IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	16.04.2026
Pronounced on	07.07.2026

CORAM

THE HON'BLE MR JUSTICE C. SARAVANAN

W.P.Nos. 3204 & 16529 of 2024
and
W.P.No.6074 of 2026
and
W.M.P.Nos. 3463, 3466, 18126 & 18128 of 2024
and
W.M.P.Nos.6575 & 6578 of 2026

W.P.No.3204 of 2024

CBIGS Apparels and Jewels,
Partnership Firm
Rep. by its, Authorized Signatory S.Nagarajan,
Ground Floor, New No.67, Old No.30 III Cross Street,
Gandhi Nagar, Adyar, Chennai 600 020.

… Petitioner

Vs

1.The Joint Commissioner,
Nungambakkam Assessment Circle,
GST, Greams Road, Chennai – 600 006.

2.The Assistant Commissioner (ST),
Nungambakkam Assessment Circle,
No. 88, Mayor Ramanathan Salai,
Chetpet, Chennai – 600 031.

3.State Tax Officer,
Nungambakkam Assessment Circle,
No. 88, Mayor Ramanathan Salai,
Chetpet, Chennai – 600 031.

4.The Branch Manager,
Axis Bank Ltd.,
No. 18, MG Road, (Near Adyar Bus Depot)
Sastri Nagar, Chennai

5.The Branch Manager.
HDFC Bank Ltd.,
No-T31,7th Avenue, MG Road,
Besant Nagar Branch, Chennai – 600 090.

6.The Branch Manager, ICICI Bank Ltd.,
2/1, L.B.Road, Adyar Branch,
Chennai – 600 020.

7.Cbigs Advertising Pvt Ltd.,
Regd. Office at
Old no. 42, New No. 62,
Sri Venkatachalapathy Illam, 53rd Street,
Ashok Nagar, Chennai – 600 083.

… Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus calling for the records of the second respondent in respect of the letter dated 19.10.2023 issued to the respondents 4 to 6 and quash the same as illegal, arbitrary and devoid of merit and consequentially permit the petitioner to operate the bank accounts with the Respondents 4 to 6 herein without any hindrance.

For Petitioner	:	Mr.P.V.Balasubramaniam, Senior Counsel For Mr.K.S.Karthik Raja
For R1 to R3	:	Mr.TNC.Kaushik Additional Government Pleader
For R4	:	Mr.O.S.Karthikeyan
For R5	:	Mr.C.Mohan & Ms.A.Rexy Josephine Mary For M/s. King & Partridge
For R6	:	Mrs.G.Shanthi Meenakshi

W.P.No.16529 of 2024

Mrs.N.Seetha,
No.21, Sundaram Street,
Vivekananda Nagar, Nesapakkam,
Chennai – 600 078.

… Petitioner

Vs.

1. The Joint Commissioner,
Nungambakkam Assessment Circle, GST,
Greams Road, Chennai – 600 006.
2. The Assistant Commissioner (ST),
Nungambakkam Assessment Circle,
No.88, Mayor Ramanathan Salai,
Chetpet, Chennai – 600 031.
3. State Tax Officer,
Nungamabakkam Assessment Circle,
No.88, Mayor Ramanathan Salai,
Chetpet, Chennai – 600 031.
4. The Branch Manager,
HDFC Bank Ltd,
No-T31, 7th Avenue, MG Road,
Besant Nagar Branch, Chennai – 600 090.

… Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, issuance of a Writ of Certiorarified Mandamus calling for the records of the second respondent respect of the letter dated 19.10.2023 issued to the fourth respondent and quash the same illegal, arbitrary and devoid of merit and consequentially permit the petitioner to operate the bank account with the fourth respondent therein without any hindrance.

For Petitioner : Mr.S.Rajesh

For R1 to R3 : Mr.C.Harsharaj
Special Government Pleader

W.P.No.6074 of 2026

Yantur Manufacturing Private Limited
rep by its director Preethika.N,
CIN is U24290TN2020PTC139618
No.21 Sundaram Street,
Vivekanatha Nagar Ramapuram,
Chennai Tamil Nadu 600 089. … Petitioner

Vs

1.The joint commissioner
Nungambakkam Assessment Circle,GST,
Greams Road,
Chennai- 06.
2.The assistant commissioner (ST)
Nungambakkam Assessment Circle,
No. 88, Mayor Ramanathan Salai,
Chetpet, Chennai Tamil Nadu 600 031.

3.State Tax Officer
Nungambakkam Assessment Circle,
No.88 Mayor Ramanathan Salai,
Chetpet Chennai Tamil Nadu 600 031.

4.The Branch Manager
ICICI BANK Ramapuram Branch,
3/21, Valluvar salai, Ramapuram,
Chennai, Tamil Nadu 600 089.

5.CBIGS Advertising Pvt. Ltd.,
Regd. Office at
Old no. 42, New no. 62,
Sri Venkatachalapthy Illam,
53rd Street, Ashok Nagar,
Chennai, Tamil Nadu 600 083.

..Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, issuance of a Writ of Certiorarified Mandamus calling for the records of the third Respondent in respect of the impugned notice dt. 25.09.2023 issued to the Petitioner and quash the same as illegal, arbitrary and devoid of merit and consequentially permit the Petitioner to operate the bank account with the fourth Respondent herein without any hindrance.

