प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद
सीमा शुल्क भवन, आल इंडीया रेडियो के पास, नवरंगपुरा , अहमदाबाद 380009
दुर भाष (079) 2754 46 30 फैक्स (079) 2754 23 43
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, AHMEDABAD
CUSTOMS HOUSE, NEAR ALL INDIA RADIO, NAVRANGPURA, AHMEDABAD 380009
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निबन्धित पावती डाक द्वारा / By SPEED POST A.D.
फा. सं./ F. No.: VIII/10-03/Commr/O&A/2026-27
DIN- 20261171MN0000632972

आदेश की तारीख**/Date of Order : 13.11.2026**
जारी करने की तारीख**/Date of Issue : 13.11.2026**

द्वारा पारित :- **मनीष कुलहरी, आयुक्त**
Passed by :- Manish Kulhary, Commissioner

मूल आदेश संख्या :

Order-In-Original No: AHM-CUSTM-000-COMMR-19-2026-27 dtd. 13.11.2026 in the case of M/s. Torrent Pharmaceuticals Ltd. (IEC-0888038241), having its corporate office at Torrent House, Off Ashram Road, Ahmedabad, Gujarat–380009.

1 जिस व्यक्ति(यों) को यह प्रति भेजी जाती है, उसे व्यक्तिगत प्रयोग के लिए निःशुल्क प्रदान की जाती है।

1. **This copy is granted free of charge for private use of the person(s) to whom it is sent.**

2. इस आदेश से असंतुष्ट कोई भी व्यक्ति इस आदेश की प्राप्ति से तीन माह के भीतर सीमा शुल्क, उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण, अहमदाबाद पीठ को इस आदेश के विरुद्ध अपील कर सकता है। अपील सहायक रजिस्ट्रार, सीमा शुल्क, उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण, दुसरी मंज़िल, बहुमाली भवन, गिरिधर नगर पुल के बाजु मे, गिरिधर नगर, असारवा, अह्मदाबाद-**380 004** को सम्बोधित होनी चाहिए।

2. **Any person deeming himself aggrieved by this Order may appeal against this Order to the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad Bench within three months from the date of its communication. The appeal must be addressed to the Assistant Registrar, Customs, Excise and Service Tax Appellate Tribunal, 2nd Floor, Bahumali Bhavan, Nr. Girdhar Nagar Bridge, Girdhar Nagar, Asarwa, Ahmedabad – 380004.**

3. उक्त अपील प्रारुप सं. सी.ए.**3** में दाखिल की जानी चाहिए। उसपर सीमा शुल्क (अपील) नियमावली, **1982** के नियम **3** के उप नियम **(2)** में विनिर्दिष्ट व्यक्तियों द्वारा हस्ताक्षर किए जाएंगे। उक्त अपील को चार प्रतियाँ में दाखिल किया जाए तथा जिस आदेश के विरुद्ध अपील की गई हो, उसकी भी उतनी ही प्रतियाँ

संलग्न की जाएँ (उनमें से कम से कम एक प्रति प्रमाणित होनी चाहिए)। अपील से सम्बंधित सभी दस्तावेज भी चार प्रतियोँ में अग्रेषित किए जाने चाहिए।

3. **The Appeal should be filed in Form No. C.A.3. It shall be signed by the persons specified in sub-rule (2) of Rule 3 of the Customs (Appeals) Rules, 1982. It shall be filed in quadruplicate and shall be accompanied by an equal number of copies of the order appealed against (one of which at least shall be certified copy). All supporting documents of the appeal should be forwarded in quadruplicate.**

4. अपील जिसमें तथ्यों का विवरण एवं अपील के आधार शामिल हैं, चार प्रतियों में दाखिल की जाएगी तथा उसके साथ जिस आदेश के विरुद्ध अपील की गई हो, उसकी भी उतनी ही प्रतियाँ संलगन की जाएंगी (उनमें से कम से कम एक प्रमाणित प्रति होगी)

4. **The Appeal including the statement of facts and the grounds of appeal shall be filed in quadruplicate and shall be accompanied by an equal number of copies of the order appealed against (one of which at least shall be a certified copy.)**

5. अपील का प्रपत्र अंग्रेजी अथवा हिन्दी में होगा एवं इसे संक्षिप्त एवं किसी तर्क अथवा विवरण के बिना अपील के कारणों के स्पष्ट शीर्षों के अंतर्गत तैयार करना चाहिए एवं ऐसे कारणों को क्रमानुसार क्रमांकित करना चाहिए।

5. **The form of appeal shall be in English or Hindi and should be set forth concisely and under distinct heads of the grounds of appeals without any argument or narrative and such grounds should be numbered consecutively.**

6. केंद्रिय सीमा शुल्क अधिनियम,**1962** की धारा **129** ऐ के उपबन्धों के अंतर्गत निर्धारित फीस जिस स्थान पर पीठ स्थित है, वहां के किसी भी राष्ट्रीयकृत बैंक की शाखा से न्यायाधिकरण की पीठ के सहायक रजिस्ट्रार के नाम पर रेखांकित माँग ड्राफ्ट के जरिए अदा की जाएगी तथा यह माँग ड्राफ्ट अपील के प्रपत्र के साथ संलग्न किया जाएगा।

6. **The prescribed fee under the provisions of Section 129A of the Customs Act,1962 shall be paid through a crossed demand draft, in favour of the Assistant Registrar of the Bench of the Tribunal, of a branch of any Nationalized Bank located at the place where the Bench is situated and the demand draft shall be attached to the form of appeal.**

7. इस आदेश के विरूद्ध सीमा शुल्क, उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण में शुल्क के **7.5%** जहां शुल्क अथवा शुल्क एवं जुरमाना का विवाद है अथवा जुरमाना जहां शीर्फ जुरमाना के बारे मे विवाद है उसका भुकतान करके अपील की जा शकती है।

7. **An appeal against this order shall lie before the Tribunal on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute".**

8. न्यायालय शुल्क अधिनियम, **1870** के अंतर्गत निर्धारित किए अनुसार संलग्न किए गए आदेश की प्रति पर उपयुक्त न्यायालय शुल्क टिकट लगा होना चाहिए।

8. **The copy of this order attached therein should bear an appropriate court fee stamp as prescribed under the Court Fees Act, 1870.**

Subject: Show Cause Notice File No. VIII/10-03/Commr./O&A/2026-27 dated 15.05.2026 and corrigendum dated 19.05.2026 issued by the Commissioner of Customs, Customs, Ahmedabad to M/s. Torrent Pharmaceuticals Ltd. (IEC-0888038241), having its corporate office at Torrent House, Off Ashram Road, Ahmedabad, Gujarat–380009.

Brief Facts of the Case:

Based on intelligence developed by the officers of the Directorate of Revenue Intelligence (DRI), Zonal Unit, Ahmedabad, a case was initiated against M/s Torrent Pharmaceuticals Ltd. (IEC-0888038241), having its corporate office at Torrent House, Off Ashram Road, Ahmedabad, Gujarat–380009 (hereinafter referred to as "M/s TPL" or "the importer"). The case pertains to wrong availment of exemption under sub-clause (D)(ii) of S. No. 167 of Notification No. 50/2017-Customs dated 30.06.2017, for payment of concessional rate of duty in respect of imported goods, namely *"INSULIN CRYSTALS HM (GE) BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN"*, imported and cleared through the Ahmedabad Air Cargo Complex (INAMD4).

1.1 M/s Torrent Pharmaceuticals Ltd. is a prominent Indian multinational engaged in the research, development, manufacturing, and marketing of a wide range of pharmaceutical formulations and active pharmaceutical ingredients (APIs).

1.2 Initially, Notification No. 50/2017-Customs dated 30.06.2017, vide S. No. 167, provided exemption from BCD to specified life-saving drugs, medicines, diagnostic kits, and bulk drugs used in their manufacture, as listed in List-4 appended thereto. Under this entry, the BCD was 'Nil', subject to Condition No. 9. The said entry at S. No. 167 has undergone multiple amendments over time. The goods imported by M/s TPL viz. bulk drugs used in manufacture of Monocomponent Insulins figured initially in the List-4.

1.3 Later, vide Notification No. 02/2022-Customs dated 01.02.2022, S. No. 167 was revised. The sub-clause relating to "other life-saving drugs" was omitted, and a new sub-clause (D) was inserted, granting exemption from BCD (Nil rate) specifically to *"bulk drugs used in the manufacture of (i) Poliomyelitis vaccines and (ii) monocomponent insulins"*. At the time of its insertion, it was explicitly stipulated that the said clause would remain in force up to 31.03.2024. Simultaneously, vide the same Notification No. 02/2022-Customs dated 01.02.2022, a new entry S. No. 166A for *"bulk drugs used in the manufacture of (i) Poliomyelitis vaccines and (ii) monocomponent insulins"* prescribing a BCD of 5%, effective from 01.04.2024, was introduced. The relevant extract of the amending notification is reproduced below:

(42) after S. No. 166 and the entries relating thereto, the following S. No. and the entries shall be inserted with effect from the 1st day of April, 2024, namely:-

(1)	(2)	(3)	(4)	(5)	(6)
"166A.	28, 29 or 30	Bulk drugs used in the manufacture of:			
		(i) Poliomyelitis Vaccine (Inactivated and live)	5%	-	9
		(ii) Monocomponent insulins	5%	-	9";

(43) against S. No. 167, in column (3),-

(a) clause (C) and the entries relating thereto shall be omitted;

(b) after clause (C) so omitted, the following clause and entries relating thereto shall be inserted, which shall remain in force till the 31st day of March, 2024, namely:-

(3)	(4)	(5)	(6)
"(D) Bulk drugs used in the manufacture of:			
(i) Poliomyelitis Vaccine (Inactivated and live)	Nil	-	9
(ii) Monocomponent insulins	Nil	-	9";

(44) after S. No. 167 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
"167A.	30 or 9804	Drugs or medicines used for treatment of rare diseases	Nil	-	112";

Image – 1 – Amendments vide Notification No. 02/2022-Customs dated 01.02.2022.

1.4 Thus, pursuant to the amendments introduced vide Notification No. 02/2022-Customs dated 01.02.2022, the position emerged that the import of bulk drugs used in manufacture of Monocomponent Insulins remained exempted from BCD (Nil rate) till 31.03.2024. Further, in terms of sub-clause (D) of S. No. 167, with effect from 01.04.2024 the import of bulk drugs used in manufacture of Monocomponent Insulins" attracted BCD at the rate of 5%, in terms of S. No. 166A, of the said notification.

1.5 Intelligence developed, indicated that M/s TPL has continued to avail wrongful benefits of sub-clause (D) of S. No. 167 which was not in force after 31.03.2024 on the imports of "bulk drugs used in manufacture of Monocomponent Insulins" and failed to take into account the omission of the said entry. Accordingly, enquiry was initiated against M/s Torrent Pharmaceuticals Ltd. and a visit was made at the registered business premises of the importer.

2. ENQUIRY WITH THE IMPORTER M/S TORRENT PHARMACEUTICALS LIMITED (STATEMENT OF RELATED PERSONS, SCRUTINY OF DOCUMENTS):

2.1 STATEMENT OF SHRI K RAMAKRISHNA, AGM (PROCUREMENT), M/S TORRENT PHARMACEUTICALS LIMITED: The statement of Shri K. Ramakrishna was recorded on 21.05.2025 under Section 108 of the Customs Act, 1962, wherein, he interalia submitted that he handled import-related activities and supervised Customs clearance with his team; M/s TPL had engaged M/s Parikh Clearing Agency Pvt. Ltd. as Customs Broker for handling clearance of imported consignments; M/s TPL imported APIs, inactive materials and packing materials, including "Insulin Crystals" from M/s Novo Nordisk, Denmark, under an exclusive arrangement; that the goods were classified under CTI 29371200; that Insulin Crystals were used to manufacture finished formulations namely Human Actrapid 40, Human Insulatard 40 and Human Mixtard 40, and that the entire production was supplied to M/s Novo Nordisk India Pvt. Ltd., which is a subsidiary of the overseas supplier, under a contract-manufacturing arrangement; that six consignments had been imported from 01.04.2024 onwards, IGST was paid at 18%, and Nil BCD was claimed under S. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017; that Prior to issuance of Notification No. 02/2022-Customs dated 01.02.2022, the importer was availing exemption under Sr. No. 167(A) of Notification No. 50/2017-Customs and paying Customs duty at 'NIL" rate, as Monocomponent Insulin was specified at Sr. No. 63 of List 4 appended to the said notification.; that on being shown relevant entries of Notification No. 02/2022-Customs dated 01.02.2022 and specifically questioned regarding the effect of these provisions, he acknowledged the content of the said entries mentioned at Sr. No. 167(D) & Sr. No. 116(A) of the said notification and specifically stated that the exemption benefit at NIL rate under Sr. No. 167(D) covering "bulk drugs used in the manufacture of Monocomponent Insulins" ceased to be applicable after 31.03.2024 and that thereafter concessional rate of duty @ 5% under new entry at Sr. No. 166A became applicable on such identical goods with effect from 01.04.2024; that Nil BCD continued to be claimed relying on Notifications No. 02/2023-Customs and 05/2025-Customs; that the importer had acted on the basis of legal advice obtained from external consultants both prior to and after the passing of the Finance Bill, 2025.

2.2 STATEMENT OF SHRI KAMLESH NAIK, GM (PROCUREMENT), M/S TORRENT PHARMACEUTICALS LIMITED: The statement of Shri Kamlesh Naik was recorded on 26.05.2025 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that he had been GM (Procurement) since December 2024, previously served as GM (Supply Chain Management),

and supervised a team of 22 employees, including two AGMs i.e. Shri K. Ramakrishna and Shri Tejas Shah; that Import work was handled by Shri Ramakrishna and his team under his supervision; that they were importing "Insulin Crystals" by availing exemption benefits of "NIL" rate of BCD under S. No. 167(D)(ii) and were paying IGST at 18% on such imports: that they had contract-manufacturing agreement with M/s Novo Nordisk India Private Limited under which they procure the Insulin Crystals from them and after manufacturing finished products supplied the same to M/s Novo; that he agreed with the answers given by Shri K. Ramakrishna in his statement dated 21.05.2025; that on perusal of the Entry No. 42 and 43 of Notification No. 02/2022-Customs dated 01.02.2022, he stated that as per his understanding the Nil BCD benefit under S. No. 167(D) was available up to 31.03.2024 and that concessional rate of 5% would be applicable from 01.04.2024 under Sr. No. 166A of Notification No. 50/2017-Customs; that the importer continued to claim Nil BCD in light of Notifications No. 02/2023-Customs dated 01.02.2023 and 05/2025-Customs dated 01.02.2025; that Sr. No. 167(D)(ii) continued to appear on ICEGATE and was allowed when Bills of Entry were filed; that on being questioned regarding availability of two entries i.e. Sr. No. 166A and Sr. No. 167(D) for the same goods with different rates of duty, he stated that as per his interpretation both entries were in force and the importer would choose the more beneficial 'NIL' rate of duty entry; that they had sought opinion from M/s Lakshmikumaran Sridharan Attorneys through e-mail in April-2025 and was advised to continue availing exemption benefits under Sr. No. 167(D) of Notification No. 50/2017-Customs.

