2026:AHC:124246-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT TAX No. - 2070 of 2026

A.F.R.

Shalabh Agarwal And Another

.....Petitioner(s)

Versus

Additional Director General And Another

.....Respondent(s)

Counsel for Petitioner(s)	:	Shaikh Mohd Mujib Ur Rahman
Counsel for Respondent(s)	:	A.S.G.I., Anant Kumar Tiwari, Dhananjay Awasthi, Krishna Agarawal

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Court No. - 39

HON'BLE SAUMITRA DAYAL SINGH, J.
HON'BLE INDRAJEET SHUKLA, J.

1. Heard Sri Vineet Kumar Singh, Advocate holding brief of Shaikh Mohd Mujib Ur Rahman, learned counsel for the petitioners, Sri Krishna Agarawal and Sri Anant Kumar Tiwari, learned counsel for the respondents.

2. Present petition has been filed for the following relief:

> *"I. Issue a writ, order or direction in the nature of Mandamus commanding the respondents to forthwith release the seized cash amounting to Rs.25,20,000/-, seized vide Seizure memo dated 20.08.2025, to the petitioner, marked as Annexure No.1 to this writ petition."*

3. From the first date itself, the petitioners have been relying on the fact that cash Rs.25,20,000/- had been seized from them, by the customs authorities, on 20.08.2025. Six months passed on 19.02.2026. Yet, neither any show cause notice was issued to the petitioner in terms of the provisions contained in The Customs Act, 1962 (hereinafter referred to as 'the Act'), nor any time extension order came to be passed and communicated to them before the end date. The writ petition itself was presented on 07.04.2026. On 10.04.2026 we passed the below quoted order:

> *"1. Petitioners claim the release of the cash seized more than six months ago.*

2. Shri Krishna Agarwal, learned counsel for the revenue authorities prays for and is granted ten days time to obtain clear written instructions as to why the seized cash has not been released and if statutory proceeding has been drawn within limitation.

3. Put up as fresh on 24.04.2026 showing the name of Shri Krishna Agarwal and Shri Anant Kumar Tiwari both as counsel for the respondent".

4. On the next date, Sri Krishna Agarwal, learned counsel for the DRI relied upon a document dated 18.02.2026 described to be the order passed under Section 110(2) of the Act. Its copy was taken on record and learned counsel for the petitioners granted time to complete the instructions. For ready reference the said communication reads as below:

"A case was registered for seizure of 1497.3 gram of Gold on 13.08.2025. SCN on this case was issued on 12.02.2026, which was within the mandated timeline. In the follow up investigation, searches were conducted in Bareilly at the premises of M/s. Sanklap Golds Pvt. Ltd. and M/s KB Gold & Bullions, Bareilly on 20 August, 2025 and 3-4 September 2025. The search details are as under;

1. During the search proceedings at the premises of M/s Sanklap Golds Pvt. Ltd. and M/s KB Gold & Bullions, Bareilly on 20 August, 2025 resulted in recovery of 25.2 lakhs cash from Chandra Kamal Bansal and his son Shri Salabh Bansal came inside the premises during search proceedings. The said cash was seized for further investigation under the provisions of Customs Act, 1962.

2. During the search proceedings at the premises of M/s. Sanklap Golds Pvt. Ltd. and M/s. KB Gold & Bullions, Bareilly on Sept, 2025 resulted recovery of 8 suspected to be Fake Indian Currency Notes (FICN) notes, each in denomination of Rs. 500/-, having total face value of Rs. 4,000/-, as they appeared to be counterfeit. For examination of the notes, an application has been submitted before CJM Customs Court requesting approval to send it to Currency Note Press in Nasik on 08 September 2025 with continuous follow up being conducted with SPP at regular intervals w.r.t. status of approval but court permission is still pending.

It is submitted that this case will require more time for proper investigation regarding the cash recovered and suspected to be FICN and issuance of SCN w.r.t. confiscation of cash and suspected to be FICN and consequent penalty due to following reasons:

Enquiry against the cash amounting Rs.25.20 Lakhs is still not completed and complete submission against the said seized cash is still pending from party end.