For Petitioner : Mr.S.Rajesh

For R1 to R3 : Mr.V.Prashanth Kiran
Government Advocate

For R4 : Mr.C.Mohan & Ms.A.Rexy Josephine Mary
For M/s. King And Partridge

COMMON ORDER

In these writ petitions, the respective petitioners have prayed for the following reliefs:-

S. No.	Writ Petition No.	Name of the Petitioners	Relief
1.	W.P.No.3204 of 2024	CBIGS Apparels and Jewels, Partnership Firm Rep. by its, Authorized Signatory S.Nagarajan,	Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus calling for the records of the second respondent in respect of the letter dated 19.10.2023 issued to the respondents 4 to 6 and quash the same as illegal, arbitrary and devoid of merit and consequentially permit the petitioner to operate the bank accounts with the

			Respondents 4 to 6 herein without any hindrance.
2.	W.P.No.16529 of 2024	Mrs.N.Seetha,	Writ Petition filed under Article 226 of the Constitution of India, issuance of a Writ of Certiorarified Mandamus calling for the records of the second respondent respect of the letter dated 19.10.2023 issued to the fourth respondent and quash the same illegal, arbitrary and devoid of merit and consequentially permit the petitioner to operate the bank account with the fourth respondent therein without any hindrance.
3.	W.P.No.6074 of 2026	Yantur Manufacturing Private Limited rep by its director Preethika.N,	Writ Petition filed under Article 226 of the Constitution of India, issuance of a Writ of Certiorarified Mandamus calling for the records of the third Respondent in respect of the impugned notice dt. 25.09.2023 issued to the Petitioner and quash the same as illegal, arbitrary and devoid of merit and consequentially permit the Petitioner to operate the bank account with the fourth Respondent herein without any hindrance.

2. The petitioners in W.P.Nos.3204 of 2024 and 6074 of 2026 have challenged the recovery proceedings initiated under Section 79(1)(c) of the respective GST Enactments. The impugned recovery notice has been addressed by the 2nd respondent to R4 to R6 in W.P.No.3204 of 2024, R4 in W.P.No.16529 of 2024. The amounts have been sought to be recovered by attaching the Bank accounts held by the respective petitioners in order to recover the tax due and payable by M/s. CBIGS Advertising Private Limited,

the 7th respondent in W.P.No.3204 of 2024, for the tax period 2017-2018. R4 in W.P.No.16529 of 2024 is R5 in W.P.No.3204 of 2024.

3. The 7th respondent in W.P.No.3204 of 2024, namely M/s. CBIGS Advertising Private Limited, is in arrears of Rs.3,66,42,318/- and has not filed GSTR-3B for the Tax period 2017-2018. It appears that the said company has opted for voluntary winding up under Sections 271(e) and 272 of the Companies Act, 2013 and filed an application before the National Company Law Tribunal, Division Bench (Court-I), Chennai (NCLT) on 07.11.2019 under Sections 271(e) and 272 of the Companies Act, 2013, read with the Companies (Winding Up) Rules, 2020.

4. By an order dated 20.03.2024, the National Company Law Tribunal, Division Bench (Court-I), Chennai, passed the following order:

> *"(i) The present Company Petition stands admitted.*
>
> *(ii) We appoint Prabhu S, email:carpprabhu@gmail.com with Reg.No.IBBI/IPA-001/IP-P01275/2018-2019/11948 as the Provisional Liquidator for the Company viz. CBIGS Advertising Private Limited.*
>
> *(iii) We hereby direct the provisional Liquidator of the Company to cause a public advertisement in any daily newspaper in English and vernacular, regarding the admission of the Present Company Petition under Section 271-272 of the Companies Act, 2013 in Form WIN 6 of the Companies (Winding Up) Rules 2020;*
>
> *(iv) The Provisional Liquidator is permitted to initiate appropriate action in accordance with the provisions of the Companies Act, 2013 and to take control of the subject Company.*

(v) Post this matter for hearing on 24.06.2024.

(vi) The Registry of this Tribunal is directed to communicate this order to the parties concerned and also to the Official Liquidator."

5. By another Order dated 20.03.2024, the National Company Law Tribunal (NCLT) recorded that the said company, namely, CBIGS Advertising Private Limited, had issued statutory notices to all concerned statutory authorites, including the Regional Director, the Registrar of Companies (Southern Region), the Income Tax Authorities, and GST Authorities.

6. It is informed that, by a subsequent order dated 29.10.2025, the NCLT appointed the said provisional Liquidator as the Liquidator of the said company.

7. The recovery proceedings have been initiated against the petitioners in W.P.Nos.3204 of 2024 and 6074 of 2026, primarily on the ground that the petitioner in W.P.No.16529 of 2024, namely Mrs.N.Seetha, was a Director of the defaulting company, namely, CBIGS Advertising Private Limited, the 7th respondent in W.P.No.3204 of 2024, which was incorporated on **12.01.2009**.

8. It appears that the petitioner in W.P.No.16529 of 2024 (Mrs.N.Seetha) was a Director of the said Company for a limited period and had allegedly

tendered her resignation on **31.10.2013**. However, she was subsequently reappointed on **26.07.2014** and continued as its Director until **20.09.2019**.

9. Thus, the said petitioner in W.P.No.16529 of 2024 (Mrs.N.Seetha) was the Director of the said Company during the period of the default for the Tax Period 2017-2018.

10. It is stated that the said defaulting company has accumulated tax liabilities under the provisions of the respective GST Enactments to the tune of **Rs.3,66,42,318/-**. The respondents now seek to recover the said amount from the respective petitioners, on the premise that Mrs.N.Seetha is also associated with entities connected to the said company, namely CBIGS Advertising Private Limited.

11. It appears that Mrs.N.Seetha, the petitioner in W.P.No.16529 of 2024, was a partner in the petitioner firm in W.P.No.3204 of 2024, namely CBIGS Apparels and Jewels. The said partnership firm was constituted on **13.11.2015** with Mrs.N.Seetha as its partner along with her daughter Ms. Preethika. They hold equal shares in the petitioner firm in W.P.No.3204 of 2024 viz., CBIGS Apparels and Jewels. Subsequently, it appears that Mrs.N.Seetha had exited the said partnership firm and her son-in-law, namely Mr.Kandarp Pandya was inducted as its partner.

12. Meanwhile, the petitioner in W.P.No.6074 of 2026, namely, Yantur Manufacturing Private Limited, was incorporated on **25.11.2020**. The initial Directors of the said company were Ms.Preethika and Mr.Kandarp Pandya, the daughter and son-in-law of the petitioner in W.P.No.16529 of 2024. Thereafter, the petitioner in W.P.No.16529 of 2024, Mrs.N.Seetha, was appointed as its Director on **20.02.2021**. She was later designated as its Additional Director and reportedly continued until she tendered her resignation on **28.03.2023**.

