

 सत्यमेव जयते	भारत सरकार/ Government of India वित्त मंत्रालय / Ministry of Finance आयुक्त सीमाशुल्क एन.एस.-II का कार्यालय Office of Commissioner of Customs NS-II Jawaharlal Nehru Custom House, Nhava Sheva, Dist- Raigad, Maharashtra - 400 707	
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F. No. CUS/1669/2026/LEGAL SECTION/JNCH Date of Issue: 06.03.2026
S/12-Gen-Misc-35/2022-23/DBK/JNCH Date of Order: 09.03.2026
DIN: 202603790B0000666A53

Passed by: Palanivel Murugesan,
Assistant Commissioner of Customs, Drawback, NS-II, JNCH

Order No.: 1961/2025-26/AC/DBK/NS-II/CAC/JNCH

Name of the Party: M/s. Jindal Drugs Pvt. Ltd, Mumbai

ORDER-IN-ORIGINAL

1. This copy is granted free of charge for the use of the person to whom it is issued.
2. An appeal against this order lies with the Commissioner of Customs (Appeals), Jawaharlal Nehru Custom House, Nhava Sheva, Uran, Raigad under Section 128(1) of the Custom Act 1962 within sixty days from the date of communication of this order.
3. The appeal should be in duplicate and should be filed in Form CA-1 as given in Custom (Appeals) Rule, 1982.
4. The appeal should bear a court fee stamp of Rs. 2.00 only and should be accompanied by this order or a copy thereof. If a copy of this order is enclosed, it should also bear a court fee stamp of Rs. 2.00 only as prescribed under Schedule 1, item 6 of the Court Fees Act, 1870.
5. Any person appealing against this decision or order shall, pending the appeal, deposit seven and a half percent, of the duty, in case where duty or duty and penalty are in dispute or penalty, where such penalty is in dispute in pursuance of this order and produce proof of such payment along with the appeal failing of which the appeal is liable to be rejected for non-compliance with the provisions of Section 128 of the Customs Act 1962.

BRIEF FACTS OF THE CASE

In pursuance of High Court of Bombay's Order dated 11.02.2026 in the writ petition No. 1810 of 2023 in the matter of M/s. Jindal Drugs Pvt. Ltd. Vs. Union of India and Ors. I have taken up this matter for adjudication. In the instant case, M/s. Jindal Drugs Pvt. Ltd. (IEC No. 0388007737) having registered office at 12th Floor, 124, Bakhtawar, 229, Nariman Point, Mumbai 400 021, Maharashtra (hereinafter referred to as the Exporter) had filed four Drawback S/Bills during the period July, 2017 to September, 2017 for export 'Menthol Crystals' and 'Derived Mint Oils' (hereinafter referred to as the goods) covered under Chapter 2906 and 3204 respectively. The declared aggregate taxable value of the goods was Rs. 5,18,47,576/-. The Exporter has paid IGST amount to the extent of Rs. 63,86,276/- for the inputs used in manufacture and subsequent exportation of the goods. The detail of the Shipping Bills, Taxable Value, IGST Amount and Drawback Amount is detailed in table below:

TABLE-1

Sr. No.	S/Bill No. & Date	Taxable Value as per S/Bill (Rs.)	IGST Amount declared in S/Bill (₹)	Drawback Amount	Drawback Code
1	7598632/26.07.2017	27,43,200.00	4,93,776.00	41,103.00	3204A
2	8289704/28.08.2017	2,43,64,800.00	29,23,776.00	3,63,516.00	2906A
3	7938647/10.08.2017	2,13,03,836.00	25,56,436.00	3,18,395.00	2906A
4	8543321/08.09.2017	34,35,740.00	4,12,288.00	51,160.00	2906A
	TOTAL	5,18,47,576.00	63,86,276.00	7,74,174.00	

2. Prior to the implementation of Goods & Services Tax Act, 2017 w.e.f. 01.07.2017, the final products manufactured and exported by the Exporter were exempted from payment of Excise Duty. As the final products were exempted from payment of Excise Duty prior to 01.07.2017, the Exporter was not availing credit of Excise Duty paid on inputs/service tax paid on input services used in the manufacture of final products. Since, the Exporter was not availing credit of excise duty, they were claiming Drawback at the rates provided under Column 'A' of AIR Schedule u/s. 75 of the Customs Act, 1962.

