HC-KAR

CNR: KAHC010495552026

NC: 2026:KHC:38450
WP No. 22194 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 24TH DAY OF JULY, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 22194 OF 2026 (T-RES)

BETWEEN:

ZEALHR INDIA PRIVATE LIMITED
REGISTERED OFFICE AT
NO.34, 3RD FLOOR,
NEAR PUNYA HOSPITAL,
1ST STAGE, 6TH A MAIN,
5TH CROSS, 80 FEET RING ROAD,
KHB COLONY, BASAVESHWARA NAGARA,
BENGALURU 560079
CORPORATE OFFICE
ARDENTE OFFICE ONE,
UNIT NO. T-2319, B BLOCK,
3RD FLOOR, SURVEY NO 05,
HOODI VILLAGE, KR PURAM HOBLI,
BANGALORE SOUTH TALUK,
BANGALORE 560048.
REPRESENTED BY ITS DIRECTOR,
MANJUNATH K N.

...PETITIONER

(BY SRI. VENKATESH S ARBATTI., ADVOCATE FOR
SRI. SHAKEER ABBAS M.,ADVOCATE)

AND:

STATE OF KARNATAKA
THROUGH COMMERCIAL TAXES DEPT.,
OFFICE OF THE DEPUTY COMMISSIONER OF
COMMERCIAL TAXES (AUDIT) -2.5,
DGSTO-02, 2ND FLOOR,
NO.642, PIONEER PLAZA,
KENCHANAHALLI MAIN ROAD,
RR NAGARA, BENGALURU - 98.

...RESPONDENT

(BY SMT.MALAVIKA PRASAD., HCGP)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO I. QUASH THE NOTICE DATED 04-07-2026 ISSUED BY THE RESPONDENT, OFFICE OF THE DEPUTY COMMISSIONER OF COMMERCIAL TAXES (AUDIT)-2.5, BEARING NO. DCCT(AUDIT)-2.5/GST/FILE NO-271/2024-25, PRODUCED AS ANNEXURE-A; II. QUASH BY WRIT OF CERTIORARI THE ORDER DATED 27-11-2025 BY THE RESPONDENT, OFFICE OF THE DEPUTY COMMISSIONER OF COMMERCIAL TAXES (AUDIT)-2.5, DGSTO-02, BENGALURU IN DCCT(AUDIT)-2.5/GST/FILE NO-271/2024-25, PRODUCED AS ANNEXURE-B; III. QUASH THE ORDER DATED 10-03-2026 PASSED BY THE RESPONDENT, OFFICE OF THE DEPUTY COMMISSIONER OF COMMERCIAL TAXES

(AUDIT)-2.5, DGSTO-02, BENGALURU, IN NO./DCCT(A)-2.5/FILE NO.271/2024-25, IN PRODUCED AS ANNEXURE-C.

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

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

ORAL ORDER

The petitioner is a private limited company engaged in the business of ***(i)*** *Other Employment and Labour Supply Services not classified anywhere else* and ***(ii)*** *Management Consulting and Management Services.* These businesses are classified respectively as HSN/SAC:998519 and HSN/SAC:998311. The petitioner's grievance is with the following Orders and Notice:

a) The Adjudication Order dated 27.11.2025 in Reference No. DCCT(Audit)-2.5/GST/File No:271 /2024-25 under Section 73 (9) of the Karnataka Goods and Services Tax Act/Central

Goods and Services Tax Act, 2017 [for short, *'the KGST/CGST Act'*] read with the relevant provisions of the Integrated Goods and Services Tax Act, 2017 [for short, *'the IGST Act'*] and the relevant Rules [*Annexure-B*].

b) The Order dated 10.03.2026 under Section 161 read with Section 73 of the KGST/CGST Act and Section 20 of the IGST Act [*Annexure-C*].

c) The Garnishee Notice dated 04.07.2026 addressed in Form GST DRC-13 to the petitioner's Bankers to hold a sum of Rs.3,83,84,857/- [*Annexure-A*].

