CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL REGIONAL BENCH AT HYDERABAD

Division Bench – Court No. – I

Customs Appeal No. 20887 of 2015

(Arising out of Order-in-Appeal No. 179/2014-VCH dt.18.12.2014 passed by Principal Commissioner of Customs, Central Excise & Service Tax (Appeals), Visakhapatnam)

M/s Rungta Mines Ltd
Rungta House, Chaibasa PO,
Jharkhand – 833 201 **.....Appellant**

VERSUS

Commissioner of Customs
Visakhapatnam - Customs
Port Area, Visakhapatnam,
Andhra Pradesh – 530 035 **.....Respondent**

AND

Customs Appeal No. 25362 of 2013

(Arising out of Order-in-Appeal No. 66/2012-VCH dt.03.10.2012 passed by Principal Commissioner of Customs, Central Excise & Service Tax (Appeals), Visakhapatnam)

M/s Rungta Sons Pvt Ltd
Rungta House, Chaibasa PO,
Jharkhand – 833 201 **.....Appellant**

VERSUS

Commissioner of Customs
Visakhapatnam - Customs
Port Area, Visakhapatnam,
Andhra Pradesh – 530 035 **.....Respondent**

Appearance
Shri S.C. Choudhury, Advocate for the Appellant.
Shri K. Sreenivasa Reddy, AR for the Respondent.

Coram: HON'BLE MR. A.K. JYOTISHI, MEMBER (TECHNICAL)
HON'BLE MR. ANGAD PRASAD, MEMBER (JUDICIAL)

FINAL ORDER No. A/30470-30471/2025

Date of Hearing: 16.10.2025
Date of Decision: 12.11.2025

[Order per: A.K. JYOTISHI]

M/s Rungta Mines Ltd and M/s Rungta Sons Pvt Ltd (hereinafter referred to as Appellants) are engaged, inter alia, in export of iron ore having certain parameters in terms of Fe content, moisture content, etc. The shipping bills were assessed provisionally based on declared FOB and quantity. On finalization, while the Original Authority has observed that they have realised export proceeds as per their initial declaration and in terms of condition laid down in the contract and that there is no evidence on record that there is a mis-declaration of value. However, despite this, the Original Authority observed that as far as moisture content is concerned, it was initially declared as 8%, however, as per CIQ certificate, it was found to be 7.81% and as per CRCL, it was found to be 6.8% and thereafter, held CRCL report's moisture content in terms of bond executed by them at the time of export for finalization of shipping bill would be applicable for working out duty. On appeal, Commissioner (Appeals) modified the order to the extent of adoption of Fe content as per the declared Fe content by the appellant and not as determined by either CRCL lab or CIQ test report.

2. Learned Advocate has mainly contested that redetermination of FOB value for the purpose of working out the refund by adopting different yardstick, is not sustainable in view of the settled position that once the transaction value is not found to be incorrect, there cannot be any variation in the transaction value declared and the duty should have been computed on the basis of final invoice and BRC submitted, which was based on mutually agreed contract. He has further submitted that reliance placed on bond is also not correct as the bond was for the purpose of paying differential duty in case the duty is found to be on higher side than what has been declared at the time of provisional assessment and it is in no way binding him to the test reports of CRCL especially in relation to moisture content, when there is a specific provision for determining Fe content as well as moisture content on the basis of CIQ report at discharge port. He has also emphasized that the lower authority, while finalizing the assessment and redetermining the declared transaction value, has not followed the required procedure.

3. Learned AR, on the other hand, has reiterated the findings of the Commissioner (Appeals).

4. Heard both sides and perused the records.

5. We find that these two appeals broadly involve the issue pertaining to redetermination of export value at the time of final assessment. While the appellant's/exporter's submission is that final invoice and the BRC should be the basis for deciding the export duty and not the manner in which it has been decided by the department, whereas, the department's main submission is that while in the case of Fe content, there was no ground for redetermining the value, whereas, in the case of moisture content, the appellant had bind himself to agree with the test report of CRCL. This observation is not correct as the bond at the time of provisional assessment is essentially to bind to pay differential duty at the time of final assessment and not to accept the findings of the CRCL, as such.

6. We find that it is an admitted position that the assessment was provisional and there was a contract between the appellant/exporter and the importer abroad, wherein, various agreed upon parameters were prescribed including tolerance limit. Thus, after CIQ test report at discharge port, the final invoice was issued in accordance with the said test report in terms of Fe content, moisture content, tolerance limit, etc., and the said amount was received by the appellants/exporters as evidenced by BRC. There is no dispute that they had received any other payment or that invoice is not genuine. We find that the issues involved are already discussed in detail in catena of judgments of this Bench and Coordinate Benches, which are as under:

a) Daksh Minerals Vs CCT [2024 (5) TMI 1155 – CESTAT Hyd]
b) Atha Mines, Khatau Narbheram & Co., Vs CC, Visakhapatnam [Final Order – A/30246-30249/2025 dt.28.07.2025]
c) Essel Mining & Industries Ltd Vs CC [Final Order – 77197/2025 dt.05.08.2025]
d) BTM Export, Rungta Sons Vs CC, Visakhapatnam [2017 (11) TMI 1530 – CESTAT Hyd]
e) CC (Export), Goa Vs VGM Exports [2013 (291) ELT 572 (Tri-Mumbai)]

f) Bonai Industries, Rungta Mines, Feegrade Vs CC [Final Order – A/30317-30324/2024]

g) Vibhutigudda Mines Vs CC [2025 (5) TMI 171 – CESTAT Hyd]

7. Thus, we find that the manner of computing the admissible refund by Refund Sanctioning Authority is not correct.

8. We also note that similar issue has been discussed elaborately recently in the case of M/s Feegrade & Co. Pvt Ltd Vs CC, Visakhapatnam [Final Order – A/30427-30430/2025 dt.17.10.2025], wherein, inter alia, taking into account various case laws cited, this Bench held that the amount of customs duty finally payable has to be computed by the Refund Sanctioning Authority based on the value/price received by the appellant in terms of final commercial invoice and BRC and thereafter, excess payments, if any, made by the appellants/exporters at the time of provisional assessment is required to be refunded with applicable interest in accordance with the provisions of section 18(4) of the Customs Act, 1962. Thus, the impugned order is not legal and proper and is liable to be set aside and is accordingly set aside.

9. In view of the above, the matter is remanded back to the Original Refund Sanctioning Authority to redetermine the quantum of refund and interest admissible in accordance with the observations and decisions made, supra. Further, this being an old matter, the same may be decided by the Original Refund Sanctioning Authority within three months from the receipt of the order.

10. Appeals are allowed by way of remand with consequential relief, as per law.

(Pronounced in the Open Court on 12.11.2025)

(A.K. JYOTISHI)
MEMBER (TECHNICAL)

(ANGAD PRASAD)
MEMBER (JUDICIAL)

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