3. Post implementation of the GST Act, the Exporter became entitled to input tax credit of GST paid on inputs and input services and was accordingly availing credit of GST paid on inputs. The exporter continued to export the goods through Nhava Sheva Port on payment of IGST. The goods exported by the Exporter are considered as "Zero Rated Supply within the meaning of Section 16(1) of the IGST Act, 2017 and are entitled to refund of IGST paid thereon u/s. 16 (3)(b) of the IGST Act read with Rule 96 of the CGST Rules.

4. Vide Notification No. 60/2017-Cus (NT) dated 29.06.2017, CBIC issued new formula for the Shipping Bills, viz. Form SB1 or SB2 under the Shipping Bill & Bill of Export (Forms) Regulations, 2017. The said amended format provided for the details such as GSTIN of the exporter, the GST Export Invoice details, amount of IGST paid etc. Further, the new format of S/Bills prescribed a declaration for the exporter to certify that no input tax credit of CGST/IGST has been availed for any of the inputs or input services used in the manufacture of the export goods, or that no refund of IGST paid on export goods shall be claimed. Further, it is also stated that for every item where Drawback claimed is suffix as 'A' or 'C', an exporter is required to declare two declaration only, i.e. (1) DBK001 or DBK003 and (2) DBK002 or DBK.

5. Since, for the period prior to the implementation of GST, the Exporter was claiming Drawback mentioned in Col. 4 & 5 of the Drawback Schedule, the Exporter continued to claim the Duty Drawback on the goods exported by mentioning Sub-Serial Nos. 2906A and 3204A instead of 2906B and 3204B post 01.07.2017. The exporter always intended to claim Drawback for the goods exported at the rates

specified in Col. 6 & 7 of the Drawback Schedule, in view of the availing the input credit post 01.07.2017. The exporter was unable to correct the said error once the EGM is filed.

6. The rate of Drawback under Column 'A' and Column 'B' for the products exported by the Exporter is the same. Accordingly, the Exporter is not granted any Drawback in excess of the rate specified in Column 'B'. The Exporter has not claimed any higher Drawback and any undue benefit. However, due to the insertion of suffix 'A' with the Drawback Sr. No., the System itself denied the IGST Refund to the Exporter, being the higher rate of Drawback is claimed by the Exporter, For sack of clarity, the process of IGST refund in system is reproduced as under:

A. Processing of Refund Application:-

A.1 As per Rule 96 of the CGST Rules 2017, dealing with refund of IGST paid on goods exported out of India, the shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India, once both the export general manifest (EGM) and valid return in Form GSTR-3 or Form GSTR-3B, as the case may be, has been filed. Rule 96 further stated that the information on GSTR 1 shall then be transmitted electronically to Customs and the System designated by Customs shall process the refund claim.

A.2 The IGST refund module has been designed in line with the above rule and has an inbuilt mechanism to automatically grant refund after validating the Shipping Bill data with available in ICES against the GST Returns data transmitted by GSTN. The matching between the two data sources is done at Invoice level and any mis-match of the laid down parameters returns following error/response codes:

Code	Meaning
SB000	Successfully validated
SB001	Invalid SB details
SB002	EGM not filed
SB003	GSTIN mismatch
SB004	Record already received and validated
SB005	Invalid Invoice Number

A.3 If the necessary matching is successful, ICES shall process the claim for refund and the relevant amount of IGST paid with respect to each Shipping Bill or Bill of export shall be electronically credited to the exporter's bank account as mentioned with the Customs authorities.

B. Scroll Generation:-

B.1 The refund of IGST on exports shall be given by generating a scroll of eligible shipping bills. The temporary IGST refund scroll shall be generated by the authorized officer in the CLK role of ICES. Consequently, payment shall be generated by the authorized officer in the AC_DBK role. Only those shipping bills for which Temporary Scroll has been generated shall be considered for final scroll. Once the scroll is generated there is no further action required from the sanctioning officer. The scroll will be automatically transmitted to PFMS and there is no further need to send the scroll to the bank separately.

