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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\# **CNR No. DLHC010532362026**

\+ W.P.(C) 16347/2026

M/S DELHI TOOLS .....Petitioner

Through: Mr. Khursheed Ahmad, Mr. Mohd Kamil and Ms. Shahin, Advs.

versus

THE COMMISSIONER CGST & ANR. .....Respondents

Through: Mr. Nitin Saluja (SSC) with Ms. Vasudha Singh, Adv. for R-1&
R-2.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE BHARAT PARASHAR

O R D E R

% 03.11.2026

1. Through the present Writ Petition the Petitioner prays for following reliefs :

> *"i. Issue an appropriate writ, order or direction, in the nature of Certiorari, quashing and setting aside the impugned intimation in Form GST DRC-01A dated 02.07.2026, bearing Reference No. ZD070726003031X, issued by the Respondents under Section 74(5) of the CGST Act, 2017, proposing recovery of ITC amounting to ₹1,37,97,000/- for the financial years 2021–22, 2022–23 and 2023–24, and all consequential proceedings arising therefrom;*
>
> *ii. Issue an appropriate writ, order or direction declaring that the retrospective cancellation of the GST registrations of the suppliers, by itself, cannot be treated as a valid ground for denial or recovery of ITC availed by the Petitioner in respect of invoices issued during the period when the suppliers were registered, without an independent determination of the statutory conditions prescribed under Section 16 of the CGST*

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Act, 2017;
iii. Issue an appropriate writ, order or direction declaring that the invocation of Section 74 of the CGST Act, 2017, in the absence of specific allegations and supporting material establishing fraud, wilful misstatement or suppression of facts with intent to evade tax, is illegal and unsustainable in law."

2. Learned counsel representing the Respondent submits that a Show Cause Notice [SCN] dated 22.09.2026 was issued to the Petitioner, which has not been annexed. He further submits that the Petitioner may file its reply and thereafter, the Adjudicating Authority i.e. Assistant Commissioner, CGST, would proceed further to decide the matter. He further submits that although the period for filing the reply has lapsed, he has no objection if the Petitioner is granted a week's time to file a reply to the said SCN.

3. Keeping in view of the aforesaid position, the Writ Petition is disposed of, granting liberty to the Petitioner to file a reply to the said SCN.

4. If the reply is filed within the time granted, the same can be considered by the Adjudicating Authority before passing the order.

ANIL KSHETARPAL, J

BHARAT PARASHAR, J

NOVEMBER 3, 2026/DH/*MN*

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