

Pidilite Industries Limited v. Union of India & Ors.

Challenge to Order-in-Original under Section 73 of the CGST Act, 2017 involving denial of transitional input tax credit under Section 140 read with Rule 117 of CGST Rules. Issue of violation of principles of natural justice due to non-supply of verificati

Date of Order: February 20, 2026
Case Law No: GIB-BHC-2026-2025
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Facts:

The petitioner, a manufacturer, transitioned input tax credit into GST regime by filing TRAN-1 and TRAN-2 forms.

An audit was conducted, followed by a show cause notice demanding recovery of transitional credit with interest and penalty.

Verification of records was carried out by departmental officers, but the verification reports were not furnished to the petitioner.

Despite request and objections, the adjudicating authority passed an order confirming demand without granting opportunity to respond to such reports.

Court Decision:

The Court held that non-furnishing of verification reports, which formed the basis of the impugned order, amounted to breach of principles of natural justice.

It observed that conclusions were drawn without giving the petitioner an opportunity to respond to the verification findings.

The Court also noted that the order was passed in haste without complete verification of records. Accordingly, the impugned order dated 5 February 2025 was quashed and set aside, and the matter was remanded for de novo adjudication with directions to furnish verification reports and grant a proper hearing.