

M/s K-NXT Logisticx Private Limited v. Union of India and Another

Case number: W.P.(C) 3713/2025 with CM APPL. 17335/2025

Citation: 2025:DHC:3988-DB

Decision date: 15 May 2025

A departmental opinion alone did not justify withholding an appellate refund

Court: Delhi High Court

Bench: Hon'ble Ms. Justice Prathiba M. Singh and Hon'ble Mr. Justice Rajneesh Kumar Gupta

Decision stage: Final High Court refund-enforcement decision; refund remains subject to the result of any departmental appeal. No later order appeared in the exact writ's official order list at the check date; actual payment and exhaustive appellate status remain unverified.

01 Facts of case and issues

K-NXT, a freight-forwarding service provider serving Indian and overseas clients, sought release of Rs. 19,09,038 in unutilised input-tax credit for January 2023, with Section 56 interest. It applied on 7 April 2023, received a show-cause notice dated 30 May 2023 and submitted an online reply. The Assistant Commissioner rejected the claim on 12 June 2023.

The appellate authority allowed the claim on 16 January 2024, but subsequent representations did not secure payment. The Department relied on a Section 54(11) order withholding processing and sanction until appellate finality, alleging that payment would prejudice revenue because of malfeasance. The writ questioned withholding despite the favourable appellate order.

Pinpoint: Paragraphs 2–6, physical pp. 1–3; appellate operative extract: paragraph 4, p. 2; withholding extract: paragraph 6, pp. 2–3.

02 Discussion by Hon'ble Court

The Court applied Shalender Kumar, decided on 3 April 2025. Its reproduced reasoning treated the Department's opinion as insufficient on its own where the appellate refund order had not been challenged in pending proceedings. The passage also reproduced G.S. Industries: an operative appellate order could not be disregarded merely because Revenue considered it erroneous and intended to appeal.

K-NXT's own paragraph 8 applied that principle to the withholding before it. The decision enforced the existing appellate entitlement; it did not independently resolve freight-forwarding classification, the underlying ITC eligibility dispute or the truth of the Department's malfeasance allegation.

The distinction between the judgment's own reasoning and its quotations matters. Paragraphs 12–17 appearing inside paragraph 7 belong to Shalender Kumar; the further numbered extract belongs to G.S. Industries. Their procedural histories and directions cannot automatically become K-NXT's. In particular, the two-month processing direction occurs within the Shalender quotation. K-NXT's operative paragraphs 8–10 do not prescribe that deadline.

Pinpoint: Paragraph 7, physical pp. 3–6, reproducing Shalender Kumar paragraphs 12–17 and the nested G.S. Industries extract; this judgment's own paragraphs 8–10, p. 6.

03 Judicial decision and operative relief

The Court directed release of the refund with statutory interest and disposed of the petition and pending applications. If the Department filed an appeal against the appellate authority's order, refund processing would remain subject to its result. No interest rate, computed interest sum or separate payment deadline was fixed in K-NXT's operative directions.

Pinpoint: Paragraphs 8–10, physical p. 6; Section 56 interest prayer: paragraph 2, p. 1.

04 In favour of

Taxpayer, on enforcement of the appellate refund with statutory interest, subject to any departmental appeal's result.

Refund-enforcement relief was granted without remanding eligibility for fresh adjudication. The order does not establish actual disbursement or immunity from a successful departmental challenge.

Pinpoint: Paragraphs 8–10, physical p. 6.

05 AKHB REVIEW POINT

AKHB analysis: Retain the refund application, appellate order, representations and complete withholding order. Verify the actual pending proceeding, its connection to the refund, the Commissioner's reasons and the opportunity of hearing. Section 54(11) also covers independently pending proceedings; the later Devi Electronics decision upheld withholding founded on an existing investigation and supporting material. It is contextual authority, not an identified appeal from K-NXT.

Separate enforcement from underlying credit eligibility. Calculate lawful interest using the applicable provisions, dates and notifications; do not substitute a guessed rate or the quoted precedent's deadline. Confirm payment and check current appellate orders before advising that the matter is concluded.

Pinpoint: AKHB commentary based on paragraphs 2–9, CGST Sections 54(11) and 56, and Devi Electronics paragraphs 14–17 and 25–32. These are practical checks, not additional directions in K-NXT.

Sources and limitations

Relevant provisions

Constitution of India Article 226; CGST Act 2017 Sections 54(11) and 56; Section 107(12) in the quoted appellate disposition. Contextual statutory check: Section 54(12).