B.2 Further, the response code SB000 comes when all the decided parameters like GSTIN, SB number, Invoice number etc match between GST and Customs databases. This code implies that the SB is ripe for inclusion the IGST refund scroll. However, it might happen that even with SB000, the SB does not appear in the refund scroll. This could be due to:-

- a) The exports might have been made under bond or LUT, hence not liable for refund.
- b) If a shipping bill covers multiple invoices, few of the invoices might have been successfully validated with code SB000 whereas other invoices might be stuck with any of the other errors.
- c) Higher rate of Drawback has been claimed for that SB, thus making the SB ineligible for IGST refund.

d) Where the IGST claim amount is less than Rs. 1000/-.

7. The Exporter vide their various letters requested to the Dy. Commissioner, Drawback Department, JNCN for sanctioning the IGST amount describing the inadvertent mistake on their part in suffixing 'A' to the Drawback Sr. No. However, it was informed to the Exporter that the issued faced by the Exporter is clarified vide Circular No. 37/2018-Cus dated 09.10.2018 and hence the Exporter is not entitled for any refund of the IGST paid on the export of the goods. In the said Circular it is clarified that "no exporter-registered person shall be eligible for the refund of IGST paid on export of goods in case where such exporter has either claimed drawback at higher rate or where the rate of drawback is identical".

8. In the above circumstances, the Exporter filed a Writ Petition (WP) No. 1531 of 2019 before Hon'ble Bombay High Court inter alia challenging the denial of grant of refund of the GST paid on the goods exported. The said WP petition was withdrawn by the Exporter on the basis of Hon'ble High Court Order dated 24.06.2019, on the basis of agreed position between the parties that the subject S/Bills should amended/rectified under the provisions of Section 149 of the Customs Act, 1962.

8.1. Accordingly, the Exporter filed an application before Export Department, JNCH narrating entire facts of the case. However, being the application was not processed even after eight weeks of its submission and not granting any Personal Hearing, the Exporter preferred another WP No. 11583 of 2019 before Hon'ble Bombay High Court, challenging the inaction of the Department of not processing the amendment application. The said WP came up for hearing on 14.11.2019 and the Hon'ble Bombay High Court on the basis of assurance of the Department's Counsel passed an Order of even date to dispose the amendment application within 4 weeks of the order.

8.2. The Export Department vide Order-in-Original dated 13.12.2019 vide F. No. S/6-Gen-03/2616/2019-20/CEAC/JNCH rejected the application for amendment of S/Bills.

8.3. Aggrieved by the above O-in-O, the Exporter preferred an appeal before the Commissioner of Customs (Appeal), JNCH, who vide Order-in-Appeal No. 49(CEAC)/2021 (JNCH)/Appeals dated 16.07.2021 dismissed the appeal filed by the Exporter and upheld the stand of the Department in rejecting the application for amendment of S/Bills.

9. Aggrieved by the above O-in-A, the Exporter preferred WP No. 4445 of 2021 before Hon'ble Bombay High Court on the basis of various grounds and case laws. The Counsel for the Exporter relies upon judgment of Hon'ble Gujarat High Court in the case of M/s. Awadkrupa Plastomech Pvt. Ltd. V/s. UOI, which was subsequently confirmed by Hon'ble Supreme Court by dismissing SLP filed by the UOI observed that Respondent had claimed an IGST Refund only to the extent of Customs component and saw no error in findings of the Gujarat High Court. According to the Counsel of the Exporter the present case is squarely covered by the said judgment of Hon'ble Gujarat High Court and Supreme Court. The Hon'ble Bombay High Court on hearing both the sides and passed an Order dated 02.05.2022 with directions to the Department to sanction the refund towards IGST paid in respect of the goods exported along with applicable interest.

10. The subject Order of the Hon'ble Bombay High Court was accepted by the Competent Authority on 07.06.2022. Subsequently, Order-in-Original No. 438/2022-23/AC/IGST/CAC/JNCH dated 01.09.2022 was passed by the Assistant Commissioner of Customs, Drawback Section, NS-II, JNCH, wherein the IGST refund amounting to Rs. 63,86,276/- along with interest of Rs. 50,390/- was sanctioned.

