

M/s Sane Retails Private Limited v. The State of Bihar and Others; with M/s Bathla Teletech Pvt. Ltd., M/s Utkrisht Trade Solutions Pvt. Ltd., M/s Consulting Rooms Private Limited and M/s Shreyash Retail Private Limited petitions

Case number: CWJC No. 470 of 2024 with CWJC Nos. 17613, 17636, 17652, 17654, 17914, 17920, 17922, 18089, 18297, 18326, 18394, 18473, 18497 and 18662 of 2023; and CWJC Nos. 15, 136, 211, 312, 343, 345, 356, 430, 542 and 549 of 2024

Citation: 2025(4) eILR(PAT) HC 1812

Decision date: 11 April 2025

Deemed receipt of goods delivered directly to end customers on a dealer's instructions; conditional ITC remand under Section 16(2)(b)

Court: Patna High Court

Bench: Hon'ble Mr. Justice P. B. Bajanthri and Hon'ble Mr. Justice Alok Kumar Sinha

Decision stage: Final common writ judgment setting aside the impugned orders and directing a limited documentary reconsideration. Actual entitlement and relief depend on the remand findings.

01 Facts of case and issues

Twenty-five connected writ petitions challenged rejection of input tax credit and the appellate orders affirming that rejection. The judicial caption begins with Sane Retails, CWJC 470/2024. For the factual discussion, however, the Court expressly selected Utkrisht Trade Solutions, CWJC 17914/2023, as the lead case. Utkrisht traded consumer goods, including electronic products and appliances. Its chronology records an inspection on 17 October 2022, document summons, notices, adjudication on 14 January 2023 and rejection of its appeal on 7 October 2023. Paragraph 3 identifies a disputed demand of Rs. 26,14,086. This is not a quantified award by the Court.

The petitioners said that they bought goods and instructed suppliers to deliver them directly to end customers, avoiding repeated transportation through the dealers' premises. They relied on transaction documents, payment of tax and suppliers' remittance of that tax. The State maintained that physical movement to the dealer was necessary and disputed the sufficiency of the contractual documentation. The central issue was whether Section 16(2)(b) invariably required physical receipt by the dealer, or permitted the claimed delivery arrangement to satisfy deemed receipt.

Pinpoint: Judicial caption, physical pp. 3–16; paragraphs 1–10, physical pp. 20–29; issue stated at paragraph 16, physical p. 38.

02 Discussion by Hon'ble Court

The Court rejected an inflexible requirement that purchased goods must physically pass into the dealer's possession. It read Section 16(2)(b) with its Explanation: delivery by the supplier to another person on the registered person's direction, given before or during movement, may constitute deemed receipt, including through transfer of documents of title or otherwise. Receipt remains necessary; physical possession at a particular place is not its sole permissible form. The Court also referred to Circular No. 241/35/2024-GST dated 31 December 2024.

02 Discussion by Hon'ble Court

This interpretation does not dispense with proof of the transaction or the remaining conditions for credit. Paragraph 19 expressly preserves the requirements of Sections 16 and 17, including business use. Paragraph 20 directs examination of the agreement or memorandum of understanding between dealer and supplier, the instructions and information concerning the end consumer, and whether the goods were actually delivered as claimed.

The Court distinguished Aastha Enterprises because supplier non-payment of tax was involved there, whereas the supplier's remittance was stated and not disputed here. It reproduced the evidentiary burden discussion in Ecom Gill Trading under the Karnataka VAT Act, then required the assessing officer to re-examine the asserted documentary material in this GST delivery arrangement. SAJ Food Products concerned alternative remedy and deposit issues rather than this interpretation of receipt. These distinctions do not overrule those authorities or make invoices alone conclusive.

Although paragraph 16 contains language favourable to ITC entitlement, it must be read with the express documentary conditions and remand in paragraphs 20–23. The judgment is not an unconditional allowance of the claimed credit.

Pinpoint: Paragraphs 13–21, physical pp. 30–43; particularly paragraphs 17–20, physical pp. 38–42. The Ecom Gill quotation is in the Court's paragraph 14, physical p. 35; its internal paragraph number 15 is not the numbering of this judgment.

