



**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

CWP NO.7816 OF 2026 (O&M)

M/s Bagga Vet Pharma

...Petitioner

Versus

State of Punjab and another

...Respondents

1.	The date when the judgment is reserved	06.04.2026
2.	The date when the judgment is pronounced	17.04.2026
3.	The date when the judgment is uploaded	17.04.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5.	The delay, if any of the pronouncement of full judgment, and reasons thereof	Not applicable

**CORAM : HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MS. JUSTICE LAPITA BANERJI**

Present : Mr. Sandeep Goyal, Senior Advocate with
Mr. Rishab Singla, Advocate,
for the petitioner.

Mr. Saurabh Kapoor, Addl. AG, Punjab
Ms. Muskan Gupta, Advocate,
For the respondents.

LAPITA BANERJI, J.

Prayer in the present petition under Articles 226/227 of the Constitution of India is for issuance of a writ in the nature of certiorari for quashing the impugned order dated December 30, 2025 (Annexure P-11) passed by the Joint Commissioner, Patiala, Punjab.



2. The grievance of the petitioner in short is that not only without considering the reply submitted by the petitioner to the Show Cause Notice, the impugned order has been passed but the same was also passed beyond the scope of the Show Cause Notice.

3. The brief facts of the case are as follows:

i) The petitioner is a proprietorship concern run by its sole proprietor one Inderpal Singh. The petitioner is engaged in the trading of Veterinary and Poultry Feed Supplements and Additives.

ii) During the financial year 2020-21, the petitioner was issued DRC-01A dated November 11, 2024 (Annexure P-1) by the department alleging that the petitioner had failed to reverse the Input Tax Credit (ITC) in respect of common input availed by the petitioner for supply of taxable goods and exempted goods. Accordingly, a demand of Rs.2,30,52,557/- was proposed to be imposed on the petitioner.

iii) Against the same, the petitioner submitted a reply dated November 18, 2024 (Annexure P-2). After being satisfied with the petitioner's reply, no proceedings were initiated by the authorities under Section 73 or 74 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act")/Punjab Goods and Services Tax Act, 2017 (hereinafter referred to as "the PGST Act").

iv) For the financial year 2021-22, a scrutiny notice ASMT-10 dated August 19, 2025 (Annexure P-3) was issued by the respondent No.2- Deputy Commissioner of State Tax, Patiala. The same issue regarding short



CWP NO.7816 OF 2026

reversal of ITC in respect of supply of exempted goods was raised by the respondent-department.

v) The petitioner replied to the said Show Cause Notice on August 26, 2025 (Annexure P-4) and submitted that the petitioner had availed ITC only to the tune of Rs.6,80,00,226/- which pertained exclusively to taxable supplies. The petitioner also handed over the supporting documents including ledgers to the department.

vi) The respondent No.2 issued a Show Cause Notice dated September 29, 2025 (Annexure P-6) in the form of DRC-01 raising the same issues by recording that reply was not satisfactory and the matter was “*sub-judice*”. With regard to issue of credit notes, it was recorded that the reply was not satisfactory.

vii) The petitioner submitted a detailed reply dated November 18, 2025 (Annexure P-7) wherein the petitioner brought to the notice of the authorities that for the financial year 2020-21, the same issues were raised and after considering the petitioner’s reply and perusing its books of accounts, the department dropped the proceedings against the petitioner.

viii) In the detailed reply, the petitioner had placed reliance on the circulars issued by the Central Board of Indirect Taxes and Customs (CBIC) dated June 26, 2024 and September 12, 2025 (Annexures P-8 and P-9) to augment its argument that ITC was availed only for the taxable supplies. Thereafter, the petitioner again filed an additional reply dated December 25, 2025 submitting complete reconciliation of reversal of ITC



CWP NO.7816 OF 2026

by its recipients along with proof thereof, segregating recipients who were not eligible for reversal.

ix) However, the impugned order dated December 30, 2025 was passed by respondent No.2 confirming the demand proposed to be imposed on the petitioner in the Show Cause Notice DRC-01. In the attachment of the impugned order under Section 73 of the CGST/PGST Act, 2017 it has been clearly recorded that on perusal of reply submitted by the tax payer, it has transpired that the matter was still “*sub-judice*” on merits qua the applicability of ITC reversal. Therefore, the reply filed by the petitioner remained unsatisfactory.

4. Mr. Goyal, Senior advocate appearing on behalf of the petitioner submits that there was a complete non-application of mind by respondent No.2 in passing the impugned order as there was no issue that was “*sub-judice*” qua the merits of the petitioner’s case. The issues raised by the department through Show Cause Notice DRC-01A dated November 11, 2024 for financial year 2020-21 were not proceeded with after considering the reply filed by the petitioner and perusing its books of accounts.

5. He vehemently contends that the impugned order is a unreasoned one passed without any application of mind. Neither the submissions made by the petitioner firm nor the reconciliation furnished by it was considered by respondent No.2 who had simply repeated that the matter was “*sub-judice*” and the reply filed by the petitioner remain unsatisfactory, in the impugned order. Hence, the same should be set-aside.



CWP NO.7816 OF 2026

6. Issue Notice of motion to the respondents.
7. Mr. Saurabh Kapoor, Additional Advocate General, Punjab accepts notice on behalf of the respondents and upon instructions submits that no issue was “*sub-judice*” on merits qua applicability of ITC reversal, in petitioner’s case.
8. This Court has heard learned counsel for the parties and perused the material on record.
9. From the perusal of the impugned order dated December 30, 2025 it transpires that no cogent reason at all has been provided for not accepting the replies filed by the petitioner. Only reply dated November 18, 2025 finds mention in the impugned order where the adjudicating authority has stated that the disparity in the profit ratio of tax free and taxable outward supplies remained unexplained and the matter was still “*sub-judice*” on merits on applicability of ITC reversal. No reason at all was provided as to which of the outward supplies were tax free and which ones were taxable after consideration of CBIC circulars dated June 26, 2024 and September 12, 2025. There is not even a whisper as to the basis on which respondent No.2 came to the finding that the matter was “*sub-judice*” on merits especially when it was not disputed that after considering the reply dated November 18, 2024 to DRC-01A dated September 11, 2024 the department chose not to proceed against the petitioner firm in respect of the demand raised for financial year 2020-21.
10. In the light of the undisputed facts, fair submissions by Mr. Kapoor and aforesaid discussion, this Court is of the view that the



CWP NO.7816 OF 2026

impugned order dated December 30, 2025 suffers from complete non-application of mind and the same is set-aside and/or quashed. However, this order shall not preclude the authorities from proceeding in terms of the Show Cause Notice DRC-01 dated September 29, 2025 but the same shall be done only after considering all the replies filed by the petitioner, giving a fresh opportunity to a representative of the petitioner firm and in accordance with law.

11. With the aforesaid directions, the writ petition, being CWP No.7816 of 2026 is **disposed of**.

12. Connected application(s), if any, shall also stand disposed of accordingly.

(DEEPAK SIBAL)
JUDGE

(LAPITA BANERJI)
JUDGE

APRIL 17, 2026
Shalini

Whether speaking/reasoned:
Whether reportable:

Yes/No
Yes/No