13. It is further noted that Mr.Kandarp Pandya has also ceased to be associated with the petitioner company in W.P.No.6074 of 2026. Following the resignation of Mrs.N.Seetha on 28.03.2023, an intimation in Form DIR-12 was filed on 16.11.2023 recording the cessation of her directorship in the petitioner company, the petitioner in W.P.No.6074 of 2026, namely Yantur Manufacturing Private Limited.

14. Mrs.N.Seetha, the petitioner in W.P.No.16529 of 2024, has also challenged the attachment of her bank account, which has been effected on account of the tax liability allegedly incurred on account of the company, namely M/s. CBIGS Advertising Private Limited, being liquidated in which she had served as a Director.

15. The learned Senior Counsel for the petitioner in CBIGS Apparels and Jewels (W.P.No.3204 of 2024) submits that five different accounts, including two overdraft accounts maintained by the partnership firm, have been attached. As a result, the entire operations of the said petitioner partnership firm has been affected. It is further submitted that the partnership firm is no longer associated with Mrs.N.Seetha, the petitioner in W.P.No.16529 of 2024.

16. The learned Senior Counsel also submits that its accounts maintained with Axis Bank, ICICI Bank and HDFC Bank have been unfairly attached by the Commercial Tax Department on the arrears of M/s. CBIGS Advertising Private Limited.

17. The details of the bank accounts maintained by the petitioner partnership firm in W.P.No.3204 of 2024, namely CBIGS Apparels and Jewels, are as follows:-

Name of the Bank	**Account Number**	**Account Type**
AXIS BANK	909030097537634	Overdraft
AXIS BANK	923030005944472	Overdraft
AXIS BANK	917020020170502	Current
ICICI BANK	035005006251	Current
HDFC BANK	50200014890176	Current

18. The third respondent in W.P.No.3204 of 2024, namely the State Tax Officer, Nungambakkam Assessment Circle, No. 88, Mayor Ramanathan Salai, Chetpet, Chennai - 600 031, has filed a counter affidavit, wherein it is stated as follows:-

> *"6. It is submitted that on check of various returns filed by the petitioner the Audit has pointed out that the petitioner had not made payments (as is evidenced from the fact that the petitioner had not filed the required Form GSTR 3B) though the petitioner had filed GSTR 1 or GSTR 2A. This indicated (filing of GSTR 1 and 2A and non-filing of GSTR 3B) that the petitioner had undertaken/carried on the business during the period but have not discharged their tax liability besides passing on of irregular ITC. (GSTR 3B return is the only instrument through which the liability is offset and ITC is availed). An analysis of the data sheets pertaining to relevant fields in the GSTR 1, 2A and 3B in respect of the petitioner, revealed that those cases where GSTR 3B is null have been extracted. The petitioner had not even filed even a single GSTR 3B in 2017-18. The reason for non-filing of the GSTR 3B and consequent non-discharge of tax liability were not put forth properly by the petitioner Accordingly, notice in Form DRC 01A to the petitioner on 28.1.2023 and show cause notice in Form DRC 01 was also issued on 21.3.2023, through online. Though it was not permissible under the GST Act to serve the communications of the department manually, the petitioner was provided with such opportunity, and the notice sent to the petitioner, was returned by the postal authority with an endorsement of "Left" Hence, it is construed that the petitioner has no valid evidence of records to file in respect of the difference between GSTR 3B and GSTR 1 and therefore this respondent is left with no other alternative except to confirm the proposal contained in the show cause notice under section 73 of the Act along with interest and penalty In the absence of any response from the petitioner's side, with regard to the payment of the demand as per the assessment order, this respondent issued recovery notice in GSTIN 33AADCC5603K1ZW dt. 25.9.2023. As there was no response from the petitioner in respect of the recovery notice issued, this respondent is left with no other alternative except issue bank attachment, as the arrear payable by the petitioner is huge. Aggrieved by the attachment issued the petitioner filed the above writ petition.*

7. With regard to para 3-6 of the affidavit, it is submitted that though the said ex-partner Mrs. Seetha, retired from the company, but she is continuing as the authorized signatory/representative of the petitioner Hence, at the time of accrual of demand, the said Mrs. Seetha is partner of the said firm. Therefore, she is responsible for the liabilities of the company, when she was partner of the petitioner firm. Verification of the returns filed by the petitioner for the year 2017-18 revealed that the petitioner undertaken/carried on the business during the relevant period but have not discharged their tax liability besides passing on of irregular ITC. Verification of datasheets pertaining to relevant fields in the GSTR 1, 2A and 38, revealed that the petitioner had not filed even a single GSTR 3B in 2017-18.

8. With regard to para 7-9 of the affidavit, it is submitted that the attachment notice was not issued all of a sudden. The assessment order was passed 24.6.2023 and the said order was sent online to the petitioner After providing the appeal time of 90 days only, the recovery notice dt. 25.9.2023 was issued to the petitioner All the communications were sent to the petitioner as provided under the GST Act, which were not responded to by the petitioner Further, the notice sent manually was also not received by the petitioner Therefore, there is no violation of principles of natural justice in issuing the attachment notice as the petitioner was provided with sufficient opportunity to make payment of the liability along with interest and penalty Further, the demand legitimately due to the Government Exchequer is huge, this respondent is having no other alternative except to attach the bank account as none of the partners of the petitioner come forward to clear the liability. The said recovery notice addressed to the partner of the eptitioner firm who denied receiving the same as it does not related to her. But as per the contentions of the petitioner it is proved beyound doubt that though the said ex-partner Mrs.Seetha, retired from the company, but she is continuing as the authorized signatory/representative of the petitioner firm. Hence, at the time of accrual of demand, the said Mrs.Seetha is partner of the said firm. Therefore, she is responsible for the liabilities of the company, when she was partner of the petitioner firm, as per section 89 of the Central Goods and Services Tax Act 2017.