03 Judicial decision and operative relief

For the factual lead case, Utkrisht CWJC 17914/2023, the Court set aside the orders dated 14 January 2023 and 7 October 2023 and remanded the matter to the Deputy Commissioner of State Tax, Patliputra Circle, Central Division, Patna. The fresh exercise was limited to examining the memorandum of understanding or agreement with the supplier and material concerning delivery to the end consumer, directly or through a transporter, on the dealer's instructions. If the material supported the petitioner, its grievance was to be redressed in accordance with law. If the petitioner failed to establish that delivery with documentary proof, paragraph 22 required a detailed speaking order after detailed notice and receipt of its explanation. The exercise was to be undertaken within six months of receipt of a copy of the judgment, with the petitioner's cooperation.

Paragraph 23 applied the common remand to the other 24 listed petitions, including Sane Retails and Bathla Teletech: their impugned orders were also set aside, and favourable relief depended on the documentary examination, within six months of receipt of the judgment copy. The six-month period is tied to receipt, not automatically to 11 April 2025. The Court did not quantify or direct an automatic ITC credit or cash refund.

Pinpoint: Paragraph 22, physical pp. 43–44, for CWJC 17914/2023; connected-case list and paragraph 23, physical pp. 44–45, for the remaining petitions.

04 In favour of

The petitioners on rejection of an inflexible physical-possession condition and on quashing/remand. Final ITC relief remained conditional on verification of the delivery arrangement and supporting material; this was not an unconditional merits award.

One common judgment covering 25 connected writs. The challenged orders were set aside with conditional reconsideration by the tax authority. Three later same-party procedural orders were separately verified, but their relationship to this remand and current appellate or compliance status remain unestablished.

Pinpoint: Paragraphs 22–23, physical pp. 43–45; bounded treatment-check limitations below.

05 AKHB REVIEW POINT

AKHB analysis: For direct-to-customer or bill-to/ship-to arrangements, assemble a transaction-level chain linking the purchase invoice, dealer's delivery direction, contractual understanding, transport or title documents, customer receipt and corresponding onward sale. Explain the actual business model rather than relying on its label. The decision removes a rigid physical-possession objection but leaves proof of receipt and the other statutory conditions in place.

Separate the physical-receipt issue from supplier tax payment, invoice/return requirements, business use and blocked credits. Apply the statutory version relevant to the tax period; the judgment's general discussion of return forms is not a substitute for that exercise. Its paragraph 18 refers to refund procedure, but the operative relief here is a remand concerning disputed ITC, not a direction that ordinary avilment of credit requires a refund application.

For remand work, retain proof of when the authority received the judgment and map each document to the confined enquiry. Obtain the fresh departmental order and any later court orders before assuming that credit has been allowed, recovery protection continues, or these proceedings are over. These are practical recommendations, not additional judicial findings.

Pinpoint: AKHB commentary based on paragraphs 13–23, especially the documentary enquiry in paragraphs 20, 22 and 23. Recommendations are distinct from the Court's holding.

Sources and limitations

Relevant provisions

CGST Act 2017: Section 16(1), Section 16(2)(b) and its Explanation, and Section 16(2)(c); Sections 17, 31, 35 and 155 are relevant to the Court's discussion. CGST Act Sections 37, 38, 39 and 54 appear in its general ITC/refund discussion; Sections 67, 70, 73(1), 73(9), 79 and 107 appear in the factual chronology. Bihar GST Act 2017: Section 16(2), including the receipt issue under Section 16(2)(b), is identified in paragraphs 1 and 3. CGST Rules 2017: Rule 36 is discussed; Rule 89 appears in the refund discussion and Rule 142(2A) in the chronology. Karnataka VAT Act 2003: Section 70 appears only within the Ecom Gill quotation concerning burden of proof. Circular No. 241/35/2024-GST dated 31 December 2024 is considered by the Court; Circular No. 3/1/2018-IGST dated 25 May 2018 and Circular No. 61/35/2018-GST dated 4 September 2018 are recorded as petitioner submissions.

