

Broad Son Commodities Private Limited v. The Union of India & Ors.

Case number: CWJC No. 3531 of 2022 with CWJC Nos. 16361, 17070, 17077, 17078 and 18535 of 2022; 9140, 9162, 9947, 11538, 16764, 17700 and 18206 of 2023; and 2730, 4297, 4562 and 6389 of 2024

Citation: 2025(4) eILR(PAT) HC 4675 (reporter citation printed in the official source)

Decision date: 18 April 2025

GST on mineral exploration and mining rights, royalty consideration and the 18% rate from 1 July 2017

Court: Patna High Court

Bench: Hon'ble Mr. Justice Rajeev Ranjan Prasad and Hon'ble Mr. Justice Sourendra Pandey

Decision stage: Final reasoned common judgment rejecting the mineral-royalty GST challenges. The direct Supreme Court challenge in Diary No. 51888/2025 was shown as pending in the official docket checked on 13 October 2026. See the dated treatment note for the precise scope of subsequent orders.

01 Facts of case and issues

Broad Son obtained Bihar sand-ghat settlements for 2015–2019, with separate yearly agreements and work orders and escalating annual settlement amounts. It initially paid GST under reverse charge at 5%. The AAR accepted 5% for 1 July 2017–31 December 2018 and 18% thereafter. Broad Son did not pursue its own statutory appeal; Revenue appealed. On 10 December 2021 the AAAR retained classification under SAC 997337 but applied 18% to both periods and rejected exemption.

Broad Son challenged that result. Other connected petitions disputed assessments, mining-related GST demands or sought repayment. The taxpayers argued that mineral-rights taxation belonged exclusively to the States, royalty combined regulatory and service elements, and pre-GST grants could not attract GST merely because instalments fell due later. They also invoked parity with liquor licences and, alternatively, the earlier 5% rate.

Pinpoint: Paragraphs 3–15, physical pp. 18–26; connected petitions, paragraphs 106–151, physical pp. 110–134.

02 Discussion by Hon'ble Court

The Court first examined the confined classification-and-rate question originally put to the AAR, Broad Son's acceptance of liability and its failure to appeal. It then addressed the substantive challenges. Applying the Supreme Court's Mineral Area Development Authority analysis of royalty, the Bench treated royalty as contractual consideration for mineral rights rather than a tax or statutory impost. It harmonised Article 246A's GST power with Entry 50 of List II. The Supreme Court precedent was used for these propositions; it was not itself a decision on this GST demand.

A mining licence supplied for consideration fell within services and supply under Sections 2(102) and 7(1)(a). The Court rejected the pre-GST execution argument in these recurring settlements, distinguishing transfer of mineral rights from their exercise and holding GST payable on the instalments. The hybrid-fee and liquor-licence comparisons failed.

02 Discussion by Hon'ble Court

The Bench upheld SAC 997337 and 18% GST, including 1 July 2017–31 December 2018, through its reading of Notification 11/2017, the 2018 amendment and Circular 164/20/2021-GST. It rejected the claimed pre-April-2016 natural-resource exemption on the annual-agreement/work-order facts. This was not a ruling that every payment by instalments is inherently outside that exemption.

Pinpoint: Paragraphs 57–73, physical pp. 67–82; 74–89, pp. 83–98; 91–104, pp. 98–110.

03 Judicial decision and operative relief

Paragraph 105 found no merit in Broad Son's submissions and disposed of its writ applications without disturbing the AAAR result. The Court refused interference with the Singh & Giri assessments and rejected the remaining connected challenges. Umesh Kumar's dismissal expressly preserved any statutory remedy available in law.

Rana Uday Pratap Singh's refund petition was dismissed at paragraph 144; the amounts recited in its prayers were not a refund award. Mona Bricks' challenge concerning soil mining from its own land was dismissed at paragraph 151. The judgment granted no tax exemption, refund, general remand or new coordination directions between Central and State authorities.

Pinpoint: Paragraphs 105–118, physical pp. 110–116; 122–123, p. 118; 128–144, pp. 121–132; 145–151, pp. 132–134.

04 In favour of

Revenue on the substantive mineral-royalty GST challenges. The limited preservation of an available statutory remedy did not reverse an assessment or grant a merits victory to a taxpayer.

The 18% mineral-rights GST treatment and challenged demands remained undisturbed by this common judgment. Subsequent Supreme Court proceedings must be checked before treating that High Court outcome as finally settled.