Approval to allow Forensic/testing the. "High quality of FICN notes rest

with the Court.
Request/Prayer has been made to the court through SPP on 08.09.2025 and continuous follow up is being made for expediting the approval.
The testing by lab and communication of its result will further take time.
Investigation will then be conducted based on test results.
The time limitation for filing SCN wrt seizure of FICN under Section 124 of the Customs Act, 1965, is 6 months from the date of seizure under Section 110(2) which is getting over on 2 March 2026.
In this context, ***extension by further 6 months*** *may be granted for investigation and issuance of SCN under Section 124 based on reasons/cause mentioned above, may be granted, please.*

Sign. Illegible *Sign. Illegible*
18/02/26 *18/2/2026*

Sign. Illegible *Sign. Illegible*
18/02/26 *18/02/2026*

Sign Illegible
18/02/2026"

5. In such circumstances, upon the case being taken up on 08.05.2026, the following further order was passed:

"1. Today, first objection was raised that there is no order extending the limitation.

2. On that objection being raised by learned counsel for the petitioner, we had required Shri Krishna Agarwal to obtain further instructions. On further oral instructions, Shri Krishna Agarwal states that the single page order-sheet dated 18.02.2026 is the order passed by the ADG granting approval to extension for limitation.

3. In such circumstances, learned counsel for the petitioner prays for and is granted a weeks' time to file an appropriate application/affidavit.

4. Put up as fresh on 22.05.2026, by way of last opportunity."

6. In the meantime, the petitioners have formally brought on record the document relied by customs authorities by means of Supplementary Affidavit filed on 20.05.2026.

7. Upon the case being taken up today, first objection has been raised by learned counsel for the DRI that the single sheet order dated 18.02.2026 was passed well within time. However, on further query, it has been admitted that the said writing was never communicated to the petitioner

before the end date i.e. six months from the detention. Also no show cause notice has been issued, till date with respect to the cash detained Rs. 25,20,000/-.

8. However, for the first time today, further objection has been raised that in the meantime, the customs authorities received a requisition dated 19.05.2026 issued by the Principal Director, Income Tax, Lucknow. On the receipt of the same by the customs authorities, on 20.05.2026, the cash Rs.25,20,000/- has been made over to the Income Tax Authorities. For ready reference the record of proceedings under Section 248(1) of the Income Tax Act, 2025 produced by learned counsel for the DRI, reads as below:

" ANNEXURE-51

SS (F)-21

Record of Proceedings Under Section 248(1) of the Income Tax Act, 2025

1. The authorized officer Shri/Smt./Kum Adarsh Kumar, DDIT(Inv.), Bareilly and Durgesh Mishra, ITO(OSD)(AIU)(Inv.), Lucknow showed to Shri/ Smt./ Kum Navneet Kumar the requisition under section 248(1) of the 1.T. Act, 2025, dated 19.05.2026 duly signed and sealed by Pr. Director of Income Tax/Commissioner of Income Tax, Lucknow issued in the case of Shallabh Agarwal, PAN: BHJPA7535D requiring the latter, being the authority who had taken into custody certain books of account/documents who jewellery/other assets in the said case, to deliver the same to the former, the officer authorised to take over the said books of account/documents/valuables u/s 248(1) of the Income Tax Act, 2025.

2. The said Shri/Smt/Kum Navneet Kumar after reading the said requisition U/s 248(1) of the I.T. Act, 2025 put his/her signature on it in token of having perused the same. The requisition proceedings then commenced:

3. The following books of accounts/documents/cash/jewellery/ other assets were delivered to the by the said Shri/Smt./Kum Navneet Kumar to the authorized officer Shri/Smt./Kum Durgesh Mishra, ITO(OSD) (AIU) (Inv.), Lucknow.

Documents as per Annexure	

Jewellery as per Annexure	
Cash as per Annexure	***25,20,000/-***
Other assets as per Annexure	

4. The proceeding commenced at..13.20 A.M./P.M. on 20.05.2026 and were concluded at..... A.M./P.M. on 20.05.2026.

Delivering Officer ***Receiving Officer***

Signature sign. illegible
Date 20/05/2026
Designation IO (INV)
Seal:

(Navneet Kumar)
Intelligence Officer
Directorate of Revenue Intelligence
Zonal Unit, Lucknow

Recd.

