

Navnit Motors Pvt. Ltd. v. Commissioner of CGST & Central Excise, (Appeals-III), Mumbai & Anr.

Case number: Writ Petition No. 2345 of 2025

Citation: 2025:BHC-OS:10879-DB

Decision date: 14 July 2025

Credit-ledger GST appeal pre-deposit and binding jurisdictional precedent

Court: Bombay High Court

Bench: Hon'ble Mr. Justice M. S. Sonak and Hon'ble Mr. Justice Jitendra Jain

Decision stage: Final High Court ruling that the credit-ledger pre-deposit complied with Section 107(6), with appellate rejection quashed and appeal restored for adjudication of the underlying tax merits.

01 Facts of case and issues

Navnit Motors challenged the appellate order dated 18 March 2025 rejecting its GST appeal because the ten per cent pre-deposit had been paid using input tax credit (ITC). The authority treated that route as non-compliance with Section 107(6) of the CGST Act. It gave no notice or hearing on the proposed rejection.

The High Court entertained the writ because the Tribunal was then not functioning and natural justice had been breached. The issues were whether the credit-ledger deposit was valid and whether the authority could disregard Bombay's Oasis Realty decision in favour of the contrary Patna ruling in Flipkart.

Pinpoint: Original pp. 1–3, paragraphs 3–9.

02 Discussion by Hon'ble Court

The Bench found an independent natural-justice defect: given Oasis Realty, the authority should at least have notified the taxpayer before rejecting the appeal on deposit grounds. It also decided the substantive legal issue. Oasis Realty allowed the disputed-tax pre-deposit through the electronic credit ledger and bound the authority within Bombay's jurisdiction. Selecting a contrary non-jurisdictional High Court decision breached judicial discipline.

Revenue sought reconsideration, arguing that Section 49(4) and Rule 86(2) restricted credit to output-tax liabilities. The Bench held that Oasis Realty had considered those provisions and the CBIC circular dated 6 July 2022. It declined a larger-bench reference. Counsel's admission that Oasis Realty had not been challenged was recorded as part of that hearing.

The authority had also ignored the Supreme Court's 4 December 2023 stay of observations in paragraphs 77–78 of Flipkart. The Bench held that the stay's ex parte character did not diminish its binding authority. These reasons support the ledger-compliance determination; the judgment is not merely a direction to reconsider after notice.

Pinpoint: Original pp. 3–6, paragraphs 9–18; competing submissions at paragraphs 5–7, pp. 2–3.

03 Judicial decision and operative relief

The Court quashed the order dated 18 March 2025 and restored the appeal to the Appellate Authority. It expressly held that Navnit had complied with Section 107(6), following Oasis Realty, and directed disposal on merits in accordance with law. All parties' contentions on the underlying merits remained open. The rule was made absolute without costs; no refund, tax cancellation or disposal deadline was ordered.

Pinpoint: Original p. 6, paragraphs 19–22.

04 In favour of

Taxpayer on the validity of the credit-ledger pre-deposit and restoration of its appeal. The underlying tax dispute remained undecided.

Final relief on the disputed deposit route, followed by restoration for adjudication of the tax merits. No substantive tax or ITC-entitlement victory was awarded.

Pinpoint: Original p. 6, paragraphs 19–21.

05 AKHB REVIEW POINT

AKHB analysis: Preserve the ledger debit, appeal acknowledgement and demand breakup, and put the jurisdictional precedent and exact Supreme Court order before the authority. Separate the disputed-tax deposit from interest, penalty, fees and reverse-charge liabilities; this ruling does not authorise unrestricted credit use.

Check current appellate treatment before relying on the ledger rule. The related Flipkart challenge was admitted by the Supreme Court in May 2026 and its official docket remained pending when checked on 13 October 2026. That is separate litigation, not a verified appeal from Navnit or a final nationwide merits resolution.

Pinpoint: AKHB commentary based on paragraphs 9–20, the identified statutory/circular sources and the separate Flipkart records; not additional judicial directions.