2.3 STATEMENT OF SHRI RUPIN KISHOR PARIKH, F-CARD HOLDER, M/S PARIKH CLEARING AGENCY PVT. LTD: The statement of Shri Rupin Kishor Parikh was recorded on 26.05.2025 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that his firm had handled M/s TPL's Customs clearances through Ahmedabad Air Cargo Complex for more than 25 years; that major imports of the importer include pharmaceutical raw materials such as APIs, bulk drugs and chemicals used in the pharmaceutical industry, and also machinery, scientific and measuring instruments; that the supplier of *"INSULIN CRYSTALS HM (GE) BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN"* was M/s Novo Nordisk A/S, Denmark; that the goods were classifiable under CTI 29371200 and stated that the tariff rate was 7.5% BCD and 18% IGST; that M/s TPL claimed Nil BCD under S. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017 and thus only paid IGST at 18%; that on perusal of the Entry No. 42 & 43 of Notification No. 02/2022-Customs dated 01.02.2022, he stated that as per his understanding imports of bulk drugs used in the manufacture of Monocomponent Insulins after 01.04.2024 would attract Basic Customs Duty @ 5% along with applicable IGST; that they prepared Bills of Entry checklists

according to the importer's instructions and submitted them for approval; that the importer instructed him to avail benefit of '0%' BCD and accordingly Bills of Entry were filed claiming such benefit; that he informed M/s TPL of the change in duty structure from '0%' to '5%' BCD, initially by telephone and subsequently by email; that the issue was discussed through e-mail with Shri K. Ramakrishna and he (Shri Rupin Parikh) had advised the importer that Basic Customs Duty @ 5% was required to be paid; that he produced copies of e-mail correspondences dated 31.03.2025 and 01.04.2025, including screenshots of EDI system indicating applicability of 5% Basic Customs Duty and copy of General Exemption Notification indicating that the benefit under Sr. No. 167(D) was available only up to 31.03.2024; that despite this, Bills of Entry were filed claiming 'NIL' rate of Basic Customs Duty based on instructions and approval of the importer.

2.4 STATEMENT OF SHRI PARAS SHETH, VP (PROCUREMENT), M/S TORRENT PHARMACEUTICALS LIMITED

The statement of Shri Paras Sheth was recorded on 16.07.2025 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that he was working as Vice President (Procurement) and had been associated with the importer for the last twenty years and that all the import related work was carried out under his supervision through the GM (Procurement); that they were importing "Insulin Crystals" by availing exemption benefits of "NIL" rate of BCD under S. No. 167(D)(ii) and were paying IGST at 18% on such imports: that they had contract-manufacturing agreement with M/s Novo Nordisk India Private Limited under which they procure the Insulin Crystals from them and after manufacturing finished products supplied the same to M/s Novo; that he agreed with the answers given by Shri K. Ramakrishna in his statement dated 21.05.2025; that on perusal of the Entry No. 42 and 43 of Notification No. 02/2022-Customs dated 01.02.2022, he stated that as per his understanding the said entries indicate that import of bulk drugs used in the manufacture of Monocomponent Insulins was allowed at 'NIL' rate of Basic Customs Duty under clause (D) of Sr. No. 167 up to 31.03.2024 and that concessional rate of 5% was applicable from 01.04.2024 under Sr. No. 166A of Notification No. 50/2017-Customs; that the importer continued to claim Nil BCD in light of Notifications No. 02/2023-Customs dated 01.02.2023 and 05/2025-Customs dated 01.02.2025, wherein a proviso was inserted extending the benefit of Sr. No. 167 up to 31.03.2025 and the said proviso was subsequently omitted; that the benefit under Sr. No. 167 has been extended up to 31.03.2029 vide Notification No. 05/2025-Customs; that Sr. No. 167(D)(ii) continued to appear on ICEGATE portal and Bills of Entry were being filed under the said entry; that on being questioned whether the proviso inserted vide Notification No. 02/2023-Customs altered the validity

condition (sunset clause) originally linked to clause (D) of Sr. No. 167, he stated that the said notifications did not mention alteration of the original validity condition (sunset clause) and that, as per his understanding, validity of Sr. No. 167 was extended vide Notification No. 02/2023-Customs; that vide Notification No. 05/2025-Customs the sub-clause (D) of Sr. No. 167, continues to be available; that on being questioned regarding the necessity of specific omission of clause (D) of Sr. No. 167, he stated that he did not wish to offer any comment, on the same; that on being asked regarding existence of Sr. No. 166A in Notification No. 50/2017-Customs, he stated that Sr. No. 166A exists in the said notification as amended vide Notification No. 02/2022-Customs dated 01.02.2022.

2.5 SCRUTINY OF THE DOCUMENTS SUBMITTED BY M/S TORRENT PHARMACEUTICALS LIMITED

M/s TPL furnished documents viz. copy of BEs, copy of Invoices, copy of AWBs etc. related to imports of bulk drugs used in the manufacture of Monocomponent Insulins. On perusal of the same, it was observed that the goods were declared as "INSULIN CRYSTALS HM (GE) (BULK DRUGS TO BE USED FOR MONOCOMPONENT INSULINS)", classified under CTI 29371200, supplied by M/s Novo Nordisk A/S, Denmark, and cleared through Ahmedabad Air Cargo Complex (INAMD4). Nil BCD was claimed under S. No. 167(D)(ii) of Notification No. 50/2017-Customs while IGST at 18% was paid.

3. LEGAL PROVISIONS REGARDING APPLICABLE RATE OF DUTY & ANALYSIS OF NOTIFICATON NO. 50/2017-CUSTOMS DATED 30.06.2017 WITH RESPECT TO *"BULK DRUGS USED IN THE MANUFACTURE OF MONOCOMPONENT INSULINS"* ON THE BASIS OF SUBMISSIONS MADE BY THE IMPORTER M/S TPL

3.1. In terms of Section 12 of the Customs Act, 1962, customs duty is leviable on goods imported into or exported from India at the rates specified under the Customs Tariff Act, 1975 or any other applicable law. Accordingly, the classification of imported goods and the corresponding rate of duty determine the customs duty liability. Accordingly, the classification of imported goods and the applicable tariff rate determine the customs duty liability.

3.2. The goods under consideration, namely, "Insulin Crystals" imported by M/s Torrent Pharmaceuticals Ltd., fall under CTH 2937 of the First Schedule to the Customs Tariff Act, 1975, specifically Tariff Item 2937 12 00, covering insulin and its salts. In the absence of any applicable exemption, the goods

would ordinarily attract Basic Customs Duty (BCD) at the standard rate of 7.5%.

3.3. The Central Government, in exercise of its powers under Section 25(1) of the Customs Act, 1962, issued Notification No. 50/2017-Customs dated 30.06.2017, granting full or partial exemption from BCD and, in certain cases, IGST to specified goods, subject to prescribed conditions. The notification contained a detailed table specifying eligible goods, corresponding rates, and applicable conditions. Over time, this notification underwent multiple amendments in line with evolving fiscal and policy objectives of the Government.

3.3.1 S. No. 167 of Notification No. 50/2017-Customs provided exemption from BCD at Nil rate to specified life-saving drugs, medicines, diagnostic kits, and bulk drugs used in their manufacture, as enumerated in List-4, subject to Condition No. 9. "Monocomponent Insulins" were specifically included at Sl. No. 63 of List-4, thereby extending the benefit of exemption to bulk drugs used in their manufacture.

3.3.2 Vide Notification No. 02/2022-Customs dated 01.02.2022, S. No. 167 was amended by omitting sub-clause (C) and inserting sub-clause (D), which specifically provided Nil rate of BCD on bulk drugs used in the manufacture of (i) Poliomyelitis vaccines and (ii) monocomponent insulins. At the time of its insertion of Sub-clause (D), it was explicitly stipulated that the said clause would remain in force up to 31.03.2024. The same amending notification also introduced Serial No. 166A, prescribing BCD at the concessional rate of 5% on *"bulk drugs used in the manufacture of (i) Poliomyelitis vaccines and (ii) monocomponent insulins"* with effect from 01.04.2024. The relevant extracts of the amending notification are reproduced below:

(42) after S. No. 166 and the entries relating thereto, the following S. No. and the entries shall be inserted with effect from the 1st day of April, 2024, namely:-

(1)	(2)	(3)	(4)	(5)	(6)
"166A.	28, 29 or 30	Bulk drugs used in the manufacture of:			
		(i) Poliomyelitis Vaccine (Inactivated and live)	5%	-	9
		(ii) Monocomponent insulins	5%	-	9";

(43) against S. No. 167, in column (3),-

(a) clause (C) and the entries relating thereto shall be omitted;

(b) after clause (C) so omitted, the following clause and entries relating thereto shall be inserted, which shall remain in force till the 31st day of March, 2024, namely:-

(3)	(4)	(5)	(6)
"(D) Bulk drugs used in the manufacture of:			
(i) Poliomyelitis Vaccine (Inactivated and live)	Nil	-	9
(ii) Monocomponent insulins	Nil	-	9";

(44) after S. No. 167 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
"167A.	30 or 9804	Drugs or medicines used for treatment of rare diseases	Nil	-	112";

Image –1– Amendments vide Notification No. 02/2022-Customs dated 01.02.2022

3.3.3 Accordingly, pursuant to the above amendments, the benefit of Nil rate of BCD on bulk drugs used in the manufacture of Monocomponent Insulins under sub-clause (D) of Serial No. 167 was available only up to 31.03.2024, whereas, with effect from 01.04.2024, such goods became liable to BCD at the concessional rate of 5% under Serial No. 166A.

3.3.4 Subsequently, vide Notification No. 02/2023-Customs dated 01.02.2023, a proviso was inserted against S. No. 167 stipulating that nothing contained in the said entry would have effect after 31.03.2025.

3.3.5 Thereafter, vide Notification No. 05/2025-Customs dated 01.02.2025, S. No. 167 was further amended and the proviso inserted vide earlier Notification No. 02/2023-Customs dated 01.02.2023 was omitted. The same notification also inserted a proviso in Notification No. 50/2017-Customs, stipulating, inter alia, that the entries against S. No. 167 would have no effect after 31.03.2029. Relevant extracts are reproduced below:-

(5) against S. No. 167, in column (3), -

(a) clause (A) and the entries relating thereto shall be omitted;

(b) against clause (B), for the word, brackets and letter " at (A)", the words and figure "specified in List 4" shall be substituted;

(c) the proviso shall be omitted;

III. after the second proviso, the following provisos shall be inserted, namely: -

"Provided further that nothing contained in the entries against serial numbers 81A, 104B, 104C, 168, 341, 341A, 460, 460A, 460B, 460C, 460D, 460E and 515B shall have effect after the 31st day of March, 2027:

Provided also that nothing contained in the entries against serial numbers 166, 166A, 167, 167A, 532A and 607B shall have effect after the 31st day of March, 2029.";

Image -2– Amendments vide Notification No. 05/2025-Customs dated 01.02.2025

3.4. From the submissions made by M/s TPL, it emerges that the importer initially relied upon the proviso inserted vide Notification No. 02/2023-Customs dated 01.02.2023 and continued to claim the exemption up to 31.01.2025. Subsequently, the importer sought to justify the continued availment of exemption by placing reliance on the amendments introduced vide Notification No. 05/2025-Customs dated 01.02.2025, and accordingly persisted with the claim of exemption even beyond the said period.

3.4.1 In respect to reliance placed by the importer M/s TPL on the changes introduced vide Notification No. 02/2023-Customs dated 01.02.2023 and Notification No. 05/2025-Customs dated 01.02.2025, it is pertinent that *the legislative phrase "nothing contained" is a well-settled non-obstante-restrictive formulation, which negates the future operation of a provision after a prescribed date, but does not revive, resuscitate, or prolong a benefit that has already expired by virtue of an earlier self-executing sunset clause.*

3.4.2 In the present factual and legal matrix, sub-clause 167(D), introduced vide Notification No. 02/2022-Customs dated 01.02.2022, was accompanied by an explicit and self-contained expiry mechanism, clearly stipulating that the exemption granted thereunder would remain operative only up to 31.03.2024. Upon the lapse of the said date, the exemption stood automatically extinguished by operation of law, without requiring any further legislative or administrative action. The subsequent proviso inserted vide Notification No. 02/2023-Customs could, at best, operate upon those components of S. No. 167 which were alive and subsisting at the relevant time, by prescribing an outer temporal limit for their applicability up to 31.03.2025. However, it could not, in law, override, defer, or nullify the already envisioned lapse of sub-clause 167(D), nor could it be construed as having the effect of reviving or extending a provision that would already cease to exist on a particular prescribed date. Accordingly, the expression "nothing contained" must be interpreted strictly as a prospective cut-off mechanism, applicable only to provisions in force, and not as a saving clause capable of resurrecting an expired exemption. Accordingly, the reliance placed by M/s TPL on Notification No. 02/2023-Customs to claim continuation of Nil rate of

duty beyond 31.03.2024 under sub-clause 167(D) is contrary to the express statutory framework and not sustainable.

3.5. In view of the above statutory provisions and amendments, the legal position emerged that the benefit of Nil rate of BCD on bulk drugs used in the manufacture of monocomponent insulins was available only up to 31.03.2024 under sub-clause (D) of Serial No. 167 of Notification No. 50/2017-Customs dated 30.06.2017. With effect from 01.04.2024, upon expiry of the said exemption clause by virtue of its in-built sunset provision, the subject goods became liable to BCD at the concessional rate of 5% under S. No. 166A of the notification. This position continued until the issuance of Notification No. 45/2025-Customs dated 24.10.2025, which brought about further changes in the applicable duty structure.

4. CALCULATION OF DIFFERENTIAL DUTIES

4.1 It is observed that M/s TPL, during the period from 01.04.2024 to 31.10.2025, imported "Insulin Crystals – Bulk Drugs to be used in the manufacture of Monocomponent Insulins" by availing benefit of NIL rate of BCD under S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, and paid IGST only at 18%. However, since the said exemption ceased to be effective after 31.03.2024, the benefit of Nil BCD was not admissible on imports made during the said period.