Sign. illegible
20/05/2026"

Signature sign. illegible
Date 20/5/2026
Designation I.T.O C(OSD) (AIU)
Seal:

(Durgesh Mishra)
(Income Tax Officer (Inv.) (AIU) (OSD)
Lucknow

9. Thus, though the customs authorities admit that no extension of time had been communicated to the petitioners before the expiry of six months from 20.08.2025, they now cite inability to return the cash to the petitioners for the reason of requisition made by the Income Tax authorities.

10. Having heard counsel for the parties and having perused the record, the stand taken by the customs authorities is an eye wash. Section 110 (2) of the Customs Act, 1962 reads as below:

"(2)Where any goods are seized under sub-section (1) and no notice in respect thereof is given under clause (a) of section 124 within six months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized:

[Provided that the Principal Commissioner of Customs or Commissioner of Customs may, for reasons to be recorded in writing, extend such period to a further period not exceeding six months and inform the person from whom such goods were seized before the expiry of the period so specified:

Provided further that where any order for provisional release of the seized goods has been passed under section 110A, the specified period of six months shall not apply.]"

11. In the first place, we are not satisfied that the note sheet dated 18.02.2026 contains the prior approval of the Principal Commissioner of Customs or Commissioner of Customs, to grant extension of time by six months. Though the order sheet notes that proposal made to the Additional Director General, only his signature is appended thereunder without any remark or note to evidence that at the time of such signature being placed by the said authority, he had applied his mind or recorded reasons or approved the proposal in entirety- to allow for extension of time, by six months. Mainly, the existence of the signature on the order sheet is nothing more than a rubber stamp, affixed without application of mind.

12. In **Chhugamal Rajpal vs S.P. Chaliha and Others, (1971) 1 SCC 453**, in the context of the prior approval required to be granted by the Commissioner in exercise of statutory power under Section 151 of the Income Tax Act, 1961 (to the reasons to believe recorded by the Assessing Officer to issue reassessment notice, under that Act), the Supreme Court made the following pertinent observation:

"5. In his report the Income Tax Officer does not set out any reason for coming to the conclusion that this is a fit case to issue notice under Section 148. The material that he had before him for issuing notice under Section 148 is not mentioned in the report. In his report he vaguely refers to certain communications received by him from the CIT, Bihar and Orissa. He does not mention the facts contained in those communications. All that he says is that from those communications "it appears that these persons (alleged creditors) are name lenders and the transactions are bogus". He has not even come to a prima facie conclusion that the transactions towhich he referred are not genuine transactions. He appears to have had only a vague feeling that they may be bogus transactions. Such a conclusion does not fulfil the requirements of Section 151(2). What that provision requires is that he must give reasons for issuing a notice under Section 148. In other words he must have some prima facie grounds before him for taking action under Section 148. further his report mentions:

