

Matrix Cellular (International) Services Pvt. Ltd. v. The Principal Commissioner State Tax Delhi and Another

Case number: W.P.(C) 5088/2024 and CM APPL. 30873/2025

Citation: 2025:DHC:4326-DB

Decision date: 20 May 2025

Cash-ledger refund: delayed repayment, withdrawal-period exclusion and conditional default interest

Court: Delhi High Court at New Delhi

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

Decision stage: Final High Court bank-refund and interest directions; review relief refused on 4 July 2025 and the taxpayer's special-leave petitions dismissed on 21 September 2026. No compliance finding is made.

01 Facts of case and issues

Matrix, registered as an Input Service Distributor, inadvertently deposited Rs. 3,39,79,974 into its electronic cash ledger between August 2017 and January 2018. Its 12 April 2018 refund application resulted in a ledger debit, but no bank credit. Following a deficiency memo, Matrix withdrew its application in March 2020. The money remained uncredited.

The Department invoked the historical physical-filing procedure and offered ledger re-credit, disputing interest. Matrix's first evidenced written follow-up was dated 29 August 2023. After court-facilitated production of documents in May 2025, the Department still sought a fresh application. The Court considered both refund entitlement and the interest period.

Pinpoint: Paragraphs 2–9, physical/printed pp. 1–5; questions: paragraph 10, p. 5; written follow-up: paragraph 12, p. 6.

02 Discussion by Hon'ble Court

The Court discussed Rules 89, 90 and 93 and found that the Department had failed to scrutinise the application and communicate deficiencies within the prescribed timetable. Its analysis used 3 March 2020 as the deficiency date. The Department's own willingness to re-credit the sum supported the conclusion that it could no longer retain the money.

Paragraph 13 quotes paragraphs 31–33 of Bansal International on Section 56: ordinary 6% interest after sixty days and a distinct 9% regime for qualifying delayed consequential refunds. Those are Bansal's paragraph numbers. Matrix did not award 9%; it applied a tailored 6% award while excluding the withdrawn-claim interval. The Court also noted the absence of written follow-up until August 2023.

Pinpoint: Matrix paragraphs 10–16, pp. 5–9; Bansal quotation within Matrix paragraph 13, pp. 6–8; Bansal original paragraphs 31–33, pp. 23–25.

03 Judicial decision and operative relief

The Department was directed to credit Matrix's bank account by 30 May 2025 with Rs. 3,39,79,974 and 6% interest for two specified periods: 11 June 2018–2 March 2020 and 29 August 2023–20 May 2025.

No interest was payable for 3 March 2020–28 August 2023, particularly because Matrix had withdrawn its application. If the directed credit was not made, interest would be payable at 18% per annum from 1 June 2025. The petition and pending applications were disposed of. The order does not specify an interest award for 21–31 May 2025.

Pinpoint: Paragraphs 16–19, physical/printed p. 9. The dates are reproduced exactly from the operative directions.

04 In favour of

Taxpayer on bank refund and specified interest; Revenue succeeded in excluding interest for 3 March 2020–28 August 2023.

This was an operative bank-payment direction, rather than a remand or acceptance of ledger re-credit alone. Relief was mixed on interest: Matrix did not receive its requested continuous interest period. The 18% rate was a conditional direction for non-compliance, not the generally notified Section 56 rate.

Pinpoint: Paragraph 4 prayer, p. 2; Department's position in paragraphs 6–7, pp. 3–4; paragraphs 17–19, p. 9.

05 AKHB REVIEW POINT

AKHB analysis: Reconcile cash deposits, refund ARN, ledger debits, withdrawal documents, dated follow-ups and actual bank credit. Withdrawal and undocumented pursuit can materially affect interest relief. Keep cash-ledger refund distinct from encashment of unutilised ITC. Before making a fresh claim, establish whether the original debit was restored and preserve proof of any physical submission.

Calculate the Court's two windows separately, preserving the excluded interval and conditional default trigger. Do not fill the unstated May gap or treat 18% as an automatic statutory entitlement. Verify subsequent orders and compliance before claiming a payable balance. For other claims, check the applicable filing-era procedure and cash-ledger-specific rules; the statutory qualifications below matter.