4.2 Accordingly, the subject imports for the period from 01.04.2024 to 31.10.2025 were liable to BCD at 5% under S. No. 166A of Notification No. 50/2017-Customs, being the difference between duty payable at the applicable rate of 5% BCD, along with applicable SWS and the consequential IGST recalculated on the enhanced assessable base (i.e., assessable value plus BCD plus SWS). Consequently, differential duty became payable by M/s TPL.

4.3 Further, out of total Bills of Entry filed at Ahmedabad Air Cargo, wherein M/s TPL had availed ineligible benefit of concessional duty under S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, 2 Bills of Entry had assessed provisionally under Section 18 of the Customs Act, 1962 and were not finalized. The assessable value of the goods covered under those two Bills of Entry were Rs. 25,23,18,913/- and the corresponding differential duty was Rs.1,63,75,497/-. Accordingly, the provisionally assessed Bills of Entry were required to be finalized after considering the differential duty on account of misuse of Notification No. 50/2017-Customs dated 30.06.2017.

4.4 In respect of remaining Bills of Entry which were finally assessed and wherein M/s TPL had availed ineligible benefit of concessional duty under S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, the assessable value of the goods covered under these provisionally assessed Bills of Entry was Rs.173,50,57,025/- and the corresponding differential duty arising due to availment of such ineligible benefit of said notification was Rs.11,26,05,201/-.

4.5 Thus, the total differential duty arising from the alleged inadmissible availment of Nil BCD by M/s TPL amounted to Rs. 12,89,80,698/-, covering both provisionally and finally assessed Bills of Entry, as detailed in Annexure-A to the SCN. Summarized details of the same are given in below table:

TABLE-1

(Amount in Rs.)

Assessment Type	Bill of Entry No. & Date	Total Ass. Value of the imported Goods	Duty benefit wrongly claimed
Provisionally Assessed	As per Annexure-A	25,23,18,913	1,63,75,497
Finally Assessed		173,50,57,025	11,26,05,201
TOTAL		198,73,75,938	12,89,80,698

5. VIOLATION OF LEGAL PROVISIONS, LIABILITY OF THE IMPORTER

5.1 Vide the Finance Act, 2011 (w.e.f. 08.04.2011), the concept of self-assessment was introduced under the Customs Act, 1962. In terms of Section 17 of the Customs Act, 1962, the duty on imported or exported goods is required to be self-assessed by the importer or exporter, as the case may be, at the time of filing the Bill of Entry under Section 46 or the Shipping Bill under Section 50, in electronic form. Under this statutory scheme, the primary responsibility is cast upon the importer/exporter to correctly declare and determine all relevant parameters, including classification of goods, applicable rate of duty, assessable value, and eligibility to exemption notifications, if any, at the time of filing the declaration.

5.2 Further, in terms of Section 46(4) of the Customs Act, 1962, the importer is under a legal obligation to make a true, correct, and complete declaration in respect of the particulars furnished in the Bill of Entry. The statutory framework of self-assessment thus operates on the foundational principle of accuracy, due diligence, and full disclosure by the importer. It is therefore incumbent upon the importer to ensure that any exemption claimed is strictly in accordance with the prevailing legal provisions, including any conditions, limitations, or time-bound applicability attached thereto.

5.3 In the present case, it appeared that M/s TPL failed to exercise the requisite due diligence while self-assessing the subject goods and continued to claim exemption under S. No. 167(D) of Notification No. 50/2017-Customs even after the said provision had ceased to be operative w.e.f. 31.03.2024. Such incorrect availment of exemption, despite the existence of a clear statutory transition to a concessional duty regime under S. No. 166A, indicates a misdeclaration in respect of the applicable rate of duty and eligibility to exemption, thereby rendering the self-assessment incorrect. Accordingly, the importer contravened the provisions of Sections 17 and 46 of the Customs Act, 1962, and the duty short-paid on account of such incorrect self-assessment becomes recoverable in accordance with law.

5.4 It further appeared that the importer, M/s TPL, by incorrectly declaring the eligibility to exemption and consequently applying an inapplicable rate of duty, rendered the imported goods liable for confiscation under Section 111(m) of the Customs Act, 1962, inasmuch as the particulars declared in the Bills of Entry, including the applicable rate of duty and exemption claimed, were not in conformity with the provisions of law. In the present case, although the issue arises out of interpretation of exemption notification and its temporal applicability, the fact remains that the importer claimed and availed an ineligible exemption, leading to improper assessment and clearance of goods at a lower incidence of duty than what was legally leviable. Accordingly, the goods having an assessable value of Rs.198,73,75,938/-, as declared in the Bills of Entry filed by M/s TPL (as detailed in Annexure–A), were therefore liable to confiscation under the provisions of Section 111(m) of the Customs Act, 1962. Accordingly, the importer had rendered himself liable to penalty under Section 112(a) of the Customs Act, 1962, for such acts of omission and commission in relation to the improper importation of goods.

5.5 However, it was also observed that the issue involved pertains to the interpretation of exemption notification entries and their temporal applicability, and there was no evidence to allege wilful misstatement, suppression of facts, or collusion on the part of the importer. Further, the Bills of Entry under investigation fall within the normal period of limitation as prescribed under Section 28(1) of the Customs Act, 1962. Accordingly, the proposed demand was confined to the normal period of limitation. Therefore, the Customs Duty amounting to Rs.12,89,80,698/- (Rupees Twelve Crore, Eighty-Nine Lakh, Eighty Thousand, Six Hundred and Ninety-Eight Only) was liable to be demanded from M/s TPL under Section 28(1), along with applicable interest under Section 28AA of the Customs Act, 1962.

6. As per the Pre-Notice Consultation Regulations, 2018, M/s. Torrent Pharmaceuticals Ltd., was informed vide letter dated 08.05.2026 in writing,

the intention to issue the notice specifying the grounds on which Show Cause Notice proposed to be issued in terms of the provisions of Section 28(1) of the Customs Act, 1962. The said importer vide their letter dated 12.05.2026 submitted their written submission.

6.1 They submitted that the imported goods, namely Insulin Crystals HM (GE), are bulk drugs intended for use in the manufacture of Monocomponent Insulins and have been correctly classified under Customs Tariff Heading (CTH) 2937 12 00. The Company stated that it had availed Nil Basic Customs Duty under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, which specifically covers bulk drugs used in the manufacture of Monocomponent Insulins.

6.2 They further submitted that Serial No. 167(D)(ii) was initially valid up to 31.03.2024 and that Notification No. 02/2023-Customs dated 01.02.2023 inserted a proviso under Serial No. 167, stipulating that nothing contained in the said serial number would have effect after 31.03.2025. According to them, the said amendment extended the validity of the exemption under Serial No. 167(D)(ii) up to 31.03.2025. It further submitted that Notification No. 05/2025-Customs dated 01.02.2025 extended the validity of the relevant entries, including Serial No. 167, up to 31.03.2029. Accordingly, they contended that the exemption under Serial No. 167(D)(ii) was valid and available on the dates of import of the subject goods.

6.3 They further relied upon Notification No. 45/2025-Customs dated 24.10.2025, effective from 01.11.2025, and the FAQs issued in this regard. It submitted that Serial No. 103(ii) of the said notification provides for Nil BCD on bulk drugs used in the manufacture of Monocomponent Insulins up to 31.03.2029. Referring to FAQ No. 8, they contended that the Government had acknowledged the existence of two entries under Notification No. 50/2017-Customs, namely Serial No. 166A prescribing BCD at 5% and Serial No. 167(D) providing Nil BCD, and had decided to omit the entry prescribing 5% BCD. They further submitted that the clarification that the goods would "continue to attract nil duty rate" confirmed the continued availability of Nil BCD even before the issuance of Notification No. 45/2025-Customs. It further contended that the ambiguity arose from the existence of parallel entries and not from any error or misdeclaration on its part.

6.4 The importer also submitted that the consignments referred to in Annexure-A had been cleared under Serial No. 167(D), after execution of Bank Guarantees, wherever required, and approval by the respective Customs Authorities. It further stated that ICEGATE portal continued to permit imports under the said serial number at Nil BCD and that the Bills of Entry

had been finally assessed under the same provision. On this basis, they claimed that the imported goods were eligible for exemption under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs and requested that its submissions be taken on record and the proposed proceedings be dropped.

6.5 The importer was also granted a personal hearing in virtual mode on 13.05.2026 in connection with the Pre-Notice Consultation. However, vide its email dated 11.05.2026, the importer requested an in-person hearing, which was accordingly held on 13.05.2026. During the hearing, the importer reiterated the submissions made in its written reply dated 12.05.2026.

7. After careful consideration of the issue involved and written submission dated 12.05.2026 filed by the importer on issuance of Pre-Consultation Letter dated 08.05.2026 and in-person hearing for Pre-Notice Consultation held on 13.05.2026, the said importer did not agree with grounds for issuance of Show Cause Notice communicated to them.

8. In their submission, Question at Sl. No. 8 of FAQs issued by CBIC is also referred which is re-produced as under:

'FAQ No. 8: Why has S.No.166A of notification No. 50/2017-Customs prescribing 5% BCD for bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins been ***removed****?*

'There were two entries covering these bulk drugs with BCD at 5% and Nil. Vide erstwhile S. No. 166A of notification No. 50/2017-Cus, 5% BCD was prescribed on bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins. However, under another entry, Nil BCD was already available on bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins (erstwhile S. No. 167(D) of notification No. 50/2017-Customs dated 30.62017). Therefore, a review was done and it has been ***decided to omit*** *the entry prescribing 5% rate. In the new notification, these bulk drugs will continue to attract nil duty rate vide S, No. 103 (ii) of notification No. 45/2025-Customs dated 24th October, 2025.'*

9. In this regard, the Question at Sl. No. 8 of the FAQs itself uses the expression **"removed"**, which necessarily presupposes the existence and operation of the entry prescribing 5% BCD prior to such removal. In legal and practical terms, only a provision that is presently in force and operative can be "removed" or "omitted". Therefore, the use of the word "removed" clearly indicated that the notification prescribing 5% BCD continued to remain valid

and applicable till the point at which the new notification came into effect and omitted the said entry. Consequently, imports of bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins made prior to the coming into force of the new notification would continue to attract the duty as prescribed under the existing entry, i.e., 5% BCD.

Further, the answer to the said question states that *"a review was done and it has been **decided to omit** the entry prescribing 5% rate…"*. This wording itself demonstrates that the decision to omit/remove the entry was taken only vide Notification No. 45/2025–Cus. dated 24th October, 2025. The very concept of "omission" necessarily operates prospectively, because an entry can only be omitted after its existence in law. In other words, the provision prescribing 5% duty remained operative and enforceable until the date on which the omission became effective through the new notification. Hence, the omission introduced vide Notification No. 45/2025–Cus. cannot be interpreted to retrospectively nullify or invalidate the applicability of the earlier 5% BCD rate for imports made prior to the effective date of the new notification.

10. The Investigation Report forwarded by DRI, Ahmedabad pertained to demand of duty involved in the goods imported through port Ahmedabad Air Cargo (Port Code: INAMD4), falling under the jurisdiction of the Commissioner of Customs, Ahmedabad. The Show Cause Notice would be issued by the competent authority in terms of Notification No. 28/2022-Customs (N.T.) dated 31.03.2022 issued by Central Board of Indirect Taxes and Customs (CBIC), New Delhi.

11. In view of the above, Show Cause Notice VIII/10-03/Commr/O&A/2026-27 dated 15.05.2026 was issued to M/s Torrent Pharmaceuticals Ltd. (IEC-0888038241), Torrent House, Off Ashram Road, Ahmedabad, Gujarat–380009 calling upon to show cause to the Commissioner of Customs, Ahmedabad having his Office at 1st floor, Customs House, Ashram Road, Near Akashwani Bhavan, Navrangpura, Ahmedabad, as to why:

(i) The provisionally assessed two Bills of Entry details as available in Annexure-A, involving total assessable value of Rs.25,23,18,913/- (Rupees Twenty Five Crore, Twenty Three Lakh, Eighteen Thousand, Nine Hundred and Thirteen Only) should not be finalized under Section 18(2) of the Customs Act, 1962 by denying the ineligible exemption benefit under S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, as amended and by

assessing the same under S. No. 166A of Notification No. 50/2017-Customs dated 30.06.2017, as amended;

(ii) The differential customs duties (including BCD, SWS, IGST) amounting to Rs.1,63,75,497/- (Rupees One Crore, Sixty-Three Lakh, Seventy-Five Thousand, Four Hundred and Ninety-Seven only) as detailed in Annexure-A, on the import of such goods covered under the above-mentioned Bills of Entry should not be recovered from them at the time of finalization of assessment under Section 18(2) of the Customs Act, 1962;

(iii) The applicable interest on the differential duties mentioned in above para (ii) in terms of Section 28AA read with Section 18(3) of the Customs Act, 1962 should not be recovered from them at the time of finalization of the above Bills of Entry;

(iv) The goods imported vide 9 (nine) finally assessed Bills of Entry as detailed in Annexure-A, involving total assessable value of Rs.173,50,57,025/- (Rupees One Hundred Seventy Three Crore, Fifty Lakh, Fifty Seven Thousand and Twenty Five Only), should not be re-assessed by denying the benefit of S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017 as amended, and by assessing the same under S. No. 166A of Notification No. 50/2017-Customs dated 30.06.2017, as amended;

(v) The differential Customs duty (BCD+SWS+IGST) amounting to Rs.11,26,05,201/- (Rupees Eleven Crore, Twenty-Six Lakh, Five Thousand, Two Hundred and One Only) as detailed in Annexure-A should not be determined and recovered accordingly under Section 28(1) of Customs Act, 1962;

(vi) The applicable interest on the differential duties mentioned in above para (v) should not be recovered, in terms of Section 28AA of the Customs Act, 1962;

(vii) The import goods, having a total assessable value of Rs.198,73,75,938/- (Rupees One Hundred Ninety-Eight Crore, Seventy-Three Lakh, Seventy-Five Thousand, Nine Hundred and Thirty-Eight Only) as detailed in Annexure-A, should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962, as they were imported by suppressing material facts and availing ineligible exemption benefits;

(viii) Penalty under Section 112(a) of the Customs Act, 1962 should not be imposed on them for acts of omission and commission rendering the goods liable to confiscation

12. A Corrigendum to the above said Show Cause Notice was issued on 19.05.2026, wherein following changes were made:

(i) Para 4.1 of Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 should read as under:

4.1 It is observed that M/s Torrent Pharmaceuticals Ltd., during the period from 01.04.2024 to 31.10.2025, filed Bills of Entry and cleared imported goods described as "Insulin Crystals – Bulk Drugs to be used in the manufacture of Monocomponent Insulins". The importer, while effecting such clearances, claimed the benefit of S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, and accordingly availed exemption from BCD at Nil rate, along with consequential levy of SWS at 10% of BCD and IGST at 5%/18% on the aggregate of the assessable value, BCD and SWS. However, upon scrutiny of the applicable legal provisions and amendments thereto, it was found that the exemption under S. No. 167(D) had ceased to be in force with effect from 31.03.2024 by virtue of its in-built sunset clause, and therefore, the benefit of Nil rate of BCD was not available for the subject imports made on or after 01.04.2024. Consequently, the importer was not eligible to claim exemption under the said entry during the material period.