9. With regard to para 10-11 of the affidavit, it is submitted that the said Mrs.Seetha is also now part of the company, how the petitioner expected that the attachment would be released. Further, the demand was accrued during the period when the said Mrs.Seetha was partner of the company. Therefore, she cannot deny her responsibility for the liability of the said firm. As the demand is *huge, it is not possible for the department to release the attachment without payment of liabilities legitimately due to the Government Exchequer. The petitioner failed to intimate the resignation of the said Mrs.Seetha from the petitioner firm, and they think that it is for the department to verify the same from the website. It is the responsibility of the petitioner to intimate the incoming and outgoing partners to the department, to fix theresponsibilities arose in such cases. Only after the attachment made the eptitioner intimated the fact that Mrs.Seetha's name was removed from the company portal. Thus the petitioner had intentionally with malafide intention removed her name from the portal on issue of attachment.*

10. With regard to para 12-13 of the affidavit, it is submitted that section 89 of the CGST/TNGST Act 2017, provides that (1) notwithstanding anything contained in the Companies Act, where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company Thus, it is proved beyond doubt that the said Mrs. Seetha. Director of the petitioner firm has failed to settle the dues to the Exchequer Therefore, there is no violation in attaching the accounts of the said Mrs. Seetha.

11. With regard to para 14-15 of the affidavit, it is submitted that the petitioner stated that there is no nexus between the said company and the petitioner firm. The petitioner themselves stated in the affidavit that instead of Mrs. Seetha, who was ex-partner of the default company, her spouse Mr. Sundaram Nagarajan is the authorized signatory in the said firm. This proved beyond doubt that all partners in both the companies are members of same family, and to misguide the authorities they have stated make belief statements that Mrs. Seetha is not authorized signatory instead Mr Sundaram Nagarajan is authorized signatory now This proved beyond doubt that the petitioner firm carmouflaging the facts relating to the company and mislead the Hon'ble Court to take a decision against the Department. At the time of accrual of demand, ie. 2017-18, the said Mrs. Seetha is a director of the company and therefore she cannot deny her responsibility in paying the demand related to the said year She was retired from the said firm only on 24.6.2019 and the demand related to the period April 2017 to March 2018. Hence, they cannot deny their liability of paying taxes, interest and penalty.

12. With regard to para 16-18 of the affidavit, it is submitted that the attachment could not be withdrawn as the demand is very huge and if not the attachment was made, it could lead to heavy revenue loss to the State Exchequer. The said Mrs. Seetha was partner at the time of accrual of demands relating to the year 2017-18. Hence, there no violation on the part of this respondent in invoking section 79 of the GST Act for the recovery of revenue legitimately due to the State Exchequer All the partners of the default company are also partners of the present petitioner firm. Hence, they cannot deny their relationship with the default company There is no violation in serving the recovery notice on the petitioner as the same was done following the procedures laid down under the GST Act.

13. With regard to para 19-21 of the affidavit, it is submitted that the change of partnership in the firm has not been reported by the petitioner to the respondents. It is the responsibility of the petitioner to intimate the same to the department. Further in the absence of any payment made by the petitioner on the demand raised, this respondent is left with no other alternative except to invoke section 79 of the Act to recover the revenue legitimately due to the Government Exchequer. Hence, any stay granted to the collection of revenue by the Hon'ble Court put this respondent into great hardship in collecting the huge demand. Hence, it is submitted the no stay could be granted and the attachment released without payment of demand.

14. With regard to Ground (a-e) of the affidavit, it is submitted that there is no violation of principles of natural justice in attaching the bank accounts of the petitioner, as the demand is huge and there is no alternative except to attach the bank accounts for the collection of demand. All the procedures laid down under section 79 of the Act was followed before issuing attachment notice. There is no requirement of prior intimation to the petitioner for attaching the bank accounts, and if done so it would make way for the petitioner to clear the amount in their accounts. But it is submitted that there was sufficient time for the petitioner from the date of passing of impugned orders to make payment. Also it is not the duty of the respondents 4-6 to intimate the attachment of accounts made to the petitioner as it is the responsibility of the banks to remit the amounts in the accounts of the defaulter as required under Section 79(1)(c) of the TNGST Act, 2017 read with Section 142(7)(a) of the TNGST Act, 2017 and under Rule 145(1) of the TNGST Rules, 2017.

15. With regard to Ground (f-i) of the affidavit, it is submitted that there is no violation of any law in attaching the bank accounts of the petitioner The Act provides for recovery of demands as per section 79(1)(c) of the TNGST Act, 2017 read with section

142(7)(a) of the TNGST Act, 2017 and under Rule 145(1) of the TNGST Rules, 2017 and the banks are also responsible for obliging with the requests of the department in recovering money from the defaulters. There is no wrong assumption as contended by the petitioner as all the partners in the defaulter firm are also partners in the petitioner firm. Hence, there is no violation in attaching the bank accounts of the petitioner firm for the collection of dues legitimately due to the Government Exchequer.

16. Further, it is submitted that this Hon'ble Court by order dt. 14.2.2024 passed in WMP No.3466 of 2024 in WP No. 3204 of 2024, granted interim stay of impugned order only insofar as such order directs respondents 4-6 to pay the arrears to respondents 1-3 and made it clear that the attachment shall continue in operation. With the direction of this Hon'ble Court, the department was put to great hardship in recovering the tax legitimately due to the Government Exchequer Therefore, it is prayed that this Hon'ble Court may be pleased to vacate the interim stay granted in WMP No.3466 of 2024 in WP No. 3204 of 2024, dt. 14.2.2024 and thus render justice.

In the circumstances, the writ petition is not maintainable in law and therefore liable to be dismissed in limini.

The respondent reserves his right to file additional counter if any required at a later point of time.

In these circumstances, for the foregoing reasons, it is, prayed that this Hon'ble Court may be pleased to dismiss the above writ petitions with costs and thus render justice."