11. The refund of IGST arose pursuant to the Order dated 02.05.2022 passed by the Hon'ble Bombay High Court. In this regard, the claimant submitted an application dated 10.05.2022 to the Commissioner of Customs, NS-II, JNCH, Port Uran, District Raigad, which was received on 17.05.2022. Accordingly, interest amounting to Rs. 50,390/- was granted on the IGST refund of Rs. 63,86,276/- for the period from 16.07.2022 to 01.09.2022, i.e., for 48 days.

12. Thereafter, the exporter vide letter dated 19.09.2022 submitted that the interest amount of Rs. 50,390/- sanctioned to him was incorrect and requested recalculation of the interest in accordance with law and in compliance with the Order dated 02.05.2022 passed by the Hon'ble Bombay High Court, as well as Section 56 of the CGST Act, 2017. Subsequently, being aggrieved by the aforesaid Order-in-Original dated 01.09.2022, the exporter filed Writ Petition No. 1810 of 2023 before the Hon'ble Bombay High Court, seeking appropriate directions on account of the alleged non-compliance with the Order dated 02.05.2022 passed in Writ Petition No. 4445 of 2021.

13. Upon hearing both sides, the Hon'ble Bombay High Court, vide Order dated 11.02.2026, directed the Department to sanction the refund of IGST paid in respect of the exported goods along with applicable interest. The relevant portion of the observations of the Hon'ble High Court is reproduced below:

"9. On perusal of the impugned orders, we do not find, as to on what basis, a reduction in the interest being earlier granted to the petitioner, has been made and / or the calculation of interest whether at all is made as per the provisions of Section 56 of the CGST Act, for the reason that no reasons or discussion on such aspect is borne out by the impugned order. Although the petitioner would desire that this Court in the present proceedings in exercise of its jurisdiction under Article 226 of the Constitution undertake such exercise and determine the amounts payable, we are, however, not inclined to undertake such exercise of accepting the calculations as placed on record on behalf of the petitioner and step ourselves into the shoes of the said authorities in determination of the correct amount of interest. It may be observed that it is the mandate of law which would be required to be followed, and more particularly, when the revenue is already guided by the provisions of law and the binding decisions of this Court on the manner in which the interest ought to have been calculated, by applying such statutory provisions, which would also be in compliance of the orders dated 2 May 2022 passed by this Court on Writ Petition No.4445 of 2021 as filed by the petitioner.

10. In our opinion, in fact once the Court has directed as far as back on 4 May 2023 that the petitioner would be entitled for 'statutory interest', an appropriate exercise in that regard ought to have been undertaken and as acceptable in law and the petitioner was not required to approach this Court on any such issue.

11. In this view of the matter, we are inclined to set aside the order dated 20 August 2022, insofar as the operative paragraph (b) is concerned, as also the corrigendum dated 13 September 2022, as also the order-in-original dated 1 September 2022, insofar the amount of interest at Rs.50,390 has been determined as payable to the petitioner.

12. We direct the concerned Designate Officer of the respondents to undertake a fresh exercise of determination of the interest amounts, strictly as per the provisions of Section 56 of the CGST Act, and determine the amount of interest payable to the petitioner strictly in accordance with law and the directions of this Court in Altisource Business Solutions India Pvt. Ltd. (supra) and Lupin Ltd. (surpa).

13. Let this exercise be undertaken and an appropriate order be passed after granting an opportunity of a hearing to the petitioner within a period of 30 days from today. All contentions of the parties in that regard are expressly kept open."

14. In compliance with the directions of the Hon'ble Bombay High Court, a virtual personal hearing (PH) was conducted by the Assistant Commissioner of Customs, Drawback Section, JNCH, with the petitioner on 25.02.2026.

DISCUSSIONS AND FINDINGS

15. I have carefully examined the facts of the case, the available records, the submissions made during the virtual personal hearing, and the judgment dated 11.02.2026 passed by the Hon'ble Bombay High Court.

