RUPALI RAJESH WAKODIKAR
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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO.2315 OF 2026

Munovar Hussain Khan … Petitioner

Versus

State of Maharashtra And Ors. … Respondents

WITH
WRIT PETITION NO.2515 OF 2026

Ahmar Talat Khan … Petitioner

Versus

State of Maharashtra And Ors. … Respondents

…..

Mr. V. Sridharan, Senior Advocate a/w Adv. Devanshi Sharma, Trinayani Iyer i/b Sriram Sridharan for the Petitioner.

Mr. Himanshu Takke, A.G.P. for Respondent No.1-State in Writ Petition No.2315 of 2026.

Mr. Amar Mishra, A.G.P. for Respondent No.1-State in Writ Petition No.2515 of 2026.

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CORAM: M.S. KARNIK &
SANDESH D. PATIL, JJ.

DATED : 4th NOVEMBER 2026

JUDGMENT (Per SANDESH D. PATIL, J.)

1. By the present Writ Petition, the Petitioners are challenging the Order dated 17th December, 2025, issued by Respondent No.3 (Exhibit 'A") confirming recovery of dues from the Petitioners and the

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recovery letter dated 2nd January 2026, which is at Exhibit 'B' to the Petition issued by Respondent No.3.

2. The Petitioners were issued a show cause notice dated 23rd March, 2022, for the purpose of recovery of Rs.10,49,56,043/- being outstanding dues of M/s Prophyla Biologicals Private Limited ('**PBPL**' for short) for the period from FY 2005-06 to FY 2010-11 that the Company PBPL had failed to discharge its statutory liability on the grounds that :

(a) the company failed to discharge its statutory tax liability;

(b) recovery from the Company was not possible despite multiple statutory recovery actions; and

(c) such non-recovery is attributable to gross neglect, misfeasance, and breach of statutory duty on the part of the Noticee (Petitioner herein), who was the Director during the relevant period.

The Petitioner in Writ Petition No.2315 of 2026 had earlier preferred a Writ Petition bearing (L) No.38561 of 2024 before this Court. This Court *vide* Order dated 20th December, 2024, directed the Deputy Commissioner of Sales Tax to decide the said show cause notice strictly in accordance with law.

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3. It is the case of the Petitioners that hearing was given to the Petitioners pursuant to judgment passed by this Court and ultimately the show cause notice was decided. It is pursuant to this show cause notice that the recovery proceedings were initiated by way of the recovery letter impugned in this Petition, which is at Exhibit 'B'.

4. The learned Counsel for the Petitioners submitted that the Petitioners were the Director of M/s Prophyla Biological Private Limited now renamed as M/s Dr. Ashley Labs Limited, during the period from 1982 to 11th September, 2009. The Petitioner in Writ Petition No.2515 of 2026, who is the son of the Petitioner in Writ Petition No.2315 of 2026, was also a Director in the said Company during the period from 2001 to 11th September, 2009. He submitted that the both the Petitioners on 22nd April, 2009 sold their shares to M/s Universal Medicament Private Limited vide Share Purchase Agreement. On 11th September, 2009, the Petitioners submitted their resignation letter and resigned from the Company and therefore, they were not liable for the affairs of the company. He submitted that, apparently the assessment proceedings under the Maharashtra Value Added Tax, 2002 ('**MVAT Act**' for short) initiated by

