IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 2643 OF 2026

Shantam Holdings India Pvt. Ltd. ...Petitioner
Versus
The Union of India & Ors. ...Respondents

Mr. Prakash Shah, Senior Advocate a/w Shamik Gupte, Mihir Deshmukh i/b. Shardul Amarchand Mangaldas & Co. for Petitioner.

Ms. Ruju Thakker for the Respondents.

CORAM: G. S. KULKARNI & AARTI SATHE, JJ.

DATE: 4TH MARCH 2026

P.C.

1. This Petition under Article 226 of the Constitution of India is filed praying for the following substantive reliefs:-

> "(a) this Hon'ble Court be pleased to issue a Writ of Certiorari or a writ in the nature of Certiorari or any other writ, order or direction under Article 226 of the Constitution of India calling for the records pertaining to the Petitioners' case and after going into the validity and legality thereof, to quash and set aside condition of Bank Guarantee imposed by the Respondent No. 4 in its Order for provisional release of goods dated 12.01.2026 (Exhibit "A");
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> (b) this Hon'ble Court be pleased to issue a Writ of Mandamus or a writ in the nature of Mandamus or any other appropriate writ, order or direction the Respondents by themselves, their subordinate, servants and agents under Article 226 of the Constitution of India ordering and directing the Respondents to provisionally release the impugned boat by accepting the payment of differential AIDC amounting to Rs. 12,06,453.92/-and IGST amounting to Rs. 61,12,699.49/-, under protest;
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> (c) this Hon'ble Court be pleased to issue a Writ of Prohibition or a writ in the nature of Prohibition or any other appropriate writ, order

or direction under Article 226 of the Constitution of India prohibiting the Respondents by themselves, their subordinate, servants and agents from taking any steps in furtherance of Show Cause Notice No. 1757/2025-26/ADC/GR.VB/NS-V/CAC/JNCH dated 03.01.2026 issued by the Respondent No. 2 (Exhibit "L") including adjudication thereof,

(d) this Hon'ble Court be pleased to issue a Writ of Mandamus or a writ in the nature of Mandamus or any other appropriate writ, order or direction the Respondents by themselves, their subordinate, servants and agents under Article 226 of the Constitution of India ordering and directing the Respondents to issue a Certificate for waiver of demurrage and other charges in terms of Rule 6(1) of Handling of Cargo in Customs Area Regulations 2009;

(e) this Hon'ble Court be pleased to issue a Writ of Mandamus or a writ in the nature of Mandamus or any other appropriate writ, order or direction the Respondents by themselves, their subordinate, servants and agents under Article 226 of the Constitution of India ordering and directing the Respondents to compensate the Petitioner for detention and demurrage charges incurred by them on account of the inaction on part of the Respondents;

f) that pending the hearing and final disposal of this petition, this Hon'ble Court be pleased to direct the Respondents by themselves, their officers, subordinates, servants and agents to (i) provisionally release the imported boat and (ii) refrain from acting upon or taking any further steps or proceedings in pursuance of and/or in furtherance of the Show Cause Notice No. 1757/ 2025-26/ ADC/ GR.VB/NS-V/CAC/JNCH dated 03.01.2026 issued by the Respondent No. 2 (Exhibit "L");”

2. On 17th November 2025, the Petitioner imported an excursion boat from Sri-Lanka under CTH 8901 by claiming the benefit of 100% duty exemption stated to be available under Indo-Sri Lanka Free Trade Agreement (ISFTA). On 27th November 2025, the boat imported by the Petitioner was placed on hold by the Respondents for examination. It was thereafter examined by the Special Intelligence and Investigation Branch (SIIB) officers wherein it was allegedly observed that the boat was a yacht. It was again examined

by the board some time between 2nd December 2025 to 11th December 2025 by the Chartered Engineer of Customs.

3. It is the Petitioner's case that on 5th December 2025, despite examination, the hold on the boat was not released. Therefore the Petitioner requested the Respondents to permit the warehousing of the boat. The impugned boat was seized by the Respondents on 15th December 2025 on the ground of mis-classification. It is on such backdrop that on 22nd December 2025, the Petitioner requested the Respondents to provisionally release the impugned boat by accepting the payment of differential IGST under protest. The Petitioner was issued show cause notice dated 3rd January 2026 seeking differential duty without ISFTA benefit. The Petitioner on such backdrop on 6th January 2025, made an application requesting the Respondents to provisionally release the impugned boat with bank guarantee for differential duty with ISFTA benefit by taking all the benefits of ISFTA. On such application, on 12th January 2026, the provisional release order was passed by Respondent No.4 computing the differential duty without considering benefit of ISFTA. It is in these circumstances, this Petition is filed.

4. Mr. Shah, learned Senior Counsel for the Petitioner has drawn our attention to paragraph No. 30 wherein the calculation of the differential duty with ISFTA benefit made as follows:-

Assessable value of the Boat	1,60,86,052.30	Duty (INR)
BCD Duty	0%	0
AIDC	7.50%	12,06,453.92
IGST	40%	69,17,002.49

Total Duty		81,23,456,.41
Duty paid		8,04,303.00
Differential duty payable		73,19,153.41

5. He has drawn our attention to the orders granting provisional release dated 12th January 2026 in which a differential duty has been calculated at Rs. 1,18,18,248/-. Mr. Shah has submitted that the Petitioner has paid Rs. 8,04,303/- being a part of the duty and a part of differential duty payable of Rs. 73,19,153.41/- is intended to be deposited by the Petitioner in cash. He submitted that insofar as the balance duty is concerned, the Petitioner is ready and willing to furnish a bond which needs to be executed in the peculiar facts and circumstances of the case.

6. On the other hand, learned Counsel for the Revenue has opposed this Petition and would submit that the impugned order of provisional release infact is appropriate and hence the Petition would require to be dismissed.

7. Having heard learned Counsel for the parties and having perused the record, we are of the opinion that the issue as raised regarding the applicability of the ISFTA is currently under consideration by the competent authority. However, if the goods are properly classified, the petitioner would be entitled to the benefits available under the ISFTA. In such event, the petitioner would also be entitled to exemption from duty and a refund of the duty already paid.

8. In the aforesaid circumstances, in our opinion, the differential duty amount has been sufficiently secured by the petitioner. Additionally, the Petitioner

intends to deposit Rs. 75,00,000, apart from Rs. 8,04,303, which has already been deposited. As the petitioner has expressed readiness and willingness to secure the balance differential duty by furnishing a bond undertaking payment of such duty hence in the event any additional liability is ultimately determined against the petitioner, the amount shall be recoverable in accordance with the provisions of the Act.

9. We are thus of the opinion that the request as made by the Petitioner in the the facts of the case, needs to be accepted and the Petitioner needs to be granted provisional release of the goods/boat under the order dated 12th January 2026 (Exhibit-A to the Petition), by permitting the Petitioner to deposit in cash the differential duty of Rs. 75 Lakhs and by furnishing a bond for the balance amount.

10. Thus, upon deposit of duty of Rs. 75 Lakhs and furnishing of a bond for the balance amount, the Petitioner shall be entitled to provisional release of the boat in terms of the order dated 12 January 2026 ordered accordingly.

11. Insofar as the contentions of the classification as also the applicability of the provisions of the ISFTA is concerned, all contentions of the parties in that regard are expressly kept open to be decided by the designated officer of the Respondent.

12. The Petition is accordingly disposed of in the aforesaid terms. No costs.

(AARTI SATHE, J.) **(G. S. KULKARNI, J.)**

Laxmi