16. It is observed that an IGST refund amounting to Rs. 63,86,276/- along with interest of Rs. 50,390/- was sanctioned vide Order-in-Original No. 438/2022-23/AC/IGST/CAC/JNCH dated 01.09.2022. The petitioner had filed an application dated 10.05.2022 before the Commissioner of Customs, NS-II, JNCH, Port Uran, District Raigad, which was received on 17.05.2022. Accordingly, interest amounting to Rs. 50,390/- was granted on the IGST refund of Rs. 63,86,276/- for the period from 16.07.2022 to 01.09.2022, i.e., for 48 days.

17. It is further observed that the exporter, being aggrieved by the quantum of interest sanctioned on the IGST refund, approached the Hon'ble Bombay High Court. The Hon'ble Court, upon due consideration and verification of the facts of the case, directed the respondents to undertake a fresh determination of the interest amount strictly in accordance with the provisions of Section 56 of the Central Goods and Services Tax Act, 2017, and to compute the interest payable to the petitioner in accordance with law and in terms of the directions contained in the judgments in the case of *Altisource Business Solutions India Pvt. Ltd. v. Union of India and Lupin Ltd. v. Union of India*.

18. As regards the payment of interest, the same is governed by Section 56 of the Central Goods and Services Tax Act, 2017, which is reproduced hereunder:

"If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of the section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the receipt of application under the said sub-section till the date of refund of such tax."

Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. as may be notified by Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after expiry of sixty days from the date of receipt of application till the date of refund."

18.1 I have carefully perused the directions issued by the Hon'ble Court in the matter of *Lupin Ltd. v. Union of India & Others*. The relevant paragraphs are reproduced below for ready reference:-

"32. The learned counsel also informed this Court that the interest at the rate of 6% per annum and 9% per annum has been notified for the purposes of Section 56 of the CGST Act and the proviso to the said section, respectively. Thus, there are two separate rates of interest specified under Section 56 of the CGST Act. The interest at the rate of 6% is payable for the period commencing from a date immediately after expiry of sixty days from the date of an application under Section 54(1) of the CGST Act, however, this rate is enhanced for the period covered under the proviso to Section 56 of the CGST Act. The proviso to Section 56 of the CGST Act expressly provides that an interest at the rate of 9% per annum would be payable from the date immediately after the expiry of sixty days from the receipt of an application, which is filed as a consequent to an order passed by the Appellate Authority, Adjudicating Authority, Appellate Tribunal or a court that

has attained finality. This clearly indicates that if a person's claim for refund is a subject matter of further proceedings, which finally culminate in orders upholding the applicant's entitlement, and yet the payment is not made within a period of sixty days from an application filed pursuant to such orders, the person is required to be compensated at a higher rate of interest, of 9% per annum. This higher rate of interest would run from the date immediately after the expiry of sixty days of the filing of such an application that is, the application filed pursuant to the orders of the appellate fora and not the first application.

33. It is clear from a plain reading of Section 56 of the CGST Act that whereas the main provision of Section 56 of the CGST Act refers to the rate of interest applicable on the amount of refund due, which remains unpaid even after sixty days from the date of application for refund; the proviso provides for an increased rate of interest for the period that commences from the date immediately after the expiry of sixty days from the date of application which is filed pursuant to the claim for refund attaining finality in appellate proceedings. Section 56 of the CGST Act, thus, works as follows. The applicant claiming a refund is entitled to interest at the rate of 6% per annum from a date immediately after the expiry of sixty days from making an application under Section 54(1) of the CGST Act. However, if a person's claim is denied (or if granted is not accepted by the Revenue) and the order of the Adjudicating Authority is carried in appeal to the Appellate Authority or to the Appellate Tribunal/High Court, which finally upholds the claim, the applicant may have to file a second application to secure the refund. If such application for refund filed by the person consequent to succeeding before the Appellate Authority, Appellate Tribunal or court, is not processed within a period of sixty days of filing the application, the applicant would be entitled to a higher rate of 9% per annum commencing from the date immediately after the expiry of sixty days of his application filed pursuant to the appellate orders. However, this does not mean that the rate of 6% per annum is not payable for the period commencing from the date immediately after expiry of sixty days from his first application till sixty days after filing of his second application pursuant to the appellate orders. In another words, the proviso merely enhances the interest payable to a person for the period commencing from the date immediately after sixty days from the date of his application filed pursuant to its entitlement to refund claim attaining finality."

