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

\+ **W.P.(C) 14040/2024 & CM APPL. 58767/2024**

M/S NAUTILUS METAL CRAFT PVT. LTD.
& ORS. .....Petitioners

Through: Mr. V. Lakshmikumaran, Mr. Yogendra Aldak, Mr. Kunal Kapoor and Ms. Purvi Sinha, Advs.

versus

ADDITIONAL COMMISSIONER OF CUSTOMS (EXPORT)
NEW DELHI & ANR. .....Respondents

Through: Mr. Anurag Ojha, SSC with Mr. Dipak Raj, Adv.
Mr. Harpreet Singh, SSC with Ms. SuhaniMathur, Mr. Jatin Kumar Gaur, Mr. Akshay Saxena and Ms. Shivali Saxena, Advs. for R-2.

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\+ **W.P.(C) 4451/2023 & CM APPL. 47407/2023**

M/S. NAUTILUS METAL CRAFTS PVT. LTD. .....Petitioner

Through: Dr. G K Sarkar, Adv.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Ms. Anushree Narain, SSC for R-6.

CORAM:
JUSTICE PRATHIBA M. SINGH
JUSTICE SHAIL JAIN

<u>O R D E R</u>

% 09.12.2025

1. This hearing has been done through hybrid mode.

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2. The present petition has been filed by the Petitioner seeking setting aside of the Show Cause Notice No. 11/2023 dated 11th July, 2023 issued by

the Respondent No. 1 and Show Cause Notice dated 17th August, 2023 issued by the Respondent No. 2.

3. Today, this matter has been heard for some time. The short question at this stage raised by Mr. V. Lakshmikumaran, ld. Counsel for the Petitioner is that the show cause notice dated 11th July, 2023 itself deserves to be quashed in view of the decision of the Supreme Court dated 11th November, 2025 in ***M/s S.J.S. International and Anr. v. Union of India and Anr., SLP(C) No. 12130/2025.***

4. On the last date, this petition was adjourned to 19th March, 2026. Thereafter, an application for early hearing was moved on the strength of the order of the Supreme Court to seek deferment of the hearing and quashing of the show cause notice dated 11th July, 2023. The order of the Supreme Court dated 11th November, 2025 in ***M/s S.J.S. International (supra)*** reads as under:

> ***ORDER***
>
> *Leave granted.*
>
> *2. Being aggrieved by the order dated 12.11.2024 passed by the Bombay High Court in Writ Petition No.13902/2024, appellants-assessees are before this Court.*
>
> *3. Learned counsel for the appellant(s) submitted that before the High Court, the appellant(s) relied upon order dated 19.10.2023 passed in Special Leave Petition (C) No 24022/2023 (Union of India & Ors. Vs. M/s Raghav International & Anr.) and submitted that consequently the impugned demand notice dated 05.06.2021 and order in original dated 23.01.2024 be quashed. However, the High Court did not follow the order of this Court to the alternative and instead relegated the appellant(s) remedy. Hence, this appeal*

has been filed which may be disposed having regard to the several orders passed by this Court including the aforesaid order and relief be granted to the appellant(s) herein.

4 Per contra, learned Additional Solicitor General the appearing for the respondent(s) submitted that when appellant(s) herein had an alternative remedy, the High Court was justified in refusing to interfere in the writ petition and directing the appellant(s)-assessees to approach the appellate authority. Therefore, there is no merit in this appeal. He drew our attention to paragraph 9 of the impugned order passed by the High Court.

5. However, by way of reply, learned counsel for the appellant(s) submitted that the reason as to the appellant(s)-assessees had approached the High Court under Article 226 of the Constitution of India was not for adjudication on merits of the demand notice and order in original but in order to emphasise on the aspect of delay and laches as nearly seven years after the Assessment Year, the impugned demand notice was passed which was upheld by the order in original. Therefore, the appellant(s) had sought for quashing of the demand notice and the order in original, which the High Court ought to have taken note of.

6. Having heard learned counsel for the appellant(s) and the learned Additional Solicitor General for the respondent(s), we find that the High Court ought to have considered the writ petition in light of the judgment of this Court in M/s Raghav International & Anr, wherein the belated demand notice had been quashed on the ground of delay and laches as the show cause notices in the aforesaid case were issued six to ten years after the exports had been made and in the instant case, the show cause notice has been issued nearly seven years after the Assessment Year.

7. Hence, we find that the issuance of the show cause notice is hit by the principle of delay and laches it is beyond the reasonable period that could be

contemplated in law. Following the order of this Court in M/s Raghav International & Anr. by set aside the impugned order and allow this appeal quashing show cause cum demand notice dated 05.06.2021 and order in original dated 23.01.2024.

This appeal is disposed of in the aforesaid terms.

Pending application(s) shall stand disposed of.

5. The argument on behalf of the Petitioner is that the transactions pertaining to the allegations raised are of the period 2011-2019. However, the show cause notices with respect to such allegations are dated 11th July, 2023 and 17th August, 2023. The submission, therefore, is that since the show cause notices were issued after such a long period, the same are time barred in terms of the rationale in ***M/s S.J.S. International (supra)*** and thus, the proceedings arising from such show cause notices deserve to be quashed.

6. On the other hand, Mr. Anurag Ojha, Ld. SSC has placed on record a chart to argue that the Department took some time in unravelling the *modus operandi* of the Petitioner and all the related entities. The intention of the Petitioner and the related entities was to avail duty draw back by deliberately over valuing the readymade garments. The entire nature of the transactions came to the knowledge of the department only in 2019, upon which the show cause notices have been issued on 11th July, 2023 and 17th August, 2023. In between, it is urged that the Department is also entitled to the benefit of exemption of the period of COVID-19 pandemic as well. Hence, the show cause notices cannot be held to be barred by limitation.

7. In these circumstances, this Court is of the opinion that at this stage, the Department ought to be permitted to explain this delay in issuance of the show cause notices separately by way of an affidavit. Let the affidavit be filed

within four weeks. Rejoinder thereto, be filed within four weeks thereafter.

8. In the meantime, the proceedings in the show cause notice dated 11th July, 2023 shall continue and an order may be passed in accordance with law. However, the order shall not be given effect to, as the Court would like to examine as to whether in terms of the decision in ***M/s S.J.S. International (supra),*** whether the period between the dates of exports and the SCNs is reasonable or not and whether the show cause notices itself would be liable to be quashed or not.

9. Further, ld. counsel for the Petitioner submits that the relied upon documents have not been fully supplied to them. However, this contention has been denied by the Department. In order to resolve the issue, let the Petitioner appear before the Department on 24th December, 2025 and obtain copies of all the relied upon documents. Thereafter, the reply shall be filed by the Petitioner and the request for cross examination shall be considered in accordance with law. Accordingly, after hearing the Petitioner, a reasoned order shall be passed.

10. Both the ld. counsels for the parties submit that in respect of the scrips, the show cause notice dated 17th August, 2023 has been issued by the Vijayawada Commissionerate, and in respect of the shipping bills where drawback has been availed of, the proceedings are being carried out before the TKD, Delhi.

11. Considering that the basic investigation by the DRI was common in this matter, let both the ld. Counsels seek instructions as to whether common adjudication proceedings can be conducted or not, and revert in respect of the same.

12. List on 21st January, 2026 for reverting only about the question on

consolidation of adjudication proceedings.

13. For the rest of the proceedings, list on 19th March, 2026 i.e. date already fixed.

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14. The matter stands adjourned to 19th March, 2026.

PRATHIBA M. SINGH, J.

SHAIL JAIN, J.

DECEMBER 9, 2025/*pt/ss*