"Hence proper investigation regarding these loans is necessary". In other words his conclusion is that there is a case for investigating as to the truth of the alleged transactions. That is not the same thing as saying that there are reasons to issue notice under Section 148. Before issuing a notice under Section 148, the Income Tax Officer must have either reasons to believe that by reason of the omission or failure on the part of the assessee to make a return under Section 139 for any assessment year to the Income Tax Officer or to disclose fully and truly all material facts necessary for his assessment for that year, income chargeable to tax has escaped assessment for that year or alternatively notwithstanding that there has been no omission or failure as mentioned above on the part of the assessee, the Income Tax Officer has in consequence of information in his possession reason to believe that income chargeable to tax has escaped assessment for any assessment year. Unless the requirements of clause (a) or (b) of Section 147 are satisfied, the Income Tax Officer has no jurisdiction to issue a notice under Section 148. From the report submitted by the Income Tax Officer to the Commissioner, it is clear that he could not have had reasons to believe that by reason of the assessee's omission to disclose fully and truly all material facts necessary for his assessment for the accounting year in question, income chargeable to tax has escaped assessment for that year; nor could it be said that he as a consequence of information in his possession, had reasons to believe that the income chargeable to tax has escaped assessment for that year. We are not satisfied that the Income Tax Officer had any material before him which could satisfy the requirements of either clause (a) or (b) of Section 147. Therefore he could not have issued a notice under Section 148. Further the report submitted by him under Section 151(2) does not mention any reason for coming to the conclusion that it is a fit case for the issue of a notice under Section 148. We are also of the opinion that the Commissioner has mechanically accorded permission. He did not himself record that he was satisfied that this was a fit case for the issue of a notice under Section 148. To Question 8 in the report which reads "whether the Commissioner is satisfied that it is a fit case for the issue of notice under Section 148", he just noted the word "yes" and affixed his signatures thereunder. We are of the opinion that if only he had read the report carefully, he could never have come to the conclusion on the material before him that this is a fit case to issue notice under Section 148. The important safeguards provided in Sections 147 and 151 were lightly treated by the Income Tax Officer as well as by the Commissioner. Both of them appear to have taken the duty imposed on them under those provisions as of little importance. They have substituted the form for the substance."

(emphasis supplied)

13. That principle was followed and applied in **Union of India vs Rai Singh Dev Singh Bist, (1973) 3 SCC 581** and **Sahara India (Firm) (1) vs CIT, (2008) 14 SCC 151**. In both decisions, it was held that the approval order may not be passed mechanically and it must reflect that before reaching the required satisfaction, the higher authority had applied its mind and thus examined the fitness of the case for the purpose of grant of approval.

14. To the extent mandatorily no cash seized may be retained beyond a period of six months and further to the extent the Act prescribes that the extension of time may be granted for "reasons to be recorded in writing", the note sheet is a mute document. As to what may amount to "reasons to believe", the issue is no longer res integra.

15. Considering the law laid down by the Supreme Court, in the context of the Income Tax Act, a coordinate bench to which one of us (S.D. Singh, J.) was part, in **Mudra Exports vs Deputy Commissioner of Income Tax, 2024:AHC:59707-DB**, it was observed as below:

> *"16. As to what amounts to "reason to believe", the law has remained settled over long decades. In S Ganga Saran and Sons (P) Ltd. Vs. ITO (1981) 3 SCC 143, in the context of the then existing Section 147(a) of the Act, yet, in the context of initiation of reassessment proceedings upon recording of "reasons to believe", it was established in law that those words were stronger than "is satisfied"; the "belief" must be based on "reason" that are "relevant and material". For ready reference, it was held as below:-*
>
> > *"6. It is well settled as a result of several decisions of this Court that two distinct conditions must be satisfied before the Income Tax Officer can assume jurisdiction to issue notice under Section 147(a). First, he must have reason to believe that the income of the assessee has escaped assessment and secondly, he must have reason to believe that such escapement is by reason of the omission or failure on the part of the assessee to disclose fully and truly all material facts necessary for his assessment. If either of these conditions is not fulfilled, the notice issued by the Income Tax Officer would be without jurisdiction. The important words under Section 147(a) are "has reason to believe" and these words are stronger than the words "is satisfied". The belief entertained by the Income Tax Officer must not be arbitrary or irrational. It must be reasonable or in other words it must be based on reasons which are relevant and material. The court, of course, cannot investigate into the adequacy or sufficiency of the reasons which have weighed with the Income Tax Officer in coming to the belief, but the court can certainly examine whether the reasons are relevant and have a bearing on the matters in regard to which he is required to entertain the belief before he can issue notice under Section 147(a). If there is no rational and intelligible nexus between the reasons and the belief, so that, on such reasons, no one properly instructed on facts and law could reasonably entertain the belief, the conclusion would be inescapable that the Income Tax Officer could not have reason to believe that any part of the income of the assessee had escaped assessment and such escapement was by reason of the omission or failure on the part of the assessee to disclose fully and truly all material facts and the notice issued by him would be liable to be struck down as invalid."*
>
> *17. Then, a co-ordinate bench decision of this Court in Indra Prastha Chemicals Ltd. Vs. CIT (2004) 271 ITR 113, applied that law and held as below:-*
>
> > *"11. The expression "reason to believe" in section 147 does not mean purely subjective satisfaction on the part of the Assessing Officer. The belief must be held in good faith; it cannot be merely a pretence. It is open to the court to examine whether the reasons for the belief have a rational connection or a relevant bearing to the formation of the belief and are not extraneous or irrelevant to the purpose of the section. To this limited extent, the action of the Assessing Officer in starting proceedings under section 147 is open to challenge in a court of law as held in S. Narayanappa v. CIT, [1967] 63 ITR 219 (SC); Kantamani Venkata Narayana and Sons v. First Additional ITO, [1967] 63 ITR 638 (SC); Madhya Pradesh Industries Ltd. v.*