Pinpoint: Paragraphs 97–105 and the petition-specific conclusions through paragraph 151; subsequent official Supreme Court order dated 16 February 2026.

05 AKHB REVIEW POINT

AKHB analysis: Separate the price of extracted minerals from consideration for permission to extract them. Preserve the original grant, annual renewals, work orders, instalment terms, additional-royalty demands and reverse-charge records. A pre-GST grant date alone did not succeed on these facts.

For an exemption claim, examine the actual assignment and the precise one-time-charge condition, including its allowance for instalment payment. Keep classification, rate, exemption and assessment objections distinct. This judgment supplies no blanket ruling on input-tax credit or automatic validity of every unsigned order. The verified Supreme Court challenge makes a current docket-and-order check essential before advising payment, recovery, refund or litigation strategy.

Pinpoint: AKHB commentary based on paragraphs 57–105, 118, 123 and 139–151; not additional Court directions.

Sources and limitations

Relevant provisions

Constitution Articles 14, 19(1)(g), 226 and 246A; Seventh Schedule List II Entry 50 (with Entry 49 discussed); CGST/BGST Acts 2017 Sections 2(102), 7(1)(a), 9(3), 97, 100 and 107; Sections 73 in individual assessment challenges; Central Tax (Rate) Notifications 11/2017, 12/2017 entry 64, 13/2017 entry 5 and 27/2018; SAC 997337; Circular 164/20/2021-GST dated 6 October 2021, paragraph 9.

Statutory note

The rate considered was 18% in aggregate, ordinarily 9% Central and 9% State tax for the intra-State supplies in issue. Rate, exemption and reverse-charge instruments have different functions: Notification 11/2017 is the service-rate notification; Notification 12/2017 contains exemptions; Notification 13/2017 identifies reverse-charge services. Paragraph 104's description of Notification 12/2017 as imposing the service rate is inconsistent with the Court's detailed discussion at paragraphs 91–100 and should not be repeated as the operative rate instrument.

Entry 64 of Notification 12/2017 concerns specified governmental assignments of natural-resource rights before 1 April 2016, subject to its one-time-charge condition. Its proviso expressly contemplates that charge being paid upfront or in instalments. The High Court upheld the AAAR's rejection on the particular annual arrangements and recorded that this exemption issue was not specifically argued before it. The note does not determine exemption eligibility for a differently structured grant.

The original CBIC Circular 164/20/2021-GST, targeted paragraph 9 at physical pp. 4–6, was checked on 13 October 2026. It confirms the departmental clarification of SAC 997337 and the disputed-period 18% rate. This targeted review does not establish that every later amendment, State counterpart, transitional provision, valuation question or current-period rate has been exhaustively audited.

Treatment note

Checked 13 October 2026. The official Supreme Court docket for Diary No. 51888/2025, Broad Son Commodities Private Limited v. State of Bihar, shows PENDING and expressly maps the challenged judgment to Patna CWJC 3531/2022 dated 18 April 2025. Its tagged-matters table identifies Udaipur Chambers of Commerce and Industry, Civil Appeal 10560/2025, as the pending main case. The exact Broad Son entry supplies no numeric registered SLP number; registry stage/admission metadata is not treated as a separate judicial grant of leave.

The official 16 February 2026 order in Diary 51888/2025 issues notice on the delay applications and special leave petition and directs listing with Diary 47475/2025. It grants no stay and decides no merits. A 21 November 2025 order in Diary 51151/2025, arising from connected CWJC 16361/2022, condones re-filing delay, issues notice on filing delay and the petition, and tags with CA 10560/2025. The 7 April 2026 order returned in the group concerns Damas Civil Construction, Diary 26451/2025, arising from CWJC 4297/2024; it grants notice/tagging, not relief to Broad Son.

The main-case order of 21 August 2026 disposes of CA 10573/2025 on settlement, while expressly directing CA 10560/2025 to the regular Court. The 28 September 2026 order only modifies notice/tagging directions in Diary 52655/2026. Neither is a merits disposal of this Broad Son challenge. The main-case orders of 5 August, 24 September and 3 December 2025 were also reviewed; they concern leave, grouping, listing or preparation for hearing.

This was an exact-diary docket check and selected-order audit, not review of every order in the large tagged group or comprehensive citator clearance. No reversal or stay of this judgment was established in the orders examined. Absence of a stay in those orders does not establish absence of all historic or later

connected interim protection. No unqualified finality or enforceability assurance is given. Broad Son criminal/mining appeals from a 16 May 2025 order were excluded.