Statutory note

Section 54(11) expressly includes an appeal or further proceedings concerning the refund order, or other pending proceedings under the Act, together with the Commissioner's opinion of revenue prejudice on account of malfeasance or fraud and an opportunity of hearing. It is not a universal requirement that an appeal and judicial stay exist in every withholding case. Section 54(12) separately addresses interest after withholding under subsection (11); K-NXT itself sought Section 56 interest and awarded statutory interest without resolving a rate or calculation. Section 56 contains the delayed-refund framework, a distinct final-order proviso and the deeming explanation for appellate refund orders. Its principal computation wording changed from 1 October 2023; no retroactive computation is attempted here. Section 107(12), cited in the appellate extract, requires a written, reasoned appellate disposition; it is not a separate interest-rate provision.

Treatment note

Checked 13 October 2026. The official Delhi High Court case-number result for W.P.(C) 3713/2025 identified these parties, showed DISPOSED and Next Date NA, and returned three orders: 25 March, 1 April and 15 May 2025. No later order appeared in that exact docket's returned list. Bounded official-domain searches for the party spelling, K NXT variant, case number and neutral citation did not identify a later K-NXT appellate, review, contempt or implementation decision. This is not a finding that no separate proceeding or departmental appeal exists; payment records and comprehensive Supreme Court/GSTAT docket clearance were not obtained. Separately, Devi Electronics, 2026:DHC:8551-DB, decided 1 October 2026, recognised the independent pending-proceedings limb of Section 54(11), the requisite Commissioner opinion after hearing, and the absence of a universal separate-stay requirement. It sustained withholding supported by a pre-existing investigation while preserving further contentions before GSTAT. It expressly discusses Alex and other authorities, not K-NXT, and is not recorded here as reversing this judgment.

Scope of source review

All six original K-NXT pages fully read and individually viewed, including the complete nested quotations. The historical official CBIC CGST compilation was reviewed only at physical pp. 91–92, 94–95 and 133, all individually read and viewed, for the identified provisions. Official CBIC indexed Section 56 text/amendment footnote and Section 107(12) were checked; direct section-page opening timed out. Devi Electronics was reviewed for identity, targeted Section 54(11) reasoning and relief at physical pp. 1, 10–11 and 17–20, individually read and viewed; related extracted passages supplied context. No full twenty-page visual review of Devi or entire statutory-compilation review is claimed. The exact K-NXT official case-status box and three-entry order list were inspected; the two earlier procedural orders were not separately reviewed.

Source notes

The neutral citation appears in the page image and official portal record although absent from extracted body text. The decision date is 15 May 2025; signature artwork is dated 19 May 2025. Paragraph 6 describes the Department's action as reversal, but the reproduced order withholds processing and sanction; this note does not treat that wording as a judicial reversal of the appellate allowance. The

withholding extract contains visibly garbled dates and identifiers; the appellate date is taken from the Court's own paragraph 4 narrative, not silently reconstructed from that extract. The independent appellate and withholding originals were not obtained. The two-month direction and the nested G.S. Industries facts belong to quoted precedents. Fresh official K-NXT and Devi PDFs byte-match the retained originals. Cryptographic signature validation was not performed.

Primary source

Source description: Complete six-page official Delhi High Court judgment; retained original unchanged and fresh official PDF byte-matched.

Official source: [Open source document](#)

Source pages: 6

Judgment author: Prathiba M. Singh, J. (oral judgment)

Outcome type: final high court merits

Additional source

CGST Act, official CBIC compilation as at 1 January 2022

Official source: [Open source document](#)

Pinpoint: Physical pp. 91–92 (printed 90–91): Section 54 context, especially (11)/(12); pp. 94–95 (printed 93–94): historical Section 56 and explanation; p. 133 (printed 132): Section 107(12). Targeted historical check, not a current complete consolidation.

CBIC Tax Information Portal: CGST Section 56

Official source: [Open source document](#)

Pinpoint: Official indexed text of Section 56, proviso, explanation and amendment footnote effective 1 October 2023. Direct page opening timed out; indexed text checked. No rate or case-specific computation adopted.

CBIC Tax Information Portal: CGST Section 107

Official source: [Open source document](#)

Pinpoint: Official indexed subsection (12), requiring a written appellate order identifying the points, decision and reasons. Direct page opening timed out. Later amendments to other subsections are not attributed to this judgment.

Delhi High Court official case-number order search

Official source: [Open source document](#)

Pinpoint: W.P.(C), case 3713, year 2025: party identity/status result and three returned orders ending 15 May 2025, checked 13 October 2026. Separate proceeding and payment status not certified.

Delhi High Court: Devi Electronics, W.P.(C) 15557/2024, 1 October 2026

Official source: [Open source document](#)

Pinpoint: 2026:DHC:8551-DB; paragraphs 13–17, pp. 10–11, and paragraphs 25–32, pp. 17–20. Targeted later contextual authority on independently justified Section 54(11) withholding; not direct treatment or reversal of K-NXT.

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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