M/s Torrent Pharmaceuticals Ltd. had also wrongly discharged IGST at the rate of 5% in respect of three Bills of Entry viz. BE No. 3590179 dated 21.05.2024, BE No. 4072410 dated 19.06.2024 and BE No. 6935211 dated 28.11.2024, whereas IGST at the correct rate of 18% was discharged in respect of the remaining Bills of Entry. In this regard, during the course of investigation and recording of statement, the authorised representatives of the importer inter alia consistently stated that IGST at the rate of 18% had been paid on all the subject imports. However, scrutiny of the relevant Bills of Entry and import documents revealed that IGST at the concessional rate of 5% had actually been discharged in respect of the aforesaid three Bills of Entry. Therefore, the payment of IGST at the concessional rate of 5% in respect of the aforesaid three Bills of Entry, instead of the applicable rate of 18%, appeared irregular and had resulted in short-payment of IGST to the corresponding extent.

(ii) Para 4.3.2 of Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 should read as under:

4.3.2 In respect of remaining Bills of Entry which were finally assessed and wherein M/s TPL availed ineligible benefit of concessional duty under S. No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, the assessable value of the goods covered under these provisionally assessed Bills

of Entry was Rs.173,50,57,025/- and the corresponding differential duty arising due to availment of such ineligible benefit of said notification was **Rs.17,05,35,882/-**.

(iii) Para 4.3.3 of Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 should read as under:

4.3.3 Collectively viz. including both provisional and final assessed, it appeared that M/s TPL by way of wrongful availment short paid differential duty to the tune of **Rs.18,69,11,379/-**, detailed in Annexure-A. Summarised details of the same are given in below table:-

TABLE-2

(Amount in Rs.)

Assessment Type	Bill of Entry No. & Date	Total Ass. Value of the imported Goods	Duty benefit wrongly claimed
Provisionally Assessed	As per Annexure-A	25,23,18,913	1,63,75,497
Finally Assessed		173,50,57,025	17,05,35,882
TOTAL		198,73,75,938	18,69,11,379

(iv) Para 6.5 of Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 should read as under:

6.5 However, it was also observed that the issue involved pertain to the interpretation of exemption notification entries and their temporal applicability, and there was no evidence to allege wilful misstatement, suppression of facts, or collusion on the part of the importer. Further, the Bills of Entry under investigation fall within the normal period of limitation as prescribed under Section 28(1) of the Customs Act, 1962. Accordingly, those proceedings were confined to demand of duty under the normal period in terms of Section 28(1) of the Customs Act, 1962, without invoking the extended period. Accordingly, the Customs Duty amounting to **Rs.18,69,11,379/-** (Rupees Eighteen Crore, Sixty-Nine Lakh, Eleven Thousand, Three Hundred and Seventy-Nine Only) was liable to be demanded from M/s TPL under Section 28(1) of the Customs Act, 1962. Further, interest at the applicable rate was also liable to be recovered under Section 28AA of the Customs Act, 1962."

(v) Para 6.5 of Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 should read as under:

12(v) The differential Customs duty (BCD+SWS+IGST) amounting to Rs.17,05,35,882/- (Rupees Seventeen Crore, Five Lakh, Thirty-Five Thousand, Eight Hundred and Eighty-Two Only) as detailed in Annexure-A should not be determined and recovered accordingly under Section 28(1) of Customs Act, 1962;

(vi) Wherever Annexure-A was referred in the Show Cause Notice dated 15.05.2026 issued from F. No. VIII/10-03/Commr/O&A/2026-27 same should be read as Revised Annexure-A enclosed with the Corrigendum to Show Cause Notice.

13. DEFENCE REPLY:

The Noticee submitted its defence reply vide letter dated 12.06.2026, wherein they inter alia submitted that the noticee is engaged in the business of manufacturing and/or sale of various branded and generic pharmaceutical products in India, including insulin products. The Noticee imports Insulin Crystals from Novo Nordisk A/S (NNAS), Denmark, classifying the same under CTH 29371200 and availing exemption from Basic Customs Duty under Serial No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017. They further submitted the pointwise defence reply of the allegations made in the SCN, which is sumarized as under:

A. NO DIFFERNTIAL CUSTOMS DUTY IS PAYABLE:

At the outset, the Noticee submitted that the SCN itself records that the issue involved pertains to the interpretation of an exemption notification and that there was no suppression or wilful misstatement on the part of the Noticee. Before proceedings to the pointwise reply of the allegations, the Noticee furnished the chronology of the relevant notifications.

13.1. Reply to Para 3.10.1 of the SCN:

- The Noticee submitted that the Department's interpretation of the expression “nothing contained” was misconceived and based on an incorrect application of the principles of statutory interpretation. The expression merely prescribed a temporal limit for the operation of a provision and did not operate as an absolute restriction on the power of the Government to amend, extend or modify the provision before the specified date;
- that the premise of the SCN, that the exemption under Serial No. 167(D) had already expired and that the subsequent amendments sought to revive a lapsed benefit, was factually incorrect. They submitted that

Notification No. 02/2023-Customs was issued on 01.02.2023, when Serial No. 167(D) was still in force up to 31.03.2024, and that the proviso inserted therein extended the validity of Serial No. 167 as a whole, including clause (D); that the proviso had to be read as an integral part of Serial No. 167 and that there was no basis for excluding clause (D) from its scope; that the continued availability of Serial No. 167(D) on the ICEGATE portal and the acceptance of Bills of Entry claiming Nil duty reinforced its contention that the exemption continued to remain in force.

13.2. Reply to Para 3.10.2 of the SCN:

- The Noticee submitted that, although Serial No. 167(D), as originally introduced vide Notification No. 02/2022-Customs, prescribed validity up to 31.03.2024, the said period was capable of being extended through a subsequent notification issued under Section 25 of the Customs Act, 1962. It contended that the mere presence of a sunset clause did not render the entry immune from amendment or extension by the Central Government before its expiry;
- that Notification No. 02/2023-Customs was issued while Serial No. 167(D) was fully operative and that the proviso inserted by the said notification extended the validity of Serial No. 167 as a whole, including clause (D). The SCN's assertion that the proviso could only apply to "alive" portions of Serial No. 167 while excluding sub-clause (D) is artificial and unsupported by the language of the notification. It is further submitted that there was nothing in the proviso to indicate that clause (D) stood excluded from its ambit;
- The SCN also incorrectly suggests that the proviso cannot "override, defer or nullify" the lapse of sub-clause 167(D). This contention fails to appreciate that a proviso, once inserted, becomes an integral part of the provision itself and is capable of altering its scope, including its temporal operation. The effect of the proviso in the present case is precisely to extend the applicability of Serial No. 167 beyond the originally stipulated date. Therefore, it is incorrect to contend that the proviso has no impact on the operative period of clause (D);
- that the expression "nothing contained" could not be interpreted as prohibiting statutory modification before the specified date, as such an interpretation would render the Government's power of amendment under Section 25 ineffective. It contended that the SCN sought to apply the proviso to Serial No. 167 while selectively excluding clause (D), without any textual basis for such exclusion;
- that Serial No. 167(D)(ii) did not cease to be effective on 31.03.2024 and that the exemption had been validly extended vide Notification No. 02/2023-Customs and continued thereafter; that the interpretation

advanced in the SCN, based on an erroneous understanding of the sunset clause and the phrase "nothing contained", deserves to be rejected, and the continued availment of exemption by the Noticee is legally sustainable.

13.3. Reply to Para 3.10.3 of the SCN:

- The Noticee reiterated that the proviso inserted vide Notification No. 02/2023-Customs was introduced when Serial No. 167(D) was fully operative and, therefore, applied to the entire entry, including its validity period. It is also submitted that a proviso, once inserted, becomes an integral part of the entry and modifies its scope unless a specific restriction or exclusion is provided. Since clause (D) had not been excluded from the proviso, the validity of the entire Serial No. 167 stood extended;
- The Noticee further submitted that the allegation that clause (D) expired independently on 31.03.2024 disregarded the effect of the amendment made before the said date. It maintained that the continued availment of Nil BCD under Serial No. 167(D)(ii) was consistent with the statutory framework and that the allegation to the contrary was without merit;
- They also relied upon the Memorandum Explaining the Provisions in the Finance Bill, 2023, which indicated that the exemption under Serial No. 167 had been extended up to 31.03.2025. It submitted that the memorandum specifically identified certain exemption entries proposed to be withdrawn and that, had the Government intended to withdraw the exemption under Serial No. 167(D)(ii), the same would have been expressly identified. The absence of such specific withdrawal, together with the express extension recorded in the memorandum, supported the continued availability of the exemption;
- A conjoint reading of the relevant notifications, subsequent amendments and the contemporaneous Explanatory Memorandum indicates that Entry No. 167(D)(ii) was not expressly omitted and that Entry No. 167 was extended up to 31.03.2025. The Noticee, therefore, contended that the exemption under the said entry continued to be available and was lawfully availed.

13.4. Reply to Para 10.1 of the SCN:

- that Notification No. 45/2025-Customs dated 24.10.2025, effective from 01.11.2025, consolidated 31 erstwhile customs exemption notifications into a single comprehensive notification with the objective of enhancing clarity, transparency and ease of compliance. Under the consolidated notification, Serial No. 103 provides Nil BCD on bulk drugs used in the manufacture of Monocomponent Insulins up to 31.03.2029;

- before the issuance of Notification No. 45/2025-Customs, two parallel entries existed under Notification No. 50/2017-Customs, namely Serial No. 166A prescribing BCD at 5% and Serial No. 167(D) providing Nil BCD, both covering bulk drugs used in the manufacture of Monocomponent Insulins. FAQ No. 8 issued along with the consolidated notification acknowledged this overlap and clarified that, following a review, the entry prescribing 5% BCD had been omitted, while the goods would continue to attract Nil BCD under Serial No. 103(ii);
- the expression "will continue to attract nil duty rate" was significant, as it indicated continuity of the Nil duty treatment from the earlier period. The word "continue" denotes an uninterrupted state extending from the past into the future. It necessarily presupposes that NIL duty was already applicable prior to the issuance of Notification No. 45/2025-Customs. This stands in contrast to expressions such as "shall henceforth apply" or "is hereby introduced," which denote prospective application or creation of a new benefit.
- It contended that the use of the word "removed" in the FAQ referred only to the subsequent omission of the 5% entry and did not establish that the Nil BCD entry had been inoperative during the relevant period. The subsequent amendment merely rationalised the overlapping provisions and aligned the notification framework with the intended Nil duty treatment;
- Further, it is a settled principle in law that, where two entries coexist, the assessee is entitled to adopt the more beneficial entry, provided the applicable conditions are fulfilled. In this regard, they relied upon the decisions in *Indian Petro Chemicals*, *H.C.L. Ltd.*, *Share Medical Care* and *Creative Newtech Ltd.* It contended that Serial Nos. 166A and 167(D)(ii) coexisted during the relevant period and that it was entitled to avail Nil BCD under the more beneficial entry. Accordingly, the Noticee submitted that the differential customs duty demand was contrary to the applicable legal position and liable to be set aside.

B. NO DIFFERNTIAL IGST PAYABLE:

13.5. Reply to Para 4.1 of the corrigendum to the SCN:

- The Noticee submitted that they had imported "Insulin Crystals HM (GE) (Bulk Drug to be used for Monocomponent Insulin)" under the subject Bills of Entry and that neither the SCN nor the corrigendum disputed the nature, end-use or classification of the imported goods. It contended that the allegation of short-payment of IGST was based on the premise that IGST was leviable at 18% instead of the concessional rate of 5%;

- that they had correctly availed the concessional IGST rate of 5% under Entry No. 180 of Schedule I of Notification No. 01/2017-Integrated Tax (Rate), which covers drugs or medicines, including their salts and esters, as specified in List 1. It relied upon Entry No. 184 of List 1, which specifically includes "Monocomponent insulins," and contended that the imported goods, being bulk drugs used in the manufacture of such insulin, fell within the scope of the said entry;
- that the term "drug" had not been defined under Notification No. 01/2017-Integrated Tax (Rate) and, therefore, reference was required to be made to Section 3(b) of the Drugs and Cosmetics Act, 1940. It relied upon Section 3(b)(iii), which includes substances intended for use as components of a drug, and contended that the imported insulin crystals were active components used in the manufacture of insulin formulations and accordingly qualified as drugs for the purpose of the concessional IGST rate;
- In support of their contention, the Noticee relied upon the decisions of Hon'ble CESTAT in the case of Cipla Ltd. v. Commissioner, 2007 (218) E.L.T. 547 (Tribunal), Hon'ble CESTAT in the case of Astrix Laboratories Ltd. v. Commissioner, 2009 (233) E.L.T. 372 (Tribunal), Hon'ble CESTAT in case of *Aurobindo Pharma Ltd. v. Commissioner*, 2009 (247) E.L.T. 206 (Tribunal). The decision in the case of Aurobindo (supra) was further followed by Hon'ble Bangalore Tribunal in case of Dr. Reddy's Laboratory Ltd. v. CCE, 2010 (251) E.L.T. 447 (Tri. - Bang.);
- that payment of IGST at 18% in certain other instances did not alter the legal position or disentitle it from claiming the correct concessional rate; there could be no estoppel against the statute and that any inconsistent practice could not override the correct tax treatment;
- The Noticee also referred to the recommendation made by the office of the Principal Commissioner of Customs, Ahmedabad, to the Customs Authority for Advance Rulings, Mumbai, in relation to the concessional IGST rate applicable to bulk drugs. It further relied upon the advance ruling in the case of *Cipla Limited*, CAAR/Mum/ARC/161 & 162/2025-26 dated 17.03.2026, wherein, bulk drugs and Active Pharmaceutical Ingredients (APIs) were held to qualify as "drugs" for the purposes of IGST rate notifications and to be eligible for the concessional rate of 5%, notwithstanding their classification under Chapters 28 or 29;
- although the said advance ruling referred to Serial No. 226 of Schedule I of Notification No. 09/2025-Integrated Tax (Rate) dated 17.09.2025, the relevant description remained unchanged from the corresponding entry under Notification No. 01/2017-Integrated Tax (Rate), and the change was merely a result of rate rationalisation and renumbering. They contended that the imported goods, being bulk drugs used in the

manufacture of Monocomponent Insulins, were eligible for the concessional IGST rate of 5%;

- that payment of IGST at 5% was lawful and proper and that no differential IGST was payable as alleged in the corrigendum in respect of the three specified Bills of Entry.

