# CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
# MUMBAI

REGIONAL BENCH - COURT NO. 5

**Customs Appeal No. 87482 of 2025**

[Arising out of Order-in-Original C.A.O. No. 16/2025-26/CAC/CC(E)/AH/ADJN-EXP dated 22.05.2025 passed by the Commissioner of Customs (Export), Mumbai Zone-I, Mumbai.]

**CEAT Limited** **.... Appellants**
463, Annie Besant Road
Worli, Mumbai,
Maharashtra – 400 025.

Versus

**Commissioner of Customs (Export)** **.... Respondent**
II Floor, New Custom House
Shoorji Vallabhdas Road, Ballard Estate,
Mumbai, Maharashtra – 400 001.

Appearance:

Ms. Madhura Khandekar, Advocate for the Appellants

Shri Krishna Azad, Authorized Representative for the Respondent

**CORAM:**

**HON'BLE MR. AJAY SHARMA, MEMBER (JUDICIAL)**
**HON'BLE MR. M.M. PARTHIBAN, MEMBER (TECHNICAL)**

**FINAL ORDER NO. A/86074/2026**

Date of Hearing: 03.08.2026
Date of Decision: 02.09.2026

**Per: M.M. PARTHIBAN**

This appeal has been filed by M/s. CEAT Limited, Mumbai (herein after, referred to as "the appellants", for short) assailing the Order-in-Original C.A.O. No. 16/2025-26/CAC/CC(E)/AH/ADJN-EXP dated 22.05.2025 (herein after, referred to as "the impugned order") passed by the Commissioner of Customs (Export), Mumbai Zone-I, Mumbai.

2.1 Brief facts of the case, leading to this appeal, are summarized herein below:

2.2 The appellants herein are engaged *inter alia*, in the manufacturer of various types of automobile tyres at their different manufacturing plants in India. The appellants were issued with multiple Export Promotion Capital Goods (EPCG) Scheme Licenses/Authorisation for import of capital goods. The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness. EPCG Scheme allows import of capital goods (except those specified in negative list in Appendix 5 F) for pre-production, production and post-production at zero customs duty. Capital goods imported under EPCG Authorisation for physical exports are also exempt from IGST and Compensation Cess, leviable thereon under the sub-section (7) and sub-section (9) respectively, of Section 3 of the Customs Tariff Act, 1975, as provided in the notification No. 22/2013-Customs dated 18.04.2023 issued by Department of Revenue, Ministry of Finance. Under Zero duty EPCG scheme, the appellants were issued with six Authorisation/ Licenses viz., No. 0330036078/2/12/00 dated 13.06.2013; No. 0330036175/2/12/00 dated 21.06.2013; No. 0330036289/2/12/00 dated 04.07.2013; No. 0330036530/2/12/00 dated 06.08.2013; No. 0330036733/2/12/00 dated 05.09.2013 and No. 0330037284/2/12/00 dated 21.11.2013 for import of capital goods against export of tyres specified therein. The appellants had imported capital goods totally valued at Rs.7,76,83,519/- for which import duty foregone was Rs.1,79,12,579/-, by executing bond for an amount of Rs.5,01,55,222/- undertaking to fulfill export obligation in terms of Section 143 of the Customs Act, 1962.

2.3 Since the department had found that the appellants have failed to produce Capital Goods Installation Certificate upon its importation and have also not submitted the Export Obligation Discharge Certificate (EODC) in terms of the notification dated 18.04.2013, a Show Cause Notice (SCN) dated 07.10.2024 was issued for demand of duty foregone amount of Rs.1,79,12,579/- along with interest in terms of bond executed under Section 143 *ibid*, with a proposal for confiscation of imported goods under Section 111(o) *ibid* and for imposition of penalty on the appellants under Section 112(a) *ibid*.

2.4 The said SCN dated 07.10.2024 was adjudicated by the learned Commissioner of Customs, in confirmation of all the proposals made in the SCN by issue of the impugned order dated 22.05.2025. Being aggrieved by the impugned order, the appellants had preferred this appeal before the Tribunal.

3. Learned Counsel for the appellants submitted that during the adjudication of the case, the appellants had stated before the learned Commissioner vide their letter dated 13.05.2025, that they had already fulfilled the requisite export obligation as per EPCG Authorisation and they had also filed necessary application before the DGFT authorities at Mumbai

for issue of EO redemption certificate by their letter dated 13.01.2020 and EODC is awaited from DGFT. Upon receipt of the same, they would be submitting it to the jurisdictional customs authorities for cancellation of bond and sought for more time for undertaking such process. He further stated that in the impugned order, the learned Commissioner has held that installation certificate issued by the designated authority is not submitted by the appellants and they have failed to show that export obligation has been fulfilled by them, and on such basis, he had confirmed the adjudged demands. As opposed to this, learned counsel submitted that the appellants had duly obtained installation certificate in respect of imported capital goods from the jurisdictional Central Excise authorities viz., Range-V, Halal Division of Vadodara-II Central Excise & Customs Commissionerate vide letters dated 17.12.2013, 27.01.2014 (3 letters), 10.10.2014 (2 letters) covering all imported goods under various Bills of Entries. Further, he stated that the appellants had also took persistent efforts and were able to obtain EODC from Additional DGFT, Mumbai on 16.12.2025 in respect of all the six EPCG Authorisation/licenses. Furthermore, on production of these documents, the Deputy Commissioner of Customs, in the office of the Commissioner of Customs (Exports), New Custom House vide letter dated 09.04.2026 had taken into account the EODC certificate of DGFT authorities and on the ground that the appellants had discharged the export obligation arising from the said EPCG Authorisation/Licenses have also cancelled the Bonds executed before the Customs. On the above factual matrix and on the basis of the order of the Tribunal in the case of *Alca Technologies Vs. Commissioner of Customs, Nhava Sheva-IV* – 2019 (369) E.L.T. 1447 (Tri.-Mumbai), learned Counsel prayed that the impugned order is not sustainable and the appeal filed by them may be allowed.