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Respondent No.4 on 20th August, 2023, culminated into Assessment Order. The Petitioners were not, in any way, concerned with the company and therefore, they had no knowledge of the further proceedings. He submitted that Respondent No.5 initiated proceedings on 23rd March, 2022, against the Petitioners for non-payment of the VAT/CST dues and issued show cause notice on the even date for the purpose of recovery of amount from the Petitioners. The Petitioners have received a demand notice in Form-I under Section 267 of the Maharashtra Land Revenue Code, 1966 and in a notice under section 74(2) of the MVAT Act for not paying the dues. The Petitioners have filed a detailed reply against the show cause notice, refuting all the allegations made therein. The Respondent No.3 issued bank attachment on 5th November, 2024 in Form-318 to the Manager of the Axis Bank and the accounts of the Petitioners were freezed. Being aggrieved by the coercive action of the Respondents, the Petitioners filed Writ Petition (L) No.38561 of 2024, in which petition this Court directed the Respondents *vide* Order dated 18th December, 2024 to dispose the show cause notice dated 23rd March, 2022, in accordance with law. The Petitioners have filed detailed written submissions on 22nd January, 2025. Without

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considering the submissions made by the Petitioners *vide* replies dated 27th April, 2022 and 22nd January 2025, the Respondent No.3 passed the Order on 17th December, 2025. Hence, the present proceedings were initiated. He submitted that Section 18 of the Central Sales Tax Act, 1956 ("**CST**" for short) is not invocable in the present case as the company is not wound up. Therefore, recovery of dues of the company from the Petitioners under Section 18 of the Central Sales Tax Act, 1956 is illegal. He further submitted that the Company has not been wound up. He submitted that as per the website of Ministry of Corporate Affairs ('**MCA**' for short), the status of the company is "Active". He further submitted that recovery of CST dues amounting to Rs.6,76,45,662/- confirmed by the Respondents is contrary to Section 18 of the Central Sales Tax Act, 1956, without jurisdiction and patently illegal. The Impugned Order dated 17th December, 2025 is liable to be set aside on this ground itself. Accordingly, the Recovery Letter dated 2nd January, 2026 is also liable to be quashed on this ground itself.

5. As far as Section 44(6) of the MVAT Act is concerned, he submitted that the conditions therein are not fulfilled in the present

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case. He submitted that to invoke recovery of dues from directors of a company, the following conditions must be satisfied:

i. The dues recoverable from a private company, whether existing or wound up cannot be recovered from the company.

ii. There is gross neglect, misfeasance or breach of duty by the director of the private company during the relevant period.

iii. The non-recovery of dues of the company is attributable to such gross neglect, misfeasance or breach of duty by the director.

6. He placed reliance on the judgment in the matter of ***Mukesh Ramani v. State of Maharashtra and Others [Writ Petition (L) No.2121 of 2022, Prakash B. Kamat v. Principal Commissioner of Income Tax and Others (2023) 457 ITR 150]*** *and the judgment in the matter of* ***Indubhai T. Vasa v. Income Tax Officer, Ward 4(3) (2006) 282 ITR 120 (Guj), Amit Suresh Bhatnagar v. Income Tax Officer (2009) 308 ITR 113 (Guj), Arun Kapoor v. Assistant Collector and Another 1998 (9) TMI 647 Punjab and Haryana High Court*** in support of his case. He submitted that there are no findings on merits, and accordingly, provisions of Section 44(6) cannot be

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invoked. He submitted that there cannot be the recovery of dues of company against the Petitioners post-resignation for the assessment period 2010-11. He submitted that the impugned Order dated 17th December, 2025 was passed after 10 months of conclusion of personal hearing which is fatal to the impugned Order.

7. He submitted that the impugned Order be quashed and set aside and the Petition be allowed.

8. Learned A.G.P. for the State-Revenue Mr. Himanshu Takke, supported the impugned Order. He submitted that the Petition is not maintainable. The Petitioners were directors in M/s Prophyla Biologicals Pvt. Ltd, and were actively involved in the management and day to day affairs of the company. He submitted that the statutory liabilities in question pertain entirely to the period when the Petitioner was admittedly a Managing Director and responsible for statutory compliance of the company. He submitted that as per Agreement dated 22nd April, 2009 which is at 'Exhibit C' on page 120 of the Petition, the Petitioner and another have executed an unregistered Share Purchase Agreement in favor of M/s. Universal

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Medicament Pvt. Ltd. for transfer of their shareholding. The said agreement specifically recorded, under its indemnity clauses at 5.1 and 5.2, that the sellers (including the Petitioner) were in effective control and management of PBPL and undertook responsibility to indemnify the purchaser against statutory liabilities arising out of misfeasance or gross neglect during their tenure including the sales tax liability for the relevant period. Subsequently, by a Deed of Assignment dated 29th October, 2009, the business of PBPL company was assigned to M/s. Aanjaneya Biotech Pvt. Ltd., with a private indemnity clause governing inter se liabilities between the parties.

