CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI

PRINCIPAL BENCH - COURT NO. II

CUSTOMS APPEAL NO. 51660 OF 2025

[Arising out of Order-in-Appeal No.CC(A)CUS/D-1/ACC Import/NCH/04/2025-26 dated 01.04.2025 passed by the Commissioner of Customs(Appeals), New Customs House, New Delhi]

M/s HCL Infodystems Limited **....APPELLANT**
A-11, Sector-3, Noida-201 301

VERSUS

Office of the Principal Commissioner Of Customs **...RESPONDENT**
ACC(Import), New Customs House,
Near IGI Airport, New Delhi-110 037

APPEARANCE:
Mr. Kamal Gupta, Chartered Accountant for the appellant
Shri Anand Narayan, Authorised Representative for the respondent

CORAM:
HON'BLE MR. ASHOK JINDAL, MEMBER (JUDICIAL)

FINAL ORDER NO.50721/2026

Date of Hearing/Decision: 25.03.2026

ASHOK JINDAL:

1. The appellant is an appeal seeking interest on delayed payment, which was denied to the appellant.

2. The facts of the case are that the appellant imported microprocessor NCP. At the time of provisional release of the said goods, the appellant paid a bank guarantee, which was renewal from time to time. After several investigations, the adjudication took place wherein

demand was raised, redemption fine was also imposed, and penalty was also imposed vide order dated 13.08.2004. The said order was challenged by the appellant before this Tribunal. During the pendency of the appeal before this Tribunal, the bank guarantee which was executed by the appellant on 07.08.2004 was encashed on 08.12.2004. Thereafter, this Tribunal vide order dated 14.09.2006 held that the appellant was not liable to pay any duty, consequently, no redemption fine was payable by the appellant and no penalty was imposable on the appellant.

3. In view of the Tribunal's orders, the appellant filed a refund claim which was sanctioned, but no interest was paid to the appellant for the intervening period from encashment of the bank guarantee till its realisation. The appellant sought claim of interest from the authorities below, which has been rejected, therefore, the appellant is before me.

4. The learned counsel for the appellant submits that while sanctioning the refund claim, it was held that the appellant was liable to pay redemption fine and the same was appropriated against the bank guarantee. Therefore, on the redemption fine portion which was adjusted before the order of this Tribunal, there was no provision to pay interest, therefore, they did not pay interest on that part of the bank guarantee. They paid interest only on the partial amount of the bank guarantee which was encashed, from the date of filing of the refund claim after 3 months

till its sanction. Whereas they are required to pay interest from the date of encashment of the bank guarantee till its realisation. On the part of redemption fine for which no interest is paid to them, the same is also liable for interest. To support this contention, reliance is placed on the decision of the Hon'ble High Court in the case of **Rajkumar Batra Versus Commissioner of Customs (Preventive)[1].**

5. On the other hand, the learned Authorised Representative supported the impugned order and submitted that interest has already been sanctioned after 3 months from the date of receipt of the refund claim. Therefore, the appeal is required to be dismissed.

6. I have heard the parties and considered the submissions.

7. It is not in dispute that the bank guarantee was encashed during the pendency of the appeal before this Tribunal on 08.12.2004, which was held by this Tribunal not to be payable by the appellant, as the whole of the demand raised against the appellant by way of adjudication order dated 13.08.2004 was set aside vide order dated 14.09.2006, therefore the appellant is entitled to claim interest from the date of encashment of the bank guarantee till its realisation. It is not a case where any redemption fine is payable by the appellant, therefore, the Revenue's

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[1] **(2024) 17 Centax 73 (Del.)/2024(3880 E.L.T. 577(Del.)**

claim on the part of deposit towards redemption fine is not acceptable, as held by the Hon'ble High Court in the case of **Rajkumar Batra (supra)**, wherein the Hon'ble High Court held as under:

> "**26**. Relying upon the decision of the Supreme Court, the Division Bench of the High Court of Judicature at Allahabad in R.H.L. Profiles Ltd. v. Commr. Of Cus., Ex. And Service Tax, Kanpur, reported in 2017 (352) ELT 349 (All.), held that on the amount which was illegally confiscated by the Revenue and ultimately refunded, the assessee-appellant is entitled to interest and the department is under obligation to pay the same".

8. In view of this, I hold that the appellant is entitled to claim interest from the date of encashment of the bank guarantee till its realisation. Accordingly, the appeal is disposed of in the above terms.

[Order dictated and pronounced in open court]

(ASHOK JINDAL)
MEMBER (JUDICIAL)

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