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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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**Date of decision: 24.05.2021**

+ **W.P.(C) 5460/2021**

BLUEBLOOD VENTURES LIMITED

..... Petitioner

Through: Mr. Rohit Bohra, Advocate.

*versus*

DEPUTY COMMISSIONER OF INCOME TAX

..... Respondent

Through: Mr. Sanjay Kumar with Ms. Easha  
Kadiyan, Advocates.

**CORAM:**

**HON'BLE MR. JUSTICE RAJIV SHAKDHER**

**HON'BLE MR. JUSTICE TALWANT SINGH**

[Court hearing convened *via* video-conferencing on account of COVID-19]

**RAJIV SHAKDHER, J.: (ORAL)**

1. Issue notice.
  - 1.1. Mr. Sanjay Kumar, who appears on advance notice, on behalf of the respondent/revenue, accepts service.
2. Mr. Kumar says that, he does not wish to file a counter-affidavit in the matter, in view of the directions that we propose to pass.
  - 2.1. Accordingly, with the consent of the parties, the writ petition is taken up for hearing and final disposal, at this stage itself.
3. Briefly, the backdrop in which the petitioner has approached this court by way of the instant writ petition is, as follows:
  - 3.1. It is the petitioner's case that it owed monies to an entity, going by the name, Shridham Distributors Private Limited [in short 'SDPL']. According to the petitioner, the debt owed to SDPL was defrayed, by transferring Zero



Coupon Optionally Convertible Debentures [in short 'ZOCD'] of another entity, namely Devoted Construction Limited, amounting to Rs.21,37,00,000/-. This transaction, the petitioner avers, was completed on 28.03.2019.

3.2. According to the petitioner, as on 01.04.2019, it owed nothing to SDPL. It is, therefore, the petitioner's case that, on 01.04.2019, a letter was addressed by the petitioner to SDPL to obtain balance confirmation.

3.3. The respondent/revenue, however, issued a garnishee notice, dated 07.02.2020, under Section 226(3) of the Income Tax Act, 1961 [in short 'the Act']. *Via* this notice, the respondent/revenue called upon the petitioner, to remit the amount owed by it to SDPL.

3.4. The petitioner claims that, in response to the garnishee notice dated 07.02.2020, a communication dated 19.02.2020 was addressed to the respondent/revenue. It is the petitioner's case that, in the said communication, it, *inter alia*, indicated that as on 01.04.2019 nothing was owed by it to SDPL.

3.5. The respondent/revenue, however, did not stop with the issuance of the garnishee notice dated 07.02.2020. The respondent/revenue, thereafter, issued a notice dated 13.03.2020 under Section 226(3) of the Act to the petitioner's banker [i.e. South Indian Bank Ltd.], directing the said bank to freeze the petitioner's current account bearing number 358073000002442.

3.6. It appears, thereafter, the petitioner, *vide* communication dated 10.06.2020, addressed to the respondent/revenue, reiterated the stand, which was taken by it, as noticed above, on 19.02.2020.

3.7. The aforesaid communication was followed, by the petitioner, by a letter dated 22.07.2020 to the respondent/revenue. With this letter, in



compliance with Section 226(3)(vi) of the Act, the petitioner submitted a statement on oath, wherein it reiterated its earlier stand, which is, that, as on 01.04.2019, the petitioner's account with SDPL stood settled.

3.8. Since there was no movement in the matter, on 26.11.2020, the petitioner once again approached the respondent/revenue for lifting the freeze order *qua* its aforementioned bank account.

4. In these circumstances, the petitioner has approached this court.

5. According to us, the respondent/revenue needs to hear the petitioner and thereafter, pass a speaking order, given the stand taken by the petitioner that, as on 01.04.2019, its account with SDPL stood settled. The respondent/revenue needs to reach a finding, as to whether or not the petitioner owes any amount to SDPL.

5.1. Needless to add, if the petitioner does not owe any amount to SDPL, the impugned notices will have to be recalled. Continuance of the order directing a freeze on the petitioner's bank account, without reaching a finding, is obviously detrimental to the petitioner's interest.

5.2. Therefore, the writ petition is disposed of with the direction to the respondent/revenue, to treat the instant writ petition as a representation, and pass a speaking order, *albeit*, as per law.

5.3. Before passing the said order, the respondent/revenue will hear the authorised representative of the petitioner. For this purpose, in view of the fact that the pandemic is on, the respondent/revenue will take recourse to the video-conferencing [VC] mechanism. The respondent/revenue will fix a date and time for according the hearing, and in this behalf, will give prior notice of at least three days, to the petitioner. The respondent/revenue will also send a VC link to the authorised representative of the petitioner, to enable



hearing in the matter.

5.4. Since the impugned notices were issued more than a year ago, the respondent/revenue will complete the aforesaid exercise within the next four weeks.

6. The writ petition is disposed of in the aforesaid terms.

**RAJIV SHAKDHER, J.**

**TALWANT SINGH, J.**

**MAY 24, 2021**

tr/sh

[Click here to check corrigendum, if any](#)