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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **W.P.(C) 10213/2025 & CM APPL. 42602/2025**
DHRUV MEDICOS PVT LTDPetitioner
Through: Mr. Preetam Singh, Adv.
versus
DEPUTY COMMISSIONER, CENTRAL GST CIRCLE 5,
AUDIT-I, DELHI & ORS.Respondents
Through: Mr. Mudit Gupta, SSC.

CORAM:

JUSTICE PRATHIBA M. SINGH
JUSTICE SHAIL JAIN

ORDER

% **24.07.2025**

1. This hearing has been done through hybrid mode.

CM APPL. 42409/2025

2. Allowed, subject to all just exceptions. Accordingly, the application is disposed of.

W.P.(C) 10213/2025 & CM APPL. 42602/2025

3. The present petition has been filed by the Petitioner – Dhruv Medicos Pvt. Ltd. under Article 226 of the Constitution of India, *inter alia*, assailing the Show Cause Notice dated 27th June, 2025 issued by the Respondent No. 1.

4. In the present petition, there is an important question arising out of Rule 101 (4) of the Central Goods and Service Tax Rules, 2017 (hereinafter, ‘CGST Rules’).

5. The Petitioner firm – Dhruv Medcos Pvt. Ltd. has been engaged in the business and distribution of medicines. An onsite Audit was conducted on the Petitioner from 20th March 2025 to 25th March, 2025. Thereafter, an Audit Memo was issued to the Petitioner on 28th March, 2025 which is stated to be received by Petitioner only on 5th April, 2025.

6. The Petitioner, thereafter sent a communication dated 11th April, 2025 to



the Respondent No. 3- Assistant Commissioner, Central GST, Circle-V, Audit-I, Delhi seeking the basis of the said Audit Memo as also the computations contained in the said memo. The complete Audit Report was furnished to the Petitioner on 14th May, 2025, however, in the meantime the CGST Department finalized the Audit Report on 29th April, 2025 and submitted the same, which resulted in the impugned Show Cause Notice dated 27th June, 2025.

7. Ld. Counsel for the Petitioner submits that after the Audit was conducted, prior to the issuance of the Audit Memo, on 4th April, 2025 the Petitioner's Directors held a meeting with the Respondent No. 2 -Additional Commissioner, Central GST, Circle -V, Audit-1, Delhi and raised various grievances. It is thereafter that the Audit Memo was, in fact, dispatched and received by the Petitioner on 5th April, 2025, though in a back-dated manner.

8. Further, the submission of Id. Counsel for the Petitioner is that under Rule 101 of the CGST Rules, after the receipt of the documents which were the basis of the Audit Memo, the Petitioner gave a detailed reply on 19th June, 2025. However, the Audit report was submitted much before, on 29th April, 2025 itself. This would itself be a violation of Rule 101 (4) of the CGST Rules.

9. Issue notice. Mr. Mudit Gupta, Id. SCC for the Respondent accepts notice and submits that he would cite judgments in this regard on the interpretation of Rule 101 (4) of the CGST Rules.

10. Rule 101 (4) of the CGST Rules reads as under:

“(4)The proper officer may inform the registered person of the discrepancies noticed, if any, as observed in the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.”



11. A perusal of the said provision would show that the same uses the language '*may inform the registered person*' and '*the said person may file his reply*'. The question would be whether the information and the furnishing of the reply is mandatory or not.

12. The language of the provision makes it abundantly clear that insofar as the findings of the Audit is concerned, if there is a reply, the same would have to be considered before finalising the findings as the language used in the said provision is '*shall*'.

13. On the interpretation of this provision, Id. Counsel for the parties may cite the relevant case laws, if any.

14. This Court is conscious of the fact that the matter is still at the stage of issuance of the Show Cause Notice. However, considering that the interpretation of Rule 101 (4) of the CGST Rules is involved in this case, this Court deems it appropriate to stay the further proceedings under the impugned Show Cause Notice.

15. Id. Counsel for the Petitioner also submits that the Petitioner has also paid a sum of Rs.40,10,153/- on 25th March, 2025 under protest. Let the same be retained in a fixed deposit by the CGST Department and the details be filed by way of an affidavit. Copy of this order be communicated by Id. Counsel Mr. Gupta to the department for compliance.

16. List on 17th September, 2025.

PRATHIBA M. SINGH, J.

SHAIL JAIN, J.

JULY 24, 2025/kp/ck