Sources and limitations

Relevant provisions

CGST Act 2017 Sections 49(4) and 107(6); CGST Rules 2017 Rule 86(2); CBIC Circular 172/04/2022-GST dated 6 July 2022; Article 226 of the Constitution.

Statutory note

Circular 172/04/2022-GST, items 6–8 (pp. 5–6), addresses use of the credit and cash ledgers. It permits credit-ledger payment of output tax arising through returns or statutory proceedings, subject to utilisation rules; excludes reverse-charge tax, interest, penalty, fees and repayment of an erroneous cash refund from that route; and explains the broader cash-ledger route. It does not expressly mention Section 107 appeal pre-deposits. Navnit applies the judicial holding in Oasis Realty; the circular should not be represented as an express standalone pre-deposit permission.

India Code's CGST compilation, marked as on 11 June 2026, was checked on 13 October 2026 at physical pp. 51 and 85–86 for Sections 49 and 107. Section 49(4) retains conditions and restrictions on output-tax utilisation. Section 107(6)(a) separately addresses admitted dues; subsection (6)(b) prescribes ten per cent of disputed tax, currently subject to a Rs. 20 crore central-law ceiling. The penalty-only proviso was substituted with effect from 1 October 2025, after this judgment. Navnit does not decide credit use for that later proviso or Tribunal-stage deposits. The official 1 January 2022 rules compilation, physical p. 94/printed p. 91, confirms Rule 86(2)'s references to Sections 49, 49A and 49B; it is a historical compilation, not a claimed complete 2026 rules consolidation. This targeted check does not audit all subsequent notifications, ledger restrictions or state amendments. The statement about Tribunal non-functioning describes the judgment date, not present access to the Tribunal.

Treatment note

Checked 13 October 2026. Exact-party, case-number, neutral-citation and decision-date searches, including official Supreme Court and Bombay High Court domains, did not establish a direct appeal, stay, reversal or review of WP 2345/2025. The official Supreme Court party-name search was also used in the cloud browser: Any party, NAVNIT MOTORS, diary years 2025 and 2026, Pending and Disposed separately. Each of those four searches returned "No records found". These are bounded name/year/status results, not proof that no challenge was filed, and they do not cover every spelling, indexing delay or unuploaded order. A broader NAVNIT query for 2025 pending matters returned six records without this company as the displayed principal party; those unrelated-looking entries were not individually audited. An indexed SLP(C) 1741/2019 under the company's name predates this judgment and was not treated as its appeal.

The directly verified 4 December 2023 Supreme Court order in Flipkart, SLP(C) 25437/2023, stays observations in Patna paragraphs 77–78 pending disposal; it is not a final reversal or Supreme Court declaration accepting the credit-ledger route. The 22 May 2026 order grants leave in that petition and two connected diaries. Its separate dismissal of SLP(C) 324/2024 as infructuous does not dispose of Flipkart. The official diary 46593/2023 docket checked earlier on 13 October 2026 identifies pending Civil Appeal 8086/2026, registered 23 May 2026, with status "PENDING[] (Final Hearing) Not taken up/ Not Today-Ord dt:08-10-2026". Its 14 October 2026 listing field is prospective registry metadata. The newest order in the returned 17-entry set was 22 May 2026. That related proceeding remains a material caution when presenting this High Court ruling as settled nationwide law; no direct Navnit stay is established by it.

A secondary lead reports later reliance on Navnit in Bharat Sanchar Nigam Ltd., Writ Petition (L) 22302/2025, dated 3 September 2025; its official judgment was not independently obtained, so that reported treatment is not relied upon as verified authority. Nor were the restored appeal's eventual

disposal, every cited precedent, or every connected Supreme Court order independently audited for this note. Paragraph 17's recorded non-challenge of Oasis Realty is historical, not a present registry certificate. This is a dated, bounded treatment check, not an exhaustive citator.