ITO, [1970] 77 ITR 268 (SC); Sowdagar Ahmed Khan v. ITO, [1968] 70 ITR 79 (SC); ITO v. Lakhmani Mewal Das, [1976] 103 ITR 437 (SC); ITO v. Nawab Mir Barkat Ali Khan Bahadur, [1974] 97 ITR 239 (SC); CST v. Bhagwan Industries (P.) Ltd.,[1973] 31 STC 293 (SC) and State of Punjab v. Balbir Singh, (1994) 3 SCC 299.

12. The formation of the required opinion and belief by the Assessing Officer is a condition precedent. Without such formation, he will not have jurisdiction to initiate proceedings under section 147. The fulfilment of this condition is not a mere formality but it is mandatory. The failure to fulfil that condition would vitiate the entire proceedings as held by the apex court in the case of Johri Lal (HUF) v. CIT, [1973] 88 ITR 439 (SC) and Sheo Nath Singh v. AAC of IT, [1971] 82 ITR 147 (SC). The reasons for the formation of the belief must have rational connection with or relevant bearing on the formation of belief. Rational connection postulates that there must be a direct nexus or live link between the material coming to the notice of the Assessing Officer and the formation of his belief that there has been escapement of income of the assessee from assessment in the particular year. It is not any and every material, howsoever vague and indefinite or distant, remote and far fetched, which would warrant the formation of the belief relating to escapement of income of the assessee from assessment, as held by the hon'ble Supreme Court in the case of ITO v. Lakhmani Mewal Das, [1976] 103 ITR 437. If there is no rational and intelligible nexus between the reasons and the belief, so that, on such reasons, no one properly instructed on facts and law could reasonably entertain the belief, the conclusion would be inescapable that the Assessing Officer could not have reason to believe. In such a case, the notice issued by him would be liable to be struck down as invalid as held in the case of Ganga Saran and Sons P. Ltd. v. ITO, [1981] 130 ITR 1 (SC).

13. Thus, it is well settled that the "reason to believe" under section 147 must be held in good faith and should have a rational connection and relevant bearing on the formation of the belief and should not be extraneous or irrelevant. Further, this court in proceedings under article 226 of the Constitution of India can scrutinize the reasons recorded by the Assessing Officer for Initiating the proceedings under section 147/148 of the Act. The sufficiency of the material cannot be gone into but relevancy certainly be gone into."

16. Therefore, we have no hesitation to reach the conclusion that there did not exist any prior approval by the competent authority to extend the period of limitation, to issue the show cause notice and thereby to further enable retention of cash Rs.25,20,000/- beyond the period of six months.

17. Second, even more vitally, on the statement made by Sri Krishna Agarwal, it is certainly not in dispute that the note sheet referred to above (described as the order by the DRI), was never issued to or served upon the petitioners, before expiry of six months. Thus, neither of the conditions prescribed under Section 110 of the Act was fulfilled.

18. Consequently, it has to be concluded that the petitioners had earned a right to be returned the entire cash Rs.25,20,000/- on expiry of six months. Till that date no requisition had been received by the DRI Authorities from the Income Tax Authorities, to hand over the cash to them.

19. Therefore, the retention of the money from 20.02.2026 to 20.05.2026 is wholly illegal and outside the procedure prescribed by the law. The cash ought to have been returned on the mandatory statutory condition not fulfilled, without any application by the petitioners. To retain it beyond the period of six months was without jurisdiction.

