



IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 1810 of 2023

Jindal Drugs Pvt. Ltd. & Ors.

...Petitioners

VS

The Union of India & Ors.

...Respondents

Mr. Jas Sanghavi i/b. PDS Legal, for Petitioners.

Mr. Jitendra B. Mishra with Mr. Abhishek Mishra and Rupesh Dubey, for Respondent Nos.1 and 2 – UOI.

Ms. Raju R. Thalekar with Mr. Priyanshu Doshi, for Respondent No.3.

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

DATE: 11 February 2026.

P.C.

1. We have heard learned Counsel for the parties.
2. This petition under Article 226 of the Constitution is filed praying for the following 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 Petitioner's case and after going into the validity and legality thereof be pleased to quash and set aside: (i) order-in-original No. AC/LCM/134/2022-23/IGST(R) (E) ACC dated 20.08.2022 passed by Respondent No. 2 and (ii) order-in-original No. 438/2022-23/AC/IGST/CAG/JNCH dated 01.09.2022 passed by Respondent No. 3, to the extent the said orders grant interest of 6% from the date immediately after the expiry of sixty days from the date of order dated 02.05.2022 passed by this Hon'ble Court.

(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 or order or direction under Article 226 of the Constitution of India ordering and directing the Respondents to forthwith sanction and grant the interest of Rs. 45,03,963/- in terms of Section 56 of the CGST Act and in compliance of the orders dated 02.05.2022 of this Hon'ble Court passed in Writ Petition No. 4445 of 2021.”

3. The issues as raised before the Court have arisen due to the respondents not granting statutory interest to the petitioner and, more particularly, as

provided in the provisions of Section 56 of the Central Goods and Services Tax Act, 2017 (for short 'the **CGST Act**').

4. The relevant facts are:

The petitioner had earlier approached this Court by filing Writ Petition No.4445 of 2021 seeking directions against the respondent to sanction refund to the petitioner alongwith interest in terms of Section 16(3)(b) of the Integrated Goods and Services Tax Act, 2017 (**IGST Act**) read with Section 54 of the CGST Act and Rule 96 of the CGST Rules. The said petition was adjudicated by this Court and by an order dated 2 May 2022, in allowing the petition, this Court directed the respondent to sanction refund to the petitioner under the IGST Act as also grant to the petitioner statutory interest.

5. In pursuance of the said order passed by this Court, the petitioner made a claim for payment of statutory interest. The Assistant Commissioner of Customs (Export), Air Cargo Complex, Mumbai-III, passed an order-in-original dated 20 August 2022 whereby insofar as the interest was concerned, the following order was passed:

“ORDER

(a)

(b) I hereby sanction an interest amount of Rs.1,94,195/- (Rupees One Lakh Ninety Four Thousand One Hundred Ninety Five Only) on IGST refund sanctioned on the above para(a).”

6. However, subsequently on 13 September 2022 another order was issued which was in the nature of the corrigendum to the said order in original dated 20

August 2022, whereby, the sanctioned of interest of Rs.1,94,195/- on IGST refund was reduced to an amount of Rs.92,801/-, and accordingly, the order-in-original dated 20 August 2022 came to be modified / substituted. There is a further order passed in regard to the other shipping bills dated 1 September 2022 by an another officer i.e. Assistant Commissioner of Customs, Drawbacks /IGST Cell, Nhava Sheva whereby an amount of Rs.64,36,666/- came to be granted, whereby on such amount, an interest of Rs.50,390/- was granted to the petitioner.

7. The grievance of the petitioner is that the calculation of the interest as awarded by such order, is in fact in the teeth of the statutory provisions i.e. the rates which are specified under Section 56 of the CGST Act. In support of his contention, and the entitlement of the petitioner to the statutory interest, in the context of the petitioners' application as made under Section 54 of the Central Goods and Services Tax Act, learned Counsel for the petitioner has placed reliance on the decisions of the Co-ordinate Bench of this Court in **Altisource Business Solutions India Pvt. Ltd. vs. Union of India**¹; and **Lupin Ltd. vs. Union of India**². It is hence the contention as urged on behalf of the petitioner that considering the provisions in law, the prayers made in the petition deserve to be granted.

8. Mr. Mishra, learned Counsel for the revenue, although would justify the orders, however, is not in a position to justify that the correct mandate of Section

1 (2025)35 Centax 267 (Bom.)

2 (2025)33 Centax 282(Bom)

56 of the CGST Act, whether at all has been applied in the impugned order being passed and, more importantly, as interpreted by this Court in the said decisions.

9. On perusal of the impugned orders, we do not find, as to on what basis, a reduction in the interest being earlier granted to the petitioner, has been made and / or the calculation of interest whether at all is made as per the provisions of Section 56 of the CGST Act, for the reason that no reasons or discussion on such aspect is borne out by the impugned order. Although the petitioner would desire that this Court in the present proceedings in exercise of its jurisdiction under Article 226 of the Constitution undertake such exercise and determine the amounts payable, we are, however, not inclined to undertake such exercise of accepting the calculations as placed on record on behalf of the petitioner and step ourselves into the shoes of the said authorities in determination of the correct amount of interest. It may be observed that it is the mandate of law which would be required to be followed, and more particularly, when the revenue is already guided by the provisions of law and the binding decisions of this Court on the manner in which the interest ought to have been calculated, by applying such statutory provisions, which would also be in compliance of the orders dated 2 May 2022 passed by this Court on Writ Petition No.4445 of 2021 as filed by the petitioner.

10. In our opinion, in fact once the Court has directed as far as back on 4 May 2023 that the petitioner would be entitled for 'statutory interest', an appropriate exercise in that regard ought to have been undertaken and as acceptable in law

and the petitioner was not required to approach this Court on any such issue.

11. In this view of the matter, we are inclined to set aside the order dated 20 August 2022, insofar as the operative paragraph (b) is concerned, as also the corrigendum dated 13 September 2022, as also the order-in-original dated 1 September 2022, insofar the amount of interest at Rs.50,390 has been determined as payable to the petitioner.

12. We direct the concerned Designate Officer of the respondents to undertake a fresh exercise of determination of the interest amounts, strictly as per the provisions of Section 56 of the CGST Act, and determine the amount of interest payable to the petitioner strictly in accordance with law and the directions of this Court in **Altisource Business Solutions India Pvt. Ltd.** (supra) and **Lupin Ltd.** (surpa).

13. Let this exercise be undertaken and an appropriate order be passed after granting an opportunity of a hearing to the petitioner within a period of 30 days from today. All contentions of the parties in that regard are expressly kept open.

14. We hope that on these issues, there is no further litigation and the concerned officer would accordingly act in the light of what has been observed hereinabove.

15. Disposed of in the aforesaid terms. No costs.

(AARTI SATHE, J.)

(G. S. KULKARNI, J.)