C. NO INTEREST IS PAYABLE UNDER SECTION 28AA OF THE ACT SINCE THERE IS NO DUTY PAYABLE:

- The Noticee submitted that interest under Section 28AA of the Customs Act, 1962, had been proposed on the alleged delayed payment of duty. However, it contended that when the principal duty demand itself was not sustainable, the consequential demand for interest could not be sustained.

- In support of its contention, the Noticee relied upon the decision of the Hon'ble Supreme Court in *Pratibha Processors v. Union of India*, 1996 (88) E.L.T. 12 (S.C.), and the decisions of Hon'ble Tribunals in *CCE, Belgaum v. Godavari Sugar Mills Ltd.*, 2009-TIOL-1171-CESTAT-BANG; *Scorpio Engineering Pvt. Ltd. v. CCE*, 2010 (261) E.L.T. 423 (Tri.-Bang.); *Mahindra & Mahindra Ltd. v. CCE*, 2010 (262) E.L.T. 533 (Tri.-Mum.); and decision of Hon'ble High Court of Mumbai in the case of *Blue Star Ltd. v. Union of India*, 2010 (250) E.L.T. 179 (Bom.). The Noticee submitted that the said decisions supported the proposition that, where the demand for duty was not sustainable, the demand for interest would also not arise.

D. GOODS ARE NOT LIABLE FOR CONFISCATION:

- The Noticee submitted that, throughout the period during which queries were raised and the SCN and adjudication proceedings were underway, no instruction had been issued by the Customs authorities directing that the subject goods should not be used or consumed by the Company. They contended that the goods are no longer physically available and, therefore, the question of their confiscation do not arise;
- That the goods are not liable to confiscation under Section 111(m) of the Customs Act, 1962, as there was no misdeclaration in the Bills of Entry and that the goods had been correctly classified and declared to the best of its knowledge and belief;
- That they had availed the exemption under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs under a bona fide belief that the goods were eligible for the benefit and that the declarations made in the Bills of Entry, packages and leaflets were correct;

- That the Bills of Entry had been assessed by the proper officer after granting the exemption and that the said assessments had not been challenged by the Department and therefore the proposal for confiscation under Section 111(m) is not sustainable;
- The Noticee further relied upon Section 2(25) of the Customs Act, 1962, which defines "imported goods" and excludes goods cleared for home consumption. In this regard, they relied upon the decision of the Hon'ble Bombay High Court in *Bussa Overseas & Properties Pvt. Ltd. v. C.L. Mahar*, 2004 (163) E.L.T. 304 (Bom.), which was upheld by the Hon'ble Supreme Court in *Assistant Collector v. Bussa Overseas and Properties Pvt. Ltd.*, 2004 (163) E.L.T. A160 (S.C.). The Noticee submitted that, once goods are cleared for home consumption, they cease to be imported goods within the meaning of Section 2(25) and are not liable to confiscation under Section 111 unless the clearance order is revised or cancelled;
- The Noticee also relied upon the decisions in *Union of India v. Jayshree Metal Corporation*, 2015 (325) E.L.T. 210 (S.C.); *Vijaya International Impex v. CC (Seaport-Import), Chennai*, 2018 (359) E.L.T. 270 (Tri.-Chennai); and *Galaxy Funworld Pvt. Ltd. v. CC (Preventive), Mumbai*, 2006 (206) E.L.T. 890 (Tri.-Mumbai). They submitted that confiscation under Section 111(m) was not sustainable where misdeclaration or the alleged discrepancy had not been established.
- That they have not contravened any provisions of the Customs Act in respect of the impugned imported goods and therefore the same are not liable for confiscation.

14. ADDITIONAL SUBMISSIONS OF THE NOTICEE DATED 23.10.2026

14.1. The Noticee, vide its additional submissions dated 23.10.2026, submitted that the same were in continuation of its detailed reply dated 12.06.2026 and the submission made during the personal hearing held on 16.10.2026. The additional submissions primarily concerned the interpretation of the sunset clause relating to the Nil Basic Customs Duty (BCD) exemption, the effect of subsequent amendments to the exemption notifications, and the proposed differential IGST demand.

14.2. Chronology of Notifications and Continuity of Nil BCD Entry

The Noticee reiterated that the amendments to Notification No. 50/2017-Customs, beginning with Notification No. 02/2022-Customs and followed by Notification Nos. 02/2023-Customs and 05/2025-Customs, demonstrated the continuation of the Nil BCD exemption for bulk drugs used in the manufacture of monocomponent insulins. It contended that the proviso

inserted by Notification No. 02/2023-Customs, stipulating that nothing contained in Sr. No. 167 would have effect after 31.03.2025, applied to the entire entry, including sub-entry 167(D)(ii).

14.3. FAQ Clarification on Parallel Entries and Continued Nil Duty

FAQ No. 8 concerning Notification No. 45/2025-Customs addresses why Serial No. 166A of Notification No. 50/2017-Customs, prescribing 5% BCD for bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins, was removed. The Clarification reproduced in the synopsis states:

> *"There were two entries covering these bulk drugs with BCD at 5% and Nil. Vide erstwhile S. No. 166A of notification No. 50/2017-Cus, 5% BCD was prescribed on bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins. However, under another entry, Nil BCD was already available on bulk drugs used in the manufacture of Poliomyelitis Vaccine (inactivated and live) and Monocomponent Insulins (erstwhile S. No. 167(D) of notification No. 50/2017-Customs dated 30.6.2017). Therefore, a review was done and it has been decided to omit the entry prescribing 5% rate. In the new notification, these bulk drugs will continue to attract nil duty rate vide S. No 103 (ii) of notification No. 45/2025-Customs dated 24th October, 2025."*

The FAQ confirmed the simultaneous existence of the 5% and Nil BCD entries, which supports the company's stand that Entry 166A did not displace the NIL BCD entry. The Noticee further relied upon the decisions in case of *M/s Appario Retail Private Limited v. Union of India*, 2021 (11) TMI 153 (Telangana High Court), and *JV Industries Pvt. Ltd. v. Union of India & Ors.*, 2025 (9) TMI 1155 (Delhi High Court), to contend that official CBIC guidance and FAQs should be duly considered by the Department.

14.4. Entitlement to the More Beneficial Exemption Where Entries Coexist:

In light of the above clarification recognising parallel exemption entries, the Noticee relied upon judicial precedents concerning entitlement to the more beneficial exemption in the case of *Collector of Central Excise, Baroda v. Indian Petro Chemicals*, 1997 (92) E.L.T. 13 (S.C.); *H.C.L. Limited v. Collector of Customs, New Delhi*, 2001 (130) E.L.T. 405 (S.C.); *Share Medical Care v. Union of India*, 2007 (209) E.L.T. 321 (S.C.); and *Creative Newtech Ltd. v. Commissioner of Customs (Import), Mumbai Air Cargo Import*. On the basis of these decisions, they contended that where two exemption entries are

simultaneously available, the importer is entitled to claim the more beneficial exemption, provided the prescribed conditions are fulfilled. Accordingly, the existence of the 5% BCD entry under Sr. No. 166A did not, according to the Noticee, disentitle them from claiming Nil BCD under Sr. No. 167(D)(ii). The notification chronology, the express FAQ clarification and the above authorities support the Company's claim to the more beneficial NIL rate.

14.5. Judicial Guidance on Sunset Clauses and Amendment of Exemptions

The Noticee relied upon the following judicial precedents on the interpretation of sunset clauses and the Government's power to amend exemption notifications. These decisions support the Company's submission that the sunset clause must be read with the subsequent amendments and the continuing exemption policy.

> In Commissioner of Commercial Taxes v. Ramkishan Shrikishan Jhaver, 1967 SCC OnLine SC 31, a five-judge bench of the Supreme Court expounded on the nature and construction of provisos. The Court held as follows:
>
> *"Generally speaking, it is true that the proviso is an exception to the main part of the section; but it is recognised that in exceptional cases a proviso may be substantive provision itself.*
> *....*
> *These three cases show that in exceptional circumstances a proviso may not be really a proviso in the accepted sense but may be a substantive provision itself."*
>
> In Sundaram Pillai v. V.R. Pattabiraman, the Hon'ble Supreme Court held as follows:
>
> "*In short, generally speaking, a proviso is intended to limit the enacted provision so as to except something which would have otherwise been within it or in some measure to modify the enacting clause. Sometimes a proviso may be embedded in the main provision and becomes an integral part of it so as to amount to a substantive provision itself."*
>
> The position of law was most recently reiterated in 2022. The Supreme Court in NHAI v. Madhukar Kumar, (2022) 14 SCC 661, relied upon the decision in CCT v. Ramkishan Shrikishan Jhaver to hold as follows:

"The general rule is that, the function of the proviso is to qualify or provide an exception to the main provision to which it is a proviso. It can be a guide to glean the purport of the provision, in case there is ambiguity in the main provision. Ordinarily, the proviso is not permitted to operate beyond the ken of the main provision to which it is a proviso. At the same time, proviso, in a case, may be a substantive provision. In other words, having regard to the wording and the object sought to be achieved, a proviso may transcend its ordinary province and may be intended to operate as a substantive provision."

The Supreme Court has consistently held that a proviso must be construed in the context of the substantive provision to which it is appended.

- In Kasinka Trading v. Union of India, (1995) 1 SCC 274, the issue related to the validity of the Union of India withdrawing a time-bound exemption notification for the import of PVC resins. The Union had withdrawn the notification before the expiry of the time fixed in the notification. The appellants invoked the doctrine of promissory estoppel to contend that the withdrawal was invalid. However, the Court upheld the Union's actions in the following terms:

  "The power to grant exemption from payment of duty, additional duty etc. under the Act, as already noticed flows from the provisions of Section 25(1) of the Act. The power to exempt includes the power to modify or withdraw the same. The liability to pay customs duty or additional duty under the Act arises when the taxable event occurs. They are then subject to the payment of duty as prevalent on the date of the entry of the goods. An exemption notification issued under Section 25 of the Act had the effect of suspending the collection of Customs duty. It does not make items which are subject to levy of customs duty etc. as items not leviable to such duty. It only suspends the levy and collection of customs duty etc., wholly or partially and subject to such conditions as may be laid down in the Notification by the Government in 'public interest Such an exemption by its very nature is susceptible of being revoked or modified or subjected to other conditions. The supersession or revocation of an exemption notification, in the 'public interest', is an exercise of the statutory power of the State under the law itself as is obvious from the language of Section 25 of the Act. Under the General Clauses Act an authority which has the power to issue a notification has the undoubted power to rescind or modify the notification in a like manner.
  …

It is, therefore, futile to contend that even if the public interest so demanded and the Central Government was satisfied that the exemption did not require to be extended any further, it could still not withdraw the exemption."

- In Shree Sidhbali Steels Limited v. State of Uttar Pradesh, (2011) 3 SCC 193, the Hon'ble Supreme Court held as follows:

  "*Where public interest warrants, the principles of promissory estoppel cannot be invoked. The Government can change the policy in public interest.*"

  The Court observed the following about Section 21 of the General Clauses Act:

  "The principle laid down in section 21 is of general application. The power to rescind mentioned in Section 27 is without limitations or conditions. It is not a power so limited as to be exercised only once. The power can be exercised from time to time having regard to the exigency of time. When by a Central Act power is given to the State Government to give some relief by way of concession and/or rebate to newly-established industrial units by a notification, the same can be curtailed and/or withdrawn by issuing another notification under the same provision and such exercise of power cannot be faulted on the ground of promissory estoppel."
  Section 21 of the General Clauses Act, 1897 is reproduced for convenience:

  "21. Power to issue, to include power to add to, amend, vary or rescind notifications, orders, rules or bye-laws — Where, by any Central Act or Regulations a power to issue notifications, orders, rules or bye-laws is conferred, then that power includes a power, exercisable in the like manner and subject to the like sanction and conditions (if any), to add to, amend, vary or rescind any notifications, orders, rules or bye-laws so issued."

- Each amendment notification amounts to a repeal of the existing sunset clause. Once the sunset clause is omitted before it is triggered, it has no effect. Any other interpretation of the proviso would amount to an assertion that the Government can curtail its own powers of modification or rectification through a self-imposed sunset clause.
- In a situation where the policy of the Government is consistent, and clearly discernible, the Noticee is entitled to the exemption benefit. In Ralson (India) Ltd. v CCE, (2015) 14 SCC 679, the goods manufactured

by the Appellants were exempt from Service Tax vide a notification issued in 1987. This notification was rescinded along with 388 other notifications in 1994. Soon after, a fresh Notification was issued resuscitating the earlier Notification. For a period of twenty-six days, there was no exemption duty in respect of the goods manufactured by the Appellant. Hence, the Department issued a Show-Cause Notice to recover service tax. The Supreme Court relied upon the decision in W.PI.L Ltd. v CCE, Meerut (2005 185 ELT 359 (S.C.) and allowed the appeals in the following terms:

"16. In view of the consistent policy of the Government of exempting parts of power-driven pumps utilized by the factory within the factory premises, it could not be said that while issuing Notification No.46 /94 of March 1, 1994, the exemption in respect of said item which was operative was either withdrawn or revoked. The action was taken only with a view to rescinding several notifications and by issuing a composite notification. The policy remained as it was and in view of demand being made by the Department, a representation was made by the industries and on being satisfied, the Central Government issued a clarificatory Notification No.95 /94 on April 25, 1994. It was not a new notification granting exemption for the first time in respect of parts of power-driven pumps to be used in the factory for manufacture of pumps but clarified the position and made the position explicit which was implicit."