20. In that circumstance, the petitioners approached this Court for a mandamus upon the DRI authorities, on 07.04.2026. The petition was entertained against advance notice to the respondents. They have been represented on each of the three earlier dates. They were fully aware of the lack of jurisdiction to retain the cash beyond 19.02.2026, if not for absence of prior approval, certainly for reason of the order not communicated to the petitioners, before expiry of the mandatory six months period.

21. Still, without informing the Court, acting unilaterally, the DRI authorities have, without surviving jurisdiction, dealt with the valuable property of the petitioners, that was in their custody, in trust, held on behalf of the petitioners and not in any other capacity, after expiry of statutory period of six months. Yet, they made over that property, of the petitioners (though held in trust) to the income tax authorities, without informing the Court. Why and in what circumstance such facts were hidden from the Court or not disclosed to the Court, is not for us to go into, at this stage. Those may engage the scope of a disciplinary inquiry that may be initiated against the erring officials by the DRI authorities, themselves.

22. What is relevant to the Court is that the fact of non-communication of the order sheet dated 18.02.2026, to the petitioners, was well known to the DRI authorities, from before. Also, they were required to issue instructions to their counsel, in these proceedings. The order dated 20.04.2026 and 08.05.2026 leave no doubt that the issue was in the knowledge of the DRI authorities and they were cognizant of the fact that the Writ Court had not only entertained the petition but release of the cash was under active consideration by the Court.

23. Also, it is stated by learned counsel for the DRI that the communication dated 07.05.2026 received by Deputy Director clearly informed him that the office note/order dated 18.02.2026 had not been

received and therefore the DRI authorities had, informed the Income Tax authorities to requisition the money. However, on a pointed query, it is further stated that no requisition had been received by the DRI authorities till then, or till before 19/20.05.2026.

24. On the last date, Sri Krishna Agarwal had confirmed that other than the note sheet, there was no other document to justify the retention of cash beyond 19.02.2026 and it was also known that the communication dated 18.02.2026 had not been communicated to the petitioners. In that circumstance, only for the purposes of completion of record, we had required learned counsel for the petitioners to bring on record the said document, before the proceedings may be concluded. Thus, the matter was posted for today.

25. In that light of the proceedings and conduct of the DRI authorities, it is absolutely shocking and therefore, unacceptable that just two days prior to the date fixed in these proceedings, without taking leave of the Court, in a wholly hurried manner, the requisition that may have been received by the customs authorities (from the income tax authorities), was executed, practically the same day, if not within the same hour. Thus, requisition first issued by the Income Tax authorities on 19.05.2026 at Lucknow, has been given effect to at 13:20 pm on 20.05.2026, at Bareilly.

26. In view of above we are forced to reach a conclusion that DRI authorities have deliberately attempted to defeat the ends of justice and specifically the present petition. Their conduct appears to be directed not to participate in the proceedings, but to over reach and defeat the proceedings, by acting in a manner wholly impermissible in law and beyond their jurisdiction.

27. In view of above undisputed facts, specifically in face of the admission that the order sheet/order dated 18.02.2026 was never communicated to the petitioners within time, and further in view of satisfaction that the said order sheet does not fulfill the requirements of approval order, required to be recorded in terms of the first proviso under Section 110 of the Act, we conclude that the petitioners were entitled to refund of that amount Rs.25,20,000/-. However, that right of relief earned by the petitioners has been positively and unfairly obstructed by the DRI authorities, as recorded above.

28. Thus, we dispose of the writ petition with the observation that though the petitioners may now be entitled to return of the money from the Income Tax authorities, in accordance with law, for the reasons noted above, that proceedings have been thrust on the petitioners solely for reason of illegal actions performed by respondents. To that extent petitioners are found entitled to cost which is assessed Rs.10 lacs-for over reaching these proceedings and the judicial process and for deliberately defeating the ends of justice, for reasons not known to the Court.