9. He further submitted that although the Petitioners claim that they have resigned from the PBPL Company, the Petitioners failed to produce a Board Resolution accepting their resignation or documentation evidencing a lawful cessation of responsibilities and also on the ground that Section 44(6) of MVAT Act provides that a Director's statutory liability remains attached for all dues incurred during their tenure. He invited our attention to the impugned Order in detail and tried to justify the same. He submitted that the impugned Order is neither arbitrary nor without jurisdiction, but a

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reasoned and speaking Order passed in due compliance of the Order dated 20th December, 2024, passed by this Court in earlier Writ Petition. He submitted that the liability has been lawfully fastened upon the Company *vide* Order dated 17th December, 2025, hence, the same cannot be interfered with, at this stage in this Petition. He submitted that the Petitioner was a Managing Director of PBPL during the assessment periods FY 2006-07 to FY 2010-11, which are the periods for which substantial statutory dues have arisen. The existence of other directors on the Board does not dilute or extinguish the Petitioners' joint and several liability under the statute, particularly when the non-recovery of dues from the Company has been found to be attributable to gross neglect, misfeasance and breach of statutory duty on the part of the Directors, including the Petitioners. He submitted that under Section 44(6) of the MVAT Act, 2002, liability is joint and several, and the Department is not required to establish that a particular director was the sole or dominant decision-maker. Once it is shown that the person was a Director during the relevant period and that the statutory dues could not be recovered from the Company, the burden squarely lies on such Director to prove absence of gross neglect or breach of duty.

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10. He further invited our attention to the Affidavit-in-reply filed by Respondent Nos.2 to 4 and submitted that the Petition be dismissed.

11. We have heard the learned Counsel appearing for the parties. We have perused the documents on record. Before adverting to the facts of the matter, the relevant provisions of law with which we are concerned in this matter are Section 18 of the CST Act, 1956 and Section 44(6) of MVAT Act.

12. The Petitioners claim to have resigned on 11th September, 2009 from the Company. The Petitioners, however, do not deny that they were the Directors of the Company prior to date of resignation, i.e. 11th September, 2009. The Petitioners have not challenged the Order of assessment. It is also relevant to note that on 9th September, 2010, Form-18 was filed by the Company for change of its registered address from 157, Modi Street, Fort, Mumbai-400 001 to W 91-92-93, MIDC Taloja, District Raigad- 410 208 with effect from 01st March, 2010 and further on 4th June, 2011, the name of the company was changed to 'M/s Dr. Ashley Labs Private Limited'. On 8th

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September, 2011, M/s Dr. Ashley Labs Private Limited was further converted into a limited company and renamed as 'M/s Dr. Ashley Labs Limited'. As per the MCA, the status of the Company is "Active" as of today. In other words, Dr. Ashley Labs Limited is an existing company as on the date of filing of the present Petition, and has not been struck off from the register of MCA. On 28th August, 2013, the assessment proceedings under MVAT Act were initiated by the Respondent No.4 for the period 2006-07. The VAT and CST Department passed ex-parte Orders against the Company for the period from 2006-07 to 2010-11 amounting to Rs.10,49,56,043/-.

13. Thereafter, from 2015 to 2022, i.e. for 7 years, no further intimation was received by the Petitioners and to the best of the Petitioners' knowledge, Sales Tax Department took up the proceedings with the Company.

