



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 10TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 13670 OF 2026 (T-RES)

BETWEEN:

M/S K.K. STEEL TRADERS,
HAVING ITS PRINCIPAL PLACE
OF BUSINESS AT NO 27/2,
B OOSMAN KHAN ROAD,
BENGALURU -560002, KARNATAKA.
THROUGH ITS PROPRIETOR
MR. MOHAMED ATHAULLA.

...PETITIONER

(BY SRI. GOWRI SHANKER M, ADVOCATE)

AND:

1. THE ASSISTANT COMMISSIONER OF
COMMERCIAL TAXES,
LGSTO-110, 1ST FLOOR, BMTC-
TTMC BUILDING,
JAYANAGAR 4TH BLOCK,
BENGALURU-560 001.
2. THE JOINT COMMISSIONER OF
COMMERCIAL TAXES (APPEALS),
DGSTO-03 BENGALURU,
KARNATAKA.





3. BANK OF BARODA,
THROUGH ITS BRANCH MANAGER,
NAZ COMPLEX BRANCH,
N R ROAD, BENGALURU-560002.

...RESPONDENTS

(BY SRI.K HEMA KUMAR., AGA FOR R1 AND R2)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASHING AND SETTING ASIDE THE IMPUGNED REJECTION OF APPEAL COMMUNICATED VIDE ACKNOWLEDGMENT DATED 14/01/2026 (REF NO. ZD290126079675V) PASSED BY THE RESPONDENT NO.2 IN ANNEXURE A, BEING ARBITRARY, ERRONEOUS AND NOT SUSTAINABLE IN LAW; II. ISSUE A WRIT OF CERTIORARI OR ANY OTHER APPROPRIATE WRIT, ORDER, OR DIRECTION, QUASHING AND SETTING ASIDE THE IMPUGNED EX-PARTE ADJUDICATION ORDER NO. CTO(LGSTO)- 110/DRC-07/2025-26 DATED 30-08-2025 PASSED BY THE RESPONDENT NO.1 IN ANNEXURE-E; ISSUE A WRIT OF MANDAMUS OR ANY OTHER APPROPRIATE WRIT, ORDER, OR DIRECTION, DIRECTING THE RESPONDENTS TO REMAND THE MATTER BACK TO THE RESPONDENT NO.1 FOR FRESH ADJUDICATION FROM THE STAGE OF THE SHOW CAUSE NOTICE, AFTER PROVIDING THE PETITIONER AN ADEQUATE AND EFFECTIVE OPPORTUNITY OF BEING HEARD AND TO FILE A DETAILED REPLY AND SUBMIT EVIDENCE.



THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE B M SHYAM PRASAD

ORAL ORDER

The petitioner has suffered an Adjudication Order dated 30.08.2025 under Section 74 of the Karnataka Goods and Services Tax Act/Central Goods and Services Tax Act, 2017 [for short, '*the Act*'] read with Rule 142[5] of Central Goods and Services Tax Rules, 2017 and the Confirmation of this Order with the dismissal of the appeal on limitation. The Adjudication Order dated 30.08.2025 is produced as Annexure-E and the Order in Appeal dated 14.01.2026 is produced as Annexure-A.

2. The question for consideration is: *should this Court interfere with these Orders on the ground of lack of opportunity?* The first respondent has premised the conclusion that the petitioner has claimed *Input Tax Credit* [ITC] based on fabricated



documents such as invoices of inward and outward suppliers in the following.

“Pre-notice consultations were held by undersigned vide summary of demand in FORM GSTR DRC 01 as required under section 74 of Karnataka GST Rules and Central GST Rules read together with Rule 142[1A] of the Karnataka GST Rules and Central GST Rules dated 02.04.2025 and also a Reminder 1 & 2 was issued on 13.05.2025 and 19.05.2025. No reply has been received for this show-cause notice. Therefore, it is presumed that these are clandestine transactions which are made with the sole intention of availing the input tax credit. Hence, the show cause notice issued is hereby confirmed for orders and accordingly DRC 07 is issued.”

3. Sri Gowri Shanker, the learned counsel for the petitioner, argues for intervention asserting that the intimation in Form GST DRC-01A is issued on 06.07.2023 to which the petitioner responded on 16.08.2023 producing documents to substantiate the petitioner's case that the purchases and the ITC



claims are covered by valid documents such as invoices and *e-way* bills as also payment transactions as reflected in the petitioner's bank statement but the first respondent who has issued the Show Cause Notice almost after two years, has not even considered the same.

4. Sri K Hemakumar, the learned Additional Government Advocate, submits that this Court may consider that certain assesseees who want to avoid the consequences of proceedings when justified under Section 74 of the Act do not respond to the Show Cause Notice or the reminders issued, and in this regard, the learned Additional Government Advocate invites this Court's attention to the Show Cause Notice issued on 02.04.2025 and the reminders issued on 13.05.2025 and 19.05.2025.

5. Sri K Hemakumar also submits that if this Court is persuaded to opine that there must be



another opportunity to the petitioner, this Court may consider deferring the enforcement of the Demand consequent to the impugned Order of Adjudication extending an opportunity to the petitioner to file a response and participate in the personal hearing observing that if the petitioner does not avail this opportunity, the respondents can act upon the impugned order without passing another reiteration order. When queried, Sri Gowri Shanker M submits that this recourse would address the petitioner's grievance.

6. The petitioner, when issued with the Intimation in Form GST DRC-01A, has filed responses producing copies of the invoice, e-way bills, and bank statement. The Show Cause Notice is issued one and a half years from the date of receipt of the response. The first respondent has not referred to this response and has concluded the proceedings on the ground that the petitioner has filed no response



and therefore it must be presumed that there are clandestine transactions based on spurious documents with the sole intention of availing ITC.

7. This Court, in the peculiarities, opines that for the demand to be enforced, it would be reasonable if the authorities are called upon to extend an opportunity of hearing to the petitioner with liberty to file copies of the invoices, *e-way* bills and the bank statements already produced in response to the intimation and to dissolve the order if the transactions are genuine; otherwise to proceed in terms of the impugned order. If the authorities proceed in terms of the impugned order because the petitioner does not avail the opportunity that is now being extended, the petitioner must avail remedy as is permissible in law before the proper appellate Court. In the light of the afore, the following:



ORDER

[a] The petition stands disposed of deferring the enforcement consequent to the impugned Order of Adjudication dated 30.08.2025 *[Annexure-E]* reserving liberty to the petitioner, even without waiting for a certified copy of this order, to file the originals of the invoices, *e-way* bills and the Bank statements to justify the genuineness of the transactions with the Assessing Authority. The petitioner shall file these originals by **06.07.2026.**

[b] It is observed that if the petitioner does not avail this opportunity and refuses to participate, it shall be open to the respondents to act upon the impugned Demand subject to



the petitioner's right to avail the
appellate remedy.

Sd/-
(B M SHYAM PRASAD)
JUDGE

AN/-