Scope of source review

All 134 physical pages were fully read and individually visually inspected: four reporter/editorial pages followed by 130 judicial pages. Paragraph pinpoints refer to the Court's numbered judgment; physical page numbers count from the start of the retained PDF and are four higher than printed judicial page numbers. Eight selected official Supreme Court orders were fully read and individually viewed, totalling 20 physical pages. The circular review was confined to its relevant mineral-rights section at physical pp. 4–6. Other cited authorities are described as discussed by this High Court, without claiming separate full-text review of every precedent. Official docket metadata and linked-order mapping were checked separately from each order's legal effect.

Source notes

Important source discrepancy: the reporter's introductory issue/headnote at physical pp. 1–2 describes dual Central/State proceedings and coordination directions. Those assertions do not match the judicial reasoning or operative orders and are not used as the holding. The source caption contains 17 petitions; paragraph 57's reference to eleven is not adopted. The citation is the eILR reporter identifier printed on this copy, not a separately verified neutral citation. The decision date is 18 April 2025; the CAV date is 27 March 2025.

A fresh official download on 13 October 2026 has SHA-256 c8721d03e6b98bff7314495af8237b6f235f84033e4dfbdb759273386cb1c4be, differing from the retained indexed 12 October original. All 134 pages have identical extracted text, dimensions and rendered pixels; the PDF modification metadata also differs. The original bytes were preserved. No cryptographic signature authentication is claimed.

Paragraphs 95–97 and the CBIC circular reproduce historical Council-meeting/service-tax figures that this note does not independently adopt. The quoted prior 2021 writ directions at paragraph 64 are procedural history, not fresh relief in this judgment. The State's input-tax-credit submission at paragraph 38 and the Court's fact-specific reference to missing signatures at paragraph 118 are not converted into universal compliance rules.

Primary source

Source description: Official Patna High Court judgment in eILR compilation

Official source: [Open source document](#)

Source pages: 134

Judgment author: Rajeev Ranjan Prasad, J. (CAV)

Outcome type: final reasoned taxpayer challenges rejected subsequent supreme court challenge

Additional source

Supreme Court official order in SLP (Civil) Diary No. 51888/2025 dated 16 February 2026

Official source: [Open source document](#)

Pinpoint: Entire one-page order; exact impugned judgment is CWJC 3531/2022 dated 18 April 2025.

Supreme Court official order in Diary No. 51151/2025 dated 21 November 2025

Official source: [Open source document](#)

Pinpoint: Entire one-page order; connected CWJC 16361/2022, notice and tagging directions.

CBIC Circular 164/20/2021-GST dated 6 October 2021

Official source: [Open source document](#)

Pinpoint: Paragraph 9, physical pp. 4–6: mineral exploration and mining rights, SAC 997337 and the 1 July 2017–31 December 2018 rate clarification.

Supreme Court official exact-diary case status

Official source: [Open source document](#)

Pinpoint: Diary 51888/2025: pending status, earlier-court challenge mapping, tagged main CA 10560/2025 and returned order links, checked 13 October 2026.

Supreme Court order in Damas Civil Construction, Diary 26451/2025 dated 7 April 2026

Official source: [Open source document](#)

Pinpoint: Entire one-page order; connected CWJC 4297/2024, notice and tag with Diary 47475/2025.

Supreme Court Special Lok Adalat award and directions dated 21 August 2026

Official source: [Open source document](#)

Pinpoint: Physical pp. 2–3: settlement disposal limited to CA 10573/2025; CA 10560/2025 to be listed before regular Court.

Supreme Court main-group order dated 28 September 2026

Official source: [Open source document](#)

Pinpoint: Entire one-page order: correction of notice/tagging for Diary 52655/2026, not disposal of Broad Son.

Supreme Court order dated 5 August 2025

Official source: [Open source document](#)

Pinpoint: Physical pp. 3–4: leave and service-tax/GST grouping directions in the then-listed matters; not a direct leave order in later-filed Diary 51888/2025.

Supreme Court order in CA 10560/2025 group dated 24 September 2025

Official source: [Open source document](#)

Pinpoint: Physical p. 4: listing direction only.

Supreme Court order in CA 10560/2025 group dated 3 December 2025

Official source: [Open source document](#)

Pinpoint: Physical pp. 2 and 5: Diary 51151/2025 listed; compilation, written submissions and listing directions.

Disclosures and source rights

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

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Source checked: 2026-10-13