2. The proceedings are commenced under Section 73 of the KGST/CGST Act with the issuance of Intimation in Form GST DRC - 01A on 12.09.2025, and the Show Cause Notice in Form GST DRC-01 is issued on 23.09.2025. The adjudication proceedings are concluded with the Adjudicating Officer [*the respondent*] holding as follows:

RTP has not responded to the aforesaid notice. Hence, reminders/endorsements dated 09.07.2025, 17.07.2025 and 28.07.2025 were issued on the portal and served to the RTP through the registered email reminding RTP to submit books of accounts and records as per annexure to Form GST ADT-01 within seven days but the RTP has not produced books of accounts for verification.

3. The proceedings are initiated because of ***[a]*** the difference in GSTR-9 and GSTR 3B, ***[b]*** the petitioner has claimed *zero rated* turnover but has failed to produce complete books of accounts and records including Foreign Inward Remittance Certificates [FIRC/BRC] and ***[c]*** the petitioner has declared inward supplies and claimed input tax without valid records. The petitioner has filed an application for rectification stating that during the years 2023-24 and 2024-25 there was decline in the operations with administrative staff leaving the organization denying access credentials to the old email accounts and that therefore, the GST emails

were not being monitored. The petitioner has also attempted to offer explanation against the proposition stating that the difference in the ITC claimed is voluntarily discharged in Form GST DRC-03 dated 12.04.2022.

4. Mr. Venkatesh S. Arbatti, learned counsel for the petitioner, submits that the petitioner, who has voluntarily discharged the liability because of the mismatch in Form GST DRC-03 dated 12.04.2022, has not participated in the adjudication proceedings for the *bona fide* reasons. The learned counsel argues that the Intimation/Show Cause Notice/Reminder are dispatched to the petitioner's erstwhile address despite the fact that the petitioner has ceased operations at this address and the petitioner has officially updated the new registered address on the portal and that the petitioner, who has all the documents including the letters of undertaking by those who have received petitioner's services, have

been furnished to the office of the learned Additional Government Advocate during the pendency of the present proceedings.

5. Mr. Venkatesh S. Arbatti contends that if these and other documents are examined afresh in the light of the undeniable fact that the petitioner has voluntarily discharged the liability *via* (in) form GST DRC -03 dated 12.04.2022, there would be no reason for a demand including interest. Ms. Malavika Prasad, the learned High Court Government Pleader, is heard in light of these circumstances with the learned High Court Government Pleader also accepting that the petitioner has produced the copies of the letter of the undertaking to justify its claim of *Zero-Rated* supplies.

6. The petitioner has not only now furnished the copies of the Letter of Undertaking but also brought on record that because liability is voluntarily discharged there will be no mismatch. The petitioner is also willing

to produce further documents to justify its case against the propositions mentioned in the Show Cause Notice, and the Adjudicating officer has confirmed the propositions essentially because the petitioner has not produced documents despite opportunities. The petitioner's application for rectification is rejected on the ground that it was the petitioner's responsibility to provide and update the email and the other contact details observing that the petitioner's address remains the same and the Intimation/Show Cause Notice/Reminders are sent to that address.

7. The respondent has not considered the petitioner's case that it has uploaded the change in address from an address in Basaveshwara Nagar, Bengaluru to K.R.Puram Bengaluru. Upon a compendious consideration of the circumstances mentioned, this Court is of the considered view that the petitioner must have an opportunity to show cause against the propositions mentioned in this Show

Cause Notice but on terms. In the light of the afore, the following:

ORDER

The petition is allowed in-part. The Adjudication Order dated 27.11.2025 *[Annexure-B],* the Order dated 10.03.2026 under Section 161 read with Section 73 of the KGST/CGST Act and Section 20 of the IGST Act [*Annexure-C*] and the Garnishee Notice dated 04.07.2026 addressed in Form GST DRC-13 [*Annexure – A*] subject to the following terms.

[a] The proceedings are restored to the respondent for due consideration subject to the petitioner depositing 10% of the tax in demand by ***21.09.2026*** subject to the outcome in the restored proceedings.

[b] The petitioner is permitted to file, along with a certified copy of this Order, the copies of the documents to show the genuineness of the transactions along with the reconciliation.

[c] The petitioner shall produce these documents by ***21.09.2026*** and the respondent shall consider these documents and then conclude the proceedings by a reasoned order.

Sd/-
(B M SHYAM PRASAD)
JUDGE

SA
Ct:sr