19. The fourth respondent in W.P.No.3204 of 2024 has filed a counter affidavit, wherein it is stated as follows:-

"3. At the outset, I crave leave of this Hon'ble Court to refer to certain facts for complete appreciation of the case as follows:-

(i) I submit that the petitioner is a Partnership concern and is maintaining the following Accounts as narrated in the tabular column below:-

S.No.	Account bearing numbers	Nature of Account	Branch
01.	917020020170502	Current A/c	Adyar Branch
02	923030005944472	Overdraft	R.A.Puram Branch
03	919030097537634	Overdraft	R.A.Puram Branch

(ii) I submitt that this Respondent Branch received a communication dated 19.10.2023 from the 2nd respondent to mark lien relating to PAN numbers ADWPS4414K, AAKFC9121E and AAEPK9856G and furnish the details relating to the Bank account maintained by the petitioner. In compliance of the communication dated 19.10.2023, a lien was accordingly marked amounting to Rs.2,66,42,308/- in all the aforementioned bank accounts narrated in the tabular column above. This Respondent also brought it to the notice of 2nd Respondent vide letter dated 21.10.2023 that the account under the pan number AAEPK9856G stands closed stands during the year 2011 itself and no statements are available at the moment besides lien has been marked in the Petitioner's Account.

(iii) I submit that as on 06.09.2024, a ledger balance of Rs.78,090.85/- (Credit) is available Current Account bearing number 917020020170502 maintained with this Respondent Branch. I also submit that as on 06.09.2024, a sum of Rs.66,86,130.00/- (Debit) has been utilized by the petitioner in the overdraft facility account bearing number 923030005944472 as against sanctioned limit of Rs.1,00,00,000/- availed with R.A.Puram Branch besides a sum of Rs.1,76,766/- (Credit) is available in the overdraft facility account bearing number 919030097537634 as against sanctioned limit of Rs.5,20,800/- availed with R.A.Puram Branch.

In view of what is stated above, suitable orders may be passed recording the above and thus render justice."

20. In reply of the counter affidavit, the petitioner has filed a rejoinder, wherein it is stated as follows:-

"7. I state that this petition does not contest as to whether if Mrs. Seetha is liable to pay dues of the defaulted company for which she was a director during the defaulted tax period July 2017-March

2018. It is to be noted that the Petitioner is a separate legal entity, a person separate from Mrs. Seetha as defined under sec 2(84) of the CGST Act 2017.

8. I state that an interim order was passed by this Hon'ble Court dated 29th October 2024 wherein this Hon'ble Court permitted the Petitioner to operate the bank accounts to the extent of 50% of amounts lying in each of the banks/Respondents 4 to 6 forthwith.

9. I state that the contents of para 5 of the counter affidavit are incorrect completely. The State Tax Officer who is Respondent No 3 has not scrutinized returns u/s 61 of the CGST Act 2017 of the Petitioner. Instead, a show-cause notice was issued u/s 74 of the said Act on 16th November 2023 for the tax period July 2017-March 2018 and the order vide Ref No. ZD331123192062W for dropping proceedings was issued on 30th November 2023. It is pertinent to note that subsequently the Petitioner has not received any notice on the GST portal for any tax period and that all the returns applicable have been filed and the applicable tax dues have been paid.

10. I state that the contents of para 6 of the counter affidavit are incorred again wherein the Petitioner has not received any notice in FORM DRC-01A dated 28th January 2023.

11. I state that the Respondent No 3 in his counter affidavit has mistaken the defaulted taxpayer M/s CBIGS Advertising Private Limited as the Petitioner and in para 5 and 6 of the counter affidavit addressed the defaulted taxpayer as Petitioner. ***The Petitioner has filed all the relevant returns to the GST department from the inception till today and the auditor certified copy is also available****.*

12. I state that in para 7 of the counter affidavit, it is stated the Mrs. Seetha ex-partner of the Petitioner was the authorized signatory of the Petitioner at the time of accrual of demand and that she is responsible for liabilities of the company. Also, in para 7 it is stated that Petitioner has not even filed a single GSTR-3B in 2017-18.

13. ***I state that this writ petition is not contesting whether dues are recoverable from Mrs. Seetha or not, this petition is filed on the basis that recovery of dues from the Petitioner on account of defaulted taxpayer.*** *Further as stated earlier the Petitioner has filed all their GSTR-3B for tax period 2017-18. It is pertinent to note that Mrs. Seetha was only an authorized signatory on the GST portal for filing of returns but was not a partner on the date of issuance of notice.*

14. ***I state that that all dues liable to be paid to Mrs. Seetha on her retirement in terms with the amended partnership***

deed dated 24th June 2019 were paid to her and that on the date of notice issued by the Respondent No. 3 no dues were payable even to Mrs. Seetha by the Petitioner.

15. ***I state that a notice was issued to the Petitioner dated 25th September 2023 and was also addressed to Mrs. Seetha and Respondent No.4 in FORM GST DRC-13 demanding tax payable u/s 79(1)(c) (i) of the CGST Act 2017 on the assumption that we had dues payable to the defaulted taxpayer M/s CBIGS Advertising Private Limited. There are no such dues payable either side for which auditor certificate is also available.***

16. I state that the Respondent No.3 has proceeded to recover dues from the Petitioner only due to the common link of Mrs. Seetha who was a partner in the Petitioner firm and was a director in the company CBIGS Advertising Private Limited. Mrs. Seetha has resigned from the defaulted company namely the 7th Respondent (CBIGS Advertising Pvt. ltd) as well as from the Petitioner's firm (CBIGS Apparels and Jewels) in the year 2019 itself on health ground and both the DIR12 and change of partnership deeg is available.

17. I state that in our reply dated 27th November 2023 to the Respondent No.3 we clearly explained that we had no dues payable to M/s CBIGS Advertising Private Limited and to establish the same we produced our financial statements and a certificate by a Chartered Accountant dated 2nd February 2024 to this effect.