14. On 23rd March, 2022, proceedings were initiated against the Petitioners for non-payment of VAT / CST dues by the Respondent No.5. The same eventually culminated into issuance of Show Cause Notice dated 23rd March, 2022 *vide* which it was proposed to recover Rs.10,49,56,043/- from the Petitioners for the A.Y. 2005-06 to 2010-

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11 under Section 44(6) of MVAT Act. Parallelly, the Petitioners received Demand Notice in Form-1 under Section 267 of the Maharashtra Land Revenue Code, 1966 for recovery of Sales Tax dues of Rs.10,49,56,043/-. The Petitioners further received a Notice under Section 74(2) of Maharashtra Value Added Tax Act, 2002 for not paying dues of Rs.10,49,56,043/- for the AY 2005-06 to 2010-11 and was required to Show Cause as to why prosecution action should not be initiated against the Petitioners. The Petitioners on 27th April, 2022 filed a detailed reply against the Show Cause Notice refuting all the allegations made. After the Respondent No.3 issued a bank attachment letter dated 5th November, 2024, to the Manager of Axis Bank where the Petitioners had a bank account, to freeze the bank account of the Petitioners, the Petitioners had filed Writ Petition (L) No.38561 of 2024 before this Court. The notices of bank attachment were quashed by this Court and the Respondents were directed to dispose of the Show Cause Notice dated 23rd March, 2022 in accordance with law. The Petitioners had filed detailed written submissions, and ultimately, by the impugned Order the recovery of Rs.10,49,56,043/- was confirmed. Hence, the present Writ Petitions are filed.

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15. The impugned Order dated 17th December, 2025 has confirmed the recovery of dues amounting to Rs.10,49,56,043/- of the Company under Section 44(6) of the MVAT Act and Section 18 of the CST Act.

16. Section 18 of the CST Act reads as under :-

> "***18. Liability of directors of private company in liquidation-***
>
> *Notwithstanding anything contained in the Companies Act, 1956 (1 of 1956), when any private Company is wound up after the commencement of this Act, and any tax assessed on the company under this Act 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 the private company at any time during the period for which the tax is due shall be jointly and severally liable for the payment of such tax 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."*

17. We have gone through document at Exhibit 'I' which is the screenshot of the official website of MCA, shows the status of the Company as "Active". On perusal of Section 18 of the CST Act, it is clear that when a company has been 'wound up' after the commencement of the Act and any tax assessed on the company

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under the CST Act for any period, whether before or in the course of, or after its liquidation cannot be recovered, then every person who was the Director of the company, at any time during the period for which tax was due shall be jointly and severally liable for the payment of such tax 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. In other words, Section 18 of the CST Act only bestows powers upon the Respondents to attempt to recover the CST dues of the Company from the Director after the private company is wound up.

18. The impugned Notice is issued under Section 44(6) of MVAT Act. Section 44(6) of the MVAT Act reads as under :-

> *"44. Special provision regarding liability to pay tax in certain cases:-*
> *.....*
> *(6) Subject to the provisions of the Companies Act, 2013, where any tax or other amount recoverable under this Act from a private company, whether existing or wound up or under liquidation, for any period, **cannot be recovered**, for any reason whatsoever, then, every person who was a **director of the private company during such period shall be jointly and severally liable for the payment of such tax** or other amount 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 said company."*

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(Emphasis Supplied)

Thus, in order to invoke recovery of dues from directors of a company, the following conditions must be satisfied:

(i) The dues recoverable from a private company, whether existing or wound up cannot be recovered from the company

(ii) There is gross neglect, misfeasance or breach of duty by the director of the private company during the relevant period

(iii) The non-recovery of dues of the company is attributable to such gross neglect, misfeasance or breach of duty by the director.

19. We have gone through the impugned Order, which is at Exhibit 'A' to the Petition. It appears that the Petitioners had filed a voluminous reply to the Show Cause Notice dated 23rd March 2022 issued to the Petitioners under Section 44(6) of MVAT Act and Section 18 of the CST Act. The submissions in reply to the the Show Cause Notice are voluminous. In addition to that the Petitioners had also submitted detailed submissions before the Deputy Commissioner of Sales Tax, who was adjudicating the matter.