Statutory note

Checked 13 October 2026. India Code's CGST Act compilation, labelled as on 11 June 2026, confirms the deemed-receipt Explanation at physical p. 30 and the claimant's burden under Section 155 at p. 118. Its footnotes record substitution of the Explanation effective 1 February 2019, insertion of clause (aa) effective 1 January 2022, and insertion of clause (ba) effective 1 October 2022. The goods-delivery provision must be applied with the period-specific conditions. The compilation also records omission of the reference to Section 43A in Section 16(2)(c) effective 1 October 2022 and omission of Section 35(5) effective 1 August 2021. The judgment's reproduced older wording is not presented here as the current text of those provisions.

The complete five-page official Circular No. 241/35/2024-GST was separately read and viewed. Paragraphs 3–3.2.1 explain deemed receipt; paragraphs 3.3–3.4 address Ex-Works arrangements involving delivery and transfer of property at the supplier's premises. Paragraphs 3.5–3.6 preserve business-use and other Section 16/17 conditions, including the treatment of goods lost, stolen, destroyed, written off or given away. This circular is not a blanket dispensation from documentary proof or all ITC restrictions.

For the Bihar GST Act, the official enacted 2017 Gazette text at physical p. 17, printed p. 155, independently confirms the goods-delivery deeming provision. That is a historical enactment check, not a comprehensive Bihar amendment or commencement audit. The later India Code Bihar compilation could not be fully retrieved in this check. Rules and the two 2018 circulars mentioned in submissions were not separately reviewed for all amendments or current operation.

Treatment note

Checked 13 October 2026. Bounded searches used Sane Retails, Bathla Teletech, Utkrisht Trade Solutions, CWJC 470/2024 and CWJC 17914/2023 with appeal, review, stay and Supreme Court terms, including official court domains. No direct appellate reversal, stay or review modification of this common judgment was primary-verified in the returned material. This is a limited search result, not a finding that no later order exists. The official order search for CWJC 470/2024 returned 12 interlocutory entries dated 15 January 2024 to 27 March 2025; it did not include the separately verified 11 April judgment, so that returned list is not treated as a complete procedural history.

Later same-party proceedings were independently checked through the official case-number order form. CWJC 15483/2025 returned three orders, dated 15 October, 27 November and 9 December 2025, all before Rajeev Ranjan Prasad and Sourendra Pandey JJ. The 15 October order permits Sane to add a challenge to a 9 October 2025 DRC-07 assessment for FY 2019–20. The 27 November order merely relists the stay hearing. The 9 December common order, with eight connected Sane/Utkrisht writs, records a 10% demand deposit and directs no coercive action in the meantime pending the scheduled hearing. It also permits Utkrisht, CWJC 17559/2025, to challenge an 8 October 2025 assessment for FY 2020–21. These are procedural/interim orders, not final determinations of ITC.

None of those three orders cites the 11 April 2025 common judgment or conclusively identifies the challenged assessments as orders implementing its remand. They establish later litigation involving the parties, not an appellate reversal or verified completion of this remand. No later entry appeared in the three-order result for CWJC 15483/2025, but that result alone does not establish present pendency or continuing interim protection. A further Shreyash Retail CWJC 18017/2025 lead dated 12 January 2026 remained secondary-only and is not used for a relief or status conclusion. No exhaustive citator, all-connected-writ registry or departmental compliance search is claimed.

Scope of source review

All 45 physical pages of the retained official PDF were fully read and individually visually inspected. Physical pp. 1–2 are editorial headnotes; the judicial document is physical pp. 3–45, numbered 1–43. Paragraph references in this note refer to the Court's own numbering. The complete five-page 2024 circular was separately read and viewed. The CGST compilation and historical Bihar enactment were

checked only at the identified provisions/pages. The three later official orders in CWJC 15483/2025 (three, one and six pages respectively) were each read in full and all ten pages individually viewed.