29. Upto the last para, this order had been orally pronounced on 22.05.2026. Later, against oral mention made by Sri Krishna Agarwal on behalf of the ASGI, he was permitted to file appropriate application with respect to his prayer made to reduce the cost.

30. Civil Misc. Application No. 5 of 2026 came to be filed on behalf of respondent No. 1. It is supported by the affidavit of Sri Neeraj Kumar, Joint Director, DRI, Lucknow.

31. Today, Sri S.P. Singh, learned A.S.G.I. assisted by Sri Krishna Agarawal has referred to the contents of the affidavit of the Joint Director. He has also relied on the Office Order-01/2026 dated 24.05.2026 issued by the Additional Director General, DRI, Lucknow Zone, Lucknow. In paragraph 11, 12, 13 and 14 of the affidavit filed by Sri Neeraj Kumar, it has been stated as below:

> *"11. That it is humbly submitted that the actions undertaken by the officers were not with the deliberate intent to defeat the petition but undertaken under the belief of bonafide discharge of official duty. That there was never any intention, deliberate or otherwise, to disregard the dignity, authority, or directions of this Hon'ble Court. The circumstances leading to the present situation arose due to bona-fide understanding.*
>
> *12. That it is most respectfully submitted before this Hon'ble Court that due diligence and due caution shall be exercised by this office in future in all the sub-judice matters.*
>
> *13. That it is most respectfully submitted that the officer who had put up the proposal for extension of the period of issuance of Show Cause Notice under section 110(2) of the Customs Act 1962 had put up the reasons for*

seeking extension on the file and the competent authority, in agreement with those reasons, had put his dated signature on the Note Sheet. However, in further such extensions to be granted in such matters, independent reason will be recorded by the competent authority and the order of extension shall also be communicated to the concerned party in terms of Section 110(2) of the Customs Act, 1962.

14. That the present affidavit may kindly be taken on record in the interest of justice, this Hon'ble Court may graciously be pleased to accept the present unconditional apology, take a lenient view in the matter and pass such further order(s) as deemed fit and proper in the interest of justice."

32. Office Order-01/2026 dated 24.05.2026 relied by the learned A.S.G.I. reads as below:

"OFFICE ORDER-01/2026

It is hereby directed that no action in respect of matters sub judice before any court shall be taken without first verifying the status of the pending judicial proceedings and, interim order/stay/direction, if any. Officers shall exercise due caution in such matters and ensure that the pendency of the matter before Hon'ble Court/Tribunal is duly taken into account when any action is contemplated. Wherever required, leave/permission/clarification of the Hon'ble Court/Tribunal must be sought under the guidance of standing counsel. All the developments in such cases must be brought to the notice of the undersigned without delay.

These instructions shall be followed scrupulously by all officers/formations under DRI Lucknow Zonal Unit. Any deviation shall be viewed seriously.

Sd/-

25/05/2026

(Dr. Vidyut Vikash)

Additional Director General"

33. In view of such facts, learned A.S.G.I. assures the Court that in future the authorities of the DRI will act in accordance with law such that wherever any cash may be seized, it may be returned to the person from whom such seizure may have been affected, subject to any show cause notice issued to proceed against such cash and/or subject to time extension order that may be passed, in accordance with law, as discussed above, in the main part of the order.

34. In such facts, he further prays that the costs may be made easy.

35. On the other hand, learned counsel for the petitioners has opposed the prayer made. He would submit that loss has already been caused to the petitioners. Thus, impost of exemplary costs may be maintained.

36. In view of the assurance given by the learned A.S.G.I., while some relaxation in the award of costs may be made, at the same time, in view of the discussion contained in the main part of the order as also recognising the fact that the money was retained by the DRI for long duration of three months, after the expiry of the statutory period under Section 110(2) of the Customs Act, 1962, loss has been caused to the petitioners for act of deliberate omission and/or commission. Accordingly, the original proposal to impose costs Rs. Ten Lacs is modified to Rs. One Lac.

37. Civil Misc. Application No. 5 of 2026 is **disposed of.**

38.The writ petition is thus **disposed of.**

(Indrajeet Shukla,J.) (Saumitra Dayal Singh,J.)

May 27, 2026
Faraz/Mohit