Scope of source review

All six pages of the retained official Navnit judgment were read and individually visually inspected. The overlapping duplicate text layer was not treated as repeated judicial passages; caption, date, bench, paragraph numbering and operative words were checked against the page images. Two separate Flipkart Supreme Court orders (4 December 2023 and 22 May 2026), four pages in total, were fully read and visually checked. Circular 172/04/2022-GST was text-read; visual review and reliance were targeted to pp. 5–6. Rule 86(2) was checked on physical p. 94 of the historical rules compilation. India Code review was confined to the identified statutory text; no whole-compilation or visual statutory review is claimed.

Source notes

The corpus original has 62,669 bytes, a leading UTF-8 BOM and a duplicated overlapping text layer. Its exact original SHA-256 is retained and no repair, deduplication or re-export of the source PDF has been substituted. The full neutral citation is visibly printed on p. 1 even though another repeated footer/header version is clipped. The decision date is 14 July 2025; 18 March 2025 is the impugned appellate order's date. The judgment does not state the underlying tax period or demand/pre-deposit amount, and this note does not supply them from other litigation. Digital-signature cryptographic validity was not tested.

On 13 October 2026 the retained official download URL returned HTTP200 with a 145-byte HTML message stating that the order was not uploaded for WP/2345/2025, rather than a PDF. A web-tool lookup likewise produced no usable source. A fresh official Bombay party-order search was attempted in the cloud browser, but two CAPTCHA submissions were rejected; no replacement PDF was obtained. Consequently, current byte/text/raster identity could not be compared. The retained original and its 12 October 2026 official acquisition receipt remain the judgment source, and the failed fresh lookup is disclosed rather than described as a successful re-download.

Primary source

Source description: Official eCourts Bombay High Court judgment, retained original

Official source: [Open source document](#)

Source pages: 6

Judgment author: M. S. Sonak, J. (oral judgment)

Outcome type: final predeposit ruling with appeal restoration

Additional source

CBIC Circular 172/04/2022-GST dated 6 July 2022

Official source: [Open source document](#)

Pinpoint: Items 6–8, pp. 5–6; checked 13 October 2026.

India Code CGST Act compilation

Official source: [Open source document](#)

Pinpoint: Compilation marked as on 11 June 2026; targeted Sections 49 and 107, physical pp. 51 and 85–86; checked 13 October 2026.

CBIC CGST Rules compilation as amended to 1 January 2022

Official source: [Open source document](#)

Pinpoint: Historical Rule 86(2), physical p. 94/printed p. 91; checked 13 October 2026.

Supreme Court order in the separate Flipkart challenge, 4 December 2023

Official source: [Open source document](#)

Pinpoint: SLP(C) 25437/2023, p. 1; exact stay of Patna observations in paragraphs 77–78; checked 13 October 2026.

Supreme Court order in Flipkart and connected matters, 22 May 2026

Official source: [Open source document](#)

Pinpoint: Paragraphs 1–3, p. 2, grant leave; paragraphs 4–5, p. 3, separately dispose of SLP 324/2024; checked 13 October 2026.

Supreme Court official Flipkart docket, diary 46593/2023

Official source: [Open source document](#)

Pinpoint: Pending Civil Appeal 8086/2026; case details and returned order list checked 13 October 2026. Separate litigation, not a direct Navnit appeal.

Supreme Court official party-name search

Official source: [Open source document](#)

Pinpoint: NAVNIT MOTORS, Any party, diary years 2025 and 2026, Pending and Disposed separately; four dated no-record responses on 13 October 2026, subject to the stated limits.

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.

General disclaimer: For professional information only; not legal advice. Read the full judgment and applicable law, verify current appellate orders and obtain case-specific professional advice before acting.

©AKHB & Associates. This copyright notice applies to the original AKHB research note, analysis and presentation. It does not assert ownership of the judicial orders, judgments, legislation, circulars or other third-party source material. Rights in those sources remain with their respective rights holders, as applicable.

Copyright: ©AKHB & Associates

Source checked: 2026-10-13