR DIVISION CHENNAI NORTH
   COMMISSIONRATE, R-40, A-1, TNHB
   Building,100 Feet Road, Mogappair East,
   Chennai 600 037

4. The Branch Manager, Indian Overseas Bank,
   Plot No.96,South Phase, 2nd Main Road, Ambattur
   Industrial Estate, Chennai- 600 058

..Respondent(s)

Writ Petition is filed under Article 226 of the Constitution of India, praying for issuance of Writ of Certiorari Mandamus, to call for records of the 2nd Respondent in Reference Number: ZD 330 724 183 3583/2017-18 DATED 15.07.2024 followed by the impugned order passed by the 1st Respondent in vide Ref No 04/2023 (GST-DC) dated 27/03/2023 and quash the same as contrary to law, consequently direct the 3rd Respondent to DE - freeze the bank account number bearing 019 602 000 002 524 maintained with 4th Respondent by attachment notice in DRC-13 dated 15.07.2024 associated with the PAN AADPZ9731E of the Petitioner and pass such further or other orders as this Court may deem fit and necessary in the facts and circumstances of the case and thus render justice.

For Petitioner(s):	Mr. Sundaravadivelu
For Respondent(s):	Mr. R.P. Pragadish, Senior Counsel, and Mr. J. Harikrishna, Junior Panel Counsel (for R1 to R3)

ORDER

Mr. R.P. Pragadish, learned Senior Counsel, takes notice for the Respondents 1 to 3.

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 Senior Counsel for the Respondents.

3. The Petitioner is before this Court against the Impugned Order-in-Original No.4/2023 (GST-DC) dated 27.03.2023, whereby the proposal in the Show Cause Notice No.1/2021 dated 17.12.2021 has been confirmed in the absence of proper reply from the Petitioner to the same.

4. The learned counsel for the Petitioner submitted that the Petitioner was issued only a letter in O.C.No.141/2021 dated 17.12.2021 and no Show Cause Notice was issued though the Impugned Order records as if on the same day Show Cause Notice No.1/2021 was issued. That apart, it is further submitted that though the Order-in-Original No.4/2023 (GST-DC) dated 27.03.2023 was passed purportedly in response to the Show Cause Notice No.1/2021 dated 17.12.2021, same was uploaded eventually only on 15.07.2024 and that the Petitioner was unaware of the same. The Petitioner has now approaching this Court, for quashing the summary of the order issued under Form GST DRC-07 dated 15.07.2024 in respect of the detailed order was passed in Order-in-Original No.4/2023 (GST-DC) dated 27.03.2023.

5. The learned counsel for the Petitioner further submitted that the Petitioner had submitted replies on 09.09.2020, 24.08.2021, 10.12.2021 & 21.12.2021. However, they have not been considered while passing the Impugned Order.

6. On perusal of the reply of the Petitioner, dated 21.12.2021, insofar as the availability of the stock is concerned, the Petitioner in paragraph No.5 has stated as follows:-

> *"**5. Regarding Stock Availability Statement Submitted To Bank For 2017:***
>
> *We could not find out the stock availability statement and we have approached the bankers to get the same. However, we have submitted other documentary evidences for this from which your good office may know that the stock is correct and genuine."*

it appears that the Petitioner has not given any further details thereafter.

7. Tax paid/lying un-utilized Input Tax Credit under the VAT regime on the physical stock that was available as transactional credit under Section 140 of the respective GST Enactments and such Input Tax Credit can be transitioned as Transitional Credit by filing form TRAN-01. Such stock would have been supplied in the succeeding months by filing corresponding returns under GSTR -1 coupled with monthly returns in GSTR-3B, annual returns in GSTR-09 and return statement in GSTR-9C. A forensic examination of the same together with auto populated return in GSTR-2A on stock received after 01.07.2017 would have regularized the stock that was availed on 30.06.2017.

8. The Show Cause Notice is of the year 2021. It was therefore

incumbent on the part of the Petitioner to have substantiated the availability of the stock as on 30.06.2017 and its liquidation subsequently to furnish Transitional Credit of Input Tax Credit under Section 140 of the respective GST Enactments, by producing necessary proof.

9. Such an exercise ought to have been carried out by the Respondent as before confirming the demand against the Petitioner. A proper comparison should have been also made with the GSTR -2A for the succeeding month, on which the Input Tax Credit was availed for GSTR -2A.

10. As this exercise has not been carried out by the Respondent, which has resulted in the Impugned Order-in-Original No.4/2023 (GST-DC) dated 27.03.2023 in respect of which, the summary has been issued under GST DRC-07 dated 15.07.2023. Therefore, this Court is inclined to remit the case back to the Respondent for fresh consideration and to pass fresh orders on merits.

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

12. The learned counsel for the Petitioner has also made the following

endorsement to that effect in the Court bundle which has been extracted hereunder:-

"Accepted to fullfill 25% of disputed tax"

13. Recording the above submission, and considering the fact that the Petitioner had already availed Input Tax Credit that was transitioned by the Petitioner under Section 140 of the respective GST Enactments, which stands denied by the Impugned Order dated 27.03.2023, 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.

14. Within such time, the Petitioner shall also file a reply to the Show Cause Notice No.1/2021 dated 17.12.2021, together with requisite documents to substantiate the case, by treating the Impugned Order-in- Original No.4/2023 (GST-DC) dated 27.03.2023 as addendum to the Show Cause Notice No.1/2021 dated 17.12.2021.

15. In case the Petitioner complies with the above stipulations, the

Respondent shall afford an opportunity of personal hearing to the Petitioner and thereafter 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.

16. Subject to the Petitioner complying with the above stipulations, the attachment of the bank account of the Petitioner, if in force, shall also stand automatically vacated.

17. 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.

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

19. This Writ Petition stands disposed of with the above observations. No costs. Consequently, connected miscellaneous petitions are also closed.

06-04-2026

Neutral Citation: Yes/No
klt

C.SARAVANAN, J.

klt

To

1. The Joint Commissioner (insitu),
   O/o The Deputy Commissioner of CGST and Central Excise,
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   Chennai North Commissionerate,
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