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20. The Petitioners had relied upon the judgment of **Satish D. Sanghvi v. Union of India & Ors. [(2012) 14 GSTR 264 (Bom.)]** wherein it was held as follows:

> *"3. **The settled position in law is that liability for duty of the company cannot be fastened upon the director of a company unless there is a statutory provision to that effect.** Such an issue came up for consideration before this court in the matter of of Sunil Parmeshwar Mittal Versus Dy. C.(Recovery Cell), C.EX, Mumbai, wherein the court took a view that liability of members is limited to the extent of face value of shares subscribed by each member and amount remaining unpaid on them for time being, former director of the company cannot be held responsible for payment of liabilities of company in the absence of any specific provision. This was reiterated in unreported judgment delivered on 5.5.2009 in the case of Chandrakant Bhalchandra Garware Versus Union of India & Ors. In writ petition no.4117 of 2009. **We are of the opinion that duty demand of the company cannot be recovered from the director in the absence of statutory provisions in the Central Excise Act, 1944.**"*
>
> (Emphasis Supplied)

The said judgment was relied upon by the Petitioners to buttress the contention that duty demand of the Company cannot be recovered from the directors in absence of statutory provisions in the CST Act.

21. The Petitioners also relied upon the judgment of **Narinder Singh v. Union of India [2019 367 ELT 775 (P&H)]** wherein it was held as follows:

> *"5. **It is well-settled that in the absence of any specific provision in the statute, the duty/penalty liability of the company cannot be recovered from the assets of its Director. The Director is not***

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> ***personally liable towards liability of the company.*** *This Court while delving into an identical issue in Subhash Goyal v. State of Haryana and Others, 2014 (4) PLR 343 held that in the absence of taking any specific recourse to proceedings under Section 18 of the Central Sales Tax Act, 1956 and any valid order for effecting recovery of arrears of sales tax from the directors of a private limited company in liquidation, the proceedings relating to recovery of arrears of tax from the Noticee being a director were not permissible in law.*
> *…*
>
> *7. In view of the above, the action of the respondents in compelling the Noticee to clear the dues of the company cannot be sustained. The petition is allowed. However, the respondents shall be at liberty to proceed against the company for clearance of its dues in accordance with law."*
>
> *(Emphasis Supplied)*

22. As far as arguments on the liability under Section 44(6) of MVAT Act are concerned, the Petitioners had relied upon the judgment of **Indubhai T. Vasa v. Income Tax Officer, Ward (2006) 282 ITR 120 (Guj.).** The relevant portion of the judgment is produced herewith for ready reference:

> *"11. In these circumstances, it is not possible to accept the stand of the respondent that despite best efforts the taxes due from the company cannot be recovered.* ***As laid down by this court the phrase "cannot be recovered" requires the Revenue to establish that such recovery cannot be made against the company and then and then alone would it be permissible for the Revenue to initiate action against the director or directors responsible for conducting the affairs of the company during the relevant accounting period.*** *Hence, the prerequisite condition stipulated by section 179 of the Act remains unfulfilled in the context of the facts available on record by virtue of the impugned order as well as the affidavit-in-reply."*
>
> *(Emphasis Supplied)*

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23. The Petitioners also relied upon the judgment of **Amit Suresh Bhatnagar v. Income Tax Officer (2009) 308 ITR 113 (Guj.).** The relevant portion of the judgment is produced herewith for ready reference:

> *"6. Having heard the learned advocates for the parties, it is apparent that the controversy raised in the petitions stands concluded by judgment of this Court. The record reveals that except for accepting the amount paid by the Company from time to time, respondent-authority has not taken any steps to effect recovery from the Company.* ***This High Court in the case of Indubhai T. Vasa (HUF) v. Income-Tax Officer (2006) 282 ITR 120 has stated that the phrase "cannot be recovered" requires the Revenue to establish that such recovery could not be made against the Company and then and then alone would it be permissible for the Revenue to initiate action against the Director or Directors responsible for conducting the affairs of the Company during the relevant accounting period.***
>
> *7. Thus in effect, before action under Section 179 of the Act can be initiated against the Director or Directors of a private Company, Revenue has to first of all show that such a Director or Directors were responsible for the conduct of the business during the previous year in relation to which the liability exists.* ***Revenue has also to establish that it has taken effective steps to recover the outstanding dues from the Company and has not been able to recover the entire outstanding liability.*** *Applying the aforesaid ratio to the facts of the case, it is apparent that except for calling upon the Company and/or the Noticees-Directors to discharge the liability, Revenue has taken no effective steps to effect recovery of outstanding dues from the Company. In the circumstances, the impugned order dated 19-8-2008 made in case of each of the three Noticees, cannot be permitted to operate. Order dated 19-8-2008 made under Section 179 of the Act is, therefore, quashed and set aside."*

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24. The Petitioners have also relied upon the judgment of the Punjab & Haryana High Court, in the case of **Arun Kapoor v. Assistant Collector and Another 1998 (9) TMI 647 - Punjab and Haryana High Court,** which held that liability of Directors would arise if the amount of tax assessed on the company under the CST Act cannot be recovered. Section 18 of CST Act is *pari materia* to Section 44(6) of MVAT Act. The relevant portion of the judgment is produced herewith for ready reference:

> *"7. There is no dispute amount the Noticees' assertion that they were directors of the company. Under section 18 of the Central Sales Tax Act, 1956, when any private company is wound up and any tax assessed on the company under the said Act cannot be recovered, then every person, who was a director of the private company at any time during the period on which tax is due, shall be jointly and severally liable for the payment of tax unless he proved that the nonrecovery cannot be attributed to any gross negligence, misfeasance or prejudice of duty on his part. In the case in hand, it is not shown by the Respondents as to what is the amount of tax assessed on the company under the Central Sales Tax Act.* ***It is also not shown as to what efforts were made to recover the arrears of tax from the assets of the company. Liability of the directors would arise if the amount of tax was assessed on the company under the Central Sales Tax Act and it cannot be recovered from the company.*** *Since the respondents have shown neither the amount of tax recoverable under the Central Sales Tax Act* ***nor they have brought any material on record to establish that the amount of tax cannot be recovered from the company, the proceeding relating to recovery of arrears of tax from the Noticees are held to be not permissible in law."***
>
> *(Emphasis Supplied)*

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25. The Petitioners have also relied upon various other judgments. None of them were considered by the adjudicating authority while passing of the impugned Order. The submissions which are made by the Petitioners are annexed at Page No.319 to the present Petition. We have gone through them. We have also gone through the various judgments which are referred in the said written submissions. The Petitioners have also advanced voluminous submissions on facts as well as on law. This Court in the matter of ***Mukesh Ramani v. State of Maharashtra and Others [(2024) 125 GSTR 464 (Bom.)]*** has held as under :-

> *"23. This provision, i.e., Section 18 of the CST Act which is analogous to Section 89 of the MGST Act in fact provides for vicarious liability of the Directors of the Company for payment of tax dues which cannot be recovered from the company. Such liability could be avoided if the Director proves that non-recovery cannot be attributed to any gross neglect, misfeasance or breach of the duty on his part in relation to the affairs of the company. Of course, responsibility of establishing such facts is cast upon the Directors.* ***Once the Director places before the authority his reasons why it should be held that non-recovery cannot be attributed to any of the three factors, the authority would have to examine such grounds and come to a conclusion in this respect. As long as the Director establishes that non-recovery of the tax cannot be attributed to his gross neglect or misfeasance or breach of his duty in addition to the affairs of the company, his liability under Section 18 of the CST Act or Section 89 of the MGST Act would not arise.*** *We have to note that the legislature at the same time used the words gross neglect and not mere neglect on his part. We find support for this view in the judgment of the Gujarat High Court in Maganbhai Hansrajbhai Patel vs. Assistant Commissioner of Income Tax & 1, relied upon*