14.6. Submissions in Relation to the Differential IGST Duty Demanded

The Noticee contended that the SCN and its corrigendum did not specify the statutory or notification entry under which IGST at 18% was proposed to be charged, nor did they explain why the 5% rate claimed by them was inapplicable. They submitted that the SCN must clearly disclose the grounds of the proposed demand and that the adjudicating authority could not sustain the demand by invoking a new classification entry, statutory provision or ground not contained in the notice.

In support of their contention, the Noticee relied upon the decision of Hon'ble Supreme Court in case of *Commissioner of Central Excise, Nagpur v. Ballarpur Industries Ltd.*, 2007 (215) E.L.T. 489 (S.C.); Hon'ble Gujarat High Court in case of *ArcelorMittal Nippon Steel India Ltd. v. Assistant Commissioner*, R/SCA No. 11043 of 2020 (Gujarat High Court); *Armour Security (India) Ltd. v. Commissioner, CGST*, (2025) 33 Centax 222; and *Gajanan Visheshwar Birjur v. Union of India*, (1994) 5 SCC 550.

Accordingly, since the impugned SCN and corrigendum neither identify the entry attracting IGST at 18% nor disclose any basis for displacing the 5% rate applied by the Company, the proposed differential IGST demand is unsustainable on this ground alone and deserves to be dropped.

14.7. Advance Ruling in the Noticee's Own Case

The Noticee placed on record an advance ruling in its own case obtained from the Customs Authority regarding the applicability of the 5% IGST rate to the subject bulk drugs/APIs under Sr. No. 226 of Schedule I to Notification No. 9/2025-Integrated Tax (Rate), dated 17.09.2025. Pursuant to the application, the Hon'ble Customs Authority for Advance Rulings held as follows:

> *"The subject Bulk Drugs/Active Pharmaceutical Ingredients (APIs), as described in the application and supported by the documents submitted by the Applicant, qualify as 'All Drugs and medicines' under Sl. No. 226 of Schedule l to Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025 and are eligible for the concessional IGST rate of 5%, provided that the particular Bulk Drug/API is not covered under the exclusion specified in the said entry, including the goods specified at Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025."*

The Noticee contended that the above ruling supported its claim to the concessional rate and that the allegation of short payment of IGST by applying 5% instead of 18% is unsustainable and is liable to be dropped.

14.8. Reliance on the Memorandum Explaining the Provisions in the Finance Bill, 2024:

The Noticee further relied upon paragraph VII of the Memorandum Explaining the Provisions in the Finance Bill, 2024, which specifically identifies the exemption entries under Notification No. 50/2017-Customs that were proposed to be withdrawn. The Memorandum demonstrates that, wherever the Government intended to discontinue an exemption, it did so expressly by identifying the relevant entry. Significantly, Entry No. 167(D)(ii) does not find mention among the entries proposed to be withdrawn. It therefore follows that no intention to lapse, withdraw or discontinue the exemption under Entry No. 167(D)(ii) could be inferred from the Finance Bill, 2024 or the accompanying Memorandum.

14.9. In view of the above submissions and the authorities relied upon, the Noticee requested that its additional submissions be taken on record and the proceedings initiated under the impugned SCN be dropped.

15. PERSONAL HEARING:

Personal Hearing in the matter was granted for 16.10.2026 virtually. The Noticee vide email dated 13.10.2026 requested for conducting the personal hearing in person, which was allowed. Shri Madhava Yathigri, Shri Adarsh By, Authorized Representatives of M/s Torrent Pharmaceuticals Limited and Shri Kamlesh Naik, General Manager, M/s Torrent Pharmaceuticals Limited, appeared for personal hearing. In their representation, they stated that they had already submitted a detailed reply and compilation vide their reply dated 12.06.2026. They reiterated the contents of the said submission and compilation in detail and requested to drop the proceedings. They have also sought one week time to submit additional reply in this regard. The Noticee vide letter dated 23.10.2026 submitted the additional reply.

16. DISCUSSION AND FINDINGS:

16.1 I have carefully gone through the Show Cause Notice dated 15.05.2026, the corrigendum dated 19.05.2026, the written reply dated 12.06.2026, the additional submissions dated 23.10.2026, the evidences available on record, record of the personal hearing held on 16.10.2026, and the statutory provisions, notifications and judicial decisions relied upon by the Noticee. Now, I proceed to decide the matter on the basis of the facts and evidence available on record.

16.2 I find that the present case came to light pursuant to intelligence developed by the DRI, on the basis of which an inquiry was initiated against M/s. Torrent Pharmaceuticals Limited, in respect of the import of goods declared as "Insulin Crystals HM (GE) – Bulk Drug to be used for Monocomponent Insulin", classifying the same under Customs Tariff Item 29371200 of the First Schedule to the Customs Tariff Act, 1975, and availing the benefit of a Nil rate of Basic Customs Duty under Notification No. 50/2017-Cus., dated 30.06.2017, at Serial No. 167D(ii), as amended (hereinafter referred to as "the said Notification"). The intelligence further indicated that, with effect from 01.04.2024, the import of the subject goods attracted BCD at the rate of 5%. Accordingly, it was alleged that the Noticee had wrongly availed the benefit of the aforesaid exemption entry, which, as alleged in the Show Cause Notice, ceased to be available with effect from 31.03.2024, thereby resulting in non-payment/short-payment of BCD at the applicable rate of 5% and consequential differential IGST, wherever applicable, during the period from 01.04.2024 to 31.10.2025. The differential duty was, therefore, proposed to be recovered under Section 28(1) of the Customs Act, 1962 (hereinafter referred to as "the Act"), along with applicable interest under Section 28AA of the Act. Further, the corrigendum dated

19.05.2026 raised a separate issue concerning the rate of IGST applicable to the subject goods covered under three Bills of Entry, alleging that the Noticee had discharged IGST at an incorrect rate and was, therefore, liable to pay the consequential differential IGST. It was further alleged that, by availing an exemption benefit to which the subject goods were not entitled, the Noticee had caused the goods to be assessed and cleared at a lower incidence of duty than that legally applicable. Accordingly, the subject goods were proposed to be held liable to confiscation under Section 111(m) of the Act, and the Noticee was alleged to have rendered itself liable to penalty under Section 112(a) of the Act.

16.3 From the facts of the case and the submissions of the Noticee, the following questions have arisen for consideration in the present case:

(i) Whether the Noticee was eligible to avail the benefit of Nil BCD under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, for the impugned imports made during 01.04.2024 to 31.10.2025, or whether BCD at 5% was payable under Sr. No. 166A;

(ii) Whether the IGST rate of 5% claimed by the Noticee on Bill of Entry Nos. 3590179 dated 21.05.2024, 4072410 dated 19.06.2024 and 6935211 dated 28.11.2024 was admissible, or whether IGST at 18% was payable;

(iii) Whether the differential customs duty proposed in the SCN, as amended by the corrigendum, is liable to be finalised/recovered under Sections 18(2) and 28(1) of the Customs Act, 1962, as applicable to the respective Bills of Entry;

(iv) Whether interest is recoverable under Sections 18(3) and 28AA of the Customs Act, 1962;

(v) Whether the impugned goods having a total assessable value of Rs.198,73,75,938/- are liable to confiscation under Section 111(m) of the Customs Act, 1962 and whether redemption fine under Section 125 is imposable; and

(vi) Whether the Noticee is liable to penalty under Section 112(a) of the Customs Act, 1962.

16.4 I find that Duty liability with interest and penal liabilities would be relevant only if the bone of contention that whether the Importer has wrongly claimed the benefit of Sr. No. 167D(ii) of Notification No. 50/2017-Cus, dated 30.06.2017 is answered in the affirmative. Thus, the main point is being taken up firstly for examination.

17 Whether the Noticee was eligible to avail Nil BCD under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, for the impugned imports:

17.1 I have carefully examined the allegations made in the Show Cause Notice dated 15.05.2026, as amended by Corrigendum dated 19.05.2026, the written submissions filed by M/s Torrent Pharmaceuticals Ltd. (hereinafter referred to as the "Noticee"), the submissions made during the course of personal hearing, the relevant exemption notifications issued under Section 25(1) of the Customs Act, 1962, and the judicial pronouncements relied upon by the Noticee. The principal issue for determination is whether the Noticee was entitled to claim exemption from Basic Customs Duty (BCD) at Nil rate under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, in respect of bulk drugs imported for the manufacture of monocomponent insulins during the period from 01.04.2024 to 31.10.2025, or whether the concessional rate of 5% prescribed under Serial No. 166A of the same notification was applicable.

17.2 I observe that Notification No. 50/2017-Customs dated 30.06.2017, issued under Section 25(1) of the Customs Act, 1962, provides exemption from Basic Customs Duty to specified goods subject to the conditions prescribed therein. Notification No. 02/2022-Customs dated 01.02.2022 introduced two relevant amendments. Firstly, Serial No. 166A was inserted, prescribing BCD at 5% on bulk drugs used in the manufacture of poliomyelitis vaccines and monocomponent insulins, with effect from 01.04.2024. Secondly, clause (D) was inserted under Serial No. 167, prescribing Nil BCD for the same category of bulk drugs, with the stipulation that the said clause would remain in force until 31.03.2024.

I find that, as originally enacted, the aforesaid provisions contemplated a transition from Nil BCD to 5% BCD with effect from 01.04.2024. However, the legal effect of the original provisions must necessarily be examined in the light of the subsequent amendments made to the principal notification.

17.3 I observe that Notification No. 02/2023-Customs dated 01.02.2023, which came into force on 02.02.2023, inserted the following proviso against Serial No. 167 in column (3):

"Provided that nothing contained in this S. No. shall have effect after the 31st March, 2025."

I find it significant that the aforesaid amendment was issued before the original validity period of clause (D) had expired. The amendment was

therefore made at a time when the Nil BCD exemption under Serial No. 167(D) was admittedly operative. The subsequent amendment must be given due consideration while determining the legal effect of the exemption provisions applicable to imports made after 31.03.2024.

17.4 I observe that the proviso introduced by Notification No. 02/2023-Customs refers to Serial No. 167 as a whole and does not expressly distinguish between its constituent clauses. The expression "nothing contained in this S. No." is comprehensive in its reference to the contents of Serial No. 167.

I recognise that the prescription of a later outer validity date for an entire serial number does not, in every case, necessarily extend the duration of an individual exemption subject to an earlier specific restriction. Nevertheless, the legal effect of the subsequent amendment must be determined by considering the entire legislative scheme, including the language of the amendment, its timing and the subsequent treatment of the exemption by the Central Government.

The insertion of a subsequent validity proviso against Serial No. 167, while clause (D) was still operative, provides a reasonable basis for examining whether the Government intended to continue the exemptions covered by that serial number beyond the earlier stipulated date.

17.5 I further observe that Notification No. 05/2025-Customs dated 01.02.2025, effective from 02.02.2025, introduced further amendments to the exemption framework. Under clause I(5)(c) thereof, the proviso against Serial No. 167 was omitted. Further, clause III inserted a new proviso prescribing that nothing contained in the entries against Serial Nos. 166, 166A, 167, 167A, 532A and 607B would have effect after 31.03.2029. Thus, the Government expressly continued to include Serial No. 167 within the exemption framework while simultaneously retaining Serial No. 166A.

I find that the continued inclusion of both entries is relevant to determining the legal position, particularly in view of the subsequent explanation furnished by CBIC regarding their overlapping coverage.

17.6 I have also examined the contention that the specific terminal date of 31.03.2024 prescribed under Notification No. 02/2022-Customs must necessarily prevail over the general sunset provisions introduced subsequently.

I find that this contention cannot be accepted merely on the basis that the later notifications did not expressly substitute the original date. The effect of a subsequent amendment is a matter of statutory interpretation and must be determined by examining whether the later legislative provisions were intended to alter the earlier exemption framework. At the same time, I recognise that the later general sunset provisions are capable of being read as outer limits without necessarily extending an earlier specific restriction. The notification language, considered in isolation, therefore admits competing constructions regarding the continued operation of clause (D).

It is in this context that the subsequent official clarification explaining the treatment of Serial Nos. 166A and 167(D) assumes particular relevance.

17.7 I have carefully examined FAQ No. 8 issued by CBIC in connection with the consolidation of Customs exemption notifications under Notification No. 45/2025-Customs dated 24.10.2025. The said FAQ specifically addresses the removal of Serial No. 166A, which prescribed BCD at 5% on bulk drugs used in the manufacture of poliomyelitis vaccines and monocomponent insulins.

The clarification acknowledges that two entries existed under the earlier notification prescribing BCD at 5% and Nil for the same category of bulk drugs. It further explains that Nil BCD was already available under Serial No. 167(D), and that the overlapping entry prescribing 5% BCD was accordingly removed.

I find that the clarification is directly relevant to the present dispute, as it concerns precisely the same exemption entries and category of goods involved in the instant proceedings.

17.8 I observe that the expression "already available" used in FAQ No. 8 is of particular significance. The clarification does not merely state that Nil BCD would become available prospectively under the consolidated notification with effect from 01.11.2025. Rather, it refers to the availability of Nil BCD under the earlier notification framework. The stated rationale for removing Serial No. 166A was the existence of another entry providing Nil BCD for the same goods.

I find that this explanation lends substantial support to the interpretation that CBIC regarded the Nil BCD exemption under Serial No. 167(D) as available under the earlier notification framework, notwithstanding the simultaneous existence of Serial No. 166A.

17.9 I am conscious that an FAQ or administrative clarification cannot override, amend or enlarge the scope of an exemption notification issued under Section 25(1) of the Customs Act, 1962. The entitlement to exemption must ultimately arise from the statutory notification itself. However, where successive amendments give rise to competing interpretations regarding the temporal operation of an exemption, the official explanation furnished by the authority administering the exemption framework constitutes relevant interpretative material.

In the present case, FAQ No. 8 does not purport to create a new exemption retrospectively. Rather, it explains the existence and treatment of overlapping exemption entries under the earlier notification. Accordingly, I find that the clarification may legitimately be considered while determining the effect of the amendments introduced by Notification Nos. 02/2023-Customs and 05/2025-Customs.

17.10 I further observe that Notification No. 45/2025-Customs, effective from 01.11.2025, consolidated the earlier exemption provisions and removed Serial No. 166A prescribing BCD at 5%.

The subsequent omission of Serial No. 166A does not, by itself, establish that the earlier Nil BCD exemption operated retrospectively. Equally, the prospective commencement of the consolidated notification does not render the accompanying explanation of the pre-existing exemption framework irrelevant.

The question in the present proceedings is not whether Notification No. 45/2025-Customs retrospectively granted Nil BCD, but whether the Nil exemption under Serial No. 167(D)(ii), as affected by the intervening amendments, was legally available at the time of importation.

