

Principal Commissioner of Customs, Hyderabad v. M/s Granules India Limited

Case number: Central Excise Appeal No. 26 of 2024

Citation: No neutral or reported citation is printed in the official High Court PDF.

Decision date: 9 December 2024

Transitional CVD/SAD refund upheld by the High Court; later Supreme Court order conditionally restrains implementation

Court: Telangana High Court

Bench: Hon'ble Chief Justice Alok Aradhe and Hon'ble Sri Justice J. Sreenivas Rao

Decision stage: Final High Court merits dismissal of Revenue's appeal; subsequently challenged in Supreme Court SLP(C) No. 14126/2025 (Diary No. 17834/2025), with a conditional restraint on acting upon the refund.

01 Facts of case and issues

Granules imported duty-free inputs under advance authorisations before 1 July 2017 for manufacture and export. After failing to fulfil certain export obligations, it paid countervailing duty (CVD), special additional duty (SAD), cess and interest during August 2018–March 2019. The judgment records that CVD and SAD would have been creditable under the former Central Excise and Service Tax regime, but could not be availed as input credit through the GST framework in these circumstances.

The company claimed refund under Section 142(3) read with Section 174 of the CGST Act. Following a notice dated 12 February 2020, the adjudicating authority rejected Rs. 3,28,75,733 on 17 August 2020, disputing jurisdiction and the availability of a cash refund. The Tribunal allowed the company's appeal on 20 February 2024. Revenue then appealed to the High Court under Section 130 of the Customs Act, despite the case being numbered as a Central Excise Appeal.

Pinpoint: Official High Court PDF physical pp. 3–5, paragraphs 2–4; administrative caption and intervening Commissioner (Appeals) order dated 15 January 2021: physical p. 1.

02 Discussion by Hon'ble Court

Revenue argued that the adjudicating authority lacked jurisdiction under Section 142, relying on Circular No. 3/3/2017-GST dated 5 July 2017. Granules supported the Tribunal's order. The High Court recorded those opposing positions; it did not reproduce the circular or pronounce it invalid.

The Court accepted the admitted timing and purpose of the CVD/SAD payments. Paragraph 8 explains that the Tribunal relied on Section 142(3), under which refund claims relating to amounts paid under the existing law are dealt with under that law, whether filed before, on or after the appointed day. It endorsed the Tribunal's conclusion that CVD and SAD paid after the appointed day were refundable on this record.

The Court held the finding lawful and not perverse, and found no substantial question of law requiring consideration. Its brief reasons approve the particular transitional refund; they do not separately decide every limitation, unjust-enrichment or eligibility issue that could arise in another claim. The reference to

02 Discussion by Hon'ble Court

several subsections in the account of the Tribunal's reasoning must not be expanded into a freestanding right to encash any unused GST or CENVAT balance.

Pinpoint: Official High Court PDF physical pp. 5–7, paragraphs 5–8; core reasoning and substantial-question conclusion: paragraph 8, physical pp. 6–7.

03 Judicial decision and operative relief

Revenue's appeal was dismissed, leaving the Tribunal's entitlement finding for Rs. 3,28,75,733 undisturbed at that stage. No costs were ordered and pending miscellaneous applications were closed. The High Court did not remand the dispute or add a payment deadline, interest award or separate direction refunding every component of the underlying duty payment.

Subsequently, on 2 May 2025, the Supreme Court condoned delay and issued notice. It directed that, if the refund order had not yet been acted upon, it must not be acted upon. That later qualification is essential when describing implementation of the High Court result.

Pinpoint: High Court paragraph 8 conclusion and paragraph 9, physical p. 7; Supreme Court judicial ROP dated 2 May 2025, physical p. 1, operative directions.

04 In favour of

Granules, the taxpayer, in the High Court; subject to the Supreme Court's later conditional restraint on implementing the refund.

The High Court gave a final, reasoned disposal of the refund dispute at the Section 130 appellate threshold. This is not an interim High Court order or a remand-only result. It is also not proof that the refund was actually paid. The Supreme Court Registrar's order of 3 September 2025 identifies SLP(C) No. 14126/2025, allows time for a counter affidavit and directs processing for Court listing. That administrative order neither decides the merits nor lifts the judicial restraint.

