Case Citation: (2026) taxcode.in 1556 HC

Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 10-09-2026

CORAM

THE HON'BLE MR.JUSTICE HEMANT CHANDANGOUDAR

WP No. 36871 of 2026
and
WMP Nos.41334 and 41335 of 2026

M/s. N.D. Jewellers,
Rep. by its Partner Narendra Sharma,
"Mayur Plaza" Door No. 09,
F-10, 1st Floor, Veerapan Street,
Sowcarpet Chennai 600 079.

Presently at Door No. 43, Shop No. D-404,
4th Floor Erulappan Street,
Chennai 600 079.

..Petitioner(s)

Vs

1. The Principal Commissioner of Customs,
   New Custom House,
   Chennai VII Commissionerate,
   Air Cargo Complex, Meenambakkam,
   Chennai 600 016.

2. The Deputy Director,
   O/o. The Additional Director General of
   Revenue Intelligence,
   Directorate of Revenue Intelligence,
   Ministry of Finance, Department of Revenue,
   Chennai Zonal Unit, 27 G. N. Chetty Road,
   T.Nagar, Chennai 600 017.

3. The Relationship Manager,
   Emerging Corporate Group,
   HDFC Bank Ltd,
   No.115 Dr. Radhakrishnan Salai Branch,
   7th Floor, Mylapore, Chennai 600 004.

..Respondent(s)

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Writ Petition filed under Article 226 of the Constitution of India seeking a writ of certiorarified mandamus to call for the entire records relating to the communication in F.No.DRI/ CZU/ VIII/ 48/ Enq.1/ INT-04/ 2022 dated 04.08.2022 of the 2nd respondent sent to the 3rd respondent and quash the same as illegal, without authority of law and in excess of jurisdiction in so far as it relates to the freezing of petitioner's Bullion Account having PAN AAPFN7223B and BA account No.57500000312087 of the petitioner maintained with the 3rd respondent viz., HDFC Bank Limited, Dr.Radhakrishnan Salai Branch, Chennai 600 004 and consequently direct the respondent to forthwith de freeze the petitioner's Bullion Account No.57500000312087 and (PAN AAPFN7223B) and to permit the operation of the above Bullion Bank Account.

For Petitioner(s): Mr.A.K.Jayaraj

For Respondent(s): Ms.M.Sheela,
Senior Standing Counsel for R1 and R2

Mr.C.Mohan for
Mrs.A.Rexy Josephine Mary for
M/s.King & Partridge for R3

ORDER

The petitioner has approached this Court challenging the communication dated 04.08.2022 issued by the second respondent to the third respondent directing the freezing of the petitioner's bank account.

2. The petitioner is engaged in the business of exporting gold jewellery. According to the petitioner, the second respondent conducted a search of the petitioner's premises, during which no incriminating material was found. Nevertheless, the impugned communication was issued directing the freezing of the petitioner's bank account.

3. Heard the learned counsel appearing for the petitioner and the learned Standing Counsel appearing for the respondents.

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4. Though several grounds have been raised challenging the freezing of the bank account, it is sufficient to consider the statutory period prescribed under Section 110(5) of the Customs Act, 1962.

5. Section 110(5) of the Customs Act permits provisional attachment of a bank account for a period not exceeding six months. The proviso permits the Principal Commissioner of Customs or Commissioner of Customs, for reasons to be recorded in writing, to extend the period by a further period not exceeding six months. Such extension must also be communicated to the person whose account has been attached before expiry of the period originally specified. Thus, the provisional attachment under Section 110(5) cannot continue beyond the maximum period of twelve months.

6. In the present case, the petitioner's bank account was frozen pursuant to the communication dated 04.08.2022. Even assuming that the attachment was validly extended in accordance with the proviso to Section 110(5), the maximum period of twelve months has long since expired. Therefore, the provisional attachment cannot be continued under Section 110(5) beyond the statutory period.

7. The respondents contend that, in the meantime, the adjudicating authority has issued a show cause notice under Section 124 of the Customs Act and, therefore, the respondents no longer have the authority to consider the petitioner's request for defreezing the account. According to the respondents, the petitioner has to approach the adjudicating authority.

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8. The said contention cannot be accepted. The freezing of the petitioner's bank account was ordered at the instance of the second respondent under Section 110(5) of the Customs Act. The power to provisionally attach the bank account is expressly subject to the limitation prescribed under that provision. The subsequent issuance of a show cause notice under Section 124 cannot, by itself, extend the period of provisional attachment prescribed under Section 110(5).

9. Therefore, the mere pendency of adjudication proceedings cannot justify continuation of a provisional attachment made under Section 110(5) beyond the maximum period prescribed by the statute.

10. Learned counsel for the petitioner also placed reliance on the judgment of the Hon'ble Supreme Court in *Kesari Nandan Mobile v. Office of Assistant Commissioner of State Tax (2), Enforcement Division–5*, Civil Appeal No.9543 of 2025, decided on 14.08.2025. In that case, while considering the statutory scheme governing provisional attachment under Section 83 of the CGST Act, the Hon'ble Supreme Court emphasised that an attachment which has ceased to operate by efflux of the statutory period cannot be continued by administrative action.

11. Though the said decision arose under the CGST Act, the principle that a statutory authority cannot continue a provisional attachment beyond the period expressly permitted by the statute is relevant to the present case. In the present

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case, Section 110(5) itself prescribes the maximum period for which the bank account can remain provisionally attached.

12. In the circumstances, the continued freezing of the petitioner's bank account, after expiry of the statutory period prescribed under Section 110(5), has no authority of law. The provisional attachment has ceased to operate by efflux of time.

13. Accordingly, the Writ Petition is allowed. The communication issued by the second respondent in F.No.DRI/CZU/VIII/48/Enq.1/INT-04/2022 dated 04.08.2022 shall be treated as having ceased to operate by efflux of the statutory period. The third respondent is directed to defreeze the petitioner's Bullion Account No.57500000312087 forthwith and permit the petitioner to operate the account.

14. This order will not preclude the respondents from taking any other action that may be permissible in law in respect of the petitioner or the subject matter of the investigation. Consequently, the connected miscellaneous petitions are closed. There shall be no order as to costs.

10-09-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
ssk

To

1. The Principal Commissioner of Customs,
   New Custom House,
   Chennai VII Commissionerate,
   Air Cargo Complex, Meenambakkam,

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Chennai 600 016.

2. The Deputy Director,
   O/o. The Additional Director General
   of Revenue Intelligence,
   Directorate of Revenue Intelligence,
   Ministry of Finance, Department of Revenue,
   Chennai Zonal Unit, 27 G. N. Chetty Road,
   T.Nagar, Chennai 600 017.

3. The Relationship Manager,
   Emerging Corporate Group,
   HDFC Bank Ltd,
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HEMANT CHANDANGOUDAR, J.

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