Pinpoint: AKHB commentary based on paragraphs 3–12 and 16–18; CGST Rules 90(1)–(3), 93 and the identified historical circulars. This is practical analysis, not additional judicial relief.

Sources and limitations

Relevant provisions

Constitution Article 226; CGST Act Sections 54 and 56, including Section 56 proviso and Explanation through Bansal International; CGST Rules 89, 90 and 93; Circular 17/17/2017-GST. Contextual checks: Circulars 24/24/2017-GST and 125/44/2019-GST; Notifications 13/2017, 15/2021, 28/2023 and 38/2023-Central Tax; CGST Rule 94(2).

Statutory note

The judgment's general discussion of fifteen-day scrutiny and Rule 93 must be read carefully: Rule 90(1) separately addresses cash-ledger refund acknowledgement; Rule 90(2)'s express fifteen-day scrutiny concerns other refunds. Rule 93's text concerns re-credit to the electronic credit ledger. The Court nevertheless ordered bank repayment on these facts. Rule 90(5)–(6), providing withdrawal in RFD-01W and restoration to the debited ledger, was inserted by Notification 15/2021 after the March 2020 withdrawal; it is not silently applied retrospectively here. Circular 17 originally concerned zero-rated supplies; Circular 24 extended its filing/processing method to excess cash-ledger balances. Circular 125 superseded the earlier circulars but expressly preserved their procedure for applications filed before 26 September 2019, relevant context for this April 2018 claim. These contextual circulars were not discussed in the judgment. Notification 13/2017 fixes the Central Section 56 rates at 6% and 9%; it does not establish the Court's conditional 18% rate. Section 56's computation wording and Central Rule 94(2) changed from 1 October 2023, addressing specified response and bank-detail delays. Matrix does not analyse those amendments or corresponding Delhi amendments; do not generalise its exclusion as their interpretation.

Treatment note

Checked 13 October 2026 (UTC). The official 4 July 2025 order in Review Petition 358/2025 records Matrix's request for interest for 3 March 2020–28 August 2023. The same High Court bench found no error or apparent mistake, held review not maintainable and disposed of it without granting relief (paragraphs 2–5, pp. 1 and 6). In SLP(C) 23802–23803/2025, arising expressly from both High Court decisions, the Supreme Court issued notice on 4 September 2025. On 21 September 2026, Manoj Misra and Vijay Bishnoi JJ. declined interference under Article 136 and dismissed the special-leave petitions; pending applications were disposed of. The one-page dismissal gives no substantive analysis of refund law and is not presented as endorsement of every High Court proposition. These official orders establish the identified review and SLP outcomes. This is not an exhaustive citator check; payment compliance and any further proceedings remain unverified.

Scope of source review

All nine original judgment pages fully read and individually visually inspected. Bansal original paragraphs 31–33 on pp. 23–25 were separately read and visually checked. Targeted supplementary review: CGST 2021 Rules compilation physical pp. 103–104 and 107; historical CGST Act physical pp. 89–91 and 94–95; Circular 17 pp. 1–2, Circular 24 pp. 1 and 4, Circular 125 pp. 1–2; Notification 13/2017 p. 1, Notification 15/2021 p. 1, Notification 28/2023 p. 1 and Notification 38/2023 p. 5. Current official indexed Section 56 and Rules 89, 90 and 93 text also checked. No whole-compilation or exhaustive citator review is claimed. The complete six-page 4 July 2025 review order and complete one-page Supreme Court orders dated 4 September 2025 and 21 September 2026 were also read and individually visually inspected.

Source notes

The court caption and every running case-number footer identify W.P.(C) 5088/2024; the collection filename contains 2025 and is only an archive identifier. The neutral citation appears visually beside the QR code but is absent from extracted text. Decision date is 20 May 2025; digital-signature artwork shows 26 May. Paragraph 6 recites a deficiency memo on 19 February 2020 and withdrawal on 16 March; paragraphs 4, 11–12 and the quoted affidavit identify the memo as 3 March, and paragraph 12 states withdrawal on 17 March. The operative exclusion starts 3 March. These inconsistencies are preserved, not resolved by invention. Paragraph 2's ARN differs from the prayer's AA0704180207738; no unverified ARN is adopted. The counter-affidavit amount in words omits "nine" after "seventy", whereas its figures and components match the operative Rs. 3,39,79,974. Court-selected interest dates are not recomputed. Fresh official retrieval on 13 October 2026 exactly matches the archived original SHA-256 and 528,099-byte length. Cryptographic signature validation of the May High Court judgment was not performed. The Supreme Court dismissal's hearing/order date is 21 September 2026; its signature date is 22 September. The order date controls the treatment description.