Pinpoint: High Court paragraphs 8–9, physical pp. 6–7; Supreme Court judicial ROP dated 2 May 2025 and Registrar ROP dated 3 September 2025, physical p. 1 each.

05 AKHB REVIEW POINT

AKHB analysis: For a comparable legacy-import claim, establish the pre-GST import, advance-authorisation obligations, later regularisation payment and the precise old-law credit entitlement. Keep duty components, interest and cess separately reconciled. Obtain the full adjudication, appellate and Tribunal record; do not assume the amount mentioned in this short judgment establishes entitlement to every component paid.

Section 142(3) preserves an existing-law adjudication and contains specific safeguards, including the treatment of rejected claims and amounts already carried forward. A present claim therefore needs its own eligibility, limitation, unjust-enrichment and duplicate-benefit analysis. The mere inability to use a credit balance is not a sufficient factual comparison.

For Granules itself, examine the latest Supreme Court docket and whether implementation had occurred before the conditional order. Do not treat notice as a merits reversal, or the later Registrar listing directions as permission to release money. This note supplies a historical High Court holding with the verified appellate restriction, not an assurance of a currently executable refund.

Pinpoint: AKHB commentary based on High Court paragraphs 3–9; CGST Section 142(3) and its provisos; Supreme Court orders dated 2 May and 3 September 2025. Practical checks and limits are analysis.

Sources and limitations

Relevant provisions

CGST Act 2017: Sections 142(3) and 174; paragraph 8 also refers to subsections (5) and “(8A)” while recounting the Tribunal’s reasoning. Customs Act 1962: Section 130.

Statutory note

The judgment concerns old-law duties on pre-GST imports, paid during August 2018–March 2019. Paragraph 8 prints “(8A)”; the official statutory text instead sets out Section 142(8)(a) and (b). No separate subsection 142(8A), or independent construction of it, is asserted here. Section 142(3) preserves the Section 11B(2) qualification and bars refund of a balance already carried forward; this note does not waive those statutory checks.

Treatment note

Checked on 12 October 2026: the directly obtained Supreme Court judicial order of 2 May 2025 confirms the challenge to this exact judgment and conditionally prevents implementation of the refund. The Registrar’s procedural order of 3 September 2025 confirms the registered number, SLP(C) 14126/2025. No later merits outcome or modification of the restraint was established from the bounded official-source check. The complete docket and all subsequent citation history have not been certified; verify the latest orders before reliance.

Scope of source review

All eight physical High Court PDF pages read and individually visually inspected: caption/prayer and counsel sheets (pp. 1–2), complete judicial reasons (pp. 3–7, opening passage and paragraphs 2–9), and dated disposal endorsement (p. 8). Both one-page Supreme Court records were separately read and visually checked.

Source notes

The visible original confirms “Granules India Limited”, both judges’ full names and Rs. 3,28,75,733 in paragraphs 4 and 8; OCR errors in these fields are not adopted. The judicial date is 9 December 2024, distinct from the January 2025 dispatch/upload dates. The original High Court PDF is preserved unchanged. The cited Registrar record is administrative, not a further merits judgment.

Primary source

Source description: Complete issuing-court High Court PDF; separately identified Supreme Court judicial and Registrar orders.

Official source: [Open source document](#)

Source pages: 8

Outcome type: final high court merits

Additional source

Supreme Court judicial order, Diary No. 17834/2025, 2 May 2025

Official source: [Open source document](#)

Pinpoint: Physical p. 1: delay condoned, notice, and conditional direction not to act upon the refund order.

Supreme Court Registrar order, SLP(C) No. 14126/2025, 3 September 2025

Official source: [Open source document](#)

Pinpoint: Physical p. 1: counter-affidavit time and processing for listing; administrative directions only.

CBIC official CGST Act text, Section 142

Official source: [Open source document](#)

Pinpoint: Section 142(3) and its provisos; numbering and subject matter of subsections (5) and (8)(a)–(b). Used for this limited statutory cross-check.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official High Court judgment and identified primary sources. No human legal review is claimed.

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Source checked: 12 October 2026