

GSTAT
Single Bench Court No. 4
NAPA/142/PB/2025

DG ANTI PROFITEERING, DIRECTOR
GENERAL OF ANTI-PROFITEERING, DGAPAppellant

Versus

SJR PRIME CORPORATION PVT. LTD.Respondent

Counsel for Appellant

Counsel for Respondent

Hon'ble Sh. A. Venu Prasad, Member (Technical)

ORDER

1. The present proceedings arise out of an application filed under Rule 128 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as “the CGST Rules”) by Shri Sarana Basappa (hereinafter referred to as “the Applicant”) before the Karnataka State Screening Committee on Anti-Profiteering, alleging profiteering by M/s SJR Prime Corporation Pvt. Ltd. (hereinafter referred to as “the Respondent”) in respect of construction services provided in connection with Flat No. 508 in the sub-project “Goldcoast” of the project “Blue Water – Phase II”.

2. The allegation pertains to non-passing of the benefit of additional Input Tax Credit (ITC) accrued to the Respondent post implementation of

GST, by way of commensurate reduction in price, as mandated under Section 171 of the CGST Act, 2017.

3. The Directorate General of Anti-Profitteering (DGAP) submitted its Investigation Report dated 16.12.2021 under Rule 129 of the CGST Rules. Subsequently, pursuant to directions issued by the Hon'ble High Court of Delhi in W.P. No. 7743/2019 and connected matters, and in terms of the letter dated 20.03.2024 issued by the Commission, the matter was re-investigated.

4. The period of investigation was confined to 01.07.2017 to 31.03.2019, having regard to the Respondent's exercise of option under Notification No. 03/2019-Central Tax (Rate) for payment of GST at 1% without ITC.

5. Upon examination of the records, the DGAP computed that the ratio of ITC to purchase value during the pre-GST period was 10.88%, whereas the same during the post-GST period was 17.85%, reflecting an incremental benefit of 6.97%. On this basis, the DGAP determined the alleged profiteered amount at Rs. 27,85,104/-.

6. The matter was heard on 28.10.2025, 07.01.2026 and 28.01.2026. The DGAP was represented by the learned Additional Assistant Director. The Respondent was represented by Shri Mylar B.S., Chartered Accountant. Despite service of notice, none appeared on behalf of the Applicant.

7. The Respondent, in its written submissions dated 01.12.2025 and additional submissions dated 03.02.2026, contended inter alia that:

- i. It had reversed unutilized ITC amounting to Rs. 10,45,46,917/- through Form GST DRC-03 vide ARN AD290921000865Y dated 06.09.2021.
- ii. Out of the aforesaid amount, Rs. 1,88,97,878/- specifically pertained to “Blue Water – Phase II”.
- iii. A Chartered Accountant’s certificate was furnished in support of the above reversal.
- iv. The non-consideration of such reversal vitiates the computation of alleged profiteering.

8. The DGAP, in its clarifications dated 30.12.2025, acknowledged the filing of Form GST DRC-03 but submitted that since the Respondent was executing multiple projects under the same GSTIN, it was not ascertainable from the said form whether the reversal pertained specifically to the project under investigation. Accordingly, the reversal was not factored into the computation.

9. Having considered the rival submissions and the material on record, this Tribunal observes that the Respondent has specifically asserted that an amount of Rs. 1,88,97,878/- out of the total reversed ITC pertains exclusively to “Blue Water – Phase II”, and has supported the same by a Chartered Accountant’s certificate.

10. In the interest of justice and to ensure accurate determination of the alleged profiteering, it is necessary that the claim of project-specific ITC reversal be duly examined and verified.

11. Accordingly, the matter is remanded to the DGAP for the limited purpose of:

- a. Verifying whether the reversal of ITC amounting to Rs. 1,88,97,878/- pertains to “Blue Water – Phase II”;
- b. Recomputing the profiteering amount, if any, after duly considering such reversal; and
- c. Submitting a revised report, if any, within six weeks of time.

12. The Respondent shall extend full cooperation and furnish all necessary project-wise documentary evidence to facilitate verification.

13. After doing the needful, the DGAP Report will be forwarded to Respondent after the receipt of the same in the Registry and the Respondent may file written submissions, if any, to the Registry with a copy to DGAP.

14. The Registry is directed to forward a copy of this Order to the DGAP forthwith.

15. List for hearing on **15.04.2026**.

(Sh. A. Venu Prasad)
Technical Member, GSTAT.

Dated: 13.02.2026