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> *by Mr. Sridharan, where the High Court has dealt with provisions of Section 179 of the Income Tax Act. Section 179 is pari-materia to Section 18 of the CST Act and Section 89 of the MGST Act.....*
>
> *24. We also find support for our view in another judgment of Gujarat High Court, in Ram Prakash Singeshwar Rungta vs. Income Tax Officer (2015) 59 taxmann.com 174 (Gujarat) relied upon by Mr. Sridharan……"*
>
> *(Emphasis Supplied)*

26. There is no discussion on the decisions relied upon which were submitted for consideration before the Respondents-Authorities. It is not even alleged by the Respondents that the Directors were holding active control over the affairs of the Company inspite of their resignation on 11th September, 2009. The Legislature, in its wisdom, has used the words 'gross neglect' as opposed to 'neglect' on the part of the Directors for the purpose of invoking Section 44(6) of MVAT Act. Although it is true that the burden is cast upon the Directors, however, there has to be some foundational basis, which the department must incorporate in the notice that the Petitioners were Directors of the Company on the relevant date and they were in active control of the affairs. Given the stand of the Petitioners that they had sold their shares to M/s Universal Medicament Private Limited *vide* Share Purchase Agreement dated 22nd April, 2009, and further taking into consideration their stand that, the Petitioners

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submitted the resignation and resigned from the Company on 11th September, 2009, it was for the Respondents to be satisfied that inspite of the fact that the Petitioners had resigned, they were in control of the affairs even after the resignation was given.

27. The impugned Order miserably fails to consider the submissions made by the Petitioners. None of the arguments of the Petitioners were dealt with. None of the documents relied upon by the Petitioners are considered to illustrate a finding at clause (b) regarding the resignation dated 11th September, 2009, and filing of Form-32 is concerned. The finding only records what was mentioned in the Show Cause notice. There were several submissions made by the Petitioners on this point. Not only that, the Petitioners had even annexed the copies of the resignation letters and relevant extracts from the website of the Ministry of Corporate Affairs. None of them were considered. All that was expected was that there should be consideration of submissions made by the Petitioners on law and facts while adjudicating the Show Cause Notice.

28. In this case, the heading of every submission is recorded, without recording the detailed submissions on the said heading, and

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finding is rendered without discussing the case of the Petitioners under that heading. In the result, we have no hesitation in quashing and setting aside the impugned Order dated 17th December, 2025 passed by the Respondent No.3 annexed at Exhibit 'A' to the Petition. We, however, make it clear that we have not gone into the issue of delay which is raised by the Petitioners and other contentions raised by the Petitioners in this Petition. Hence, the following Order :-

: **ORDER** :

(i) The impugned Order dated 17th December, 2025, passed by Respondent No.3, annexed at Exhibit 'A' to the Petition, is quashed and set aside.

(ii) As a consequence of the same, the recovery letter dated 2nd January, 2026, issued by Respondent No.3 annexed at Exhibit 'B' to the Petition, is quashed and set aside.

(iii) Respondent No.3 is directed to adjudicate the Show Cause Notice dated 23rd March, 2022, issued under Section 44(6) of the MVAT Act, 2002 and Section 18 of CST Act, 1956 after considering in detail the submissions made by the Petitioners as well as after dealing with the same and giving reasons.

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(iv) This exercise be carried out within a period of 12 weeks from the date of communication of this Order.

(v) All the contentions of all the parties are kept open.

(vi) The Petitions are disposed of in the aforesaid terms.

(SANDESH D. PATIL, J.) (M.S. KARNIK, J.)

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