Primary source

Source description: Complete official Delhi High Court judgment; original nine-page PDF preserved byte-for-byte.

Official source: [Open source document](#)

Source pages: 9

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

Outcome type: final high court merits

Additional source

Delhi High Court: Bansal International, 21 November 2023

Official source: [Open source document](#)

Pinpoint: 2023:DHC:8344-DB; W.P.(C) 11629/2023; paragraphs 31–33, physical/printed pp. 23–25, separately verified in the original judgment.

CGST Rules, official compilation as at 1 June 2021

Official source: [Open source document](#)

Pinpoint: Physical pp. 103–104 / printed pp. 100–101: Rule 90; physical p. 107 / printed p. 104: Rules 93–94. Historical compilation, not a complete current consolidation.

CGST Act, official CBIC compilation as at 1 January 2022

Official source: [Open source document](#)

Pinpoint: Physical pp. 89–90 / printed pp. 88–89: Section 54(1), (4)–(7); physical pp. 94–95 / printed pp. 93–94: Section 56. Historical wording distinguished from October 2023 amendment.

Circular 17/17/2017-GST, 15 November 2017

Official source: [Open source document](#)

Pinpoint: Physical pp. 1–2: zero-rated-supply scope and paragraphs 2.3–2.4 on historical manual submission.

Circular 24/24/2017-GST, 21 December 2017

Official source: [Open source document](#)

Pinpoint: Physical p. 1, paragraph 1(iii): extension to cash-ledger refunds; p. 4, paragraph 7: cash-ledger debit and adoption of Circular 17 procedure.

Circular 125/44/2019-GST, 18 November 2019

Official source: [Open source document](#)

Pinpoint: Physical pp. 1–2, paragraphs 1–4: electronic system and express preservation of earlier procedures for pre-26 September 2019 applications.

Notification 13/2017-Central Tax, 28 June 2017

Official source: [Open source document](#)

Pinpoint: Physical p. 1, entries 4–5: Section 56 rates of 6% and 9%.

Notification 15/2021-Central Tax, 18 May 2021

Official source: [Open source document](#)

Pinpoint: Physical p. 1, rule 2(ii): insertion of Rule 90(5)–(6), after this case’s March 2020 withdrawal.

CBIC Tax Information Portal: Section 56

Official source: [Open source document](#)

Pinpoint: Official indexed full section and amendment footnote checked 13 October 2026; computation wording effective 1 October 2023. Direct web rendering returned an internal error.

Notification 28/2023-Central Tax, 31 July 2023

Official source: [Open source document](#)

Pinpoint: Physical p. 1, clause (a): commencement of Finance Act 2023 Section 147 within the specified group on 1 October 2023.

Notification 38/2023-Central Tax, 4 August 2023

Official source: [Open source document](#)

Pinpoint: Physical p. 5, amending rule 14: insertion of Rule 94(2), effective 1 October 2023.

Delhi High Court: Review Petition 358/2025 in W.P.(C) 5088/2024, 4 July 2025

Official source: [Open source document](#)

Pinpoint: Complete six-page official order; paragraph 2, p. 1: excluded-period interest sought; paragraphs 4–5, p. 6: no apparent error; review not maintainable and disposed of.

Supreme Court: Matrix Cellular, SLP(C) 23802–23803/2025, 4 September 2025

Official source: [Open source document](#)

Pinpoint: Complete one-page record: identifies both impugned High Court orders and issues notice.

Supreme Court: Matrix Cellular, SLP(C) 23802–23803/2025, 21 September 2026

Official source: [Open source document](#)

Pinpoint: Complete one-page record, paragraphs 1–2: refusal to interfere under Article 136; special-leave dismissal and disposal of pending applications. No substantive refund-law reasoning.

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