4. Learned Authorised Representative appearing for Revenue, reiterated the findings made in the impugned order and submitted that adjudged demands are sustainable as the appellants had failed to produce documents at relevant time.

5. We have heard both learned Counsel appearing for the appellants and learned Authorized Representative of the Department and perused the case records and the synopsis given in the form of written submissions.

6. The issue for consideration before the Tribunal lies in the narrow compass of examining whether there exist any Export Obligation Discharge Certificate (EODC) in respect of six specified Advance Authorisation/

Licenses issued to the appellants and installation certificates in fulfillment of the conditions of notification dated 18.04.2013; and whether the adjudged demands in the impugned order are sustainable or not.

7. On examining the documents placed in the appeal records, more particularly letter dated 09.04.2026 issued by the Deputy Commissioner of Customs in the office of the Commissioner of Customs (Exports), New Custom House, duly cancelling bonds executed for availing duty exemption under EPCG Scheme in respect of all the six EPCG licenses on 09.04.2026 covered in the impugned order; and installation certificates in respect of imported capital goods from the jurisdictional Central Excise authorities viz., Range-V, Halal Division of Vadodara-II Central Excise & Customs Commissionerate vide letters dated 17.12.2013, 27.01.2014 (3 letters), 10.10.2014 (2 letters), we are of the considered opinion that the requisite compliance with the notification conditions have been fulfilled by the appellants. We further notice that the appellants had submitted the requisite details for obtaining EODC with DGFT authorities vide their letter dated 13.01.2020. However, the same was issued by the Additional DGFT, Mumbai only on 23.03.2026. Therefore, non-production of EODC at the time of adjudication before the learned Commissioner of Customs was beyond their control, as the same was not issued by the competent authorities, despite the action on the part of the appellants for export of specified goods having been completed for fulfillment of export obligation and necessary documents have also been submitted to DGFT.

8.1 In this regard, we find that the Co-ordinate Bench of the Tribunal in the case of *Alca Technologies* (supra), involving similar set of facts have held that the proper course of action for the department was to keep the SCN pending till the licensing authority had responded one way or the other, instead of deciding the issue of fulfillment of conditions of notification without having such facts ascertained. Therefore, the Tribunal had set aside the impugned order in that case. The extract of the relevant paragraph is given below:

> ***"4.*** *We find that the application to the licensing authority was made almost nine months after the prescribed period for discharge application had expired. Considering the voluminous records that were to be submitted, we find no anomaly in this lapse of time. At the stage of issue of show cause notice, as well as of impugned order, the customs authorities were not unaware that the application for 'export obligation discharge certificate' was yet pending with the licensing authority. Had the licensing authority been dissatisfied on this score, a show cause notice under Foreign Trade (Development and Regulation) Act, 1992 would have been on record.*

> *In such circumstances, it was not necessary for the adjudicating authority to proceed with such haste to dispose of the show cause notice. That this was premature is apparent from the issue of discharge certificate from the licensing authority barely six months after that. The proper course of action for the original authority would have been to keep the notice pending till the licensing authority had responded one way or the other. Be that as it may, in view of the furnishing of the 'export obligation discharge certificate' issued by the competent authority, it would be appropriate for the impugned order to be set aside and the matter remanded back to the original authority for a decision on the liability to duty in the light of evidence of having fulfilled the prescription in the notification. Needless to say, the appellant should be granted an opportunity to be heard in person. Appeal is accordingly disposed of."*

8.2 In the case before us, the customs authorities themselves upon subjective satisfaction of the EODC certificate issued by DGFT, of course subsequent to the passing of impugned order, had cancelled the bonds in respect of all six EPCG licenses/Authorisation, against which the impugned order had confirmed the demand of duty under Section 143 ibid. From the documents on record, it transpires that there is apparent contradiction inasmuch as, on the one hand the customs authorities of the same Commissionerate have confirmed the duty demands for non-production of EODC; and on the other hand, they have also accepted the EODC and cancelled the bonds executed before them. Thus, we do not find any merits in confirmation of adjudged demands in the impugned order, on the premise of non-submission of requisite documents by the appellants.

9. In view of the foregoing discussions and analysis, we are of the considered view that the impugned order to the extent it had confirmed the duty demands along with imposition of redemption fine and penalty on the appellants is not legally sustainable.

10. In the result, the impugned order is set aside and the appeal is allowed in favour of the appellants.

(Order pronounced in open court on 02.09.2026)

**(AJAY SHARMA)**
**MEMBER (JUDICIAL)**

**(M.M. PARTHIBAN)**
**MEMBER (TECHNICAL)**

*Sinha*