18. I state that the Respondent No. 3 has misinterpreted the provisions of sec 79(1)(c) of the said Act, since only if the Petitioner had any money due or become due to the company OR if money was held or may subsequently be held on account of the company could the Respondent proceed against the Petitioner under this section. It is re-iterated that the Petitioner has not conducted any transaction with the company and that it has no dues payable to the company for the Respondent No 3 to recover from the Petitioner dues defaulted by the company.

19. I state that Circular No. 129/48-2019-GST dated 24th December 2019 has laid down standard operating procedures for non-filer of returns, if Respondent No 3 believed that the taxpayer/Petitioner had not furnished returns then he first ought to have issued notice in ASMT-13 which the Respondent No 3 has not. Further it is stated in the circular in para 4(vi)

> *In case the defaulter furnishes a vaild return within thirty days of the service of assessment order in FORM GST ASMT-13, the said assessment order shall be deemed to have been withdrawn in terms of provision of sub-section (2) of section 62 of the CGST Act. However, if the said return*

remains unfurnished within the statutory period of 30 days from issuance of order in FORM ASMT-13, then proper officer may initiate proceedings under section 78 and recovery under section 79 of the CGST Act;

20. I state that the Respondent No 3 has not followed standard operating procedure laid in the circular and directly issued notice u/s 79 of the said Act without serving notice and subsequent order to FORM ASMT-13. Reliance is placed on the judgement passed in the matter of V N Mehta & Company vs Assistant Commissioner, HQ Preventive unit, Chennai by the Honourable Madras High Court in W.P. 26187 of 2019 dated 08th November 2019 where the facts are identical to the Petitioner's case since Respondent No 3 has straight away resorted to recovery proceedings which is incorrect and not in line with the procedures laid in the law.

21. It is further submitted that in para 8 the 3rd Respondent has again stated incorrect facts. The assessment order dated 24th June 2023 is not available online. Enclosed is the screenshot of the portal. Further the 3rd Respondent states that dues are recoverable from Mrs. Seetha as she was a partner of the Petitioner "at the time of accrual of demand" in terms with sec 89 of the CGST Act 2017 Mrs. Seetha during her tenure as Director with the 7th Respondent's company was not having finance authority nor access to GST payable. HDFC Bank letter enclosed to prove that the finance authority held with Mrs. Rama Krishnan and Mr. S. Krishnan the email id and the mobile number mentioned in the bank letter are owned by Mr. S.Krishnan. Hence the section 89 is not applicable.

22. I state that only if the Petitioner being the partnership firm is liable to pay in the first place can a partner be then liable for the default of the partnership firm. In the first place the Petitioner. i.e. partnership firm itself has no monies due as explained previously to the defaulted company therefore a partner cannot be liable.

23. I state that in para 9-13 the 3rd Respondent has stated that Mrs. Seetha is also now a part of the company. It is submitted that Mrs. Seetha is neither the partner of the firm nor director in the company on the date of issuance of notice by 3rd Respondent on 25th September 2023. It is agreed that she was an authorized signatory on the GST portal but was not a partner in the firm, she was an authorized signatory only for purpose of filing of GST returns since OTP will be required and that needed an Indian Mobile Number. The partners of the Petitioner firm reside outside India and that Mrs. Seetha wife of Mr. S Nagarajan is the mother of Mrs. Preethika N the partner of the Petitioner firm and the other partner is one Mr. Kandarp Pandya who is the husband of Mrs.

Preethika. Therefore, there was no mala-fide intention to remove Mrs. Seetha's name from portal after issuance of notice. I state the 3rd Respondent in various places has confused itself with "company" and "firm" and wrongly stated as per para 12 that "all partners of the default company are also partners of the present Petitioner firm". This very statement proves that the Respondent No. 3's negligence and misunderstanding of the entire petition. The directors of the company presently are Mr Krishnan and his associates having all banking operations and management control from 2015 onwards and they are not in any manner whatsoever related to the Petitioner and have never been part of the partnership firm.

24. I state that the action of attaching an overdraft and loan account facility is not in accordance with law. An overdraft facility and loan account is a credit facility that a bank extends to its customer, the unutilized limit is not the property of the customer in the instant case of the Petitioner. With an overdraft facility the customer is the debtor and the bank is the creditor so the bank does not hold any money of the customer. The operations have been disrupted by the the 3rd Respondent in freezing the bank accounts including the overdraft facility which is not even an asset of the Petitioner. Reliance is placed on several judgements to prove that an overdraft facility/cash credit are not supposed to be attached by Revenue authorities to recover any dues.

25. I state that the contents of the remaining paragraphs in the counter are repetitive and lot of emphasis is given on amount being huge therefore recoverable and reply to that is not necessary since detailed explanation has been given to each point raised by the 3rd Respondent in his counter affidavit. Irrespective of the quantum, it is submitted that due process of law ought to be followed and one cannot jump to conclusions and take harsh action of recovery causing severe despair to taxpayer. The contents of the counter affidavit are erroneous and therefore denied. The contents of the writ petition are reiterated not repeated herein for sake of brevity.

26. I state that the company CBIGS Advertising Private Limited had filed a company petition with the National Company Law Tribunal Chennal in CP/109/CHE/2021 dated 19th August 2021 seeking to wind up the company. NCLT, Chennai through its order dated 17th November 2021 directed the company to issue notice to all statutory authorities including the 3rd Respondent. It is further submitted that the company filed affidavit of service on 17th December 2021, reflecting that the 3rd Respondent was aware of the company being in the process of winding up and final orders are also passed by the NCLT Chennai. It is further submitted that nevertheless, *ignoring such developments and the process laid in the legislation the 3rd Respondent proceeded to recover dues of the defaulted company without substantive evidence regards any amount due from the Petitioner to the company.*

27. I state that the Respondents have wrongly assumed and fastened the tax liability of the company M/s. CBIGS Advertising Pvt. Ltd. upon the Petitioner whereas private limited company liabilities are restricted to be paid by the directors only and cannot be recovered from another Firm.