Source notes

The official eILR copy used here carries reporter citation 2025(4) eILR(PAT) HC 1812 and an editorial Bathla Teletech/CWJC 17613/2023 heading. The judicial caption instead begins with Sane Retails/CWJC 470/2024, while paragraph 2 chooses Utkrisht/CWJC 17914/2023 for the factual lead. These are parts of the same common judgment, not three separate judgments. No neutral citation is stated. The judicial captions contain minor party-name variants, including Bathla Telectech in CWJC 17636/2023 and Utkrisht Trade Solution in CWJC 17914/2023. The judgment is marked AFR, shows CAV date 27 March 2025, and is dated and uploaded 11 April 2025.

Paragraphs 22–23 literally say “Rule 16 (2) (b) of the CGST Act”. That drafting label is retained here as a source caveat; the provision interpreted throughout the reasons is Section 16(2)(b). Paragraph 12’s general IGST description is not relied upon for any legal proposition in this note. The chronology lists Rs. 26,14,086, Rs. 7,45,014 and Rs. 2,61,410 without expressly labelling the latter two components; they are not independently classified or aggregated here. The underlying invoices, agreements, notices and departmental orders were not separately obtained.

The freshly fetched official PDF has the same 45 pages and identical extracted text and rendered pixels on every page, but different file bytes. The retained original hash is preserved as the source identity. Cryptographic signature validation is not claimed. Unnecessary personal addresses and registration details are omitted.

Primary source

Source description: Complete official 45-page eILR PDF: two editorial pages followed by the 43-page common judgment. Fresh official copy has identical page text and rendered pixels, although its file hash differs.

Official source: [Open source document](#)

Source pages: 45

Judgment author: P. B. Bajanthri, J. (CAV judgment)

Outcome type: final quashing with conditional itc remand

Additional source

Official Circular No. 241/35/2024-GST dated 31 December 2024

Official source: [Open source document](#)

Pinpoint: Complete five pages read and viewed; paragraphs 3–3.6, physical pp. 2–5. Checked 13 October 2026.

India Code CGST Act compilation as on 11 June 2026

Official source: [Open source document](#)

Pinpoint: Physical p. 30, Section 16 and amendment footnotes; p. 45, Section 35(5) omission footnote; p. 118, Section 155. Targeted official indexed-text check on 13 October 2026; binary download timed out.

Bihar GST Act 2017 enacted Gazette text hosted by GST Council

Official source: [Open source document](#)

Pinpoint: Physical p. 17, printed p. 155, Section 16(1), Section 16(2)(b) and its original Explanation. Historical text read and viewed on 13 October 2026; not a current consolidated-law certification.

Patna High Court official order search by case number

Official source: [Open source document](#)

Pinpoint: Official returned lists checked 13 October 2026: CWJC 470/2024 returned 12 interlocutory entries; CWJC 15483/2025 returned three entries. The original list omits the separately verified judgment, so no completeness claim is made.

Patna High Court official main-case status search

Official source: [Open source document](#)

Pinpoint: Search form accessed 13 October 2026; no case-specific case-status record was submitted or obtained. The distinct official order-search form was used for the returned order lists.

Patna High Court later same-party order dated 15 October 2025

Official source: [Open source document](#)

Pinpoint: CWJC 15483/2025. Paragraphs 2–4 and 8–9, physical pp. 1–3: amendment to challenge FY 2019–20 assessment; interim request deferred. Complete order read and viewed; checked 13 October 2026.

Patna High Court later same-party order dated 27 November 2025

Official source: [Open source document](#)

Pinpoint: CWJC 15483/2025. Paragraphs 1–2, single page: relisting of the stay hearing; no merits determination. Complete order read and viewed; checked 13 October 2026.

Patna High Court later same-party order dated 9 December 2025

Official source: [Open source document](#)

Pinpoint: CWJC 15483/2025 and connected matters. Paragraphs 6–8 and 9–13, physical pp. 4–6: listing, deposit, interim no-coercion direction and Utkrisht amendment. Relationship to April remand not established. Complete order read and viewed; checked 13 October 2026.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary sources. No human legal review is claimed.

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Source checked: 13 October 2026

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