17.11 I have also considered the judicial principles relied upon by the Noticee concerning the availability of more than one exemption notification or entry. The principle emerging from the decisions in *H.C.L. Ltd.*, *Share Medical Care* and *Indian Petro Chemicals*, subject to their respective facts and statutory contexts, is that where goods satisfy the requirements of more than one independently operative exemption provision, the importer is not necessarily required to avail the exemption prescribing the higher rate of duty.

I find that the existence of Serial No. 166A prescribing BCD at 5% cannot, by itself, establish that the Noticee was disentitled to the Nil exemption under Serial No. 167(D)(ii). However, this principle becomes applicable only upon a finding that the Nil exemption continued to be legally operative during the

relevant period. The mere simultaneous appearance of two entries in the notification is not sufficient to establish such entitlement.

17.12 I have further considered the principle of strict interpretation of exemption notifications, including the decision of the Hon'ble Supreme Court in *Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company*.

I find that the present dispute is not principally concerned with enlarging the description of goods covered by an exemption or dispensing with an eligibility condition. Rather, it concerns the temporal operation of an exemption in the context of successive amendments made by the Central Government.

The principle of strict construction must therefore be applied to the actual language of the exemption provisions as amended. It does not dispense with the necessity of interpreting the subsequent amendments or reconciling the relevant provisions with the official explanation of the exemption framework.

17.13 Upon a cumulative examination of the notification history, I find that the original intention expressed through Notification No. 02/2022-Customs was to provide Nil BCD until 31.03.2024 and 5% BCD thereafter. However, this arrangement was followed by subsequent amendments prescribing later validity dates for Serial No. 167. Although those amendments did not expressly substitute the original terminal date attached to clause (D), their effect must be considered in conjunction with CBIC's subsequent acknowledgement that Nil BCD was already available under the earlier notification framework.

I find that the Department's interpretation, according to which the Nil exemption necessarily ceased on 31.03.2024, does not adequately reconcile the successive amendments with the official explanation furnished by CBIC concerning the overlapping exemption entries.

On the other hand, the interpretation advanced by the Noticee, namely that the later amendments continued the operation of Serial No. 167(D), finds support in the subsequent legislative treatment of Serial No. 167 and in the express explanation furnished by CBIC.

17.14 I therefore find, upon a cumulative and harmonious consideration of the successive amendments and the official clarification, that the interpretation supporting continued availability of Nil BCD under Serial No. 167(D)(ii) is the more persuasive construction of the amended exemption framework.

This conclusion is not founded solely upon the beneficial nature of the exemption or upon the FAQ independently creating any entitlement. Rather, it proceeds on the interpretation of the statutory notification as amended, with the FAQ providing corroborative explanation of the treatment of the overlapping entries.

17.15 In the present case, the goods under consideration are bulk drugs imported for the manufacture of monocomponent insulins. I find that the Noticee was entitled to avail the Nil rate of Basic Customs Duty under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs, as amended, during the disputed period from 01.04.2024 to 31.10.2025.

Consequently, the allegation that the Noticee was mandatorily required to discharge BCD at 5% under Serial No. 166A, notwithstanding the availability of the Nil exemption, is not sustainable.

17.16 In view of the foregoing findings, I hold that the proposed differential Basic Customs Duty demand amounting to Rs. 8,67,52,851/- is not sustainable and is liable to be dropped. Consequently, the proposed recovery of Social Welfare Surcharge and additional IGST arising solely as a result of the proposed differential BCD is also not sustainable.

Accordingly, I hold that the demand of differential Basic Customs Duty of Rs. 8,67,52,851/-, along with the consequential components attributable exclusively to such differential BCD, is liable to be dropped.

However, the independent dispute relating to the applicable rate of IGST on the imported goods, insofar as it is separately raised in the Show Cause Notice and Corrigendum, requires examination on its own merits and shall be dealt with separately in the succeeding paragraphs.

18. Whether IGST @ 5% was admissible in respect of Bill of Entry Nos. 3590179 dated 21.05.2024, 4072410 dated 19.06.2024 and 6935211 dated 28.11.2024, or whether IGST @ 18% is liable to be demanded and recovered:

18.1 I have carefully examined the allegations made in the Show Cause Notice dated 15.05.2026, as amended by Corrigendum dated 19.05.2026, the written submissions and additional submissions filed by the "Noticee", the relevant Bills of Entry and import documents, the statements recorded during investigation, the applicable provisions of the Customs Tariff Act, 1975, Notification No. 01/2017-Integrated Tax (Rate), as amended, and the judicial decisions and advance rulings relied upon by the Noticee.

The issue requiring determination is whether the goods imported under Bill of Entry Nos. 3590179 dated 21.05.2024, 4072410 dated 19.06.2024 and 6935211 dated 28.11.2024, described as "Insulin Crystals HM (GE) (Bulk Drug to be used for Monocomponent Insulin)", were eligible for IGST at the concessional rate of 5% under Serial No. 180 of Schedule I to Notification No. 01/2017-Integrated Tax (Rate), read with Entry No. 184 of List 1 appended thereto, or were chargeable to IGST at 18% under Serial No. 40 of Schedule III to the said notification.

18.2 At the outset, I find it necessary to distinguish the present issue from the dispute regarding Basic Customs Duty examined in the preceding paragraphs. The entitlement to Nil BCD under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs and the applicable rate of IGST under Notification No. 01/2017-Integrated Tax (Rate) arise under distinct statutory provisions and exemption entries.

The finding regarding continued availability of Nil BCD does not automatically establish entitlement to IGST at 5%. The applicable rate of IGST must be determined independently with reference to the relevant IGST rate notification, the classification and description of the imported goods and the conditions, if any, governing the concessional entry.

18.3 I observe that the imported goods were declared as "Insulin Crystals HM (GE) (Bulk Drug to be used for Monocomponent Insulin)" and classified under Customs Tariff Item 2937 12 00, falling under Chapter 29 of the First Schedule to the Customs Tariff Act, 1975.

The classification of the goods under the aforesaid tariff item is not disputed in the present proceedings. The declared description also establishes that the goods were imported in bulk-drug form for use in the manufacture of monocomponent insulin preparations.

The issue, therefore, is not whether the imported goods are connected with the manufacture of insulin, but whether the imported goods, in the form and condition in which they were presented for assessment, satisfy the description of goods covered by the specific concessional IGST entry.

18.4 I find that Serial No. 180 of Schedule I to Notification No. 01/2017-Integrated Tax (Rate) provides the concessional rate of IGST at 5% for drugs or medicines, including their salts and esters, and diagnostic test kits specified in List 1 appended to the notification.

Entry No. 184 of the said List 1 specifically mentions "*Monocomponent insulins*".

The concession is therefore linked not merely to the general character of the goods as drugs or pharmaceutical substances, but also to their identification with the specified goods appearing in List 1. The relevant question is whether the imported insulin crystals themselves answer the description "Monocomponent insulins", or whether they constitute a bulk-drug input intended for use in manufacturing the specified insulin preparations.

The description appearing in the Bills of Entry identifies the imported goods as bulk drugs intended for manufacture. However, the use of such description alone cannot be regarded as conclusive proof that the goods fall outside the specified entry. Their actual identity, characteristics and relationship with the finished insulin preparation must also be considered.

18.5 I observe that the Noticee has contended that insulin crystals are active pharmaceutical ingredients used in the manufacture of monocomponent insulin and that the expression "drugs" includes substances intended for use as components of medicines. In support of this contention, the Noticee has relied upon Section 3(b)(iii) of the Drugs and Cosmetics Act, 1940.

I have considered the said submission. The definition of "drug" under the Drugs and Cosmetics Act is relevant for determining the regulatory character of pharmaceutical substances. However, the scope of a concessional IGST entry must primarily be determined with reference to the words employed in the applicable rate notification. Even if the imported insulin crystals qualify as drugs under the Drugs and Cosmetics Act, that circumstance does not, by itself, establish that they are covered by every concessional IGST entry relating to specified drugs or medicines.

In the present case, the relevant entry specifically identifies "Monocomponent insulins". The Noticee must therefore establish that the imported goods themselves satisfy that description. Their use as an ingredient in manufacturing a specified medicine cannot, without further examination, be equated with the importation of the specified medicine itself.

18.6 I further observe that the Customs exemption notification and the IGST rate notification employ materially different descriptions.

Serial No. 167(D)(ii) of Notification No. 50/2017-Customs expressly refers to:

"*Bulk drugs used in the manufacture of ... Monocomponent insulins*."

In contrast, Entry No. 184 of List 1 appended to Notification No. 01/2017-Integrated Tax (Rate) refers to:

"*Monocomponent insulins*."

The distinction is material. The Customs exemption expressly extends to bulk drugs used in the manufacture of the specified product, whereas the IGST entry identifies the specified product without expressly referring to bulk drugs used in its manufacture.

I find that the difference in wording cannot be ignored while interpreting the scope of the respective concessions. Where the Government expressly employs the expression "bulk drugs used in the manufacture of" in one notification, the absence of corresponding language in another notification is relevant to determining whether the latter was intended to extend to manufacturing inputs.

However, such difference in wording must be considered together with the nature and identity of the imported goods. It does not, by itself, conclusively establish that insulin crystals cannot constitute monocomponent insulin.

18.7 I have also considered the judicial decisions relied upon by the Noticee, namely *Cipla Ltd. v. Commissioner*, 2007 (218) E.L.T. 547 (Tribunal); *Astrix Laboratories Ltd. v. Commissioner*, 2009 (233) E.L.T. 372 (Tribunal); *Aurobindo Pharma Ltd. v. Commissioner*, 2009 (247) E.L.T. 206 (Tribunal); and *Dr. Reddy's Laboratory Ltd. v. CCE*, 2010 (251) E.L.T. 447 (Tri.-Bang.).

The Noticee has relied upon these decisions to support its contention that bulk drugs and active pharmaceutical ingredients are also capable of being regarded as drugs. I find that the principle that an active pharmaceutical ingredient may constitute a drug does not necessarily determine whether that ingredient falls within a particular entry specifying a named pharmaceutical product. The applicability of each judicial decision must be examined with reference to the notification wording, goods involved and issue actually decided.

In this regard, the principle recognised by the Hon'ble Supreme Court in *CCE, Calcutta v. Alnoori Tobacco Products*, 2004 (170) E.L.T. 135 (S.C.), regarding the importance of the factual and statutory context of judicial precedents, is relevant. Accordingly, the aforesaid decisions cannot be applied mechanically without first determining whether their ratio extends to the specific description "Monocomponent insulins" appearing in the IGST rate notification applicable to the present imports.

18.8 The Noticee in their defence further relied upon the comments furnished by the office of the Principal Commissioner of Customs, Ahmedabad, before the Customs Authority for Advance Rulings (CAAR), Mumbai, the advance ruling in the case of *Cipla Limited*, CAAR/Mum/ARC/161 & 162/2025-26

dated 17.03.2026, and the ruling dated 24.08.2026 passed in the Noticee's own case.

I find that the ruling dated 24.08.2026 was rendered with reference to Serial No. 226 of Schedule I to Notification No. 9/2025-Integrated Tax (Rate), dated 17.09.2025, whereas the present proceedings concern imports made during 2024-2025 and the applicability of Entry No. 180 of Schedule I to Notification No. 01/2017-Integrated Tax (Rate), read with Entry No. 184 of List 1 appended thereto. I note that the CAAR ruling does not specifically determine whether the insulin crystals imported in bulk-drug form under CTI 2937 1200 are covered by Entry No. 184 of List 1 appended to the earlier notification.

The comments furnished by the Ahmedabad Commissionerate were also in the context of the question concerning the later notification and cannot be treated as a determination of the applicability of Entry No. 180 to the imports involved in the present proceedings. In this regard, I find it relevant to examine the specific wording of Serial No. 226 of Schedule I to Notification No. 9/2025-Integrated Tax (Rate), dated 17.09.2025, under which the aforesaid CAAR ruling was delivered. The same is reproduced hereunder for better understanding of the facts of the case:

Sl. No.	**Chapter/Heading/Sub-heading/Tariff item**	**Description of goods**
226	**30 or any Chapter**	"All Drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs [other than those specified at nil at S. No. 113 of notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025]"

A comparison of the above entry with Entry No. 180, read with Entry No. 184 of List 1, reveals a material difference. While the earlier entry covered drugs or medicines specified in List 1, wherein the relevant description was specifically "Monocomponent insulins", the subsequent entry uses the wider expression "All Drugs and medicines" and expressly includes "formulations manufactured from bulk drugs", with the tariff column extending to "30 or any Chapter". Thus, the later notification contains express and broader language concerning formulations manufactured from bulk drugs, which was not present in the earlier entry under consideration. The scope of the earlier entry must, therefore, be determined with reference to the language applicable during the relevant period and cannot be enlarged by importing

expressions introduced through a subsequent notification. Further, the CAAR ruling does not specifically determine whether the impugned insulin crystals imported in bulk-drug form under CTI 2937 1200 are covered by Entry No. 184 of the earlier notification. The comments furnished by the Ahmedabad Commissionerate were also in the context of the subsequent notification and do not determine the applicability of the earlier entry. Accordingly, the subsequent ruling does not conclusively establish the Noticee's eligibility for the benefit claimed in the present proceedings.

18.9 I find that Serial No. 40 of Schedule III to Notification No. 01/2017-Integrated Tax (Rate), as reproduced in the draft proceedings, covers organic chemicals falling under Chapter 29, other than the specified exclusion, and prescribes IGST at the rate of 18%. The imported goods were classified under CTI 2937 1200, falling under Chapter 29. Therefore, in the absence of eligibility for a specific concessional entry, the imported goods would fall for assessment at 18% under the said general entry.

18.10 I further observe that the Noticee discharged IGST at 5% in respect of the three Bills of Entry identified in the corrigendum, whereas IGST at 18% was discharged in respect of other Bills of Entry covering goods of similar description and classification. The records also indicate that the Noticee declared Serial No. 40 of Schedule III and discharged IGST at 18% in subsequent Bills of Entry filed during the period from 27.12.2024 to 27.08.2025.

I have also considered the statements recorded from Shri K. Ramakrishna, AGM (Procurement), Shri Kamlesh D. Naik, GM (Procurement), and Shri Paras Dineshchandra Sheth, VP (Procurement), wherein reference was made to payment of IGST at 18% on imports of insulin crystals.

I find that these declarations and statements are relevant for examining the consistency of the Noticee's assessment practice. However, payment of duty at a particular rate in other transactions does not independently establish the rate legally applicable to the disputed imports. There can be no estoppel against the correct operation of a taxing statute.