18.1 I have carefully perused the directions issued by the Hon'ble Court in the matter of *Altisource Business Solutions India Pvt. Ltd. v. Union of India & Others*. The relevant paragraphs are reproduced below for ready reference:-

"18.....If no refund is made within 60 days from the date the order is passed by the Appellate Authority or, alternatively, within 60 days of the assessee applying for a refund based on the Appellate Authority's order, then the interest payable will be 9%.

20. For all the reasons above and following the reasoning in the case of Lupin Laboratories (supra), we allow these petitions. We set aside the impugned order dated 09 September 2024 and direct the respondents to pay the petitioner's interest at a rate of 6% per annum, calculated from the expiry of 60 days from the application date of 23 April 2020 (in the lead petition) and from the respective dates of the original refund applications in the other two petitions, within 6 weeks of this order being uploaded."

19. I have carefully examined the aforesaid judgments and find that they clearly lay down, through judicial interpretation, the scheme of Section 56 of the CGST Act, 2017, which governs the payment of interest on refunds. The said judgments are squarely applicable to the facts of the present case and fully cover the issues involved herein. The principles enunciated therein appropriately support the claim in the instant matter. Accordingly, it is held that the computation of interest shall include the period commencing from the date of the shipping bill plus sixty (60) days and

extending up to the date of the Hon'ble High Court Order dated 02.05.2022 plus sixty (60) days. In view of the above, I am inclined to sanction the interest amount of ₹18,92,837/- (Rupees Eighteen Lakh Ninety-Two Thousand Eight Hundred and Thirty-Seven Only). However, an amount of ₹50,390/- (Rupees Fifty Thousand Three Hundred and Ninety Only) has already been sanctioned vide Order-in-Original No. 438/2022-23/AC/IGST/CAC/JNCH dated 01.09.2022. Therefore, the balance interest amount of ₹18,42,447/- (Rupees Eighteen Lakh Forty-Two Thousand Four Hundred and Forty-Seven Only) is hereby sanctioned in favour of the exporter, M/s. Jindal Drugs Pvt. Ltd., Mumbai. The detailed calculation sheet is annexed herewith.

Sr. No.	S/Bill No. & Date	IGST Amount declared in S/Bill (₹)	Int@6% after 60 days from the SB	Int@9% after 60 days from HC Order dated 02.05.2022	Total Interest
1	7598632/26.07.17	4,93,776	1,42,251	5,844	1,48,095
2	8289704/28.08.17	29,23,776	7,31,211	30,257	7,61,468
3	7938647/10.08.17	25,56,436	8,27,629	34,605	8,62,234
4	8543321/08.09.17	4,12,288	1,15,960	4,880	1,20,840
	TOTAL	63,86,276	18,17,251	75,586	18,92,837
Sanctioned interest amount vide Order-in-Original No. 438/2022-23/AC/IGST/CAC/JNCH dated 01.09.2022					50,390
Interest amount to be sanctioned					18,42,447

20. In view of the facts above, I pass the following order.

ORDER

21. I sanction total interest amount of ₹18,42,447/- (Rupees Eighteen lakh Forty Two Thousands Four Hundred and Forty Seven Only) against four S/Bills Nos. 7598632 dated 26.07.2017, 8289704 dated 28.08.2017, 7938647 dated 10.08.2017 and 8543321 dated 08.09.2017 in favour of M/s. Jindal Drugs Pvt. Ltd. (IEC No. 0388007737).



(Palanivel Murugesan)

Assistant Commissioner of Customs
Drawback Section, JNCH, NS II.

To,

M/s. Jindal Drugs Pvt. Ltd. (IEC No. 0388007737),
12th Floor, 12A, Bakhtawar, 229,
Nariman Point, Mumbai-400 021, Maharashtra.

Copy To:

1. The Chief Commissioner of Customs, Mumbai Customs Zone-II, JNCH.
2. The Commissioner of Customs, NS-II, JNCH.
3. The Addl. Commissioner of Customs, Drawback/IGST, NS-II, JNCH.
4. The Dy. Commissioner of Customs, Review Cell, NS-II, JNCH.
5. Office Copy.