CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL HYDERABAD

REGIONAL BENCH - COURT NO. – I

Excise Appeal No. 30195 of 2016

(Arising out of **Order-in-Appeal** No.HYD-EXCUS-003-APP-013-15-16 CE dated 18.01.2016 passed by Commissioner of Customs & Central Tax (Appeals), Hyderabad)

KRC Industries .. **APPELLANT**
Plot No.41, Tech Park Ida,
Nacharam, Rangareddy,
Telangana – 500 076.

VERSUS

Commissioner of Central Tax .. **RESPONDENT**
Secunderabad - GST
Kendriya Shulk Bhavan,
L.B. Stadium Road,
Basheerbag, Hyderabad,
Telangana – 500 004.

APPEARANCE:
Shri Dr. T. Satya Murthy, Advocate for the Appellant.
Shri K. Sreenivasa Reddy, Authorized Representative for the Respondent.

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

FINAL ORDER No. A/30424/2026

Date of Hearing: 22.07.2026
Date of Decision: 22.07.2026

[ORDER PER: ANGAD PRASAD]

M/s KRC Industries are in appeal against the Order-in-Appeal dated 28.07.2014, whereby, the Commissioner (Appeals) has gave certain relief to the appellant in respect of demand confirmed by the Original Adjudicating Authority vide Order dated 28.07.2014.

2. The fact, in brief, is that the appellant is engaged in the manufacture and supplying various items such as AB Switches and HB Fuse Sets etc., to various Companies including Andhra Pradesh Power Distribution. Based on certain enquiry, the Department felt that they have not discharged applicable

central excise duty in respect of clearances made beyond Rs. 1.5 crores, as was the threshold limit for clearances at nil rate of duty for Small Scale Industries as per extant notification. In view of the same, demands were raised in respect of amount exceeding Rs. 1.5 Crores.

3. On adjudication, the Adjudicating Authority after going through the submissions, allowed exclusion of certain value from the total re-computed value, on which the demand was confirmed partially.

4. On appeal, the Commissioner (Appeals) has also taken into consideration, the submissions and thereafter again allowed further exclusion of certain items from the computation of the total value based on which demand was raised. According to Commissioner (Appeals), the clearances during 2010-11 came to Rs. 1,53,84,333/- as against the original demand based on the value of Rs. 1,91,59,259/-. Similarly, for the year 2011-12, re-computed value came to Rs. 94,05,986/- as against the original demand based on value of clearance at Rs. 1,71,90,931/-. Thereafter, the Commissioner (Appeals) allowed the benefit of threshold limit of Rs. 1.5 crores during the financial years and confirmed demand only for the year 2010-11 assuming excess clearance of Rs. 3,48,443/- and reduced the original demand to Rs. 35,890/-.

5. Learned Advocate submits that there is an apparent error as is evident that while certain deductions were already allowed in the Order-in-Original, the Commissioner (Appeals) failed to take note of that and reduced after allowing deductions and again allowed deduction from the original value as taken in the Show Cause Notice resulting into confirmation of demand to the extent of Rs. 35,890/-. It is obvious that once the re-computed value has itself been reduced in Order-in-Original, same value has to be taken for has

taken for the exclusion allowed by Commissioner (Appeals) and on doing so it comes to below Rs. 1.5 crores and hence there would not be any liability.

6. Learned AR reiterates the findings of the Commissioner (Appeals).

7. We have gone through the records and submissions. We find that the short issue for determination is whether the appellant is required to pay any duty in respect of any clearances beyond the threshold limit of Rs. 1.5 crores or otherwise. We find that in this case, it is obvious that Commissioner (Appeals) has erred in taking the original value for allowing deductions of certain items, whereas, he should have taken the re-computed value already allowed and confirmed by the original Adjudicating Authority and thereafter excluded the value for working out threshold limit. Once it is done, the re-computed value will be below Rs. 1.5 crores.

8. Therefore, in this case, for the year 2010-11, there is no excess clearance above the threshold limit and therefore, the demand does not survive

9. Appeal allowed.

(Dictated and pronounced in the open court)

(A.K. JYOTISHI)
MEMBER (TECHNICAL)

(ANGAD PRASAD)
MEMBER (JUDICIAL)

Jaya