Accordingly, I treat the subsequent declarations and statements as corroborative circumstances only and not as the determinative basis for rejecting the claimed concessional rate.

18.11 I have also examined the Noticee's contention that the corrigendum dated 19.05.2026 did not adequately identify the statutory basis for demanding IGST at 18% and that reliance upon Serial No. 40 of Schedule III at the adjudication stage would amount to travelling beyond the Show Cause

Notice. In support of this contention, the Noticee has relied upon *Commissioner of Central Excise, Nagpur v. Ballarpur Industries Ltd.*, 2007 (215) E.L.T. 489 (S.C.); *ArcelorMittal Nippon Steel India Ltd. v. Assistant Commissioner*, R/SCA No. 11043 of 2020 (Gujarat High Court); *Gajanan Visheshwar Birjur v. Union of India*, (1994) 5 SCC 550; and *Armour Security (India) Ltd. v. Commissioner, CGST*, (2025) 33 Centax 222, to contend that the adjudicating authority cannot travel beyond the allegations contained in the Show Cause Notice.

I observe that the corrigendum specifically identifies the three Bills of Entry, the rate of IGST actually discharged at 5%, the rate of 18% alleged to be applicable and the corresponding short-payment. It further records that the other subject imports were assessed with IGST at 18% and that the scrutiny of the relevant Bills of Entry and import documents revealed payment at 5% in respect of the three identified Bills of Entry. The allegation, therefore, clearly identifies the transactions, the rate actually applied, the rate alleged to be applicable and the resulting short-payment. I further note that the Noticee has understood the allegation and has, in fact, submitted a detailed defence claiming entitlement to the concessional rate of 5% under Entry No. 180, read with Entry No. 184 of List 1, besides relying upon the Drugs and Cosmetics Act, 1940, judicial decisions and advance rulings. While the three impugned Bills of Entry reflected a claim under Entry No. 180 and payment of IGST at 5%, the Noticee thereafter repeatedly declared Serial No. 40 of Schedule III to the same Notification in its subsequent Bills of Entry and discharged IGST at 18% on imports of goods bearing similar description and classification. This pattern continued including in Bills of Entry filed even after the statements of the Noticee's officials recorded in May and July 2025. It is important to note that this is not a case where the Noticee initially paid a higher rate and subsequently claimed a lower concessional rate; rather, after claiming 5% in the earlier three Bills of Entry, they consistently declared Serial No. 40 and paid IGST at 18% on subsequent imports.

18.12 In view of the foregoing discussion, I hold that the imported goods, namely "Insulin Crystals HM (GE) (Bulk Drug to be used for Monocomponent Insulin)", were not eligible for the concessional IGST rate under Entry No.180 of Schedule-I read with Entry No.184 of List-I to Notification No.01/2017-Integrated Tax (Rate). Accordingly, IGST at the rate of 18%, as prescribed under Serial No. 40 of Schedule III to the said Notification, was applicable to the said imports. Therefore, the differential IGST arising in respect of Bill of Entry Nos. 3590179 dated 21.05.2024, 4072410 dated 19.06.2024 and 6935211 dated 28.11.2024 has been correctly demanded in the Show Cause Notice as amended by corrigendum and is liable to be recovered along with applicable interest under the Customs Act, 1962.

19. Whether the imported goods are liable to confiscation under Section 111(m) of the Customs Act, 1962 and whether redemption fine is imposable under Section 125

19.1 I have carefully examined the proposal in the Show Cause Notice for confiscation of the imported goods under Section 111(m) of the Customs Act, 1962, and the submissions made by the Noticee in this regard. The Show Cause Notice proposes confiscation on the ground that the Noticee had claimed inadmissible exemption benefits and concessional rates of duty, resulting in short-payment of duty on the imported goods.

The Noticee has contended that the goods were correctly declared in the Bills of Entry in respect of their description, quantity, value, classification and intended use, and that the dispute relates essentially to the interpretation and applicability of exemption and rate notifications.

19.2 I observe that Section 111(m) of the Customs Act, 1962 provides for confiscation of goods which do not correspond, in respect of value or in any other particular, with the entry made under the Act or, in the case of baggage, with the declaration made under Section 77.

The expression "in any other particular" is undoubtedly of wide amplitude. However, the applicability of Section 111(m) must be determined with reference to the nature of the declaration made, the particulars found to be incorrect and the circumstances established on record.

A distinction is required to be drawn between a factual misdeclaration concerning imported goods and a dispute regarding the legal interpretation of an exemption notification or the applicable rate of duty.

19.3 In the present case, I have already held in Paragraph 17 that the Noticee was entitled to claim Nil BCD under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs, as amended, during the relevant period. Consequently, the principal allegation in the Show Cause Notice that the Noticee had wrongly claimed Nil BCD after 31.03.2024 does not survive.

The finding regarding admissibility of Nil BCD materially affects the proposal for confiscation, which was substantially founded upon the alleged wrongful availment of the said exemption.

19.4 As regards the differential IGST demand, I have separately examined the applicability of the concessional rate of 5% in respect of the three Bills of Entry identified in the Corrigendum dated 19.05.2026.

Even assuming that IGST at 18% is held applicable to the said Bills of Entry, I find that the mere adoption of an incorrect rate of tax, in circumstances where the relevant particulars of the imported goods were disclosed, does not automatically establish liability to confiscation under Section 111(m).

The liability to pay differential duty and the liability of goods to confiscation are distinct statutory consequences, each of which must be independently established.

19.5 I find that the Noticee had declared the imported goods as "Insulin Crystals HM (GE) (Bulk Drug to be used for Monocomponent Insulin)" under CTI 2937 12 00. The description and classification of the goods have not been disputed in the proceedings.

There is no established allegation of undervaluation, concealment of goods, misdeclaration of quantity, falsification of invoices or other import documents, or suppression of the actual nature and intended use of the goods.

The material facts necessary for determining the applicable rate of duty were therefore available to the assessing authority through the declarations and documents furnished at the time of importation.

19.6 I further observe that the dispute concerning IGST arises from the interpretation of the description "Monocomponent insulins" appearing in Entry No. 184 of List 1 appended to Notification No. 01/2017-Integrated Tax (Rate), and whether the said description extends to insulin crystals imported in bulk-drug form.

The Noticee has advanced a legal interpretation in support of its claim and has relied upon judicial decisions and advance rulings. The Department has taken a different view regarding the applicability of the concessional entry. I find that the existence of such a dispute, in the absence of any independently established factual misdeclaration, does not by itself justify the conclusion that the imported goods failed to correspond with the particulars declared in the Bills of Entry.

19.7 I have also considered the fact that the Noticee discharged IGST at 18% in respect of other imports of goods bearing similar description and classification.

Although such conduct is relevant while examining the correctness of the rate claimed in the three disputed Bills of Entry, it does not independently establish deliberate misdeclaration or suppression of material facts.

An inconsistent interpretation or application of a rate notification may result in differential duty liability where the concession is found inadmissible. However, such inconsistency cannot automatically be equated with a misdeclaration rendering the goods liable to confiscation.

19.8 In view of the foregoing discussion, I hold that the proposal for confiscation of the imported goods having an aggregate assessable value of Rs.198,73,75,938/- under Section 111(m) of the Customs Act, 1962 is not sustainable.

Accordingly, I drop the proposal for confiscation of the said goods under Section 111(m) and for imposition of redemption fine under Section 125 of the Customs Act, 1962.

20. Whether penalty should be imposed on them under Section 112(a) of the Customs Act, 1962?

20.1 I now proceed to examine the proposal for imposition of penalty upon M/s Torrent Pharmaceuticals Ltd. under Section 112(a) of the Customs Act, 1962. Section 112(a), inter alia, provides for imposition of penalty upon a person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under Section 111 of the said Act, or abets the doing or omission of such an act. Thus, the liability to penalty under the said provision is linked to an act or omission rendering the goods liable to confiscation.

20.2 I have already held in Paragraph 19 that the imported goods are not liable to confiscation under Section 111(m) of the Customs Act, 1962. I find that the foundational requirement for invoking Section 112(a), namely an act or omission rendering the goods liable to confiscation under Section 111, has not been established in the present case. Consequently, the proposal for imposition of penalty under Section 112(a) cannot be sustained merely on the ground that differential IGST may be payable in respect of the three disputed Bills of Entry.

20.3 I further observe that the present proceedings primarily involve interpretation of exemption notifications and the applicability of concessional rates of duty. The Noticee had disclosed the description, classification, quantity, value and intended use of the imported goods. There is no established evidence of concealment of goods, falsification of documents or deliberate misdeclaration of the material characteristics of the imported goods.

The Show Cause Notice, as amended, has proceeded under the normal period of limitation prescribed under Section 28(1) of the Customs Act, 1962, and the material on record does not establish fraud, collusion, wilful misstatement or suppression of facts with intent to evade payment of duty. Although the absence of such intent does not, by itself, exclude every form of penalty under Section 112(a), these circumstances are relevant in assessing the nature of the alleged contravention.

20.4 I also find that the Noticee's payment of IGST at 18% in respect of other imports does not, by itself, establish that the concessional rate of 5% was claimed in the three disputed Bills of Entry with the intention of making an incorrect factual declaration.

The Noticee has relied upon its interpretation of the rate notification and upon judicial decisions and advance rulings in support of its claim. Even where such interpretation is not accepted for determining the applicable rate of duty, the rejection of a legal contention does not automatically establish liability to penalty under Section 112(a).

20.5 I am therefore of the considered view that the facts and circumstances of the present case do not warrant imposition of penalty under Section 112(a) of the Customs Act, 1962. The liability, if any, to differential IGST and applicable interest shall be governed by the findings recorded in Paragraph 18 and the relevant statutory provisions. However, in the absence of a sustainable finding regarding liability of the goods to confiscation under Section 111(m), the proposal for imposition of penalty under Section 112(a) is not maintainable.

20.6 Accordingly, I hold that Noticee is not liable to penalty under Section 112(a) of the Customs Act, 1962, and I drop the proposal for imposition of penalty under the said provision.

21. In view of the foregoing discussion and findings, I pass the following order:

:ORDER:

(i) II hold that M/s Torrent Pharmaceuticals Ltd. was entitled to avail the benefit of Nil Basic Customs Duty under Serial No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, in respect of the subject imports of bulk drugs used in the manufacture of monocomponent insulins during the period from 01.04.2024 to 31.10.2025, subject to fulfilment of the prescribed conditions. Accordingly, I drop the proposal for denial of the said exemption and for reassessment of the subject imports by applying BCD at 5% under Serial No. 166A of the aforesaid notification;

(ii) I drop the proposed demand of differential Basic Customs Duty amounting to Rs. 8,67,52,851/- (Rupees Eight Crore, Sixty Seven Lakj, Fifty Two Thousand, Eight Hundred and Fifty One Only), along with the consequential demand of Social Welfare Surcharge and additional IGST arising solely from the proposed differential BCD, as discussed in Paragraph 17 above;

(iii) I hold that the imported goods covered under Bill of Entry Nos. 3590179 dated 21.05.2024, 4072410 dated 19.06.2024 and 6935211 dated 28.11.2024 are not eligible for the concessional IGST rate of 5% under Serial No. 180 of Schedule I, read with Entry No. 184 of List 1, to Notification No. 01/2017-Integrated Tax (Rate), as amended, for the reasons recorded in Paragraph 18 above. Accordingly, I hold that IGST at 18%, under Serial No. 40 of Schedule III to the said notification, is applicable to the aforesaid imports;

(iv) I determine and confirm the differential IGST amounting to Rs. 5,79,30,681/- (Rupees Five Crore, Seventy Nine Lakh, Thirty Thousand, Six Hundred and Eighty One Only) alongwith applicable interest, being the difference between IGST payable at 18% and IGST discharged at 5% in respect of the three Bills of Entry specified in clause (iii) above;

(v) I order that the assessments of the two provisionally assessed Bills of Entry, as detailed in the revised Annexure-A to the Show Cause Notice/Corrigendum, involving an aggregate assessable value of Rs.25,23,18,913/- (Rupees Twenty-Five Crore Twenty-Three Lakh Eighteen Thousand Nine Hundred and Thirteen only), be finalised by the proper officer in accordance with Section 18(2) of the Customs Act, 1962, by allowing the benefit of Nil BCD under Serial No.

167(D)(ii) of Notification No. 50/2017-Customs, subject to verification of the prescribed conditions;

(vi) I hold that the imported goods having an aggregate assessable value of Rs.198,73,75,938/- (Rupees One Hundred Ninety-Eight Crore Seventy-Three Lakh Seventy-Five Thousand Nine Hundred and Thirty-Eight only) are not liable to confiscation under Section 111(m) of the Customs Act, 1962, for the reasons recorded in Paragraph 19 above. Accordingly, I drop the proposal for confiscation of the said goods under Section 111(m) and for imposition of redemption fine under Section 125 of the Customs Act, 1962;

(vii) I hold that M/s Torrent Pharmaceuticals Ltd. is not liable to penalty under Section 112(a) of the Customs Act, 1962, for the reasons recorded in Paragraph 20 above. Accordingly, I drop the proposal for imposition of penalty under Section 112(a) of the Customs Act, 1962.

22. This order is issued without prejudice to any other action that may be taken under the provisions of the Customs Act, 1962 and Rules/Regulations framed thereunder or any other law for the time being in force in the Republic of India.

23. The Show Cause Notice No. VIII/10-03/Commr/O&A/2026-27 dated 15.05.2026, as amended by the corrigendum dated 19.05.2026 is disposed off in above terms.

13/11/26

(Manish Kulhary)
Commissioner,
Customs, Ahmedabad

BY REGISTERED A.D./SPEED POST/HAND DELIVERY

F.No. VIII/10-03/Commr/O&A/2026-27 Dated: 13.11.2026
DIN: 20261171MN0000632972

To,

M/s Torrent Pharmaceuticals Ltd. (IEC-0888038241),
"Torrent House", Off Ashram Road,
Ahmedabad, Gujarat–380009.

Copy to:

1. The Chief Commissioner of Customs, Gujarat Customs Zone, Ahmedabad;
2. The Additional Director, DRI, Zonal Unit, Ahmedabad;
3. The Additional Commissioner, Customs, TRC, HQ, Ahmedabad;
4. The Assistant/Deputy Commissioner of Customs, Air Cargo Complex, Ahmedabad;
5. The Superintendent of Customs (Systems) in PDF format for uploading on the website of Customs Commissionerate, Ahmedabad;
6. Guard File.