28. I state that there is one more account a Loan account, with Axis Bank owned by Ms. Preethika and Mr. Kandarp pandya and operated by them. The account was opened after a change of partnership deed in 2019. In this connection Axis bank have given proof of letter for both over draft and loan account.

29. I state that while sending the letter to Axis bank, the 3rd Respondent made the error of marking lien of Ex Director Mrs Seetha with her PAN and has mentioned the current director Mr S.Krishnan with his PAN number. The 3rd Respondent is not clear as to which director the dues are recoverable either the Past or Present directors.

30. 1 state that the audited IT return filed by CBIGS Advertising Pvt Ltd to IT, ROC and to NCLT the statutory liability is only 25 Lakhs appx. Hence it shows there is dispute between the Respondent 3 and the defaulted company. The Defaulters company has written to the GST department about the liquidation with NCLT long back and also responded to GST Suppressing this fact and attached the bank accounts of the Petitioner's company is illegal.

31. I state that the Petitioner Firm has two OD/Loan accounts with Axis Bank bearing AC. No.919030097537634 & AC.No.923030005944472. Both the Loan/OD accounts have been opened only after Mrs. N. Seetha retired as the partner and after change of partnership deed in the year 2019 itself. The partners and the signatories post change of partnership deed are Mrs. Preethika and Mr. Kandarp Pandya and the property owned by Mrs. Preethika have been given to the bank as a security to avail the OD/Loan account. As such, now the bank is threatening to proceed with attaching the property and take possession. Therefore, the attachment of OD/Loan account is unjust, illegal and also not in the practise of GST Act. The loan and OD account held with Axis Bank bearing AC.No.919030097537634 & AG.No. 923030005944472 should be defreezed immediately.

It is therefore prayed that this Hon'ble Court may be pleased to allow the Writ Petition and pass such further or other orders as this Hon'ble *court may deem fit and proper in the circumstances of the case and thus render justice."*

21. I have considered the arguments advanced by the learned Senior Counsel for the petitioner in W.P.No.3204 of 2024, the learned counsel for the petitioner in W.P.Nos.16529 of 2024 and 6074 of 2026, the learned Additional Government Pleader for R1 to R3 in W.P.No.3204 of 2024, the learned Special Government Pleader for R1 to R3 in W.P.No.16529 of 2024, the learned Government Advocate for R1 to R3 in W.P.No.6074 of 2026, the learned counsel for R4 to R6 in W.P.No.3204 of 2024, and the learned counsel for R4 in W.P.No.6074 of 2026.

22. As narrated above, the impugned recovery notices issued under Section 79(1)(c) read with 145(1) of the respective GST Rules in FORM GST DRC-13 seeks to attach the bank accounts of the respective petitioners. They arise on account of the default committed by CBIGS Advertising Pvt Ltd., which was incorporated on 12.01.2009 and was subsequently ordered to be wound up voluntarily and liquidated by the NCLT by its Order dated 29.10.2025.

23. The application for its liquidation was filed under Sections 271(e) and 272 of the Companies Act, 2013, though the said company failed to pay its

admitted tax liability on the supplies made and recorded in GSTR-1 during the Tax Period 2017-2018.

24. During the aforesaid period, the petitioner in W.P.No.16529 of 2024, namely N.Seetha, was one of its directors. The respective impugned communications / recovery notices have been issued in light of the arrears of tax, which is recoverable in terms of Section 75(12) of the respective GST enactment from the company under liquidation, namely CBIGS Advertising Private Limited, pursuant to the Order dated 29.10.2025 of NCLT, Chennai.

25. The scheme under Section 88(3) of the respective GST enactments makes it clear that when a private company is wound up and any tax, interest or penalty determined under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, **then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty,** unless he proves to the satisfaction of the Commissioner that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

26. Section 88 of the respective GST Enactments, which reads as under:-

"Section 88. ***Liability in case of company in liquidation***

(1) When any company is being would up whether under the orders of a Court or Tribunal or otherwise, every person appointed as receiver of any assets of a company (hereafter in this section referred to as the "liquidator"), shall, within thirty days after his appointment, give intimation of his appointment to the Commissioner.

(2) The Commissioner shall, after making such inquiry or calling for such information as he may deem fit, notify the liquidator whith three months from the date on which he receives intimation of the appointment of the liquidator, the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company.

(3) When any private company is would up and any tax, interest or panalty determined under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty, unless he proves to the satisfaction of the Commissioner that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company."

27. Since the petitioner in W.P.No.16529 of 2024 was a director of the said company from 2014-2015 to 2019-2020 (specifically, between 26.07.2014 to 20.09.2019), she is liable. Thus, the amount of tax, penalty and interest that are due from the said company namely CBIGS Advertising Private Limited can be recovered from the petitioner in W.P.No.16529 of 2024, namely Mrs.N.Seetha. Since the petitioner in W.P.No.16529 of 2024, namely Mrs.N.Seetha is also the partner in the Petitioner in W.P. No. 3204 of 2024, the

amount due for the said company can be recovered from the account of the Petitioner in W.P.No. 3204 of 2024.

28. The burden of proof that the tax default was not on account of the said petitioner i.e., the Petitioner in W.P. No. 16529 of 2024, but on account of Mrs. Rama Krishnan or Krishnan, is to be discharged only before the Commissioner, as is contemplated under Section 88(3) of the respective GST enactment.

29. Therefore, the impugned notice in W.P.No.16529 of 2024, seeking to attach the bank account of the petitioner in W.P.No.16529 of 2024 namely Mrs.N.Seetha to recover a sum of Rs.2,66,42,308/- towards the liability of the company under liquidation, cannot be interfered with. At best, liberty can be given to the said petitioner in W.P.No.16529 of 2024, namely Mrs.N.Seetha to work out her remedy within the statutory framework of **Section 88(3) of the respective GST enactments**.

30. Since the petitioner in W.P.No.16529 of 2024 is also a partner of CBIGS Apparels and Jewels (petitioner in W.P.No.3204 of 2024), the challenge to the impugned communication dated 19.10.2023 addressed to R4 to R6 in W.P.No.3204 of 2024 also cannot be countenanced, as the petitioner in W.P.No.16529 of 2024 namely Mrs.N.Seetha was the initial partner of the said

firm, after the execution and registration of the partnership deed on 13.11.2015 and continued after default was made in the said company.

31. Merely, because, the petitioner in W.P.No.16529 of 2024 resigned subsequently only on 28.06.2019, and in her place, her son-in-law, namely Mr.Kandarp Pandya, was inducted as a partner along with her daughter, namely Mrs. Preethika for the Petitioner therein in W.P. No. 3204 of 2024 is of no anvil. Incidentally, Mrs.N.Seetha, the petitioner in W.P.No.16529 of 2024, and her husband, namely Mr.S.Nagarajan, and also their daughter, namely Mrs.Preethika, were promoters / directors of the defaulting company, namely CBIGS Advertising Private Limited. Therefore, all are liable to be proceeded under Section 88(3) of the respective GST Enactments.

32. Therefore, the challenge to the impugned communication issued to R4 to R6 impugned in W.P.No.3204 of 2024 on account of tax arrears from the directors of the defaulting company, namely CBIGS Advertising Private Limited from its directors, namely Mrs.N.Seetha, the petitioner in W.P.No.16529 of 2024, and her daughter, namely Mrs. Preethika, and her husband, namely Mr.S.Nagarajan, cannot be countenanced.

33. Therefore, W.P.No.16529 of 2024 and W.P.No.3204 of 2024 are liable to be dismissed. However, it is open for these persons to substantiate their

case in terms of Section 88(3) of the respective GST enactments before the competent authority.

34. As far as the writ petition filed by Yantur Manufacturing Pvt Ltd in W.P.No.6074 of 2026 is concerned, it is noticed that the said company was incorporated on 25.11.2020 with the said Mrs.Preethika and her husband, namely Mr.Kandarp Pandya, as its Promoters / Directors. They have subscribed to 30,000 shares each, out of 1,00,000 shares of Rs. 10 each.

35. The said company has been incorporated with different activities, namely:-

> "*To manufacture all types of Chemical products such as medicines, drugs, vitamins, tonics, ointments, vitality tablets, chemicals, spirits, mixtures, powders, tablets, pills, capsules, injections, balms, oils, compounds, extracts, tincture, mouth washes, cosmetics, toiletries, soaps, detergents, shampoo, creams, scents, perfumes and perfumery products including deodorizers, perfumed bath salts, flavors, sprays, scalp lotions, hair oil, hair dyes and tooth pastes and other goods used in nature cure or any other units.*
>
> *2. To engage in the business of manufacturing, distributing, supply, market and sale of Chemical products such as Cold relief oil, Pain balm, Roll-ons, Sugar free and sugared tablets and powdered form, Dhoop sticks and Agarbattis, Hand sanitizer, Floral water, Mineral water, Fruit drinks and all kinds of allied products.*
>
> *3. To manufacture Chemical products such as soaps, classic medicines, Hair oil, Shampoo, Diabetic medicines, Vitality tablets,*

Slimming capsules, Cough syrup, Antacid, Herbal powder and Herbal drinks, Sugar free and Sugared Stevia and all kinds of allied products in sachet and pet bottles or otherwise"

36. In the said company also Mrs. Seetha Nagarajan, the petitioner in W.P.No.16529 of 2024, served as a director on 30.11.2021 and later resigned on 28.03.2023. The records filed before this Court, particularly Form No. DIR-12, show that Mrs. Seetha Nagarajan was the director of the said company from 30.11.2021 until her resignation on 28.03.2023 under Section 168 of the Companies Act, 2013. This form has been signed by Mr. Sundaram Nagarajan, who is the husband of Mrs. N. Seetha, the father of Mrs. Preethika and the father-in-law of Mr.Kandarp Pandya.

37. In fact, the list of directors of the defaulting company, furnished by the petitioner in W.P.No.16529 of 2024, states that Mr. Sundaram Nagarajan was also a director of the company between 12.01.2009 and 31.10.2013 along with his daughter Mrs.Preethika, who later served between 04.02.2009 and 31.03.2013. *Prima facie* indications are that all the companies and partnerships have been incorporated, and the seat of directors and partners have been swapped among the family members.

38. *Prima facie* indications are that the incorporation of the petitioner in W.P.No.6074 of 2026 was also for the purpose of avoiding payment of tax

arrears and may warrant lifting of the corporate veil, though the said company is an independent entity and is liable to tax.

39. However, the facts show that the petitioner in W.P.No.16529 of 2024, namely Mrs. N. Seetha, her husband Mr. Nagarajan, and their daughter Mrs.Preethika, along with her husband Mr.Kandarp Pandya, have incorporated the said company, namely Yantur Manufacturing Private Limited, the Petitioner in W.P. No. 6074 of 2026. Mr.Nagarajan also continues to be its director, he was also a director of the CBIGS Advertising Private Limited. Therefore, there is scope for lifting the corporate veil.

40. In the light of the above discussions, all these writ petitions are liable to be dismissed, and are accordingly, dismissed. No costs. Connected miscellaneous petitions are closed.

07.07.2026

av/raja

Neutral Citation : Yes / No

To

1.The Joint Commissioner
Nungambakkam Assessment Circle,
GST, Greams Road, Chennai- 06.

2.The Assistant Commissioner (st)
Nungambakkam Assessment Circle,
No. 88, Mayor Ramanathan Salai,
Chetpet, Chennai - 600 031.

3.The State Tax Officer
Nungambakkam Assessment Circle,
No.88, Mayor Ramanathan Salai,
Chetpet Chennai - 600 031.

C.SARAVANAN, J.

av/raja

Pre-delivery Order in
W.P.Nos. 3204 & 16529 of 2024
and
W.P.No.6074 of 2026

07.07.2026